

WESTERN REGIONAL WATER COMMISSION MINUTES

Friday, September 12, 2008

The regular meeting of the Western Regional Water Commission (WRWC) was held on Friday, September 12, 2008, at City of Sparks Legislative Council Chambers, 745 Fourth Street, Sparks, Nevada.

- 1. Roll Call and Determination of presence of a Quorum** – Chairman Carrigan called the meeting to order at 1:35 p.m. There was a quorum present.

Commissioners Present:

Mike Carrigan, Chair
Dave Aiazzi, Vice-Chair (arrived at 1:44 p.m.)
Bob Cashell (arrived at 1:44 p.m.)
Steve Cohen
Jim Ainsworth
Bob Larkin
Geno Martini
Ron Smith
Bonnie Weber

Representing:

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

Commissioners Absent:

None

Representing:

- 2. Pledge of Allegiance**

Commissioner Weber led the Western Regional Water Commission in the Pledge of Allegiance.

- 3. Public Comment**

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

- 4. Approval of Agenda**

Commissioner Larkin requested hearing agenda item 10 after approval of the minutes. Commissioner Ainsworth made a motion to approve the September 12, 2008 WRWC agenda as revised. Commissioner Cohen seconded the motion, which carried unanimously.

- 5. Approval of the Minutes of the July 11, 2008 meeting.**

The minutes of the July 11, 2008 Western Regional Water Commission meeting were submitted for approval. Commissioner Larkin made a motion to approve the minutes as submitted. Commissioner Weber seconded the motion, which carried unanimously.

- 6. Discussion and possible direction to staff on undertaking a focused financial analysis evaluating the potential of a phased integration of the Truckee Meadows Water Authority and Washoe County's Department of Water Resources, as an initial step in conducting the evaluation of public water purveyor consolidation required by Chapter 531, Section 42.9, *Statutes of Nevada 2007*. (Heard out of order)**

Rosemary Menard, Washoe County Department of Water Resources (DWR) and Mark Foree, Interim General Manager of TMWA presented this item. Ms. Menard reported that at the last WRWC meeting, members briefly discussed the commission's involvement with the Legislative Oversight Committee (LOC) and the meeting of August 11, 2008 to discuss possible funding assistance for a consolidation study. She reported that the LOC chose not to pursue funding for the study.

Ms Menard reported that Nevada Revised Statute (NRS) 531, Section 42.9 requires a consolidation study. She stated that staff has been examining the opportunity of a focused financial analysis for the potential of some type of integration of TMWA and DWR. She explained that the main drivers behind the effort are the potential opportunities for more effective and efficient use of existing infrastructure, better planning for future infrastructure, and the sustainable use of water resources, all of which could result in better financial results for customers. Ms. Menard and Mr. Foree presented a recommendation to proceed with a focused financial analysis of the possible integration of TMWA and DWR, which would specifically focus on issues associated with current bond indebtedness, bond covenants and other financial constraints and liabilities. She stated the question is not only whether services can be integrated but *how* they could be integrated.

Mr. Foree agreed that TMWA and DWR can work closer together regardless of whether an integration or consolidation takes place. He stated that TMWA and DWR could jointly examine Capital Improvement Plans (CIPs), operations, financial opportunities and use of resources.

Commissioner Larkin asked if at this time, the recommendation is to only examine integration of TMWA and DWR. Ms. Menard stated that is correct and added that the main justification is with respect to the majority of the water resources and infrastructure being owned and operated by TMWA and DWR. She stated that staff agreed it makes sense to start with the two major entities. Commissioner Larkin reiterated that the two other purveyors at the table (SVGID and STMGID) would not be affected in any way, shape or form, with which Ms. Menard agreed. Ms. Menard clarified that the goal is not to exclude SVGID and STMGID from the process of evaluation but rather to not make them subject to it. Commissioner Larkin asked if SVGID and/or STMGID were interested in participating, could they? Ms. Menard stated that staff is totally open to that possibility.

