



STANDING ADVISORY COMMITTEE AGENDA

Tuesday, February 7, 2017 at 3:00 p.m.
Truckee Meadows Water Authority
Independence Meeting Room
1355 Capital Boulevard, Reno, NV 89502

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 before the meeting date.
3. The Committee may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Asterisks (*) denote non-action items.
5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.
6. In the event the Chairman and Vice-Chairman are absent, the remaining SAC members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Election of Chair and Vice Chair for 2017 — Debbie Leonard (**For Possible Action**)
4. Approval of the agenda (**For Possible Action**)
5. Approval of the minutes of December 6, 2016 meeting (**For Possible Action**)
6. Proposed Amendments to SAC Governing Rules — Debbie Leonard (**For Possible Action**)
7. Water Supply Update — Bill Hauck*
8. Update on the 2017 Legislative Session — John Zimmerman and Steve Walker*
9. Presentation of public open house schedule for proposed rate adjustment — Andy Gebhardt*

10. Presentation on the first half FY 2017 financial performance — Michele Sullivan, Tabitha Carlisle*
11. Presentation on the rate of growth and new connections — Shawn Stoddard*
12. Discussion and possible direction to staff regarding agenda items for future meetings (**For Possible Action**)
13. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
14. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
15. Public Comment — limited to no more than three minutes per speaker*
16. Adjournment (**For Possible Action**)



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

December 6, 2016

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 3:08 p.m.

1. ROLL CALL

Members and Voting Alternates Present: Bob Chambers, Harry Culbert, Bruce Gescheider, Kevin Haddock, Colin Hayes, Mike Heffner, Neil McGuire, Jonnie Pullman, Fred Schmidt, Ron Turner and Jerry Wager.

Alternates Present: Bill Hughes, Karl Katt, Carol Litster, Ken McNeil, and Mike Pidlypchak.

Members Absent: Kevin Haddock, Lee Leighton, Pat Martinez, Mike Schulewitch and Jim Smith.

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

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE NOVEMBER 1, 2016 MEETING

Upon motion by Member Gescheider and second by Member Hayes, carried by unanimous consent of the members present, the Committee approved the minutes of the November 1, 2016 meeting.

5. RECOGNITION OF RON TURNER, SAC VICE CHAIRMAN

Chair McGuire acknowledged Mike Heffner for his years of dedication to the SAC and for his input and support of TMWA. Mr. Heffner noted he has had the pleasure of serving on the SAC for the last 4 years and is impressed with TMWA and its staff and serving alongside other fine members on the SAC.

Mark Foree, TMWA General Manager, remarked that it has been a pleasure to work with Mr. Heffner.

Chair McGuire acknowledged Vice Chair Turner's years of dedication and service for TMWA and the SAC.

Vice Chair Turner commented that he has had the pleasure of working with key members of the TMWA organization and serving on the SAC as both a member and vice chair. He is proud of the work they have accomplished.

6. PRESENTATION ON 2017 LEGISLATIVE BILL DRAFT REQUESTS (BDR'S)

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

Discussion followed on proposed bills regarding the potential metering on domestic wells, conjunctive use, and new funding for the cloud seeding program.

7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported that precipitation is about 150% above average, but the snowpack is slightly below average, and Lake Tahoe is about three-tenths of a foot below the natural outlet. Mr. Hauck stated staff expects normal Truckee River flows in 2017.

Mr. Heffner inquired why water stopped flowing in the Steamboat ditch on September 1, 2016. Mr. Hauck replied all the ditches were turned off after water stored in Lake Tahoe and Boca had been exhausted. Mr. Foree added the region experienced 90 days of no precipitation over the summer resulting in the early timing of turning off the ditches.

8. PRESENTATION OF REVENUE IMPACTS FROM CONVERSION OF FLAT TO METERED RATES

Shawn Stoddard, TMWA Senior Resource Economist, summarized the revenue impact of the flat-rate conversion to metered water rates, which resulted in revenue decreasing by about \$1.8 million.

Mr. Schmidt inquired how was it possible that more water was used, but revenue dropped. Mr. Foree replied that a high percentage of flat-rate customers actually saved money on the metered rate. Mr. Stoddard added about 60% of flat-rate customers saved money on a metered bill.

9. UPDATE ON TMWA BOARD OF DIRECTORS DECISION ON THE FUNDING PLAN FOR FISCAL YEARS 2017 THROUGH 2022, AND PROPOSED RATE ADJUSTMENT AND SCHEDULE

Mr. Foree reported the Board was presented with the same options that were presented to the SAC on November 1 for the proposed rate adjustments and schedule; the SAC voted to recommend Option #1: 3% for years 1 and 2, and up to 2.5% for years 3, 4, and 5. However, the Board had questions they wanted staff to address which are answered in the staff report presented to them today.

Mr. Turner asked if the Board has reviewed these answers yet. Mr. Foree replied no, they will at the December 21 meeting. Michele Sullivan, TMWA Chief Financial Officer, added staff presented the same proposals to both the Board and SAC, and that the Board had follow-up questions.

Bruce Gescheider inquired if any of the questions the Board asked would delay the rate adjustment process. Mr. Foree replied no, only that they were questions or suggestions to defray customer rate increases by considering alternate sources of revenue.

At this point, discussion followed regarding changing the rate design (not at this time); consideration of using the Consumer Price Index (CPI) as part of the rate increase (yes, it is a possible consideration); whether a higher percentage increase would be added to the upper water rate tiers (no, it would not generate that much more revenue and it would reduce revenue even more).

10. PRESENTATION ON COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR 2016

Ms. Sullivan presented the final audited CAFR and reported there was a positive change in net position from \$20.6 million to \$21.1 million from the preliminary unaudited financial statements that were presented in November, and operating revenue remained at approximately \$91.9 million. She noted the audit letter included from Eide Bailly will be presented to the Board and staff has already made all the corrections requested of them by Eide Bailly; there were no issues with representation or other metrics.

Discussion occurred relating to financials presented in the CAFR as compared to the revised FY2017 budget.

11. PRESENTATION OF APPLICATIONS TO FILL THE TWO AT-LARGE VACANCIES, THE IRRIGATION CUSTOMER CLASS ALTERNATE VACANCY AND OTHER POSSIBLE VACANCIES, AND POSSIBLE RECOMMENDATION TO THE BOARD

Debbie Leonard, TMWA Legal Counsel, noted the SAC recommendation to the Board of new member appointments to the SAC is a new process and their recommendation will be presented to the Board at the December 21 meeting.

Sonia Folsom, TMWA SAC Liaison, presented the staff report.

SAC members addressed the list of candidates who applied to the vacant positions and discussed their qualifications and experiences. One applicant withdrew her submission during the meeting and retained

her primary multi-family customer representative seat. Eight of the twenty applicants were present and each introduced themselves and gave a brief introduction. The applicants present, in alphabetical order, were: Fred Arndt, Ken Becker, Jordan Hastings, Don Kowitz, Ken McNeil, Scot Munns, Mike Pidlypchak, and Dale Sanderson.

Upon Mike Heffner's resignation as the alternate irrigation customer representative, the SAC considered filling his position. Only one application, that of Gerry Tomac, qualified for the irrigation customer representative.

Upon motion by Member Schmidt and second by Member Hayes, carried by unanimous consent of the members present, the Committee recommended that the Board approve Gerry Tomac to be the alternate irrigation customer class representative.

Discussion followed related to lack of participation by certain SAC members, particularly the commercial customer class representatives who have been absent all year, except for one SAC meeting where the primary commercial class representative attended and explained his absence. The SAC considered Don Kowitz, who sits on the Board of KNPB.

Upon motion by Member Schmidt and second by Member Hayes, carried by unanimous consent of the members present, the Committee recommended that the Board approve Don Kowitz to be the primary commercial customer class representative.

Mr. Schmidt noted the SAC should consider applicants who qualify with a background in finance.

Mr. McNeil suggested that he and Mr. Pidlypchak, who also applied for the at-large position, be recommended which would then open their two alternate residential class positions to be filled by one of the new candidates.

Mr. Gescheider commented the number of years a member has been on the SAC, knowledge and experience, should be considered prior to recommending new candidates.

Upon motion by Member Gescheider and second by Member Hayes, carried by unanimous consent of the members present, the Committee recommended that the Board approve Ken McNeil to be the primary at-large 1 customer class representative.

Upon motion by Member Gescheider and second by Member Chambers, carried by unanimous consent of the members present, the Committee recommended that the Board approve Mike Pidlypchak to be the primary at-large 2 customer class representative.

SAC members also discussed recommending to the Board alternate positions for both the at-large positions.

Upon motion by Member Gescheider and second by Member Wager, carried by unanimous consent of the members present, the Committee recommended that the Board approve Ken Becker to be the alternate at-large 1 customer class representative.

Upon motion by Member Schmidt and second by Member Wager, carried by unanimous consent of the members present, the Committee recommended that the Board approve Jordan Hastings to be the alternate at-large 2 customer class representative.

The SAC discussed the remaining candidates to fill the three alternate residential representative vacancies.

Upon motion by Member Chambers and second by Member Hayes, carried by unanimous consent of the members present, the Committee recommended that the Board approve Dale Sanderson to be the alternate residential 1 customer class representative.

Upon motion by Member Chambers and second by Member Hayes, carried by unanimous consent of the members present, the Committee recommended that the Board approve Fred Arndt to be the alternate residential 2 customer class representative.

Upon motion by Member Gescheider and second by Member Culbert, carried by unanimous consent of the members present, the Committee recommended that the Board approve Scot Munns to be the alternate residential 3 customer class representative.

12. PRESENTATION OF 2017 MEETING SCHEDULE

Ms. Folsom presented the proposed 2017 SAC meeting schedule.

Upon motion by Member Gescheider and second by Member Culbert, carried by unanimous consent of the members present, the Committee approved the 2017 meeting scheduled and to cancel the January 3, 2017 meeting.

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

February meeting:

1. Election of Chair and Vice Chair for 2017
2. Water supply update
3. Update on the 2017 Legislative Session
4. Amendment to the SAC by-laws
5. Presentation on the second quarter financial statement
6. Presentation on the rate of growth, new connections
7. Rate adjustment open house schedule

14. STAFF ITEMS

Mr. Foree gave a heartfelt thank you to both Ron Turner and Mike Heffner for their service to the SAC and their dedication to TMWA and its customers.

15. COMMITTEE ITEMS

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

16. PUBLIC COMMENT

There was no public comment.

17. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 5:12 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Secretary



STAFF REPORT

TO: Standing Advisory Committee
FROM: Debbie Leonard, Legal Counsel
DATE: February 1, 2017
SUBJECT: **Proposed Amendments to SAC Governing Rules**

At the December 6, 2016 SAC meeting, committee members requested that counsel draft proposed amendments to the SAC governing rules. The proposed amendments can be found in the attachment.

**TRUCKEE MEADOWS WATER AUTHORITY
STANDING ADVISORY COMMITTEE
GOVERNING RULES**

1. **Members:** Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure. As requested by the Board, the Committee shall take action to make recommendations to the Board regarding membership in the Committee.
2. **Alternates:** In its discretion, the Board may appoint a Member to serve in either a primary (“Primary”) or alternate (“Alternate”) position. When making a recommendation to the Board to fill a Primary position vacancy, the Committee shall give preference to the existing Alternate(s).
3. **Participation:** Each Member is expected to attend all Committee meetings and review the agenda and all supporting materials prior to arrival. Failure by a Member to attend more than two meetings in a year may result in the Committee making a recommendation to the Board that the Member be replaced.
- 2.4. **Compliance with NRS Chapter 241:** Meetings shall be conducted in compliance with NRS Chapter 241, the Nevada “Open Meeting Law.”
- 3.5. **Quorum:** A quorum shall consist of a simple majority of the Primary Members. Members may participate telephonically in meetings, but telephonic participation shall not be considered in establishing a quorum. In the absence of a Primary Member, the Alternate Member for that customer class who is physically present at the meeting may be considered in establishing a quorum.
- 4.6. **Action:** For items other than those that constitute recommendations to the Board, an action may be taken by affirmative vote of the majority of Members physically present. For items that constitute recommendations to the Board, an action shall be taken only by an affirmative vote of the majority of the Membership. Each member shall have one vote. Members participating telephonically may not vote on action items. An Alternate sitting in for an absent Member has all of the voting rights of the absent Member. Otherwise, an Alternate has no voting rights.
- 5.7. **Agenda Items:** The Committee may, by action at a prior meeting, make suggestions to staff as to items to be placed on a future agenda. Except as otherwise directed by the Board, Staff shall have discretion as to the items that will be placed on the Committee’s agendas.
- 6.8. **Officers:** There shall be a Chair and a Vice Chair, elected by the Members. The Chair will conduct the meetings. The Vice Chair or such other Member as the Chair or Vice Chair may designate will conduct the meetings in the absence of the Chair. ~~The Chair or Vice Chair may designate an alternate to conduct the meeting in their absence.~~ Or, in the absence of the Chair and Vice Chair, a majority of the Members present may designate an Aalternate to conduct the meeting. The Chair and Vice Chair each shall serve for a one-year term, with their terms expiring at the first meeting scheduled following the beginning of the calendar year following their election. The Vice Chair shall automatically succeed to the position of Chair

for the subsequent term, unless an alternate action is made by the Members. Officers may be reelected. The Chair or the Chair's designee is the only Member who may speak on behalf of the Committee to the Board, to any member of the Board, or to the public.

