

WESTERN REGIONAL WATER COMMISSION (“WRWC”)

AGENDA

Friday, March 11, 2011 @ 1:30 p.m.

Sparks Council Chambers, Legislative Building,
745 Fourth St., 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”), AND BOARD OF TRUSTEES OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (“STMGID”)

(See ‘Notes’)

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 and STMGID may also be in attendance but will not be taking action.

1. Public comment will be taken on agenda items upon request by submittal of a Speaker Information Card. There is a three-minute time limit per person.
2. 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.
3. 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 TMWA at 775-834-8002 at least 24 hours prior to the meeting.
4. 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 (19990 Thomas Creek Rd.), Galena High School (3600 Butch Cassidy Way), South Valleys Library (15650A Wedge Parkway), and the WRWC website: <http://wrwc.us>.

1. Roll Call and Determination of presence of a Quorum*
2. Pledge of Allegiance*
3. Approval of Agenda (**ACTION**)
4. Public Comment* (Three-minute time limit per person)
5. Approval of the minutes of the February 11, 2011 meeting (**ACTION**)
6. Discussion and possible approval of an Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and, if approved, authorize the Chairman to execute the Agreement — Jim Smitherman, WRWC Water Resources Program Manager (**ACTION**)

7. Review, discussion, and possible approval of the WRWC tentative budget for Fiscal Year 2011-2012; and, possible direction to staff regarding the time and place for a public hearing on the tentative budget — Jim Smitherman **(ACTION)**
8. Status Report on proposed purchase of Truckee River water rights to support certain aspects of the Truckee River Operating Agreement requiring acquisition of 6,700 acre-feet; discussion and possible direction to staff — Rosemary Menard, Director, Washoe County Department of Water Resources ("DWR") **(ACTION)**
9. Status report on pending integration/consolidation of the Washoe County DWR into the Truckee Meadows Water Authority ("TMWA"); review and discussion of possible criteria for including in a Triple Bottom Line evaluation of consolidation options; and, possible direction to staff — Jeff Tissier, Chief Financial Officer, TMWA, and Rosemary Menard **(ACTION)**
10. Report on legislative activities, including Bill Draft Requests and Bills pending in the 2011 Nevada Legislature that may affect the WRWC; and, possible direction to staff — John Rhodes, WRWC Legal Counsel **(ACTION)**
11. Discussion and possible direction to staff regarding agenda items for the April 8, 2011 meeting and other future meetings **(ACTION)**
12. Commission Comments*
13. Staff Comments*
14. Public Comment* (Three minute time limit per person)
15. Adjournment **(ACTION)**

*Indicates a non-action item

WESTERN REGIONAL WATER COMMISSION BOARD OF TRUSTEES *DRAFT* MINUTES

Friday, February 11, 2011

The regular meeting of the Western Regional Water Commission (WRWC) Board of Trustees was held on Friday, February 11, 2011, at Sparks Council Chambers, 431 Prater Way, Sparks, Nevada.

- 1. Roll Call and Determination of presence of a Quorum** – Chairman Carrigan called the meeting to order at 1:30 p.m. There was a quorum present.

Commissioners Present:

Mike Carrigan, Chair
Bob Larkin, Vice-Chair
John Breternitz
Steve Cohen
Geno Martini
Margaret Reinhardt
Ron Smith

Representing:

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

Commissioners Absent:

Dave Aiazzi
Bob Cashell

Representing:

City of Reno
Truckee Meadows Water Authority

- 2. Pledge of Allegiance**

Chairman Carrigan asked Commissioner Breternitz to lead the Western Regional Water Commission in the Pledge of Allegiance.

- 3. Approval of Agenda**

Commissioner Martini made a motion to approve the February 11, 2011 WRWC agenda as posted. Commissioner Smith seconded the motion, which carried unanimously.

- 4. Public Comment**

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

- 5. Approval of the Minutes of the January 14, 2011 meeting.**

The minutes of the January 14, 2011 Western Regional Water Commission meeting were submitted for approval. Commissioner Cohen made a motion to approve the minutes as submitted. Commissioner Martini seconded the motion, which carried unanimously.

- 6. Discussion and possible designation of Schettler, Macy & Silva, LLC as the WRWC's external auditors for the Fiscal Year 2010-2011 financial statement audit.**

Chairman Carrigan invited Ben Hutchins, Washoe County Department of Water Resources Finance Manager, to present this item. Mr. Hutchins reported that staff is recommending that the WRWC designate Schettler, Macy & Silva, LLC as the external auditor for Fiscal Year (FY) 2010-2011. He stated that the firm performed audits for the fiscal years ended June 30, 2009 and June 30, 2010 and has done a great job. He stated that the firm requested an increase in their fee from \$7,800 to \$8,000, which is very reasonable based on proposals received from other firms in 2008. He summarized that he is requesting approval by the WRWC to accept staff's recommendation.

Chairman Carrigan called for questions or comments. Commissioner Smith made a motion to "Designate Schettler, Macy & Silva, LLC as the WRWC's external auditors for the Fiscal Year 2010-2011 financial statement audit, approve the related Engagement Letter, and direct staff to report the designation to the State by the statutory deadline". Commissioner Martini seconded the motion, which carried unanimously.

7. Presentation of potential strategies to protect Regional Water Management Fund cash reserves, including: a) Proposed funding for certain Truckee Meadows Regional Planning Agency activities, programs, and studies related to or impacting regional water planning, and; b) Proposed purchase of Truckee River water rights to support certain aspects of the Truckee River Operating Agreement requiring acquisition of 6,700 acre-feet; discussion and possible direction to staff.

Chairman Carrigan invited Rosemary Menard, Director of Washoe County Department of Water Resources, to present this item. Ms. Menard reported that she had two items to present, one of which was continued from the last meeting. She stated at the December WRWC meeting a request was made for staff to examine the potential of working with the Truckee Meadows Regional Planning Agency (TMRPA) on activities of mutual benefit. She stated that part of the work that would be done would be to clean up the database for demand forecasting so that the agencies would be using the same parcel base when forecasting for water demands, transportation demands and other related services. She reported that another portion of the work would be in support of developing decision support tools that would take advantage of the parcel-based planning and database in determining where future growth might occur.

Ms. Menard referred to the staff report, which included a proposal of the project components and associated funding. She welcomed input from commissioners and stated that they could choose to approve or not approve either, both or part of either component.

Ms. Menard reported that staff met with TMRPA staff twice and developed a collaborative funding proposal for the WRWC's consideration. She stated that the proposal involves providing \$700,000 in funding for the project to cover the remainder of this fiscal year and the next two fiscal years. She explained that the commitment would be for \$146,000 in the current fiscal year; and \$564,000 over the next two fiscal years, which includes in-kind services. She added that part of the in-kind services would include a portion of Jim Smitherman's salary.

Ms. Menard stated that the second part of her presentation relates to the possibility of purchasing Truckee River water rights to support certain aspects of the Truckee River Operating Agreement (TROA) that requires acquisition of 6,700 acre-feet of water. She explained that staff identified two alternatives for the purchase, one being the use of part of the unrestricted cash balance, which would further the goal of protecting cash reserves; however, only a limited number of water rights could be purchased with the available funds. She stated that the other alternative would be to use a portion of the Regional Water Management Fund (RWMF) annual reserves to reimburse TMWA, or other member agencies, for financing the proposed water rights purchases either by bonding or other low interest borrowing.

Chairman Carrigan called for questions or comments from commissioners. He stated that he has no problem with using funds from the RWMF as long as the projects are for water. He added that he does not support entering into a 20-year bond for water rights purchase, although he does not think it is a bad idea to spend *some* money on water rights. He asked how much is available in the RWMF. Ms. Menard stated that approximately \$3 million is available in the accumulated reserves.

Chairman Carrigan asked what the price of water rights is currently. Mark Foree, General Manager of TMWA, stated that their water rights are selling for \$11,700 per acre-foot; although others are charging \$5,000 to \$7,000 per acre-foot.

Ms. Menard reported that staff from member agencies has discussed this issue and stated if desired they could further define a proposal for consideration at a future meeting. She added that other funding sources could be explored and clarified that the option of bonding will not be considered. Commissioner Martini agreed with Chairman Carrigan that he does not wish to enter into any bonding agreements. Commissioner Breternitz agreed and stated that during the presentation at the Regional Planning Agency meeting yesterday, there was good discussion about working on collaborative projects that benefit both TMRPA and the WRWC. He added that purchase of some water rights might be a good idea at some point.

