



**TMWA BOARD OF DIRECTORS**

**STRATEGIC PLANNING WORKSHOP**

**FRIDAY, FEBRUARY 5, 2016**



# TMWA Policy Questions

Updated as of 1/21/2016

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## DOCUMENTS REFERENCED

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- Joint Powers Agreement (JPA)
- Presentation on the 2008 Washoe County Ballot Question Number 3, November 18, 2015
- WRWC 2011-2030 Water Management Plan
- Presentation and Discussion of TROA Operations During Drought Periods, September 16, 2015
- Draft TMWA 2016-2035 Water Resource Plan
- Rules of Service
- December 2015 Board Input Summary
- TMWA Standing Advisory Committee Governing Rules
- 2012 Truckee Meadows Regional Plan
- Regional Planning Structure Overview, January 26, 2016
- TMWA Financial Guidelines

## POLICY OVERVIEW

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### What do we mean by 'Policy'?

#### Board input via Dec 2015 Interviews

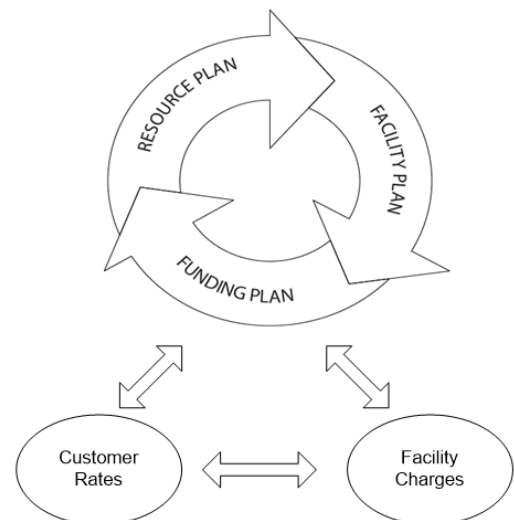
##### When you think about "policies", what is the definition you are using?

- An operating framework (4<sup>1</sup>)
  - "How an organization operates, like lines on a highway."
  - "Guidelines, rules, and regulations."
  - "Statements that define how to address current or potential issues."
- Overarching goals/objectives (2)
  - "Broad statements that express public objective that are backed by implementation of regulation or public investment."
- Board direction (1)
  - "The direction the board provides to management to run the company."

### What is TMWA's planning process & how does it relate to other regional plans?

#### TMWA's planning process

Under the Cooperative Agreement, TMWA is obligated to provide retail water service to users in its service area, which it does by identifying and planning for water service needs within its retail and planning service areas. TMWA's integrated planning processes are intended to ensure the long-term resource, facility and funding mechanisms are in place to meet current and future demand conditions within TMWA's service area. Based on the TMWA Board



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<sup>1</sup> Numbers in parentheses refer to the number of board members who expressed a similar sentiment in response to the questions.

policy that growth pay for growth, TMWA plans for and adopts facility charges to ensure that the cost of constructing and financing water facilities necessary to serve anticipated growth will be recoverable from and paid by growth. *Excerpt from Regional Planning Structure Overview*

### Relationship to other plans

As described in Chapter 278 of the Nevada Revised Statutes (NRS) the master plans, facilities plans, and other similar plans of local governments and affected entities must be found in conformance with the comprehensive Regional Plan.

In addition to the Truckee Meadows Regional Planning Agency, two other entities within the region are designated with planning for region-wide facilities, infrastructure or resources; the Northern Nevada Water Planning Commission, and the Regional Transportation Commission. *Excerpt from 2012 Truckee Meadows Regional Plan*

### Relationship between Land Use Planning and Water Facility Planning

Generally, water supply planning differs from land use planning in scope and objective. Land use planning generally asks "what," "where," and "when," whereas water supply planning focuses on "how". **Whether, when, where and what type of growth should occur is within the land use entitlement and planning functions of cities, counties and regional planning agencies.** Land use planning is aimed at directing types, densities or intensities of land development and determining where large tracts of land should be preserved. Historically, TMWA has considered it solely the prerogative of local governments to decide whether, when and where growth should occur and what their communities will look like, and has deferred to local governments to implement growth policies (or restrictions on growth) through land use entitlements, zoning and regional land use planning.

