WESTERN REGIONAL WATER COMMISSION
BOARD OF TRUSTEES
AGENDA
Friday, December 12, 2008
1:30 p.m.
City of Sparks Legislative Council Chambers
745 Fourth Street, Sparks, Nevada

NOTICE OF POSSIBLE QUORUM OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS
WATER AUTHORITY ("TMWA"), BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY
("BCC"), BOARD OF TRUSTEES OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT
DISTRICT ("STMGID"), AND NORTHERN NEVADA WATER PLANNING COMMISSION ("NNWPC")
(See 'Notes')

1. Roll Call and Determination of presence of a Quorum*
2. Pledge of Allegiance*
3. Public Comment* (Three-minute time limit per person)
4. Approval of Agenda
5. Approval of the minutes of the November 7, 2008 meeting
6. Informational presentation on the MXU remote technology for water meter reading
   used by STMGID – Manufacturer's Representative*
7. Discussion and possible designation of persons authorized to approve invoices to
   the Western Regional Water Commission ("WRWC"), and approve within budget
   expenditures from the Western Regional Water Management Fund ("WRWMF") up
   to certain specified amounts – Rosemary Menard, Washoe County Department of
   Water Resources ("WCDWR") / Jim Smitherman, WRWC Staff
8. Discussion and possible approval of funding in the amount of $25,000 from the
   WRWMF to support the Conservation Practitioner Certification Program and, if
   approved, authorize the Chairman to execute, upon receipt, an Agreement for such
   funding in support of the Program, and a letter in support of the Program – Andy
   Gebhart, TMWA and Debra Kaye, California – Nevada Section, American Water
   Works Association
9. Discussion and possible approval of funding in the amount of $8,120 from the
   WRWMF for continued support of the Certified Landscape Technician Exam
   Program and, if approved, authorize the Chairman to execute, upon receipt, an
   Agreement for such funding in support of the Program – Jim Smitherman, WRWC
   Staff
10. Discussion and possible adoption of a proposed policy for WRWC interactions with
    the 2009 Nevada Legislature – Rosemary Menard, WCDWR
11. Informational Report on Bill Draft Requests for the 2009 Nevada Legislature that may affect the WRWC / NNWPC; discussion and possible direction to staff – John Rhodes, WRWC Legal Counsel

12. Status Report, and possible direction to staff on work relating to possible integration of TMWA and WCDWR – Rosemary Menard, WCDWR and Mark Foree, TMWA

13. Discussion and possible direction to staff regarding agenda items for the January 2009 meeting of the WRWC

14. Commission Comments*

15. Staff Comments*

16. Public Comment* (Three minute time limit per person)

17. Adjournment

*Indicates a non-action item

Notes: Because several of the WRWC Trustees are also members of the Board of Directors of TMWA, it is possible that a quorum of the TMWA Board may be present. Such members will not take action at this meeting as members of the TMWA Board, but may take action solely in their capacity as WRWC Trustees. A quorum of the BCC, STMGID and the NNWPC may also be in attendance but will not be taking action.

Public comment will be taken on agenda items upon the submittal of a request via submittal of a Speaker Information Card. There is a three-minute time limit per person.

Items on the agenda without a time designation may not necessarily be considered in the order in which they appear. The WRWC may take action on any of the action items listed.

Facilities in which this meeting is being held are accessible to the disabled. Persons with disabilities who require special accommodations or assistance (e.g. sign language interpreters or assisted listening devices) at the meeting should notify the Washoe County Department of Water Resources, at 954-4663, at least 24 hours prior to the meeting.

In accordance with NRS 241.020, this agenda has been posted at the following locations: Reno City Hall (1 East First Street), Sparks City Hall (431 Prater Way), Sparks Justice Court (630 Greenbrae Dr), Sun Valley GID (5000 Sun Valley Blvd.), TMWA (1355 Capital Blvd.), Washoe County Administration Building (1001 E. 9th Street), Washoe County Clerk’s Office (Court and Virginia Streets), Washoe County Central Library (301 South Center St.), Washoe County Department of Water Resources (4930 Energy Way), Galena Market (1990 Thomas Creek Rd.), Galena High School (3600 Butch Cassidy Way), South Valleys Library (15650A Wedge Parkway), TMWA’s website: http://www.tmh2o.com/about_us/meeting_center, and the WRWC website: http://wrwc.us.
The regular meeting of the Western Regional Water Commission (WRWC) was held on Friday, November 7, 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 1:33 p.m. There was a quorum present.

   Commissioners Present:
   - Mike Carrigan, Chair
   - Dave Aiazzi, Vice-Chair
   - Steve Cohen
   - Jim Ainsworth
   - Bob Larkin
   - Geno Martini
   - Ron Smith
   - Bonnie Weber

   Representing:
   - Truckee Meadows Water Authority (TMWA)
   - City of Reno
   - 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:
   - Bob Cashell

   Representing:
   - Truckee Meadows Water Authority (TMWA)

2. **Pledge of Allegiance**

   Commissioner Aiazzi 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 made a motion to approve the November 7, 2008 WRWC agenda as posted. Commissioner Smith seconded the motion, which carried unanimously.

5. **Approval of the Minutes of the September 12, 2008 meeting.**

   The minutes of the September 12, 2008 Western Regional Water Commission meeting were submitted for approval. Commissioner Martini made a motion to approve the minutes as submitted. Commissioner Ainsworth seconded the motion, which carried unanimously.

6. **Discussion and possible approval of an Agreement for Legal Services for the Western Regional Water Commission (WRWC) and Northern Nevada Water Planning Commissioner (NNWPC) with Rhodes Law Offices, Ltd., and, if approved, authorize the Chairman to execute the Agreement.**

   Darrin Price presented a brief summary of the staff report, explaining that the NNWPC recommends
approving a contract with Rhodes Law Offices, Ltd., to continue legal services to the WRWC and the NNWPC.

John Rhodes reported there were only a couple of changes from his original contract, which include clarification that he is an Independent Contractor; he does not need an office at Washoe County Department of Water Resources (DWR); he carries $1 million in Professional Liability Insurance and that the contract would be for a one-year term (previously six months). He reported that his previous estimate of approximately 20 hours per week has been sufficient. He added that the contract could be terminated by either party at any time upon notice.

Commissioner Martini made a motion to approve staff’s recommendation that the “WRWC approve the proposed Agreement for Legal Services for the WRWC and NNWPC with Rhodes Law Offices, Ltd., and to authorize the Chairman to execute the Agreement”. Commissioner Smith seconded the motion, which carried unanimously.

7. **Presentation of the proposed 2008 Amendment to the Comprehensive Regional Water Management Plan, and possible direction to staff regarding public review and setting a public hearing for adoption of the proposed Amendment.**

Mr. Smitherman referred to the Amendment, which was distributed to commissioners, and reported that he has been working with staff from the member agencies, as well as Rosanna Coombes, Director of Truckee Meadows Regional Planning Agency (TMRPA) in an effort to make the document more readable and defined. He stated that his hope is to present the revisions and receive approval from the WRWC to present the Amendment for a 30-day public review process, which would be followed by a public hearing for adoption. He added that he hoped to schedule the public hearing for December 12, 2008. He offered to provide any public comments received on the Amendment to this Board.

Mr. Smitherman referred to a PowerPoint presentation that outlined the proposed revisions, which include:
- A section related to sustainable water resources and included as a “Forward”
- Key findings, which is a short executive summary
- Comparison statements related to the consensus forecast compared to the numbers presented in the Facility Plans
- Updated water resources
- Correlation of water demand and wastewater demand
- Cost per dwelling unit estimates in an effort to correlate the cost tables to water resources and wastewater facilities
- Deletion of references to future service areas (FSAs)

Mr. Smitherman reported that by incorporating the above-mentioned revisions, the Plan Amendment is consistent with the Regional Planning horizon to 2030.

Commissioner Aiazzi commented that the “Forward” section was very well-written and should be presented to the public. Mr. Smitherman stated that he could not take credit as the section was written by the Public Information Officers from Reno, Sparks, Washoe County and Truckee Meadows Regional Planning Agency. He added that the section has been a subject of discussion at Economic Development Authority of Western Nevada (EDAWN), Chamber of Commerce and the Realtors Association. Commissioner Larkin mentioned that it is available on TMRPA’s website. Mr. Smitherman added that it is also linked to the Washoe County website as well.
Mr. Smitherman reported that the consensus population forecast for 2030 is projected for the Truckee Meadows Service Area (TMSA) at 620,000. He stated that the calculated population estimate from the TMSA based on dwelling unit counts (derived from traffic analysis zones [TAZ]), calculates to 681,000. He added that the difference in the population numbers can be explained in that the Facility Planning number is higher because of a number of conservative assumptions used to size facilities (so that facilities when built are not undersized). He stated that the difference between the numbers is approximately 61,000 (or approximately 9%), which is reasonable according Shawn Stoddard, who has a Ph.D. in economics and years of experience.

Commissioner Larkin suggested using the 620,000 number. Mr. Smitherman stated that could be done; however, staff was trying to report the numbers from the Facility Plans. He added that the Facility Plans are moving forward currently as amendments to the Master Plans for Reno, Sparks and Washoe County. He summarized that the Master Plans and the Amendment will go to Regional Planning for conformance review so it would be helpful to see how the numbers are linked. Commissioner Larkin suggested using 620,000 plus or minus 9% to prevent confusion. Mr. Smitherman agreed to work with Ms. Coombes on the issue.

Mr. Smitherman continued reviewing the presentation. He reported that the water resources table was updated to include estimated yields from proposed importation projects within Washoe County. The total range is 60,800 to 64,000 acre-feet per year (AFA). He added that when reporting numbers in acre-feet, they also reported the number in million gallons per day (MGD) for comparison purposes. He agreed to use Commissioner Larkin’s suggestion of (+/-) 9% on the numbers that are based on the consensus forecast. He reviewed the number for the water demand estimates and water resource estimates and summarized that the numbers show that there are water resources identified in Washoe County that may be used to meet the projected 2030 TMSA demands consistently with the consensus forecast.

Commissioner Larkin referred to the Water Baseline spreadsheet, particularly the deficit for Spanish Springs and asked how that issue would be addressed. Mr. Smitherman stated that Washoe County has a Facility Plan and strategy for Spanish Springs to reduce the demand on groundwater over time. Commissioner Larkin asked if that number is calculated into the future demand and supply. Mr. Smitherman stated that the water rights that would be moved to Spanish Springs to offset the deficit are not included in the potentially available water for future growth. Commissioner Larkin noted that it is important to make it clear that while it looks like we are very close in projected populations and facilities estimations and acre-feet of projected and existing water, we still have a deficit in Spanish Springs that may not be solvable by resources within Washoe County. He added that he has been very concerned over that issue and is even more concerned with the passage of Washoe County Ballot Question 3 (WC #3).