Commissioner Larkin asked if NRS 531-42.9 prevents the WRWC from participating in the process to pursue such integration without LOC involvement. Ms. Menard stated it absolutely does not and added that the NRS 531 requirement is for the Northern Nevada Water Planning Commission (NNWPC) to complete the analysis. She added that the statute requires that the 2011 Comprehensive Regional Water Plan include an evaluation of integration or consolidation options.

Commissioner Larkin asked for clarification that the recommendation is for evaluation of "integration", not "consolidation". Mr. Foree stated that the recommendation probably covers a bit of both in looking at the bonds, which would probably be considered consolidation; however, joint management of structures would probably be considered integration. Commissioner Larkin mentioned the possibility of common billing and efficiencies.

Chairman Carrigan called for additional questions.

Commissioner Weber asked whether the other two entities (SVGID and STMGID) had concerns. She mentioned that she heard Commissioner Larkin in reference to the process going forward say, "right now it was only TWMA and DWR". She asked the SVGID and STMGID representatives if they were worried that they would be forced to do something in the future. Commissioner Larkin stated that the legislation compels the NNWPC to consider consolidation somewhere down the line; however, currently integration

is being considered only for TMWA and DWR; although that does not exclude the other entities.

Darrin Price, SVGID General Manager, reported that in meeting with staff, he agreed it makes sense for the two largest purveyors to examine the financial issues and if it does not work, that could be conveyed to the legislators. He stated that through the NNWPC the entities are working well together and issues are moving forward, including working on efficiencies. He referred to the staff report, which states that if the initial study demonstrates the potential benefits of integration, SVGID and STMGID could consider similar steps.

Commissioner Cohen, STMGID Local Managing Board Chairman, stated he thinks this is a step in the right direction and added that STMGID is all for it. He added that STMGID believes if money can be saved, it is the right step. He stated that in the past STMGID had consolidation concerns due to being the smallest purveyor with the lowest rates and therefore standing to lose the most. He stated that if the efficiency could be brought together to improve water quality and lower rates, STMGID would be first in line. He added that he is concerned with the cost involved. He stated that it will be less expensive to perform the evaluation with staff rather than bringing in an outside consultant. He reiterated that he thinks this is a step in the right direction.

Chairman Carrigan asked what the difference in cost is between staff or an outside consultant. He stated that six statements of qualification were received from consultants. Ms. Menard stated that the primary purpose for the request for qualifications was to ascertain the cost to perform a full-scale consolidation study to include management, engineering, operations, and financial analysis that would be involved. She reported that staff used that information in its conversation with the LOC and told them it would cost approximately \$1.2 million.

Ms. Menard stated that Washoe County and TMWA share the same bond counsel and financial advisor making them familiar with both entity's financial instruments and processes. She stated because of that it makes sense to use those resources to examine the information and provide a result in a fairly short time without investing money to bring an outside consultant up to speed. She stated that once the initial information is received, the next step will be discussed, which could very well include hiring an outside consultant.

Chairman Carrigan reiterated that the legislation requires that the NNWPC examine the possibility of consolidation.

Vice-Chairman Aiazzi asked about the difference between a merger / integration and a contract. He asked if it would be easier to look at the contract form of combining the two entities, like Washoe County and Reno did with their fire service, which would eliminate the need to examine the financials, bonding, etc. He asked if that is a possibility.

Ms. Menard stated that staff was not to the point of examining mechanisms and added that initially the focus will be a status report on the constraints and opportunities. There are models, including the merger mentioned by Vice-Chairman Aiazzi, which could be examined further along. Vice-Chairman Aiazzi suggested examining the models and stated he does not see any way for the two entities to merge. Ms. Menard stated that discussion had included the possibility of a "joint management structure" that could evolve into a contract structure.

Commissioner Cashell apologized for his late arrival and asked for clarification that the existing groups would begin the evaluation. Mr. Foree stated that is correct and that the first recommendation would be for the bond counsel and financial advisor (both of which are the same for the two entities) to examine the bond covenants and restrictions. He added that beyond that, each entity is working on a funding plan to

examine the funding requirements for each moving forward. Commissioner Cashell suggested that the examination include the water rates to make sure they are on target.

Chairman Carrigan stated he would entertain a motion.