7.9. Conflicts of Interest: Members shall disclose conflicts of interest regarding any decisions of the Committee and shall disclose any financial interest in Committee decisions and in organizations affected by Committee action, other than the financial interest that derives from being a TMWA customer. Members who will receive a direct financial benefit from any action taken by the Committee, other than a financial interest that derives from being a TMWA customer, shall abstain from voting on such action. In the event that a Member presents an idea to the Committee for consideration on behalf of another individual or entity, said Member shall disclose to the Committee the identity of said individual or entity.

8.10. Uses of staff: Staff will provide reasonable assistance to facilitate meetings and provide readily available information to the Committee to carry out its functions. The Committee shall reasonably limit its demands on staff time, and any demands made in excess of what staff deems reasonable shall require Board approval. No Member may request the use of staff time without approval of the Committee.

9.11. Amendment of Rules: Any amendments to these Rules shall require an affirmative vote of the majority of the members.

| As amended, February ~~7~~3, 201~~5~~7



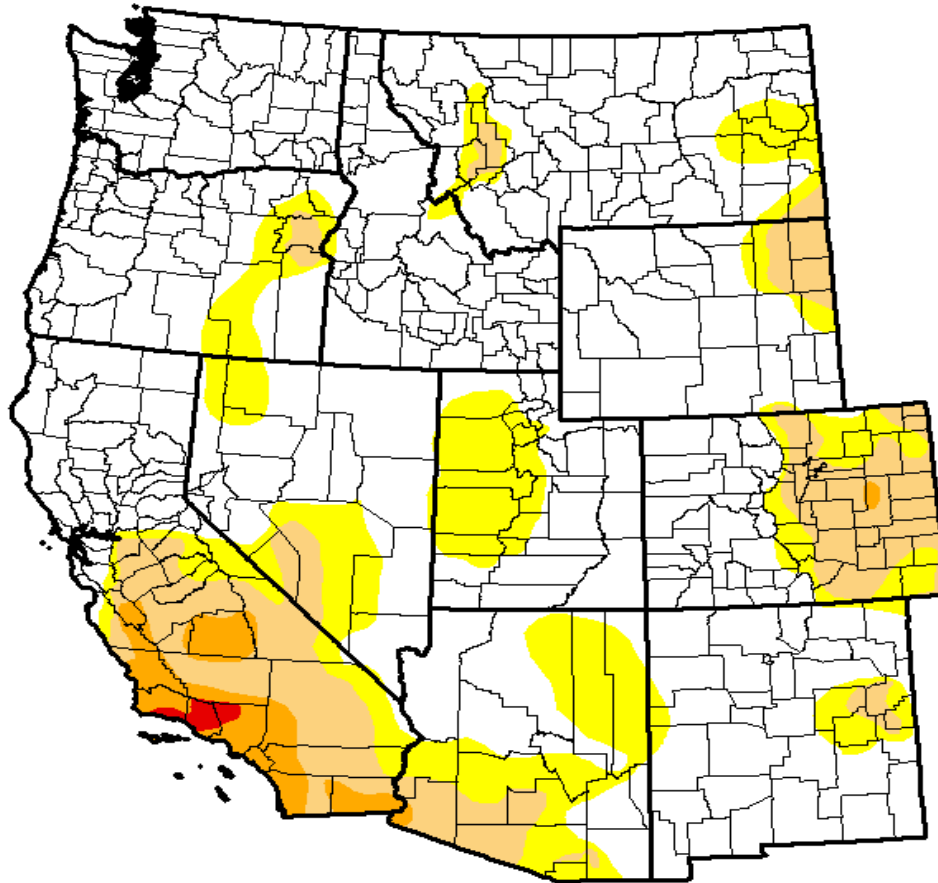
Water Supply Update

Bill Hauck, Senior Hydrologist
Standing Advisory Committee Meeting

February 7, 2017

U.S. Drought Monitor West

02-07-17 SAC Agenda Item 7
January 31, 2017
 (Released Thursday, Feb. 2, 2017)
 Valid 7 a.m. EST



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	70.84	29.16	13.38	2.83	0.25	0.00
Last Week 1/24/2017	69.26	30.74	14.37	4.00	0.29	0.00
3 Months Ago 11/1/2016	44.71	55.29	25.26	11.18	5.73	2.81
Start of Calendar Year 1/3/2017	54.19	45.81	21.51	8.53	5.11	2.44
Start of Water Year 9/27/2016	27.78	72.22	30.95	13.45	5.77	2.81
One Year Ago 2/2/2016	37.77	62.23	38.46	21.39	11.69	5.70

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

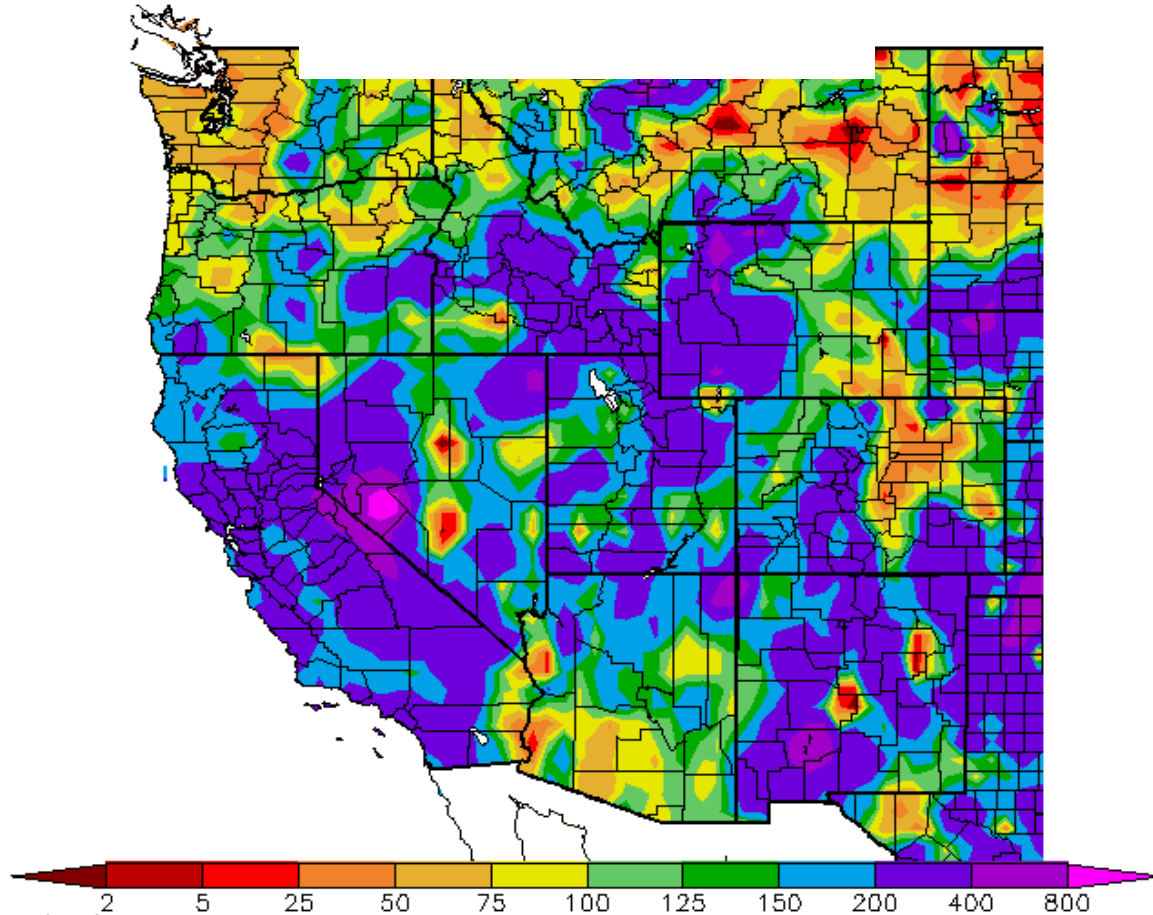
Author:

David Simeral
 Western Regional Climate Center



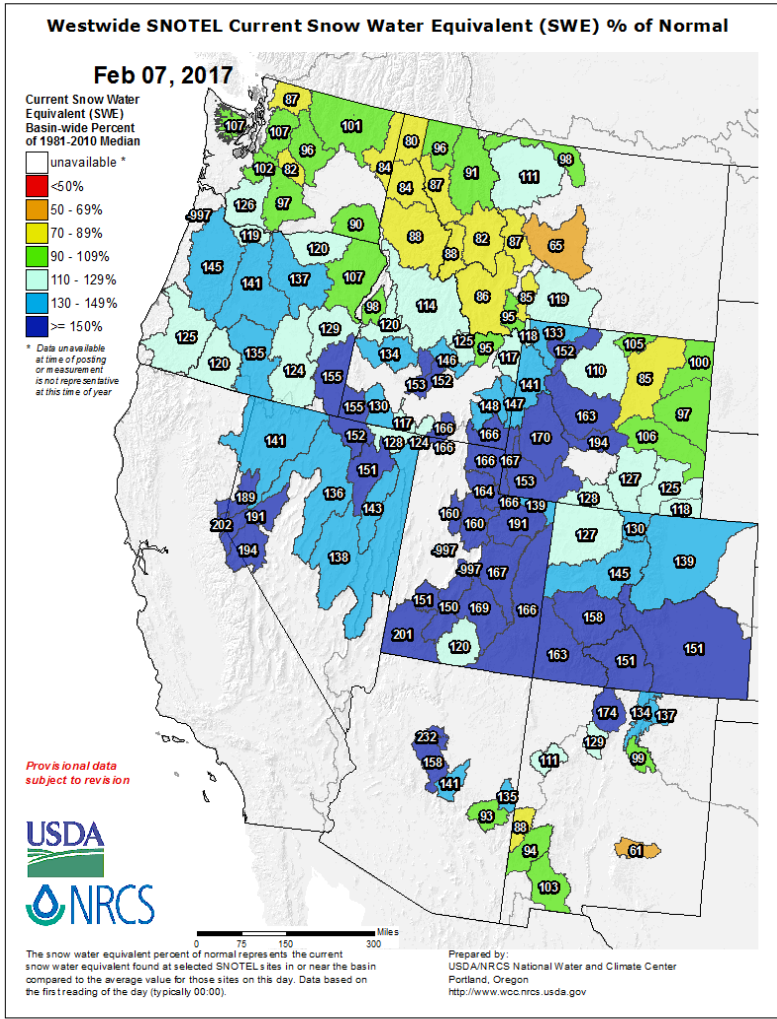
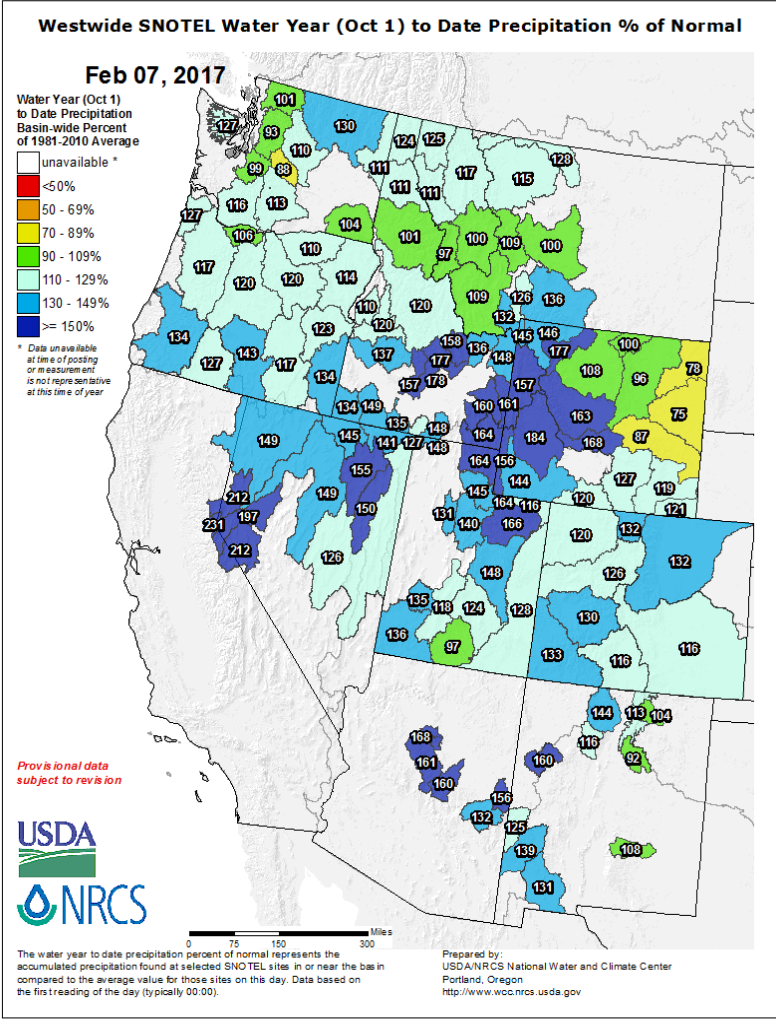
<http://droughtmonitor.unl.edu/>

