WESTERN REGIONAL WATER COMMISSION ("WRWC")
AGENDA

Wednesday, October 17, 2018
8:30 a.m.
Truckee Meadows Water Authority
1355 Capital Blvd., Reno, Nevada

TRUSTEES
Vaughn Hartung, Chairman
Donald Abbott
Ron Smith, Vice Chair
Kristopher Dahir
Sandra Ainsworth, Secretary-
Jeanne Herman
Neoma Jardon
Treasurer
Sandra Ainsworth
Naomi Duerr
Bob Lucey

NOTICE OF POSSIBLE QUORUM OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER
AUTHORITY ("TMWA"), AND/OR A POSSIBLE QUORUM OF THE BOARD OF COUNTY COMMISSIONERS ("BCC") FOR
WASHOE COUNTY
(See following Notes)

Notes: Because several of the WRWC Trustees are also members of the Board of Directors of TMWA and/or the
BCC, it is possible that a quorum of the TMWA Board and/or a quorum of the BCC may be present. Such
members will not deliberate or take action at this meeting as members of the TMWA Board or the BCC, but
may take action exclusively in their capacity as WRWC Trustees.
1. Items on this agenda on which action may be taken are followed by the term "For Possible Action". Non-action items are
followed by an asterisk (*).
2. Public comment is limited to three minutes per speaker and is allowed during the public comment periods, and before
action is taken on any action item. Comments are to be directed to the Commission as a whole. Persons may not
allocate unused time to other speakers. The public may sign-up to speak during the public comment period or on a
specific agenda item by completing a Public Comment Information ("Request to Speak") card and submitting it to the
clerk.
3. Items on this agenda may be taken out of order, combined with other agenda items for consideration, removed from the
agenda, or delayed for discussion at any time. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Supporting material provided to the Commission for items on the agenda is available to members of the public at the
Western Regional Water Commission ("WRWC") offices, 1001 E 9th Street, Reno, NV, from Jim Smitherman, Water
Resources Program Manager, (775) 954-4657, and on the WRWC website at http://www.wrwc.us
5. The Washoe County Commission Chambers are accessible to the disabled. We are pleased to make reasonable
accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the
meeting, please call (775) 954-4657 no later than 24 hours prior to the meeting.
6. 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), Sun Valley GID (5000 Sun Valley Blvd.), TMWA (1355 Capital Blvd.), Washoe
County Administration Building (1001 E. Ninth Street), South Valleys Library (15650A Wedge Parkway), the WRWC

1. Roll Call and Determination of Presence of a Quorum. *
2. Pledge of Allegiance. *
3. Public Comment – limited to no more than three minutes per speaker. *
4. Approval of Agenda. (For Possible Action)
5. Approval of the Minutes for meetings of October 18, 2017, July 18, 2018, and August 14, 2018. (For Possible Action)
6. Discussion and possible approval of the fiscal year 2017 - 2018 WRWC financial statements and audit opinion, and possible direction to staff – Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department, and Zeth Macy, Schettler Macy & Associates, LLC. (For Possible Action)

7. Discussion and possible designation of Schettler Macy & Associates, LLC as the external auditors for the fiscal year 2018 - 2019 WRWC financial statement audit; and, if approved, authorize the Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada – Ben Hutchins. (For Possible Action)

8. Discussion and possible approval of a scope of work, and funding in an amount not to exceed $150,000 from the Regional Water Management Fund (“RWMF”), to complete the update of the Truckee Meadows Watershed Management and Protection Plan for Tributaries to the Truckee River (the “Plan”); if approved, authorize the Chairman to execute an First Amendment Interlocal Agreement (“IA”) with the City of Reno for that purpose; and, possible direction to staff. (For Possible Action)

9. Report by the Desert Research Institute (“DRI”) on last winter’s cloud seeding operations for the Truckee River and Lake Tahoe Basins; discussion and possible approval of a scope of work, and funding in an amount not to exceed $50,000 from the RWMF, to augment State funded operations for the upcoming winter; if approved, authorize the Chairman to execute an IA with DRI for that purpose; and, possible direction to staff – Frank McDonough, Associate Research Scientist, DRI, and Chris Wessel, WRWC Water Management Planner. (For Possible Action)

10. Report on the development of outreach strategies, messages, materials and information dissemination methods related to regional effluent management planning (the “Project”) provided by Data Instincts Public Outreach Consultants (“Data Instincts”); discussion and possible approval of a scope of work, and funding in an amount not to exceed $100,000 from the RWMF, to continue the Project; if approved, authorize the Chairman to execute a First Amendment to the Agreement with Data Instincts for that purpose; and, possible direction to staff – Jim Smitherman, WRWC Water Resources Program Manager. (For Possible Action)

11. Report on the September 5, 2018, Northern Nevada Water Planning Commission (“NNWPC”) workshop, including recommendations regarding WRWC strategic priorities, annual meeting schedule, administrative and legal services, overhead and non-staff related operating expenses, and possible budget adjustments; discussion and possible adoption, revision, or deferral of any NNWPC recommendations; and, possible direction to staff – Jim Smitherman. (For Possible Action)

12. Discussion and possible direction to staff regarding agenda items and dates for future WRWC meetings – Jim Smitherman. (For Possible Action)
13. Commission Comments *

14. Staff Comments *

15. Public comment – limited to no more than three minutes per speaker *

16. Adjournment. (For Possible Action)
The regular meeting of the Western Regional Water Commission ("WRWC") Board of Trustees was held on Wednesday, October 18, 2017, at Truckee Meadows Water Authority, 1355 Capital Blvd., Reno, Nevada.

1. Roll Call and Determination of Presence of a Quorum

Chairman Hartung called the meeting to order at 9:00 a.m. There was a quorum present.

Commissioners Present: Appointed by:
Donald Abbott          City of Sparks
Naomi Duerr (present at 9:06 a.m.) City of Reno
Vaughn Hartung         Washoe County
Jeanne Herman          TMWA (Washoe County)
Neoma Jardon           TMWA (City of Reno)
Paul McKenzie          TMWRF
Ron Smith              TMWA (City of Sparks)

Commissioners Absent: Appointed by:
Sandra Ainsworth       Sun Valley General Improvement District ("SVGID")
Bob Lucey              TMWA (STMGID Successor)

2. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. Macy.

3. Public Comment

None

4. Approval of Agenda (For Possible Action)

COMMISSIONER SMITH MADE A MOTION TO APPROVE THE AGENDA, SECONDED BY COMMISSIONER MCKENZIE. THE MOTION CARRIED UNANIMOUSLY WITH SIX (6) COMMISSIONERS PRESENT.

5. Approval of the Minutes of the June 21, 2017, Meeting (For Possible Action)

COMMISSIONER JARDON MADE A MOTION TO APPROVE THE JUNE 21, 2017, MINUTES, SECONDED BY COMMISSIONER HERMAN. THE MOTION CARRIED UNANIMOUSLY WITH SIX (6) MEMBERS PRESENT.
6. Discussion and possible approval of the fiscal year 2016 - 2017 WRWC financial statements and audit opinion, and possible direction to staff - Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department; and Zeth Macy, Schettler Macy & Associates, LLC. (For Possible Action)

(Commissioner Duerr present at 9:06 a.m.)

Ben Hutchins introduced Zeth Macy who presented a summary of the audit report included as an attachment to the staff report.

COMMISSIONER MCKENZIE MADE A MOTION TO APPROVE THE WRWC FINANCIAL STATEMENTS AND AUDIT OPINION FROM SCHETTLER MACY & ASSOCIATES, LLC FOR FISCAL YEAR 2016 - 2017, AND DIRECT STAFF TO FILE THE SAME AS A PUBLIC RECORD, AS REQUIRED BY LAW, SECONDED BY COMMISSIONER JARDON. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) COMMISSIONERS PRESENT.

7. Discussion and possible designation of Schettler Macy & Associates, LLC as the external auditors for the fiscal year 2017 - 2018 WRWC financial statement audit; and, if approved, authorize the Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada - Ben Hutchins. (For Possible Action)

Mr. Hutchins presented the staff report. Staff is recommending that the WRWC designate Schettler Macy & Associates, LLC, as the auditors for fiscal year 2017 - 2018, approve the related Engagement Letter, and direct staff to report this designation to the State of Nevada by the March 30, 2018 deadline.

COMMISSIONER SMITH MADE A MOTION TO DESIGNATE SCHETTLER MACY & ASSOCIATES, LLC AS THE WRWC’S EXTERNAL AUDITORS FOR FISCAL YEAR ENDING JUNE 30, 2018, AUTHORIZE THE CHAIRMAN TO EXECUTE THE RELATED ENGAGEMENT LETTER, AND DIRECT STAFF TO REPORT THE DESIGNATION TO THE STATE BY THE STATUTORY DEADLINE, SECONDED BY COMMISSIONER HERMAN. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) COMMISSIONERS PRESENT.

8. Report by the Desert Research Institute (“DRI”) on last winter’s cloud seeding operations for the Truckee River and Lake Tahoe Basins, and alternatives for operations for the upcoming winter; discussion and possible approval of funding in an amount not to exceed $100,000 from the Regional Water Management Fund (“RWMF”) to support similar limited operations for the upcoming winter; and, if approved, authorize the Chairman to execute an interlocal agreement with DRI for that purpose - Frank McDonough, Associate Research Scientist, DRI; and Chris Wessel, WRWC Water Management Planner. (For Possible Action)

Chris Wessel presented information included in the staff report and introduced Frank McDonough who presented a summary of last winter’s cloud seeding operations for water year 2016-2017. Mr. McDonough also discussed proposed modified operations for the upcoming winter and presented an update regarding DRI’s efforts to secure funding from other cloud
seeding beneficiaries and potentially interested parties. A proposal and budget for the upcoming water year Tahoe-Truckee cloud seeding project is included as an attachment to the staff report.

COMMISSIONER HARTUNG MADE A MOTION TO APPROVE FUNDING IN AN AMOUNT NOT TO EXCEED $100,000 FROM THE RWMF TO SUPPORT DRI’S CLOUD SEEDING OPERATIONS FOR THE UPCOMING WATER YEAR, AND AUTHORIZE THE CHAIRMAN TO EXECUTE AN INTERLOCAL AGREEMENT WITH DRI FOR THAT PURPOSE, SECONDED BY COMMISSIONER ABBOTT.

Mr. McDonough answered questions regarding the amount of funding requested and what it will cover specifically.

There was discussion regarding the lack of participation in funding this project from others that are benefiting from it. It was suggested that if WRWC members reach out to ski resorts regarding funding, the RSCVA should be included in that outreach effort as well.

THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) COMMISSIONERS PRESENT.