By contrast, water supply planning focuses on how water can be supplied and the ability to deliver safe and reliable water supplies through engineering solutions and project design, without concern whether a specific land use is in an appropriate location or of an appropriate density or intensity. Water supply planning focuses on how facilities can be designed to ensure a safe reliable supply of water; how to avoid or mitigate impacts on presently existing legal uses of water; and how available water resources can be developed and utilized. Planning for the ability of future municipal supply furthers State policy to provide water which is safe for drinking and other domestic purposes, protect existing water rights and encourage efficient and nonwasteful use of limited water resources. In doing so, **TMWA historically has not questioned whether regional and/or local planning land uses are appropriate, looking instead to minimize and alleviate water resource impacts through engineered solutions and mitigation so that if local governments decide that growth is appropriate water service could be made available if sufficient supplies exist.** While the availability of a water supply could, under some circumstances, be a limiting factor to the location and timing of development, **the purpose of TMWA water supply planning efforts has historically sought to minimize the potential growth-limiting effect** so that water service could be made available when or if local government land use planners determine that growth is appropriate in their jurisdictions subject to available water supplies, including the 119,000 acre foot annual limitation on the water supply available from the Truckee River for municipal supplies under TROA. *Excerpt from Regional Planning Structure Overview. Emphasis added*

## CURRENT AUTHORITIES, ROLE & SCOPE

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### What are the authorities of TMWA per the JPA?

**Current Role of TMWA:** Authorities as outlined in the Joint Powers Agreement (JPA)

- Provide retail or wholesale water service within the boundary of the authority
- Acquire, use and dispose of Water Rights and Water Supplies
- Develop and implement projects with respect to the acquisition, development, treatment, storage and transportation of Water Supplies as the Board determines
- Acquire any interest in, finance, operate, maintain, replace, acquire and construct additions and improvements to the Truckee Meadows Water System (TMWS)

- Acquire, finance, construct, operate, maintain, replace, and construct additions and improvements to other Facilities and to dispose of such Facilities
- Establish a water budget and a water resource plan for the Authority which shall reflect, among other things, (i) Water Supplies available to the Authority and separately to each Member from all sources, (ii) demand within each Member's jurisdiction within the Authority's retail service area, and (iii) the peaking capacity required for delivery of Water Supplies by the Authority and the means by which such requirements shall be met
- Prepare, update, and implement capital improvement plans for TMWA and, to the extent applicable, Authority facilities
- Establish rates, tolls and other charges for the delivery of retail and wholesale water service within its service area
- Prepare, update and oversee the implementation of a water conservation plan
- Participate with relevant agencies of the United States, the State of Nevada, and other government agencies on issues, including but not limited to TROA
- Issue revenue and other bonds, notes, and other obligations and incur liabilities

**Board Input: What should [the role of TMWA] be if it is any different than currently articulated?**

- No different (4)
  - "What we are doing now is working. We shouldn't take on any more now or in the next 3-5 years."
  - "They should not be in the position of planning, they are a service provider. Regional planning should be responsible for zoning and growth planning."
- Regional water planning leader (3)
  - "Articulate and frame policies related to water in the context of the regional plan."
  - "TMWA should be leading the discussion in terms of drought."