Percent of Average Precipitation (1/7/2017-2/5/2017)

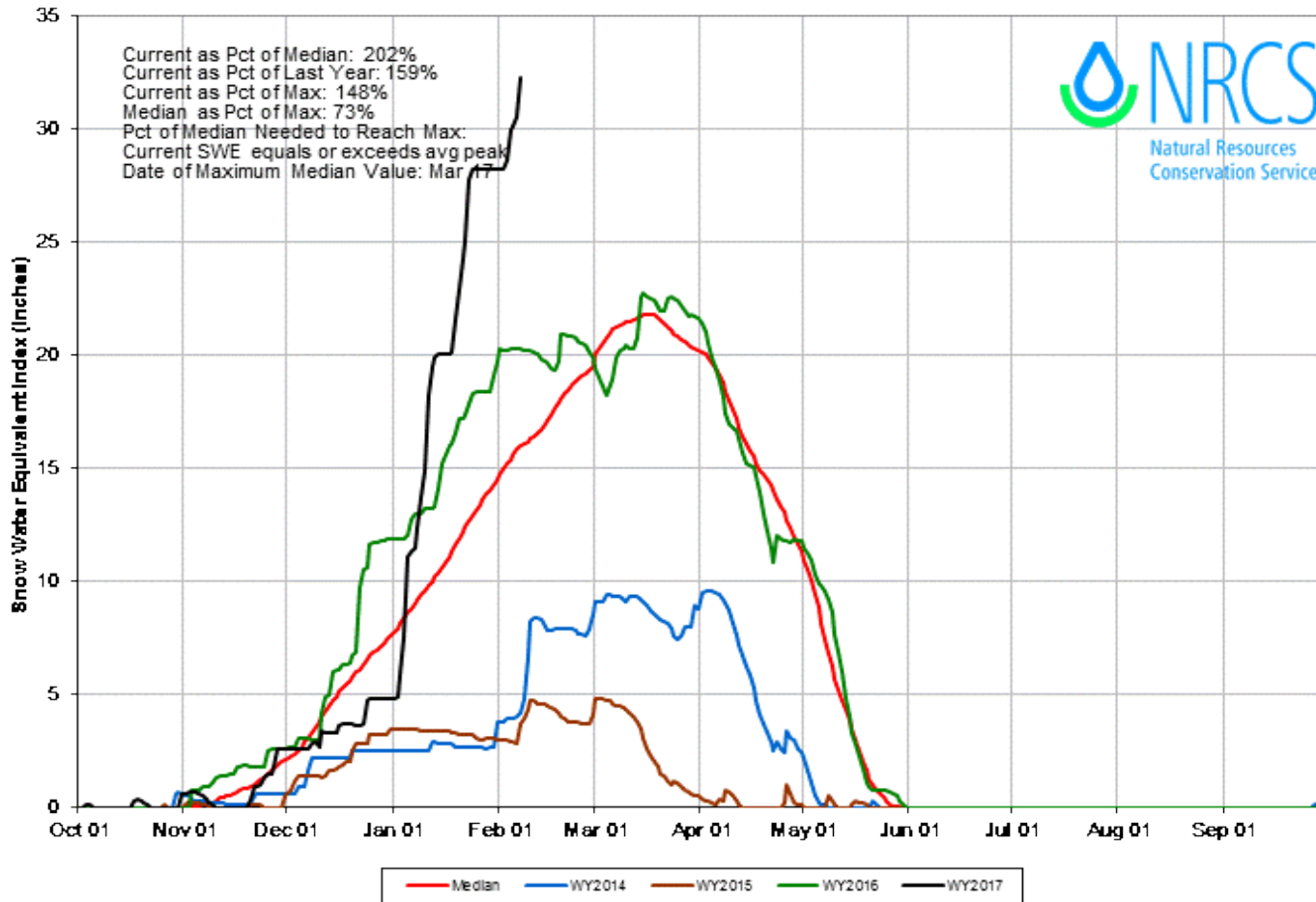


Generated 2/06/2017 at WRCC using provisional data.
NOAA Regional Climate Centers

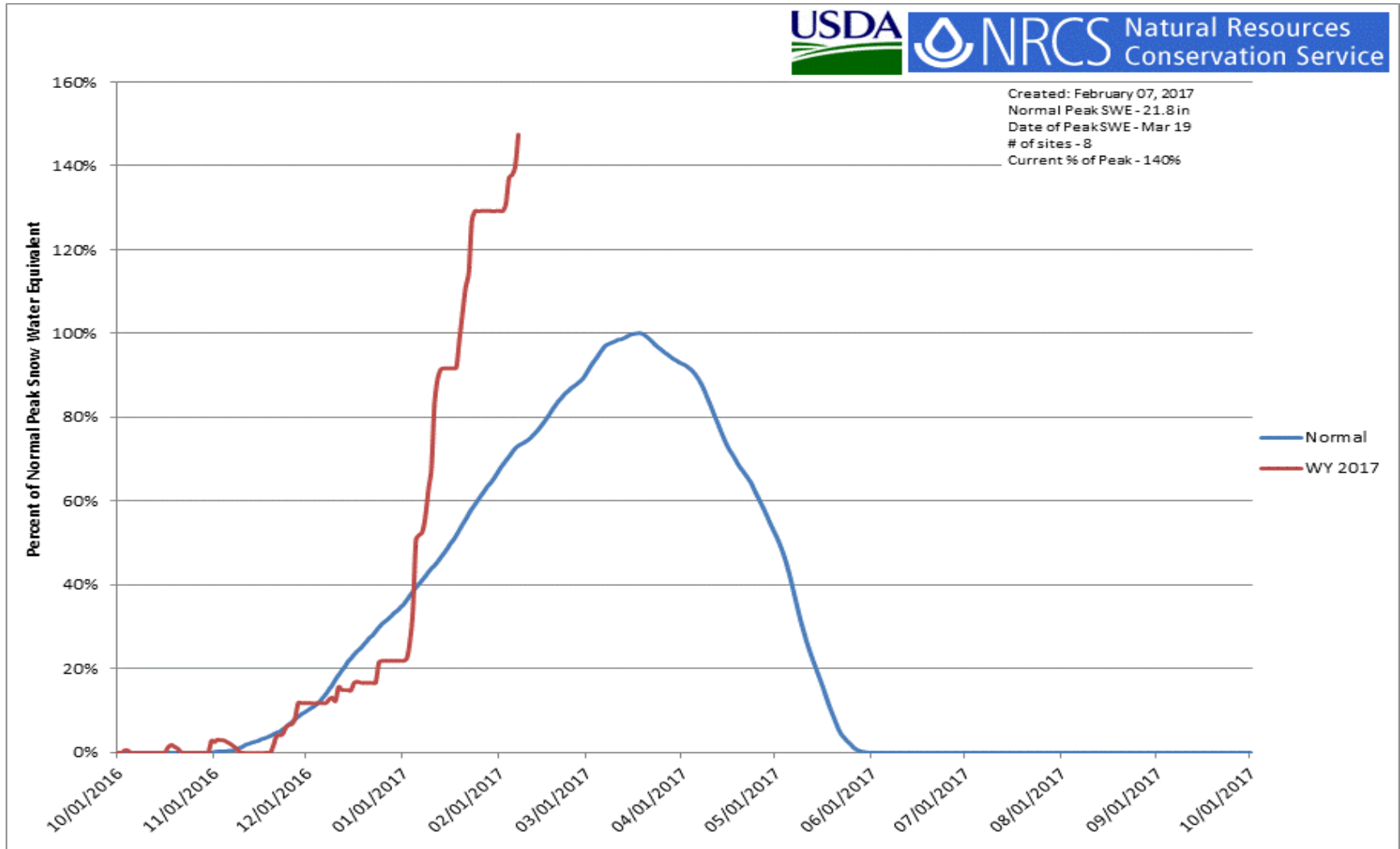
Current Precipitation and Snowpack Status



Lake Tahoe Basin Time Series SNOTEL Snowpack Summary

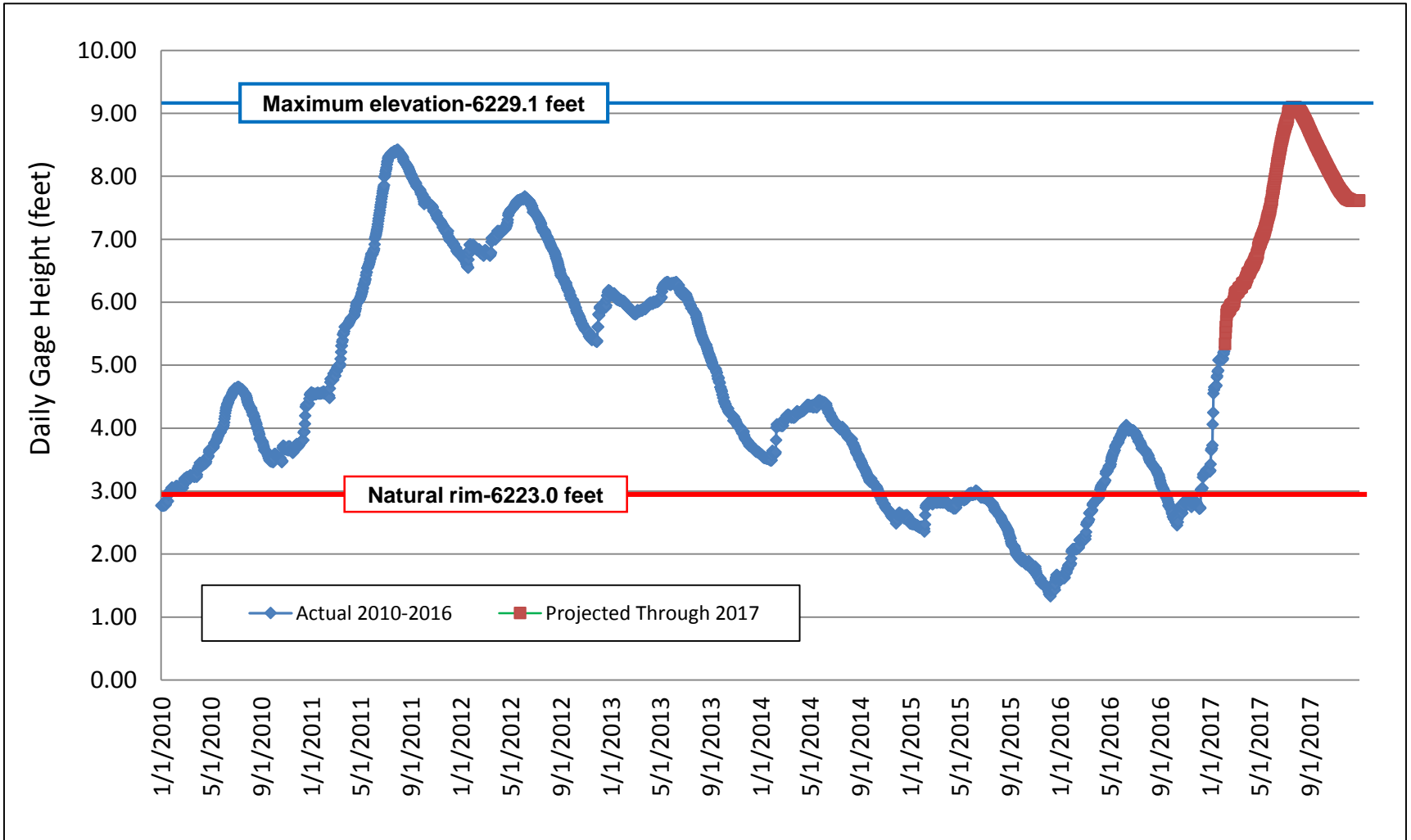


Lake Tahoe Basin Percent of Normal Peak Snowpack (%)

