

WESTERN REGIONAL WATER COMMISSION BOARD OF TRUSTEES MINUTES

Friday, March 11, 2011

The regular meeting of the Western Regional Water Commission (WRWC) Board of Trustees was held on Friday, March 11, 2011, at Sparks Council Chambers, 431 Prater Way, Sparks, Nevada.

- 1. Roll Call and Determination of presence of a Quorum** – Chairman Carrigan called the meeting to order at 1:30 p.m. There was a quorum present.

Commissioners Present:

Mike Carrigan, Chair
John Breternitz
Steve Cohen
Geno Martini
Margaret Reinhardt
Ron Smith

Representing:

Truckee Meadows Water Authority (TMWA)
Washoe County
South Truckee Meadows General Improvement District (STMGID)
Truckee Meadows Water Reclamation Facility (TMWRF)
Sun Valley General Improvement District (SVGID)
City of Sparks

Commissioners Absent:

Dave Aiazzi
Bob Cashell
Bob Larkin, Vice-Chair

Representing:

City of Reno
Truckee Meadows Water Authority
Truckee Meadows Water Authority

- 2. Pledge of Allegiance**

Chairman Carrigan asked Commissioner Cohen to lead the Western Regional Water Commission in the Pledge of Allegiance.

- 3. Approval of Agenda**

Commissioner Martini made a motion to approve the March 11, 2011 WRWC agenda as posted. Commissioner Smith seconded the motion, which carried unanimously.

- 4. Public Comment**

Chairman Carrigan called for public comments and hearing none, closed the public comment period.

- 5. Approval of the Minutes of the February 11, 2011 meeting.**

The minutes of the February 11, 2011 Western Regional Water Commission meeting were submitted for approval. Commissioner Breternitz made a motion to approve the minutes as submitted. Commissioner Martini seconded the motion, which carried unanimously.

6. Discussion and possible approval of an Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and if approved, authorize the Chairman to execute the Agreement.

Chairman Carrigan invited Jim Smitherman to present this item. Mr. Smitherman referred to the staff report and explained that at the last meeting, the WRWC approved a proposal for partial funding of the Regional Data Development and Analytical Program.

Mr. Smitherman referred to the cost breakdown, which covers funding for the beginning of this Fiscal Year (FY) 2010-2011 through FY 2012-2013 in the amount of \$486,000 from the Regional Water Management Fund (RWMF) and \$224,000 for in-kind services.

Chairman Carrigan called for questions or comments. **Commissioner Breternitz made a motion to approve the Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and if approved, authorize the Chairman to execute the Agreement. Commissioner Smith seconded the motion, which carried unanimously.**

7. Review, discussion, and possible approval of the WRWC tentative budget for Fiscal Year 2011-2012; and, possible direction to staff regarding the time and place for a public hearing on the tentative budget.

Chairman Carrigan invited Mr. Smitherman to present the tentative budget. Mr. Smitherman stated that the NNWPC recommended approval of the tentative budget by the WRWC. He stated that the WRWC is required to prepare and submit a tentative budget to the Nevada Department of Taxation on or before April 15, and to hold a public hearing on the third Thursday or Friday in May.

Mr. Smitherman reported that the tentative budget shows \$1.32 million in revenues; expenditures of \$3.67 million; with a beginning fund balance of \$3.5 million; net decrease in reserves of \$2.5 million; with a remaining fund balance of approximately \$1 million. He reviewed the remainder of the staff report and summarized that the total budget is \$3,084,500. He explained that the \$3.67 million in expenditures includes staff services, which are budgeted at the same level as last year, which does not reflect salary reductions that were negotiated by County employees, and a voluntary reduction in compensation for legal counsel. He added that the operating budget for non-staff services is \$103,000. The net decrease in cash reserves is approximately \$2.4 million, which is possible because the fund has \$3 million in cash reserves.

Mr. Smitherman explained that the largest component of the \$3.67 million expenditure is the purchase of water rights in the amount of approximately \$1.7 million. He reviewed all the aspects of the "Work Plan" which make up the expenditure budget as follows:

- Purchase of 6,700 acre-feet of water rights to address the requirements set forth in the Truckee River Operating Agreement ("TROA"). Approximately half of the water rights are secured. The entities jointly sent a letter to Bureau of Reclamation (BOR) to request a federal grant for the purchase of water rights in the amount of \$15 million. Approximately \$1.7 million has been set aside in the Regional Water Management Fund (RWMF), which covers a 5-year timeframe.
- The NNWPC recommended including in the budget a total of \$300,000 for reimbursement of consolidation analysis expenditures, mainly to TMWA and the Department of Water Resources (DWR), and possibly a smaller amount to the South Truckee Meadows General Improvement District (STMGID) for its analysis of alternatives with respect to TMWA / DWR consolidation.

