



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

The first 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 Wednesday, November 30, 2005, at 10 a.m. in Room 3138 of the Legislative Building in Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building in Las Vegas, 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. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

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

COMMITTEE MEMBER EXCUSED:

Assemblywoman Debbie Smith

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

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

ELECTION OF CHAIR AND VICE CHAIR

Linda Eissmann, Senior Research Analyst, Research Division, Legislative Counsel Bureau (LCB), Carson City, presided over the election.

The Subcommittee **APPROVED THE FOLLOWING ACTION:**

SENATOR WASHINGTON MOVED TO NOMINATE SENATOR AMODEI AS CHAIR AND ASSEMBLYWOMAN GANSERT AS VICE CHAIR OF THE S.C.R. 26 SUBCOMMITTEE. THE MOTION WAS SECONDED BY ASSEMBLYMAN MARVEL AND CARRIED.

OPENING REMARKS AND INTRODUCTIONS

- Chair Amodei welcomed members and the public to the first meeting of the 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*]). He announced that the remainder of the Subcommittee meetings would be held in Reno, Nevada, with the exception of the final work session meeting.

OVERVIEW OF SENATE CONCURRENT RESOLUTION NO. 26 (FILE NO. 100, *STATUTES OF NEVADA 2005*)

Linda Eissmann, previously identified in these minutes, gave an overview of the duties outlined in S.C.R. 26 ([Exhibit B](#)), which included the following highlights:

- The legislative creation of the resolution and membership composition.
- The scope and direction of the Subcommittee, which encompasses:
 1. An analyses of relevant financial considerations, ownership, and operations of facilities;
 2. An examination of potential management and staffing structures; and
 3. A review of alternatives including possible consolidation of water, wastewater, flood control, storm drainage, water reclamation, or any combination thereof.
- The charge of crafting no more than five bill draft requests within five meetings for submission to the Legislative Commission by July 1, 2006.

OVERVIEW OF RESPONSIBILITY AND JURISDICTION FOR WATER SUPPLY, WASTEWATER TREATMENT, FLOOD CONTROL, STORM DRAINAGE, AND WATER RECLAMATION PROGRAMS IN THE TRUCKEE MEADOWS

The Chair reviewed the topic and identified interested parties in the audience to offer comments.

- Bob Cashell, Mayor of Reno and member of the Board of Directors of the Truckee Meadow Water Authority (TMWA), requested that Washoe County and the Sun Valley General Improvement District (GID) be the subject of independent audits performed by outside auditors to examine issues such as assets, water controls, water rights, inventory, and other areas of interest for all the entities involved in a possible consolidation of water-related services. He described the cost of such an audit currently being conducted on TMWA. He also suggested the formation of an oversight committee, or an independent agency, similar to what is used in southern Nevada.

There was a discussion regarding the cost of proposed audits and payment responsibilities. Mayor Cashell suggested that each entity pay for their own audit, but said the TMWA Board of Directors might be able to offer assistance in cases where the entity could not cover their costs. Kimberly Guinasso, Senior Principal Deputy Legislative Counsel, Legal Division, LCB, said the Subcommittee lacks the authority to impose the requirement of independent audits by independent firms on entities. She said she would research what authority could make that request.

- Steve Bradhurst, Director, Washoe County, Department of Water Resources, Reno, commented on the usefulness of having Washoe County at the center of consolidation. He provided written testimony on behalf of the Washoe County Board of Commissioners and other documents ([Exhibit C](#)), which included the following highlights:
 1. A matrix regarding ten water-related services, including the identification of entities in that business, its assets, customers, employees, operations, water service areas, surface water management, and groundwater remediation programs;
 2. An overview of the formation Department of Water Resources and its focus on management of the region's scarce water resources, and how this focus can be accomplished in concert with all the entities in Washoe County; and
 3. A discussion of the Department's vision of being the leader in the community, including its values and mission of providing service.

