



# **NEVADA LEGISLATURE'S SUBCOMMITTEE TO STUDY THE FEASIBILITY AND ADVISABILITY OF CONSOLIDATING THE WATER-RELATED SERVICES IN WASHOE COUNTY**

**(Senate Concurrent Resolution No. 26 [File No. 100, *Statutes of Nevada 2005*])**

## **SUMMARY MINUTES AND ACTION REPORT**

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The second meeting of the Nevada Legislature's Subcommittee to Study the Feasibility and Advisability of Consolidating the Water-Related Services in Washoe County (Senate Concurrent Resolution No. 26 [File No. 100, *Statutes of Nevada 2005*]) was held on Thursday, January 19, 2006, at 9 a.m. in Washoe County Commission Chambers, 1001 East Ninth Street, in Reno, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's Web site at [www.leg.state.nv.us/73rd/Interim](http://www.leg.state.nv.us/73rd/Interim). In addition, copies of the audio record may be purchased through the Publication's Office of the Legislative Counsel Bureau (LCB) (e-mail: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775/684-6835).

### **COMMITTEE MEMBERS PRESENT IN RENO:**

Senator Mark E. Amodei, Chair  
Assemblywoman Heidi S. Gansert, Vice Chair  
Senator Bernice Mathews  
Senator Maurice E. Washington  
Assemblyman John W. Marvel  
Assemblywoman Debbie Smith

### **OTHER LEGISLATOR PRESENT:**

Assemblyman Bernie Anderson

### **LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Linda J. Eissmann, Senior Research Analyst, Research Division, LCB  
Kimberly Guinasso, Senior Principal Deputy Legislative Counsel, Legal Division, LCB  
Kennedy, Principal Research Secretary, Research Division, LCB

## **APPROVAL OF MINUTES OF THE NOVEMBER 30, 2005, MEETING IN CARSON CITY**

- The Subcommittee **APPROVED THE FOLLOWING ACTION:**

ASSEMBLYMAN MARVEL MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 30, 2005, MEETING IN CARSON CITY. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN GANSERT AND CARRIED.

## **REMARKS AND DISCUSSION OF THE CONCEPT OF CONSOLIDATING WATER RESOURCES AND ITS RELATIONSHIP TO TRUCKEE RIVER WATER RIGHTS AND VARIOUS FEDERAL WATER AGREEMENTS**

- Norman Harry, Chairman, Pyramid Lake Paiute Tribe, said the issue of water consolidation is important to the Tribe because water management decisions in the Truckee Meadows directly effect the Pyramid Lake, the lower Truckee River, the endangered Cui-ui (i.e., the Chasmistes cujus, a large plankton-feeding fish that only occurs in Pyramid Lake, and is one of three remaining species of the genus Chasmistes), and the threatened Lahontan Cutthroat trout (i.e., *Oncorhynchus clarki henshawi*). He identified water management concerns, including:
  1. The water supply, and the use of surface water, ground water, and imported water;
  2. The acquisition of water rights;
  3. The water quality of instream flows, stormwater, excessive diversions at Derby Dam, effluent return flows, agricultural return flows; and
  4. Land applications, flood control, and riparian and spawning habitats.

Mr. Harry gave an overview of the Tribe's commitment to working cooperatively with its neighbors to find mutually acceptable solutions to water-related issues. He expressed concerns for the Tribe's requirement to interact with two entities that frequently disagree with each other over the amount of water each will contribute to the Tribe for instream flows, although the total number of acre-feet was part of the Truckee River Negotiated Settlement. He concluded by offering to share more comments with the Subcommittee at future meetings. A copy of the testimony given by Mr. Harry is available as [Exhibit B](#).

## **SOLICITATIONS OF POSSIBLE MODELS OR SUGGESTIONS FOR WHAT A CONSOLIDATED ENTITY MIGHT LOOK LIKE IN WASHOE COUNTY**

The Chair reviewed the topic and identified stakeholders in the audience to offer proposals and general comments, which included the following testimony:

- Reno Mayor Bob Cashell, commented on business practices by the Truckee Meadows Water Authority (TMWA) and said they were a “strong, independent company,” that is managed well. He stressed that the process of consolidating local governments into a regional water-entity should include a commitment for all to work together for the benefit of the entire region and not just cities. He suggested that consolidation efforts include an audit of Washoe County to determine territories, water rights, and assets. Concluding, Mayor Cashell opined concerning the reasons for escalating prices of water rights.