## What are the authorities of WRWC per NRS?

### Current Role of WRWC/NNWPC

- The Western Regional Water Commission was created by the State Legislature in 2007 to study the possible consolidation of the STMGID and Washoe County water systems into TMWA and to facilitate coordinated water resource management between the multiple public water purveyors in Washoe County. Among other responsibilities, the WRWC assumed the obligations of the regional water planning commission under former provisions of NRS Chapter 540A, and is charged with preparing and adopting the Comprehensive Plan for the planning area covering the supply of municipal and industrial water, quality of water, sanitary sewerage, treatment of sewage, drainage of storm waters and control of floods. The Comprehensive Plan includes goals and policies to deal with current and future problems affecting the planning area with respect to the subjects of the Comprehensive Plan, including describing programs to mitigate drought and identifying alternatives to reduce demand or increase water supply. The WRWC is the entity charged with responding to the requirements of Ballot Question WC 3. *Excerpt from Regional Planning Structure Overview*
- **SB 487:** Sec. 4.2. It is hereby declared as a matter of legislative determination that:
  - (a) The organization of the Western Regional Water Commission having the purposes, powers, rights, privileges and immunities provided in this Act will serve a public use and will promote the general welfare by facilitating unified and cooperative efforts to secure and develop additional water supplies, **maintain and cooperatively establish policies for managing existing water resources and water supplies**, provide for integrated regional water resources and management of water supplies, provide for integration of efforts to manage storm water, provide for protection of watersheds and provide for regional conservation efforts, subject to and in accordance with the Truckee River Operating Agreement.
  - (b) **The planning for the acquisition, development, management and conservation of regional water supplies and any associated facilities by the Regional Water Commission is for a public and governmental purpose and a matter of public necessity.**

(c) The geographical boundaries of the Regional Water Commission are within the area described in section 22 of this Act.

(d) The Regional Water Commission shall, in carrying out the provisions of this Act:

- (1) Make full use of any available resources for sustainability, economic viability and maintenance of environmental values;
- (2) Communicate the decisions and policies of the Regional Water Commission in an effective manner;
- (3) Provide for a centralized system of decision making;
- (4) **Facilitate the effective coordination of land use and resource planning;**
- (5) Facilitate the effective and efficient planning, management and operation of facilities; and
- (6) **Plan for the effective stewardship of water resources, including, without limitation, ensuring the quantity and quality of surface water and groundwater and the control point and nonpoint sources of pollution.**

(e) For the accomplishment of the purposes stated in this subsection, the provisions of this Act shall be broadly construed. *Excerpts taken from 2011-2030 Water Management Plan, emphasis added*

## What are the authorities of Regional Planning?

### Regional Planning Structure Overview

The Truckee Meadows Regional Planning Commission (RPC) is charged with developing a comprehensive regional plan for physical development and orderly management of growth in the region over the next 20 years. *NRS 278.0272. The intent is that each local government, public utility and other affected entities shall exercise its powers and duties in a manner that is in harmony with the powers and duties exercised by other local governments and affected entities to enhance long term health and welfare of the county and all its residents. NRS 278.0261.* The plan must include goals, policies, maps and other documents relating to population and growth projection, conservation of natural resources, land use and transportation, public facilities and services (including potable water, [storm drain, flood, sewer, and effluent]), annexation, intergovernmental coordination and utility projects. *NRS 278.0274.* The plan must be reviewed annually, and must be updated not less than once every 5 years. *NRS 278.0272...*

... Each local planning commission, affected entity, state agency or public utility whose plan must be approved by the public utilities commission, must amend their existing master plan, facilities plan or other similar plan within 60 days of the adoption of or amendment to a comprehensive master plan to conform to such plan. The conformed plans must be submitted to the RPC for review. *NRS 278.028 029.* The submission of their own internal plan may provide an opportunity to comment on certain aspects of the regional plan. *Excerpts from Regional Planning Structure Overview. Emphasis added*

## Which agency is responsible to lead regional water planning?

### WRWC/NNWPC

The Northern Nevada Water Planning Commission is required by statute “to develop a comprehensive regional water management plan for the Planning Area defined in the Act covering, among other water-related subjects, municipal and industrial water supply.” This plan was last adopted by the WRWC in January 2011 and is required to be updated every five years. *Presentation on the 2008 Washoe County Ballot Question Number 3, November 18, 2015*

### Regional Water Planning

The Northern Nevada Water Planning Commission (NNWPC) established pursuant to Chapter 531 Statutes of Nevada 2007 of the Nevada Special Acts is required to develop a plan for:

- quality of surface water;
- quality of groundwater;
- supply of surface water;
- supply of underground water;
- control of floods and drainage of storm water, as it relates to surface water;
- control of floods and drainage of storm water, as it relates to underground water; and,

- cost and financing related to facilities, sources of water, or other requirements of the plan.