Chairman Carrigan asked if there is a map for the Spanish Springs area and asked if it includes only the unincorporated area or the area just outside Sparks. Mr. Smitherman stated he would have to review the Facility Plan to be sure but he believes it only includes the unincorporated area of Spanish Springs.

Mr. Smitherman stated that the Amendment includes an explanation that as a general rule, we should plan to have wastewater treatment capacity of at least half of the water demand in the future. He added that the planned wastewater treatment capacity is 55.6 MGD by the year 2030, which is very conservative (in that the facilities would be oversized).

Mr. Smitherman reported that a section was added which states that costs are expressed in current dollars. He added that cost estimates for facilities to serve new growth would be paid by connection fees, with the exception of some flood control costs. He noted that the water costs do not include the cost of water rights or construction costs for future importation projects. He reported that the Truckee River Flood Project costs were included at $1.1 billion (which includes local flood control projects to serve new
Mr. Smitherman reported that with the help of the consultant, ECO:LOGIC Engineering, the cost per dwelling unit was included in the Amendment. He stated that the estimated costs per dwelling unit are as follows:

- Water = $10,000
- Wastewater / Reclaimed Water = $15,000
- Flood Management = $3,700 (assuming that everyone in the region pays into the project)

Commissioner Aiaddzi asked if that number is based on the current 1/8-cent sales tax. Mr. Smitherman stated it was not determined from where the revenue would come.

Commissioner Larkin asked if it would be prudent to use the (+/-) 9% for those costs, which Mr. Smitherman stated it would.

Commissioner Larkin questioned the number for the Flood Project. Commissioner Aiaddzi asked if the dwelling unit cost was based on the $1.1 billion total cost or the local share, which is $800 million. Mr. Smitherman stated that $800 million was used. He offered to update the number to show the local share if desired. Commissioner Larkin stated either number could be used; however, it needs to be explained, with which Mr. Smitherman agreed.

Mr. Smitherman reported that the proposed schedule for adoption is as follows:

- Receive approval from the WRWC today to release the Amendment (with the revisions suggested at this meeting) for the 30-day public review period. During the 30-day review period, Mr. Smitherman intends to hold a workshop / open house where the public can present comment cards (probably in early December).
- Set the Public Hearing date for December 12, 2008 for adoption of the Amendment
- Following the Public Hearing, present the Amendment to the Regional Planning Commission for a consistency review

Mr. Smitherman reported that law requires that advertisements be placed in the local newspapers, which would cost approximately $4,000.

Commissioner Cohen asked why planning is only being done to 2030. Mr. Smitherman stated that 2030 was selected to be in conformance with the Regional Plan, which is the planning horizon. Commissioner Cohen referred to Table 2, which shows 85,000 acre-feet (AF) of demand and stated that Mr. Smitherman is using 65,000 AF and added that is more than (+/-) 9%. Mr. Smitherman stated that the 85,000 number is based on the conservative assumptions from the Facility Plan. He reiterated that facilities would be designed to last longer than to the year 2030.

Commissioner Cohen referred to the Conservation section 8.4 and the reference to delaying construction of new facilities. He stated he hoped that planning would not rely on conservation and added that it is important to build facilities when they are needed. Mr. Smitherman stated that planning for new construction would be based on water use trends over a long period of time.

Commissioner Aiaddzi mentioned the odd or even watering days and stated that customers think it is to conserve water; however, it is actually in place to even water flows so that construction of new facilities can be delayed. He referred to WC#3 and stated that taking this Amendment to the public addresses what is called for in the ballot question. He suggested coordinating the timing of the Public Hearing with the Board of County Commissioners (BCC). He reiterated that the Amendment is very well-written and does address WC#3. Commissioner Larkin agreed that is a great idea. He added that the BCC is unclear
whether they need to take formal action. He stated he is awaiting direction from the District Attorney. Commissioner Larkin asked Ms. Menard to follow up on the coordination issue.

Commissioner Larkin stated there is a BCC meeting on November 10, 2008 and stated he would request an agenda item to address the issue.

Commissioner Larkin made a motion to accept the staff report with the recommended changes and to authorize Mr. Smitherman to move forward with the time schedule. Commissioner Smith seconded the motion. Commissioner Larkin clarified that his motion includes authorization of funding not to exceed $4,000 for legal advertising as required. Commissioner Smith agreed in his second. Chairman Carrigan called for a vote on the motion, which carried unanimously.

8. Discussion and possible direction to staff regarding possible designation of the WRWC as the local Water Quality Planning Agency under Section 208 of the Clean Water Act, in place of the Regional Planning Governing Board.

Mr. Smitherman reported that currently the RPGB is the designated 208 Water Quality Planning Agency for Washoe County. He stated that the Governor made that designation in 1992. He added that many members of this Board sit on the RPGB as well. He stated that in October the RPGB recommended that staff open dialog with the WRWC to solicit interest in being designated as the 208 Agency.

Mr. Smitherman provided a brief background of the 208 Plan, which is a section of the Federal Clean Water Act. Nevada Division of Environmental Protection (NDEP) requires that the 208 Plan be kept up to date. He stated that the 208 Plan is current and the next update is recommended in 2012. He reported that the NNWPC approved the recommendation (if the RPGB agrees), with nine in favor and one opposed.

Commissioner Cohen stated he thinks it is a good idea but asked if the Legislative Sub-committee would have any issues with it. Chairman Carrigan stated he thinks the WRWC is on its own to do this. He added that six commissioners sit on both Boards.

Commissioner Aiazzi asked what the rationale for the one descending vote was, to which Mr. Smitherman stated the commissioner thought it was moving too fast.

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

9. Discussion and possible approval of two letters of support for Clean Water Act Section 319 grant proposals for water quality monitoring program planning and implementation and for watershed planning gap analysis.

Terri Svetich, Senior Civil Engineer for City of Reno and Coordinator for the Stormwater Permit Coordinating Committee, and John Buzzone, Senior Engineer for Washoe County Department of Water Resources, presented this item. Ms. Svetich explained that NDEP released a request for proposals (RFP) for Clean Water Act 319 funding. The Stormwater Permit Coordinating Committee (SWPCCSPPCC) wished to take advantage of the opportunity to apply for funding for Coordinated Monitoring and to pursue a gap analysis for watershed management planning. She added that a Watershed Management Plan for the Tributaries was adopted by the NNWPC; however, we need to evaluate where we are currently and where we need to go with regard to watershed planning on the Truckee River.

Ms. Svetich reported that it was decided it would be best to go through the SWPCCSPPCC in an effort to
keep the program regional. She reported that the SWPCCSPCC prepared two grant proposals that would be submitted to NDEP today. She requested approval by the WRWC to authorize the Chairman to sign a letter of support.

Commissioner Weber made a motion to authorize Chairman Carrigan to sign the letters of support. Commissioner Aiazzi seconded the motion, which carried unanimously.

10. Report and discussion on Water Conservation/Sustainability with a representative group of attendees at the recent WaterSmart Conference in Las Vegas.

Chairman Carrigan invited Chris Wessel to speak on this item. Mr. Wessel reported that legislation designates the responsibility of a Conservation Plan to the NNWPC. He stated that he would be presenting a summary of the WaterSmart Innovations Conference that he and others from the community recently attended, which was funded by the WRWC. The presentation included the following:

- Attendees:
  - Karen Melby, City of Sparks Community Development
  - Kyle West, City of Reno Community Development
  - Sandra Monsalve, Washoe County Community Development
  - Andy Gebhardt, Truckee Meadows Water Authority
  - Lora Richards, Truckee Meadows Water Authority
  - Betsy Mellinger, Washoe County Department of Water Resources
  - Mike Ariztia, Sun Valley General Improvement District
  - Alan Reich, South Truckee Meadows General Improvement District
  - Janelle Thomas, City of Sparks Public Works
  - Chris Wessel, Western Regional Water Commission

Mr. Wessel reported that there were attendees from Australia, Canada, the Caribbean, Jordan, and other areas.

- The purpose, reason and goals varied based on individual needs, such as:
  - Water savings
  - More reliable supplies
  - Reduced operation and maintenance (O&M) cost
  - Deferred capital improvement project (CIP) costs
  - Reduced energy consumption
  - Deferred rate increases
  - Reduction in greenhouse gas emissions / low carbon footprint

- Ways to Succeed, which include
  - Purveyor consensus and cooperation
  - Interagency backing and support
  - Local government reinforcement
  - Public awareness and endorsement

- Conference at a Glance:
  - Outdoor Water Conservation Programs – Landscape was the main target and recognized as the biggest water-use consumption (typically 50 to 80%)
  - Programs aimed at reduction of outdoor water use, which include landscape architect / technician certification programs, water audit program, irrigation controllers, landscape
Mr. Wessel reported that 28% of water users “definitely know” their natural source of drinking water. He stated that it was found that 87% of water users were more likely to conserve after learning more about why it is important and ways to conserve.

Chairman Carrigan asked if the conference focused on the use of reclaimed water for residential irrigation. Mr. Wessel stated there were many technical sessions ongoing so he was not able to attend all of them. He added that effluent reuse was included as a general topic. Chairman Carrigan stated he thought it was acceptable and encouraged moving forward with such a program. Mr. Wessel reported that currently the North Valleys Initiative is moving forward, which addresses that issue.

Mr. Wessel showed video clips of water conservation commercials from Texas, which uses a humorous approach to promoting water conservation.

Mr. Wessel summarized the conservation strategies. He explained that the next steps will include a multi-phased approach for the development and implementation of a regional conservation plan, which will include:

- Formalization of a stand-alone regional conservation plan based on Chapter 8 of the Regional Water Management Plan as amended
- Develop a strategic plan which prioritizes the Plan program elements to identify those that best meet our conservation goals as well as estimate cost and timeframe needed for their completion
- Implementation of the conservation plan strategy

Mr. Wessel stated that Chapter 8 from the Regional Water Plan would move forward as the basis for the Regional Conservation Plan. Mr. Wessel welcomed questions from commissioners.

Commissioner Aiazzi asked what benefit is realized by saving water by retrofitting toilets since a certain volume of water must go down the river to Pyramid Lake in order to meet winter rates, rather than being stored. Mr. Wessel suggested that we need to set goals for conservation, such as shaving peak demands. Commissioner Aiazzi stated that outdoor water conservation is most important. Mr. Wessel agreed that is true for TMWA; however, Washoe County and other purveyors rely on groundwater. Commissioner Cohen stated that for STMGID, a gallon of water not pumped, is a gallon of groundwater saved.