Vice Chairwoman Gansert said she agreed with Mayor Cashell’s comments and was willing to listen to all parties involved on the topic.

- Michael Pagni, Esq., McDonald Carano & Wilson, and legal counsel for TMWA, Reno, gave a slide presentation ([Exhibit C](#)), which identified a possible model of consolidation of water-related services recently adopted by the TMWA Board of Directors. He said the new joint power would be created through cooperative agreement between TMWA and Washoe County. Highlights from his presentation included:
  1. A list of the duties of the new entity, the “Regional Water Authority,” including water acquisition, development and resource management functions, and oversight of TMWA and Washoe County (until potential consolidation of these two entities and their distribution systems can be evaluated);
  2. A concept of the “Regional Water Authority” board composition including representation from Reno, Sparks, Washoe County, and a group of technical professionals that would make recommendations to the Board on acquisition, development and management issues;
  3. A discussion regarding the new entity’s ability for acquisition and development of new water resources;
  4. A list of suggestions of the new entity’s responsibilities for regional resource management and conservation; and
  5. Additional details on possible consolidation of TMWA and Washoe County distribution systems.

Concluding, Mr. Pagni said TMWA would continue to hold stakeholder meetings to explore TMWA’s proposed model for a new entity before returning before the Subcommittee with recommendations.

There was a discussion regarding the inclusion of general improvement districts (GIDs) in TMWA’s model and possible impacts to those service areas. Mr. Pagni noted the working agreements that currently exist between GIDs and their respective counties and said the

TMWA Board decided to first focus on developing a model between the largest water purveyors and their subsequent customer base.

There were also discussions on the ability of a new entity to stabilize water right prices in a private market and on governance issues.

- Robert Larkin, Chairman, Washoe County Commissioners, Reno, ([Exhibit D](#)) said the Commission supports the concept of a single public water entity to address: (1) water acquisition and management; (2) water conservation and drought programs; and (3) construction and management of regional water facilities. He said the Commission suggested that the new entity also include:
  1. An inclusive governance model, including representation for affected entities and GIDs;
  2. A study of possible models for the new entity, including the Southern Nevada Water Authority (SNWA) structure; and
  3. A public review mechanism and appropriate oversight.

There was a discussion regarding staffing the new entity to which Mr. Larken suggested that Subcommittee members examine the SNWA structure.

- Steve Cohen, Chair, South Truckee Meadows GID (STMGID), discussed differences between STMGID and TMWA. He said STMGID is a part of the region and needs to be included as a voice in the development of a new entity. He also expressed concerns about water quality and rate hikes for STMGID users under the authority of a new entity.
- Dianna Langs, General Manager, Sun Valley GID, expressed support for the topic of conservation during the S.C.R. 26 Subcommittee meetings and the closer study of the SNWA structure. Concluding, Ms. Langs spoke of concerns about water rates and service territory under the authority of a new entity. She suggested that the new model reflect neighboring counties.
- Perry Diloreto, Diloreto Construction and Development, Inc., Reno, proposed the inclusion of a technical board in the structure of the new entity. He further suggested that the membership of the technical board be comprised of paid professionals. Finally, Mr. Diloreto asked the Subcommittee members to consider crafting an appeal process within the consolidation model to ensure that water issues are “dealt with in a reasonable and orderly fashion.” A copy of Mr. Diloreto’s proposal is available as [Exhibit E](#).

## **BRIEFING OF EXISTING AND AVAILABLE WATER RIGHTS HELD BY STATE AND LOCAL GOVERNMENTS IN THE TRUCKEE MEADOWS 10:33:16**

- Vahid Behmaram, Water Rights Manager, Washoe County Department of Water Resources, gave a slide presentation ([Exhibit F](#)) with the following highlights:
  1. A discussion of water rights associated with utility operations in the region, including reclaimed water system components;
  2. An overview of water rights associated with roadways;
  3. A review of water rights associated with county parks; and
  4. A discussion of water rights associated with the Winnemucca Ranch Importation Project; and
  5. An overview of reclaimed water system components.