9. Report on the analysis of historical precipitation data collected by Washoe County; discussion and possible approval of a proposal from DRI for continuation of the regional precipitation monitoring project; and, if approved, authorize the Chairman to execute an amendment to the Interlocal Agreement with DRI, in an amount not to exceed $20,000 from the RWMF, for that purpose - Dan McEvoy, PhD, Applied Climatologist, DRI; and Chris Wessel. (For Possible Action)

Mr. Wessel presented information included in the staff report and introduced Dan McEvoy who provided a summary of his analysis of historical precipitation data as an attachment to the staff report.

(Commissioners Duerr and Jardon absent.)

The Northern Nevada Water Planning Commission (“NNWPC”), at its August 2, 2017 meeting, recommended that the WRWC approve DRI’s proposal for continuation of the regional precipitation monitoring project for the 2017-2018 water year, in an amount not to exceed $20,000 from the RWMF.

COMMISSIONER MCKENZIE MADE A MOTION TO APPROVE DRI’S PROPOSAL TO CONTINUE THE REGIONAL PRECIPITATION MONITORING PROJECT FOR THE 2017 - 2018 WATER YEAR, AND AUTHORIZE THE CHAIRMAN TO EXECUTE AN AMENDMENT TO THE INTERLOCAL AGREEMENT WITH DRI, IN AN AMOUNT NOT TO EXCEED $20,000 FROM THE RWMF, FOR THAT PURPOSE, SECONDED BY COMMISSIONER ABBOTT. MOTION CARRIED UNANIMOUSLY WITH FIVE (5) COMMISSIONERS PRESENT.

10. Discussion and possible approval of an amendment to the Agreement for Legal Services for the WRWC and the Northern Nevada Water Planning Commission (“NNWPC”), to extend the Agreement through June 2020; and, if approved, authorize the Chairman to execute an amendment to the Agreement for that purpose - Jim Smitherman, WRWC Water Resources Program Manager. (For Possible Action)
Jim Smitherman presented information included in the staff report, and noted that Mr. Rhodes has proposed to extend the Agreement through June 30, 2020, on the same terms and conditions, including voluntary reductions in compensation, agreed upon in 2009, 2010, and 2011, during the recent recession, to coincide with similar compensation reductions for Washoe County employees. He also noted that those voluntary reductions, in a total amount of 10%, have since been recovered by County employees, but not Mr. Rhodes, and that the WRWC may consider that fact in a possible renewal of the Agreement.

COMMISSIONER SMITH MADE A MOTION TO APPROVE AN AMENDMENT TO THE AGREEMENT FOR LEGAL SERVICES FOR THE WRWC AND THE NNWPC, WITH RHODES LAW OFFICES, LTD., TO EXTEND THE AGREEMENT THROUGH JUNE 2020 AT THE RATE OF $144,000 FOR EACH ONE-YEAR PERIOD, SECONDED BY COMMISSIONER MCKENZIE. THE MOTION CARRIED UNANIMOUSLY WITH FIVE (5) MEMBERS PRESENT.

11. Discussion and possible direction to staff regarding agenda items and dates for future WRWC meetings – Jim Smitherman. (For Possible Action)

(Commissioners Duerr and Jardon present.)

Mr. Smitherman suggested not meeting in November if the Commissioners do not have any requests for agenda item.

COMMISSIONER MCKENZIE MADE A MOTION TO NOT HOLD A WRWC MEETING IN NOVEMBER AND HOLD THE NEXT MEETING IN JANUARY, SECONDED BY COMMISSIONER DUERR. THE MOTION CARRIED UNANIMOUSLY WITH SEVEN (7) MEMBERS PRESENT.

12. Commission Comments

Commissioner Duerr stated that she recommended to Mr. McDonough that in the future he include more information explaining how the funds being requested will be used.

13. Staff Comments

Mr. Smitherman reported that the Regional Planning Commission found the Regional Water Management Plan in conformance with the Truckee Meadows Regional Plan.

14. Public Comment

None

15. Adjournment (For Possible Action)

The meeting was adjourned at 10:01 a.m.
Respectfully submitted by,
Christine Birmingham, Recording Secretary

Approved by Commission in session on ______________ 2018.

_____________________________

Chair Vaughn Hartung
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department
SUBJECT: Discussion and possible approval of the fiscal year 2017 - 2018 WRWC financial statements and audit opinion, and possible direction to staff.

SUMMARY
The attached report presents the WRWC's financial statements for the year ended June 30, 2018, and the auditor’s opinion thereof. It is the auditor’s expressed opinion that the financial statements present fairly, in all material respects, the financial position of the WRWC as of June 30, 2018, and the changes in its financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. The report is being presented for consideration, discussion and approval.

PREVIOUS ACTION
On October 18, 2017, the WRWC voted to designate Schettler Macy & Associates, LLC as the WRWC’s external auditors for fiscal year 2017 - 2018.

BACKGROUND
Pursuant to NRS 354.624, each local government shall provide for an annual audit of its financial statements. In compliance with this statute, the WRWC engaged Schettler Macy & Associates, LLC to provide the audit services of its financial statements for the year ending June 30, 2018. The audit results, and opinion and findings of the auditor, must be presented at a meeting of the governing body and immediately thereafter filed as a public record with the secretary of the governing body, the county clerk, and the Nevada Department of Taxation.

FISCAL IMPACT
There is no fiscal impact.

RECOMMENDATION
Staff recommends that the WRWC approve the financial statements and audit opinion from Schettler Macy & Associates, LLC for fiscal year 2017 - 2018.

POSSIBLE MOTION
“Move to approve the WRWC financial statements and audit opinion from Schettler Macy & Associates, LLC for fiscal year 2017 - 2018, and direct staff to file the same as a public record, as required by law.”
Attachments: Financial Statements

JS:jp
September 27, 2018

To the Board of Trustees and Management
Western Regional Water Commission
Reno, Nevada

We have audited the financial statements of the governmental activities, and the General Fund of the Western Regional Water Commission (Commission) for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 9, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management’s discussion and analysis and budgetary comparison information, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit.
However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

This information is intended solely for the use of the Board of Trustees and the management of the Western Regional Water Commission and is not intended to be and should not be used by anyone other than these specified parties.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2018. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures may also be particularly sensitive because of their significance to the financial statement users. As included in our letters dated November 16, 2011 and September 4, 2012, management has determined in accordance with the *Cooperative Agreement for Contractual Professional and Administrative Staff Services* dated November 7, 2008, the Commission is responsible for reimbursement of sick pay and accrued vacation, as discussed in Note 1 to the financial statements, however, this responsibility does not extend to other postemployment benefits.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during the audit.
Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated September 27, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors and/or during the audit fieldwork and completion phases. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Closing Comments

We appreciate the cooperation and courtesies extended to us during the course of the audit and we look forward to our continued association.
# WESTERN REGIONAL WATER COMMISSION

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INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of the
Western Regional Water Commission
Reno, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and the General Fund of the Western Regional Water Commission (Commission) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Western Regional Water Commission as of June 30, 2018, and the respective changes in its financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2018, on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission’s internal control over financial reporting and compliance.

Reno, Nevada
September 27, 2018
As management of the Western Regional Water Commission (Commission), we offer readers of the Commission’s financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Commission’s financial statements, which follow this narrative.

The Commission was created on April 1, 2008 upon passage of 2007 Nevada Legislature Senate Bill 487 to improve water resource planning at the regional level and facilitate coordinated resource management among the four then existing public water purveyors of Washoe County (Truckee Meadows Water Authority, Washoe County Water Resources, Sun Valley General Improvement District and South Truckee Meadows General Improvement District).

A cooperative agreement was entered into upon the creation of the Commission among the following member agencies at the time: the cities of Reno and Sparks, the South Truckee Meadows General Improvement District, the Sun Valley General Improvement District, the Truckee Meadows Water Authority, and Washoe County, to form a Joint Powers Authority to operate the Commission.

On December 31, 2014, the Truckee Meadows Water Authority assumed the assets and obligations of the Washoe County and South Truckee Meadows General Improvement District water utilities. Washoe County is still in existence and plays an integral part in the cooperative agreement; however, the South Truckee Meadows General Improvement District has been dissolved. To this end, the Commission is directed by a Board of Trustees composed of members from each of the original governing agencies, excluding the South Truckee Meadows General Improvement District.

Financial Highlights

- The Commission’s Government-wide net position increased by $119 thousand to $1.27 million.
- The Commission’s General Fund reported an increase in fund balance of $120 thousand to $1.30 million.
Governmental Activities:

- General revenues increased by $41 thousand or 3% from the prior year.
- Expenses decreased by nearly $94 thousand or 6% from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission’s basic financial statements. The Commission’s basic financial statements consist of three components; the 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission’s finances, similar in format to a financial statement of a private-sector business.

The Statement of Net Position presents information on all of the Commission’s assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the balance reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Nevada Revised Statutes (NRS) and the Commission’s regulations.
Unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Commission’s General Fund is a governmental fund. Governmental funds focus on how assets can be readily converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Commission’s programs.

Notes to Financial Statements

The notes to the financial statements provide additional information which is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The following is a summary of the Commission’s government-wide Statement of Net Position as of June 30, 2018 and 2017:

<table>
<thead>
<tr>
<th>WESTERN REGIONAL WATER COMMISSION NET POSITION</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$ 1,497,118</td>
<td>$ 1,441,663</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>198,179</td>
<td>264,128</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>32,839</td>
<td>30,261</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 1,266,100</td>
<td>$ 1,147,274</td>
</tr>
</tbody>
</table>
Governmental Activities

The Commission’s governmental activities for the years ended June 30, 2018 and 2017 are presented in the following table:

WESTERN REGIONAL WATER COMMISSION
CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,489,557</td>
<td>$1,448,757</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>2,282</td>
<td>1,944</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,491,839</td>
<td>1,450,701</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>1,373,013</td>
<td>1,467,010</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,373,013</td>
<td>1,467,010</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>118,826</td>
<td>(16,309)</td>
</tr>
<tr>
<td><strong>Net Position, July 1</strong></td>
<td>1,147,274</td>
<td>1,163,583</td>
</tr>
<tr>
<td><strong>Net Position, June 30</strong></td>
<td>$1,266,100</td>
<td>$1,147,274</td>
</tr>
</tbody>
</table>

Economic Factors / Next Year’s Budget / Other Significant Matters

Overall, revenue was 3% more than the previous fiscal year, which is expected based on the recent growth and development in Washoe County. In the opinion of management, revenue is sufficient and will continue to be stable since member purveyors regularly monitor water rates to insure an acceptable level of cash flow for operations. As a result, a consistent and stable source of revenue should continue to provide sufficient financial resources for the Commission to achieve its desired goals and objectives.
Unrestricted net position as of June 30, 2018 was $1.27 million, whereas operating expenses in the June 30, 2019 budget are only $694 thousand, or 30% of the total budget. All other budgeted expenses relate to projects and can be managed in a way that aligns with remaining resources and expected future revenues.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Commission’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Western Regional Water Commission  
c/o Washoe County Community Services Department  
1001 E. Ninth Street  
Reno, NV 89512
FINANCIAL STATEMENTS
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