Commissioner Weber stated that conservation is a mind-set for indoor and outdoor water conservation. She suggested an educational process for the future is needed to provide a better environment. Commissioner Cohen stated that people need to understand why conservation is important.

Mike Aritzia, Sun Valley GID, reported that he attended the conference and stated there were many sessions presented on the use of reclaimed water on common areas, medians, etc.
Chairman Carrigan thanked Mr. Wessel for his presentation.


John Rhodes, Legal Counsel for the WRWC and NNWPC, reported that the Legislative Oversight Committee (LOC) held a workshop in Carson City in August, at which the LOC agreed to submit a Bill Draft Request (BDR) to amend Senate Bill (SB) 487.

Mr. Rhodes summarized the Draft Technical Amendments as follows:

Section 25, Revise language that currently restricts the Sparks representatives on the WRWC to members of the City Council, which effectively means that the Mayor of Sparks cannot be on the WRWC unless he/she sits in the TMWRF seat.

Section 36, 1(h) – Replace “Indian reservation” with “Pyramid Lake Paiute Tribe”.

Section 36, 1(k) – Replace Washoe-Storey Conservation District with Washoe County Water Conservation District, which was an error.

Chairman Carrigan thanked Mr. Rhodes for his presentation.

12. Discussion and possible direction to staff regarding agenda items for the December 2008 meeting of the WRWC.

Commissioner Larkin requested an update from Mark Foree and Rosemary Menard on possible integration of Truckee Meadows Water Authority and Washoe County Department of Water Resources. Commissioner Cohen stated that previously a request was made for information on STMGID’s use of Meter Transceiver Units (MXUs). Darrin Price mentioned that SVGID uses the MXUs also.

13. Commission Comments

None

14. Staff Comments

None

15. Public Comment

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

16. Adjournment

With no further business, the meeting was adjourned at 2:48 p.m.

Respectfully submitted by,
Niki Linn, Recording Secretary
Approved by Commission in session on_______________ 2008.

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Mike Carrigan, Chairman

Note: DRAFT Minutes not approved by Board.
Western Regional Water Commission
STAFF REPORT

DATE: December 2, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Rosemary Menard, Director, Department of Water Resources
SUBJECT: Informational presentation on the MXU remote technology for water meter reading used by South Truckee Meadows General Improvement District

SUMMARY
For over three decades, water utilities have been installing data collection systems to streamline operations. By incorporating Advanced Metering Infrastructure (AMI) into daily operations, a water utility can take advantage of the latest technology that will provide greater efficiency and make the most of their remote data collection. Customer requirements as well as business pressures have increased not only the amount of data needed to be collected, but also the frequency of collection. Fixed base technology addresses this need. It offers remote collection of data in greater intervals while reducing the overall labor cost associated with collecting that data. Hourly, daily or weekly intervals are now available to the purveyor.

Frequent remote data collection and reporting provides accurate and timely information to solve numerous problems throughout the utility. The benefits range from maximum use of manpower, to increased revenues, to a comprehensive library of knowledge for the utility.

BACKGROUND
In direct response to the needs of various water utility purveyors throughout the country, Sensus offers the ultimate fixed base data collecting and management system. FlexNet represents the natural progression from other AMR systems found in the marketplace. The simply designed, wireless, fixed network solution provides the water utility provider with greater flexibility in remote data collection while optimizing operations. Benefits derived from this system include, but are not limited to, the following:

- Proven and reliable technology
- Scalable meter reading options
- Improved operational efficiency
- Cost effective data collection
- Simple architecture – i.e., minimal maintenance and fast troubleshooting
- Daily, hourly or less reporting options
- Meter tampering reporting
- Leak detection
- Low battery warning (20 year battery life)

The FlexNet system uses exclusively licensed radio frequencies that are strongly protected by FCC regulations and specifies by law than no other applications can share the spectrum without penalty.
This primary licensed operation assures the utility that data has the greatest probability of reaching its destination. Other systems with secondary licenses do no share the same protection as primary license users and therefore may not be as effective in a noisy environment. Higher noise levels reduce the distance and performance and increases the need for additional infrastructure.

The system consists of three major components: (1) Transmitter; (2) Tower Gateway Base station or TGB; and (3) Regional Network Interface or RNI. The Transmitter is available in both pit and non-pit configurations and are programmed to transmit to the TGB. The Transmitters also feature TouchReach technology allowing access to meter data without having to enter the pit. The Tower Gateway Base Station (TGB) detects and instantaneously processes and forwards messages transmitted by wireless RF transmitters to the Regional Network Interface (RNI). The TGB is highly flexible in its configuration to utilize any existing backhaul present at the installation including WiFi. The RNI serves as the nucleus of the network and operates as the central database, system command and control site. The RNI monitors the entire network and provides specific diagnostic information to quickly assess overall system performance and generates up-to-date information with minimal change of system interruption. Through continuous and simultaneous applications, the RNI is the link between all collection data equipment, providing the end user with frequent information while serving as the network manager.

The Meter Data Management Software (MDMS) serves as the interface between the RNI and the end-user billing software. MDMS performs many functions to generate management reports (including daily consumption, hourly consumption, and consumption down to fifteen minutes or less increments) and import/export data to and from the customer billing information systems. Customized reports are designed to provide the water system manager the ability to organize data that may impact operations. This data can then be analyzed to optimize system performance and maximize the overall efficiency of operations.

**PREVIOUS ACTION**
None

**FISCAL IMPACT**
No fiscal impact

**RECOMMENDATION**
None
Western Regional Water Commission  
STAFF REPORT

DATE: December 3, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Rosemary Menard, Director, Washoe County Department of Water Resources
SUBJECT: Discussion and possible designation of persons authorized to approve invoices to the Western Regional Water Commission and approve within-budget expenditures from the Western Regional Water Management Fund up to certain specified amounts.

SUMMARY
In accordance with established internal controls, the Washoe County Comptroller requires that the Western Regional Water Commission (WRWC) designate a person or persons authorized to approve invoices submitted to the WRWC. Additionally, it is recommended that the WRWC designate a person or persons authorized to approve within-budget expenditures from the Western Regional Water Management Fund (WRWMF) up to a certain amount.

Jim Smitherman, Water Resources Program Manager, is responsible for reviewing invoices and ensuring that billings are accurate and appropriate. He is also responsible for developing and negotiating agreements for services paid for by the WRWMF. As the senior staff person assigned exclusively to the Western Regional Water Commission and the Northern Nevada Water Planning Commission, Mr. Smitherman is an appropriate choice for these designations.

The WRWC might consider $25,000 as the maximum amount for in-budget expenditure approval authority based on a prior authorization concerning the WRWMF, as discussed below.

BACKGROUND
In the past, the Washoe County Board of Commissioners delegated authority for approval of Water Management Fund expenditures up to $25,000, if recommended by the Regional Water Planning Commission, to the Director of the Washoe County Department of Water Resources. That authority expired on April 1, 2008 with the operation of Chapter 531, Statues of Nevada 2007.

FISCAL IMPACT
No financial impact to the WRWC.

RECOMMENDATION
It is recommended that Jim Smitherman, Water Resources Program Manager, be designated as the person authorized to approve invoices submitted to the WRWC, and to approve in-budget expenditures from the Western Regional Water Management Fund not to exceed $25,000, upon recommendation of the Northern Nevada Water Planning Commission, or a lesser amount as
appropriate, including the authority to authorize routine operational expenditures in an amount to be designated.

**POSSIBLE MOTION**
Should the Board agree with staff’s recommendation, a possible motion would be: “Move to designate Jim Smitherman, Water Resources Program Manager, as the person authorized to approve invoices submitted to the WRWC, and to approve in-budget expenditures from the Western Regional Water Management Fund not to exceed $25,000, upon recommendation of the Northern Nevada Water Planning Commission, or a lesser amount as appropriate, including the authority to authorize routine operational expenditures in an amount to be designated.

jrs
Western Regional Water Commission  
STAFF REPORT

DATE: December 1, 2008  
TO: Chairman and Members, Western Regional Water Commission  
FROM: Jim Smitherman – Water Resources Program Manager  
SUBJECT: Discussion and possible approval of funding in the amount of $25,000 from the Western Regional Water Management Fund to support the Conservation Practitioner Certification Program and, if approved, authorize the Chairman to execute, upon receipt, an Agreement for such funding in support of the Program, and a letter in support of the Program

SUMMARY
The California - Nevada Section of the American Water Works Association (AWWA) has approached the Northern Nevada Water Planning Commission (NNWPC) with a request for $25,000 and a letter of support for AWWA’s Water Conservation Practitioner Certification Program. AWWA is looking for support from California and Nevada water entities to help with program development and implementation.

PREVIOUS ACTION
On October 1, 2008, Ms. Debra Kaye of the California - Nevada Section of the American Water Works Association (AWWA) made a presentation to the Northern Nevada Water Planning Commission (NNWPC) concerning AWWA’s Water Conservation Practitioner Certification Program (presentation attached). AWWA is requesting a one-time contribution of up to $25,000 from the Regional Water Management Fund (RWMF) to support the program. The NNWPC invited Ms. Kaye back on November 5 for possible action on a recommendation to the WRWC. On November 5 the NNWPC unanimously approved a motion recommending support in the amount of $25,000 from the RWMF for the Water Conservation Practitioner Certification Program.

BACKGROUND
AWWA plans to expand an existing program to include three certification grades, establish criteria, conduct training, validate exam questions and provide testing and certification. AWWA intends for the program to provide utilities with the assurance that employees have achieved a standardized level of training and expertise in water conservation.

FISCAL IMPACT
The fiscal impact to the Regional Water Management Fund would be up to $25,000. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object 310100.3.

RECOMMENDATION
The NNWPC recommends that the WRWC approve funding in the amount of $25,000 from the RWMF and authorize the Chairman to execute, upon receipt, an Agreement with the California - Nevada Section of the American Water Works Association for such funding in support the Water Conservation Practitioner Certification Program, and a letter in support of the Program.

**POSSIBLE MOTION**
Should the WRWC agree with the recommendation, a possible motion would be: “Move to approve funding in the amount of $25,000 from the RWMF and, if approved, authorize the Chairman to execute, upon receipt, an Agreement with the California - Nevada Section of the American Water Works Association for such funding in support the Water Conservation Practitioner Certification Program, and a letter in support of the Program.”