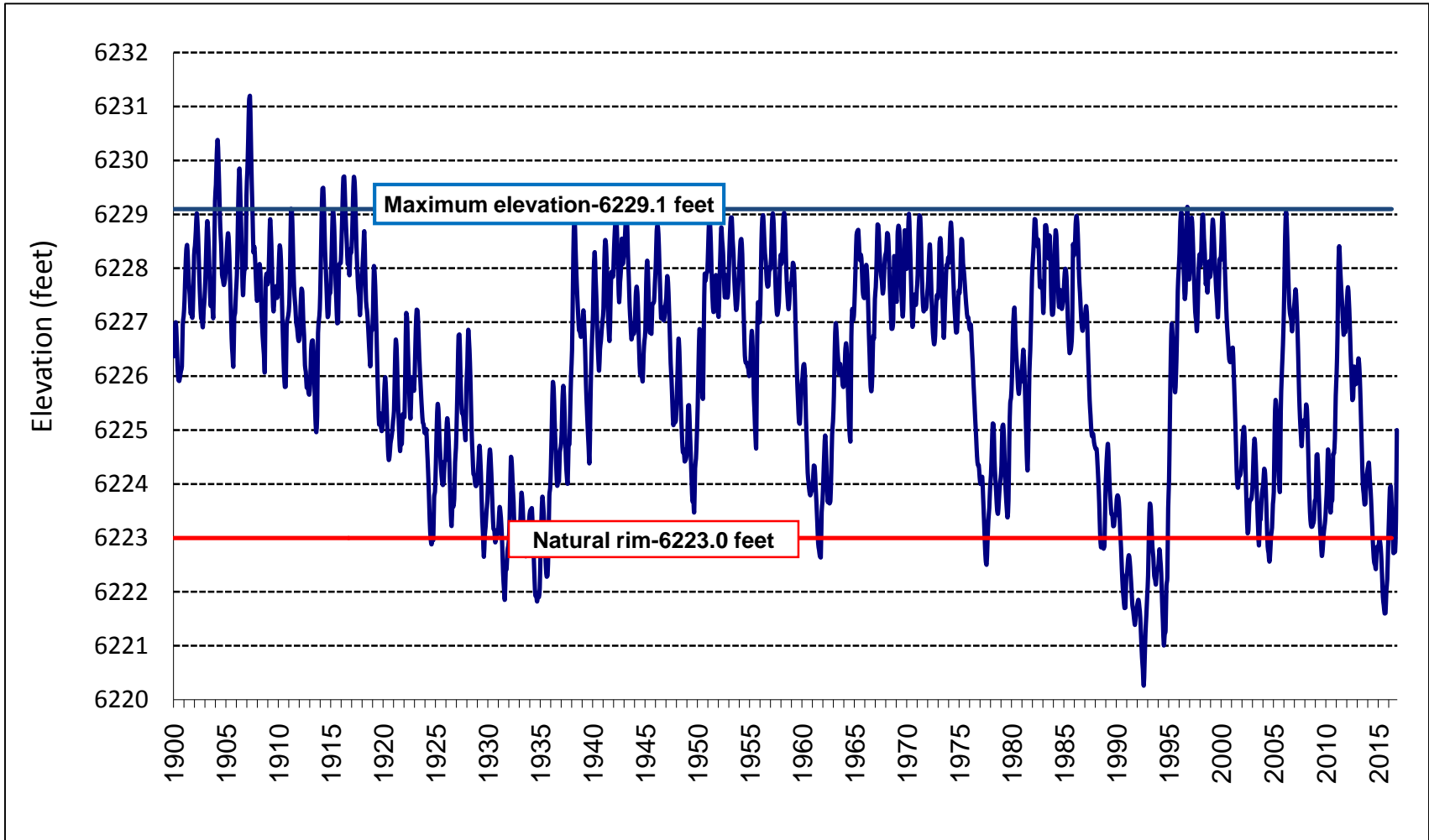




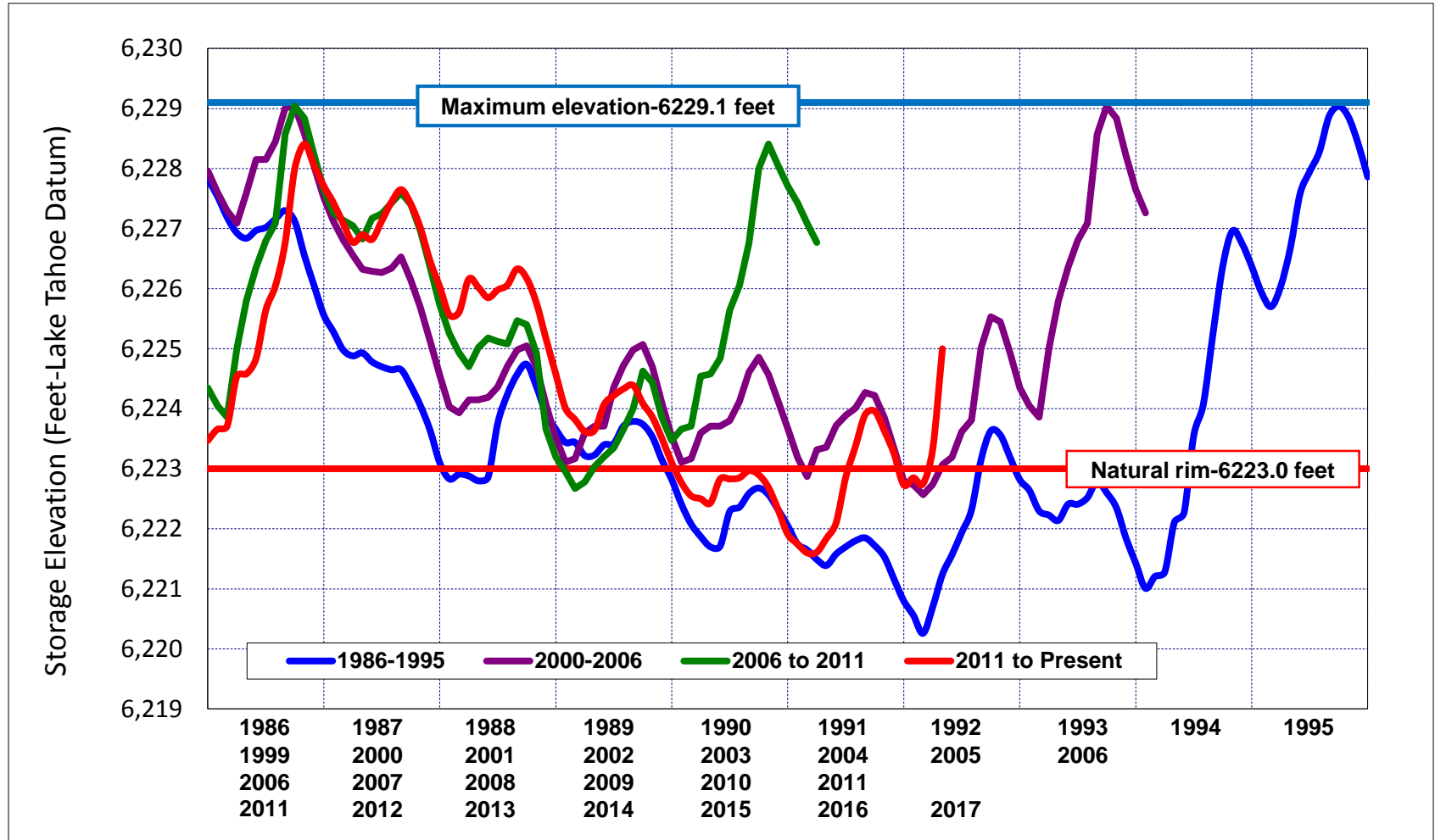
Lake Tahoe Elevation Hydrograph (actual and projected)



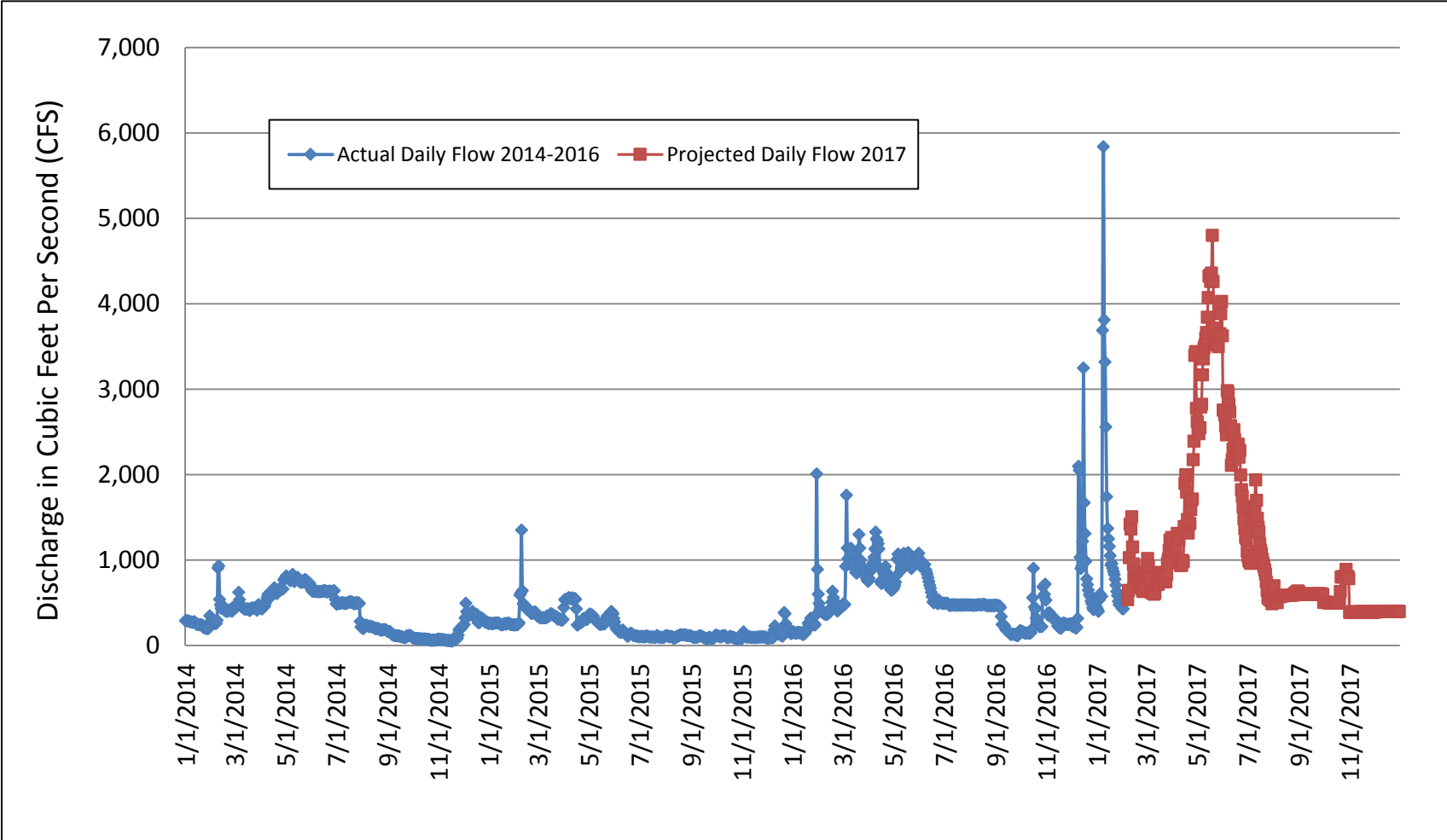
Historical Lake Tahoe Elevation (1900-Present)



Lake Tahoe Elevation Comparison (4 Drought Years)



Truckee River Flow at CA/NV State Line (actual and projected)



2017 Water Supply Summary

02-07-17 SAC Agenda Item 7

- Blockbuster start to WY 2017
- Precipitation > 200% average
- Snowpack > 200% average
- Big Winter storms continue
- Lake Tahoe currently almost 2 ½ feet above natural rim
- Lake Tahoe expected to fill in 2017 (and all other reservoirs fill and spill)
- Normal river flows anticipated at least for the next two years
- More drought reserves than ever currently in storage than ever before due to TROA Operations
- Drought is officially over

Thank you!