<table>
<thead>
<tr>
<th>GOVERNMENTAL ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1,134,402</td>
<td>$1,089,769</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>357,907</td>
<td>348,521</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>4,809</td>
<td>3,363</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,497,118</td>
<td>1,441,663</td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET POSITION |          |          |
| Current Liabilities         |          |          |
| Accounts payable            | 31,404   | 31,074   |
| Accrued salaries payable    | 6,832    | 6,578    |
| Due to other governments    | 159,943  | 226,476  |
| Total Current Liabilities   | 198,179  | 264,128  |

| Accrued Compensated Absences|          |          |
|                            | 32,839   | 30,261   |

| Total Liabilities          | 231,018  | 294,389  |

| Net Position, Unrestricted | $1,266,100 | $1,147,274 |

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>$1,373,013</td>
<td>$1,467,010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>1,489,557</td>
<td>1,448,757</td>
</tr>
<tr>
<td>Unrestricted investment earnings</td>
<td>2,282</td>
<td>1,944</td>
</tr>
<tr>
<td>Total General Revenues</td>
<td>1,491,839</td>
<td>1,450,701</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>118,826</td>
<td>(16,309)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position - July 1</td>
<td>1,147,274</td>
<td>1,163,583</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position - June 30</td>
<td>$1,266,100</td>
<td>$1,147,274</td>
</tr>
</tbody>
</table>

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2018
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$1,134,402</td>
<td>$1,089,769</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>357,907</td>
<td>348,521</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>4,809</td>
<td>3,363</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,497,118</strong></td>
<td><strong>$1,441,663</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$31,404</td>
<td>$31,074</td>
</tr>
<tr>
<td>Accrued salaries payable</td>
<td>6,832</td>
<td>6,578</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>159,943</td>
<td>226,476</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>198,179</strong></td>
<td><strong>264,128</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEFERRED INFLOWS OF RESOURCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable revenue - surcharge fees</td>
<td>3,333</td>
<td>2,413</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCE</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned to subsequent year's budget</td>
<td>792,163</td>
<td>865,163</td>
</tr>
<tr>
<td>Unassigned</td>
<td>503,443</td>
<td>309,959</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>1,295,606</strong></td>
<td><strong>1,175,122</strong></td>
</tr>
</tbody>
</table>

| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | $1,497,118 | $1,441,663 |

See accompanying notes.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance - Governmental Fund</td>
<td>$1,295,606</td>
</tr>
</tbody>
</table>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Accrued compensated absences reported in the Statement of Net Position are not due and payable in the current period and therefore are not reported in the governmental fund.  

(32,839)

Revenues that are not available to pay for current expenditures and therefore are not reported in the governmental fund.  

3,333

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position - Governmental Activities</td>
<td>$1,266,100</td>
</tr>
</tbody>
</table>

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,488,637</td>
<td>$1,447,837</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>2,282</td>
<td>1,944</td>
</tr>
<tr>
<td></td>
<td><strong>1,490,919</strong></td>
<td><strong>1,449,781</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>1,370,435</td>
<td>1,464,771</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>120,484</td>
<td>(14,990)</td>
</tr>
<tr>
<td><strong>FUND BALANCE, July 1</strong></td>
<td>1,175,122</td>
<td>1,190,112</td>
</tr>
<tr>
<td><strong>FUND BALANCE, June 30</strong></td>
<td>$1,295,606</td>
<td>$1,175,122</td>
</tr>
</tbody>
</table>

See accompanying notes.
Net Change in Fund Balance - Governmental Fund $ 120,484

Amounts reported for governmental activities in the Statement of Activities are different because:

The change in accrued compensated absences is reported in the Statement of Activities. This does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental fund. (2,578)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. 920

Change in Net Position of Governmental Activities $ 118,826

See accompanying notes.
WESTERN REGIONAL WATER COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Variance To Final Budget</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original And Final Budget</td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water surcharge fees</td>
<td>$1,394,568</td>
<td>$1,488,637</td>
<td>$94,069</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>40,000</td>
<td>-</td>
<td>(40,000)</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>25,195</td>
<td>2,282</td>
<td>(22,913)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>31,156</td>
</tr>
<tr>
<td></td>
<td>1,459,763</td>
<td>1,490,919</td>
<td>1,449,781</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>2,324,926</td>
<td>1,370,435</td>
<td>954,491</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,464,771</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>(865,163)</td>
<td>120,484</td>
<td>985,647</td>
</tr>
<tr>
<td>FUND BALANCE, July 1</td>
<td>1,278,077</td>
<td>1,175,122</td>
<td>(102,955)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,190,112</td>
</tr>
<tr>
<td>FUND BALANCE, June 30</td>
<td>$412,914</td>
<td>$1,295,606</td>
<td>$882,692</td>
</tr>
<tr>
<td></td>
<td>$1,175,122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Western Regional Water Commission (Commission) was created on April 1, 2008 upon passage of 2007 Nevada Legislature Senate Bill 487 to improve water resource planning at the regional level and facilitate coordinated resource management among the public water purveyors of Washoe County. Previously, the four water purveyors consisted of the Truckee Meadows Water Authority, Washoe County Water Resources, Sun Valley General Improvement District and South Truckee Meadows General Improvement District. However, as of December 31, 2014, Washoe County Water Resources and South Truckee Meadows General Improvement District merged with the Truckee Meadows Water Authority.

A cooperative agreement was entered into upon the creation of the Commission by the following member agencies at the time: the cities of Reno and Sparks, the South Truckee Meadows General Improvement District, the Sun Valley General Improvement District, the Truckee Meadows Water Authority, and Washoe County, to form a Joint Powers Authority to operate the Commission. The Commission is currently directed by a Board of Trustees comprised of members from each of the original governing agencies, excluding the South Truckee Meadows General Improvement District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements include both government-wide and fund financial statements.

Government-Wide Statements

The government-wide Statement of Net Position is presented on a full accrual, economic resource basis that recognizes all long-term assets as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission’s functions. The functions are also supported by the general government revenues. The Statement of Activities reduces gross expenses by related program revenues and operating grants. The Statement of Activities is also presented on a full accrual basis
where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place.

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available (susceptible to accrual). Interest and surcharges are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measureable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures are recorded only when payment is due.

The General Fund is the Commission’s sole fund; therefore, it accounts for all financial resources of the general government.

*Accounts Receivable*

Accounts receivable arise from water surcharge fees. No allowance for doubtful accounts is required as all receivables are considered to be fully collectible (also see Note 6).

*Compensated Absences*

As described in Note 6, the Commission entered into an agreement with Washoe County on November 8, 2008 to retain the services of certain assigned County employees to perform duties of the Commission. The Commission interprets this agreement to obligate the Commission to pay any applicable accrued vacation and sick pay for its assigned employees upon their termination. Accordingly, since the payroll reimbursement payments from the Commission to the County are exclusive of these termination payments, the Commission’s policy is to provide for this obligation in their financial statements in the same manner as if the assigned employees were deemed to be actual employees of the Commission.

Earned vacation and compensatory time may each be accumulated up to a maximum of 240 hours. The earned vacation and compensatory time is payable upon termination and the liability is reported at the employees’ current rate of pay.
Sick leave is only applicable for payout after 10 years of employment. Personnel are paid sick leave upon termination on half of the total accumulated hours in excess of 300 hours up to a maximum payout of 800 hours at 100% of an employee’s then existing pay rate.

Revenue

The Commission is funded by imposing a 1.5% surcharge fee on customer water bills. The surcharge fee is collected by each non-exempt water purveyor and supplier of water within the Washoe County planning area and remitted to the Commission.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Prior Year Information

The basic financial statements include certain prior-year summarized information, but which is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission’s financial statements for the year ended June 30, 2017, from which the summarized information was derived. Certain amounts presented in the prior year data may be reclassified to be consistent with the current year’s presentation.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The Commission adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the Commission’s Board of Trustees (the “Board”) files a tentative budget with the Nevada Department of Taxation for the fiscal year beginning the following July 1. The tentative budget includes proposed expenditures and the means of financing them.
2. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the Board’s members.

3. The Commission’s Program Manager is authorized to transfer appropriations between accounts within the Water Management Fund. Augmentations in excess of the original budget require approval from the Board.

4. Formal budgetary integration is employed as a management control device for the Commission’s General Fund. The budget is legally adopted, and its annual appropriations lapse at year-end.

5. Budgeted appropriations may not be exceeded by actual expenditures of the various programs in the budgeted governmental fund (the General Fund).

6. All budgets are adopted on a basis consistent with GAAP. The accompanying financial statements reflect the Original Budget and the Final Budget in one columnar presentation as there were no adjustments made to the Original Budget.

NOTE 3 – CASH IN COUNTY TREASURY

Cash at June 30, 2018 consisted of the following:

Cash in County Treasury $1,134,402

The Commission maintains all of its cash and investments with the Washoe County Treasurer in an investment pool. The Treasurer allocates interest to participants based upon their average balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s financial statements. The Washoe County financial statements may be obtained by contacting the Office of the Comptroller at 1001 E. Ninth Street, Room D-200, Reno, NV 89512. The Investment Committee oversees the Washoe County Treasurer’s investments and policies.
Investments held in the County’s investment pool are available on demand and are stated at fair value in accordance with GASB 72. The fair value of the Commission’s position in the pool equals the value of the pool shares.

*Interest Rate Risk* – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers’ acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with Nevada Revised Statutes, the Commission limits its investment instruments by their credit risk. The Washoe County Investment Pool is an unrated external investment pool.

**NOTE 4 – LONG-TERM LIABILITIES**

The following is a summary of long-term liability activity of the Commission for the year ended June 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2018</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>$ 30,261</td>
<td>$ 2,578</td>
<td>$ -</td>
<td>$ 32,839</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**NOTE 5 – NET POSITION AND FUND BALANCE**

*Net Position*

Equity is classified as net position in the government-wide financial statements. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors or laws or regulations of other governments.
As of June 30, 2018, the Commission’s net position was comprised of:

- **Unrestricted Net Position** – Net position of the Commission which is not restricted for any project or other purpose.

**Fund Balance**

The Commission has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The Commission reports the following classifications:

*Non-spendable* – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board’s adopted policy, only the Board may assign amounts for specific purposes.

Appropriated assigned fund balance is an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

*Unassigned* – the residual classification for the General Fund.
When both restricted and unrestricted resources are available for use, it is the Board’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – as needed, unless the Board has provided for otherwise in its commitment or assignment actions.

NOTE 6 – RELATED PARTY TRANSACTIONS

On November 8, 2008, the Commission entered into an agreement with Washoe County ("County") whereby the County will provide to the Commission, on a contractual and reimbursable basis, services of employees from the County’s Community Services Department (assigned employees), who have historically been fully dedicated to supporting and performing the duties associated with planning and implementation of regional water matters. Assigned employees retain all rights and status of Washoe County employees.