There was a discussion regarding what qualities the consolidated entity should possess, which included the ability to reach consensus among themselves on issues of: (1) quality of life within communities; (2) growth and development; and (3) water conservation and environmental protection. The policies and practices of the Southern Nevada Water

Authority were discussed, but members recognized the need for a model that could accommodate northern Nevada issues.

There also was a discussion regarding the role of the State Engineer in providing oversight to a consolidated entity. It was suggested that the State Engineer's Office needs additional financial resources (i.e., staff) to address the backlog of water-right applications in that office.

- Greg Dennis, Sanitary Engineer, and Steve Murano, Public Works Director, City of Reno, gave a slide presentation ([Exhibit D](#)), which included the following highlights:
 1. A discussion of financial considerations in terms of operating as an enterprise fund and identification of ongoing and future expenditure projections;
 2. An explanation of the sewer rate process and a report on sewer pipes in Reno;
 3. An analyses of the operations, management, staffing, and engineering programs;
 4. A description of the function of operations/maintenance, repair/replacement, and types of programs requiring a permit; and
 5. A report of customer base and fee revenue statistics.

There was a discussion regarding approximate 7,000 acre-feet of water rights under streets and highways, including their value, the ownership of those rights, and future plans.

There was also a discussion on connection fees, which currently stand at \$4,300 per Reno residence to connect to a municipal water system. The revenue generated from those fees are transferred to community development and are not subsidized.

- Diana Langs, Director, Sun Valley General Improvement District (GID), Sun Valley, Nevada, gave a slide presentation ([Exhibit E](#)), which included the following highlights:
 1. An overview of the Sun Valley GID history;
 2. A review of sewer and water lines; and
 3. An explanation of interlocal cooperation and participation agreements.

There was a discussion regarding xeriscape issues, unifying landscaping ordinances, and waterless (combustible) toilet replacement programs.

Senator Washington requested information on meter flows in Sun Valley.

- Jerry Schumacher, Chair, Local Managing Board, and Steve Cohen, Manager, South Truckee Meadows GID, gave an overview of domestic wells and drinkable water in that area ([Exhibit F](#)). Mr. Cohen described the membership of the governing board over the South Truckee Meadows GID and said the area offers a groundwater-only system and has no debt or taxes. He said the current system is suitable and expressed concerns over detrimental changes that a consolidated water entity could bring to the South Truckee Meadows GID.

There was a discussion regarding the proposed land development of a casino in the South Truckee Meadows GID and the possible need for the importation of groundwater to support that type of development project.

(As directed by Chairman Amodei, this presenter was taken out of order.)

- Lori Williams, General Manager, Truckee Meadows Water Authority (TMWA), Reno, said the TMWA has the ability to integrate and work with all the entities in the water market. She stated that the TMWA Board of Directors recently voted to form a focus group to assist the S.C.R. 26 Subcommittee. She gave a slide presentation ([Exhibit G](#)), which included the following highlights:
 1. A list of the TMWA Board of Directors, and TMWA's purpose, financing, and governance authorities;
 2. A flow chart of water resource systems in the Truckee Meadows with a comparison to the Las Vegas region;
 3. An explanation of TMWA's resources, water rights, and a negotiated river settlement to re-operate the Truckee River; and
 4. A comparison of water service connections and delivery demands to Washoe County, Sun Valley GID, and the South Truckee Meadows GID.

There were discussions regarding water meter failures and customer reimbursement, the concept of "one-stop shopping" for water rights by developers, and the current cost of an acre-foot of water (estimated at \$33,800).

Following a brief discussion about the role of the federal Endangered Species Act on water allocation in the region, Senator Washington requested a comprehensive list of endangered species in the Truckee Meadows.

(As directed by Chairman Amodei, this presenter was taken out of order.)

- Wayne Seidel, Public Works Director, City of Sparks, Sparks, Nevada, expressed concerns that current levels of service and low water rates could be negatively affected

by consolidation efforts. He gave a slide presentation ([Exhibit H-1](#)), which included the following highlights:

1. An overview of TMWA;
2. An review of water and wastewater treatment systems;
3. An explanation of sanitary and stormwater collection systems;
4. A description of flood control measures in use;
5. A discussion of the effluent reuse utility project, including projected expansions to extend water resources; and
6. Identification of Sparks' participation on regional utility coordination committees and commission.

