

**NORTHERN NEVADA WATER PLANNING COMMISSION
MINUTES**

Wednesday, March 6, 2013

The regular meeting of the Northern Nevada Water Planning Commission (“NNWPC”) was held on Wednesday, March 6, 2013 in the Washoe County Commissioner Chambers, 1001 East Ninth Street, Reno, Nevada.

1. Roll Call and determination of presence of a quorum – In Chairman Hazelwood’s absence, Vice-Chairman Buzzzone called the meeting to order at 1:30 p.m. There was a quorum present.

Voting Members Present:

John Buzzzone, Vice Chairman
Michael DeMartini
Michael Drinkwater
John Erwin
John Flansberg
John Jackson
Neil Krutz (arrived at 1:40 p.m.)
Darrin Price
Jerry Schumacher

Voting Members Absent:

George W. Ball, Jr.
Mickey Hazelwood, Chairman

Non-Voting Members Present:

David Boland

Non-Voting Members Absent:

John Bird
Harry Fahnestock
Kelvin Hickenbottom
My-Linh Nguyen
Edmund Quaglieri

Staff Members Present:

Jim Smitherman
Chris Wessel
June Davis
John Rhodes, Legal Counsel

2. Public Comments.

Acting Chairman Buzzzone called for public comments.

Ginger Pierce from the “Pleasant Valley Area” stated she had four questions:

- Who is in charge of groundwater recharge?
- What review process is in place for groundwater recharge?
- Is there an analysis of impact on known recharge and what is being done?
- Since Mike Widmer retired last year, who has been keeping track of the rise and fall of the water levels in the private wells in the South Valleys area?

Acting Chairman Buzzzone stated that the Commission would take Ms. Pierce’s comments under advisement; however, no response can be made under this agenda item. He called for further public comments and hearing none, closed the public comment period.

3. Approval of the agenda.

Commissioner Erwin made a motion to approve the March 6, 2013 meeting agenda as posted. Commissioner Buzzone seconded the motion, which carried unanimously.

4. Approval of minutes from the February 6, 2013 meeting.

Commissioner Flansberg made a motion to approve the minutes as submitted. Commissioner Erwin seconded the motion, which carried unanimously.

5. Report on the Truckee Meadows Water Authority (TMWA) 2011 and 2012 Water Usage Review Program; discussion and possible recommendation to the WRWC regarding a scope of work and funding request in the amount of \$131,116 from the RWMF for the 2013 and 2014 Water Usage Review Program, and possible direction to staff – Andy Gebhardt, TMWA.

Acting Chairman Buzzone invited Andy Gebhardt, TMWA, to present this item. Mr. Gebhardt thanked the Commission for prior funding and stated that this request is to continue to fund the program. He reported that the program helps customers to know and understand their water use.

Mr. Gebhardt stated that a brief background of the Water Usage Review Program was provided in the agenda packet and offered to provide a presentation if desired or answer questions.

Commissioner DeMartini asked how the requested funding amounts compare with previous years. Mr. Gebhardt stated that approximately \$63,000 was funded for each of the past two years.

Commissioner Price asked what follow up is done with the customer following the initial contact to ensure success. Mr. Gebhardt stated that customer bills decrease, which is the primary driver of the program. He reported that customers contact TMWA when their water bill is high and TMWA staff works with them to find the cause. He added that TMWA does not pro-actively follow up with customers. Commissioner Price asked if the customer bills are tracked to ensure they are decreasing. Mr. Gebhardt stated they are not; however, the water use inherently decreases if a leak is identified. He clarified that leaks or meter problems are tracked internally.

Commissioner Price asked how TMWA would fund the project if not by the Western Regional Water Commission (“WRWC”), i.e., would customers be charged. Mr. Gebhardt stated that is a possibility.

Commissioner Drinkwater asked if there is a threshold that must be met in order to receive an audit based on an average bill. Mr. Gebhardt stated that if a customer requests an audit, TMWA visits the customer and provides tips to save water.

Commissioner Price made a motion to recommend that the WRWC approve funding in the amount of \$65,558 for 2013 and \$65,558 for 2014. Commissioner Erwin seconded the motion, which carried unanimously. Commissioners thanked Mr. Gebhardt and TWMA for the great work.

