

**NORTHERN NEVADA WATER PLANNING COMMISSION
MINUTES**

Wednesday, October 20, 2010

The regular meeting of the Northern Nevada Water Planning Commission (NNWPC) was held on Wednesday, October 20, 2010 in the Washoe County Commission Chambers, 1001 East Ninth Street, Reno, Nevada.

- 1. Roll Call and determination of presence of a quorum** – Chairman Erwin called the meeting to order at 1:31 p.m. There was a quorum present.

Voting Members Present:

John Erwin, Chairman
Jerry Schumacher, Vice-Chairman
George W. Ball, Jr.
Michael J. DeMartini
Mickey Hazelwood
John Jackson
Rosemary Menard
Darrin Price

Voting Members Absent:

John Flansberg
Stan Shumaker
Wayne Seidel

Non-Voting Members Present:

Staff Members Present:

Jim Smitherman
Chris Wessel
June Davis
John Rhodes, Legal Counsel

Non-Voting Members Absent:

John Bird
Mark Clarkson
Harry Fahnestock
Kelvin Hickenbottom
Jon Palm

- 2. Approval of the agenda.**

Commissioner Price made a motion to approve the October 20, 2010 NNWPC agenda as submitted. Commissioner Ball seconded the motion, which carried unanimously.

- 3. There are no minutes for approval.**

- 4. Public Comments.**

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

- 5. Review all previously revised draft chapters of the 2011 Comprehensive Regional Water Management Plan; detailed review of Chapters 1 and 10; presentation of Introduction / Executive Summary, and possible direction to staff, Jim Smitherman, Water Resources Program Manager.**

Mr. Smitherman reported that Draft Chapters 1 through 10, showing the changes made since the last NNWPC meeting were distributed to Commissioners for review and comment. He stated that the entire formatted Word document with a table of contents and with all the changes accepted was emailed to Commissioners to enable editing. Chairman Erwin asked Mr. Smitherman to review all of the significant revisions.

Mr. Smitherman referred to Chapter 1, Policy 1.1.a and stated that it was revised based on the pending consolidation of Truckee Meadows Water Authority (“TMWA”) and Washoe County Department of Water Resources (“DWR”) and possible locations for Truckee River water use. The policy was revised to reflect that the water might be used for future development in areas such as Pleasant Valley, which is not a hydrographic basin that historically received Truckee River water. He stated that Policy 1.3.f was combined with Policy 1.3.g regarding naturally occurring and human-caused groundwater contamination.

Mr. Smitherman reviewed some of the minor revisions to wording that did not change the content. He referred to Policy 2.2.a related to Septic Density and stated that comments were received to make the language stronger, which led to the addition of the first sentence, “Contamination of high quality groundwater by septic system effluent is unacceptable.” He stated that the last sentence more or less allowed for degradation of water quality where it no longer meets beneficial use standards. He added that some commissioners felt it was going too far and we need to be more proactive. He read the added sentence, “Future development using septic systems should not be allowed in densities that would risk groundwater or surface water quality degradation such that applicable water quality standards are threatened.”

Commissioner DeMartini stated that he believes this policy is in conflict with a previous policy, where water quality determinations were directed to the public agencies; but this seems to make the NNWPC the responsible enforcer. Mr. Smitherman stated that is a good point in general in that many policies do not specify the responsible entity for enforcement. He added that regarding Policy 2.2.a, the responsibility would most likely be that of land use planning and the Washoe County District Health Department (“WCDHD”).

Mr. Rhodes stated that from a legal standpoint, it is not the intent of any of the policies to vest in this Commission or bring back any of the issues to this Commission for enforcement. He agreed that enforcement would occur at the land use, density and WCDHD levels. He added that the NNWPC has no enforcement authority; it can set policies as part of a regional water plan.

Chairman Erwin stated that he has concerns with the first two sentences of the policy. He explained that it would be difficult to measure what is “unacceptable” and how to define “contamination”. Commissioner Menard commented generally on the issue and stated that one of her concerns is that certain parcels that were created long ago but have not been developed, have the capability to develop with septic systems even though public sewer is available. She stated that perhaps at the NNWCP / Western Regional Water Commission (“WRWC”) policy level would provide the ability to weigh in on such decisions. Commissioner Schumacher suggested that possibly the NNWPC could encourage new developments to stub in for sewer lines.