JS:jd
Water Conservation
Meeting the Need for Professional Training, Certification

AWWA -- Serving The Water Industry Since 1881

September 2008
Purpose: Develop Water Conservation Certification Program

1. train and certify practitioners as water conservation professionals
2. help water agencies & stakeholders achieve more aggressive, sustained conservation in California and Nevada.
Water Conservation
A High Priority

- EPA (Four Pillars of Resource Management)
- DWR (2005 California Water Plan)
- USBR (contract requirements)
- CEC (future energy priority)
- CUWCC (state-wide BMP implementation)
- Governor Schwarzenegger’s “20% by 2020”
- State of Nevada (conservation plans/drought)
EPA’s 4 Pillars of Resource & Utility Management

Better Management

Full Cost Pricing

Water Efficiency

Watershed Approach
Western Regional Water Commission

- **Vision Statement** - The Western Regional Water Commission will sustain our community’s quality of life through efficient total water management.

- **Key Responsibility** - Preparation, adoption and update of a regional water conservation plan;

- **Near Term Efforts** - Continue with water conservation projects

- **Intermediate to Long Term Efforts** - Develop Water Conservation Ordinances or Tariffs
Nevada Water Resources Statutes
“Planning & Development of Water Resources”
(NRS 540)

- Resource plans required July 1, 1992
- 2007 updates
- Procedure to adopt/update plans
- Required ➔ utility and customer water use efficiency
- Incentives ➔ water rates, effluent re-use, retrofits
- Drought contingency plan
- Update every five years
Why AWWA?

California-Nevada Section has long-term experience in training & certification in water industry (water distribution, water treatment, backflow)
Why AWWA?

2

Water Conservation Certification Program in early stages of development (implemented initial “Grade 1” exam / certification), Grades 2 and 3 to follow.
Why AWWA?

3

More urban water suppliers belong to AWWA than any other organization — they rely on AWWA for leadership, information and training.
American Water Works Association

$300-400 billion water infrastructure investments over next 20 years

Challenges:
- Aging Infrastructure
- Regulatory Compliance
- Environmental Stewardship
- Workforce

Innovation, thinking outside the box required for resource solutions

Regional collaboration is the new business model
AWWA Commitments

• CA-NV Section Governing Board support
• Professional consultants – validate exams, coordinate training
• Quarterly updates to funding partners
• Final product put to immediate use
• Maintain program up-to-date
• Coordinate with Partners
Elements of Training / Certification Program

- Develop 3 certification grades
- Establish “need-to-know” criteria
- Conduct training
- Validate exam questions
- Provide testing and certification
Current/Planned Institutional Support
Current/Planned Institutional Support
Why Now?

- Drought conditions throughout the West
- Increasing demands, environmental needs
- All water supplies under stress, supply reliability in jeopardy
- CA Governor’s 20 percent conservation target
- CUWCC BMPs / performance targets
- Water industry work force issues
Proposed Program

- Develop 3-Grade Water Conservation Certification Program
- Secure funding from broad sources
- Secure support from California & Nevada to establish program
- Provide training & certification needs for small, medium and large utilities
Budget

- Exam development/validation: 120K
- Training: 130K
- Program Administration: 50K
- TOTAL: 300K
Funding

- California 250K
- Nevada 50K
- TOTAL BUDGET 300K

Funding Partners

- AWWA CA-NV Section 50K
- California: 8 @ 25K contributions 200K
- DWR, USBR, ACWA, CUWA, CUWCC, MWD, BAWSCA, EPA, Other…
Implementation

- Revise existing Grade 1 – Oct ‘08
- Complete Grade 2 – April ‘09
- Complete Grade 3 – Oct ’09
- Joint funding
- Certification consultant assistance
- CA-NV Section provides program admin.
What We’d Like From You

- One-time $25,000 contribution (FY 08-09)
- Letter of support
- Provide input and feedback as program develops

CA-NV Section provides quarterly project updates
Recognition

- AWWA web site
- CA-NV Section conferences, newsletter
- Supporter logos, photos
- Recognition on all work products
Frequently Asked Questions

- Advantage of contributing to this effort?
- How much requested?
- What does my organization get in return?
- What benefits will we receive?
- Will AWWA keep our organization up to date on progress?
- How will we maximize collective training?
In Summary

- We are all in this together…
- Well-trained work force of water conservation professionals essential to meet current and future goals
- Broad funding provides good return for all
- AWWA is logical leader for this effort
- Thank you for your support!
Western Regional Water Commission  
STAFF REPORT

DATE: December 1, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Jim Smitherman – Water Resources Program Manager
SUBJECT: Discussion and possible approval of funding in the amount of $8,120 from the Western Regional Water Management Fund for continued support of the Certified Landscape Technician Exam Program and, if approved, authorize the Chairman to execute, upon receipt, an Agreement for such funding in support of the Program.

SUMMARY
The Nevada Landscape Association (NLA) is requesting funding in the amount of $8,120 in support of the Certified Landscape Technician (CLT) training and exam program. Western Regional Water Management Fund (WRWMF) support for the program began in 2005 based on a recommendation from the Regional Water Planning Commission’s Advisory Committee on Conservation. The amount of the request reflects expenses incurred by the program for 2008. The program fact sheet is attached for your information. Other program documents including June 2008 test results, test booklet, expense and budget accounting ledger are available at your request.

PREVIOUS ACTION
No Previous Action.

BACKGROUND
The Nevada Landscape Association brought the Certified Landscape Technician exam to the region in 2003, through its association with the Professional Landscape Network (formerly Associated Landscape Contractors of America), as a way to raise the standard of the local landscape industry. The multi-module, practical exam is administered in a number of states and internationally. The program is widely accepted by the local industry as shown by the long list of individuals and companies that have donated time and dollars to support the program (see CLT fact sheet).

Landscape irrigation efficiency is a primary area of focus in the Comprehensive Regional Water Management Plan and landscape irrigation systems installed and maintained by certified technicians is one way to increase irrigation efficiency.

FISCAL IMPACT
The fiscal impact to the Regional Water Management Fund would be up to $8,120. Funding for this item would be from the annual budget for conservation from the Regional Water Management Fund. No adverse impacts to the annual budget or fund are anticipated as a result.
of approval of the requested amount. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object 310100.3.

RECOMMENDATION
The NNWPC recommends that the WRWC approve funding in the amount of $8,120 from the WRWMF and, if approved, authorize the Chairman to execute, upon receipt, an Agreement with the Nevada Landscape Association for such funding in support of the Certified Landscape Technician Exam Program.

POSSIBLE MOTION
Should the WRWC agree with the NNWPC recommendation, a possible motion would be: “Move to approve funding in the amount of $8,120 from the WRWMF and authorize the Chairman to execute, upon receipt, an Agreement with the Nevada Landscape Association for such funding in support of the Certified Landscape Technician Exam Program.”

JS:jd
Certified Landscape Technician Fact Sheet

Benefits of Certification

- Promotes professionalism for individuals
- Provides international recognition
- Validates landscape skills
- Allows companies to advertise and be registered as an employer of CLT's
- Creates opportunities for career advancement in the industry
- Ability to work on specified job sites (This is becoming a requirement for many commercial and municipal jobs. Examples: Carson City, City of Reno, Sinnott Consulting, Mackay & Somps, Utah, etc.)

Benefits of Being a Sponsor

- Exposure throughout testing period through the use of sponsoring companies product
- Visual recognition of the company through the display of banners or signage
- Printed recognition via printed literature and press releases promoting the CLT test
- Participating contractors, judges, applicants and committee members will have maximum exposure to your products and logos as well as realize your commitment to the program
- Promote wise water management and professional landscape and maintenance practices
- CLT testing upgrades the professionalism of the industry and simultaneously creates new qualified future customers for your products

Where is the CLT Test Offered?

25 states in the US offer the CLT test as well as 5 Canadian Provinces

CLT Test Dates

- June 21, 2003
- May 22, 2004
- September 25, 2004
- June 11, 2005
- June 3, 2006
- February 13, 2007
- June 8, 2007
- February 12, 2008
- June 6, 2008
CLT Candidate Information
- Total Retakes: 112
- Total New Candidates: 136
- Total run through program: 248
- Total Nevada CLT’s: 46

Committee Hours Volunteered
- June 2003: 857 hours at (conservatively) $25 = $23,801
- May 2004: 259 hours at $25 = $6,712
- September 2004: 248 hours at $25 = $6,200
- June 2005: 333 hours at $25 = $8,325
- June 2006: 319.5 hours at $30 = $9,585
- June 2007: 258 hours at $30 = $7,740
- June 2008: 208 hours at $30 = $6,240

Committee Members and Companies They Represent
- Rick Clark, Chairman – Signature Landscapes
- Ellis Antunez, Truckee Meadows Community College
- Gene Ballew – R-Supply Company, Inc.
- Jesus Casillas – Moana Nursery
- David Dabner, Reno Green
- Debra Drew, Nevada Landscape Association
- Gregg Gehlert, Signature Landscapes
- Tim Laskowski, Legends Landscaping
- Ole Marin, Reno Lawn and Landscape
- Henry Messenger, Western Nevada Supply
- Lebo Newman, Signature Landscapes
- Jason Perry, Western Turf
- Jim Stanhouse – Administrator, Reno Lawn & Landscape

Judges Hours Volunteered
- June 2003: 324 hours at (conservatively) $25 = $8,100
- May 2004: 337.5 hours at $25 = $8,437
- September 2004: 203 hours at $25 = $5,075
- June 2005: 337.5 hours at $25 = $8,437
- June 2006: 520 hours at $30 = $15,600
- June 2007: 506 hours at $30 = $15,180
- June 2008: 453 hours at $30 = $13,590
Judges and Companies They Represent