Ms. Menard stated that she has clear direction on bringing back a more developed proposal for the purchase of water rights. She asked commissioners what their pleasure is on the proposal to provide funding to TMRPA for collaborative projects.

Commissioner Breternitz made a motion to “Approve the proposed collaborative funding plan for work with the TMRPA and the Regional Planning Governing Board-approved Regional Data Development and Analytical Program and direct staff to develop an interlocal agreement with the TMRPA to commit funding and related resources to the effort”. Commissioner Smith seconded the motion, which carried unanimously.

8. Update on the WRWC Legislative Subcommittee and report on legislative activities, including bill draft requests in the 2011 Nevada legislature that may affect the WRWC.

John Rhodes, Legal Counsel, referred to the Staff Report, which included a summary of bill draft requests (BDRs) that may affect the WRWC and NNWPC. Mr. Rhodes reported that at the last meeting, the WRWC appointed designated representatives to its Legislative Subcommittee. He added that the members were the same as last year, which include Chairman Carrigan, Commissioner Aiazzi and Commissioner Cohen.

Mr. Rhodes stated that a summary of the BDRs is available on the WRWC website, as well as the Legislative Council Bureau website. He added that by clicking on the hyperlink to a Bill number, language of the Bill is available. He stated that the past history of the WRWC subcommittee has been to maintain a neutral position on BDRs and Bills, unless they directly affect the workings of the WRWC or NNWPC, and added that he expects the process to remain the same.

Mr. Rhodes reported that as the session progresses, he will provide an update at every meeting on any BDR or Bill that may affect or be of interest to this Commission.

Chairman Carrigan thanked Mr. Rhodes for his update.

9. Discussion and possible direction to staff regarding agenda items for the March 11, 2011 meeting and future meetings.

Chairman Carrigan called for any suggestions for items for the March WRWC meeting. Commissioner Larkin asked about an update on the report by the Legislative Committee to Oversee the WRWC. Ms. Menard stated that in the agenda packet she provided a link to the report, to which she made a few edits. Commissioner Larkin referred to the comment related to testimony at a 2010 meeting, which indicated that groundwater resources are currently estimated at 183,250 acre-feet of available water; while the consensus forecast for the year 2030 estimates *590,500 acre-feet of water* and an estimated requirement of 142,000 acre-feet. He clarified that *590,500* should be population, not water. Ms. Menard agreed and apologized for missing the error.

Commissioner Larkin referred to another comment in the report related to the WRWC providing financing for persons to connect to the public water or sewer system in certain counties and also the BDR to allow issuance of County bank bonds for refinancing bonds previously issued to an entity other than the County bond bank. Mr. Rhodes stated that it is his understanding that the bills will be submitted by the Legislative Committee to Oversee the WRWC. Ms. Menard added that the purpose of Senate Bill (SB) 487 is to change some of the language of Assembly Bill (AB) 54.

Ms. Menard offered to bring back a more defined proposal for the water rights purchase, as discussed earlier in the meeting.

Commissioner Larkin requested an update and timeline for the consolidation of Department of Water Resources and TMWA.

10. Commission Comments

Chairman Carrigan apologized for the brevity of this meeting and added that many of the members participated in a three-hour meeting earlier in the day.

11. Staff Comments

None

12. Public Comment

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

13. Adjournment

With no further business, the meeting was adjourned at 1:48 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on _____ 2011.

Mike Carrigan, Chairman

Note: DRAFT Minutes not approved by Board.

DRAFT

Western Regional Water Commission

STAFF REPORT

DATE: March 3, 2011
TO: Chairman and Commission Members
FROM: Jim Smitherman, Water Resources Program Manager
SUBJECT: Discussion and possible approval of an Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and, if approved, authorize the Chairman to execute the Agreement

SUMMARY

At its February 11, 2011 meeting, the Western Regional Water Commission (“WRWC”) approved a proposal for partial funding of the Regional Data Development and Analytical Program, a Truckee Meadows Regional Planning Agency project (the "Project") that involves multiple phases and stakeholders. The attached Interlocal Agreement (“ILA”) between the WRWC and the Regional Planning Governing Board (“RPGB”) provides for funding and in-kind services as described below, and described in more detail in Exhibit A of the ILA.

The data base and scenario planning and modeling tools to be developed by the Project will, with the addition of appropriate supplemental elements related to water, wastewater, reclaimed water, and storm water, facilitate the effective coordination of land use and water resource planning, and assist in the planning and administration required by the Western Regional Water Commission Act, and the implementation of the Comprehensive Regional Water Management Plan.

Project Phase	Funding Amount	In-kind Amount	Fiscal Year
1	\$146,000	\$0	2010 – 2011
2	170,000	112,000	2011 – 2012
	170,000	112,000	2012 – 2013
TOTAL	\$486,000	\$224,000	

PREVIOUS ACTION

On February 11, 2011, the WRWC approved the Regional Data Development and Analytical Program funding plan and directed staff to develop an ILA to commit funding and related resources to the effort, for the WRWC's review and action.

FISCAL IMPACT

The ILA commits \$146,000 in the current fiscal year, and \$564,000 over the next two fiscal years (\$282,000 per year, with \$112,000 being in-kind contributions and the remaining being specific project funding). Staff has evaluated the fiscal impacts of making this fiscal commitment to collaboratively fund this work with the TMRPA and determined that it can be accommodated without impeding the WRWC's ability to address its other priorities.

RECOMMENDATION

Staff recommends that the WRWC approve the Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and, authorize the Chairman to execute the Agreement.

POSSIBLE MOTION

Should the WRWC agree with the staff recommendation, a possible motion is: "Move to approve the Interlocal Agreement with the Truckee Meadows Regional Planning Governing Board for partial funding of the Regional Data Development and Analytical Program; and authorize the Chairman to execute the Agreement."

Attachment

EXHIBIT “A” SCOPE OF WORK

Project Description

The Regional Data Development and Analytical Program consists of three phases. The first involves baseline data collection and refinement along with the development of a population and employment model methodology. The second phase builds upon the core work in phase one to begin developing alternative growth scenarios and performance measurement criteria. The final phase is focused on community outreach and draft policy development.

This final phase relies on data and analyses from the prior two phases to inform community dialogue and support regional decision making on critical planning policy issues. A summary of this general project plan is provided in Table 1 below.

Table 1

Project Phase	Summary of Work	Major Milestones
1	Population and Employment Model Data and Methodology Development	<ul style="list-style-type: none"> ▪ Develop core land use datasets ▪ Complete population and employment model
2	Develop Decision Support Tools Engage Regional Stakeholders in Scenario Planning and Performance Management Development Process	<ul style="list-style-type: none"> ▪ Develop draft performance measures ▪ Develop alternative scenarios ▪ Prepare draft Benchmark Report ▪ Present preliminary scenarios and performance criteria to regional stakeholders
3	Community Outreach Policy Refinement and Formulation	<ul style="list-style-type: none"> ▪ Undertake robust community outreach process regarding preferred growth scenario and desired performance targets ▪ Publish final Benchmark Report ▪ Engage regional stakeholders to consider new Regional Plan policies ▪ Prepare draft Regional Plan policies based on public feedback and RPGB direction

This planning tool being developed by the Truckee Meadows Regional Planning Agency (“TMRPA”) is basically a decision-support model that will allow planners and decision-makers in the region to look at a range of options for how and when growth might occur in the region and consider how costs and benefits of various options might vary depending on factors such as infrastructure cost. By adding a water planning element to the model, issues such as sewer treatment capacity or discharge constraints can be more explicitly included in decision-making about where and how the community grows.

In addition to adding value to the regional land use planning process, the parcel-based development potential data base being developed by TMRPA provides an excellent tool for developing future water and wastewater demand forecasts. The current approaches to demand forecasting incorporate assumptions about population and employment but haven’t had access to a clean, up-to-date data set on build out potential of current zoning

and land use designations. This value-added benefit of TMRPA’s first phase work supports RWMF expenditures to reimburse TMRPA for costs during this fiscal year as well as investing in software and hardware needed to support the system over time.