Commissioner DeMartini stated that this is a critical item, especially in regard to existing entitlements. He added that he would like to perform some research on his own on this issue. He stated that WCDHD, Regional Planning and others have policies in place, in addition to a recently approved statute that relates to the public agency providing extension of utility infrastructure to developments that are being built under septic or domestic wells. He added that it related to funding and availability of funding.

Commissioner Menard stated that with respect with the regulations on a forward moving basis for new development, it is pretty clear where there are or are not opportunities. She stated even in the St. James development where dry sewers systems were allowed, while waiting for certain density levels to be attained to be able to pay for the Pleasant Valley interceptor extension, there is a requirement that when the sewer is available, the properties must connect and abandon their septic systems. She reiterated that the challenge is in areas where parcels were created long ago (for example in the Verdi area) and were grandfathered in under the size and other requirements; however, currently access is available to the Lawton-Verdi interceptor.

Commissioner Menard referred to Mr. DeMartini's comments and stated that he is referring to Assembly Bill (AB) 54, the funding program that was adopted in the 2009 Legislature to provide the County with the ability to assist property owners to connect to the facilities in areas where municipal sewer or water is available. She explained that it does not contemplate a major funding program for any extension of new facilities that are not available. She added that another area of concern is the density of people on septic systems on the east side of the highway in Pleasant Valley. She summarized that there are a number of areas that need future consideration.

Mr. Rhodes responded to Commissioner Schumacher's suggestion regarding requiring stub-outs and stated that his understanding is that the Washoe County Development Code, WCDHD and the Regional Plan limit new development on septic systems to five-acre lots and do require dry sewerage; however, there are exceptions.

Chairman Erwin made a motion on Policy 2.2.a to delete the first and second sentences and to leave the third sentence to say, "Future development using septic systems should not be allowed in densities that would risk groundwater or surface water quality degradation such that applicable water quality standards are threatened." He added that the next sentence would be revised to say, "When adverse surface water or groundwater impacts occur as a result of *existing or proposed increases* to the concentration of septic systems *in an area*, alternative sewage disposal, groundwater treatment, or other mitigation measures must be implemented based on cost, longevity of the solution, and existence of a credible entity to be responsible for the continuing performance of the selected system." Commissioners DeMartini and Menard agreed with the suggestion. Commissioner Ball seconded the motion, which carried unanimously.

Mr. Smitherman referred to Policy 3.1.a, which he stated was revised to eliminate the old history. Commissioner Ball stated that based on that revision, "the Corps" needs to be spelled out in the following paragraph, with which Mr. Smitherman agreed.

Commissioner Ball referred to Policy 1.2.a, "Discussion", third paragraph, last sentence, and stated that the drought standard is confusing because the Policy refers to the nine-year drought cycle; however, the sentence refers to an eight-year cycle. Chairman Erwin suggested adding language that was omitted back into the sentence to clarify the issue.

Mr. Smitherman reported that he received comments from Truckee Meadows Regional Planning Agency ("TMRPA") regarding Policy 4.1.c and possibly expanding it. He added that he would make the revisions and bring it back to the next meeting.

Mr. Smitherman stated that in response to comments at the last meeting, he revised Policy 4.2.a and added Policy 4.2.b, "Role of WRWC in Water Related Issues". He explained that he paraphrased language from the statute that authorized the creation of the WRWC. He clarified that both policies would have "involvement" replaced with "role". Commissioner Price stated that the State statute clearly defines the role of the WRWC and asked if the language was verbatim. Mr. Smitherman reiterated that he

paraphrased the language from the statute. Commissioner Price asked why it was not quoted verbatim. Mr. Smitherman stated it would look like a law. Mr. Rhodes added that it is also difficult to read. He offered to work with Mr. Smitherman on making sure the policy captures the essence of the statute without quoting it directly.

Commissioner Menard suggested adding a brief historical transition explanation of the NNWPC and WRWC prior to the policies. Mr. Smitherman agreed that is a good idea.

Chairman Erwin referred to Policy 4.2.a and asked if a definition is needed for, “to create a regional impact”. He suggested perhaps changing it to read, “...affecting this Water Plan on facility issues related to agencies...” Mr. Smitherman stated that is a good suggestion and offered to revise it.

Commissioner Price referred to the “Discussion” under Policy 4.2.b and stated the only reference to water conservation is to the Truckee River Operating Agreement (“TROA”) and stated that other agencies have water conservation policies established per Nevada state law and asked if those would be referenced as well. Mr. Smitherman reiterated that the language was taken from the statute. Commissioner Price stated this is a regional plan that makes several references to Nevada State Law so perhaps it should be added to this Discussion. Mr. Smitherman agreed to make the addition.

