

**NORTHERN NEVADA WATER PLANNING COMMISSION
MINUTES**

Wednesday, March 2, 2011

The regular meeting of the Northern Nevada Water Planning Commission (“NNWPC”) was held on Wednesday, March 2, 2011 in the Washoe County Commission Chambers, 1001 East Ninth Street, Reno, Nevada.

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

Voting Members Present:

John Erwin, Chairman (arrived at 1:34 p.m.)
Jerry Schumacher, Vice Chairman
George W. Ball, Jr.
Michael DeMartini
Mickey Hazelwood
John Jackson
Darrin Price (left at 2:28 p.m.)
Stan Shumaker

Voting Members Absent:

John Flansberg
Neil Krutz
Rosemary Menard

Non-Voting Members Present:

John Bird

Non-Voting Members Absent:

Mark Clarkson
Harry Fahnestock
Kelvin Hickenbottom
Jon Palm

Staff Members Present:

Jim Smitherman
Chris Wessel
June Davis
John Rhodes, Legal Counsel

2. Approval of the agenda.

Commissioner Price made a motion to approve the March 2, 2011 NNWPC agenda as posted. Commissioner Ball seconded the motion, which carried unanimously.

3. Approval of minutes from the February 2, 2011 meeting.

Commissioners Price and DeMartini abstained from voting because they were not present at the meeting. Commissioner Shumaker made a motion to approve the minutes as submitted. Commissioner Ball seconded the motion, which carried unanimously (with two abstentions).

4. Public Comments.

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

5. Status report on the Truckee River Flood Management Project.

Chairman Erwin invited Naomi Duerr, Flood Project Director, to present this item. Ms. Duerr thanked NNWPC members for inviting her. She reported that there are many changes occurring with the Flood Project. She referred to a PowerPoint presentation, which included:

- Today's Goals, which cover the need for the Flood Project and what it entails
- The current focus of the Flood Project
- What is the new Flood Management Authority and why is it needed?
- The Flood Project covers approximately 50 of the 120 miles of the Truckee River.
- Nevada has the most flood claims of the western, non-coastal states. The potential of a "big" flood is approximately once every ten years.
- In 1997, Washoe County sustained over \$700 million in damages and \$1 billion in six counties. The next big flood is expected to amount to \$1.5 to \$2 billion in damages.
- The goals of the project include not only flood protection, but restoration, recreation and fish passage.
- The Living River Plan (LRP) is based on a project of set-back levees, floodwalls, river terracing, bridge replacements, land acquisition, ecosystem restoration, land acquisition, and urban parkways. The estimated cost of the project is \$1.6 billion (in 2007 dollars, which is still holding). The LRP has been approved by the Flood Project Coordinating Committee (FPCC) and the Board of County Commissioners (BCC). She stated that the LRP is available at <http://www.truckeeeflood.us>.
- Currently under a new US Army Corps of Engineers (Corps) plan, called "Project RESET", the Truckee River Flood Project is the number one priority of the Sacramento District. The Flood Project is in the process of finalizing planning with the Corps. The Environmental Impact Statement (EIS) is scheduled for completion in May. The hope is to receive Congressional authorization for funding from the Water Resource Development Act program.
- The Flood Project has already spent \$75 million locally which has created hundreds of new jobs in the past two years.
- The Flood Project is currently in the process of setting up the Truckee River Flood Management Authority (Joint Powers Authority).
- In case funding is not authorized, a fallback plan, "525 Plan" has been developed, which is based on the availability of \$525 million in local funding.
- The Flood Project completed the Reno-Sparks Indian Colony Floodwall and Levee. The project won two awards for outstanding environmental project of the year.
- The Flood Project, working with The Nature Conservancy completed restoration projects at Lower Mustang Ranch, Lockwood and the 102 Ranch.
- Upcoming construction design projects include:
 - Tracy Restoration
 - Virginia Street Bridge Replacement – The consultant is in the process of determining what type of bridge should be built and will proceed with design.
 - North Truckee Drain Relocation – The drainage to the Truckee River will be relocated downstream of the Vista Narrows, which will decrease the volume of water entering the river at the current location (which is in the same area of Steamboat Creek drainage).
 - The Living River Parkway includes construction of levees on the north and south sides of the river. It also includes terracing the river at University of Nevada, Reno (UNR) Farms.
- The Home Elevation Program, which will elevate some homes in the Hidden Valley and Eastside Subdivision areas, was implemented for design but hit a snag. A question was raised over whether 1099 (Miscellaneous Income) statements would be required based on the funding grants that would be provided to homeowners. The County posed the question to its financial consultant, which stated that the grants would be considered income and would be taxed. Staff recognizes that is a significant problem and is working to remedy the issue.
 - The estimated cost of the elevation program is \$6 million, compared to \$60 million to build a levee around the area, which is unacceptable to the Corps.
 - A design consultant was hired to determine the best Home Elevation design for the area.