Table 2

Project Phase	Summary of Work	Cost Reimbursement or New Funding	In Kind Services (Loaned Staff)
1	Population and Employment Model Data and Methodology Development	<ul style="list-style-type: none"> ▪ Reimbursement for 1.3 FTE of TMRPA staff time from 1/1/11-12/31/11 ▪ Value: \$76,000 for 1 year (reimbursement for existing cost) ▪ Purchase of software and data storage devices needed to support development and operation of the data base and modeling tools ▪ Value \$70,000 (new funding) 	
2	Part I: Develop Decision Support Tools for Water Part II: Baseline Training Part II: Engage Regional Stakeholders in Scenario Planning	<ul style="list-style-type: none"> ▪ Part I: Professional services to support development of water-specific model parameters, databases, and analyses water-specific data analysis ▪ Value: \$150,000 (new funding) ▪ Part II - Baseline Training: Training for regional, local government, water planning, transportation, and other interested staff regarding the basic steps and strategies for implementing a regional scenario planning program ▪ Value: \$95,000 (new funding) ▪ Part II – Strategic Program Development Support: Professional support for the development of a scenario planning program in the Truckee Meadows, including detailed needs assessment, data development, action plan development, and budget ▪ Value: \$95,000 (new funding) 	<ul style="list-style-type: none"> ▪ 60% of Jim Smitherman’s time to support development and inclusion of water, wastewater, reclaimed water and stormwater elements into the model, including working with water providers in the region to coordinate development of the approach, data collection, and scenario planning processes. ▪ Value: \$112,000 per year for 2 years (\$224,000/in kind)

Funding Schedule**Table 3**

Project Phase	Funding Amount	In-kind Amount	Fiscal Year
1	\$146,000	\$0	2010 – 2011*
2	170,000	112,000	2011 – 2012*
	170,000	112,000	2012 – 2013
	\$486,000	\$224,000	

* Any designated funds for the Project remaining unexpended from the RWMF at the end of a fiscal year may be carried forward and applied to the Project budget for the succeeding fiscal year.

Western Regional Water Commission

STAFF REPORT

DATE: March 3, 2011

TO: Chairman and Members, Western Regional Water Commission

FROM: Jim Smitherman, Water Resources Program Manager

SUBJECT: Review, discussion, and possible approval of the Western Regional Water Commission (“WRWC”) tentative budget for Fiscal Year 2011-2012; and, possible direction to staff regarding the time and place for a public hearing on the tentative budget

SUMMARY

Staff has developed a tentative fiscal year 2011-2012 budget for the WRWC including revenues, staff and non-staff professional services, and in-kind services. Additional pages include a budget summary and details for professional services related to priority projects and routine operating expenses. On March 2, 2011, the Northern Nevada Water Planning Commission (“NNWPC”) reviewed the proposed fiscal year 2011-2012 budget, and recommended it for approval by the WRWC.

BACKGROUND

The WRWC is required to prepare and submit a tentative budget to the Nevada Department of Taxation on or before April 15, and to hold a public hearing on the tentative budget on the third Thursday or Friday in May. The attached tentative budget is provided for WRWC review, discussion, possible approval and possible direction to staff.

PREVIOUS ACTION

None

FISCAL IMPACT

The fiscal year 2011-2012 tentative budget provides for \$1,316,360 in revenues, \$3,669,032 in expenses and an ending fund balance of approximately \$1,159,000. Budget expenses include a maximum of \$3,084,500 for Work Plan activities, \$481,532 for three full time staff and legal services, and various routine operating expenses in the amount of \$103,000.

RECOMMENDATION

Staff recommends that the WRWC approve the WRWC tentative budget for Fiscal Year 2011-2012, direct staff to submit the tentative budget to the Washoe County auditor, file the tentative budget for public inspection with the Washoe County Clerk, and the Nevada Department of Taxation, and establish Thursday, May 19, 2011, at 9:00 a.m. as the date and time for the public hearing on the tentative budget.

POSSIBLE MOTION

Move to approve the WRWC tentative budget for Fiscal Year 2011-2012, direct staff to submit and file the tentative budget as required by statute, and provide required notice for the public hearing on the tentative budget at 9:00 a.m. on May 19, 2011.

JS:jd

Attachment: WRWC Fiscal Year 2011 – 2012 Tentative Budget



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: http://tax.state.nv.us
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 688-1295
Fax: (775) 688-1303

JIM GIBBONS
Governor
ROBERT R BARENGO
Chair, Nevada Tax Commission
DINO DICIANNO
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite
180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

Nevada Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706-7921

Western Regional Water Commission herewith submits the (TENTATIVE) budget for the
fiscal year ending June 30, 2012

This budget contains 0 funds, including Debt Service, requiring property tax revenues totaling \$ 0

The property tax rates computed herein are based on preliminary data. If the final state computed revenue limitation permits,
the tax rate will be increased by an amount not to exceed 0 If the final computation requires, the tax rate will be
lowered.

This budget contains 1 governmental fund types with estimated expenditures of \$ 3,669,032 and
0 proprietary funds with estimated expenses of \$ 0

Copies of this budget have been filed for public record and inspection in the offices enumerated in NRS 354.596 (Local
Government Budget and Finance Act).

CERTIFICATION

APPROVED BY THE GOVERNING BOARD

I Ben Hutchins
(Printed Name)
Finance & Customer Service Manager
(Title)

certify that all applicable funds and financial
operations of this Local Government are
listed herein

Signed: _____

Dated: _____

SCHEDULED PUBLIC HEARING:

Date and Time 5/20/10 9:00 AM

Publication Date 5/10/10

Place: City of Sparks Legislative Council Chambers, 745 Fourth Street, Sparks, Nevada

FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION

	ACTUAL PRIOR YEAR 6/30/2010	ESTIMATED CURRENT YEAR ENDING 06/30/11	BUDGET YEAR ENDING 06/30/12
General Government			
Judicial			
Public Safety			
Public Works			
Sanitation			
Health			
Welfare			
Culture and Recreation			
Community Support			
TOTAL GENERAL GOVERNMENT			
Utilities			
Hospitals			
Transit Systems			
Airports			
Other			
TOTAL			

Personnel support services are provided to the Commission pursuant to an interlocal agreement with Washoe County Department of Water Resources

POPULATION (AS OF JULY 1)			
SOURCE OF POPULATION ESTIMATE*			
Assessed Valuation (Secured and Unsecured Only)			
Net Proceeds of Mines			
TOTAL ASSESSED VALUE	N/A	N/A	N/A
TAX RATE			
General Fund			
Special Revenue Funds			
Capital Projects Funds			
Debt Service Funds			
Enterprise Fund			
Other			
TOTAL TAX RATE			

* Use the population certified by the state in March each year. Small districts may use a number developed per the instructions (page 6) or the best information available.

Western Regional Water Commission
(Local Government)

SCHEDULE S-2 - STATISTICAL DATA

REVENUES	(1)	(2)	(3) (4) BUDGET YEAR ENDING 6/30/12	
	ACTUAL PRIOR YEAR ENDING 6/30/2010	ESTIMATED CURRENT YEAR ENDING 6/30/2011	TENTATIVE APPROVED	FINAL APPROVED
1.5% Regional Water Management Fees	1,285,319	1,275,439	1,284,980	
Investment Earnings	108,867	33,852	31,380	
Federal Grant	40,000.00			
Subtotal	1,434,186	1,309,291	1,316,360	
OTHER FINANCING SOURCES:				
Operating Transfers In (Schedule T)				
BEGINNING FUND BALANCE				
Reserved				
Unreserved	3,288,782	3,477,520	3,511,751	
TOTAL BEGINNING FUND BALANCE				
Prior Period Adjustment(s)				
Residual Equity Transfers				
TOTAL RESOURCES	4,722,968	4,786,811	4,828,111	
EXPENDITURES				
Wages & Salaries				
Benefit Expense				
Professional Services & Supplies	1,245,448	1,275,060	3,669,032	
Subtotal	1,245,448	1,275,060	3,669,032	
OTHER USES				
CONTINGENCY (not to exceed 3% of total expenditures)				
Operating Transfers Out (Schedule T)	0	0	0	
ENDING FUND BALANCE				
Reserved				
Unreserved	3,477,520	3,511,751	1,159,079	
TOTAL ENDING FUND BALANCE	3,477,520	3,511,751	1,159,079	
TOTAL COMMITMENTS & FUND BALANCE	4,722,968	4,786,811	4,828,111	

Western Regional Water Commission
(Local Government)