Chairman Erwin made a motion on 4.2.b to add language on the transition from the Regional Water Planning Commission (“RWPC”) to the NNWPC along with a brief historical background. Also to add language to 4.2.b Discussion, related to conservation so that it will be complete, concise and consistent with State Law without distorting the statute language; revise language on 4.2.a to, “...is expected to affect the working of this Plan” (in place of “to create a regional impact...”). Commissioner Schumacher seconded the motion, which carried unanimously.

Mr. Smitherman clarified that the agenda specifies focusing on Chapters 1 and 10. He invited questions or comments on the remaining Chapters 2 through 8.

Commissioner Ball referred to Section 2.2.4.1.1 – Climate Change, and the reference to a deviation in data related to snow water equivalent (“SWE”), (third bullet in the third set of bulleted items) and asked for clarification of whether it deviated up or down. Mr. Smitherman agreed to follow up.

Commissioner Ball referred to Figure 2-6, and suggested that the years referenced at the bottom of the figure be color coded to correlate with the colors of the lines on the graph. Mr. Smitherman agreed to request an update to the figure.

Commissioner Ball referred to Figure 2-8 and stated it contained good information and suggested it be made larger to show the detail. Mr. Smitherman agreed and offered to make it a full-page figure. He also made suggestions for keeping headings with the text and keeping tables together.

Chairman Erwin opened discussion of Chapter 3. He stated that he made additions to Section 3.2.1 to provide current information on the integration work from the beginning of 2010 to current.

Mr. Smitherman referred to the last paragraph under Section 4.2.1 and stated that comments were received at the last meeting regarding Truckee Meadows Wastewater Reclamation Facility (“TMWRF”) ownership; however, staff is still working on the revisions, which will be brought back to the next meeting.

Mr. Smitherman stated that comments were also received requesting the insertion of an explanation why the North Valleys Initiative was developed; and added that Section 4.3.1 was updated to reflect that.

Chairman Erwin suggested changing “unfulfilled” in the first sentence of the added section to “undeveloped”, with which Mr. Smitherman agreed.

Mr. Smitherman referred to Chapter 6 and stated that a location map was included for the Planning Areas to be used with the Regional Water Balance. He stated that ECO:LOGIC Engineering is working hard on the cost and finance chapter so they have not yet completed the Regional Water Balance for 2010.

Mr. Smitherman stated that he is still working on the references to the RWPC and the NNWPC and making the tense consistent in Chapter 7. Commissioner Price asked if the Advisory Committee on Conservation is still an active committee, to which Mr. Smitherman stated no, it ended with the end of the RWPC.

Mr. Smitherman moved on to Chapter 8 and stated he received more comments on it than any other chapter. He stated that the “Proposed Action Items” table (currently Chapter 10) would be combined with Chapter 8 “Subsequent Activities and Additional Work Needed” (which will be changed to “Proposed Action Items”). The completed list of items will serve as the Work Plan for the NNWPC and WRWC for the next five years.

Mr. Smitherman offered to work with Mr. Wessel on the needed revisions to Chapter 8 and bring it back to the next meeting. He referred to some of the additions to the Action Plan table, such as the responsible agency, WRWC role, hydrobasins, and others. He stated he does not expect immediate review and responses on the table but invited input.

Commissioner Schumacher referred to Section 8.4.6 related to septic systems and water quality and the list of property areas of initial focus for the AB 54 funding assistance and asked what other areas might be included. Commissioner Menard stated that the areas listed are areas that have sewer or water systems in streets in areas that are served by domestic wells and/or septic systems. She stated that the activity of extending service to additional areas is very expensive and that many communities can not afford it. She clarified that at this time, she does not see the program extending beyond the four areas listed.

Commissioner Menard gave an example of lots on Fawn Lane, most of which are on domestic wells and stated it would not be cost-effective to sewer the area. Commissioner Schumacher stated he respectfully disagrees and added that the entire Government Lots area is in that situation. Commissioner Menard stated that the properties that are in the Government Lots are connecting the sewer system on their own. She clarified she would not want to exclude them. Commissioner Schumacher stated that South Truckee Meadows General Improvement District (“STMGID”) has an investment in that area. Commissioner Menard stated that presumably if a well fails and the municipal line is in the street, the property owner would have to hook up because they would not be allowed to drill or redrill their well. She added that AB 54 only covers customers of the County owned system per the legislation.