There was a discussion regarding how growth in the region can offset the need to increase water rates.

- Wayne Seidel, Public Works Director, City of Sparks, provided members with the City of Sparks' water rights inventory ([Exhibit G](#)) and listed future projects under consideration by the City, which require the procurement of more water rights. Mr. Seidel said, as chairman of the Regional Water Planning Commission, integration of related water rights such as waste, surface, and ground water, are of interest to the Commission.
- Amir Soltani, Chief Hydraulic Engineer, Nevada's Department of Transportation (NDOT), said NDOT owned an estimated 2,000 acre-feet of water rights in the Truckee Meadows area. He spoke on the process to make an exact determination and said it could be several years.

There was a discussion regarding the disposal of real property. Mr. Soltani said that disposal of real property is at the discussion of the Board of Transportation.

- Greg Dennis, Sanitary Engineer, City of Reno, reviewed Reno's water rights inventory ([Exhibit H](#)) and said 3,200 acre-feet of water remain from a 1995 Truckee River Water Quality Settlement Agreement signed in 1996 by the United States Department of Justice, the U.S. Environmental Protection Agency, the U.S. Department of the Interior, Nevada Division of Environmental Protection, Washoe County, the City of Reno, the City of Sparks, and the Pyramid Lake Paiute Tribe.

- Lori Williams, General Manager, TMWA, Reno, submitted a list of committable resources held by TMWA ([Exhibit I](#)). She said the Reno Airport Authority is the owner of water that was deeded to TMWA.

There was a discussion regarding water injection. Ms. Williams commented on the amount of water that is injected into the water aquifer during off-peak water seasons.

## **OVERVIEW OF THE HISTORY, STRUCTURE, LEGAL AUTHORITY, AND FUNDING MECHANISMS OF THE SOUTHERN NEVADA WATER AUTHORITY**

- Linda Eissmann, Senior Research Analyst, Research Division, LCB, provided a brief overview of the history and structure of water development and distribution in southern Nevada ([Exhibit J](#)), including:
  1. A review of early water distribution and water supply in the Las Vegas Valley;
  2. The formation of the Las Vegas Valley Water District; and
  3. The SNWA membership and structure and board approvals.

There was a discussion regarding representation of the Colorado River Commission and the ability by state and local entities to present a united front when negotiating with other states for water.

There was also a discussion regarding SNWA Board of Directors voting requirements on certain issues. Andy Belanger, Senior Management Analyst, SNWA, explained how some issues required a majority of the Board, while other issues require two-thirds of the majority. Further, he explained that other issues only require the water purveyors to vote.

- Kimberly Marsh Guinasso, Senior Principal Deputy Legislative Counsel, Legal Division, LCB, provided members with information on the legal authority and funding mechanisms of the SNWA ([Exhibit K](#)). Her discussion included an examination of Chapter 277 of *Nevada Revised Statutes* (NRS), wherein a cooperative agreement authorized political subdivisions to merge together to form a separate legal entity. Further, Ms. Guinasso described the functions of the entity and its governing body. Concluding, she listed some of the powers of the SNWA with regard to funding mechanisms, including: (1) to deliver water at wholesale rates to purveyor members; (2) to incur debts, liabilities or obligations; (3) to issue bonds, notes and other indebtedness; (4) to obtain grants, loans or aid from any agency of the U.S., State of Nevada for performance of conferred functions or the exercise of its powers; and (5) to execute leases, installment sale contracts, and installment purchase contracts.

There was a discussion regarding the feasibility and availability of members to tour the SNWA facilities in Las Vegas. The Chair made several recommendations regarding background information to be read by members.

Senator Washington asked for clarity on certain provisions of NRS 277 in terms of setting up a water district, and if that entity would be a political subdivision of the State.