SCHEDULE B

FUND 766

Western Regional Water Commission
July 1, 2011 - June 30, 2012
Budget Summary Worksheet

Budget Category	1.5% WMF	NOTE	Washoe County In-Kind	NOTE	TMWA In-Kind	NOTE	SVGID In-Kind	NOTE
REVENUE	Amount		Amount		Amount		Amount	
Estimated Water Surcharge Revenues	1,284,980							
Estimated Interest Income	31,380							
Total Revenue	1,316,360		0		0		0	
PROFESSIONAL SERVICES/SUPPLIES	Amount		Amount		Amount		Amount	
Estimated Professional Services (Page 2)	3,084,500	1						
Staff Services (Page 3)	481,532	2	62,629	3	25,200	4	1,500	8
Non-Staff Services (Page 3)	103,000				1,200	5		
Total Professional Services/Supplies	3,669,032		62,629		26,400		1,500	
OTHER EXPENSES	Amount		Amount		Amount		Amount	
Estimated Misc.			97,237	6	2,000	7		
Total Other Expense	0		97,237		2,000			
Total Expenses	3,669,032		159,866		28,400		1,500	

Net Decrease in Cash Reserves **(\$2,352,672)**

NOTES:

1. Proposed budget provides legal spending authority for projects yet to be approved by the WRWC upon recommendations provided by the NNWPC. Specific per project scope and cost yet to be developed and approved by the WRWC.
2. Proposed budget provides legal spending authority for contract staff services previously approved by the WRWC.
3. Washoe County estimate for labor overhead: 1.5% fund management, accounting, purchasing, human resources, information technology, routine/administrative and GIS/drafting services.
4. TMWA estimate to perform administrative tasks such as drafting and posting agendas, producing staff reports, delivering agenda packets, contracts to provide WRWC minutes and website postings and updates.
5. TMWA estimate for supplies to produce agendas, staff reports and agenda packets.
6. Washoe County estimate for services and supplies overhead: office space, utilities, computer hardware, software, copier, supplies.
7. TMWA estimate for office space, copier, computer expenditures.
8. Cost for various SVGID overhead related to providing staff resources.
9. Budget expenses exceed revenues by \$2,352,672 which reduces projected cash balance to approximately \$1.16 million at 6/30/12.

3/11/11 WRWC Agenda Item 7 Attachment

**Western Regional Water Commission
Fiscal Year 2011-2012 Professional Services Budget Detail**

WP Work Breakdown Structure	General Ledger Account Number	Professional Services Project Name	2011/2012 1st Quarter Budget	2011/2012 2nd Quarter Budget	2011/2012 3rd Quarter Budget	2011/2012 4th Quarter Budget	2011/2012 Available Budget Total	Expense Description/Example
-a-		-b-	-f-	-g-	-h-	-i-	-j-	-k-
	710100	Consolidation Feasibility Analysis	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000	Support for TMWA, DWR and STMGID
		TROA 6700 AF Water Rights Requirement	\$425,000	\$425,000	\$425,000	\$425,000	\$1,700,000	
WP310000		Regional Water Planning Projects	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000	
	710100	Cloud Seeding	\$25,000	\$25,000	\$25,000	\$25,000	\$100,000	ILA with DRI
	710100	Washoe ET Project	\$1,750	\$1,750	\$1,750	\$1,750	\$7,000	ILA with DRI
	710100	Water Usage Review Program	\$37,500	\$37,500	\$37,500	\$37,500	\$150,000	Inclusive of independent contractor for SVGID & STMGID
	710100	Certified Landscape Technician Program	\$0	\$0	\$0	\$25,000	\$25,000	ILA with NLA
WP310100		Regional Water Conservation	\$64,250	\$64,250	\$64,250	\$89,250	\$282,000	
	710100	Integrated Wastewater and Reclaimed Water System Planning						208 Plan Review and Update
WP310200		Regional Reclaim Water Planning Projects	\$0	\$0	\$0	\$0	\$0	
		NPDES Storm Water Quality Management Program	\$65,625	\$65,625	\$65,625	\$65,625	\$262,500	ILA with City of Reno
WP310300		Regional Storm Water Planning Projects	\$65,625	\$65,625	\$65,625	\$65,625	\$262,500	
WP310400		Regional Flood Control Planning Projects	\$0	\$0	\$0	\$0	\$0	
	710100	TMDL Phase I - LTI	75,000	75,000	75,000	75,000	\$300,000	ILA with City of Reno
	710100	TMDL Regulatory and Public Process Assistance						
	710100	TMDL Legal Assistance	\$12,500	\$12,500	\$12,500	\$12,500	\$50,000	
		208 Plan Review and and Update						
WP310500		Regional Wastewater Planning Projects	\$87,500	\$87,500	\$87,500	\$87,500	\$350,000	
	710100	Water Balance Model Upgrade	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000	
	710100	TMRPA GIS Population Model	\$42,500	\$42,500	\$42,500	\$42,500	\$170,000	ILA with RPGB
WP310600		Comprehensive Plan	\$47,500	\$47,500	\$47,500	\$47,500	\$190,000	
		Totals	\$699,250	\$699,250	\$699,250	\$724,250	\$3,084,500	

Western Regional Water Commission
Fiscal Year 2011-2012 Routine Operating Budget Detail 3-11-11 WRWC Agenda Item 7 Attachment

Quarter Ending	2010/2011 1st Quarter Budget	2010/2011 2nd Quarter Budget	2010/2011 3rd Quarter Budget	2010/2011 4th Quarter Budget	2010/2011 Annual Routine Operating Budget Total	Expense Description/Example
WRWC Employees	\$83,633	\$83,633	\$83,633	\$83,633	\$334,532	Cost for <i>Support Staff</i> services as defined by employee services contract entered into between Washoe County and WRWC.
Mileage Expenses	\$600	\$600	\$600	\$600	\$2,400	Annual routine daily vehicle mileage expenses.
Legal Services	\$36,000	\$36,000	\$36,000	\$36,000	\$144,000	Cost for <i>Legal Counsel</i> services as defined by contract as entered into between John Rhodes and WRWC
Lobbying Registration	\$0	\$0	\$600	\$0	\$600	Cost for registration for staff members as state lobbyists
Staff Services Subtotal	\$120,233	\$120,233	\$120,833	\$120,233	\$481,532	
Minutes	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000	Annual service contract to provide for recording of meetings and transcription of minutes.
Website	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000	Contract for initial website development; website content and design services; annual website updating, maintenance, and hosting; specialized programming services; digital library development and updating; hosting, development and maintenance of SharePoint site; licensing fees, software and software updates, training/programming reference materials.
Video Coverage	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000	Annual Expense for video coverage of WRWC and NNWPC Meetings.
CAFR & Audit	\$23,000	\$0	\$0	\$0	\$23,000	Annual Expense for CAFR development and Financial Audit.
Regional Training	\$750	\$750	\$750	\$750	\$3,000	Cost of travel and training for staff members <i>not covered by in-kind services</i> including transportation services, mileage reimbursement, lodging, meals, registration and other miscellaneous cost such as reference materials, parking meters, field trips, etc.
Regional Travel	\$1,750	\$1,750	\$1,750	\$1,750	\$7,000	Cost of travel and training for staff members <i>not covered by in-kind services</i> including transportation services, mileage reimbursement, lodging, meals, registration and other miscellaneous cost such as reference materials, parking meters, field trips, etc.
Advertising	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000	Advertising and Legal Notices.
Misc. Operating	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000	Printing & reproduction, publications, and public notices, refreshments for volunteer boards/commissions, GIS and other in-house member agency support (not covered by in-kind services), equipment & supplies (i.e. computers, computer related supplies such as CDs, DVDs, etc.), projectors, printers, CD label machine, poster board, reproduction services, software licensing and fees, labels, business cards, periodicals, subscriptions, books, postage & mailing, promotion and public materials, miscellaneous equipment rental.
Expiration of In-Kind Services (TMWA/DWR/SVGID)	\$0	\$0	\$0	\$0	\$0	Currently all in-kind service costs are covered by member agencies as specified by interlocal agreement.
Non-Staff Services Subtotal	\$43,000	\$20,000	\$20,000	\$20,000	\$103,000	
Totals	\$163,233	\$140,233	\$140,833	\$140,233	\$584,532	