Commissioner Menard stated that she thinks the additions made to the table show good progress. She suggested adding an introduction that describes this Water Plan in relation to the implementing agencies and other parties that are working on water related issues in the area, including the water, wastewater, reclaimed water utility service providers; the Flood Project; other private utilities, etc. and describing the concurrency / consistency review process. She stated that her intention would be to create a framework for people to understand the relationship of responsibilities by the different jurisdictions or agencies and why for instance the Flood Project’s projects are not listed for follow up in the Plan.

Chairman Erwin summarized and reiterated that the proposed plan is to make the current Chapter 9 on finance become Chapter 8; the current Chapter 8 on the Action Plan will then be the last chapter (number 9), into which the Action Plan table will be included. He asked when the finance chapter is scheduled for

presentation. Mr. Smitherman stated that it is scheduled for the next meeting, November 3, 2010. He clarified that unless ECO:LOGIC can get it completed before, the chapter will be distributed at the meeting. Mr. Enloe stated that most of the CIP information has been received from the entities, which focus on the next five years. He added that the financial information would include projected expenditures beyond five years for major items, such as TMWRF or South Truckee Meadows Water Reclamation Facility expansion. He stated he would do his best to get it completed prior to the meeting date.

Commissioner Price asked for clarification that the finance chapter addresses anything within the Plan with regard to financing (i.e. not only facilities). Mr. Enloe stated it is primarily focused on facilities; however, the biggest difference between this Plan and prior Plans is that the majority of expenditures focus on repair and replacement, as opposed to expansion for new capacity.

Commissioner Price asked if the Flood Project financial information would be included. Mr. Enloe stated that Mr. Smitherman and he recently met with Flood Project staff and received the latest information, which will be incorporated into the chapter.

Commissioner Price stated it is obvious that TMWA and DWR are moving toward integration and asked how that issue will be addressed. Mr. Enloe stated that currently they are two separate CIPs and are being included as such. He added that although financial savings have been identified in integration studies, they are not ready to be included as hard costs in the Water Plan. Commissioner Price suggested perhaps including "soft" costs in the analysis. Mr. Enloe clarified that TMWA and DWR are not going down separate paths with their CIPs; opportunities for deferring certain items are being reviewed. Commissioner Price asked if those cost saving opportunities would be included. He added that throughout the Plan, the integration and associated efficiencies are referenced and he reiterated his question of whether the costs would be included in the financial chapter.

Commissioner Menard stated that TMWA and DWR are preparing to conduct a next-stage financial analysis that will focus on that type of information. It will include three scenarios: 1) existing for TMWA, 2) existing for DWR, and 3) combined for the two. She stated she anticipates a lot of detail upon completion; however, the timing of that document does not allow for inclusion in this Update. She added she does not believe it would be prudent to ask Mr. Enloe to incorporate those issues into his analysis because they likely would not be very accurate or detailed. She suggested that a note could be made that the information will be available in the first six months of 2011.

Commissioner Price stated for the record that he did not ask Mr. Enloe *to* do it; he asked if he was *going to* do it. He reiterated that throughout the Plan, efficiencies and cost savings are mentioned; however, if you turn to the financial portion of the Plan, there will be nothing in reference to it.

Mr. Smitherman agreed that it would be good to add a note that the analysis was not included because the information was not available.

Chairman Erwin asked if one of the requirements for the NNWPC was to include the information in the Water Plan. Commissioner Menard stated that her recollection from review of the Preliminary Assessment of whether to move forward on the integration issue (that was completed at the end of 2009), was that it was decided that the assessment satisfied the requirement for inclusion in the Plan. Commissioner Price asked Mr. Rhodes for his legal opinion. Mr. Rhodes stated that in preliminarily looking at the language in the statute, he believed that the assessment met the requirement.

Mr. Rhodes stated that once the financial information is available, it is possible to amend the Water Plan to include it. He offered that he would further review the issue and report back at the next meeting.

Commissioner Ball stated that he remembered seeing documents related to the integration that listed projects as having feasibility. He stated in the absence of having the cost information being requested by Commissioner Price, perhaps mentioning a few of the projects as examples from preliminary studies that appear to have some associated savings and stating that when available, the cost information would be included as an amendment.

Chairman Erwin referred to Chapter 3, Section 3.1.5, which refers to the Preliminary Assessment Reports and stated they are included in the appendix. He added that South Truckee Meadows General Improvement District (“STMGID”) is also going through a financial analysis and suggested a reference for future inclusion might be made regarding that as well.