There were discussions regarding flood areas in Spanish Springs and plans to hasten further damage, and reasons for differences in monthly sewer service fees ([Exhibit H-2](#)).

- Jim Smitherman, Water Resources Program Manager, Regional Water Planning Commission, Reno, gave a slide presentation ([Exhibit I-1](#)), which included the following highlights:
 1. An overview of the creation of the Regional Water Planning Commission, including its membership composition and roster;
 2. An explanation of the Commission's jurisdiction; and
 3. A review of the Regional Water Management Fund and Management Plan, including the 2004-2005 Washoe County Comprehensive Regional Water Management Plan.

Concluding, Mr. Smitherman referenced a publication titled "Washoe Water" ([Exhibit I-2](#)).

- Wayne Seidel, Chair of the Regional Water Planning Commission, opined that Nevada's inequitable distribution of water rights stems from a market driven economy previously balanced by equal water supply and demand. He suggested the importation of water to increase the number of water rights to needed to balance Nevada's need for agricultural water with municipal demands.

There were discussions regarding how the Water Planning Commission's plan calculated build-out projections, the compilation of current water rights and available facilities, and the similarities of the Commission and the scope of the S.C.R. 26 Subcommittee.

Members and other presenters agreed that the Commission presented the most comprehensive water document brought forward at the meeting.

There was a discussion regarding the absence of consumer group input and the need to include consumers in any potential consolidation effort.

- Naomi Duerr, Flood Project Director, Truckee River Flood Control Project Coordinating Committee, gave a slide presentation ([Exhibit J](#)) with the following highlights:
 1. A discussion of historical floods in northern Nevada;
 2. The creation of the Truckee River Flood Project, including its boundaries, and milestones;
 3. A listing of the membership, roles, and responsibilities of the Flood Project Coordinating Committee; and
 4. A brief overview of project planning, flood policy, flood response, public outreach and awareness, land acquisition, operation maintenance, and interagency coordination, including the Corps of Engineers.

There was a discussion regarding location of levees and the role of the Corps of Engineers. Paul Urban, Flood Project Manager, commented on upstream flood storage in terms of cost and feasibility.

PUBLIC COMMENT

- Perry Diloreto, Diloreto Construction and Development, Inc., Reno, spoke of his 30 years of contracting business in northern Nevada and the recent struggle to procure a “will-serve letter” for water rights. He compared the processes for procuring water in southern Nevada to Washoe County and said the rising value of water rights is attributed to northern Nevada’s “perfect storm,” which is a combination of a robust economy, a housing market beyond expectations, and a massive growth rate all diverging with a fractured water right system. He opined that Washoe County’s inefficient manner of processing water rights have given an inaccurate perception to developers that there is no water available. He suggested the formation of a board to oversee water purveyor activities and to facilitate a more efficient process to buy, sell, and/or transfer water rights. Further, he suggested that the funding mechanism for the board or consolidation entity be borne by imposing a fee for the transfer of water rights.
- Chris Barrett, Chairman, Nevada Water Administration and Management Coalition, said the newly formed Coalition represents 90 percent of builders in the area who are in favor of identifying a regional authority to combine resources and consider the

inclusion of outlying counties. He also discussed the possibility of restoring a “water bank.”

- Steve Cohen, previously identified, provided comment as a resident and expressed concerns that consolidation could raise his water rate fee and divide his water rights. He suggested that freed up water rights stay with the water purveyor.

(As directed by Chairman Amodei, this agenda item was taken out of order.)

SCHEDULING OF FUTURE MEETINGS

The Chair announced the following meeting dates of the Subcommittee:

- Thursday, January 19, 2006, at 9 a.m. in Washoe County Commission Chambers, Reno;
- Monday, February 13, 2006, at 9 a.m. (location to be determined);
- Wednesday, March 15, 2006, at 9 a.m. (location to be determined);
- Monday, April 24, 2006, at 9 a.m. (location to be determined); and
- Thursday, June 8, 2006, at 9 a.m. in Carson City (Work Session).