Estimated Expenditures FY 2010/2011

Quarter Ending	Total Estimated Fiscal 2010/2011 Expenditures as of 6/30/11
WRWC Employees	334,532
Mileage Expenses	2,400
Legal Services	140,000
Service Contract Subtotal	476,932
Minutes	5,120
Website	20,000
SNCAT/G3	6,300
CAFR & Audit	7,800
Regional Training	3,000
Regional Travel	7,000
Advertising	7,617
Misc. Operating	1,258
Expiration of In-Kind Services (TMWA/DWR/SVGID)	0
Non-Service Related Routine Operating Subtotal	52,975
Routine Operating Expense Subtotals	529,907
<i>TMRPA GIS Population Model</i>	146,000
<i>(DinSar) Groundwater Monitoring Program</i>	12,690
Regional Water Planning	158,690
<i>Washoe ET Project</i>	5,000
<i>DRI Cloud Seeding</i>	87,002
<i>Water Usage Review Program</i>	64,100
<i>Certified Landscape Technician Program</i>	18,857
Conservation, Sustainability, Climate Change	174,959
<i>North Valley's Initiative (COR)</i>	5,581
Regional Reclaim Water Planning Projects	5,581
<i>NPDES Storm Water Quality Management Program</i>	218,000
Regional Storm Water Planning Projects	218,000
Regional Flood Control Planning Projects	0
<i>TMDL LTI Phase I</i>	88,000
<i>TMDL Regulatory and Public Process</i>	0
<i>TMDL Legal Services</i>	21,000
	0
Regional Wastewater Planning Projects	109,000
<i>Plan Development Services</i>	42,138
<i>Plan Preparation Services</i>	19,785
<i>DWR GIS Services</i>	17,000
Water Management Plan	78,923
Project Subtotal	745,153
Totals	1,275,060

Western Regional Water Commission

STAFF REPORT

DATE: March 3, 2011
TO: Chairman and Members, Western Regional Water Commission
FROM: Jim Smitherman, Program Manager
SUBJECT: **Status Report on proposed purchase of Truckee River water rights to support certain aspects of the Truckee River Operating Agreement requiring acquisition of 6,700 acre-feet; discussion and possible direction to staff.**

SUMMARY

At its February 11, 2011 meeting, the Western Regional Water Commission (“WRWC”) directed staff to provide a report concerning the use of the Regional Water Management Fund (“RWMF”) to support water rights purchases in pursuit of the 6,700 acre-foot (“af”) commitment required of Reno, Sparks and Washoe County by the Truckee River Operating Agreement (“TROA”).

On February 17, 2011, the City Managers for Reno and Sparks and the Washoe County Manager sent a letter to the Bureau of Reclamation requesting that \$15 million from the Desert Terminal Lakes fund be allocated to the Truckee Meadows Water Authority (“TMWA”) to support the purchase of water rights needed to meet the region’s 6,700 af commitment (see attached letter). Staff estimates that this funding, if received, would support acquisition of the lion’s share of the needed water rights and that a portion of the RWMF cash reserves could be set aside to augment the anticipated \$15 million federal grant. RWMF funds could be used to reimburse TMWA’s administrative costs associated with water rights purchases, or for reimbursement of actual purchase payments made by TMWA. Reimbursement from the RWMF would be made pursuant to the terms of an interlocal agreement between TMWA and the WRWC.

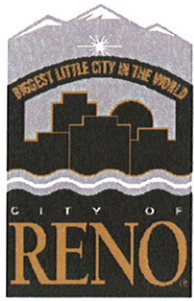
BACKGROUND

Section 1.E.4 of TROA requires Reno, Sparks and Washoe County to provide 6700 af of water for water quality purposes. Reno, Sparks and Washoe County, under an existing interlocal agreement, have accumulated approximately 3,200 af toward the 6,700 af requirement by way of a program to recover and convert inactive Truckee River water rights appurtenant to city- or county-owned public roads and rights of way. Depending on the disposition of other resources held by the entities, the shortage is estimated to be about 3,300 to 3,400 af.

RECOMMENDATION

Staff requests direction concerning the use of a portion of RWMF cash reserves to reimburse administrative costs associated with water rights purchases, or payments made for water rights purchases, in conjunction with grant funding, should grant funds be made available to TMWA.

Attachment



February 17, 2011

Kenneth Parr
Area Manager
Bureau of Reclamation
Lahontan Basin Area Office
705 North Plaza Street, #320
Carson City, Nevada 89701

Re: Support for BOR to Modify TMWA's Grant to provide funds to the Truckee Meadows Water Authority (TMWA) to purchase water rights to augment the water rights designated by Reno, Sparks and Washoe County under Section 1.E.4 of the Truckee River Operating Agreement (TROA) up to 6700 acre feet

Dear Mr. Parr,

This letter is to express joint support by Reno, Sparks and Washoe County to designate the Truckee Meadows Water Authority ("TMWA") as the entity to seek, receive and expend grant funds to purchase water rights to augment the water rights designated by Reno, Sparks and Washoe County pursuant to Section 1.E.4 of the Truckee River Operating Agreement to provide 6700 acre feet of water for water quality purposes. We understand TMWA will seek to modify its TROA grant for this purpose. TMWA is a joint powers authority, formed by cooperative agreement among the Cities of Reno and Sparks, and Washoe County, pursuant to Nevada Revised Statutes Chapter 277.

As you are aware, the water rights designated for this purpose by Agreement dated June 11, 2007 among the cities of Reno, Sparks, Washoe County and the Pyramid Lake Tribe are the water rights under the streets and rights of way. Reno, Sparks and Washoe County, have affirmed the title to approximately 3,200 acre feet toward the 6,700 acre feet obligation in 1.E.4 of TROA and, the shortage is estimated to be about 3,300 to 3,400 acre feet.

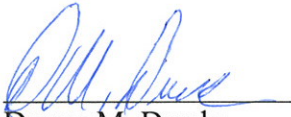
The market for water rights has dropped significantly (from \$60,000 an acre foot in 2006 to about \$4,000 - \$6,000 an acre foot today). At today's prices, subject to negotiations with willing sellers of

water rights, a grant of \$15 million dollars could be sufficient to purchase the majority of the remaining water rights necessary to provide 6700 acre feet. An opportunity currently exists to purchase water at relatively low prices, due to the fact that the market for water is tied to the demand for new housing and the demand for housing is now, and over the next 5 years, is projected to remain flat in the Truckee Meadows. At the same time, the local governments' budget challenges are making it extremely difficult for them to pursue the transactions necessary to fulfill this obligation. It is imperative that the purchase program begin as soon as possible.

TMWA currently maintains a staff with the expertise required for complex water rights transactions, the untangling of title issues and the management of water rights under TROA. Because TMWA continues to be active in the water rights market in acquiring water rights for future customers pursuant to TROA requirements, TMWA is positioned to access various water rights markets and is able to facilitate purchases quickly and efficiently while seeking the least possible cost. By modifying TMWA's existing grant, the local governments can take advantage of TMWA's ability to help fulfill our water quality obligations under the TROA Agreement.

Thank you for your assistance in obtaining needed grant funds.

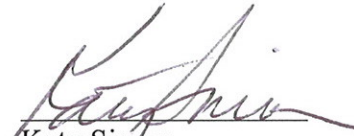
Sincerely:



Donna M. Dreska
City Manager
City of Reno



Shaun Carey
City Manager
City of Sparks



Katy Simon
County Manager
Washoe County

Western Regional Water Commission

STAFF REPORT

TO: Chairman and Commission Members

FROM: Jeff Tissier, Chief Financial Officer

DATE: March 4, 2011

SUBJECT: **Status Report on pending integration/consolidation of the Washoe County Department of Water Resources ("DWR") into the Truckee Meadows Water Authority ("TMWA")**

RECOMMENDATION

Staff recommends that the Board accept this report on the status of the pending integration/consolidation of DWR's water utility function and TMWA.

DISCUSSION

Overview of the due diligence process

Site/facility, land/easement, water right, and human resource assessments preceded the development and finalization of combined operating plans for the North Valleys, Spanish Springs and the South Truckee Meadows areas. After completion of the operating plans, capital improvement plans (CIPs) were finalized. The last major phase of the due diligence process will be the development of financial models incorporating critical elements of the operating plans and capital improvement plans. Once completed, an informed decision can be made with respect to the feasibility of an integration/merger.