- Leslie Allen, UNR Cooperative Extension
- Kathleen Andrus, Truckee Meadows Community College
- Eliseo Anguiano, Reno Lawn & Landscape
- Ellis Antunez, Truckee Meadows Community College
- Kerrie Badertscher, UNR Cooperative Extension
- Kurt Badertscher, UNR Cooperative Extension
- Mark Bailey, Reno Lawn & Landscape
- Gene Balleweg, R-Supply Company, Inc.
- Barney Baty, California
- Shade Beadell, Legends Landscaping
- Pam Bedard, Legends Landscaping
- Jamie Berger, Signature Landscapes
- Steve Belmont, California
- Holly Bromley, Stewardship Horticultural
- Henry Buder, California
- Jessie Casillas, Moana Nursery
- William Clack, Reno Lawn & Landscape
- Allen Coldani, Nevada Lawn & Landscape, LLC
- Kevin Conner, California
- Israel Meza Contreras, G & G Nursery & Landscape
- Craig Cummins, Reno Green/Lawn Magic
- David Dabner, G & G Nursery & Landscape
- Brian Dean, Signature Landscapes
- Kevin Diamond, Diamond Lawn & Landscape
- Kelly Dolson, Legends Landscaping
- Patricia Brophy- Eisenberg, High Desert Montessori School
- Sean Elliott, Signature Landscapes
- Jeff Fisher, Reno Lawn & Landscape
- Jerry Forsh, Winkel Pontiac
- Donna Garcia, McDonald, Carano and Wilson
- Gregg Gehlert, Signature Landscapes
- Scott Gescheider, Moana Nursery
- Sean Gephart, Nevada Department of Agriculture
- Michelle Gilmore, Peri Landscape
- Rod Haulenbeek, Reno Lawn & Landscape
- Mona Heater, Hamilton Corporation
- Jeff Hill, Sierra Pacific Turf Supply
- Mitch Hoyles
- Ray Howard, Reno Green
- Jeff Hurlburt, Sierra Nevada Landscapes
- Scott Imus, Urban Forestry Commission
- John Inglett, Western Tree Nursery
- Art James, Moana Nursery
- Jim Jauron, Airport Authority of Washoe County
- Karl Katt, TMWA
- German Lara, Reno Green
- Leslie Lyles, Stewardship Horticultural
- Saul Maldanado, Nevada Lawn and Landscape
- Nazario Marin, Reno Lawn & Landscape
- Olegario Marin, Reno Lawn & Landscape
- Henry Messenger, Western Nevada Supply
- Steve Mestre, Mestre's Lawn Service
- Israel Meza, Reno Green
- Nestor Meza, Reno Green
- Jeremy Michaud, Sierra Nevada Landscapes
- Erik Miller, Forever Green
- Dave Mock, Moana Nursery
- Jose Moreno, Coast Landscapes
- Gordon Newman, Reno Lawn & Landscape
- Mark Nye, Signature Landscapes
- Zac O’Neal, Moana Nursery
- Sal Perez, Signature Landscapes
- Reed Pacheco, Signature Landscapes
- Ted Petersen, Jeff Codega Planning and Design
- Laura Perry, Western Turf
- Deborah Robinson, TMCC
- Neecie Schlesener, TMWA
- Tim Scott, Reno Lawn & Landscape
- Shane Shafer,
- Mike Short, Reno Green
- Tom Sloan, Custom Landscape & Irrigation
- Steven Snedeker, California
- Rob Solomon, Coast Landscapes
- Liz Spencer, Desert Research Institute
- David Squier, Reno Green
- Jim Stanhouse, Reno Lawn & Landscape
- John Sulujian, Reno Ranch & Sprinkler
- Bart Throop, Moana Nursery
- Jose Villegas, Reno Lawn & Landscape
- Bart Williams, Reno Green
- Randy Williams, TMWA
- Kurt Winans, Truckee Meadows Water Authority
- Zev Winje, Signature Landscapes
- Cary Yamamoto, Dayton Valley Turf
- Ramiro Zepeda, Signature Landscapes
NLA Executive Director and CLT Administrator Time and Expenses

- June 2003  471 hours @ $14.78 per hour  $6,961
- May 2004  171 hours @ $17.33 per hour  $2,963
- September 2004  164 hours @ $17.33 per hour  $2,842
- June 2005  246 hours @ $24.55 per hour  $6,039
- June 2006-J. Stanhouse  126.5 hours @ $17.50 per hour  $2,214
- June 2006-D. Drew  210 hours - @ $30.00 per hour  $6,300
- 2007- Jim Stanhouse  267 hours @ $20 per hour  $5,340
- Administrators Meetings at Green Industry Conference  $2,000
- 2007- Debbie Drew  35 hours @ $30 per hour  $1,050
- Administrators Meetings at Green Industry Conference  $1,100
- 2008- Jim Stanhouse  288 hours @ $20 per hour  $5,760
- 2008- Debbie Drew  40 hours @ $30 per hour  $1,200
- Administrators Meetings at Green Industry Conference  $1,200

In-kind donations

Truckee Meadows Community College has been our single most important sponsor since the inception of this program. Without their support and the donation of the test site the program would not exist. Many of these companies loan us equipment free of charge. If we had to purchase the equipment or rent it the costs would be phenomenal.

- June 2003  Ewing Irrigation Products  $357
- June 2003  Interstate Safety (10% discount) approx.  $300
- June 2003  Moana Nursery  $275
- June 2003  R-Supply Company, Inc.  $1,605
- June 2003  TMCC Site  Priceless
- June 2003  Western Nevada Supply  $2,126
- June 2003  Western Turf  $250
- **June 2003 Approximate Total**  $4,913

- May 2004  Ewing Irrigation Products  $250
- May 2004  Moana Nursery  $175
- May 2004  R-Supply Company, Inc.  $568
- May 2004  TMCC Site  Priceless
- May 2004  Western Nevada Supply  $780
- May 2004  Western Turf  $250
- **May 2004 Approximate Total**  $2,023
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- June 2007 Featherlite Trailers $412
- June 2007 Nevada Small Engines $2,500
- June 2007 R-Supply Company $515
- June 2007 Moana Nursery $325
- June 2007 TMCC Site Priceless
- June 2007 United Rentals $3,620
- June 2007 Utility Trailers $515
- June 2007 Western Nevada Supply $2,584
- June 2007 Western Turf $904
- June 2007 Winkel Pontiac $775
- June 2007 **Approximate Total** $12,120

- June 2008 Nevada Small Engines $2,700
- June 2008 TMCC Site Priceless
- June 2008 United Rentals $3,200
- June 2008 Western Nevada Supply $750
- June 2008 Western Turf $750
- June 2008 Moana Nursery $350
- June 2008 **Approximate Total** $7,750

**Cash Sponsorships**

- June 2003 RainBird Corporation $1,000
- June 2003 Lebanon Turf Products $150
- June 2003 Sinnott Consulting $50
- June 2003 **Total** $1,150

- June 2004 Sinnott Consulting $50
- June 2004 **Total** $50

- June 2005 Reno Lawn & Landscape $2,500
- June 2005 Signature Landscapes $5,000
- June 2005 Sinnott Consulting $100
- June 2005 **Total** $7,600

- June 2006 Regional Water Planning Commission $10,000
- June 2006 Reno Lawn & Landscape $2,500
- June 2006 Signature Landscapes $2,500
- June 2006 Sinnott Consulting $100
- June 2006 **Total** $15,100

- June 2007 Regional Water Planning Commission $10,000
- June 2007 Reno Lawn & Landscape $2,500
- June 2007 Signature Landscapes $2,500
- June 2007 **Total** $15,000
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Western Regional Water Commission
STAFF REPORT

DATE: December 4, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Rosemary Menard, Director, Washoe County Department of Water Resources
SUBJECT: Discussion and possible direction to staff on the Proposed Policy for Western Regional Water Commission interactions with the 2009 Legislature.

SUMMARY

The Western Regional Water Commission (WRWC) is made up of Washoe County local government agencies, each of which has its own legislative issues and needs as well as legislative representatives to follow and participate in the legislative process. The WRWC is also a separate legal entity. During the forthcoming legislative session the WRWC may be called upon to represent its interest or speak for itself in response to legislative proposals. It is envisioned that the majority of the WRWC’s legislative interactions will be focused on issues associated with the Western Regional Water Commission Act (Chapter 531, Statutes of Nevada 2007).

Staff has developed a draft Policy for WRWC interactions with the 2009 Legislature (See Attachment A) for WRWC consideration. The proposed policy is built around a tiered approach that identifies four kinds of interactions and identifies how the WRWC and its staff would interact with the Legislature or its staff on issues. The four tiers are:
1. Bill Tracking
2. Interaction with legislative staff and legislators on specific legislative issues
3. Technical testimony on legislation or WRWC activities
4. Policy testimony on legislation or WRWC activities

FISCAL IMPACT

No financial impact to the WRWC.

RECOMMENDATION

It is recommended that the WRWC discuss the Proposed Policy for WRWC interactions with the 2009 Legislature and direct staff to implement the proposed policy with any changes identified by the WRWC.

POSSIBLE MOTION

Should the Board agree with staff’s recommendation, a possible motion would be: “Move to Proposed Policy for WRWC interactions with the 2009 Legislature.

Attachment A – Proposed Policy for WRWC interactions with the 2009 Legislature.
Proposed Policy for WRWC interactions with the 2009 Legislature

There may be occasions during the upcoming 2009 Legislative Session where the WRWC, as a legal entity separate from its member agencies, will want or need to weigh in about proposed legislation. This proposal provides a framework for how these potential interactions might be handled. The proposal uses a tiered approach to the planning for and implementing the WRWC’s interactions with the State Legislature and legislative issues during the upcoming Legislative session. The proposed tiers are:

1. Bill Tracking
2. Interaction with legislative staff and legislators on specific legislative issues
3. Technical testimony on legislation or WRWC activities
4. Policy testimony on legislation or WRWC activities

The proposed approach for each tier is as follows:

1. Bill Tracking – WRWC and NNWPC legal counsel John Rhodes will track bills that may have an impact on or be of interest to the WRWC or NNWPC. WRWC member agency staff with similar responsibilities will be available to Mr. Rhodes for consultation in this effort. Mr. Rhodes will provide regular reports on his efforts to the WRWC and to member agency staff working on implementing the provisions of SB 487, Chapter 531, Statutes of Nevada 2007 (“Chapter 531”).

2. Interaction with legislative staff and legislators on specific issues – WRWC member agency key staff (Washoe County Water Resources Department Director, Reno and Sparks Public Works Directors, SVGID and TMWA General Managers) or WRWC Trustees will be authorized to interact with Legislative staff and legislators to answer questions, provide possible legislative language, or suggest approaches to addressing issues specifically related to the implementation or potential revision of Chapter 531. Member agency key staff or WRWC Trustees involved in such interactions will promptly report to Mr. Rhodes any such interactions so that he may include information about them in his regular reports to WRWC Trustees and member agency staff working on implementing Chapter 531.

3. Technical testimony on legislation or WRWC activities – WRWC member agency key staff (Washoe County Water Resources Department Director, Reno and Sparks Public Works Directors, and SVGID and TMWA General Managers) will coordinate development of and arrange delivery of technical testimony on legislation of interest to the WRWC or NNWPC or on the activities of the WRWC.

4. Policy testimony on legislation or WRWC activities – The WRWC Chair or his designee will present testimony on policy issues associated with legislation that may impact the WRWC or its activities as defined by Chapter 531. WRWC member agency key staff (Washoe County Water Resources Department and Reno and Sparks Public Works directors, SVGID and TMWA General Managers) will be available to work with the WRWC Chair or his designee to prepare testimony or supporting materials.
Western Regional Water Commission
STAFF REPORT

DATE: December 8, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: John B. Rhodes, Legal Counsel
SUBJECT: Informational Report on Bill Draft Requests for the 2009 Nevada Legislature that may affect the Western Regional Water Commission / Northern Nevada Water Planning Commission; discussion and possible direction to staff

209 Assembly Committee on Government Affairs 8/01/2008
Revises provisions governing the organization and accountability of certain local governmental entities that manage water resources.