## **PRESENTATION OF THE SOUTHERN NEVADA WATER AUTHORITY'S CONSERVATION PROGRAM**

- Doug Bennett, Conservation Manager, Southern Nevada Water Authority, Las Vegas, gave a slide presentation ([Exhibit L](#)) with the following highlights:
  1. A chart of 2003 metered water use from all SNWA purveyors (potable and non-potable water);
  2. A chart of return flow water credits demonstrating that Colorado River water is consumed primarily by landscaping and cooling;
  3. A chart comparing annual indoor and outdoor water use of a single family;
  4. A discussion of factors influencing conservation in southern Nevada;
  5. An overview of water budgets and penalties for water waste;
  6. A review of SNWA member agencies tiered rate structures, incentive programs, water smart landscapes program, and education and outreach; and
  7. A chart demonstrating a decrease in water use from 2002 to 2005.

Concluding, Mr. Bennett said conservation will continue to play a significant role in water management activities for southern Nevada

There was a discussion regarding the funding mechanisms to build infrastructure and fund conservation sources. Mr. Bennett said that new connection charges fund these issues.

## **OVERVIEW OF NEVADA WATER LAW AS IT PERTAINS TO POSSIBLE CONSOLIDATION OF WATER-RELATED SERVICES IN WASHOE COUNTY, DISCUSSION OF THE CHALLENGES OF FRACTIONAL WATER RIGHTS IN THE TRUCKEE MEADOWS, AND LESSONS LEARNED FROM EXPERIENCES WITH THE SOUTHERN NEVADA WATER AUTHORITY**

- Hugh Ricci, State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources (DCNR), Carson City, gave a slide presentation ([Exhibit M](#)), on information available from the State Engineer Web site. He also explained the “will-serve letter” process in procuring a water right. Mr. Ricci then discussed fractional water rights and said they are sold either by parcel number or by claim number. Finally, he pointed out that SNWA utilizes the Colorado River and



cannot contribute significant similarities to northern Nevada as consolidation is considered. He said the jurisdictions are not remotely similar enough from which to draw conclusions.

There was a discussion regarding fractional water rights and the mapping ability of the State Engineers' Office. Mr. Ricci explained that it is the responsibility of the individual wanting a water right to provide the office with the appropriate documentation before transfers and water rights can be granted. He said that municipalities are not exempt from that process in attempting to procure water rights from under city streets.

## **OVERVIEW OF POTENTIAL ENVIRONMENTAL CONSIDERATIONS AS THEY PERTAIN TO POSSIBLE CONSOLIDATION OF WATER-RELATED SERVICES IN WASHOE COUNTY**

- Leo Drozdoff, Administrator, Nevada Division of Environmental Protection (NDEP), DCNR, stated that any decision to consolidate the water supply systems within Washoe County will not have significant impact to the environment, public health, or any NDEP programs. He gave a brief overview of some of the programs administered by the NDEP, including the Bureaus of: (1) Safe Drinking Water; (2) Water Quality Planning; (3) Water Pollution Control; and (4) Corrective Actions.

Concluding, Mr. Drozdoff said that while the NDEP is involved in a variety of public health and environmental issues in the Truckee Meadows, it is a regulatory agency. He said the programs and regulations are stand alone and do not vary according to the entity before them. A copy of the testimony given by Mr. Drozdoff is available as [Exhibit N](#).

There was a discussion regarding wells containing arsenic in northern Nevada. Mr. Drozdoff said the Division of Environmental Protection provides funding for arsenic systems and works closely with water purveyors to find meaningful solutions.

## **PUBLIC COMMENT**

- Mike Dillon, Community Relations Director, Builders Association of Northern Nevada, said the Association supports the model offered by TMWA, but has concerns regarding the governance portion. He said it is the position of the Association to include an entity that offers professional expertise to the model. A memorandum from the Builders Association of Northern Nevada is available as [Exhibit O](#).
- Robert Cameran, private citizen and well owner, Reno, expressed his interest in the work of the Subcommittee. He voiced a concern for the “speed at which the Subcommittee is pushing the new entity.” He suggested incorporating a level of accountability from water entities to inform the public how much water is actually available at any given moment. He used an analogy of drawing a tap full of sand to demonstrate how quickly water resources can become depleted.



## ADJOURNMENT

The Chair discussed agenda development for the next meeting, and requested information on water inventory pre-importation and a comparison of that to existing water plans.