- Third party review of the total maximum daily loads (“TMDLs”) for nutrients to the Truckee River - staff has worked with the entities on the TMDL issues and an additional \$350,000 was set aside in the budget to move forward with the program related to water quality standards. Staff is working with Nevada Division of Environmental Protection (NDEP). The biggest water quality concern currently for the river is phosphorus.
- Review 208 Water Quality Plan - the next update is due in May 2013 – NDEP has advised that grant money for the update will be available next fiscal year. The WRWC was designated as the lead agency to administer the 208 Water Quality Plan.
 - Examination of reclaimed water, wastewater and the possibility of examining the constraints for each individual wastewater treatment facility that might best be addressed by interconnecting facilities, for example Lemmon Valley and Cold Springs or interconnection of the Truckee Meadows Water Reclamation Facility (“TMWRF”) and South Truckee Meadows Water Reclamation Facility (“STMWRF”)
 - Work with NDEP on reclaimed water regulations, possibly to include aquifer storage of highly treated effluent. Work is also needed with local governments on potential uses of reclaimed water.
 - A valuable tool in any of the scenario planning for the 208 Plan will be expansion of the Regional Water Balance model developed by Stantec.
- The recommendation for conservation programs is to continue at the same level of participation as in the past.
 - Cloud seeding program with Desert Research Institute (DRI) is budgeted at \$100,000. Commissioner Smith asked if funding would continue for the next fiscal year. Mr. Smitherman stated that it would.
 - Water audit program - discussion took place over additional benefits to South Truckee Meadows General Improvement District (“STMGID”) and Sun Valley General Improvement District (“SVGID”) based on the water audit program, as well as possibly expanding some of the water conservation programs – STMGID and SVGID will submit proposals to hire someone to perform water audit programs (approximately \$80,000).
 - Washoe Evapotranspiration (ET) Project – web-based program for determining outdoor watering requirements based on ET
 - Nevada Landscape Association’s Certified Landscape Technician program
- Related to Flood Control, the Flood Project (and its entities) pays for the program.
- National Pollutant Discharge Elimination System (“NPDES”) and Storm Water Permit Coordinating Committee - \$265,500 per year is set aside in the budget for the program. If this project were not funded by the RWMF, local entities would have to provide funding because the program is federally mandated but not funded.
- The NNWPC/WRWC will work with the Truckee Meadows Regional Planning Agency (“TMRPA”) on parcel-based population disaggregation modeling up to \$500,000 from the RWMF over three years.
 - An update to the Consensus Population Forecast, including sustainable water resources, will be needed.
 - Regional Water Balance model developed by Stantec will need to be updated and expanded.

Mr. Smitherman referred to bar graphs that provide a high-level look at the RWMF budget for the last three years. He reported that the end fund balance is holding steady. Revenue projections have slightly decreased based on slowed growth. He summarized that the budget is remaining stable. He referred to

projections for the budget throughout the next fiscal year.

Mr. Smitherman invited questions or comments and added that a potential motion would be to approve the tentative budget.

Commissioner Cohen asked if there has been further discussion of the issue to assess domestic well owners with a Regional Water Management Fee. Mr. Smitherman stated that it would require legislative changes to do so, which he does not believe is being proposed for the current legislative session.

Chairman Carrigan stated that the WRWC has approximately \$2.2 million set aside for unfunded mandates. He reiterated that if such unfunded mandates are not funded by this agency, the burden will fall on the local entities.

Commissioner Breternitz made a motion to approve the WRWC tentative budget for Fiscal Year 2011-2012, direct staff to submit and file the tentative budget as required by statute, and provide required notice for the public hearing on the tentative budget at 9:00 a.m. on May 19, 2011. Commissioner Cohen seconded the motion, which carried unanimously.

8. Status report on proposed purchase of Truckee River water rights to support certain aspects of the Truckee River Operating Agreement (TROA) requiring acquisition of 6,700 acre-feet; discussion and possible direction to staff.

Chairman Carrigan invited Rosemary Menard, Director of Department of Water Resources (DWR), to present this item. Ms. Menard reported that at the last WRWC meeting, staff was directed to examine the purchase of approximately 3,500 acre-feet of water rights to address the requirements set forth in the Truckee River Operating Agreement ("TROA"). She reported that a total of 6,700 acre-feet is required; however, approximately half of the water rights are secured.