Structural engineers will determine whether a home meets the qualifications and if it can feasibly be elevated.

- Current flood issues are related to work by the Corps in the 1960s, which cut down the Vista Reefs and straightened the next 25 miles of river, which resulted in overly steepened banks. The original sponsors were the State of Nevada, Washoe-Storey Conservation District and the Pyramid Lake Paiute Tribe, all of which continue to maintain the project.
- Planned recreational amenities include ball fields, boat put-in and take-out points, amphitheater, and pedestrian bridges.
- The need for the project is to provide public safety by managing flooding in the region. Ms Duerr stated that in December 2010, we were very close to experiencing a flood similar to that of 2005. She referred to pictures from past floods in the region.
- Locally, 1/8-cent of sales tax is appropriated to the Flood Project, which generates approximately \$100 million for the project. Additional funding will be necessary. The FPCC decided five years ago to examine moving forward with a regional fee (similar to a Special Assessment District fee) where fees would be based on level of benefit received from the Flood Project.
- The Flood Project recognized liability protection was needed for Reno, Sparks and Washoe County.
- After five years of needing to streamline activities and committees, and eliminate redundant reviews and approvals with the reliance on Washoe County in order to take any action, the Truckee River Flood Management Authority (FMA) was developed. The FMA was approved by the three local entities in January 2011.
 - The FMA is a separate, permanent entity, which draws power from the three entities.
 - The boundary for the FMA includes all of Washoe County.
 - The FMA will formally begin on March 11, 2011.
 - The FMA's focus will be to design, build, operate and "maintain forever" the Flood Management Project.
- The FMA Members and Voting includes:
 - 6 Directors, 2 each from Reno, Sparks and Washoe County (Elected Officials) – They will serve two-year terms, which can be re-upped.
 - Retained unanimous voting
 - Why is the FMA needed?
 - Flood waters do not respect jurisdictional boundaries
 - Flood features must be planned, built and operated in close coordination
 - Flood features in one jurisdiction can affect flood impacts or benefits in other jurisdictions
 - Senatorial model (which was used for membership) and unanimous voting has worked for 5.5 years
- FMA "Regulatory" issues include a requirement by the Corps that, once constructed, the Flood Project has to announce the level of protection being provided by the project annually. This process will be implemented by:
 - Establishment of standards and regulation at cities and county
 - Flood and jurisdiction staff will review limited projects for conformance with the standards using a Regional Hydrologic Impact Model and other tools
 - Forward recommendations to Planning Commissions
- The Operations and Maintenance Manual was received yesterday from the Corps, which specifies that the Flood Project has to come up with the emergency management costs.
- There is a legal requirement that in order to implement fees, an "Authority" had to be established.
- The FMA will own the land and facilities. It will also maintain the Early Warning System.
- A seven-year re-opener was established in the FMA Agreement. Ms Duerr explained that changes can be made at any time if approved unanimously; however, the re-opener provides for a

formal periodic review.

- Regarding flood fees, Sparks has already adopted fees, which are \$5.41/house per month, which is similar to what is expected for the FMA flood fees. Sparks will rescind their fee when the FMA fee is enacted.
- Businesses are paying between \$100 and \$50,000 per building annually.
- The huge benefits to the community include flood insurance savings, money saved by avoiding major flood damage, businesses leaving or avoiding the community based on potential flooding, emergency response. The Flood Project will also provide 14,000 to 19,000 new jobs! Jobs are estimated at 8.4 jobs per \$1 million of construction.