6. Review draft tentative budget for fiscal year 2013 – 2014 and possible recommendation to the WRWC to approve budget, and possible direction to staff, Jim Smitherman, NNWPC Water Resources Program Manager. (for possible action)

Mr. Smitherman reported that staff developed a draft tentative budget for fiscal year 2013-2014 for review and possible recommendation to the WRWC. He stated that the budget sheets format follow those presented in the past. He reported that the beginning cash balance of \$3.8 million was taken from the end of the fiscal year 2012-2013 budget.

Mr. Smitherman stated that the fiscal year 2013-2014 draft tentative budget projects \$1,468,352 in revenue, \$3,675,932 in expenses, and an ending cash balance of approximately \$1,800,000. Budget expenses include a maximum of \$3,092,000 for WRWC work plan activities, \$480,932 for three full time staff and legal services, and various routine operating expenses in the amount of \$103,000.

Mr. Smitherman reported that the revenue from the 1.5% water surcharge has remained about the same as the past year, which is approximately \$1.3 million. He added that for this fiscal year we will probably spend approximately what we brought in.

Commissioner Price asked when the last time was that money was contributed to the reserve account or that the budget was balanced. Mr. Smitherman stated that in 2008 when the NNWPC began, there was a cash balance. He clarified that the allocated funds have not been spent for the past few years so the money was moved to cash reserves.

Mr. Smitherman mentioned that a few years ago, many commissions were worried that the legislature would take money not spent or encumbered. Commissioner Price stated that it never materialized and asked if a new policy is needed related to a mandatory reserve that must be maintained. Mr. Smitherman stated he believes that is a governance issue, not a staff decision.

Commissioner Price stated that he has a hard time approving a budget that is upside down where the expenditures triple the revenues, knowing that the cash budget could be spent fast.

Mr. Rhodes clarified that recently a Nevada Supreme Court case determined that the legislature could not sweep local funds to make up their shortfalls. He added that the funds set aside for water rights purchase are not required, but permissible.

Commissioner Price referred to the \$337,500 budgeted for each of four quarters and asked if we have an estimate for the entire purchase. Mr. Smitherman stated he did not have an estimate; however, the amount is probably in the tens of millions. He added that he has heard that the amount available from the WRWC would be used to cover filing fees, applications, etc. Commissioner Price asked about the timeframe for the purchase and whether it would be an annual expense.

Commissioner Erwin explained that the purchase is dependent on the date the Truckee River Operating Agreement ("TROA") goes into effect. He added that it (TROA effective date) is currently pending decisions from the Ninth Circuit Court and the Orr Ditch Court, as well as rulings from the State Engineer. He reported that last December there was a court order from California State Water Resources Board approving applications to move rights between the reservoirs and change the licensing. The decision was appealed by Truckee Carson Irrigation District ("TCID"), which was set aside. He summarized that TROA implementation is pending two big decisions and once those are satisfied, there could be other appeals. He stated that the process would probably take at least three to five years so we have ample time to satisfy the 6,700 acre-feet (af) of water rights requirement. He added that his understanding is that 3,300 af under the right-of-ways for Reno, Sparks and Washoe County have been identified, leaving a need for approximately 3,400 af. He stated that water right demands have significantly decreased and he heard recently of a purchase for \$2,500 per af.

Commissioner Erwin stated that potentially the reserve of \$1,350,000 could be doubled to \$2.7 million. He added that it is a good time to enter into agreements with the local jurisdictions in acquiring some of the water rights.

Commissioner Price stated he could not agree more with Commissioner Erwin's comments. He agreed that based on the low price of water rights, it is a good time to take action. He suggested that staff might remind all of the jurisdictions represented on the NNWPC that the timing is good.

Commissioner Erwin stated that the rules are that the entities would hold the water rights for the benefit of wildlife purposes, instream flows or other water quality benefits.

Commissioner Erwin made a motion that the NNWPC reviewed the draft tentative budget for fiscal year 2013-2014 and, found it acceptable with the exceptions of increasing the amount for 6,700 af of water rights to \$2.7 million and decreasing the cash reserves by \$1,350,000, leaving a cash reserve of approximately \$400,000 and recommends that the WRWC approve the budget as amended. Commissioner Price seconded the motion, which carried unanimously.