Questions?

Bill Hauck, Senior Hydrologist

Email: bhauck@tmwa.com

O: (775) 834-8111 M: (775) 250-1333

Content	Description	Sponsors	Tags	Board/Committee Position	Status/Location	Most Recent History Actions
AB3	Makes various changes relating to the administration of workers' compensation claims. (BDR 53-161)	Committee on Commerce and Labor	Human Resources	1/4 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB5	Provides for the creation of certain local improvement districts. (BDR 22-233)	Committee on Government Affairs	Energy; Governance	1/3 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB8	Revises provisions governing the collection of delinquent municipal utility charges. (BDR 21-323)	Committee on Government Affairs	Financial, Risk Management; Governance	11/21 WATCH, SUPPORT	First Reading	11/21/2016 -- From printer.
AB11	Revises provisions governing the operation of unmanned aerial vehicles. (BDR 44-137)	Committee on Transportation	Emergency Mgmt, Safety, Motor Vehicles; Governance	11/21 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB26	Revises provisions governing the dissemination of certain records of criminal history to certain persons by the Central Repository for Nevada Records of Criminal History. (BDR 14-138)	Committee on Corrections, Probation, and Parole	Human Resources	1/4 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB30	Establishes a committee to review the current tax structure in this State. (BDR S-432)	Committee on Taxation	Financial, Risk Management	1/10 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB32	Revises provisions governing pest control. (BDR 49-176)	Committee on Natural Resources, Agriculture, and Mining	Governance	1/9 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB34	Revises provisions relating to state lands. (BDR 26-179)	Committee on Natural Resources, Agriculture, and Mining	Property	12/20 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB36	Revises the Charter of the City of Reno. (BDR S-448)	Committee on Legislative Operations and Elections	Governance; Open Meeting, Records, Boards and Elections	1/6 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB39	Revises provisions governing the appointment of representatives to a governing board for regional planning in certain counties. (BDR 22-433)	Committee on Government Affairs	Governance; Open Meeting, Records, Boards and Elections	11/21 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB42	Revises various provisions relating to public records. (BDR 19-389)	Committee on Government Affairs	Open Meeting, Records, Boards and Elections	11/21 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB48	Makes various changes relating to local government. (BDR 21-435)	Committee on Government Affairs	Financial, Risk Management	11/21 OPPOSE, NEUTRAL WITH AMENDMENT	First Reading	11/21/2016 -- From printer.
AB50	Revises provisions relating to the imposition of certain fees, civil penalties and administrative fines by the State Environmental Commission. (BDR 40-181)	Committee on Natural Resources, Agriculture, and Mining	Financial, Risk Management; Governance	12/29 WATCH	First Reading	11/21/2016 -- From printer.
AB54	Revises provisions relating to reports of certain accidents or motor vehicle crashes by employers. (BDR 53-160)	Committee on Commerce and Labor	Emergency Mgmt, Safety, Motor Vehicles	1/6 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.

Content	Description	Sponsors	Tags	Board/Committee Position	Status/Location	Most Recent History Actions
AB71	Revises provisions governing public employees' retirement. (BDR 23-429)	Committee on Government Affairs	PERS, PEBS	14 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB72	Revises provisions relating to the Uniform Plumbing Code. (BDR 40-237)	Committee on Health and Human Services	Public Works	1/13 WATCH; Staff Recommendation: WATCH, OPPOSE	First Reading	11/21/2016 -- From printer.
AB79	Revises provisions relating to economic development. (BDR S-404)	Committee on Government Affairs	Financial, Risk Management; Water Rights (Resources, Conservation)	1/6 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
AB83	Makes various changes relating to insurance. (BDR 57-159)	Committee on Commerce and Labor	Financial, Risk Management	1/6 WATCH, NEUTRAL	First Reading	11/21/2016 -- From printer.
SB10	Revises provisions governing the publication of information concerning unclaimed and abandoned property. (BDR 10-407)	Committee on Judiciary	Property	11/21 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB21	Abolishes the Nye County Water District. (BDR S-478)	Committee on Government Affairs	Water Rights (Resources, Conservation)	11/21 WATCH	First Reading	11/23/2016 -- From printer.
SB23	Clarifies requirements relating to a petition for judicial review of a final administrative decision in a contested case. (BDR 18-374)	Committee on Government Affairs	Governance	11/21 WATCH	First Reading	11/23/2016 -- From printer.
SB24	Authorizes cities to enact ordinances requiring the registration of vacant properties. (BDR 21-421)	Committee on Government Affairs	Governance; Property	11/21 WATCH	First Reading	11/23/2016 -- From printer.
SB26	Makes certain changes concerning governmental entities that contract with or invest in companies that boycott Israel. (BDR 27-418)	Committee on Government Affairs	Governance	11/21 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB27	Revises the definition of the term "mental illness" for purposes of provisions relating to criminal procedure, mental health and intellectual disabilities. (BDR 39-133)	Committee on Health and Human Services	Human Resources	11/21 NEUTRAL	First Reading	11/23/2016 -- From printer.
SB36	Revises provisions relating to ethics in government. (BDR 23-230)	Committee on Legislative Operations and Elections	Governance	11/21 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB47	Makes various changes relating to the appropriation of water. (BDR 48-499)	Committee on Natural Resources	Water Rights (Resources, Conservation)	1/6 WATCH, SUPPORT	First Reading	11/23/2016 -- From printer.
SB48	Revises provisions relating to relations between local governments and their employees. (BDR 23-428)	Committee on Government Affairs	Human Resources	1/4 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB51	Makes various changes relating to the adjudication of vested water rights. (BDR 48-180)	Committee on Natural Resources	Water Rights (Resources, Conservation)	12/29 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB52	Revises provisions relating to unemployment compensation. (BDR 53-226)	Committee on Commerce, Labor and Energy	Human Resources	1/4 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB53	Revises provisions relating to the installation, operation and maintenance of telecommunications facilities. (BDR 18-234)	Committee on Transportation	Information Tech	1/6 WATCH	First Reading	11/23/2016 -- From printer.

Content	Description	Sponsors	Tags	Board/Committee Position	Status/Location	Most Recent History Actions
SB63	Revises provisions which govern responsibility for the costs of maintenance and repair of certain county roads. (BDR 20-324)	Committee on Revenue and Economic Development	Governance; Property	1/6 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB67	Revises provisions relating to fire safety requirements for multi-story buildings occupied by people. (BDR 42-412)	Committee on Government Affairs	Emergency Mgmt, Safety, Motor Vehicles	1/6 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB69	Revises provisions governing state agencies, boards and commissions that regulate occupations and professions. (BDR 54-229)	Committee on Commerce, Labor and Energy	Governance; Human Resources; Open Meeting, Records, Boards and Elections	1/5 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB73	Revises provisions relating to water. (BDR 48-177)	Committee on Natural Resources	Property; Water Rights (Resources, Conservation)	1/6 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB74	Revises provisions relating to water. (BDR 48-178)	Committee on Natural Resources	Water Rights (Resources, Conservation)	12/29 WATCH	First Reading	11/23/2016 -- From printer.
SB78	Revises provisions relating to local government financial administration. (BDR 31-403)	Committee on Government Affairs	Financial, Risk Management	1/9 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB80	Makes various changes relating to the Public Employees' Benefits Program and the Deferred Compensation Program. (BDR 18-243)	Committee on Government Affairs	PERS, PEBS	1/5 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB82	Revises provisions relating to employment and trade secrets. (BDR 53-419)	Committee on Commerce, Labor and Energy	Human Resources	1/5 WATCH, NEUTRAL	First Reading	11/23/2016 -- From printer.
SB84	Makes various changes relating to ethics in government. (BDR 23-250)	Committee on Legislative Operations and Elections	Governance	1/6 WATCH	First Reading	11/23/2016 -- From printer.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Andy Gebhardt, Director, Customer Relations
Marlene Olsen, GoodStanding
DATE: January 9, 2017
SUBJECT: **Presentation of public open house schedule for proposed rate adjustment and discussion and possible direction to staff on open house and public notifications of proposed rate adjustment**

Recommendation

Staff recommends Board approval of the public open house schedule for the proposed rate adjustment.

Summary

At the December 21, 2016 meeting, the Board approved staff to begin the public process for the proposed rate adjustment and requested notification of the public open house schedule. The following information, as highlighted below, was included in all customer's January bills and also will be included in customer's February bills:

Several customer open houses and public meetings have been scheduled to collect customer feedback regarding potential rate adjustments.

TMWA is proposing a series of single-digit rate adjustments over the next five years, the first of which would be effective in May, 2017. It would be the first increase in over three years and is needed to meet the cost of providing water service to our customers. The average residential customer's water bill is expected to increase by \$1.42 (3%) per month starting May 2017 with an additional monthly increase of \$1.47 (3%) in May 2018.

The TMWA Board of Directors will also have the option of implementing 2.5% increases in 2019, 2020 and 2021, if necessary. TMWA continues to monitor the effectiveness of our rate structures, and, as necessary, makes adjustments that better reflect the costs associated with treating, delivering, and maintaining the high-quality water that our customers expect.

Customers are encouraged to attend the following meetings for more information and provide feedback, which will be presented to the TMWA Board of Directors.

Customer Open Houses:

Tuesday, February 21
5:30 p.m. to 7:30 p.m.
*Sparks Police Department—Training Room
1701 E. Prater Way, Sparks*

Thursday, February 23
5:30 p.m. to 7:30 p.m.
*Spanish Springs Library
7100 Pyramid Way, Sparks
Please note that this is a corrected address from the January newsletter*

Wednesday March 1
5:30 p.m. to 7:30 p.m.
*California Building in Idlewild Park
75 Cowan Drive, Reno*

Thursday, March 2
5:30 p.m. to 7:30 p.m.
*South Valley Library
15650 Wedge Pkwy., Reno*

Board of Directors Meetings:

Wednesday, March 15 (first public hearing)
10:00 a.m.
745 Fourth St., Sparks

Wednesday, April 19 (final public hearing)
10:00 a.m.
745 Fourth St., Sparks

Standing Advisory Committee Meetings (SAC):

Tuesday, March 7
3:00 p.m.
1355 Capital Blvd., Reno

Customers who cannot attend a meeting but would like to comment can do so by sending an e-mail to tmwaboard@tmwa.com. For the most current information about the proposed rate adjustment, visit www.tmwa.com/rates2017, or contact us with your questions at 834-8080.



TO: TMWA Standing Advisory Committee
FROM: Michele Sullivan, Chief Financial Officer
 Tabitha Carlisle, Financial Controller
DATE: January 31, 2017
SUBJECT: **Presentation of Financial Performance for First Half Fiscal Year 2017**

First Half Financial Results

TMWA's financial performance was strong for the six months ended December 31, 2016, with total operating revenues \$5.4 million or 9.9% more than the revised budget and operating spending \$2.3 million or 8.4% under budget. Please refer to **Attachment A-1** for budget to actual comparisons. TMWA personnel continue to do an excellent job managing operating expenses and are optimizing consolidated water utility operations on a continual basis. The revised budget does reflect water demands much lower than historical highs as a result of community response to drought conditions. Water use did increase compared to the prior year as drought conditions lessened and customers relaxed their conservation efforts. In addition, the first few months of the fiscal year in our area experienced little to no precipitation, leading to increased water use compared to the prior year.

Total operating revenues were \$5.4 million or 9.9% more than the revised budget. Water sales were higher than budget due to a dry summer and some relaxation of conservation efforts. Hydroelectric power sales were \$0.1 million or 16.1% higher than budget due to good river flows. Verdi hydroelectric plant was in operation through December. Other operating sales were \$0.2 million or 19% higher than budget which was due to more than expected inspection business service fees and late payment customer service fees.