Commissioner Larkin made a motion to direct staff to undertake a focused financial analysis evaluating the potential for a phased integration of the Truckee Meadows Water Authority and the Washoe County Department of Water Resources as an initial step in conducting evaluation of water utility consolidation as required by Chapter 531, Section 42.9, *Statutes of Nevada 2007*, by taking all actions recommended in the Staff Report dated September 4, 2008, to include the contract provisions mentioned by Vice-Chairman Aiazzi. Commissioner Smith seconded the motion, which carried unanimously.

7. Discussion and possible approval of an Interlocal Agreement with Washoe County to provide staff employees, on a reimbursement basis, for the Northern Nevada Water Planning Commission (NNWPC) and the Western Regional Water Commission (WRWC); and if approved, authorize the Chairman to execute the Agreement.

Ms. Menard stated that previously staff made a recommendation for how to staff the NNWPC and the WRWC utilizing a combination of services of the three existing staff members who were involved with the Regional Water Planning Commission, Jim Smitherman, Chris Wessel and June Davis. She reported that previously an Interlocal Agreement between TMWA and the WRWC for administrative staff was presented for approval. She stated that because the staff is employed by Washoe County the agreement had to be reviewed and approved by Human Resources, Risk Management and the District Attorney's office. The three-person staff is completely dedicated to the NNWPC and the WRWC. She stated that staff's recommendation is to approve an Interlocal Agreement, which includes provisions for revision if it does not work. She added that the agreement is for a three-year term.

Ms. Menard stated that since April 1, 2008 the three staff members have provided services to the NNWPC and WRWC.

Chairman Carrigan called for questions. Commissioner Smith made a motion to approve staff's recommendation. Commissioner Martini seconded the motion, which carried unanimously.

8. Discussion and possible approval of an Interlocal Agreement with Truckee Meadows Water Authority, and funding in an amount not to exceed \$61,700 from the Regional Water Management Fund, for the 2008 Water Usage Review Program; and if approved, authorize the Chairman to execute the Agreement.

Chairman Carrigan welcomed Chris Wessel, NNWPC staff, and Lora Richards, TMWA. Mr. Wessel stated that this item is a request for funding from the Regional Water Management Fund for TWMA's Water Usage Program. He offered to provide a summary of the program if desired.

Commissioner Cashell made a motion to approve staff's recommendation. Commissioner Ainsworth seconded the motion, which carried unanimously.

9. Report and discussion on the August 11, 2008 workshop of the Legislative Committee to Oversee the WRWC (LOC), including proposed technical amendment to the Western Regional Water Commission Act, and possible direction to staff.

John Rhodes, Legal Counsel for the NNWPC and the WRWC, reported that the Legislative Oversight Committee (LOC) held a workshop in Carson City, which Chairman Carrigan, staff and he attended. He

reported that the LOC considered four areas where they might wish to take action or make recommendations as follows:

- Consolidation Issue – The LOC took no action.
- Joint Powers Agreement (JPA) – The LOC took no action.
- Water Quality and Monitoring Systems on the Truckee River – Following discussion, the LOC voted to use a bill draft request (BDR) to support “A Resolution to Encourage Development of a Coordinated Watershed Monitoring Program for the Truckee River”. Mr. Rhodes reported that a draft Resolution was prepared and would be presented under the next agenda item.
- Flood Control - The LOC voted to support \$5 million for the Truckee Meadows Flood Control Project, as well as a future potential BDR to amend NRS Chapters 318 and 544 as appropriate to assist with financing the project.
- Suggested Amendments to Senate Bill (SB) 487 – The LOC voted to submit a BDR to address the SB 487 technical amendments.

Chairman Carrigan thanked Mr. Rhodes for his presentation.

10. Report and discussion on the LOC’s action at its August 11, 2008 workshop to adopt a Resolution to encourage development of a coordinated watershed monitoring program for the Truckee River, including status of draft Resolution, potential Interlocal Agreement, and possible direction to staff.