The Commission reimburses the County for all actual costs for the services provided by the assigned employees, including wages, hours, compensatory time, sick leave, special sick leave, annual leave, insurance premiums, worker’s compensation insurance, and all other benefits the County currently provides or may provide in the future. Reimbursable future obligations of the Commission include compensated absences, but do not include postemployment benefits. Total costs reimbursed by the Commission to the County for these services were $352,752 for the year ended June 30, 2018.

In addition to the services provided by the assigned employees, routine and general administrative activities in support of the Commission’s mission are provided by other personnel of the County. Total costs reimbursed by the Commission to the County for these services were $79,321 for the year ended June 30, 2018.

As discussed in Note 1, the Commission derives its revenue from a surcharge on customer water bills within the region collected by water purveyors in Washoe County. Some members of the governing bodies of the purveyors are also members of the Commission’s Board of Trustees. Total water surcharge revenues for the year ended June 30, 2018 were $1,488,637, which includes accounts receivable of $357,907.
NOTE 7 – COMMITMENTS

On May 16, 2013, the Commission entered into an interlocal agreement with Truckee Meadows Water Authority (TMWA) to implement plans to manage and maximize the yield of regional water supplies in furtherance of the Truckee River Operating Agreement (TROA). Part of the TROA provides that Reno, Sparks and Washoe County agree to provide 6,700 acre-feet of water rights for water quality purposes. TMWA is actively engaged in the water rights market in the ordinary course of its operation of the public water system. Through this agreement the Commission intends to budget Regional Water Management Fund monies up to $2,700,000 to reimburse TMWA for costs incurred to purchase these water rights. Title of the water rights purchased under this agreement shall be conveyed to Reno, Sparks and Washoe County as tenants in common with undivided 1/3 interest each. Total costs for purchases made under this agreement through June 30, 2018 were $2,638,009.

This agreement shall terminate in the event of a) thirty days written notice by either party; b) non-appropriation by the Commission; or c) upon expenditure of the $2,700,000 as discussed above.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2018, the date the financial statements were available to be issued. The Commission has determined there are no material transactions that have not been disclosed.
COMPLIANCE SECTION
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of the
Western Regional Water Commission
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Western Regional Water Commission (the Commission) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated September 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reno, Nevada
September 27, 2018

Schettler Macy & Associates, LLC
STATUTE COMPLIANCE

Current Year

The Commission complied with all significant statutory constraints on its financial administration during the year.

Prior Year

During the prior year, the Commission complied with all significant statutory constraints on its financial administration.

AUDIT RECOMMENDATIONS

Current Year

We did not note any financial weaknesses of a magnitude to justify inclusion within our report.

Prior Year

There were no prior year recommendations related to financial statement weaknesses of a magnitude to justify inclusion within the audit report.
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Ben Hutchins, Director, Finance & Administration Division, Washoe County Community Services Department (“CSD”)
SUBJECT: Discussion and possible designation of Schettler Macy & Associates, LLC as the external auditors for the fiscal year 2018 - 2019 WRWC financial statement audit; and, if approved, authorize the Chairman to execute the related Engagement Letter, and direct staff to file the required documents with the State of Nevada.

SUMMARY
Staff is recommending that the WRWC designate Schettler Macy & Associates, LLC, as the auditors for fiscal year 2018 - 2019, approve the related Engagement Letter, and direct staff to report this designation to the State of Nevada by the March 30, 2019 deadline.

PREVIOUS ACTION
On October 18, 2017, the WRWC voted to designate Schettler Macy & Associates, LLC as the WRWC’s external auditors for fiscal year 2017 - 2018.

BACKGROUND
NRS requires the selection of external auditors to be made and communicated to the State no later than March 30th of each fiscal year. In anticipation of this deadline, CSD secured an engagement letter and price proposal from Schettler Macy & Associates, LLC (letter attached).

Since Schettler Macy & Associates, LLC has performed audits in past fiscal years in a professional and cost effective manner, and the proposed fee for the 2018 - 2019 audit is reasonable with no increase in cost over the prior year, staff recommends designating Schettler Macy & Associates, LLC as the external auditors for fiscal year 2018 - 2019 WRWC financial statement audit.

FISCAL IMPACT
The proposal received from Schettler Macy & Associates, LLC indicates audit services would be billed based on their standard hourly rates, plus out-of-pocket costs, with a total fee not to exceed $8,700. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710139, Professional Services, Cost Object WP310706.

RECOMMENDATION
Staff recommends that the WRWC designate Schettler Macy & Associates, LLC as the external auditors for the fiscal year ending June 30, 2019, authorize the Chairman to execute the related Engagement Letter, and direct staff to report the designation to the State of Nevada by the statutory deadline.
POSSIBLE MOTION

“Move to designate Schettler Macy & Associates, LLC as the WRWC’s external auditors for the fiscal year ending June 30, 2019, authorize the Chairman to execute the related Engagement Letter, and direct staff to report the designation to the State of Nevada by the statutory deadline.”

Attachments: Schettler Macy & Associates, LLC, Letter of Engagement

JS:jp
September 27, 2018

Mr. Ben Hutchins, CPA  
Western Regional Water Commission  
c/o Washoe County Community Services Department  
1001 E. Ninth Street, Reno, NV 89512  
Reno, NV 89512

Dear Ben,

We are pleased to confirm our understanding of the services we are to provide the Western Regional Water Commission (WRWC) for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of WRWC as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to WRWC’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management’s Discussion and Analysis
2) Budgetary Comparison Schedule

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of WRWC and other procedures we consider necessary to enable us to express such opinions.
We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that WRWC is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.
At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WRWC’s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Other Services

We will also assist in preparing the financial statements and related notes of WRWC in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all
accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management’s views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.
You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to WRWC; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Schettler Macy & Associates, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State of Nevada or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities.

We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Schettler Macy & Associates, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Nevada.

Zeth M. Macy is the engagement partner and is responsible for supervising the engagement and signing the reports. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $8,700. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.
We appreciate the opportunity to be of service to the WRWC and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Thank you.

Very truly yours,

SCHETTLER MACY & ASSOCIATES, LLC

Zeth M. Macy, CPA
Partner

RESPONSE:
This letter correctly sets forth the understanding of the Western Regional Water Commission.

By: ______________________

Title: ______________________
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Chris Wessel, Water Management Planner, WRWC
SUBJECT: Discussion and possible approval of a scope of work, and funding in an amount not to exceed $150,000 from the Regional Water Management Fund ("RWMF"), to complete the update of the Truckee Meadows Watershed Management Protection Plan for Tributaries to the Truckee River ("the Plan"); if approved, authorize the Chairman to execute a First Amendment to the Interlocal Agreement ("IA") with the City of Reno for that purpose; and possible direction to staff.

SUMMARY
The Truckee Meadows Storm Water Permit Coordinating Committee ("SWPCC") recently completed a gap analysis as part of the initial update to the Plan. The current Plan includes some, but not all, components of nine elements required by the Environmental Protection Agency ("EPA") for grant funding under Section 319, the Nonpoint Source Management Program, of the Clean Water Act ("Section 319"). Based on information identified in the initial gap analysis, the SWPCC is requesting funding in the amount $150,000 from the RWMF to complete the Plan update. The SWPCC approved the hiring of NCE Consulting, Inc., through the City of Reno, to complete this subsequent and final phase of the Plan update.

Theresa Jones, SWPCC coordinator for the City of Reno, will be available to report on the findings of the initial gap analysis, and the proposed scope of work to complete the Plan update. The proposal has been recommended for approval by the Northern Nevada Water Planning Commission ("NNWPC").

PREVIOUS ACTION
At a regular meeting held January 18, 2017, the WRWC approved a proposal, in an amount not to exceed $70,000 from the RWMF, to complete the initial gap analysis of the Plan update, and authorized the Chairman to execute an IA with the City of Reno for that purpose.

BACKGROUND
The Cities of Reno and Sparks, and Washoe County, through the SWPCC, are required to continue to review, modify and update the initial Plan dated May 9, 2003. The Plan was last updated in 2005 with the publication of the "Truckee Meadows Watershed Protection Manual". Since that time, the SWPCC became aware of the potential for Section 319 grant funding which may be available to communities with watershed management plans that meet the criteria consisting of the nine elements referred to above. The WRWC funded the initial gap analysis to identify data gaps in the current Plan, and provide recommendations of data needs required to
update the Plan to comply with the EPA criteria. The proposed scope of work will result in a revised Plan intended to satisfy all elements required to obtain Section 319 grant funding.

**FISCAL IMPACT**
If approved, the fiscal impact to the RWMF will not exceed $150,000. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object WP310305.

**RECOMMENDATION**
The NNWPC at its October 3, 2018 meeting, made a recommendation to the WRWC for approval of the proposed scope of work, and funding in an amount not to exceed $150,000 from the RWMF, to complete the Plan update.

**POSSIBLE MOTION**
“Move to approve the proposed scope of work, and funding in an amount not to exceed $150,000 from the RWMF, to complete the Plan update; and authorize the Chairman to execute a First Amendment to the IA with the City of Reno for that purpose.”
Scope of Work for the Update to the 2003 Watershed Management and Protection Plan for Tributaries to the Truckee River

Project Understanding

The focus of this scope of work is to present an approach to update the 2003 Watershed Management and Protection Plan for Tributaries to the Truckee River (2003 Plan) utilizing guidance from the Environmental Protection Agency (EPA) Handbook for Developing Watershed Plans to Restore and Protect Our Waters. NCE will focus the update on EPA’s Section 2.6: Nine Minimum Elements to bring the plan to current standards in 2019.

Desired outcomes of the 2003 Plan update include the following:

- Develop a list of prioritized projects that is tangible and realistic.
- Build on information from the Truckee Meadows Storm Water Permit Coordinating Committee’s (TMSWPCC) annual watershed assessments.
- Each agency has projects that may qualify for 319 funding and these should be included in the plan.
- The plan will complement the Nevada Division of Environmental Protection’s (NDEP) Integrated Source Water Protection Plan (ISWPP) for Washoe County and the Nevada Land Trust’s (NLT) and Keep Truckee Meadows Beautiful (KTMB) One Truckee River Management Plan (OTR).

NCE will work closely with the TMSWPCC, NDEP/Resource Concepts Incorporated (RCI), and NLT/OTR to ensure the watershed update is complementary and not duplicative of the ISWPP and OTR efforts. An example complementary effort may include collaborating with the NLT/OTR, working within the framework of the TMSWPCC Watershed Management and Protection Plan, on projects to restore tributary stream reaches bounded by private property. This win-win-win scenario leverages the NLT/OTR’s ability to work with and fund restoration projects on private properties. In addition, this approach will achieve the goals of the TMSWPCC watershed management efforts and benefit the community as a whole.