237 Legislative Committee to Oversee the Western Regional Water Commission (SB 487) 8/13/2008
Encourages entities that are engaged in water quality monitoring to coordinate certain activities.

238 Legislative Committee to Oversee the Western Regional Water Commission (SB 487) 8/13/2008
Makes an appropriation to the Truckee River Flood Project to support ecosystem restoration activities.

239 Legislative Committee to Oversee the Western Regional Water Commission (SB 487) 8/13/2008
Makes various changes to provisions governing flood control districts.

240 Legislative Committee to Oversee the Western Regional Water Commission (SB 487) 8/13/2008
Makes various changes to provisions governing the Western Regional Water Commission.

246 Assemblywoman Kirkpatrick 8/11/2008
Makes various changes relating to planning and zoning.

359 Conservation and Natural Resources, State Department of 8/22/2008
Clarifies provisions governing the Board for Financing Water Projects.
375 Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218.53871) 8/26/2008
   Authorizes the issuance of bonds for environmental improvement projects for Lake Tahoe for 2009-2019.

394 Senator Care 8/28/2008
   Prohibits certain restrictions on the use of gray water.

473 Washoe County 8/29/2008
   Authorizes counties to prohibit use of private water or septic systems where available public water or sewer systems exist and provide a program to mitigate the costs of connection to the public system.

   **Intent of BDR:** To clarify use of public funds for the public purpose of assisting with paying connection fees for public water/sewer systems where individual systems are failing and are failing or degrading water sources; specifically: amend of Chapter 244 of NRS to authorize the Board of County Commissioners to order a person with an individual sewage disposal system to connect to reasonably available municipal sewer if the property owner's system is failing or the system is demonstrably degrading a source of drinking water or increasing the costs of treating drinking water; and further, to authorize the County to use grants, gifts or water department funds to pay for the connection fees of those ordered to connect.

502 Legislative Committee on Public Lands (NRS 218.5363) 9/01/2008
   Revises provisions governing the awarding of grants to certain purveyors of water.

503 Legislative Committee on Public Lands (NRS 218.5363) 9/01/2008
   Makes an appropriation to the State Engineer to develop a hydrologic database for water basins in Nevada.

534 Senator Beers 9/02/2008
   Revises requirements for individual water meters in mobile home parks.

680 Assemblyman Hogan 11/19/2008
   Revises provisions relating to conservation of water.

693 Assemblyman Goedhart 11/21/2008
   Revises provisions relating to the rates of smaller public utilities that furnish water or services for sewage.
Western Regional Water Commission
STAFF REPORT

DATE: December 4, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Rosemary Menard, Director, Washoe County Department of Water Resources
Mark Foree, Acting General Manager, Truckee Meadows Water Authority

SUBJECT: Discussion and possible direction to staff on results of the bond and debt structure analyses performed by Swendseid & Stern and Public Finance Management as the initial step in an evaluation of a possible integration of the Washoe County Department of Water Resources and Truckee Meadows Water Authority, and review and discussion of the proposed process, schedule and stakeholder engagement process for further evaluation and analysis leading to a possible integration of the Truckee Meadows Water Authority and the Washoe County Department of Water Resources.

SUMMARY

At its September 12, 2008 meeting, the Western Regional Water Commission (WRWC) asked staffs from the Truckee Meadows Water Authority (TMWA) and the Washoe County Department of Water Resources (DWR) to do the following:

Conduct a focused financial analysis to assess the feasibility of some form of utility integration using their joint bond counsel and financial advisors, Swendseid & Stern and PFM respectively. This focused financial analysis would:

a) identify limitations or restrictions to utility integration resulting from existing debt (including bond/loan/note obligations) and applicable ordinances;
b) suggest possibilities for addressing any existing limitations; and
c) outline potential financial structures of an entity created by some form of integration, if a plan for moving forward were adopted.

In addition, the WRWC directed the TMWA and DWR staffs to prepare a proposed approach to evaluating the opportunities and constraints of integrating resource, infrastructure, and financial planning and management, and utility operations and maintenance. The proposed approach would include a recommended schedule for the proposed work as well as approach to stakeholder engagement in the process.

Financial and Legal Analyses of Requirements Related to Existing Debt

Swendseid & Stern (S&S) and PFM have completed their analyses. The S&S analysis focuses on the legal aspects of a possible integration with respect to the existing debt obligations for the
two agencies (See Attachment A). It describes three ways an operational consolidation of TMWA and DWR could occur given the existing debt obligations and instruments. The first alternative was full consolidation\(^1\) of the two agencies. To achieve this goal one entity would issue new bonds to pay off the other entity’s bonds and the entity that issued new bonds could become the surviving entity and owner. The existing bonds of the acquired entity must be paid off (defeased) because of a restrictive covenant. The second alternative would leave existing debt in place but have an interlocal agreement making one entity the manager of the consolidated operations. The third alternative would be a combination of the aforementioned two alternatives: create an interlocal agreement that addresses management of the consolidated operations and only new debt can be issued by the managing entity. The managing entity would then determine the time when the outstanding debt of the non-managing entity would be paid off (defeased) as bond market conditions or other opportunities allow. These alternatives are not considered comprehensive and potentially other options may become available as additional consolidation/integration analyses are preformed. This analysis does not address partial integration of certain business functions which is also an option.

The PFM analysis looked at the financial implications of possible defeasance of some or all of TMWA’s and DWR’s existing debt, a step that might be needed for some of the alternatives described in the S&S analysis (See Attachment B). The key conclusion of this analysis is that refinancing of all or any of the outstanding bonds and loans do not provide any savings but rather significant economic and financial costs (dis-savings). Of particular importance are TMWA 2006 and 2007 Refunding Bonds (valued at roughly $350,000,000) which, at this time, are only refundable by issuing taxable bonds. These bonds were issued to refinance certain maturities of the 2001-A Water Asset Acquisition Bonds on an advanced basis which Internal Revenue Service (IRS) Regulations allow only once. (Note: It may be possible to defease some of DWR’s debt using available resources without issuing new debt, which would eliminate or substantially lower the cost of defeasance.)

Attachment C is a memo discussing the legal and financial analyses in more detail. It concludes that, based upon current information, alternative one which discusses full consolidation under the legal analysis is clearly not an option without significant detrimental effects on customer water rates and developer fees. Alternatives two and three under the legal analysis appear to have opportunities to explore and analyze. Also pursuit of more limited integration alternatives not discussed in the legal analysis appear to be feasible.

It is important to note that analysis described above did not include any operational financial analysis related to potential integration. Further detailed operational financial analysis will need to be conducted by the TMWA/DWR Finance Team throughout the course of the evaluation process.

TMWA and DWR are each working on multi-year funding plans for their respective entities that will identify the financial requirements of each entity going forward without regard to

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\(^1\) **Consolidation** for purposes of this report means a full combination of all financial, business, and operating functions. **Integration** is defined as a limited combination of financial, business and operational functions or developing parallel financial, business and operational processes. At this time there are certain limitations/options.
consolidation/integration. It will be important to complete this effort so that potential benefits and cost savings from any proposed form of integration can be measured against current financial requirements of the separate organizations. This effort is expected to be completed by each agency in early 2009.

**Proposed Process, Schedule and Stakeholder Process for Further Work on Possible Integration**

TMWA and DWR project managers (Jack Byrom and Rosemary Menard, respectively) have worked to create a proposed process, schedule and stakeholder engagement process for this effort. The proposed process continues the phased approach. The goal of using a phased approach is that it offers an opportunity for decision-making, at the end of each phase, about whether to continue the investment of resources to the next phase of the work.

Attachment D, TMWA-DWR Integration Working Teams, Attachment E, Draft Team Charter for the System Planning and Engineering Team, Attachment F, Conceptual Flow Diagram for a Phased Approach to Decision-Making (representing parts of the planned process), and Attachment G, Preliminary Schedule provide some details of the work that staff has done to organize a process to further identify and evaluate potential opportunities for efficiency and cost effectiveness that could be achieved through some form of integration.

In addition to using a phased approach to facilitate decision-making, staff recommends using a phased approach to engaging the functional area teams identified on Attachment D. For example, looking at certain parts of the operation first will allow the process to emphasize the areas most likely to be the source of near or long term efficiencies. Three utility business areas seem most likely to be sources of cost savings (near and/or long term) for customers and the community: System Planning/Engineering, Operations and Water Resources. The first two of these functional areas directly connect to the Water Resources functional area, and the planned approach to the work will include staff with Water Resources expertise in teams working to identify and evaluate potential opportunities for improving efficiency and cost effectiveness through integrating utility planning, operations, and water resource management.

If financial or other significant community benefits are not identified through the work that is planned on System Planning and Engineering, Operations, or Water Resources, for example, there probably isn’t any reason to get the Information Technology groups together to look at how we could manage our GIS and SCADA systems more effectively.

Attachment H presents preliminary information on the proposed stakeholder engagement process. In addition to actively engaging stakeholders who helped initiate the SCR 26 process in 2006, staff intend to develop and implement approaches that will offer opportunities for other community interests and the general public to review and provide comment on analytical work, reports and recommendations being developed for WRWC review and action.
**PREVIOUS ACTION**

At its September 12, 2008 meeting, the Western Regional Water Commission (WRWC) asked staff from the Truckee Meadows Water Authority (TMWA) and the Washoe County Department of Water Resources (DWR) to do the following:

Conduct a focused financial analysis to assess the feasibility of some form of utility integration using their joint bond counsel and financial advisors, Swendseid & Stern and PFM respectively. This focused financial analysis would:

a) identify limitations or restrictions to utility integration resulting from existing debt (including bond/loan/note obligations) and applicable ordinances;
b) suggest possibilities for addressing any existing limitations; and
c) outline potential financial structures of an entity created by some form of integration, if a plan for moving forward were adopted.

In addition, the WRWC directed the TMWA and DWR staff to prepare a proposed approach to evaluating the opportunities and constraints of integrating resource, infrastructure, and financial planning and management, and utility operations and maintenance. The proposed approach would include a recommended schedule for the proposed work as well as approach to stakeholder engagement in the process.

**BACKGROUND**

As a first step in studying utility integration as required by the Western Regional Water Commission Act (Chapter 531, *Nevada Revised Statutes*), an initial study is being undertaken to look at some kind of phased integration of the Truckee Meadows Water Authority (TMWA) and the Washoe County Department of Water Resources (DWR). Staff recommends concentrating this analysis on TMWA and DWR because these two agencies own or control the significant majority of potable water system infrastructure and water resources in the region. If the initial study demonstrates the potential benefits of integration, the Sun Valley GID and the South Truckee Meadows GID could consider similar steps, as required by Chapter 531, at some point in the future.