The results of the financial analysis will provide direction on the optimal positioning of both organizations to achieve a successful merger and, to the extent possible, indicate optimal timing of such a merger. Bond market conditions will play a significant role in the timing of the merger since the publicly sold bonds of DWR will have to be refinanced (defeased). Certain other elements that will be necessary, and difficult to place in the merger schedule currently, include transfer of DWR State loans.

The financial analysis is expected to be completed in the March/April timeframe, with next step proposals for consideration by the TMWA Board and the Board of County Commissioners shortly thereafter. Development of the schedules to the Interlocal Agreement (ILA) addendum will be forthcoming in concert with the finalization of financial projections for the independent and combined water agencies. New information or updated assumptions that materially affect the

financial analysis will require reiteration of the analysis. All relevant documents will be subsequently amended as necessary.

Status of Merger Activities

The following list summarizes the status of the most critical elements of the integration/merger due diligence process.

- Site/Facility assessments of all DWR facilities – completed and documented. This information was incorporated into the final capital improvement plans (CIPs) by service area.
- System Control and Data Acquisition (SCADA) assessment – evaluation of DWR’s electronic control systems completed. This information is being archived for future reference. This was a major accomplishment because of criticality of SCADA for future operations.
- Land and Easement assessments were completed and title deficiencies identified. DWR is prioritizing corrective measures for the deficiencies.
- Water Rights assessments have been completed with no significant issues noted. Potential increased optimization of the pool of water rights under one agency will be reviewed.
- Operating plans for conjunctive use of water in Spanish Springs, the South Truckee Meadows, and the North Valleys have been completed. These plans provide the framework for staffing requirements and the development of operating costs, as well as anchor the financial projection for the combined entity.
- DWR’s and TMWA’s short term (5-year) CIPs are complete. TMWA has finalized its 2010-2030 Water Facility Plan. This plan provides a preliminary long term (20-year) CIP. This long term CIP describes major facilities that are anticipated over the time period for system rehabilitation (serving existing customers) and new or expanded facilities (serving new customers). The CIP for a combined water entity has been drafted by TMWA and DWR staff; the next step is to assess joint operation risks in order to prioritize facility needs and confirm the estimated timing of construction.
- Human Resources due diligence is virtually complete with the exception of further work on the post-retirement medical (underway), union discussions, and eventually employee transfer matters. Once the financial projections are solidified, it is anticipated that union negotiations can begin.

Financial Activities

Underwriters have been selected for potential future bond sale(s) to defease WC/DWR publicly issued debt and to provide potential funding for high priority capital projects. Continued monitoring of capital market conditions is essential to assess the feasibility of DWR publicly issued debt refinancing, as well as potentially refinancing the remaining 2001A maturities of TMWA debt (\$20 million left in outstanding debt related to the original acquisition bonds). Currently only very limited, and high-risk, refinancing opportunities exist.

The following financial activities have been completed:

- Public Financial Management (PFM) has been retained to develop assumptions for financial forecasting and critical review of financial work being performed by TMWA and DWR finance personnel.
- In February 2011 TMWA provided PFM with its five-year standalone financial projection, which incorporates proposed future developer fee revisions.
- “Start-up” or transition costs for investments associated with the merger have been refined. These include:
 - Cost to transfer customer account records (*finalized*)
 - Of various alternatives, the lowest incremental costs of additional housing of DWR personnel transferred to TMWA (*finalized*)
 - Cost of incremental IT support for transferred personnel (*finalized*)

Merger Activities Underway

Financial Items

The financial analysis being prepared in conjunction with PFM is currently underway. The following specific items continue to be developed or refined:

- Key assumptions for independent and combined agency operations
- DWR revised budget and five-year financial plan as a stand-alone agency
- Financial trend analysis based on actuals through June 30, 2010
- The number and complement of staffing for a combined organization
- Projected operating costs that are consistent with independent and combined operating plans
- Projections of investment income, developer fee collections, and debt payments.
- Cost to serve customers for each independent agency, review adequacy of water rates and developer fees. Water rates and developer fees for the combined agency must also be projected for comparative purposes.
- Identification and quantification of financial exposure / risk to the combined agency of transferred assets and future service commitments

In addition staffs at DWR and TMWA are working on the following:

- Water load analysis (ratio of surface to groundwater use) for the DWR service areas is being analyzed for future demand projections. This analysis feeds directly into the projection of future water sales revenue.
- Outstanding debt-related issues:

- Washoe County is pursuing creation of a County Bond Bank (which requires changes to the Nevada Revised Statutes) to provide an alternative favorable financing vehicle for water projects, well as other public services.
- Nevada State Treasurer permission to assign the outstanding loans from DWR to TMWA is needed.
- Negotiations to strip the water revenue pledge from the Storm Water Bonds issued by DWR must commence.
- Bond market conditions will continue to be monitored to identify opportunities to defease the outstanding publically sold water bonds issued by DWR in 2005.

Other Items

- Work items that will continue to be of high priority, regardless of the pace of merger, since the goal is consistency in water service to the region, include these:
 - TMWA and DWR personnel are reviewing TMWA's Rules of Service and WC/DWR Ordinances for alignment and harmonization. Development of proposed changes to Rules of Service and Ordinances to minimize changes in service to customers are close to completion. All proposed changes must be brought forth for adoption by both agency governing boards.
 - TMWA and DWR have established joint planning areas for the South Truckee Meadows and for Verdi to promote more efficient water service and protect groundwater sources, which benefits all water customers in the region.
- The South Truckee Meadows General Improvement District (STMGID) Local Managing Board (LMB) has retained a financial consultant to examine the financial implications of service provision options upon the merger of TMWA and DWR.

Western Regional Water Commission

STAFF REPORT

DATE: March 3, 2011
TO: Chairman and Commission Members
FROM: Rosemary Menard, Director, Washoe County Department of Water Resources
SUBJECT: **Review and discussion of possible criteria for including in a Triple Bottom Line evaluation of consolidation options; and, possible direction to staff.**

SUMMARY

The term “Triple Bottom Line” has been used to describe an approach businesses, including water utilities, can use to capture the whole set of values, issues and processes that a business must address to minimize harm and to maximize benefits from their activities.¹ A business that incorporates the Triple Bottom Line (“TBL”) concept into its decision-making processes works to achieve improved performance against social, environmental and economic criteria that relate to the goods produced or services provided by that business.

The proposed merger of DWR's water utility function with TMWA provides a particularly relevant opportunity to apply the TBL concept because the community benefits from such a merger may include some outcomes that are less readily monetized than others and a TBL approach creates an approach that allows such benefits to be more explicitly considered in decision-making.

Attached to this staff report is an **EXAMPLE** of how a TBL evaluation might look for the options of retaining DWR’s and TMWA’s water utility functions, as stand alone agencies, and two versions of a consolidated entity: one created under an operating agreement and the second being a fully merged organization. (See Page 4)

DWR and TMWA staff would like input from the Western Regional Water Commission (“WRWC”) about the criteria that should be used in a TBL evaluation. **The goal is to discuss the TBL approach and obtain Commissioners' input about how it might be applied to the potential consolidation of DWR’s water utility function with TMWA.** The criteria used in the example analysis included the following:

Economic Criteria:

¹ See the Water Research Foundation’s 2005 publication “Triple Bottom Line Reporting of Sustainable Water Utility Performance”

- Contribute to regional economic recovery
- Value for rate dollar and level of service
- Rate stability and equity
- Efficient use of existing infrastructure
- Efficient delivery of capital program based on a system-wide view
- Lowest life-cycle cost
- Efficient operating practices
- Risk based maintenance and operations strategies
- Administrative and management efficiencies
- Leveraging technology and staff resources
- Access to capital (cost, and bond rating)
- Operating and maintenance expenses
- Financial policies and performance (reserve funding levels, debt coverage, cash, interest earnings)

Social Criteria:

- Regional leadership and vision for the future
- Community relations, engagement and alignment
- Recreational opportunities and other public amenities
- Safe and reliable water quality
- Service reliability/redundancy/continuity of service
- Quality of design standards and practices
- Consistent practices related to new development
- Reliability and flexibility
- Knowledge capture and transfer (combining workforces)
- Effective and efficient workforce
- Emergency planning/continuity
- Reliability/flexibility/diversity of supply resources/conjunctive use of resources

Environment Criteria:

- Environmental stewardship
- Regional coordination and efficiency of supply
- Regulatory compliance related to water quality and water quantity issues

Using these criteria and the weighting and ranking scheme shown in the example on Page 4, allows for the creation of a graphical summary of the TBL evaluation results, shown on Page 5.