Scope of Work

Task 1 Project Management, Meetings, and QA/QC $20,000

NCE will manage the project to ensure project deliverables are submitted on time, within budget, and project deliverables meet TMSWPCC/NCE’s quality standards.

The update of the 2019 Watershed Plan will require coordination and meetings with a large group of partners and stakeholders. NCE anticipates the following meetings:

- Kickoff meeting with the TMSWPCC
The City of Reno, City of Sparks, and Washoe County’s goals and objectives for the 2019 Watershed Plan will be determined at this meeting.

- Existing information and Amended Gaps Analysis meeting with TMSWPCC and with NDEP/RCI Integrated Source Water Protection Program staff. The purpose of this meeting is to better understand NDEP’s expectations for the 319 approval process as well as better understand the existing data that is available for the 2019 Watershed Plan.
- Monthly TMSWPCC meetings to provide project updates and receive committee feedback.
- Up to two (2) meetings with NDEP, RCI, and One Truckee River Management Plan stakeholders. The purpose of these meetings is to discuss specific aspects of the 2019 Watershed Plan as the plan is being developed.
- A regulatory meeting with the NDEP 319 Program Coordinator, NDEP Source Water Protection Staff, One Truckee River Management Plan key staff members (NLT, KTMB and OTR), and TMSWPCC members. It is anticipated this meeting will be held after the completion of Task 2. At this meeting, the ISWPP and OTR plans will be discussed as to how they are related to the 2019 Watershed Plan.

Assumptions:
- The above meetings are anticipated but may not be necessary
- Additional meetings may be needed

Deliverables:
- Meeting agendas, meeting minutes, monthly progress reports included with invoices

Task 2 Complete Data Review and Gaps Analysis $ 40,000
NCE will review in more detail the 2003 Plan along with the supporting annual storm water monitoring reports, watershed assessment documents, Amended Gap Analysis prepared by Stantec, and data gathered by RCI for the ISWPP effort to determine their applicability related to the EPA Handbook Section 2.6: Nine Minimum Elements (EPA Nine Elements). In addition, the OTR will be reviewed to ensure the 2019 Watershed Update is not duplicating efforts.

In conjunction with the review, NCE will develop a 2019 Watershed Plan outline based on the EPA Nine Elements. This outline will allow NCE to identify data gaps and missing information from the 2003 and other supporting documents, including Stantec’s Amended Gap Analysis, which must be included in the 2019 Watershed Plan. Based on this gaps analysis, NCE will prepare a Missing Elements Summary document that identifies outstanding data to be collected within the available budget.

Following the completion of the review and gaps analysis, NCE will facilitate a meeting with the City of Reno (and other TMSWPCC members) to discuss the results of Task 2 Complete Data Review and Gap Analysis.

Assumptions:
- Stantec’s Amended Gap Analysis will be provided to NCE
Deliverables:
- Missing Elements Summary memo and/or table of prioritized needed data

Task 3 Data Gathering $30,000
NCE will work with the TMSWPCC members and other stakeholders to obtain input and data necessary to fill the identified data gaps from Task 2. It is anticipated that the Task 1 Project Meetings will support this task; additional data gathering may consist of mapping and windshield surveys which may be needed for the 2019 Watershed Plan.

Assumptions:
- Due to the current unknown amount of additional data gathering needed to complete this task, NCE will work with TMSWPCC to determine the amount of time and/or monies spent gathering additional data.
- If NCE identifies unforeseen need(s) that are better suited for RCI, NCE will communicate those needs with the City of Reno, Project Manager, Theresa Jones. An example of a potential need could be coordinating efforts on developing a Tributary Watershed Profile template to support the 2019 Watershed Plan.

Deliverables:
- The Missing Elements Summary memo and/or table from Task 2 will be updated with the additional data gathered

Task 4 Draft 2019 Watershed Plan $45,000
NCE will prepare a Draft 2019 Watershed Plan to be submitted to the TMSWPCC for review and comment. It is anticipated the 2019 Watershed Plan is likely to include the following depending on available budget:
- EPA Letter a. Identification of causes of impairment and pollutant sources that need to be controlled. The 2003 Plan has data to support this EPA element, in addition, the watershed assessments for tributaries to the Truckee River and stormwater monitoring reports includes data to support this element. Additional information may be needed.
- EPA Letter b. An estimate of the load reductions expected from management measures. This will likely need to be developed.
- EPA Letter c. A description of the nonpoint source management measures to achieve load reductions. The 2003 Plan has data to support this EPA element, additional information is likely needed.
- EPA Letter d. Estimate of the amounts of technical and financial assistance needed, costs, and/or authorities that will be relied upon. This will likely need to be developed.
- EPA Letter e. An information and education component used to enhance public understanding of the project. The 2003 Plan has data to support this EPA element, additional information is likely needed.
• EPA Letter f. Schedule for implementing the nonpoint source management measures. This will likely need to be developed.
• EPA Letter g. A description of interim measurable milestones for determining whether actions are being implemented. The 2003 Plan has data to support this EPA element, additional information is likely needed.
• EPA Letter h. A set of criteria that can be used to determine whether loading reductions are being achieved over time. This will likely need to be developed.
• EPA Letter i. A monitoring component to evaluate the effectiveness of the implementation efforts over time, measured against the criteria. The 2003 Plan has data to support this EPA element, additional information is likely needed.

Assumptions:
• The Draft (and Final) 2019 Watershed Plan table of contents will include the EPA Nine Elements as presented above. EPA acknowledges that the Nine Elements do not need to be presented sequentially as shown above, but the Nine Elements must be included in the 2019 Watershed Plan to be considered a complete document.
  o The Draft/Final 2019 Watershed Plan table of contents will also include the following sections: Introduction, Stakeholders, and Description and Characterization of the Truckee River Tributaries Watersheds.
• One consolidated set of comments from the TMSWPCC will be provided to NCE

Deliverables:
• Draft 2019 Truckee Meadows Watershed Management and Protection Plan for Tributaries to the Truckee River with prioritized list of projects for each jurisdiction

Task 5 Final 2019 Watershed Plan $ 15,000
NCE will obtain and review the comments submitted by the TMSWPCC and use this as the basis of preparing the Final 2019 Watershed Plan. NCE will submit the Final 2019 Watershed Plan to the TMSWPCC and the NDEP 319 Program Coordinator. NCE understands that NDEP will then submit the document to the EPA for review.

Assumptions:
• As requested by the NDEP 319 Program Coordinator, the Final 2019 Watershed Plan will be provided in digital format.
• One consolidated set of comments from the TMSWPCC will be provided to NCE
• One consolidated set of comments from the NDEP 319 Program Coordinator will be provided to NCE

Deliverables:
• Final 2019 Truckee Meadows Watershed Management and Protection Plan for Tributaries to the Truckee River incorporating comments from TMSWPCC and the NDEP 319 Program Coordinator
Cost
The total cost will not exceed $150,000*.
*The TMSWPCC appreciates the opportunity to move funds between tasks as circumstances require.
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission (WRWC”)
FROM: Chris Wessel, Water Management Planner, WRWC
SUBJECT: Report by the Desert Research Institute (“DRI”) on last winter’s cloud seeding operations for the Truckee River and Lake Tahoe Basins; discussion and possible approval of a scope of work, and funding in an amount not to exceed $50,000 from the Regional Water Management Fund (“RWMF”), to augment State funded operations for the upcoming winter; if approved, authorize the Chairman to execute an interlocal agreement (“IA”) with DRI for that purpose; and possible direction to staff.

SUMMARY
Since 2009, DRI has conducted its cloud seeding program for the Truckee River and Lake Tahoe Basins (the “Program”) using funds provided by either the Truckee Meadows Water Authority (“TMWA”) or the Truckee River Fund (“TRF”), and the WRWC. At this time, TMWA and the TRF do not anticipate providing funding for cloud seeding operations in the 2018-2019 water year. DRI secured partial funding for the 2018-2019 Program from the State of Nevada during the previous legislative session. State funding will cover the cost of forecasting as well as the operation and maintenance of five of seven existing cloud seeding generators for the upcoming winter.

In anticipation of the funding shortage, DRI is proposing a scope of work in an amount not to exceed $50,000 from the RWMF, to support operation and maintenance of the remaining two generators associated with the Program for water year 2018-2019. The WRWC budget for FY 2018-2019 includes $50,000 for the proposed cloud seeding operations.

Mr. Frank McDonough of DRI will be available to provide a report on last winter’s cloud seeding operations for water year 2017-2018, and the proposed scope of work for the upcoming winter, water year 2018-2019.

PREVIOUS ACTION
At a regular meeting held October 18, 2017, the WRWC approved funding, in an amount not to exceed $100,000 from the RWMF, to support limited cloud seeding operations by DRI for the 2017-2018 water year, and authorized the Chairman to execute an IA with DRI for that purpose.

BACKGROUND
Wintertime cloud seeding is focused on enhancing snowfall in mountainous regions to increase the snowpack, resulting in more spring runoff and water supplies in the surrounding areas. The DRI Program has been in operation for more than 25 years. DRI estimates that cloud seeding
has boosted water in the snowpack for the Truckee River watershed by an average of 14,000 acre-feet a year over the last 30 years.

DRI funding cuts in 2008 threatened to eliminate its cloud seeding operations such that outside financing was necessary to continue the Program. In response, DRI applied to the TRF in 2009 to support the operation of five cloud seeding generators in the Sierra Nevada. DRI received approval for partial funding from the TRF and the WRWC for the 2009-2010 water year. DRI has applied for and received funding from the TRF, and more recently TMWA, and the WRWC to fully or partially support the Program in each successive water year.

**FISCAL IMPACT**
If approved, the fiscal impact to the RWMF will not exceed $50,000. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object WP310103.

**RECOMMENDATION**
The Northern Nevada Water Planning Commission (“NNWPC”), at its October 3, 2018 meeting, made a recommendation to the WRWC for approval of the proposed scope of work, and funding in an amount not to exceed $50,000 from the RWMF to partially support the Program for the upcoming water year.

**POSSIBLE MOTION**
“Move to approve the proposed scope of work, and funding in an amount not to exceed $50,000 from the RWMF, to augment State funding and partially support DRI’s cloud seeding Program for the upcoming water year; and authorize the Chairman to execute an IA DRI for that purpose.”
September 24, 2018

Western Regional Water Commission
1001 E. 9th St
Reno, NV 89502

To: The Western Regional Water Commission (WRWC):

Attached is our proposal and budget for the Water Year 2019 Tahoe-Truckee cloud seeding project. This coming winter (WY2019) the project is primarily sponsored by the State of Nevada, the WRWC portion of the project presented in this proposal represents the supply and maintenance of two of the seven Tahoe-Truckee remote-controlled generators.

If the proposal and budget are found to be satisfactory we request a purchase order be drafted in the amount of the proposed budget in order for DRI to be able to initiate and complete the work in a timely manner. A project start date of October 21, 2018 and project stop date of June 30, 2019 is requested.