Chairman Carrigan invited Terri Svetich, Senior Civil Engineer with the City of Reno, and Lynell Garfield, City of Reno Hydrologist. Ms. Svetich stated that she and Ms. Garfield would be providing a PowerPoint presentation. Ms. Svetich reviewed the presentation, which included discussion of:

- Who’s Monitoring the Water Quality? – United States Geological Survey (USGS), Desert Research Institute (DRI), Nevada Division of Environmental Protection (NDEP), TMWRF, Cities of Reno, Sparks and Washoe County, TMWA, Tahoe-Truckee Sanitation Agency (TTSA), Lahontan Regional Water Quality Control Board (LRWQB), and others
- Types of Monitoring – Chemical, physical and biological
- Regulatory Considerations on the Truckee River – Federal, State and Local, and Tribal
- Truckee Meadows Water Authority – Truckee River is the primary source of drinking water for the Truckee Meadows, so it is imperative that it be monitored and protected.
- Total Maximum Daily Loads (TMDLs)
- River Restoration
- Derby Dam diverts water to the Truckee Canal for the Newlands Project
- What are we doing to keep track of the water quality throughout the watershed?

Ms. Svetich turned the presentation over to Ms. Garfield. Ms. Garfield continued with the discussion of the following:

- Truckee River Info Gateway (TRIG) – Ms. Garfield directed commissioners and others interested to the website: www.truckeeriverinfo.org. She gave a brief summary of the program, which serves as a clearinghouse for data and technical resources, provides online data, provides PDFs of

documents and reports, includes a bibliography from the universities, maps and geographic information system (GIS) data and an image gallery. Ms. Garfield opened the website to show what information is available and how the system works.

Ms. Svetich resumed and finalized the presentation by stating that the LOC at the August 11, 2008 workshop unanimously approved to “Encourage entities engaged in water quality monitoring on the Truckee River to coordinate, refine and enhance existing monitoring efforts”, and “Provide appropriate direction to staff to develop a resolution and interlocal agreement for a coordinated monitoring effort.”

Ms. Svetich stated that the City of Reno has been working on a possible Interlocal Agreement or Memorandum of Understanding (MOU) with Birgit Widegren, NDEP, who was present. She added that NDEP has already begun to examine development of a MOU or Interlocal Agreement.

Ms. Svetich welcomed questions from commissioners and stated that staff is requesting that the WRWC encourage the efforts staff is trying to accomplish with the coordinated monitoring.

Chairman Carrigan called for questions. Vice-Chairman Aiuzzi referred to the map that was distributed and asked if monitoring was already occurring. Ms. Svetich stated that the map was produced to show where monitoring is occurring. She added that monitoring could be better coordinated to eliminate duplication of efforts and save money. Vice-Chairman Aiuzzi reiterated that the work is ongoing and has been for quite some time.

Commissioner Ainsworth asked if the agencies share information or if they are monitoring for different components. Ms. Svetich stated that the agencies do monitor for different reasons and stated that there has been cooperation and sharing of information, although it has been informal, which is why TRIG was established. She reported that TRIG will benefit all the entities involved.

Commissioner Ainsworth asked if there is an overlap of monitoring by the agencies and if there would be a cost benefit by sharing the information. Ms. Svetich stated that they hope to be able to better evaluate where there is overlap with the program.

Chairman Carrigan asked what action is requested. Ms. Svetich stated that staff is seeking support. Chairman Carrigan encouraged staff to “Go forth and coordinate.” Ms. Svetich thanked commissioners.

11. Request for authorization for funding of registration, travel, hotel accommodations and per diem expenses not to exceed \$10,000 for up eight staff members to attend the WaterSmart Innovations Conference and Exposition in Las Vegas, Nevada in October 2008.

Jim Smitherman, DWR Program Manager, reported that the recommendation is for funding for the Cities and County community development and purveyor staff, who work on municipal codes and amendments related to water conservation, to attend the WaterSmart Innovations Conference and Exposition in Las Vegas, Nevada in October 2008. He explained that the purpose is to assist staff with accomplishing the WRWC’s charge to develop a regional conservation program. He reported that one of the tracks in the program will focus on code development, policy and rates. He stated that discussion will also include measurement of water efficiency, rates and water budgets, new technologies, case studies, etc.