The first phase of the study includes work by TMWA’s and DWR’s shared bond counsel, Swendseid & Stern, and financial advisors, PFM. Staff believes that this approach makes more sense than engaging any of the teams that submitted Statements of Qualifications at this point because Swendseid & Stern and PFM are already familiar with the key financial policies, documents, and procedures in use by both agencies and will be able to complete the necessary feasibility analysis more quickly and inexpensively than could a new contractor.

**FISCAL IMPACT**

TMWA and DWR staff will be doing the proposed work for the next phase of this analysis. At this time there is no direct fiscal impact to the WRWC, although future phases of this analysis may require outside resources. This proposed approach is to minimize a fiscal impact from using outside consultants. Use of outside consultants would not reduce the demand on both agencies’
staff time therefore it was thought prudent to use current staff, which are the subject matter experts in many areas to the greatest extent possible and preserve precious financial resources.

RECOMMENDATION

Staff recommends the WRWC authorize TMWA and DRW staff implement the proposed process for next steps of the TMWA-DWR Integration Evaluation as well as the proposed approach to stakeholder engagement, including developing additional approaches to engaging community interests, and to report the results of these activities at future WRWC meetings.

POSSIBLE MOTION

Should the Board agree with staff’s recommendation, a possible motion would be: “Move to authorize TMWA and DRW staff implement the proposed process for next steps of the TMWA-DWR Integration Evaluation as well as the proposed approach to stakeholder engagement, including developing additional approaches to engaging community interests, and to report the results of these activities at future WRWC meetings.

rcm/mf

Attachment A – E-mail from John Swendseid
Attachment B – PFM’s “TMWA/WCDWR Analysis of Outstanding Debt, Refinancing/Defeasance Analysis”
Attachment C – Memo from Jeff Tissier discussing results of the Swendseid & Stern and PFM analyses
Attachment D – TMWA-DWR Integration Working Teams
Attachment E – Draft Team Charter for System Planning and Engineering Team
Attachment F – Conceptual Flow Diagram for a Phased Approach to Decision-Making (representing parts of the planned process)
Attachment G – Preliminary Schedule
Attachment H – Preliminary Approach to Stakeholder Review Process for TMWA-DWR Integration Evaluation
Jeff: I have now looked at the debt instruments of TMWA and Washoe County. I believe there are three ways an operational consolidation could be effected under these instruments:

1. One entity or the other could issue bonds to pay off the other entity's bonds, and then the entity that issued the bonds could become the owner of the system of the other entity. The existing bonds must be paid off (or defeased) before another entity acquires the System because the bonds of each entity have in them a covenant to the effect that “neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of until all the Bonds have been paid in full, or unless provision has been made therefore as hereinafter provided.” Note that under this option, only one entity's bonds have to be retired or defeased, not both entities. Also, if it is a cooperative venture, it is possible for GO bonds to be issued for this purpose by the County, whether the County or TMWA will be the entity that owns the consolidated system. (The County could issue GO bonds on behalf of TMWA to pay off or defease the existing County Bonds under the County Bond Bank provisions of Chapter 244A of NRS (the County has a separate debt limit for County Bond Bank Bonds), or the County could issue GO bonds on behalf of itself to pay off or defease the existing TMWA bonds.)

2. The parties could leave the existing debt in place, but have an interlocal agreement pursuant to which one entity or the other is the manager of the consolidated system. The manager would be responsible for running the System, and the interlocal agreement could specify how rates are set, how existing and future debt is handled, what if any circumstances would permit a party to end the interlocal agreement, etc. This is likely simpler to implement, but is also likely to lead to more friction in the future, as it involves debt of more than one entity, possible future negotiations over rates, debt, service areas for ratemaking purposes, ownership of assets by more than one entity, etc. Also, the non-managing entity would have to have the right to step in and take over its old system if the Managing entity was not managing the system in a way that complied with the bond covenants of the non-managing entity.

3. A sort of combination of 1 and 2 above. To start with, under an interlocal agreement, one entity would manage the consolidated system similar to 2 above. The Managing entity would agree to be responsible for paying all existing debt and complying with all existing debt covenants. No new system related debt of the non-managing entity would be issued—only new system related debt of the Managing entity could be issued. The Managing entity could decide when to pay off the debt of the non-managing entity, and once it was paid off, the assets of the non-managing entity would be transferred to the Managing entity. So this starts out like 2 above, but if all goes well, ends up like 1 above. Like in 1, is possible for GO bonds to be issued to pay off debt of the non-managing entity, whether the County or TMWA will be the entity that manages the consolidated system (though, if this was done it may be a requirement that all of the
debt of the non-managing entity be paid off or defeased at one time); also, like in 2 above, prior to the defeasance of the non-Managing entity's debt, the non-managing entity would have to have the right to step in and take over its old system if the Managing entity was not managing the system in a way that complied with the bond covenants of the non-managing entity.

I would be glad to meet to further discuss these and any other possible ideas. Please call with any questions or comments.

John O. Swendseid
(Licensed in NV & CO)
Swendseid & Stern
a Member in Sherman & Howard, LLC
50 W. Liberty, Suite 1000
Reno, NV 89501
(775) 323-1980
Las Vegas (702) 387-6073
Fax: (775) 323-2339
e-mail: jswendse@sah.com
### ATTACHMENT B

#### TMWA-WCDWR

**Analysis of Outstanding Debt**

**Refinancing/Defeasance Analysis**

<table>
<thead>
<tr>
<th>Refunded Percentage</th>
<th>TMWA Bonds/Loans</th>
<th>Savings or (Cost) to Refinance</th>
<th>Percentage Savings/(Cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Par</td>
<td>Nominal Present Value</td>
</tr>
<tr>
<td>1</td>
<td>TMWA Water Revenue 2001-A Bonds</td>
<td>$58,105,000</td>
<td>$(2,833,579)</td>
</tr>
<tr>
<td>2</td>
<td>TMWA Water Revenue 2005-A Bonds</td>
<td>$37,910,000</td>
<td>$(17,893,319)</td>
</tr>
<tr>
<td>3</td>
<td>TMWA Water Revenue 2006 Refunding Bonds (1)</td>
<td>$147,630,000</td>
<td>$(202,947,073)</td>
</tr>
<tr>
<td>4</td>
<td>TMWA Water Revenue 2007 Refunding Bonds (1)</td>
<td>$202,395,000</td>
<td>$(283,442,872)</td>
</tr>
<tr>
<td>5</td>
<td>Total Senior Lien Debt</td>
<td>$446,040,000</td>
<td>$(507,016,843)</td>
</tr>
</tbody>
</table>

|                     | TMWA DWSRF 2005 Loan (2) | 4,384,844                     | N/A                        | N/A                      | N/A                      |
| 6                   | Tax-Exempt Commercial Paper (3) | 68,000,000                   | Not Analyzed               | Not Analyzed             | Not Analyzed             |
| 7                   | Tax-Exempt Commercial Paper (3) | 68,000,000                   | Not Analyzed               | Not Analyzed             | Not Analyzed             |

| 8                   | Total Subordinated Debt | $72,384,844                   |                          |                          |                          |

|                     | WCDWR Bonds/Loans |                       |                           |                          |
| 9                   | Washoe 2001 Medium Term Bonds | $1,775,000              | $(440,017)                 | $ (464,870)             | -26.19%                 |
| 10                  | Washoe 2005 Water/Sewer Bonds | 61,680,000              | $(25,143,281)              | $ (16,606,083)          | -26.92%                 |
| 11                  | Total Washoe County Water/Sewer Bonds | $63,455,000            |                           |                          |                          |
| 12                  | Washoe 2006 Water/Sewer SRF  | $4,055,106              | $(965,652)                 | $ (794,211)             | -19.59%                 |
| 13                  | Washoe Cold Springs Sewer SRF | 2,492,208               | (963,664)                  | $ (744,227)             | -29.86%                 |
| 14                  | Washoe Horizon Hills Water SRF | 112,530               | (586,349)                  | $ (410,114)             | -364.45%                |
| 15                  | Washoe Valley Sewer SRF   | 643,949                 | (557,058)                  | $ (437,458)             | -67.93%                 |
| 16                  | Washoe Longley Lane Water SRF | 12,594,028             | (2,974,144)                | $ (2,605,712)           | -20.69%                 |
| 17                  | Washoe Spanish Springs SRF | 5,972,394              | (1,972,504)                | $ (1,530,123)           | -25.62%                 |
| 18                  | Washoe STMWRF Sewer 2001 SRF | 15,580,564             | (1,797,793)                | $ (2,069,302)           | -13.28%                 |
| 19                  | Washoe South Truckee SRF  | 565,632                 | (390,479)                  | $ (496,470)             | -77.17%                 |
| 20                  | Total Washoe County SRF Loans | $42,016,411             | $(10,407,633)              | $ (9,027,625)           |                          |
| 21                  | Total Debt Subject to the Refunding Analysis | $105,471,411             | $(35,990,931)              | $ (26,098,578)          |                          |

---

1. These TMWA Bonds were issued to refinance/refund certain maturities of the 2001-A Acquisition Bonds. Certain maturities are not refundable again on a tax-exempt basis until 90 days prior to call dates on those maturities.

2. This loan was not analyzed and omitted in error, most likely dis-savings.

3. The TECP was not analyzed because the weighted average interest rate is approximately 1.7% and interest rates vary constantly as notes mature and are remarketed (resold). No savings would be attainable by refinancing with senior lien bonds.
ATTACHMENT C

NOTE: The attachments referenced in this Attachment C are presented in Attachments A and B above.

TRUCKEE MEADOWS WATER AUTHORITY

STAFF REPORT

TO:       Mark Foree, General Manager TMWA
          Rosemary Menard, Director WCDWR
FROM:     Jeff Tissier
DATE:     December 1, 2008
SUBJECT:  ANALYSIS OF THE TRUCKEE MEADOWS WATER AUTHORITY’S AND WASHOE COUNTY DEPARTMENT OF WATER RESOURCES’ OUTSTANDING BONDS, LOANS, AND NOTES.

