



NEVADA LEGISLATURE LEGISLATIVE COMMITTEE TO OVERSEE THE WESTERN REGIONAL WATER COMMISSION

(Senate Bill 487, Chapter 531, *Statutes of Nevada 2007*)

SUMMARY MINUTES AND ACTION REPORT

The second and final meeting of the Nevada Legislature's Legislative Committee to Oversee the Western Regional Water Commission was held on Thursday, June 28, 2012, at 9 a.m. in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. This meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, 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 website at <http://www.leg.state.nv.us/interim/76th2011/committee/>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's (LCB's) Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Don Gustavson, Chair
Assemblyman Peter (Pete) J. Goicoechea, Vice Chair
Assemblyman Richard (Skip) Daly

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator John J. Lee
Senator Michael A. Schneider

COMMITTEE MEMBER ABSENT/EXCUSED:

Assemblywoman Teresa Benitez-Thompson

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Patrick Guinan, Principal Research Analyst, Research Division
Risa B. Lang, Chief Deputy Legislative Counsel, Legal Division
Stephen J. Avillo, Deputy Legislative Counsel, Legal Division
Susan M. Young, Information Technology Specialist, Research Division

OPENING REMARKS

- Chair Gustavson called the meeting to order and welcomed everyone. He expressed appreciation for the hard work by the members of the Legislative Committee to Oversee the Western Regional Water Commission, Committee staff, and the public for their involvement with Committee activities during the 2011-2012 Interim. He noted that the Committee would not be conducting a formal work session at this meeting.

PUBLIC COMMENT

- Chair Gustavson called for public comment; however, no testimony was presented.

APPROVAL OF MINUTES OF THE MEETING HELD ON FEBRUARY 24, 2012, IN CARSON CITY, NEVADA

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

VICE CHAIR GOICOECHEA MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 24, 2012, MEETING HELD IN CARSON CITY, NEVADA. THE MOTION WAS SECONDED BY ASSEMBLYMAN DALY AND PASSED UNANIMOUSLY BY MEMBERS PRESENT. SENATOR SCHNEIDER WAS ABSENT FOR THE VOTE.

STATUS UPDATE ON THE CONSOLIDATION OF WASHOE COUNTY'S WATER UTILITY WITH THE TRUCKEE MEADOWS WATER AUTHORITY (TMWA)

- Mark W. Foree, General Manager, TMWA, provided an update on the consolidation of Washoe County's water utility with TMWA, which included: (1) land, easement, and water right issues; (2) ordinance revisions which would mirror TMWA's rules for service; (3) joint operating plans and operation of the systems; (4) master planning with the two control systems; (5) issues to address including finalizing operating plans and water quality monitoring plans; (6) labor negotiations; (7) completion of the merger agreement; (8) refinancing of Washoe County debt prior to the completion of the merger; and (9) the anticipated completion date prior to the end of Fiscal Year (FY) 2013.
- Rosemary Menard, Director, Washoe County Department of Water Resources (DWR), continued with the update on the consolidation of Washoe County's water utility with TMWA, which included: (1) continued work on the merger agreement; (2) implementation of the transition process; (3) community support; and (4) Washoe County DWR's debt that has been issued to the State revolving fund for transfer to the TMWA.

- Jeff Tissier, Chief Financial Officer, TMWA, provided information on the underwriting banks that would provide assistance with refinancing the public-issued debt; timeframe for completion of the refinance; and the process of the debt transfer as it relates to potential impacts for the State and for TMWA.
- Vice Chair Goicoechea queried as to any potential issues with the debt refinancing.
- Mr. Tissier responded that based on a five-year forecast, which was completed last year, there would not be any financial detriment to bond holders or water customers.

In response to Chair Gustavson's questions concerning the economic feasibility of the merger and its impact on employees, Mr. Tissier noted that both water sales and expenses have stabilized. He further noted that additional staff reductions will be minimal.

- Ms. Menard pointed out that staff who will be moving from the Washoe County DWR to TMWA have been identified and are aware of the changes. She noted that there are a few items that still need to be resolved before the merger is finalized.
- Chair Gustavson queried as to how the rate payer might be impacted by the merger.
- Mr. Tissier responded that he did not foresee any increase in the rates outside the normal course of business for each entity.