Ms. Menard reported that the entities jointly sent a letter to the Bureau of Reclamation (BOR) to request a federal grant for the purchase of water rights in the amount of \$15 million, with TMWA taking the lead. She stated that as long as the funds remain in the BOR's budget (and not rescinded by Congress), there is a very high probability of receiving the allocation.

Ms. Menard stated that a total of approximately \$17 million will be required for the purchase, of which \$1.7 million has been set aside in the Regional Water Management Fund (RWMF), which covers a 5-year timeframe. The funds from the RWMF would cover the administrative cost of securing the water rights. She stated that without the BOR funding, it is unknown how the water rights would be acquired.

Chairman Carrigan asked if there is 3,500 acre-feet of water rights currently available. Ms. Menard stated that downstream water rights would be sought, which would be most beneficial. Chairman Carrigan stated that even if water rights are located, the State Engineer would have to assess the feasibility of use. Ms. Menard stated that is correct and would be covered under the administrative costs. She summarized that the details have not yet been worked out.

Commissioner Smith asked about the deadline for acquisition of the water rights. Ms. Menard stated that the deadline is upon implementation of TROA. She added that in 2007, an Interlocal Agreement was signed by the jurisdictions to move forward in the process.

9. Status report on pending integration/consolidation of the Washoe County DWR into the Truckee Meadows Water Authority (TMWA); review and discussion of possible criteria for including in a Triple Bottom Line evaluation of consolidation options; and, possible direction to staff.

Chairman Carrigan invited Jeff Tissier, Chief Financial Officer of TMWA, and Ms. Menard to present this item. Ms. Menard reported that John Sherman, Finance Director for Washoe County, has done extensive work on this process and was also present.

Mr. Tissier referred to the staff report, which he stated does not do justice to the amount of work that has been done and the accomplishments. He stated that staff realizes that TMWA and DWR are very close to the completion of the financial due diligence. He reported that currently, modeling is underway for each entity. TMWA has set up individual 5-year forecasts for Public Financial Management, which incorporates proposed future developer fee revisions. The model is being carefully reviewed, which will be used for the combined entity.

Mr. Tissier stated that assessments of all the County water systems have been completed and well-documented. He added that operating plans for conjunctive use of water in Spanish Springs, the South Truckee Meadows and the North Valleys have been completed and approved by TMWA and DWR staff. The associated costs and benefits were also reviewed.

The Capital Improvement Plans (CIPs) for both organizations have been completed. This has been an important component, on which Mr. Sherman and he have worked very closely. He added that Mr. Sherman is also working on separating County revenues between sewer and water.

Mr. Tissier stated that he will have preliminary numbers by the end of March for review by Washoe County. He summarized that much progress is being made and he offered to continue to keep the WRWC updated.

Ms. Menard asked Commissioner Cohen to briefly discuss the process with South Truckee Meadows General Improvement District (STMGID). She explained that Washoe County has provided service to STMGID for many years and STMGID will require some change based on the consolidation. Commissioner Cohen stated that STMGID has narrowed its options to four, which include:

- Building its own facility and hiring its own staff (similar to Sun Valley GID)
- STMGID ceases to exist
- STMGID would be managed by TMWA under a new contract
- STMGID could be managed by a third-party, such as Sun Valley GID

Commissioner Cohen reported that STMGID has conducted customer surveys and has scheduled public meetings. He added that Financial Consulting Services (FCS) has been invited to present alternatives at an upcoming meeting.

Chairman Carrigan stated that he agrees with the above alternatives, with the exception of hiring an outside agency, which he believes might be opposed by the legislature. Commissioner Cohen agreed and stated that STMGID's plan is to include and review all options.

Ms. Menard referred to an evaluation process called the "Triple Bottom Line". She read the definition from the staff report, "A business that incorporates the Triple Bottom Line ("TBL") concept into its decision-making processes works to achieve improved performance against social, environmental and economic criteria that relate to the goods produced or services provided by that business." She stated that

she believes the process is completely relevant with water service in this area. She reported that agency staff has discussed how best to evaluate the options.

Ms. Menard referred to bar graph examples based on the "Operating Agreement" for TMWA, DWR and combined TMWA-DWR. She explained that the goal is to be able to address, in a monetary and non-monetary sense, some of the intangible values of consolidation. She referred to a matrix that was based on economic, social and environmental components. She stated that the matrix was used to model results based on community values, which include:

- Organizational performance and culture
- Capital planning and implementation
- Customer service
- Water resource management
- Operations and maintenance
- Community/Quality of life

Ms. Menard stated that the analysis was based on a list of criteria that were prioritized and ranked with weighting factors. She added that about 50% of the weighting was based on economic issues, approximately 15 to 35% on social and 15% on environmental criteria. She stated that a qualitative assessment of the various options was also provided. She invited input or comments from commissioners.