Commissioner Price asked why the Flood Project does not simply purchase flood insurance for those affected at a lower cost. Ms. Duerr stated the issue was discussed with the legislature. She added that homeowners paying a mortgage do have to maintain flood insurance if they are within the floodplain. She explained that insurance only pays up to a certain amount and would not cover all belongings and it is not an acceptable solution. Homeowners who are flooded are displaced from their home.

Commissioner Ball thanked Ms. Duerr for her presentation. He asked how she envisions the new FMA working with the NNWPC. Ms. Duerr stated that there is a very direct connection and therefore, the Agreement includes a provision that the FMA would request to be represented on the NNWPC. She added that the legislation for the NNWPC specifies that additional seats can be added to the Commission. She summarized that the NNWPC deals with water, wastewater, and water quality and in order to be all-encompassing, storm water and flood management should be included under the purview of the NNWPC. She stated that she sees the two agencies working in much closer coordination and moving forward.

Commissioner Schumacher asked how recent the FEMA maps are. Ms. Duerr stated that they were completed in the mid-1980s, which is challenging because at that time, FEMA did not use global positioning systems (GPS) or other newer technology. She stated that FEMA needs to remap; however, Reno, Sparks and Washoe County have been reluctant because it could result in consequences to existing home elevations. She added that the Carson Water Sub-Conservancy District invited FEMA to remap the parcel basin using new technology, maps and tools.

Ms. Duerr summarized that many local residents who purchased property and built homes in the floodplain did so based on incorrect FEMA maps and misinformation provided by the local entities.

Chairman Erwin thanked Ms. Duerr for her presentation.

6. Review preliminary work plan and budget for Fiscal Year 2011-2012 and possible direction to staff.

Chairman Erwin invited Jim Smitherman to present this item. Mr. Smitherman referred to the Work Plan, which was included in the agenda packet. He briefly summarized the proposed actions for the next five years, which include:

- Cloud seeding program by DRI - \$100,000 has been set aside in the budget. The project should require minimal staff time.
- 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 the Bureau of Reclamation (BOR) to request a federal grant for the purchase of water rights in the amount of \$15 million. Approximately \$2 million has been set aside in the Regional Water Management Fund (RWMF), which covers a 5-year timeframe. This item will be discussed by the WRWC on March 11, 2011. He offered to report back to the NNWPC after that meeting.

Commissioner Price referred to the staff report, which shows \$1.3 million in revenue and \$3.6 million in expenses. He asked if the \$2 million for water rights is included in the \$3.6 million. Mr. Smitherman stated it is.

- The recommendation for conservation programs is to continue at the same level of participation as in the past.
 - 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 – a web-based program for determining outdoor watering requirements based on ET. Commissioner Price asked about the status of the project. Mr. Smitherman explained that the program upgrade project is complete, and that only ongoing maintenance remains.
 - Certified Landscape Technician program
 - Work with entities on local conservation codes – Chris Wessel has time set aside for some of the work.
- 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 and TMDLs. Staff is working with Nevada Division of Environmental Protection (“NDEP”). The biggest water quality concern currently for the river is phosphorus.

Commissioner Ball requested an update on the TMDL project based on what has been spent to date. Mr. Smitherman agreed to schedule a status update.

- 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 during next fiscal year.
 - 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. Southern Nevada is showing increased interest in reclaimed water uses, including storage.
 - Commissioner Price stated that SVGID is also very involved in the reclaimed water process and requested being included with the other three entities (item 14).
 - Commissioner Price added that “water purveyors” does not include Truckee Meadows Water Authority (“TMWA”) (item 14).
 - Commissioner Price also requested that SVGID be included in items 17 and 18 because SVGID has been working with the Truckee Meadows Regional Planning Agency (“TMRPA”) on GIS boundaries and facility planning.
 - A valuable tool for scenario planning for the 208 Plan will be expansion of the Regional Water Balance model developed by Stantec. Mr. Smitherman stated he has spoken with John Enloe about the possibility of expanding the model into a tool that DWR or other entity staffs can use. Mr. Wessel will have time committed to this program.