PRESENTATION ON THE CONSOLIDATION OF WASHOE COUNTY GROUNDWATER MANAGEMENT ISSUES AND MT. ROSE-GALENA FAN DOMESTIC WELL MITIGATION PROGRAM

- Rosemary Menard, Director, Washoe County DWR, gave a presentation on the consolidation of Washoe County groundwater management issues and the Mt. Rose-Galena Fan domestic well mitigation program, which included: (1) a brief overview of the key provisions of water laws in the State; (2) a review of the Heppner Subdivision in northeast Lemmon Valley that has more than 500 domestic wells in an area of 1.5 square miles; (3) location of the hydrogeological cross section in northeast Lemmon Valley; (4) hydrogeologic conditions, such as fractured granite, create areas less suitable for sources of water in either domestic or municipal wells; (5) water use by Washoe County customers in northeast Lemmon Valley from 1990 to 2010; (6) the domestic well issues in northeast Lemmon Valley that have been addressed; and (7) the location of 500 wells on the Upper Mt. Rose-Galena Fan. (Please see [Exhibit B](#).)

Responding to questions from Vice Chair Goicoechea regarding changes in use with respect to the water table and the number of municipal wells, Ms. Menard stated that there are still some issues to be addressed with the water table in northeast Lemmon Valley and there are approximately 1,100 municipal wells.

There was a discussion among Vice Chair Goicoechea, Ms. Menard, and Mr. Foree regarding enhanced reinjection of the municipal wells. Ms. Menard commented that rates might need to be increased to cover costs associated with moving water to recharge the basin.

Continuing her testimony, Ms. Menard provided more information on the consolidation of Washoe County groundwater management and the Mt. Rose-Galena Fan domestic well mitigation program, which included: (1) locations of the Mt. Rose-Galena Fan hydrogeological cross-sections; (2) southwest Truckee Meadows and Upper Galena Fan hydrogeologic formations; (3) Callahan Ranch area wells that were deepened versus those connected to the municipal water system and the effects of municipal pumping on domestic wells in the Callahan Ranch area; (4) factors that can affect the productivity of domestic wells; (5) documented strong correlation between groundwater levels and annual precipitation; (6) high concentration of domestic wells in a small area; (7) recommended domestic well mitigation policy statement; (8) draft definition of “unreasonable adverse effect”; (9) proposed implementation of the domestic well mitigation program on the Upper Mt. Rose-Galena Fan; (10) mitigation program recommendations; (11) general provision of Washoe County DWR’s well mitigation program for the Mt. Rose-Galena Fan area; and (12) sources of program funding. (Please see [Exhibit B](#).)

- Vice Chair Goicoechea queried as to the use of the priority date standard in domestic well mitigation.
- Ms. Menard noted that the priority date standard was included in the definition of “unreasonable adverse effect”; however, the TMWA made the decision not to apply the standard to this domestic well mitigation program area.

In response to Vice Chair Goicoechea’s question concerning the deepening of wells and the potential requirement to hookup to the municipal water system, Ms. Menard noted that the homeowner would have a zero-cost connection through the public right-of-way infrastructure. She added that the homeowner would be required to pay for onsite costs.

- Steve Walker, Lobbyist, representing TMWA, clarified that Lemmon Valley is managed as two basins. He said a ridge separates the East and West sub-basins. Mr. Walker commented that the State Engineer manages those as separate basins and there is little groundwater communication between them. He stated that it is highly unlikely that the two sub-basins recharge each other.

Responding to Chair Gustavson’s query regarding the percentage of homeowners in Spanish Springs and Lemmon Valley who have converted to the municipal water connection, Ms. Menard stated that a decision was made in the late 1990s to bring Truckee River water in to support the growth in Spanish Springs. She explained that

over the last five to six years, the infrastructure was completed and this has reduced the strain on the aquifer, unlike the Lemmon Valley aquifer, which remains overappropriated. Ms. Menard also noted that domestic wells fail for reasons other than the impacts of municipal pumping.

STATUS UPDATE ON THE TRUCKEE RIVER WATER SUPPLY

- John A. Erwin, Director, Natural Resources Planning and Management, TMWA, provided a status update on the Truckee River Water Supply, which included: (1) a brief description of the water area (Slide 1, [Exhibit B](#)); (2) a description and explanation of precipitation and reservoir releases that constitute the Truckee River flows; and (3) a description and explanation of the Lake Tahoe elevation and Truckee River flows through 2012. (Please see [Exhibit C](#).)