The Chair announced the third meeting of the S.C.R. 26 Subcommittee as Monday, February 13, 2006, at 9 a.m. in the Washoe County Commission Chambers, 1001 East Ninth Street, Reno.

There being no further business to come before the Subcommittee, the meeting was adjourned at 1:03 p.m.

Respectfully submitted,

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Kennedy  
Principal Research Secretary

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Linda J. Eissmann  
Senior Research Analyst

APPROVED BY:

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Senator Mark E. Amodei

Date: \_\_\_\_\_

## **LIST OF EXHIBITS**

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Linda Eissmann, Senior Research Analyst, Research Division, Legislative Counsel Bureau (LCB), Carson City, Nevada.

[Exhibit B](#) is a five-page copy of testimony titled “Discussion Points for 1/19/06 Presentation to Subcommittee to Study Water-Related Services in Washoe County,” presented by Norman Harry, Chairman, Pyramid Lake Paiute Tribe.

[Exhibit C](#) is a nine-slide Microsoft PowerPoint presentation titled “TMWA Proposed Model,” submitted by Michael Pagni, Esq., McDonald Carano Wilson, and legal counsel for TMWA, Reno, Nevada.

[Exhibit D](#) is a one-page document titled “Summary of Washoe County Commission Position on Water-Related Service Consolidation for the SCR 26 Subcommittee,” prepared by Robert Larkin, Chairman, Washoe County Commissioners, Reno.

[Exhibit E](#) is a one-page document titled “Nevada Water Administration and Management Coalition,” offered by Perry Diloreto, Diloreto Construction and Development, Inc., Reno.

[Exhibit F](#) is a 37-slide Microsoft PowerPoint presentation dated January 19, 2006, and titled “Briefing of Existing and Available Water Rights Held by the State and Local Governments in the Truckee Meadows,” given by Vahid Behmaram, Water Rights Manager, Washoe County Department of Water Resources, Reno.

[Exhibit G](#) is a one-page document dated January 19, 2006, and titled “City of Sparks Water Rights Inventory,” furnished by Wayne Seidel, Public Works Director, City of Sparks.

[Exhibit H](#) is a one-page document dated January 19, 2006, and titled “City of Reno Water Rights Inventory,” provided by Greg Dennis, Sanitary Engineer, City of Reno.

[Exhibit I](#) is a one-page document titled “Committable Resources Held by TMWA,” presented by Lori Williams, General Manager, TMWA, Reno.

[Exhibit J](#) is a four-page document dated January 19, 2006, and titled “Overview of the History and Structure of the Las Vegas Valley Water District and Southern Nevada Water Authority,” with a one-page attachment titled “Southern Nevada Water Authority – A Brief Overview,” offered by Linda Eissmann, Senior Research Analyst, Research Division, LCB, Carson City.

[Exhibit K](#) is a five-page document titled “Outline of the Formation of the Southern Nevada Water Authority (SNWA),” given by Kimberly Marsh Guinasso, Senior Principal Deputy Legislative Counsel, Legal Division, LCB, Carson City.

[Exhibit L](#) is a 20-slide Microsoft PowerPoint presentation dated January 19, 2006, and titled “Legislative Subcommittee to Study the Feasibility and Advisability of Consolidating the Water-Related Services in Washoe County (SCR 26),” furnished by Doug Bennett, Conservation Manger, Southern Nevada Water Authority, Las Vegas.

[Exhibit M](#) is a 12-slide Microsoft PowerPoint presentation titled “Division of Water Resources” provided by Hugh Ricci, State Engineer, Division of Water Resources, State Department of Conservation and Natural Resources (DCNR), Carson City.

[Exhibit N](#) is a five-page copy of testimony titled “Testimony of Leo Drozdoff, Administrator, Nevada Division of Environmental Protection, prepared by Leo Drozdoff, Administrator, Division of Environmental Protection, DCNR, Carson City.

[Exhibit O](#) is a one-page memorandum to members of the Subcommittee on Feasibility and Advisability of Consolidating Water-Related Services in Washoe County regarding a proposed TMWA Model submitted by Mike Dillon, Community Relations Director, Builders Association of Northern Nevada.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits, other materials distributed at the meeting, and the audio record are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at [www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm](http://www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm) or telephone: 775/684-6827.