Also, as shown on the matrix on Page 4, these criteria were distributed among a set of key values or community objectives that provide another way of looking at the results. The example TBL analysis organized the criteria listed above into the following categories and provides a color coding to show which TBL categories each criteria relates to:

- Water Resources Management
- Organizational Performance and Culture

- Operations and Maintenance
- Capital Planning and Implementation
- Customer Needs
- Community Quality of Life

These categories can be used to graphically display the results as shown on page 6.

PREVIOUS ACTION

None

FISCAL IMPACT

None

RECOMMENDATION

Staff requests guidance from the WRWC as to appropriate criteria for a TBL evaluation and how such an evaluation might be applied to the potential consolidation of the DWR water utility with TMWA.

RCM

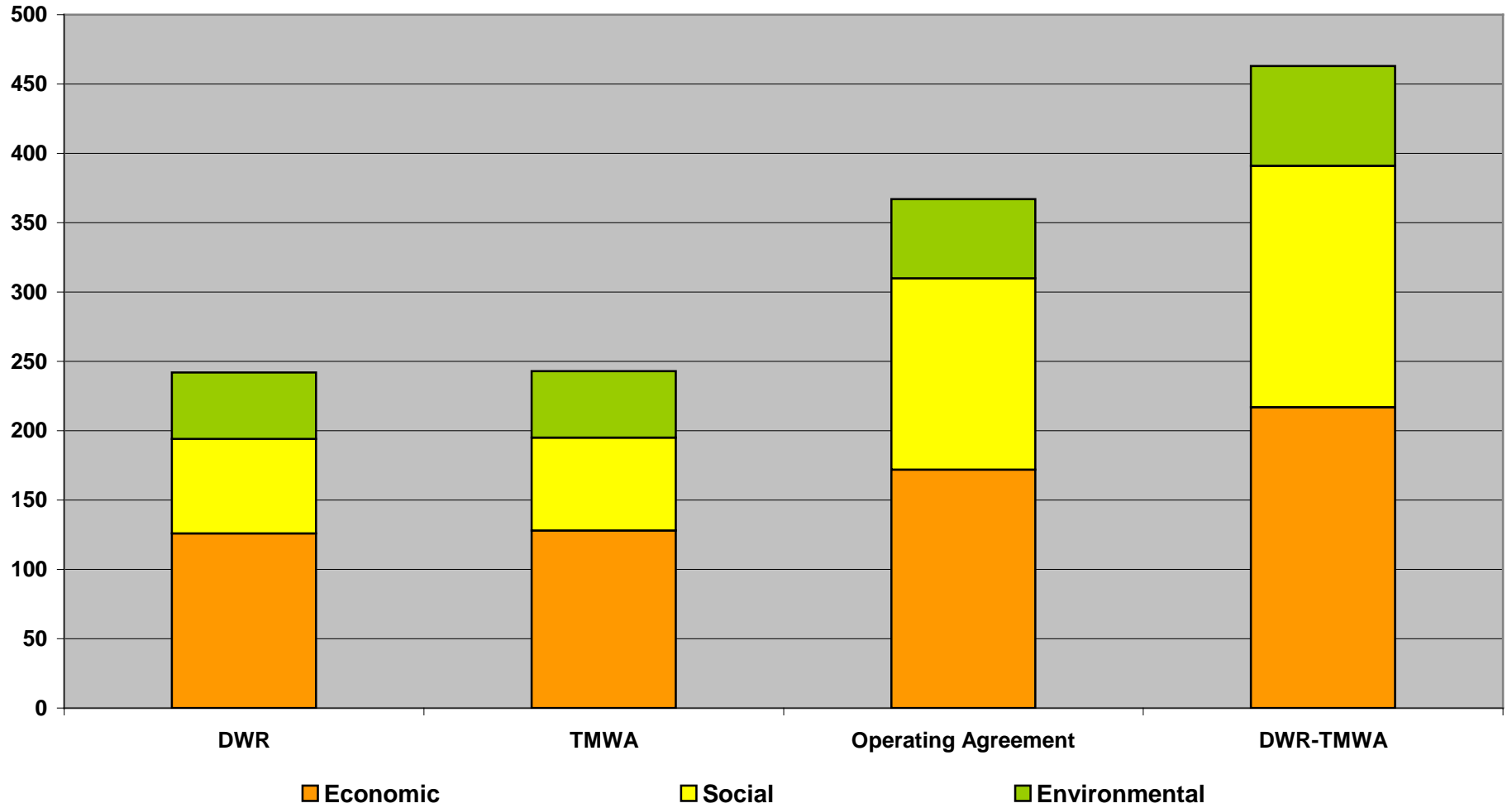
DWR-TMWA Executive Summary

TBL Legend		Weighting Allocation	
Env		15	
Soc		35	
Eco		50	

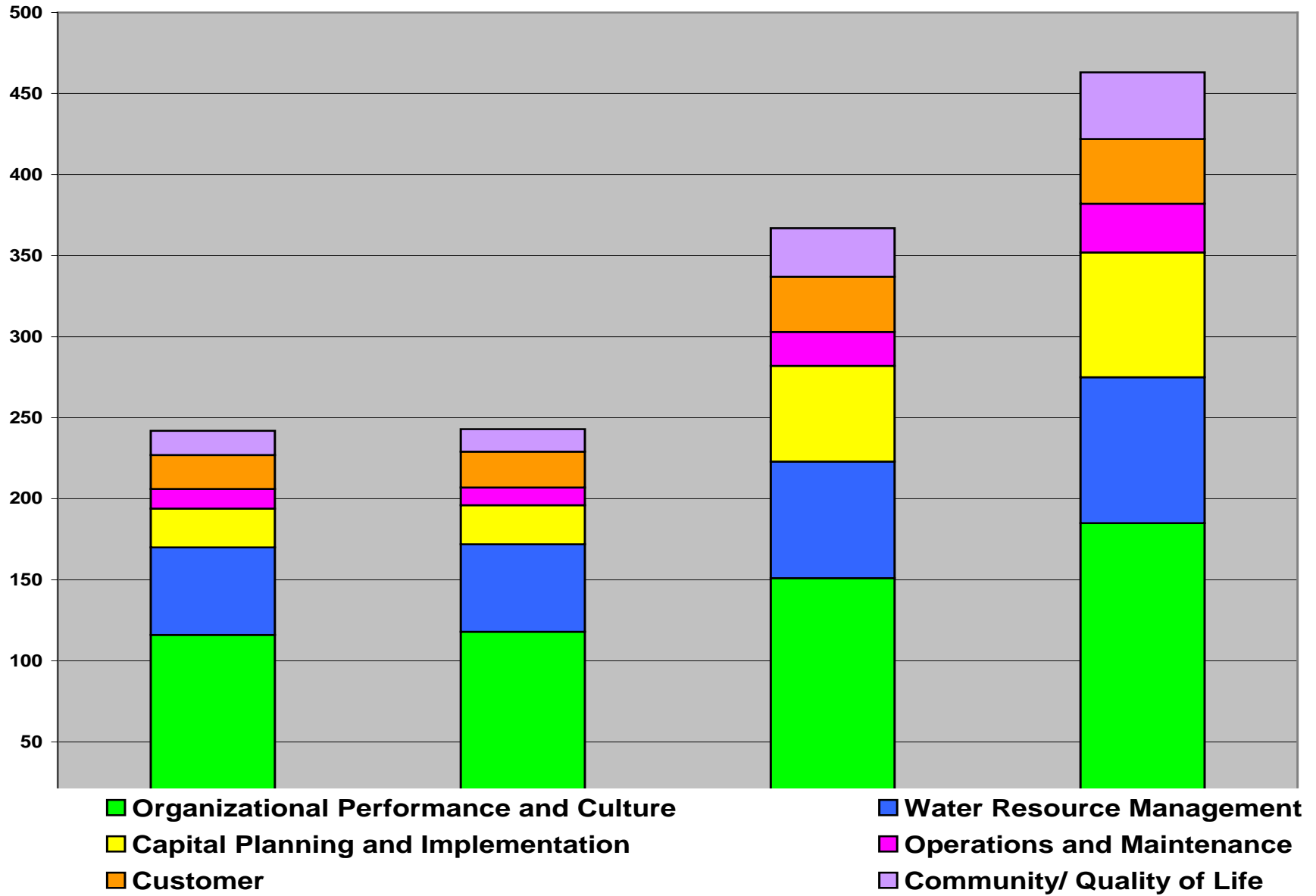
Rating Legend	
1	Acceptable
2	Adequate
3	Good
4	Great
5	Excellent/Improved