- National Pollutant Discharge Elimination System (“NPDES”) and Storm Water Permit Coordinating Committee - \$262,500 per year is set aside in the budget for the program; a fair amount of staff time will be needed as well. Coordination with the local land use and other planning agencies will be necessary in reviewing water budgets and other tasks.
- The NNWPC/WRWC will work with the Truckee Meadows Regional Planning Agency (“TMRPA”) on some parcel-based population disaggregation modeling up to \$500,000 from the RWMF over three years. Approximately 60% of Mr. Smitherman’s time over the next two years will be committed to the project. Mr. Smitherman offered to request an update.
- An update to the Consensus Population Forecast, including sustainable water resources, will be needed.
- Mr. Smitherman and Mr. Wessel were involved in examination of the groundwater imbalances in Warm Springs Valley, where more rights have been issued than available perennial yield. Mr. Wessel will have time to commit to work with Community Development on the issue during the Area Plan update process.

Mr. Smitherman reported that revenue is projected at approximately the same level as last year. He reviewed the remainder of the staff report and summarized that the total budget is \$3,840,500. Staff services are budgeted at the same level as last year, which does not reflect salary reductions that were negotiated by County employees. Mr. Rhodes also took a fee reduction. 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 reported that the tentative budget will be submitted to the WRWC on March 11, 2011 for review and approval. Once approved, it will be submitted to the Nevada Department of Taxation.

Commissioner Schumacher requested an additional budget item to reimburse STMGID for its consolidation efforts, as is being done for TMWA and Department of Water Resources (“DWR”). Mr. Smitherman asked Mr. Rhodes if that recommendation should come from the NNWPC. Mr. Rhodes stated that if approved by a quorum, it could be added as a recommendation to the WRWC. He asked Commissioner Schumacher if he had a budget amount. Commissioner Schumacher stated that he does not have it but can access it quickly upon request.

Chairman Erwin asked what the amount is for TMWA and DWR. Mr. Smitherman explained that it was under a previously approved agreement for two fiscal years (FYs). Chairman Erwin recommended that if the reimbursement agreements expire soon, they should be included in the next FY 2011-12 budget. Mr. Smitherman agreed. June Davis reported that the total budget was \$550,000, of which \$250,000 remains for the remainder of this FY. Mr. Smitherman clarified that the amount would be split between TMWA and DWR.

Mr. Rhodes asked Mr. Smitherman if he believed that the STMGID expenses could be legitimately reimbursed as a County expense under the existing agreement. Mr. Rhodes agreed that the issue should be further explored and requested that STMGID provide a cost estimate for FY 2011-12.

Chairman Erwin asked Mr. Smitherman which water users in Washoe County do not pay into the RWMF. Mr. Smitherman stated that domestic well owners and approximately three small, privately-owned water systems do not pay the fee.

Chairman Erwin referred to the line item for \$2 million for water rights purchase and recommended moving \$300,000 of that amount to a new line item for ongoing consolidation studies. He added that TMWA has completed its gathering of financial data and the County is still working on the process, which can probably be completed by the end of April or May. He stated that further work will follow

once the financial report is finalized.

Mr. Rhodes stated that it would be appropriate to make such a motion to budget \$300,000 for reimbursement to TMWA, DWR and STMGID if approved by the WRWC.

Chairman Erwin clarified and made a motion to accept staff's recommendation on the budget subject to the edits from Commissioner Price and other Commissioners and make an adjustment to the line to purchase water rights from \$2 million to \$1.7 million and to add a new line item for \$300,000 for reimbursement to TMWA, DWR and STMGID to study the consolidation of the water utilities in the future. Commissioner Schumacher seconded the motion.

Commissioner DeMartini asked if the budget would be brought back to the NNWPC after the WRWC reviews and approves it. Mr. Smitherman stated that once the tentative budget is approved by the WRWC, it will be filed with the State. It could come back to the NNWPC for informational purposes. In May, final approval of the budget by the WRWC will be necessary in the form of a Public Hearing.

Commissioner Ball referred to line item 13, related to storm water. He stated that his understanding is that the Environmental Protection Agency ("EPA") is proposing new regulations for storm water. Mr. Smitherman stated he has heard that also but is not sure what the changes or any related impacts might be. Commissioner Ball asked if the budget amount includes room for possible additional work. Mr. Smitherman provided a brief background of the item. The Storm Water Permit Coordinating Committee ("SWPCC") requested funding in support of an update of the Storm Water Management Plan ("SWMP") that was necessary based on updated permit requirements. The SWPCC requested funding for a consultant; however, the WRWC suggested that the RWMF support the entire Storm Water Program, which was approved. The total funding commitment is included in the budget at \$262,500 per year.