Respectfully yours,

Frank McDonough

Frank McDonough Research Meteorologist: Project Manager
Frank.McDonough@dri.edu
775.674.7140
720.839.5309 (cell)
Attachments: Proposal and Budget
Cc: Maria Garretson (DRI)
Proposal and Scope of Work

Cloud Seeding Project for the Tahoe and Truckee Basins for WY2019

Submitted to the

Western Regional Water Commission

By
Desert Research Institute
Division of Atmospheric Sciences
Desert Research Institute
2215 Raggio Parkway
Reno, NV 89512

September 2018

Project Contact: Frank McDonough
Project Manager 775-674-7140
Frank.McDonough@dri.edu
Introduction

Cloud seeding is a long-term water management tool designed to increase snowpack, streamflow, and subsequent water supplies. Since the State of Nevada halted funding the statewide cloud seeding program in 2009, the Tahoe-Truckee portion of the former State project has been funded locally by the Truckee Meadows Water Authority (TMWA) and the Western Regional Water Commission (WRWC). Through their support of the program, these entities have built the project infrastructure to include; 7 high-altitude remote controlled cloud seeding generators (5 sites, with 2 of them having dual generators; Fig. 1), 2 weather stations, a mountain top web camera, 8 precipitation gauges, and cellular and satellite communications systems to operate the equipment, obtain realtime weather and generator performance data.

The Tahoe-Truckee program has added over 14,000 acre-feet of snow water equivalent (SWE), on average, to the watershed for more than 30 years. The project has been operated along and west of the Sierra Crest, delivering snowfall to the east slopes of the Sierra and the Carson Range.

The Nevada State Legislature has refunded the State Cloud Seeding Program for the winter of 2018-2019 (WY2019). Several watersheds around the State are included in the program including the Tahoe-Truckee watershed. For the Tahoe-Truckee portion of the cloud seeding project the State Program will cover all of the project management costs, the weather forecasting services, the reporting, as well as the consumables, supplies, upgrades to the communications equipment, monthly service costs, and maintenance of five of the seven network generators.

This proposal requests that the WRWC ‘adopt’ the remaining two generators that are not covered by the State Program funds (Fig. 1). The costs associated with this include; the consumables, generator supplies, communications equipment upgrade, monthly service costs, and generator maintenance. The operation of these two generators would potentially add 6,000 to 7000 acre-ft of water to the expected 8,000 - 11,000 acre-ft of water expected from the generators funded by the State Program.

Project description

The project design and method of operation will be the same as those used for the previous Tahoe-Truckee projects. With the full program in place, seeding will be conducted from a line of five ground-based CSG locations (7 total CSGs) positioned on, or a few miles upwind of, the main Sierra Nevada crest to the west of Lake Tahoe (Fig. 1). The generators have been positioned to take advantage of the generally southwest wind directions in winter storms in the Tahoe area, and are remotely activated by DRI staff when the proper weather and cloud conditions for seeding have been verified.

Ground-based cloud seeding is based on the following sequence of events. The seeding
material is silver iodide (AgI). The seeding “generators” burn a solution containing AgI dissolved in acetone. The burning process produces a “smoke” of microscopic AgI particles (about 0.0001 mm is size) that are transported downwind and dispersed into clouds over the mountains. Vertical dispersion up to at least 3000 feet above the surface is produced by the turbulence created by wind moving over the uneven terrain. In the presence of cloud droplets existing at temperatures below -5°C the silver iodide particles act as ice-forming nuclei and enhance the ice particle concentration in the natural clouds. Once initiated by silver iodide the ice particles grow in size and mass as they move downwind and begin falling to the surface when they have sufficient mass to overcome the upward motion in the clouds. In the time frame of 20 to 30 minutes snowfall within a seeding plume can reach the surface in and around the Tahoe Basin. This “chain-of-events” in the cloud seeding process has been verified by numerous detailed experiments conducted in the Sierra Nevada and other mountainous regions of the western U.S. (Huggins, 2009).

**Project Phases**

**Phase 1** of the project will include preparation of the two WRWC sponsored seeding generators at the locations shown in Figure 1 (red arrows). This will require 4 days of work (2 days per generator). Phase 1 typically includes refilling the seeding solution tanks, refilling propane and nitrogen tanks, testing all generator components and upgrading and testing communications links.

**Phase 2** of the project will involve the actual cloud seeding operations. In this portion of the project the WRWC generators will be tested weekly, the weather and operations data downloaded, reviewed for performance metrics, and archived. The generators will be visited by truck and snowmobile during the winter season when repairs are required, typically 2-3 times per winter.

**Phase 3** of the project will begin in May 2019 and includes the final end of season visit to the generators to get them put away for summer.

**Principals involved**

The full Tahoe-Truckee project will be managed by DRI Meteorologist Frank McDonough. Three experienced technicians will provide field operations and maintenance support for five State of Nevada sponsored and the two potentially WRWC sponsored generators.

**Schedule**

**Start Phase 1**: 21 October 2018. Generator preparations begin.

**End Phase 1**: By 1 November 2018 the two WRWC sponsored seeding generators are
installed, filled, tested and made ready for use. All web-based computer products are prepared for use in Phase 2.

**Start Phase 2**: 1 November 2018. Cloud seeding occurs as storm conditions dictate. Cloud seeding equipment is monitored and maintained as needed. A log of seeding operations is maintained and the weather data from the generators that are needed to assess operations are archived.

**End Phase 2**: 30 April 2019 (potentially May 15, 2019) is the approximate end of the operational cloud seeding period.

**Start Phase 3**: 1 May 2018. Visit generators to close them down for summer.

**End Phase 3**: 30 June 2019 end of season summer shutdown for the generators complete, per USFS permits.

**Budget discussion:**

The budget for the WRWC portion of the partnership for WY2019 (maintain and provide consumables for the Echo and the Morattini generators) is $50,000. The details of the budget are presented in the spreadsheet in Table 1.

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Echo site</th>
<th>Morattini Flats site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Seeding Solution (AgI)</td>
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<td>$10,500</td>
</tr>
<tr>
<td>Truck/Snowmobile/Fuel</td>
<td>$1,050</td>
<td>$1,050</td>
</tr>
<tr>
<td>Generator Parts (repair)</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Propane/Nitrogen</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Communications /modems</td>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Site Permits</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>Total Labor (field/shop)</td>
<td>$8,540</td>
<td>$9,450</td>
</tr>
<tr>
<td>=============================</td>
<td>=========</td>
<td>==============</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>$25,000</strong></td>
<td><strong>$25,000</strong></td>
</tr>
</tbody>
</table>
Figure 1. Operations area and generator locations for WY2019 Tahoe-Truckee cloud seeding project. Red shaded area denotes the target region; Yellow pins with blue labels represent DRI cloud seeding generators; Blue arrows point to the generators maintained by the State Program and the red arrows point to the generators proposed to be maintained by the WRWC. The Bunker and Barker sites each have 2 generators.
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Jim Smitherman, Water Resources Program Manager, WRWC
SUBJECT: Report on the development of outreach strategies, messages, materials and information dissemination methods related to regional effluent management planning (the “Project”) provided by Data Instincts Public Outreach Consultants (“Data Instincts“); discussion and possible approval of a scope of work, and funding in an amount not to exceed $100,000 from the Regional Water Management Fund (“RWMF”) to continue the Project; if approved, authorize the Chairman to execute a First Amendment to the Agreement with Data Instincts for that purpose; and, possible direction to staff.

SUMMARY
In February 2018, the Northern Nevada Water Planning Commission (“NNWPC”) approved a recommendation and funding, in an amount not to exceed $25,000 from the RWMF to retain Data Instincts to assist and provide guidance in the development of outreach strategies, messages, materials and information dissemination methods related to regional effluent management planning, and authorized the NNWPC Water Resources Program Manager to execute an Agreement with Data Instincts for the Project.

The Agreement was executed to provide for timely initiation of the first phase of assistance, to be followed by a proposal to the NNWPC for a second-phase of the Project, for possible recommendation to the WRWC.

Data Instincts has performed well relative to the scope of work and has completed the first phase of the Project. Staff will provide a presentation on Project background, work completed to date, and activities proposed for phase two.

PREVIOUS ACTION
No previous action.

BACKGROUND
In April 2016, the Regional Effluent Management Team (the "Team") presented a report on the development of a phased feasibility program to demonstrate treatment technologies and evaluate whether advanced treatment of effluent and groundwater replenishment offers long-term regional benefits. Program elements include community outreach, State regulatory framework, treatment technology, pilot testing, hydrologic investigations and field-scale demonstration projects.

Recommendations from the Water Research Foundation’s Independent Advisory Panel, which is advising and assisting the Team and other local agency staff to implement the various phases of
the feasibility program, include early implementation of a multi-phase outreach program initially targeting internal agency staff and elected decision-makers, then progressing to customers, interest groups, media, and the general public. This approach has proven effective in similar feasibility studies elsewhere in the United States.

With the implementation of the feasibility program underway, the Team identified consultant assistance concerning communication and outreach as a near-term requirement and priority. The Team determined that Data Instincts was, and is, uniquely qualified because of its extensive experience with similar efforts in California and other states. In addition, the firm’s principal, Mr. Mark Milan, is a member of the Independent Advisory Panel that is providing advice and assistance to the Team and staff, as indicated above.

The Team, consisting of technical staff from the City of Reno, the City of Sparks, Washoe County and the Truckee Meadows Water Authority, has been meeting since April 2014 to discuss regional effluent management issues. In 2016, the development and initiation of the feasibility program marked a significant step forward in regional effluent management. Since then, staff and Team members have provided reports from time to time to keep the NNWPC and WRWC apprised of progress, and to request funding for feasibility program activities such as the Data Instincts Project, and the Advanced Water Treatment Technologies Demonstration project, currently underway at the University of Nevada, Reno.

**FISCAL IMPACT**
If approved, the fiscal impact to the RWMF will be $100,000. Adequate budget authority exists in the Fiscal Year 2018-2019 budget, located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object WP310207.

**RECOMMENDATION**
The NNWPC, at its October 3, 2018 meeting, made a recommendation to the WRWC for approval of the proposed scope of work, and funding in an amount not to exceed $100,000 from the RWMF, to continue the Project.

**POSSIBLE MOTION**
“Move to approve the proposed scope of work, and funding in an amount not to exceed $100,000 from the RWMF, to continue the Project; and authorize the Chairman to execute a First Amendment to the Agreement with Data Instincts for that purpose.”

Attachments: Proposed Scope of Work

JS:jp
SCOPE OF WORK

Phase II: Consulting services to provide communication, education and outreach advice and assistance as may be required for the Northern Nevada Feasibility Study, also referred to as One Water Nevada.