Total spending on operations was \$2.3 million, or 8.4% below budget. Spending on wages and salaries was \$0.3 million or 3.75% less than budget due to a few sporadic position vacancies, offset by significant overtime devoted to repairing water system leaks. Lower spending on employee benefits by \$0.5 million or 10.8% less than budget, is reflective of a lower actual premium increase of 5% versus the budgeted increase. Services and supplies spending was \$1.4 million or 10.7% less than budget, a notable achievement with control over power expenses of \$0.5 million being the greatest contributor to this positive spending variance. Other smaller variances make-up the rest: CIS contract services, storage fees, and river monitoring, all of which are expected to be expended in the second half of the year.

Investment income was slightly above budget. Investment returns have increased slightly over the last quarter. TMWA's other investment returns range from 0.6% to 5.5% and are laddered in maturities in a manner to meet future cash flow requirements.

Interest expense on TMWA's outstanding debt was lower than expected due to the premium on the Refunding of the 2006 Series Senior Debt.

In total, developer contributions are significantly ahead of budget by \$1.7 million. Development has been concentrated in residential activity and small commercial activities. It is difficult to project the level of developer fee contributions since entitled developments and shadow inventories cannot be accurately determined. Regardless, as a matter of policy, TMWA is not reliant on growth for financial stability. TMWA received the last portion of the TROA grant from the Bureau of Reclamation for \$1.2M. TMWA also received \$1.2M from Scannell Properties for their portion of costs related to the Truckee Canyon Water Treatment Plant Expansion, which is shown in Contribution From Others.

Spending on capital outlays and construction projects as of December 31, 2016, was approximately \$11.6 million. Construction spending in the first half of the fiscal year was primarily focused on various distribution system improvements. Capital spending is expected to increase during the remainder of the year with the Stead and 4th Street/ Prater main replacements. Please refer to **Attachment A-2** which contains TMWA's Statement of Cash Flows that presents total capital spending and other cash flow information for the first half of the fiscal year.

Also reflected in **Attachment A-2**, TMWA redeemed \$4.4 million in TECP in December of 2016 as a result of water (right) will-serve sales.

Year over Year - Six Months Ended December 2016 compared to December 2015

Please refer to **Attachment A-3**. For the six months ended December 2016 as compared to December 2015 were favorable. Total operating revenues were \$5.9M or 11.0% higher, contributing to the overall increase in operating income of \$5.8M or 47.9%. Water sales increased \$4.9M due to a drier summer in 2016 and lessened conservation efforts from a high precipitation winter. Hydroelectric sales were \$.8M for the six months ended December 2016 compared to \$0 in 2015. River flows were strong in 2016 compared to 2015 where the hydroelectric plants were not in operation for most of the year. Operating expenses were slightly higher in 2016 due to increases in salaries and wages and employee benefits which resulted from hiring new staff for fire hydrant maintenance and an increase in health insurance premiums of 20%.

Other non-operating expenses, without the one-time gain on disposal of assets in December 2015, would have decreased mainly due to a decrease in interest expense. Defeasment and refunding of the 2006 Series Senior Lien Debt in April 2016 reduced the interest expense in the current year. TMWA received \$3.5M from the disposal of water rights as part of TROA implementation in December 2015, which offset total non-operating expenses of \$8.8M in 2015.

In total, developer contributions are significantly ahead of last year by \$4.8 million. Development has accelerated in residential activity and small commercial activities. TMWA received the last portion of the TROA grant from the Bureau of Reclamation for \$1.2M in December 2016. TMWA also received \$1.2M from Scannell Properties for their portion of

costs related to the Truckee Canyon Water Treatment Plant Expansion, which is shown in Contribution From Others.

First Half Cash Position

Referring to TMWA's Statement of Net Assets in **Attachment A-4**, total cash on hand was \$197 million as of December 31, 2016 which is approximately \$10 million higher than at the beginning of the fiscal year. Of this total, \$119.5 million was unrestricted to be used to meet upcoming and future operating/maintenance expenses, principal/interest payments, and construction project payments. Unrestricted cash increased due to lower debt service owed in the next twelve months and higher than expected revenue.

The remaining \$77.7 million was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in TMWA's bond indentures. In addition, the treasury reserve transferred from the dissolved South Truckee Meadows General Improvement District (STMGID) is included in restricted reserves for use on capital improvements in the former STMGID service area.

TRUCKEE MEADOWS WATER AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET TO ACTUAL
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	<u>REVISED</u> <u>Budget</u>	<u>UNAUDITED</u> <u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for water sales	\$ 52,346,377	\$ 57,381,582	\$ 5,035,205
Hydroelectric sales	705,430	818,878	113,448
Other operating sales	<u>1,249,000</u>	<u>1,486,547</u>	<u>237,547</u>
Total Operating Revenues	<u>54,300,807</u>	<u>59,687,007</u>	<u>5,386,200</u>
OPERATING EXPENSES			
Salaries and wages	9,263,652	8,916,018	347,634
Employee benefits	4,666,398	4,160,529	505,869
Services and supplies	<u>13,471,939</u>	<u>12,030,784</u>	<u>1,441,155</u>
Total Operating Expenses before Depreciation	27,401,989	25,107,331	2,294,658
Depreciation	<u>16,620,480</u>	<u>16,620,480</u>	<u>-</u>
Total Operating Expenses	<u>44,022,469</u>	<u>41,727,811</u>	<u>2,294,658</u>
Operating Income	<u>10,278,338</u>	<u>17,959,196</u>	<u>7,680,858</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,115,652	1,310,373	194,721
Net (decrease) in fair value of investments	-	(242,588)	(242,588)
Gain (Loss) on disposal of assets	-	305	305
Amortization of bond/note issuance costs	(237,222)	(161,298)	75,924
Interest expense	(8,465,088)	(8,023,615)	441,473
Other non-operating revenue	-	-	-
Other non operating expense	<u>-</u>	<u>(243,000)</u>	<u>(243,000)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,586,658)</u>	<u>(7,359,823)</u>	<u>226,835</u>
Income (Loss) before Capital Contributions	<u>2,691,680</u>	<u>10,599,373</u>	<u>7,907,693</u>
CAPITAL CONTRIBUTIONS			
Grants	75,000	1,191,168	1,116,168
Water meter retrofit program	809,628	(41,899)	(851,527)
Developer infrastructure contributions	-	-	-
Developer will-serve contributions (net of refunds)	2,307,828	2,986,946	679,118
Developer capital contributions-other	1,582,572	2,126,205	543,633
Developer facility charges (net of refunds)	2,254,572	2,856,989	602,417
Contributions from others	<u>-</u>	<u>1,244,000</u>	<u>1,244,000</u>
Net Capital Contributions	<u>7,029,600</u>	<u>10,363,409</u>	<u>3,333,809</u>
Change in Net Position	<u>9,721,280</u>	<u>20,962,782</u>	<u>11,241,502</u>
NET POSITION , BEGINNING OF YEAR	<u>584,982,314</u>	<u>584,982,314</u>	
NET POSITON , END OF YEAR	<u>\$ 594,703,594</u>	<u>\$ 605,945,096</u>	

TRUCKEE MEADOWS WATER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	UNAUDITED DECEMBER 2016	AUDITED JUNE 2016	REVISED Budget	Budget Variance
INCREASE IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 62,455,368	\$ 90,753,299	\$ 54,300,807	\$ 8,154,561
Cash paid to employees	(13,160,872)	(24,132,183)	(13,930,050)	769,178
Cash paid to suppliers	(14,444,520)	(26,198,864)	(13,471,939)	(972,581)
Net Cash Provided by Operating Activities	34,849,976	40,422,252	26,898,818	7,951,158
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(11,609,836)	(49,416,333)	(23,910,000)	12,300,164
Interest paid on financing	(7,368,330)	(18,904,799)	(7,315,184)	(53,146)
Principal paid on financing	(13,307,706)	(12,568,107)	(13,307,706)	-
Proceeds from refunding bonds	-	149,354,337	-	-
Issuance of commercial paper notes	-	-	-	-
Redemption of commercial paper notes	(4,400,000)	(7,200,000)	-	(4,400,000)
Proceeds transferred to refunding escrow	-	(151,026,620)	-	-
Proceeds from capital debt issuance	717,139	8,239,034	-	717,139
Proceeds from capital asset disposal	305	6,460,373	-	305
Contributions for water meter retrofit program	(41,899)	482,081	809,628	(851,527)
Contributions from developers-will-serve letters	2,986,946	4,363,692	2,307,828	679,118
Contributions from developers-other	2,126,205	2,473,163	1,582,572	543,633
Contributions from developers-facility charges	2,856,989	2,931,940	2,254,572	602,417
Contributions from others	1,244,000	356,200	-	1,244,000
Grants	1,234,767	253,131	75,000	1,159,767
Bond/Note issuance costs	(144,365)	(1,298,798)	(220,290)	75,925
Net Cash (Used) by Capital and Related Financing Activities	(25,705,785)	(65,500,706)	(37,723,580)	12,017,795
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received in connection with WCWU transfer of operations	-	9,678,076	-	-
Cash received from STMGID subsequent to merger	-	162,770	-	-
Verdi Business Park receivable	-	-	-	-
Payments received on Verdi Business Park receivable	9,480	22,244	-	9,480
Interest received	1,041,166	7,233,417	1,201,152	(159,986)
Net Cash (Used) by Investing Activities	1,050,646	17,096,507	1,201,152	(150,506)
Net Increase (Decrease) in Cash and Cash Equivalents	10,194,837	(7,981,947)	(9,623,610)	19,818,447
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (including \$87,271,219 in restricted accounts)	187,035,903	195,017,850	187,035,903	-
CASH AND CASH EQUIVALENTS, As of December 31, 2016 (including \$77,680,822 in restricted accounts)	\$ 197,230,740	\$ 187,035,903	\$ 177,412,293	\$ 19,818,447

ATTACHMENT A-2

**TRUCKEE MEADOWS WATER AUTHORITY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - ACTUAL TO ACTUAL
 FOR THE SIX MONTHS ENDED DECEMBER, 2016 AND 2015**

	UNAUDITED 2016	UNAUDITED 2015	Variance
OPERATING REVENUES			
Charges for water sales	\$ 57,381,582	\$ 52,516,763	4,864,819
Hydroelectric sales	818,878	-	818,878
Other operating sales	1,486,547	1,275,266	211,281
Total Operating Revenues	<u>59,687,007</u>	<u>53,792,029</u>	<u>5,894,978</u>
OPERATING EXPENSES			
Salaries and wages	8,916,018	8,281,428	634,590
Employee benefits	4,160,529	3,708,242	452,287
Services and supplies	12,030,784	13,053,997	(1,023,213)
Total Operating Expenses before Depreciation	25,107,331	25,043,667	63,664
Depreciation	16,620,480	16,603,656	16,824
Total Operating Expenses	<u>41,727,811</u>	<u>41,647,323</u>	<u>80,488</u>
Operating Income	<u>17,959,196</u>	<u>12,144,706</u>	<u>5,814,490</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,310,373	1,230,557	79,816
Net (decrease) in fair value of investments	(242,588)	-	(242,588)
Gain (Loss) on disposal of assets	305	2,972,511	(2,972,206)
Amortization of bond/note issuance costs	(161,298)	(212,809)	51,511
Interest expense	(8,023,615)	(9,892,339)	1,868,724
Other non-operating revenue	-	-	-
Other non operating expense	(243,000)	-	(243,000)
Total Nonoperating Revenues (Expenses)	<u>(7,359,823)</u>	<u>(5,902,080)</u>	<u>(1,457,743)</u>
Income (Loss) before Capital Contributions	<u>10,599,373</u>	<u>6,242,626</u>	<u>4,356,747</u>
CAPITAL CONTRIBUTIONS			
Grants	1,191,168	138,288	1,052,880
Water meter retrofit program	(41,899)	85,773	(127,672)
Developer infrastructure contributions	-	-	-
Developer will-serve contributions (net of refunds)	2,986,946	1,310,137	1,676,809
Developer capital contributions-other	2,126,205	811,688	1,314,517
Developer facility charges (net of refunds)	2,856,989	1,047,305	1,809,684
Contributions from others	1,244,000	-	1,244,000
Contributions from other governments	-	-	-
Net Capital Contributions	<u>10,363,409</u>	<u>3,393,191</u>	<u>6,970,218</u>
Change in Net Position	20,962,782	9,635,817	<u>11,326,965</u>
NET POSITION , BEGINNING OF YEAR	<u>584,982,314</u>	<u>563,874,134</u>	
NET POSITON , END OF YEAR	<u>\$ 605,945,096</u>	<u>\$ 573,509,951</u>	