BACKGROUND

Truckee Meadows Water Authority (TMWA) and the Washoe County Department of Water Resources (WCDWR) engaged Swendseid & Stern (S & S), bond counsel to both purveyors, and Public Financial Management (PFM), the common financial advisor to both purveyors, to review the legal and financial aspects of these agencies’ outstanding bonds, loans, and notes with respect to consolidation/integration. It was decided to look at the two largest agencies with respect to consolidation/integration since these agencies serve over 90% of water customers in the greater Truckee Meadows and with respect to the WCDWR a certain number of sewer and reclaim water customers. The legal and financial analyses were undertaken in a manner so as to not predetermine a conclusion for consolidation/integration of these purveyors. The intent of these analyses was to provide sufficient information with respect to outstanding bonds, loans and notes to support a decision for advancing work on consolidation/integration of these agencies’ functions. Also if the refinancing ( defeasance) of debt for a particular or both water purveyors is a limiting factor, then this analysis would identify those limiting factors and assist in focusing resources toward other integration opportunities that may produce overall cost reduction or other monetary or non-monetary benefits to the region’s customers.

As of June 30, 2008 TMWA had approximately over $500 million in outstanding bonds, loans, and notes. As of June 30, 2008 WCDWR had over $100 million in outstanding bonds, and loans.

DISCUSSION
The bond analysis is comprised of two steps: a legal review, and a financial review. The legal review was performed to determine which covenants must be complied with and what financial and operational options are available to the two agencies from the perspective of the bond indentures. Second, a financial review was performed to calculate what financial benefits, costs, and/or impediments may exist at this time.

S & S, bond counsel to both agencies, was engaged for the legal analysis to review the bond, loan, and note covenants to determine compliance with certain covenants that would allow some form of operational consolidation/integration. Three initial alternatives were provided. Please refer to Attachment A. The first alternative was full consolidation of the two agencies. To achieve this goal one entity would issue new bonds to pay off the other entity’s bonds and the entity that issued new bonds could become the surviving entity and owner. The existing bonds of the acquired entity must be paid off ( defeased) because of a restrictive covenant. The second alternative would leave existing debt in place but have an interlocal agreement making one entity the manager of the consolidated operations. The third alternative would be a combination of the aforementioned two alternatives: create an interlocal agreement that addresses management of the consolidated operations and only new debt can be issued by the managing entity. The managing entity would then determine the time when the outstanding debt of the non-managing entity would be paid off (defeased) as bond market conditions or other opportunities allow. These alternatives are not considered comprehensive and potentially other options may become available as additional consolidation/integration analyses are performed. This analysis does not address partial integration of certain business functions which is also an option.

PFM conducted an analysis of refinancing ( defeasance) of all bonds and loans on an issue by issue basis, to integrate into the aforementioned legal alternatives. Again this analysis was not to draw any conclusions but simply perform the financial mathematics to determine the savings or costs ( negative economic benefit) from refinancing the bonds and notes at this time. Please refer to Attachment B.

As can be concluded from the table in Attachment B, refinancing of all or any of the outstanding bonds and loans do not provide any savings but rather significant economic and financial costs (dis-savings). Of particular importance are TMWA 2006 and 2007 Refunding Bonds which at this time are only refundable by issuing taxable bonds. These bonds were issued to refinance certain maturities of the 2001-A Water Asset Acquisition Bonds on an advanced basis which Internal Revenue Service ( IRS) Regulations allow only once. The refinancing of these bonds is only achievable under favorable market conditions and only within 90 days before the call date of July 1, 2016 on certain maturities. Based upon current information, alternative one which discusses full consolidation under the legal analysis is clearly not an option without significant detrimental effects on customer water rates and developer fees. Alternatives two and three under the legal analysis appear to have opportunities to explore and analyze. Also pursuit of more limited integration alternatives not discussed in the legal analysis appear feasible.

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2 Consolidation for purposes of this report means a full combination of all financial, business, and operating functions. Integration is defined as a limited combination of financial, business and operational functions or developing parallel financial, business and operational processes. At this time there are certain limitations/options.
## ATTACHMENT D

### WORKING DRAFT

**TMWA-DWR Integration Working Teams**

<table>
<thead>
<tr>
<th>Team</th>
<th>Scope</th>
<th>DWR Participants</th>
<th>TMWA Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Managers</td>
<td></td>
<td>Rosemary Menard</td>
<td>Jack Byrom</td>
</tr>
<tr>
<td>1. Water Resources</td>
<td>• Rules regarding Water Rights</td>
<td>• Rosemary Menard (lead)</td>
<td>• John Erwin (Lead)</td>
</tr>
<tr>
<td></td>
<td>• Conservation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Resource Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• TROA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Land &amp; Easements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Operations</td>
<td>• Operational Optimization</td>
<td>• Joe Howard (lead)</td>
<td>• Paul Miller (Lead)</td>
</tr>
<tr>
<td></td>
<td>• Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Water Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. System Planning and Engineering</td>
<td>• Infrastructure utilization and optimization</td>
<td>• Rick Warner (lead)</td>
<td>• Scott Estes (Lead)</td>
</tr>
<tr>
<td></td>
<td>• CIP Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• New Business Processes &amp; Rules (eg, development services)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Facility Charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Customer Service Processes</td>
<td>• Customer Service</td>
<td>• Ben Hutchins (lead)</td>
<td>• Andy Gebhardt (Lead)</td>
</tr>
<tr>
<td></td>
<td>• Meter Reading and Utility Billing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Collections</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rules related to the above</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 5. **Finance** | • Financial Planning  
• Accounting  
• Debt Management  
• Purchasing & Contracts  
• Budgeting  
• Revenue Analysis | • Ben Hutchins (lead) | • Jeff Tissier  
(Lead) |
|---|---|---|---|
| 6. **Human Resources** | • Workforce Planning  
• Labor Contracts  
• Organizational Planning and Development  
• Comp. & Benefits | • Rosemary Menard  
(lead) | • Nanette Quitt  
(Lead) |
| 7. **Communications** | • Internal Communications  
• External Communications  
• Community Outreach and Engagement | • Rosemary Menard  
(lead) | • Kim Mazeres  
(Lead) |
| 8. **Information Technology** | • Telecom.  
• GIS  
• DP Hardware & Software Applications | • Brent Thomas  
(lead) | • Yugandhar Narala  
(Lead) |
| **9. Legal Liaison** | | • Pete Simeoni | • Mike Pagni |
ATTACHMENT E

Draft Team Charter for System Planning and Engineering Team

Team Name: System Planning and Engineering

Team Members:

**TMWA**
- Scott Estes (lead)
- Scott Benedict
- Juan Esparza
- Tiffany Bowling
- John Erwin

**DWR**
- Rick Warner (lead)
- Alan Jones
- John Buzzone
- Joe Howard
- Scott Smilley
- Vahid Behmaram

Sponsors:

**TMWA**
- Jack Byrom

**DWR**
- Rosemary Menard

Integration Study Purpose and Mission: To explore opportunities whereby TMWA and WCDWR may, through joint operation of water system facilities and management of water resources, produce quantifiable benefits for TMWA and WCDWR customers and the community as a whole.

System Planning and Engineering Team Purpose and Scope: The System Planning and Engineering Team will identify and evaluate the opportunities to achieve improved service levels; reduce system operating costs; reduce facility capital costs; eliminate unnecessary or redundant facilities; increase system reliability; increase water quality; and maximize conjunctive use of limited groundwater and surface water resources through implementation of operating and capital planning strategies based on thinking of the DWR and TMWA water facilities and systems as one rather than two separate systems.

Approach, Deliverables and Schedule: The sponsoring agencies recommend a phased approach to the work. The goal of using a phased approach is that it offers an opportunity for decision-making, at the end of each phase, about whether to continue the investment of resources to the next phase of the work.

The suggested first phase of the work would produce a Preliminary Assessment Report which would include identification and preliminary evaluation of opportunities for increasing efficiency and/or cost effectiveness through integrated operation of and capital planning for TMWA and DWR water system facilities. The most appropriate level of evaluation would use broad application of staff knowledge and experience and might result, for example, in a matrix of opportunities for improvement rated high, medium, or low against common evaluation criteria. The Preliminary Assessment Report should contain a recommendation from the team as to whether the opportunities identified, if any, are, in the team’s judgment, beneficial enough to warrant investing in further development and a more detailed evaluation.
The requested completion date for the preliminary assessment report is **January 9, 2009**. The System Planning and Engineering Team is requested to prepare and present its work and recommendations to a joint meeting of the senior management teams of the sponsoring agencies. Additional presentations to other boards or agencies may also be requested.

Following completion of the Preliminary Assessment Report, the Sponsoring Agencies request the System Planning and Engineering Team to begin work to review and develop recommendations for aligning agency business processes and rules for new development. The goal would be to evaluate the opportunities for creating a “one stop shop” for developers that would facilitate and streamline their working with water agencies in the region. The requested completion date for the Development Services Business Process and Rules evaluation is **February 20, 2009**. The System Planning and Engineering Team is requested to prepare and present its work and recommendations to a joint meeting of the senior management teams of the sponsoring agencies. Additional presentations to other boards or agencies may also be requested.

**Resources:** The sponsoring agencies are authorizing staff time for team members assigned to this task. Should the team leaders determine that additional resources are necessary for the team to accomplish its work (e.g. technical or administrative support) they should immediately consult with the sponsors to discuss their needs.
Conceptual Flow Diagram for a Phased Approach to Decision-Making (representing parts of the planned process)
### ATTACHMENT G

#### Preliminary Schedule

<table>
<thead>
<tr>
<th>ID</th>
<th>Task Name</th>
<th>Duration</th>
<th>Start</th>
<th>Finish</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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**Legend:**
- **Task:** Task activities
- **Start:** Start date
- **Finish:** Finish date
- **May:** May dates
- **Jun:** June dates
- **Jul:** July dates
- **Aug:** August dates

**Note:** Dates are in the format 'Month Day Year'.
**ATTACHMENT H**

**Preliminary Approach to Stakeholder Review Process**  
for TMWA-DWR Integration Evaluation

**Mission:** To encourage and provide opportunity for customers and stakeholders of TMWA and DWR and other potentially affected community interests to actively participate in the TMWA-DWR Integration Evaluation and as well as to review and provide comments on study findings.

As an initial effort, TMWA and WCDWR staff will regularly present status updates to stakeholder groups which, at a minimum, will include:
- TMWA Standing Advisory Committee (SAC)
- Chambers, Northern Nevada Network, etc
- BANN, AGC, and Developer Groups

As key findings are developed, TMWA and DWR staff will present these findings to stakeholders and customer groups identified above. Comments, recommendations, and issues raised during these presentations will be compiled and submitted the WRWC, TMWA Board, and Board of County Commissioners as part of staff reports prepared for these policy making bodies so that they may be considered during deliberations on this subject.

When appropriate, TMWA and DWR staff will consider using approaches such as website articles, bill stuffers, community workshops and open houses, and similar approaches to reaching out to members of the public and offering them opportunities to provide input.