Chairman Erwin called for the vote on the motion, which carried unanimously.

7. Review and discussion of Bill Draft Requests for the 2011 Nevada Legislative Session that may affect the NNWPC, and possible direction to staff.

Chairman Erwin invited Mr. Rhodes to present this item. Mr. Rhodes reported that the legislature is now in session. He stated that he provided a staff report, which includes a list of bill draft requests ("BDRs") that might affect the NNWPC or open meeting laws. He stated that the complete list of BDRs is available on the Legislative Council Bureau's website, along with the language of the bill (available by clicking on the link).

Mr. Rhodes reported that the WRWC formed a legislative subcommittee, which includes Chairman Carrigan, Commissioner Cohen and Commissioner Aiazzi. He stated that the subcommittee will meet regularly with the legislative subcommittee of the TMWA Board, of which some members overlap. He reported that as the session continues, the legislative subcommittee will take a stand on the bills. He explained that last year a decision was made for the WRWC to take a neutral position unless strong support or opposition is deemed appropriate.

Mr. Rhodes stated that the BDRs that he is following to date include:

- BDR 20-243, submitted by the Legislative Committee to Oversee the activities of the WRWC ("LOC"), regarding the issuance of bonds to assist those required to hook up to the municipal water or sewer systems. The WRWC supports this BDR.
- BDR 20-244, submitted by the LOC, which would allow issuance of County Bond Bank bonds for refinancing securities. The BDR is related to the TMWA/DWR Consolidation. The WRWC supports this BDR.

BDR 19-288 Assembly Bill (AB) 59, submitted by the Attorney General, 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 violation of any provisions of this chapter, 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.

Mr. Rhodes stated that he would continue following the bills closely and report back to the NNWPC on a regular basis throughout the session. He welcomed questions or comments.

Commissioner Schumacher referred to BDR 681 by Assemblywoman Kirkpatrick, related to allowing public agencies to lease water and asked what the point is. Mr. Rhodes stated that since it has not been introduced as a Bill, there is no language available, so he is unsure of the intent. He offered to follow up when language is available.

Chairman Erwin reported that a follow up workshop is scheduled on March 9, 2011 for further discussion of AB114, AB115 and AB73, which are proposed to clean up statutes to avoid future conflicts. He added that Senate Bill (SB)153 is working through the Committee on Government Affairs.

8. Program Manager's Report

- a. Status report on projects and Work Plan supported by the Regional Water Management Fund**
- b. Financial report on the Regional Water Management Fund**
- c. Informational report from the NNWPC representative on the Truckee Meadows Water Authority Standing Advisory Committee ("TMWA SAC")**

Mr. Smitherman reported that the items included in the agenda packet are provided as informational items and welcomed any questions or comments. He added that there is no informational report from the TMWA SAC representative, Barry Winzeler, who was not present today.

Commissioner Ball asked who the consultant is for the Truckee Meadows Storm Water Quality Management Program for the City of Reno. The notes reference an Interlocal Agreement in the amount of \$218,000. Mr. Smitherman stated that Stantec Consulting was hired to assist with the update.

9. Discussion regarding agenda items for the April 6, 2011, NNWPC meeting and other future meetings, and possible direction to staff.

Mr. Smitherman reported that items for the April 6, 2011 NNWPC meeting include:

- Election of Officers
- Update on the TMDL project
- Presentation by TMRPA on the regional data and analysis development program
- Review and discussion of the Work Plan and Budget
- Legislative Update
- Program Manager's Report

Chairman Erwin made a motion to approve the agenda items for the April meeting. Commissioner Schumacher seconded the motion, which carried unanimously.

10. Commission Comments.

Chairman Erwin called for commission comments, of which there were none.

Commissioner Ball asked if hard copies of the Regional Water Plan were available. Mr. Smitherman stated they were not yet available.

11. Staff Comments.

Mr. Smitherman reminded members that copies of the Living River Map Book were available.

12. Public Comments.

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

13. Adjournment.

With no further business, the meeting was adjourned at 3:02 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on _____ 2011.

John Erwin, Chairman