7. Report on the South Truckee Meadows General Improvement District ("STMGID"), issues arising from the pending consolidation of Washoe County's water utility with the Truckee Meadows Water Authority ("TMWA"), and possible consolidation of STMGID with TMWA, Jerry Schumacher, STMGID

Commissioner Schumacher, STMGID Board of Trustees, provided a report on the status of STMGID's consolidation with TMWA. He stated that not much has changed since his report in February. He added that discussions among attorneys are ongoing.

Commissioner Price asked about the timeframe. Commissioner Schumacher reported that the projected timeline is for the consolidation to be in place by July 1, 2014. Commissioner Price asked when STMGID's contract with Washoe County ends. Commissioner Schumacher stated it ends June 30, 2014.

Commissioner Erwin asked how the new Board is doing. Commissioner Schumacher stated so far, so good; however, there has not been a lot of action discussed.

Mr. Smitherman asked how involved Washoe County staff is in the process. He stated that he heard that the Board hired private counsel. Commissioner Schumacher stated that Washoe County Department of Water Resources (DWR) staff is primarily involved in operations and maintenance (O&M). He stated that Dwayne Smith is involved in setting up agenda items, requests for annexation, etc.

Acting Chairman Buzzone thanked Commissioner Schumacher for his update.

8. Report on legislative activities, including Bill Draft Requests for the 2013 session of the Nevada Legislature that may affect the WRWC / NNWPC, John Rhodes, NNWPC Legal Counsel.

John Rhodes, Legal Counsel, reported that the previous day there was joint meeting of the Senate Committee and Assembly Committees on Natural Resources, Agricultural and Mining. He invited Mr. Smitherman to provide an update from the meeting.

Mr. Smitherman reported that the Northern Nevada Water contingent followed the State Engineer and Pat Mulroy from Southern Nevada Water Authority. He stated that TMWA provided a brief presentation and then he provided an update on the WRWC activities for the past year. He clarified that Mike Carrigan began the presentations for TMWA and the WRWC. He stated that Rosemary Menard spoke about the water resources operations and briefly on the consolidation of the County departments. He reported that Steve Cohen, STMGID; Darrin Price, Sun Valley GID; and Sandra Ainsworth, Sun Valley GID presented updates.

Mr. Smitherman stated that those at the dais thinned through the afternoon; however, the Northern Nevada contingent remained. He added that he received one question from the chairman about the

WRWC; if the Legislative Oversight Committee ("LOC") sunsets per the law, would the WRWC continue to do its work. Mr. Smitherman assured him that they would.

Mr. Rhodes referred to the staff report, which lists Bill Draft Requests ("BDRs") and Bills pending in the 2013 Nevada Legislature, as of February 28, 2013, that may affect or are of interest to the WRWC and NNWPC.

Mr. Rhodes explained that some language is available for the BDRs at this time. Pending Bills are noted with an Assembly ("AB") or Senate ("SB") designation, and the complete language of each Bill is available by clicking on the corresponding link contained in the electronic version of this report. WRWC staff and the WRWC Legislative Subcommittee will track these BDRs and Bills, recommend positions to be taken, and provide periodic updates to the WRWC/NNWPC.

Mr. Rhodes reported that with brief BDR language, the intent of the Bills will not be known until they are actually submitted. He noted that the LOC is due to expire July 1, 2013; however, BDR 17-144 requests extending the lifetime of the LOC indefinitely, as well as providing the LOC jurisdiction over all statewide water issues. He reported that he provided a link to the report.

Mr. Rhodes stated that the WRWC Legislative Subcommittee has held one meeting jointly with the TMWA Legislative Subcommittee on February 15, 2013. He reported that the Subcommittee took positions on the Bills that had available language. He clarified that at this time, there are no real controversial Bills so the direction to staff is to watch the Bills and stay neutral. He added that an exception is related to a Public Records Bill (SB 184), which the Subcommittee does not support as written because it would amend the law to require governments to respond to written *or oral* requests (currently written only). Members believe that oral requests could be lost in the process and not receive a response. The Subcommittee will follow the Bill at this time.

Commissioner Price asked about the National Association of Counties (NACO) sponsored SB2, which refers to governing powers of local government. Mr. Rhodes stated that he did not bring the language; however, under existing state law, all power not specifically granted to local governments is reserved to the State. This bill would broaden the power of local governments to perform additional acts and duties. He offered to provide an update at the next meeting.