UPDATE ON THE TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY'S (TRFMA'S) FIVE-YEAR PLAN AND TIMELINE, SET UP OF THE JOINT POWERS AUTHORITY, AND OVERVIEW OF THE CURRENT AND POTENTIAL FUTURE FUNDING SOURCES

- Jay Aldean, P.E., Executive Director, TRFMA, provided an update on the TRFMA's five-year plan and timeline, set up of the joint powers authority, and an overview of current and potential future funding sources, which included: (1) a brief review of TRFMA's duties and responsibilities; (2) the four critical processes to monitor; (2) the two important decisions concerning the five-year plan; (3) a revised Locally Preferred Plan (LPP) to help determine what the TRFMA will build; (4) objectives of the LPP; (5) the two paths of construction depending on whether Congress authorizes a revised flood plan or the 50-Year Plan; (6) completion timeline; (7) five-year planning timeline; (8) summary of individual path benefits with a local path and United States Army Corps of Engineers (Corps) path; (9) current funding sources; (10) 1/8-cent sales tax receipts seven-year history for FY 2001 through FY 2007; (11) 1/8-cent sales tax receipts three-year history for FY 2008 through FY 2010; (12) funds for current Truckee River Action Programs (TRAction Programs); (13) cash flow to construct future project elements; (14) reserve funding to develop a revised LPP; and (15) the rate making process. (Please see [Exhibit D-1](#) and [Exhibit D-2](#).)

In response to Chair Gustavson's query regarding the 1/8-cent sales tax and the current operating budget of the TRFMA, Mr. Aldean stated that the payout in transfer-to-debt service in 2011 was \$5.7 million. He noted that there was enough capital to operate during the past year because bond sale proceeds were in the bank. Mr. Aldean stated that the adopted budget for 2012 is \$2.4 million that will be paid out in debt service to cover bonds for the Dandini facilities. He noted that employee expenses are approximately \$1.2 million, services and supplies approximately \$2.2 million, bond service approximately \$2.4 million, and the total budget is approximately \$6.7 million.

Responding to Assemblyman Daly's question regarding the process for receiving federal matching funds, Mr. Aldean stated that the Corps normally offers a 65/35 percent split. He hopes the Corps will fund 65 percent of the 50-year plan.

- Chair Gustavson voiced his and his constituents' frustrations with respect to the flood project. He noted the importance of having a completed project before another flood occurs in the Truckee Meadows.
- Vice Chair Goicoechea asked for clarification regarding the use of the term "rate" and wanted to know how TRFMA would implement any increase.
- Mr. Aldean stated that a "rate" is not a tax; however, any rate increase will be based upon benefits. He explained that the rate model is based upon a benefit for a residential unit and on developed square footage for commercial spaces. Mr. Aldean pointed out that the project is designed to ensure that economic activity can continue if there is another flood. He added that the Board will decide how to leverage the rates and there are different possibilities available. Mr. Aldean noted that implementation of a rate increase has not yet been strategized.

There was a discussion between Assemblyman Daly and Mr. Aldean regarding authorization from the Legislature to issue the rate, funding sources besides the 1/8-cent sales tax for the North Truckee River drain, and which entity will most likely build the new Virginia Street Bridge. Mr. Aldean stated that the TRFMA does not need authorization from the State to issue a new rate. He noted that the funding for the North Truckee River drain is coming from the City of Sparks where they are currently collecting a fee. He further noted that there is still \$3 million to \$6 million in the bank at the end of the design period, which is enough to bond a revenue stream to build that portion of the project.

- Continuing, Mr. Aldean commented that the City of Reno is not currently tasked to build the new Virginia Street Bridge; however, a review will be conducted to determine which entity will be in charge of that project.
- Chair Gustavson restated his concerns for potential flooding given the amount of time it has taken for the flood project to be completed.