TRUCKEE MEADOWS WATER AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AS COMPARED TO JUNE 30, 2016
ASSETS

	<u>UNAUDITED</u> <u>December 31, 2016</u>	<u>AUDITED</u> <u>June 30, 2016</u>
CURRENT ASSETS		
Cash and investments	\$ 119,549,918	\$ 99,764,684
Accounts receivable, net	11,123,593	13,580,981
Due from others	46,431	313,955
Due from other governments	1,550	45,969
Interest receivable	1,071,552	1,048,498
Prepaid assets	1,423,722	1,243,125
	<u>133,216,766</u>	<u>115,997,212</u>
 RESTRICTED CURRENT ASSETS		
Cash and investments:		
Water meter retrofit program	2,084,980	2,084,980
Current bond debt service	9,579,881	19,395,405
	<u>11,664,861</u>	<u>21,480,385</u>
 Total Current Assets	<u>144,881,627</u>	<u>137,477,597</u>
 RESTRICTED NONCURRENT ASSETS		
Cash and investments:		
Future bond debt service	35,399,903	35,390,010
Operations and maintenance	8,955,188	8,739,954
Renewal and replacement	21,160,870	21,160,870
Water rate stabilization	500,000	500,000
	<u>66,015,961</u>	<u>65,790,834</u>
 NONCURRENT ASSETS		
Capital assets, not depreciated	158,199,706	147,064,145
Capital assets, depreciated	767,439,585	783,728,106
Deferred charges and other assets	979,473	1,013,985
	<u>926,618,764</u>	<u>931,806,236</u>
 Total Noncurrent Assets	<u>992,634,725</u>	<u>997,597,070</u>
 DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on bond refundings	2,962,358	3,053,052
Deferred amount on net pension liability	7,156,688	7,156,688
Total Deferred Outflows	<u>10,119,046</u>	<u>10,209,740</u>
 Total Assets and Deferred Outflow of Resources	<u>\$ 1,147,635,398</u>	<u>\$ 1,145,284,407</u>

ATTACHMENT A-4

LIABILITIES

CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED

CURRENT ASSETS

Accounts payable	\$ 1,410,995	\$ 2,909,126
Contracts and retention payable	2,042,737	2,185,872
Accrued liabilities	3,915,812	4,000,137
Due to other governments	1,637,571	2,137,679
Accrued interest payable	295,553	315,707
Current portion of long term debt	84,976,308	89,414,845
Customer deposits and amounts due to developers	2,800,689	2,757,239
	<u>97,079,665</u>	<u>103,720,605</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED

CURRENT ASSETS

Current portion of long term debt	1,355,000	12,620,000
Interest payable	8,224,881	6,775,405
	<u>9,579,881</u>	<u>19,395,405</u>

Total Current Liabilities

106,659,546 123,116,010

NONCURRENT LIABILITIES

Net Pension Liability	26,869,406	26,869,406
Long-term debt, net of current portion	404,544,561	406,696,538

Total Non-Current Liabilities

431,413,967 433,565,944

DEFERRED INFLOW OF RESOURCES

Deferred amount on net pension liability	3,486,191	3,486,191
Deferred amount on bond refundings	130,599	133,948

Total deferred inflows of resources

3,616,790 3,620,139

Total Liabilities

541,690,303 560,302,093

NET POSITION

Net investment in capital assets	491,311,348	478,543,111
Restricted for water meter retrofit program	2,084,980	2,084,980
Restricted for debt service	1,355,000	12,620,000
Restricted for operations and maintenance reserve	4,355,188	4,139,954
Restricted for renewal and replacement reserve	21,160,870	21,160,870
Restricted for water rate stabilization	500,000	500,000
Unrestricted	85,177,709	65,933,399

Total Net Position

605,945,095 584,982,314

Total Liabilities and Net Position

\$ 1,147,635,398 \$ 1,145,284,407

ATTACHMENT A-4



STAFF REPORT

TO: Standing Advisory Committee
THRU: Mark Foree, General Manager
FROM: Shawn Stoddard, Senior Resource Economist
DATE: January 31, 2017
SUBJECT: **Presentation on customer rates of growth and new connections.**

Findings:

- Total active water services are growing at an increasing rate. Current estimated growth rate is 176 additional active services per month.
- 2016 total retail water use is not significantly greater than 2015.
- Total retail water use in 2015 and 2016 is similar to 2010 and 2011.
- Customer class shares of retail water did not change between 2015 and 2016.
- Inactive premises are at a historic low, which shows a growing economy and an increasing need for new water services.
- Will-serve commitments have been growing since 2011.
- Nevada State Demographer is projecting a small population decrease for Washoe County in 2017. However, rates of growth and the shape of the population curve remain about the same. The short-term pause in the population growth is not expected to have a significant impact on TMWA's long-term growth.

Discussion:

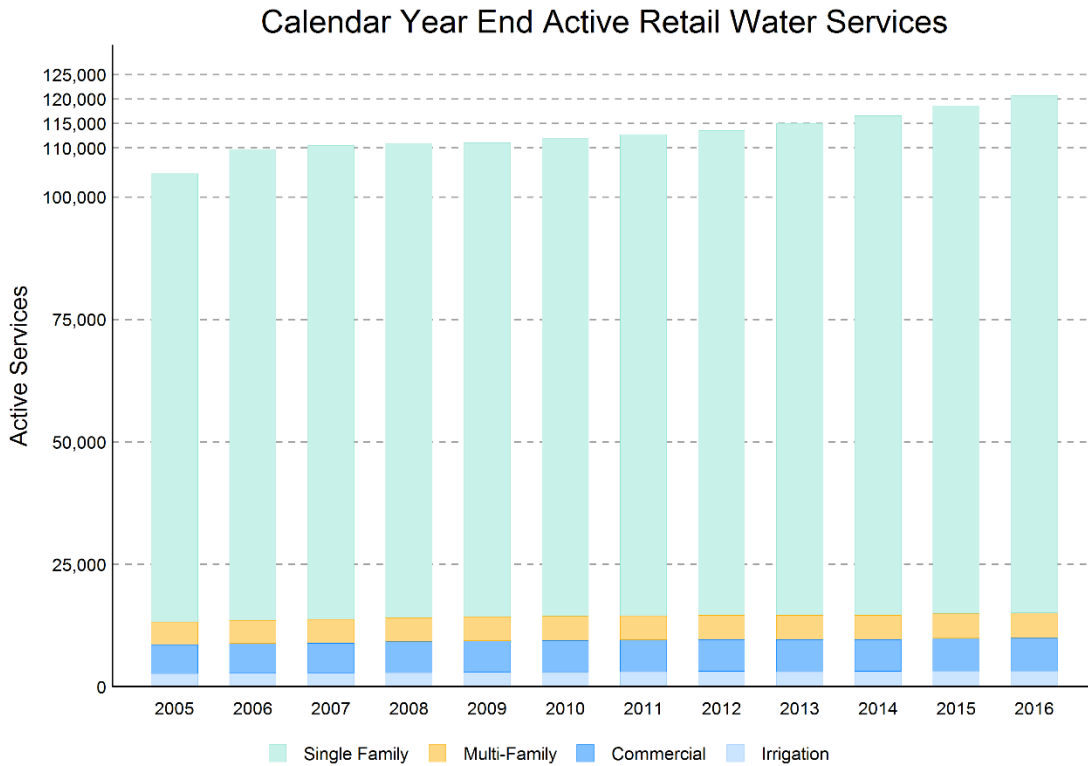
Growth of Active Water Services

The total active water services have been growing at an increasing rate since 2010, with 2016 having grown by 2,115 active water services. The current growth rate is about 1/3 to 1/2 the rate experienced during the housing bubble from 2005 to 2007; see Table 1. In 2016, total active water services increased an average of 176 services per month. Figure 1 shows the trend in active retail water service by major customer classes.

Table 1: Annual active water services and total will-serve commitments.

Year	Calendar Year End Active Water Services					Average Monthly Change	Annual Change	Total Will-Serve Commitments
	Total Services	Total Single Family	Total Multi-Family	Total Commercial	Total Irrigation			
2005	104,769	91,551	4,607	5,944	2,638	424.9	5,099	3,385
2006	109,730	96,158	4,734	6,082	2,717	413.4	4,961	2,087
2007	110,600	96,850	4,808	6,114	2,788	72.5	870	1,257
2008	110,951	96,847	4,853	6,336	2,872	29.3	351	383
2009	111,090	96,811	4,908	6,397	2,947	11.6	139	421
2010	112,043	97,602	4,964	6,431	3,012	79.4	953	130
2011	112,828	98,305	4,966	6,491	3,036	65.4	785	282
2012	113,592	98,952	4,970	6,543	3,090	63.7	764	175
2013	114,994	100,380	4,990	6,531	3,067	116.8	1,402	584
2014	116,587	101,934	5,022	6,487	3,108	132.8	1,593	794
2015	118,624	103,687	5,055	6,672	3,177	169.8	2,037	768
2016	120,739	105,651	5,107	6,734	3,209	176.3	2,115	1,363

Figure 1: Active retail water services 2005 to 2016.



Retail Water Use

Retail water use in 2016 was 2% greater than 2015 with 71,311 acre-feet compared with 69,850 acre-feet. 2015 and 2016 retail water use was less than retail water use in 2010 and 2011. Compared to 2012, the first year of the drought, retail water use is down by 8.8%. During the same time period, however, active water services have increased by 6.3%. Table 2 shows annual retail water use by year for 2003 to 2016. Figure 2 shows total retail water use by customer class for 2010 to 2016. Figure 3 shows the percent share of retail water use by customer class. There is little change in percent share by customer class between 2015 and 2016. Over time, single and multi-family services account for about 70% of total retail water use. Within the residential

water use classes, multi-family has increased its share from 5.1% to 12.8% since 2003. The commercial / irrigation water use represents the remaining 30% of the total retail water use.

Table 2: Annual retail water use by customer class.

Year	Calendar Year Retail Water Use (Acre Feet)					
	Total Retail	Total Residential	Total Single Family	Total Multi-Family	Total Commercial	Total Irrigation
2003	83,525	58,856	55,858	2,998	15,867	8,802
2004	80,440	54,330	50,552	3,778	16,118	9,992
2005	79,644	54,268	49,826	4,442	16,637	8,739
2006	75,345	51,624	47,365	4,259	15,299	8,422
2007	80,595	56,070	51,820	4,250	15,044	9,481
2008	77,879	54,506	49,470	5,036	14,407	8,966
2009	73,567	51,746	46,522	5,224	13,458	8,363
2010	71,407	50,424	44,779	5,645	12,992	7,991
2011	70,675	50,083	43,975	6,108	12,695	7,897
2012	78,231	55,812	49,402	6,410	13,138	9,281
2013	76,245	54,206	47,776	6,430	13,062	8,977
2014	76,970	54,383	47,815	6,568	13,269	9,318
2015	69,850	48,758	42,486	6,272	12,766	8,326
2016	71,311	49,968	43,594	6,374	12,993	8,350

Figure 2: Annual retail water use by customer class 2010 to 2016.