This scope of services provides for consultations, on an “as needed” basis, from Consultant Data Instincts (Mark Millan), to the Northern Nevada Water Planning Commission (NNWPC) representatives for the purpose of responding to agency education, public relations and communication related issues. The consultant will provide guidance and assistance in:

- Developing outreach material, web content and PowerPoint presentations
- Developing outreach messages and public awareness strategies for responding to and informing the public
- Developing a training module for internal agency staff and decision-maker education
- Provide assistance and guidance in best practices for public awareness, methods of disseminating information, and education strategies to minimize misinformation
- Establishing the Commission and its member agencies as the reliable source of information regarding the Feasibility Study
- Listening to stakeholders concerns and assisting with appropriate responses
- Providing graphic and informational support
- Provide knowledge, research pertinent data, draft concepts, suggest strategies, and outreach mediums as may be needed to respond to inquiries and concerns
This Phase II scope of work and budget contain four primary tasks:

**Task 1: Support Public Outreach and Communication Needs for the Project**

- **a.** Prepare conceptual implementation plan, to include a work-flow type diagram to illustrate the steps and timing/duration of messaging/outreach efforts.

- **b.** Develop and prepare outreach materials to be used by Commission to assist in maintaining the identity and brand of the One Water Nevada program and reinforce values and principles important to the communities being served.

- **c.** Prepare and/or provide guidance in generating press releases, opinion pieces, message points, and other media-related materials as needed to gain recognition within the project area of the value of Commission’s efforts. Respond to press inquiries and provide guidance to Project team regarding media-related matters.

- **d.** Manage and maintain consistent graphic look and feel of Program outreach materials including, but not limited to: Fact Sheets, PowerPoint presentations, Web page content, brief videos, new practices and/or guidelines, letters, social media, e-mail broadcasts, and the preparation of exhibits.

- **e.** Assist in managing incoming inquiries from media, potential recycled water customers, key stakeholders and special interest groups of the Project areas.

- **f.** Assist in providing support for Project-related Web page content development as needed, including: web content, news articles, document posting, member listings, and mapping.

- **g.** Assist or provide guidance in coordinating printing and mailing services consistent with Commission’s practices for securing printing and mail services. Costs for printing and postage of outreach materials are not included. Providers of any such services shall be paid directly by Commission.

**Task 2: Assist Commission Representatives in Support of the Regional Program**

- **a.** Attend meetings and participate in conference calls conducted by the Commission’s Project team.

- **b.** Coordinate and communicate with other Project consultants as needed to stay abreast of Project studies, progress and key milestones.

- **c.** Provide guidance and support to Commission representatives to identify and communicate with potential regional partners of Commission.

- **d.** As necessary, review and provide input on press releases, technical memoranda, draft reports, team presentations and other materials prepared by Commission representatives and Project consultants.
Task 3: Stakeholder Relations

a. Assist with identifying potential key stakeholders, and special interest groups and their representatives in the region, including local governments, environmental community, local business community, and non-governmental organizations that may have an interest in the Project.

b. When requested, assist Commission representatives in contacting and communicating with potentially affected property owners in geographic areas under consideration and/or evaluation for potential Project facilities and/or easements, as needed or so directed.

c. Provide outreach to stakeholders outlined above and provide Project-related information, status of relevant legislation, potential Project benefits, and expressed issues of concern.

d. Support Project team efforts for information gathering/sharing regarding stakeholders, the public and special interest groups. Plan, prepare, and assist in facilitating meetings with stakeholders and/or groups, including conducting one-on-one interviews and focus groups.

e. Assist and provide guidance in resolving stakeholder issues of concern. Assist in providing follow-up reporting to public participants and report out on outcomes from public meetings and workshops to representatives and Commission to keep them informed.

Task 4: Support Funding Strategy and Initiatives

a. Provide as-needed support to Commission representatives, and/or other consultants, including Project funding development, and federal and state lobbying consultants.

b. Attend meetings or conference calls as requested with Commission representatives and Project funding development, and federal and state lobbying consultants.

c. Assist the Commission’s potential federal and state legislative advocates to prepare materials as needed to support the pursuit of necessary authorizations and funding including, but not limited to, development of materials for specific audiences and events and coordinating messaging that supports efforts for regional collaborations.

d. Assist with Project-related tours of Project areas for special interest groups, local, state, and federal funding interests.

As warranted, the Consultant shall develop Communications Tools/Informational Materials and cost estimates for considered outreach approaches in coordination with Commission representatives on an as-needed basis.
INFORMATIONAL MATERIALS - Anticipated Communication Tools Development

The following items may need to be drafted, approved and produced on an as-needed basis:

- **Educational On-Site Facility**: Help design and prepare materials to support this effort.
- **Speakers Bureau Program**: Support speakers bureau program.
- **Website**: Add Project related informational materials to Commission website.
- **Short Videos**: Brief project overview.
- **Printed materials**: Fact sheets, banner, brochures and frequently asked questions, etc.
- **Experts**: Citing experts in these fields lends credibility to informational materials.
- **Presentation**: Develop presentation outlining the Project purpose and need.
- **Supporter card**: Make it easy for interested parties to sign their name in support.
- **E-broadcast Newsletter**: New E-mail addresses will be gathered at events.
- **Article Placement**: Draft and submit articles for placement in publications.
- **Crisis Communication Plan**: In the event of an unexpected event or situation.
- **Displays**: Visually appealing, simple display with key points.
- **Social Media**: Social media such as Facebook, Twitter, and Instagram.

Additional items:
- Ongoing Message Development through Program Phases
- As-needed support for Expert Panel

The total estimated not-to-exceed budget is $100,000. The actual work will be performed only as necessary to support outreach and communication assistance and the fee will be allocated on a time and materials basis. Commission staff and representatives will continue to guide and monitor the work by Data Instincts and assess the level of effort needed for each task.

Completion Date: December 31, 2019
RATES FOR SERVICES
As of January 2018

Principal – Mark Millan $195
Associates – Malcolm Smith/Steve Thomas $165
Associate – Robin Gordon $145
Graphics – Web/PowerPoint – Keith Smith $120
Graphics – Alicia Deguchi $100
Print Media Coordination $100
Web Traffic Mgmt/Database Mgmt $95
Clerical Support $85

Copies $0.10 per page
Postage at cost
Overnight mail at cost
Mileage business travel Fed rate
Lodging at cost

For communications pieces that are to be professionally printed, Data Instincts will provide materials in the appropriate format; recommend printing services; and interact with and deliver materials to print vendors. However, it is our policy that the client pays directly for such services as printing, list rentals, mail processing fees, postage and media related expenses. Focus groups, In-depth Interviews, and Telephone Surveys will be billed separately with estimates provided in advance.

Multi- or bi-lingual translations, as needed, for handouts/brochures and other information sources will be extra. Consultant will utilize local or client resources whenever possible for these purposes.

Data Instincts bills for actual work performed on a monthly basis, and shall supply summary reports delineating each task, the budgeted amount, amount expended in the billing period, and cumulative expended totals.

Data Instincts carries over a $1,000,000 in General Liability with The Hartford insurance company. Representation is with Cook, Disharoon & Greathouse of Oakland, California. Policy number is 57DBALD2227. A certificate verifying insurance shall be submitted when required.

Tax ID number is 90-0005625.
**RATES FOR SERVICES**  
*Effective as of January 2019*

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<thead>
<tr>
<th>Role</th>
<th>Rate</th>
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<tbody>
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<td>Principal – Mark Millan</td>
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<tr>
<td>Associates – Malcolm Smith/Steve Thomas</td>
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Tax ID number is 90-0005625.
Western Regional Water Commission

STAFF REPORT

DATE: October 11, 2018
TO: Chairman and Members, Western Regional Water Commission ("WRWC")
FROM: Jim Smitherman, Water Resources Program Manager, WRWC
SUBJECT: Report on the September 5, 2018, Northern Nevada Water Planning Commission (“NNWPC”) workshop, including recommendations, regarding WRWC strategic priorities, annual meeting schedule, administrative and legal services, overhead and non-staff related operating expenses, and possible budget adjustments; discussion and possible adoption, revision, or deferral of any NNWPC recommendations; and, possible direction to staff.

SUMMARY
On September 5, 2018, the NNWPC held a workshop (the “9/5 Workshop”) in response to direction from the WRWC to schedule a workshop-style meeting of the NNWPC to discuss and forward possible recommendations to the WRWC regarding WRWC strategic priorities, annual meeting schedule, administrative and legal services, overhead and non-staff related operating expenses, existing contracts, and possible budget adjustments (all from the perspective of achieving potential cost savings and increased efficiency).

In December 2017, the NNWPC held a priority-setting workshop to prepare for the development of the fiscal year (“FY”) 2018-2019 WRWC budget. The following February, the NNWPC discussed these priorities at two additional meetings and developed a ranked project list based on the priority-setting process. The ranked project list is reflected in the approved FY 2018-2019 WRWC budget (attached). The results of the priority setting workshop are also attached.

PREVIOUS ACTION
On August 14, 2018, at a concurrent meeting of the WRWC and the NNWPC, the WRWC directed staff to schedule a workshop-style meeting of the NNWPC and prepare an agenda item to provide for discussion and possible recommendations to the WRWC regarding strategic priorities, annual meeting schedule, administrative and legal services, overhead and non-staff related operating expenses, existing contracts, and possible budget adjustments.

BACKGROUND and DISCUSSION
Strategic Priorities: In December 2017, the NNWPC held a priority-setting workshop to prepare for the development of the fiscal year (“FY”) 2018-2019 WRWC budget. In February 2018, the NNWPC discussed these priorities at two additional meetings and developed a ranked project list based on the priority-setting process. The ranked project list is reflected in the approved FY 2018-2019 WRWC budget. The results of the priority setting workshop are summarized below and attached in an expanded format. At the 9/5 workshop, the NNWPC confirmed that the priority ranking is still valid and not in need of adjustment.
Table 1. Priorities

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<tr>
<th>Rank</th>
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<tr>
<td>1</td>
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<td>2</td>
<td>Storm Water</td>
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<tr>
<td>3</td>
<td>Wastewater</td>
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<tr>
<td>4</td>
<td>Water Resources</td>
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<td>5</td>
<td>Flood Control</td>
</tr>
<tr>
<td>6</td>
<td>Water Conservation</td>
</tr>
</tbody>
</table>

Annual Meeting Schedule:
At the 9/5 Workshop, the NNWPC expressed appreciation for the WRWC’s engagement and input at the August 14 concurrent meeting. Consistent with the WRWC’s direction, the NNWPC proposed the following annual WRWC meeting schedule, including two concurrent workshops.