Category (strategic values/opportunities)	Qualitative Weighting	Alternatives				
		DWR	TMWA	Operating Agreement	DWR-TMWA	
		Rating (1-5)	Rating (1-5)	Rating (1-5)	Rating (1-5)	
Community/Quality of Life	Environmental stewardship	3	2	2	3	4
	Economic recovery	2	2	2	3	5
	Recreational opportunities and other public amenities	1	1	1	3	4
	Community relations, engagement and alignment	2	1	1	4	5
	Regional leadership and vision for the future	1	2	1	4	5
Community/Quality of Life Subtotal			15	14	30	41
Customer Needs	Value for money/level of service	2	2	2	4	5
	Safe and reliable water quality	2	5	5	5	5
	Service reliability/ redundancy/continuity of service	3	2	2	4	5
	Rate stability and equity	1	1	2	4	5
Customer Subtotal			21	22	34	40
Capital Planning and Implementation	Quality of design standards and practices	2	2	2	3	5
	Consistent policies, planning, procedures, and priorities	3	1	1	4	5
	Efficient use of existing infrastructure	3	2	2	4	5
	Efficient delivery of capital program based on system wide view	3	1	1	4	5
	Consistent growth and development practices	2	1	1	4	5
	Lowest lifecycle cost	3	2	2	3	4
Capital Planning and Implementation Subtotal			24	24	59	77
Operations and Maintenance	Reliability and flexibility	3	2	2	4	5
	Efficient operating practices	2	2	2	3	5
	Risk based maintenance and operations strategies	1	2	1	3	5
Operations and Maintenance Subtotal			12	11	21	30
Organizational Performance and Culture	Administrative and management efficiencies	2	3	3	2	5
	Knowledge capture and transfer	1	2	2	3	5
	Leverage technology and staff	2	1	2	3	5
	Effective and efficient workforce	7	2	2	4	5
	Emergency planning/ continuity	2	2	2	4	5
	Financial considerations/impacts					
	Access to capital (cost, bond rating)	15	4	4	4	3
Operating and maintenance expenses	7	2	2	3	5	
Financial policies and performance (reserve fund, debt coverage, cash, interest earnings)	7	2	2	3	5	
Organizational Performance and Culture Subtotal			116	118	151	185
Water Resource Management	Regional coordination and efficiency of supply	6	2	2	3	5
	Reliability/flexibility /diversity of supply/conjunctive use	6	2	2	4	5
	Regulatory compliance (quality and quantity)	6	5	5	5	5
Water Resource Management Subtotal			54	54	72	90
Total Score		100	242	243	367	463
		adds to 100				
Environmental			48	48	57	72
Social			68	67	138	174
Economic			126	128	172	217
Total Score			242	243	367	463

Results by Triple Bottom Line Category



Results by Community Values



Western Regional Water Commission

STAFF REPORT

DATE: March 8, 2011
TO: Chairman and Members, WRWC
FROM: John Rhodes, Legal Counsel
SUBJECT: **Bill Draft Requests and Bills that may affect the Western Regional Water Commission (“WRWC”) / Northern Nevada Water Planning Commission (“NNWPC”)**

The following report lists Bill Draft Requests ("BDR's") in the 2011 Nevada Legislature, as of March 4, 2011 that may affect or are of interest to the WRWC and NNWPC. Pending Bills are noted with an "AB" (Assembly) or "SB" (Senate) designation. WRWC Legislative Subcommittee positions on these items will be presented at the WRWC meeting on March 11, 2011.

Bill Drafts Requested

Water Issues

- 48--206 **Legislative Committee on Public Lands (NRS 218E.510)**
Revises provisions governing the use of water for evaporation in a pit lake or gravel pit. (8/04/2010)
- 48--207 **Legislative Committee on Public Lands (NRS 218E.510)**
[AB115](#) Revises provisions governing certain notices and hearings concerning applications to appropriate water for beneficial use.
- 48--208 **Legislative Committee on Public Lands (NRS 218E.510)**
Repeals provisions requiring a public hearing before the issuance of an order granting domestic well credits to a public water system. (8/04/2010)
- 48--209 **Legislative Committee on Public Lands (NRS 218E.510)**
[AB114](#) Revises the amount of the fees collected for issuing a permit to appropriate water for agricultural use. (8/04/2010)
- 20--243 **Legislative Committee to Oversee the Western Regional Water Commission (SB 487)**
[AB237](#) Authorizes the issuance of bonds to finance loans made to provide financial assistance to persons to connect to the public water or sewer system in certain counties. (8/19/2010)

- 20--244 **Legislative Committee to Oversee the Western Regional Water Commission (SB 487)**
[AB238](#) Allows issuance of County Bond Bank bonds for refunding of securities previously issued to an entity other than the County Bond Bank.
(8/19/2010)
- 285 **Senator Rhoads**
Provides for temporary water use for restoration of burned areas.
(8/30/2010)
- 48--299 **Assemblyman Goicoechea**
Revises provision relating to ground water basins. (8/31/2010)
- 48--312 **Assemblyman Goicoechea**
Revises provisions relating to stock water. By Request (8/31/2010)
- 48--347 **Assemblyman Ohrenschall**
Revises provisions relating to water. (8/31/2010)
- 48--360 **Assemblyman Goedhart**
Revises provisions relating to the filing of a protest to an application to appropriate water. (9/01/2010)
- 48--467 **Water Resources, Division of-Conservation and Natural Resources**
[AB73](#) Clarifies provisions governing notices and the right of entry by State Engineer and staff for inspection and eliminates hearings for domestic well credit programs. (9/01/2010)
- 32--468 **Water Resources, Division of-Conservation and Natural Resources**
[AB46](#) Clarifies requirements for payment of State Engineer assessments for the management of water. (9/01/2010)
- 48--525 **Eureka County**
[SB68](#) Includes participation by local governments in monitoring, management and mitigation of water resources. (9/01/2010)
- 32—542 **Assemblyman Segerblom (Originally requested by Assemblyman Mortenson)**
[AB218](#) Imposes sales tax on bottled water. By Request (10/04/2010)
- 681 **Assemblywoman Kirkpatrick**
Allows for public water agencies to lease water. (12/12/2010)
- R--730 **Assemblyman Elliot Anderson**
ACR: Provides for the study of water. (12/14/2010)

- 48—821 **Senate Committee on Government Affairs**
[SB153](#) Revises provisions relating to water. (12/15/10)
On Behalf Of the City of Caliente
- S--829 **Senator McGinness**
Makes various changes relating to water. (12/15/2010)
- 45—847 **Assemblywoman Bustamante Adams**
[AB167](#) Enacts provisions for the protection of the waters of this State from aquatic invasive species. (12/15/10)
- R--895 **Assemblyman Goedhart**
[AJR5](#) AJR: Urges the Federal Government to enter into discussions with the State of Nevada and Nye County concerning mitigation for contamination of certain waters in the State. (12/15/2010)
- 926 **Senator Schneider**
Makes various changes relating to the regulation and use of water. (12/15/2010) By Request
- 1064 **Assemblyman Goicoechea**
Revises provisions to expand water power energy systems. (2/14/2011)
- 1120 **Assembly Committee on Government Affairs**
Revises provisions relating to water. (2/24/2011)

Open Meeting Issues

- 19--107 **Assemblyman Carpenter**
Revises provisions governing the Open Meeting Law. (6/10/2010)
- 19--226 **Assemblyman Ohrenschall**
Revises provisions regarding the Open Meeting Law. (8/10/2010)
- 19--288 **Attorney General**
[AB59](#) Makes various changes to the Open Meeting Law. 8/30/2010
- 19--527 **Assemblyman Bobozien**
[AB239](#) Joint Requester: Assemblywoman Kirkpatrick
Revises provisions governing the use of websites by local governments to comply with the Open Meeting Law (9/02/2010) 8/30/2010