Mr. Smitherman reported that Southern Nevada Water Authority is sponsoring the conference, which will include Metropolitan Water of Southern California, United States Environmental Protection Agency (USEPA) and other large water purveyors.

Mr. Smitherman reported that the funding request would cover the expense for eight staff members from WRWC member agencies to attend the conference. He added that the entity budgets are all very tight at this time.

Commissioner Ainsworth made a motion to approve the funding request as presented. Commissioner Cohen seconded the motion, which carried unanimously.

12. Request for endorsement of the Sierra Green Program, a regional residential construction standards program incorporating green building practices.

Mr. Smitherman reported that this item is presented in response to a request from the Builder's Association of Northern Nevada (BANN) for the WRWC to endorse their "Sierra Green Program". He explained that BANN has tailored a national program for the local residential construction industry. He met with TMWA staff and BANN representatives to review the program, which he stated looks like a good idea.

Mr. Smitherman reported that he thought the City Councils and Board of County Commissioners had previously heard presentations or taken action on this topic and therefore he would not go into detail. He welcomed questions or comments from commissioners.

Vice-Chairman Aiazzi made a motion to approve staff's recommendation. Commissioner Martini seconded the motion, which carried unanimously.

13. Discussion and possible direction to staff regarding agenda items for the October 10, 2008 meeting.

Commissioner Smith asked if there was a line item in the Regional Water Management Fund budget for travel. Ms. Menard stated that there is not a specific travel line item at this time. She added that there is a portion of the fund, from which travel would be funded. She added that funding for traveling to conferences is a fairly new concept, which is a result of tight entity budgets and shortfalls. She mentioned that previously the WRWC approved a funding request for staff to attend StormCon in Florida. Commissioner Smith stated he agrees it is a good idea; however, he recommended in the future adding a line item for travel so it could be left up to staff's discretion. Commissioner Cohen suggested including the number of conferences to be attended per year and add a line item.

Mr. Smitherman stated that the main agenda item for the October 10, 2008 WRWC meeting would be:

- Presentation of the revised Water Plan Amendment, which is almost complete. Mr. Smitherman reported that he has been working with Rosanna Coombes and staff from Truckee Meadows Regional Planning Agency, as well as the purveyors.

14. Staff Comments

Commissioner Martini requested that Lori Williams come forward. He read a City of Sparks Commendation in appreciation of Ms. Williams' years of commitment and success in transforming TMWA into the entity as it is today. Commissioners and attendees gave Ms. Williams a standing ovation. Ms. Williams thanked the commissioners and stated it was a pleasure working with the WRWC, former RWPC and NNWPC along with the great staff at TMWA and the other agencies. She wished the best to all.

Darrin Price, speaking as Chairman of the NNWPC, presented a plaque and read it into the record as follows, "In appreciation presented this 12th day of September 2008 to Lori Williams. With deep

appreciation and admiration of your outstanding, efficient, dedication, integrity and commitment to excellence in the Truckee Meadows community, as you voluntarily served for seven years as a Commissioner on the Regional Water Planning Commission and the Northern Nevada Water Planning Commission to accomplish better water planning and management of the Truckee Meadows.” He stated it was an honor to serve with Ms. Williams.

15. Public Comment

Chairman Carrigan called for additional public comments.

Marilyn Brainard spoke regarding agenda item 10 (heard as number 6). She stated, “Irregardless of the impetus for a potential phased integration, this has the potential for more efficient water usage and conservation and makes this a very positive idea. The Devil is in the detail, as they always are in any kind of a phased operation. I think that more than efficiencies, coordination and/or integration should include and require current and future Washoe County DWR customers to adopt the same water usage standards as the TWMA rate payer. You have heard me speak on this before but I hope that will be part of the final agreement, integration or whatever it may be. Please do not be silent because we all share the same water; we all live in the same climate and environment, and we should all be using the same standards on this issue. Thank you very much.”

Chairman Carrigan called for additional public comments and hearing none, closed the Public Comment period.

16. Adjournment

With no further business, the meeting was adjourned at 2:20 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on November 7, 2008.

Mike Carrigan, Chairman