Table 2. Meeting Schedule

<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>January</td>
<td>WRWC/NNWPC workshop to review, discuss and confirm annual priorities</td>
</tr>
<tr>
<td>March</td>
<td>WRWC/NNWPC workshop to review proposed budget</td>
</tr>
<tr>
<td>May</td>
<td>WRWC budget hearing</td>
</tr>
<tr>
<td>June</td>
<td>WRWC meeting to approve project contracts, possible location at tour site</td>
</tr>
<tr>
<td>October</td>
<td>WRWC meeting to approve financial statements and audit, review project progress, milestones, accomplishments, possible location at tour site</td>
</tr>
</tbody>
</table>

Professional and Administrative Staff Services:
WRWC/NNWPC professional and administrative staff services are provided by three full time Washoe County employees who are assigned to the WRWC by way of a Cooperative Agreement. Total wages and benefits costs for those employees have ranged from about $295,000 in FY 2008-2009 to $346,000 in FY 2017-2018.

WRWC staff has worked with Washoe County management and finance staff to streamline the Administrative Secretary duties so that the position is now shared approximately 50-50 between the WRWC program and the Washoe County Community Services Department. This should result in an annual savings of about $40,000.

Overhead provided by Washoe County:
From FY 2008-2009 through FY 2012-13, services that would have been otherwise charged to the WRWC as administrative overhead were provided by the County and to a lesser extent by TMWA, as in-kind services at no cost to the WRWC. That informal arrangement ended in fiscal year 2014. Since that time, Washoe County has charged the WRWC for overhead costs. WRWC and Washoe County finance staff have worked to ensure that overhead costs are charged only for services utilized by the WRWC program. As a result, overhead charges have decreased over time from 42 percent of wages and benefits costs in FY 2013-2014 to 23 percent in FY 2017-2018.

Legal Services:
Legal services for the WRWC/NNWPC are provided through an Agreement with Rhodes Law Offices, Ltd., for a flat fee retainer of $12,000 per month for all required legal services exclusive of litigation. That retainer includes an approximate 10% increase in compensation approved by
the WRWC in October 2017, effective November 1, 2017, to reinstate voluntary reductions in compensation proposed and taken by Mr. Rhodes to track compensation reductions imposed on Washoe County employees during the course of the recent recession and resulting local government budget constraints. Prior to approval of the current contract, Mr. Rhodes had offered to extend his previous contract, upon the same terms and conditions, including continuation of the 10% reduction, through June 30, 2020, and he is now offering to discuss and reinstate that reduction, or an alternative reduction in compensation, on terms and conditions to be negotiated.

Mr. Rhodes has provided a broad scope of legal services required by the WRWC and the NNWPC, including: working closely with staff to ensure that all meeting agendas and staff reports comply with Nevada Open Meeting law and other legal requirements; providing legal representation at all public meetings of the WRWC, and its subcommittees, and the NNWPC; drafting legal documents such as interlocal agreements and contracts with planning consultants and other service providers; addressing specific Open Meeting Law and other statutory compliance issues; evaluating the propriety of proposed expenditures from the Regional Water Management Fund; coordinating and collaborating with the Truckee Meadows Regional Planning Agency (“TMRPA”) on issues involving both land use and water resource planning; assessing potential liability from a risk management perspective; advising/representing the WRWC and the NNWPC on federal, state, and local legislative issues; providing services as a registered lobbyist at the Nevada Legislature; and, providing continuing review to assure that both the WRWC and the NNWPC comply, at all times, with all mandates and provisions of the Western Regional Water Commission Act, Chapter 531, Statutes of Nevada 2007. Mr. Rhodes will provide additional information at the meeting relating to services provided, time required, and possible revisions of both.

To provide context for the cost of legal services, staff compiled and compared fiscal year 2018-2019 budgeted legal costs for other regional agencies in Washoe County, including the WRWC, Truckee River Flood Management Authority (“TRFMA”), and the Truckee Meadows Regional Planning Agency (“TMRPA”). In addition, reasonably comparable costs for similar services were provided to staff by the Truckee Meadows Water Authority (“TMWA”). After discussion at the 9/5 Workshop, the NNWPC did not provide a recommendation concerning legal services, following comments by individual members that any negotiations relating to possible revisions of the existing Agreement should be conducted by the WRWC, not the NNWPC. The last formal action taken by the NNWPC was made on October 4, 2017, with a recommendation to the WRWC to extend the prior Agreement through June 2020 on the same terms and conditions.

Table 3. Legal Services Cost Comparison

<table>
<thead>
<tr>
<th></th>
<th>WRWC</th>
<th>TRFMA</th>
<th>TMRPA</th>
<th>TMWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Actual</td>
<td>139,200</td>
<td>144,000</td>
<td>143,500</td>
<td>117,300</td>
</tr>
<tr>
<td>FY19 Budget</td>
<td>144,000</td>
<td>143,500</td>
<td>117,300</td>
<td>132,000</td>
</tr>
</tbody>
</table>

WRWC: Past 11 months, 48 to 82 hours/month, monthly average 59.5 hours, average billing rate $206 per hour
TRFMA: Fulltime Counsel (total cost $197,400/year), 70% of time ($143,500/year) used for services similar to services provided to WRWC
TMRPA: Actual retainer $9,775/month plus copies, includes litigation
TMWA: Hours for general legal matters including board meetings, operations and land matters average approximately 40/month, $275/hour, $11,000 per month

**Other Administrative Services Contracts:**
The budget amount for minutes transcription is $15,000, actual costs typically do not exceed $5,000/year.

The budget amount for video coverage of meetings is $5,000; actual costs typically do not exceed that amount.

**Budget Adjustments**
The NNWPC, at the 9/5 Workshop, recommended two policy changes, the first of which is to establish a Project Reserve Account, the amount of which has yet to be determined. The second recommendation was to adopt a policy to avoid funding construction projects.

Budget adjustments recommended by staff include:

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 Budget</th>
<th>FY 2020 Budget</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage Expenses</td>
<td>2,400</td>
<td>500</td>
<td>1,900</td>
</tr>
<tr>
<td>Legal Services</td>
<td>144,000</td>
<td>129,600</td>
<td>14,400</td>
</tr>
<tr>
<td>Minutes</td>
<td>15,000</td>
<td>5,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Website (rename I.T.)</td>
<td>25,000</td>
<td>12,500</td>
<td>12,500</td>
</tr>
<tr>
<td>Misc. Operating</td>
<td>20,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>48,800</strong></td>
</tr>
</tbody>
</table>

**FISCAL IMPACT**
No immediate fiscal impact.

**SUMMARY OF RECOMMENDATIONS**
At the 9/5 Workshop, the NNWPC made the following recommendations to the WRWC:  
Affirm the strategic priorities as shown in Table 1;  
Approve the annual meeting schedule shown in Table 2;  
Consider adopting policies to avoid funding construction projects with the Regional Water Management Fund; and,  
Create a project reserve account.

Staff further recommends the budget adjustments shown in Table 4.
POSSIBLE MOTION
“Move to adopt (revise, or defer) the recommendations proposed by the NNWPC and by staff.”

Attachment

JS:jp
## Priority by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Votes*</th>
<th>Number of Projects</th>
<th>Votes Per Project</th>
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<tbody>
<tr>
<td>Regional Reclaim Planning</td>
<td>28</td>
<td>6</td>
<td>4.7</td>
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<tr>
<td>Regional Storm Water Planning</td>
<td>25</td>
<td>6</td>
<td>4.2</td>
</tr>
<tr>
<td>Regional Wastewater Planning</td>
<td>14</td>
<td>4</td>
<td>3.5</td>
</tr>
<tr>
<td>Regional Water Planning</td>
<td>11</td>
<td>5</td>
<td>2.2</td>
</tr>
<tr>
<td>Regional Flood Planning</td>
<td>7</td>
<td>1</td>
<td>7.0</td>
</tr>
<tr>
<td>Regional Conservation Planning</td>
<td>6</td>
<td>5</td>
<td>1.2</td>
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</table>

## Priority by Project

<table>
<thead>
<tr>
<th>Projects</th>
<th>Total Votes*</th>
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<tbody>
<tr>
<td>Integrated Wastewater and Reclaimed Water Master Planning</td>
<td>9</td>
</tr>
<tr>
<td>Regional Wastewater Flow Projections</td>
<td>7</td>
</tr>
<tr>
<td>Flooding From Ditches</td>
<td>7</td>
</tr>
<tr>
<td>Integrated Source Water Protection Program</td>
<td>6.5</td>
</tr>
<tr>
<td>Climate Variability Data Assessment</td>
<td>6</td>
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<tr>
<td>NPDES Storm Water Quality Management Program</td>
<td>6</td>
</tr>
<tr>
<td>Bedell Flat Infiltration Project</td>
<td>5</td>
</tr>
<tr>
<td>Regional Effluent Management Strategy Team</td>
<td>5</td>
</tr>
<tr>
<td>Water Innovations Campus</td>
<td>5</td>
</tr>
<tr>
<td>Storm Water GIS Mapping</td>
<td>5</td>
</tr>
<tr>
<td>Water Usage Review Program</td>
<td>4</td>
</tr>
<tr>
<td>N &amp; P Reduction in watershed</td>
<td>4</td>
</tr>
<tr>
<td>Watershed Management Plan Update</td>
<td>3.5</td>
</tr>
<tr>
<td>NPDES Storm Water Permit Update</td>
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<tr>
<td>Indirect Potable Reuse Planning</td>
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<tr>
<td>Advanced Water Treatment Demonstration</td>
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<tr>
<td>Modeling for Water Quality Standards and TMDL Compliance</td>
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</tr>
<tr>
<td>TMRPA Sustainability Study</td>
<td>2</td>
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<tr>
<td>Regional Water Management Plan Update</td>
<td>2</td>
</tr>
<tr>
<td>Washoe ET Project</td>
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</tr>
<tr>
<td>Certified Landscape Technician Program</td>
<td>1</td>
</tr>
<tr>
<td>One Truckee River</td>
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</tr>
<tr>
<td>Septic System Mitigation Planning</td>
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<tr>
<td>Regional Plan Update Coordination</td>
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<tr>
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<td>Cloud Seeding</td>
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<tr>
<td>NNWPC/WRWC Website Update/GIS Mapping</td>
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* Ranking Criteria
## Priority by Category and Project

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<th>Votes per Project (T/N)</th>
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<tr>
<td><strong>Regional Reclalm Planning</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>One Truckee River</td>
<td>1</td>
<td></td>
<td></td>
</tr>
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<td><strong>Regional Wastewater Planning</strong></td>
<td>14</td>
<td>4</td>
<td>3.5</td>
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<td>Regional Wastewater Flow Projections</td>
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<td>Modeling for Water Quality Standards and TMDL Compliance</td>
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<tr>
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<tr>
<td>Climate Variability Analysis</td>
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<td>TMRPA Sustainability Study</td>
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<td>Regional Water Management Plan Update</td>
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<td>Regional Plan Update Coordination</td>
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<td>NNWPC/WRWC Website Update/GIS Mapping</td>
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<tr>
<td><strong>Regional Flood Planning</strong></td>
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<td>Flooding From Ditches</td>
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<td>Washoe ET Project</td>
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