Commissioner Price reiterated that if a chapter is being developed that focuses on financial information, the integration must be addressed. He stated that an operating agreement was passed that TMWA would operate DWR’s facilities and asked for clarification from Commissioner Menard. Commissioner Menard stated that the Interlocal Agreement signed last December between TMWA and DWR included a two path process: 1) Move forward with full integration if financially possible, or alternatively 2) enter into an Operating Agreement for contract operations of DWR’s facilities by TMWA.

Commissioner Menard clarified that the savings associated with the integration are more likely to be in the form of avoided costs, as opposed to specifically reducing the current cost of operations. She added the other equally valuable long-term benefits are better, more integrated and sustainable management of water resources and better utilization of existing infrastructure capacity before developing additional capacity. Commissioner Price stated that was very well stated, which is why he thinks it is prudent to include it in the financial portion of the Plan and asked Commissioner Menard if she agrees.

Commissioner Menard stated she does not disagree; however, in terms of a level of detail, speculation of information on the avoided costs is premature until the next phase of the financial study is completed. Commissioner Menard reiterated that Mr. Enloe has a tough task in providing financial information on facility and infrastructure costs without including the integration financial information.

Commissioner Menard stated that she is not familiar with the level of financial detail that is required in the Water Plan; however, she sees it more of a policy type plan, with fewer financial impacts than a CIP or funding program developed by an entity. She stated it might be more prudent to reference the recently completed TMWA Water Resource Plan, the Flood Project financial information or other entity financials. Commissioner Price mentioned that projects of a certain type or size must come before the NNWPC for conformance review.

Chairman Erwin stated that this type of discussion occurred during the last Water Plan Update trying to agree on what is needed in the financial chapter. He added that in the end, financial information was collected from all the entities and then the total CIP budgets were summed and divided by the number of dwelling units. He agreed it would be nice to have the integration cost analysis for inclusion; however, it is not available at this time. He added that it would probably not change the financial analysis to any significant degree. He stated that we do need to agree on the final cost summary, which Mr. Enloe agreed was divided by dwelling unit.

Mr. Rhodes stated that this same issue arose during the update of the Regional Plan Settlement Agreement, for which the statute requires an analysis of financial information related to any cost estimate for major facilities.

Commissioner Menard stated that she has not been party to a conformance review or consistency review of a facility plan and asked Commissioners what the process looks like. She asked if the cost has to be consistent with the cost estimate referenced in the Water Plan. She stated it would be hard to do with all the economic changes that have occurred and that it probably never will be consistent.

Commissioner Price stated he understands that the Water Plan is a regional plan document. He reiterated that he is having a hard time grasping the financial chapter based on what he knows is going to happen. He added that he thinks legal counsel expressed well that the timing is such that not all information can be included in the update; however, the financial information can be included as an amendment to the Water Plan when available.

Chairman Erwin mentioned that this agenda item included presentation of the Introduction and Executive Summary, which are still under development and asked if they would be available by the next meeting. Mr. Smitherman stated that the Introduction would be available; however, he is not sure that the Executive Summary will be ready by that time. He added that the law does not require an Executive Summary so it might be developed as a separate document following completion of the Water Plan Update.

Chairman Erwin stated that the focus of the next meeting would be Chapters 8 and 9.

6. Discussion and possible direction to staff regarding agenda items for the November 3, 2010, Commission meeting and future meetings.

Chairman Erwin stated that agenda items for the November 3, 2010 meeting include:

- Detailed review of Chapters 1 through 9, focusing on 8 and 9
- Hopefully presentation of the Introduction

Chairman Erwin reported that the November 17, 2010 meeting agenda will include:

- Review the complete Plan – Mr. Smitherman added that it will include the Introduction and all the appendices
- Program Manager's Report
 - Status Report of Projects and Work Plan supported by the Regional Water Management Fund
 - Financial report on the Regional Water Management Fund
 - Truckee River Flood Management Project status report

Commissioner Ball asked for clarification of the changes being made to the current Chapters 8, 9 and 10. Mr. Smitherman reiterated that the current Chapter 9 on finance will become Chapter 8; the current Chapter 8 on the Action Plan will then be the last chapter (number 9), into which the Action Plan table will be included.

Commissioner Erwin made a motion to approve moving forward with the agendas as discussed above. Commissioner Menard seconded the motion, which carried unanimously.

7. Commission Comments.

None

8. Staff Comments.

None

9. Public Comments.

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

10. Adjournment.

With no further business, the meeting was adjourned at 3:07 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on _____ 2010.

John Erwin, Chairman