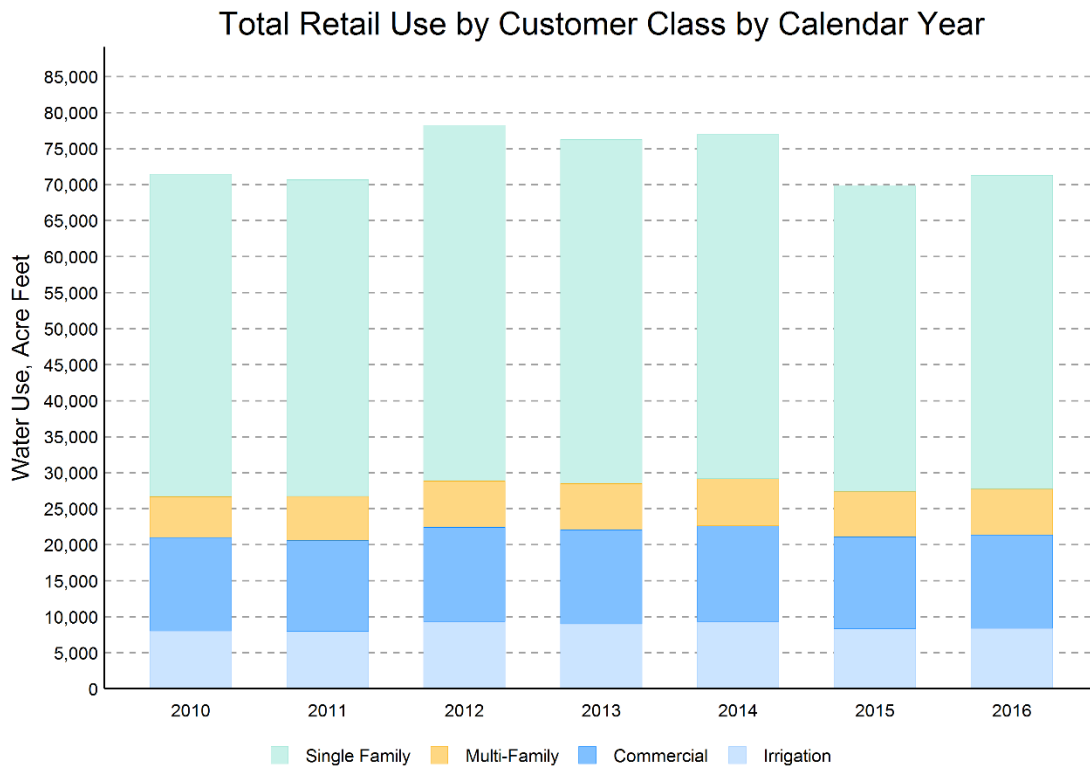
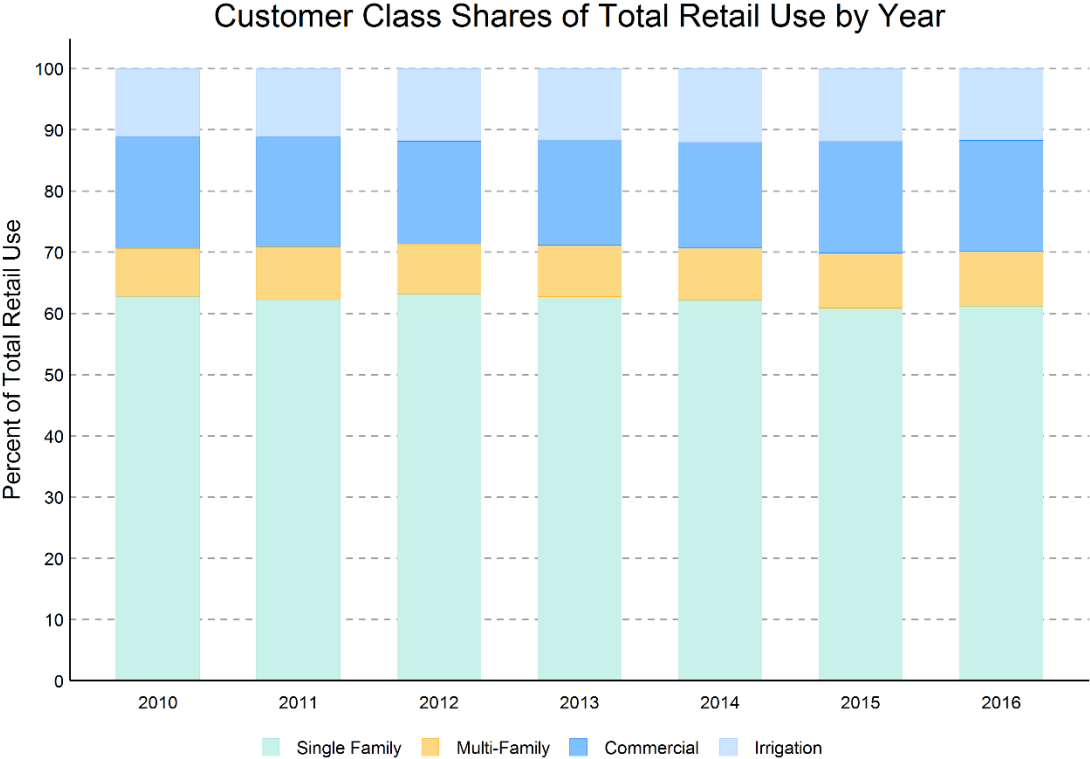


Figure 3: Percent share of retail water use 2010 to 2016



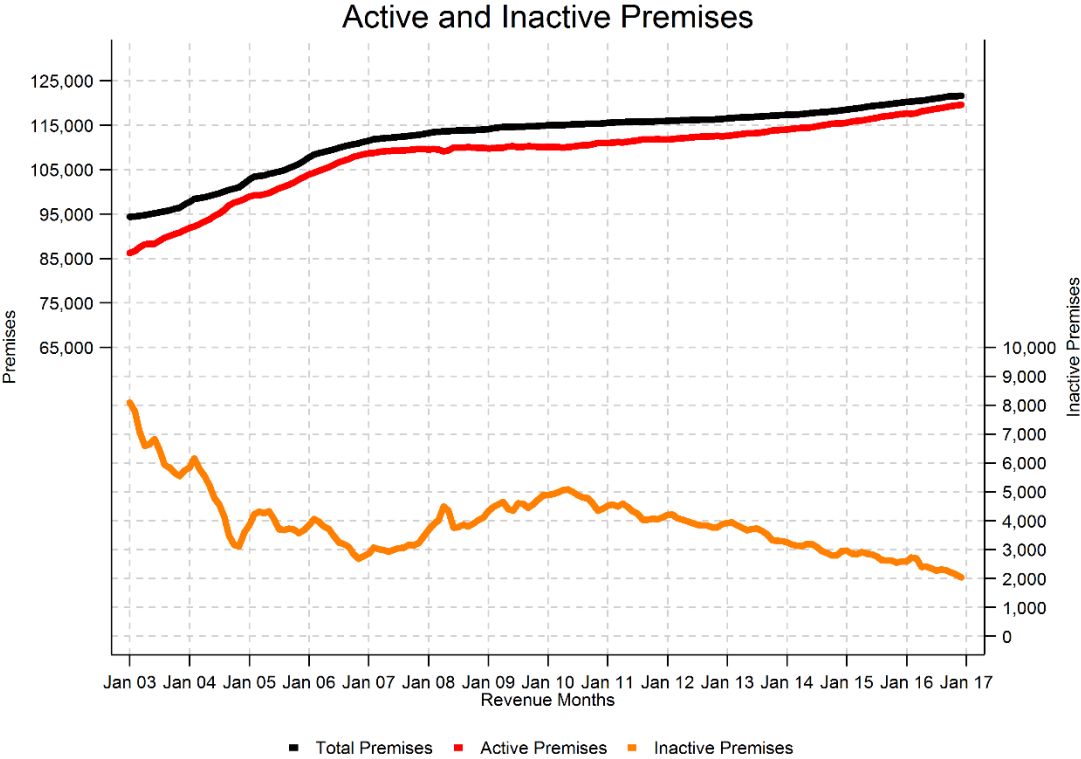
Inactive Premises

A premise is a service property that has at least one water service. A premise is considered active if a water bill is created and is inactive if no water bill is created because the water has been disconnected in a given month. In general, there are always some inactive premises. During periods of growth the number of inactive premises will decrease as properties are purchased and the water is turned on. During recessions, the number of inactive premises will increase (see Figure 4). In December 2016, there were 2,041 inactive premises, which is 1.7% of total premises (see Table 3). As the economy grows, vacant properties are occupied by new business and residents and the water is turned back on. As the number of choices is reduced by the low number of vacant properties, new properties are developed to meet the demands of the growing economy. In 2016, on average, active services were increasing at a rate of 176 services per month. If this growth rate were satisfied solely by the current inventory of inactive services, it could be supported for about 11 months (assuming they are exactly what the marketplace desires).

Table 3: End of year count of premises.

Year	End of Calendar Year Premise Counts			% Inactive
	Total Premises	Active Premises	Inactive Premises	
2003	97,088	91,353	5,735	5.9%
2004	101,918	98,324	3,594	3.5%
2005	107,020	103,340	3,680	3.4%
2006	111,236	108,459	2,777	2.5%
2007	113,031	109,581	3,450	3.1%
2008	114,000	109,902	4,098	3.6%
2009	114,910	110,032	4,878	4.2%
2010	115,417	111,007	4,410	3.8%
2011	115,927	111,810	4,117	3.6%
2012	116,414	112,533	3,881	3.3%
2013	117,231	113,935	3,296	2.8%
2014	118,342	115,397	2,945	2.5%
2015	120,064	117,474	2,590	2.2%
2016	121,588	119,547	2,041	1.7%

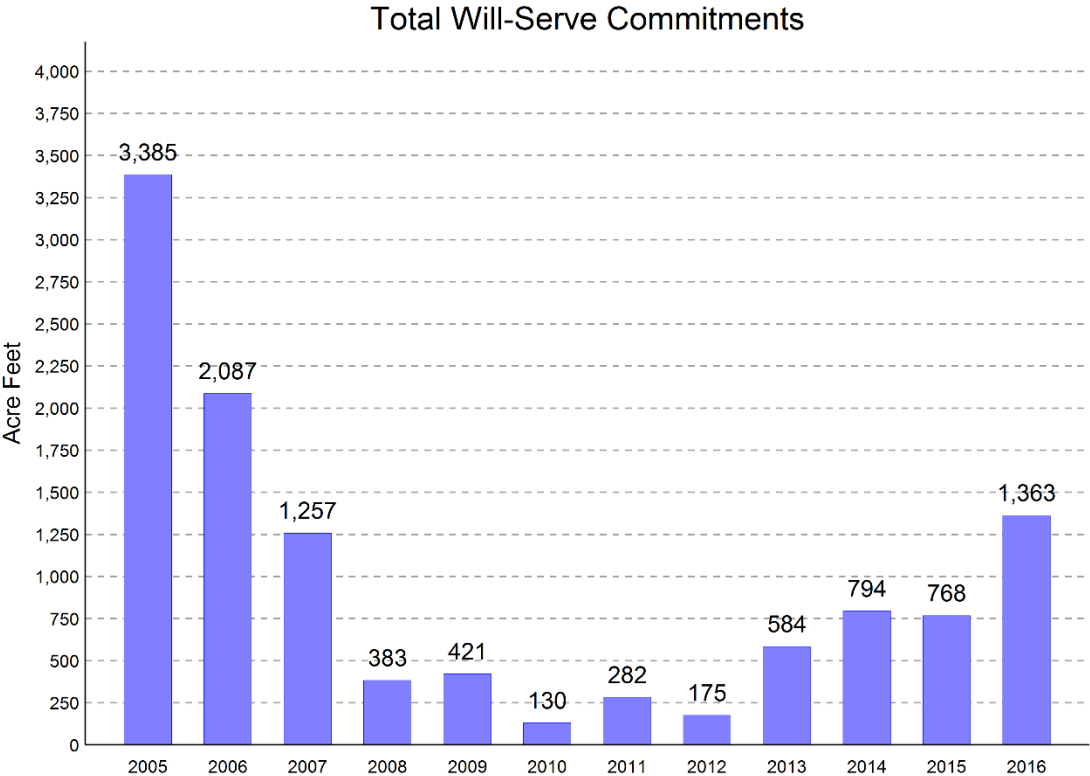
Figure 4: Active and inactive premises by month 2003 to 2016.



Will-Serve Commitments

In addition to the decreasing number of inactive premises, will-serve commitments are growing. These are commitments to provide water service based on the dedication of adequate water resources, through the purchase of an allocation of water resources from TMWA’s Rule 7 Inventory or dedicating acceptable water rights, to support the estimated demand of the new water service. While there is some time lag between issuance of a will-serve commitment and the activation of a new water service based on the commitment, the increase in will-serve commitments is strong evidence of growth (see Figure 5).

Figure 5: Total Will-Serve Commitments 2005 to 2016.



Population Projection

The State Demographer is projecting a small population decrease in 2017. This pause in growth is anticipated as a result of relatively high housing prices (see Figure 6). While there are discussions on the magnitude of the housing price effect on population, there is no significant change in the rate of population growth. Given the increase in active water services; reduction in inactive premises, and growth in new will-serve commitments, it is reasonable to conclude that this might have little to no impact on TMWA’s growth in active water services. We will continue to monitor this situation.

Figure 6: Current population projections