Commissioner Cohen asked how the ratings were established. Ms. Menard stated that a consultant provided the rating criteria, which are only intended to serve as examples.

Chairman Carrigan stated that he thinks this is a very innovative process and he likes it. He stated that one important criterion is "Community relations, engagement and alignment", which can head off future unneeded "battles" based on misinformation.

Ms. Menard asked commissioners to continue to review and provide input on the process, which will be brought to the joint meeting in the spring.

10. Report on legislative activities, including Bill Draft Requests and Bills pending in the 2011 Nevada Legislature that may affect the WRWC; and, possible direction to staff.

Ms. Menard stated that two bills were presented to the legislature by the Legislative Committee to Oversee the WRWC (LOC), Assembly Bills (AB) 237 and 238. She explained that AB 238 would allow issuance of County Bond Bank bonds for refinancing securities. The BDR is related to the TMWA/DWR Consolidation.

John Rhodes, Legal Counsel, provided a staff report to members, which included a summary of bill draft requests (BDRs) that may affect the WRWC and NNWPC. Mr. Rhodes reported that the WRWC, at its last meeting, designated representatives to its Legislative Subcommittee. He added that the members were the same as last year, which include Chairman Carrigan, Commissioner Aiazzi and Commissioner Cohen.

Mr. Rhodes reported that the subcommittee intends to maintain a neutral position on BDRs, unless it directly affects regional water planning or the workings of the WRWC or NNWPC. He stated that the WRWC has taken a position to support AB 237, which would allow the issuance of bonds to assist those required to hook up to the municipal water or sewer systems; and AB 238, which would allow issuance of County Bond Bank bonds for refinancing securities.

Mr. Rhodes stated that other than support of the two above Assembly Bills, the WRWC would maintain a neutral position on all other bills, with the exception of BDR 19-288 Assembly Bill (AB) 59, submitted by the Attorney General (AG), which makes various changes to the Open Meeting Law. The WRWC subcommittee is closely watching the Bill because the last provision states that, "Each member of a public body who attends a meeting of that public body where action is taken in any violation of provision of Open Meeting Law, regardless of knowledge of the violation, is subject to a civil penalty in an amount not to exceed \$500." The Assembly of Government Affairs heard testimony on this bill on March 1, 2011. The AG's office provided a summary of the BDR and why it is necessary, with no mention of the penalty. Following the presentation, many asked about the penalty, to which the AG said was a drafting error. Mr. Rhodes reiterated that he and the legislative subcommittee would continue to watch the Bill.

Chairman Carrigan stated that commissions depend on legal counsel and requested that language be added to the bill that if the attorney approves an action, he/she assumes that responsibility.

Chairman Carrigan reported that there are five BDRs regarding Open Meeting Law and the Legislature exempts itself from all.

Mr. Rhodes stated that he and the legislative subcommittee would continue to monitor the bill and provide testimony as appropriate.

Chairman Carrigan requested that any potential motion include that if a decision is provided by its attorney, a commission would be exempt from the fines and penalties (which include that it would be a misdemeanor).

Commissioner Breternitz made a motion to support the legislative subcommittee's recommendations of the BDRs presented to include Chairman Carrigan's request. Commissioner Martini seconded the motion, which carried unanimously.

11. Discussion and possible direction to staff regarding agenda items for the April 8, 2011 meeting and future meetings.

Chairman Carrigan suggested that if no pressing items are scheduled for the April meeting, it should be cancelled. Mr. Smitherman agreed and stated that there is nothing critical for the April meeting.

Members agreed to cancel the April meeting. Mr. Smitherman stated that the May meeting would include the Public Hearing on the Budget, which is scheduled for May 19, 2011 at 9:00 a.m., prior to the TMWA Board's Budget Hearing.

12. Commission Comments

Chairman Carrigan asked Mr. Rhodes if he had addressed the email from the County related to investment advice that was recently received. Mr. Rhodes stated that he is working on it.

13. Staff Comments

None

14. Public Comment

Chairman Carrigan called for public comments and hearing none, closed the public comment period.

15. Adjournment

With no further business, the meeting was adjourned at 2:10 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on May 19, 2011.

Mike Carrigan, Chairman