DISCUSSION OF POSSIBLE BILL DRAFT TO CONTINUE THE LEGISLATIVE COMMITTEE TO OVERSEE THE WESTERN REGIONAL WATER COMMISSION

- Chair Gustavson began the discussion of a possible bill draft request (BDR) to continue the Legislative Committee to Oversee the Western Regional Water Commission. He noted that Section 57 of Senate Bill 487 (Chapter 531, *Statutes of Nevada 2007*), which contains the provisions that created the Committee and set forth its duties, expires by limitation in July of 2013. Chair Gustavson posed two questions to the Committee: (1) Does the Committee want to request a bill draft so it can continue into the future? and (2) If so, should a sunset date be put in place or should the Committee continue indefinitely?
- Assemblyman Daly stated that since the consolidation of Washoe County DWR with the TMWA has not yet been finalized, it would be beneficial to request a bill draft that would continue to monitor the merger and would also monitor other water issues across the State. He was of the opinion that it would be beneficial to expand the scope of the Committee under review of the full Legislature.
- Vice Chair Goicoechea agreed with Assemblyman Daly that it would be beneficial to submit a BDR to possibly change and expand the duties of the Committee to examine water issues throughout the State.
- Senator Schneider spoke about the need to examine water issues throughout the entire State, not just in northern Nevada. He opined that it is critical that the Legislature have the ability to monitor water issues in Nevada.
- Senator Lee stressed the importance of the work that has been conducted by the Legislative Committee to Oversee the Western Regional Water Commission. He was of the opinion that water is a statewide issue and agreed the BDR should recognize water issues throughout the State.
- Chair Gustavson expressed support for the concept of expanding the duties and the scope of the Committee to address the State's water issues. He noted the members of the Committee were in consensus to submit a BDR that would continue to examine water issues.
- Risa B. Lang, Chief Deputy Legislative Counsel, Legal Division, asked for clarification regarding the Committee's intent for the BDR: would the Committee prefer to extend the study's expiration date or to create a permanent committee to study water issues?
- Vice Chair Goicoechea clarified that he would prefer the BDR be "open-ended" to expand the oversight to statewide water issues.

- Assemblyman Daly concurred that the BDR should allow for the Committee to be more broad-based.
- Senator Lee expressed his opinion that water is a standalone issue and should not just be part of the scope of the Legislative Committee on Public Lands.
- Chair Gustavson replied that the BDR should be for an ongoing interim committee on water issues in Nevada. He then called for a motion.
- ASSEMBLYMAN DALY MOVED TO SUBMIT A BDR TO EXTEND THE LIFE OF THE LEGISLATIVE COMMITTEE TO OVERSEE THE WESTERN REGIONAL WATER COMMISSION INDEFINITELY AND EXPAND THE SCOPE OF THE COMMITTEE TO INCLUDE THE STUDY OF WATER ISSUES THROUGHOUT THE STATE.

Prior to the vote, Ms. Lang asked if the BDR would extend the current sunset date by two years. Assemblyman Daly recommended that the Legislature could address any issues regarding a sunset date.

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

THE MOTION AS STATED WAS SECONDED BY
SENATOR SCHNEIDER AND PASSED UNANIMOUSLY
BY MEMBERS PRESENT.

PUBLIC COMMENT

- Chair Gustavson called for public comment; however, no testimony was presented.

Continuing, Chair Gustavson thanked Committee members, staff, and all interested parties for their participation.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 11:05 a.m.

Respectfully submitted,

Susan M. Young
Information Technology Specialist

Patrick Guinan
Principal Research Analyst

APPROVED BY:

Senator Don Gustavson, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Patrick Guinan, Principal Research Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit B](#) is a Microsoft PowerPoint presentation dated June 28, 2012, titled “Status Report for the Legislative Oversight Committee on the Western Regional Water Commission Groundwater Management and Domestic Well Mitigation Issues,” referenced by Rosemary Menard, Director, Washoe County Department of Water Resources.

[Exhibit C](#) is a Microsoft PowerPoint presentation given by John A. Erwin, Director, Natural Resources Planning and Management, Truckee Meadows Water Authority.

[Exhibit D-1](#) is a Microsoft PowerPoint presentation dated June 27, 2012, titled “Western Region Water Commission Legislative Oversight Committee Five Year Timeline Project Update & Funding Sources,” provided by Jay Aldean, P.E., Executive Director, Truckee River Flood Management Authority (TRFMA).

[Exhibit D-2](#) is chart dated June 28, 2012, titled “Truckee River Flood Management Authority 5-Year Planning Timeline,” furnished by Jay Aldean, P.E., Executive Director, TRFMA.

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.