9. Report on the Truckee Meadows Regional Planning Agency ("TMRPA") parcel-based population and employment modeling project; and possible direction to staff, Jim Smitherman, NNWPC Water Resources Program Manager. (for possible action)

Mr. Smitherman reported that since his last update, TMRPA and NNWPC staff are in the process of reviewing the proposed scope of work revisions to incorporate the time extension approved by the WRWC in January. He stated that he has a draft that he will provide at the next NNWPC meeting. He summarized that the scope would basically extend the timeline and group some of the tasks and phases. He offered to speak with Mr. Rhodes about whether the scope needs to be amended into the contract.

Mr. Smitherman reported that TMRPA has been engaged in the ongoing Industrial Lands Needs Analysis in collaboration with the WRWC, Regional Transportation Commission, and the Economic Development Authority of Western Nevada ("EDAWN"). The project focuses on the current supply of industrial land, the needs of industries targeted by EDAWN, and the demand for future industrial land in relation to infrastructure, services and resource requirements.

Mr. Smitherman reported that TMRPA staff has created a preliminary dataset depicting the current supply of industrial lands in the region and is gathering feedback from stakeholders. On February 25, 2013,

TMRPA held an “Infrastructure Subcommittee” meeting to gain a better understanding of water and wastewater backbone infrastructure. He added that a lot of good input was received.

Commissioner Price asked if there is a timeframe associated with the water-related layers in the model. Mr. Smitherman stated that the timeframe for conclusion of the project is June 30, 2014. He mentioned that the Infrastructure Committee would probably meet as needed. Commissioner Price asked about the layer for infrastructure, water, wastewater, etc. Mr. Smitherman reiterated that good input was received on how to incorporate and gather data as it is available. He added that a model run has been done using the water and wastewater suitability factors on the employment side of the model.

Commissioner Drinkwater asked how wastewater treatment capacity is being modeled with respect to industrial lands, where flows are so variable. Mr. Smitherman stated that is a good question and probably beyond the model’s capabilities. He added that the model incorporates sewer connection fees to represent the cost of plant expansions and how far into the future they will serve growth. Commissioner Drinkwater cautioned that plant capacities must be viewed in terms of loading and flows and suggested incorporating this into the model if possible.

10. Program Manager’s Report, Jim Smitherman.

- a. Status Report of Projects and Work Plan Supported by the Regional Water Management Fund**
- b. Financial Report on the Regional Water Management Fund**
- c. Water Management Fund Five-Year Cash Flow table**
- d. 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 Program Manager’s Report are provided as informational items. Regarding item 10.d, Mr. Smitherman stated that Commissioner Ball attended the TMWA SAC meeting and offered to provide an update at the next meeting. He added that the Water Management Fund Five-Year Cash Flow table was included at the request of Commissioner Price at the last meeting.

He invited any questions or comments. Commissioner Erwin referred to the Certified Landscape Technician (CLT) program and asked if the training is underway. Jim Stanhouse, Nevada Landscape Association (NLA) reported that they are doing four training sessions this year and the testing will be in August.

11. Discussion regarding possible agenda items for the April 3, 2013 NNWPC meeting, and other future meetings, and possible direction to staff, Jim Smitherman.

Mr. Smitherman reported that there are upcoming agenda items, which include:

- Presentation of the final report on the Septic System study
- Revised scope of work for TMRPA
- Work Plan for the next fiscal year
- Recommendations for ongoing interlocal agreements (i.e. Storm Water, Water Quality Modeling, reimbursement of consolidation expenses) that will be presented to the WRWC along with the budget
- Standing Items
 - Legislative Update
 - Program Manager’s Report
 - Status update on STMGID merger

Acting Chairman Buzzone requested an agenda item for an update on the Bureau of Reclamation (“BOR”) project (the Truckee Canal study), as well as a status update on the total maximum daily load (“TMDL”) review (based on the Lahontan standards).

Mr. Smitherman added that election of officers would occur in April.

12. Commission Comments.

None

13. Staff Comments.

None

14. Public Comments.

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

15. Adjournment.

With no further business, the meeting was adjourned at 2:40 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on _____ 2013.

Mickey Hazelwood, Chairman