ADJOURNMENT

The Chair discussed specific points of the scope of S.C.R. 26 and suggested that a future consideration of consolidation include discussion of and entity offering oversight of resource acquisition and management and not just an entity to consolidate all resources and adjust customer water rates. He assigned Senator Washington to work with presenters to identify stormwater, flood, and effluent issues, and he further assigned Vice Chair Gansert to assist water purveyors in achieving consensus on models of proposed consolidation, including oversight authority, and determine which entities are not in favor of consolidation. Additionally, he entertained a discussion regarding agenda development for future meetings.

There being no further business to come before the Subcommittee, the meeting was adjourned at 3:18 p.m.

Respectfully submitted,

Kennedy
Principal Research Secretary

Linda J. Eissmann
Senior Research Secretary

APPROVED BY:

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 two-page memo dated November 30, 2005, to Members of the Subcommittee regarding background on S.C.R. 26, from Linda Eissmann, Senior Research Analyst, Research Division, LCB, Carson City.

[Exhibit C](#) is a package of informational materials provided by Steve Bradhurst, Director, Washoe County, Department of Water Resources, Reno, Nevada, including:

- A two-page copy of testimony dated November 30, 2005, and titled “Testimony of Steve Bradhurst, Director, Washoe County Department of Water Resources”;
- A one-page chart titled “Water-Related Services in Washoe County, Who Does What?”;
- A two-page document titled “Washoe County Water-Related Services”;
- A one-page chart titled “Utility Service Areas, Washoe County Department of Water Resources”;
- A two-page chart titled “Department of Water Resources, Customer/Asset/Employee Growth 1995-2005”;
- A four-page chart titled “Water Service Areas”;
- A two-page chart titled “North Spanish Springs Flood Control Facilities”; and
- A one-page document titled “Department of Water Resources, Vision-Values-Mission.”

[Exhibit D](#) is a paper copy of a 12-slide Microsoft PowerPoint presentation titled “City of Reno,” given by Greg Dennis, Sanitary Engineer, City of Reno, Reno.

[Exhibit E](#) is a paper copy of a five-slide Microsoft PowerPoint presentation titled “Senate Concurrent Resolution No. 26 Committee on Natural Resources,” furnished by Diana Langs, Director, Sun Valley General Improvement District (GID), Sun Valley, Nevada.

[Exhibit F](#) is a three-page copy of testimony titled “General Memo,” submitted by Jerry Schumacher, member, Local District Managing Board, South Truckee Meadows GID.

[Exhibit G](#) is a paper copy of a 16-slide Microsoft PowerPoint presentation dated November 30, 2005, and titled “Overview of Water Systems in the Truckee Meadows,” offered by Lori Williams, General Manager, Truckee Meadows Water Authority, Reno.

[Exhibit H-1](#) is a paper copy of a 24-slide Microsoft PowerPoint presentation titled “City of Sparks,” given by Wayne Seidel, Public Works Director, City of Sparks, Sparks, Nevada.

[Exhibit H-2](#) is a one-page document titled “Sewer Utility Fees,” submitted by Wayne Seidel, Public Works Director, City of Sparks, Sparks.

[Exhibit I-1](#) is a paper copy of a 16-slide Microsoft PowerPoint presentation titled “Washoe County Regional Water Planning Commission,” submitted by Jim Smitherman, Water Resources Program Manager, Regional Water Planning Commission, Reno.

[Exhibit I-2](#) is a 16-page bound periodical dated Winter 2005 and titled “Washoe Water, Securing Washoe County’s Future,” provided by Jim Smitherman, Water Resources Program Manager, Regional Water Planning Commission, Reno.

[Exhibit J](#) is a paper copy of a 25-slide Microsoft PowerPoint presentation titled “Truckee River Flood Management Project,” furnished by Naomi Duerr, Flood Project Director, Truckee River Flood Control Project Coordinating Committee,

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 or telephone: 775/684-6827.