Chapter 531 Statutes of Nevada 2007 requires that the Regional Water Management Plan (RWMP), developed by the NNWPC and adopted by the Western Regional Water Commission, must also be found to be consistent with the comprehensive Regional Plan. For goals and policies related to these topics please see the adopted Washoe County Regional Water Management Plan. *Excerpt from 2012 Truckee Meadows Regional Plan*

***Board Input:* Are there community/regional opportunities or challenges you'd like to see TMWA address?**

- Drought (5)
  - “TMWA should be the leader/expert on the drought plan. We can take care of our constituents better than a for-profit company could.”

## **What are the existing policies guiding the use of region’s water resources in the regional planning process?**

***Direction under the Truckee Meadows Regional Plan:***

- The Truckee Meadows Regional Plan identifies the Truckee Meadows Service Area (TMSA) boundary and states that developments approved by local governments within this area are to receive municipal services (including water service)

***Direction under WRWC 2011-2030 Water Management Plan***

- **Policy Excerpts from WRWC’s 2011-2030 Water Management Plan**
  - Policy 1.1.a: Geographic Use of Truckee River Water
    - “Use of Truckee River water rights in additional hydrographic basins shall conform to the Regional Water Plan if such uses are an efficient use of water resources; meet or satisfy all regulatory requirements and operating agreements; maintain or improve water quality for 1-3 2011 – 2030 Comprehensive Regional Water Management Plan Chapter 1 – Regional Water Planning Policies and Criteria 1/14/11 downstream users and maintain a healthy river environment, recreational opportunities, and economic development.”
  - Policy 1.2.a: Conjunctive Management of Surface Water and Groundwater Supplies to Withstand a 9-year Drought Cycle
    - “For planning purposes, the conjunctive management of surface water and groundwater supplies for municipal and industrial use shall be designed to withstand the worst drought cycle of record, that being the drought of 1987-1994, plus one dry year (1987) added to the cycle.”
  - Policy 1.2.c: Emergency Water Supply Standard
    - “Water service providers using Truckee River water rights supplemented with other water resources shall design and manage their supplies to meet all indoor water uses, and withstand a short-term contamination event (1-2 days) with no interruption in service, and a seven-day event through the use of mandatory conservation.”
  - Policy 1.3.d: Water Resources and Land Use
    - “Land use designations or zoning designations do not guarantee an allocation of future water resources. This applies to both surface water and groundwater, including groundwater for domestic wells. While a potential water supply deficiency may exist based on approved land uses, water supply commitments may only be approved pursuant to Policy 1.3.e.”
  - Policy 1.3.e: Water Resource Commitments
    - “Issuance of new commitments against a water resource or combination of resources shall be made in conformance with existing State Engineer permits, certificates or orders; water purveyor rules or policies; and/or local government policies. The local governments, water purveyors, and State Engineer will seek to achieve a balance between commitments and the sustainable yield of the resources in the region.”
  - Policy 2.1.a: Effluent Reuse - Efficient Use of Water Resources and Water Rights

- “The use of reclaimed water for irrigation, recharge or other permitted uses should be pursued where such use is an efficient use of water resources and water rights.”

***Direction under WC3:***

- WRWC is the group that determines whether the community meets the requirements of WC3.
- Amendments to Washoe County Ballot Questions No. 3 required NNWPC and WRWC to perform an assessment of the Washoe County Consensus Forecast and the population that the water resources as set forth in the Regional Water plan can sustainably support.
- “In 2010, TMWA developed a long-range water demand projection for the entire County that yielded an annual demand of approximately 142,000 acre feet to support a population of approximately 590,500 as projected for the year 2030 by the 2010 Consensus Forecast. The model results further showed that the estimated population that can be supported by the approximately 183,200 acre feet per year sustainable water resources is about 741,000.” *Presentation on the 2008 Washoe County Ballot Question Number 3, November 18, 2015*

***Direction under the TMWA Water Resource Plan:***

- Currently, there is ample supply to meet and exceed demand based on the 20-year population growth forecasts. If TMWA’s forecasts ever show that supply is not sufficient to meet anticipated demand based on population growth forecasts or updated land use plans, it will revisit and revise its plan accordingly

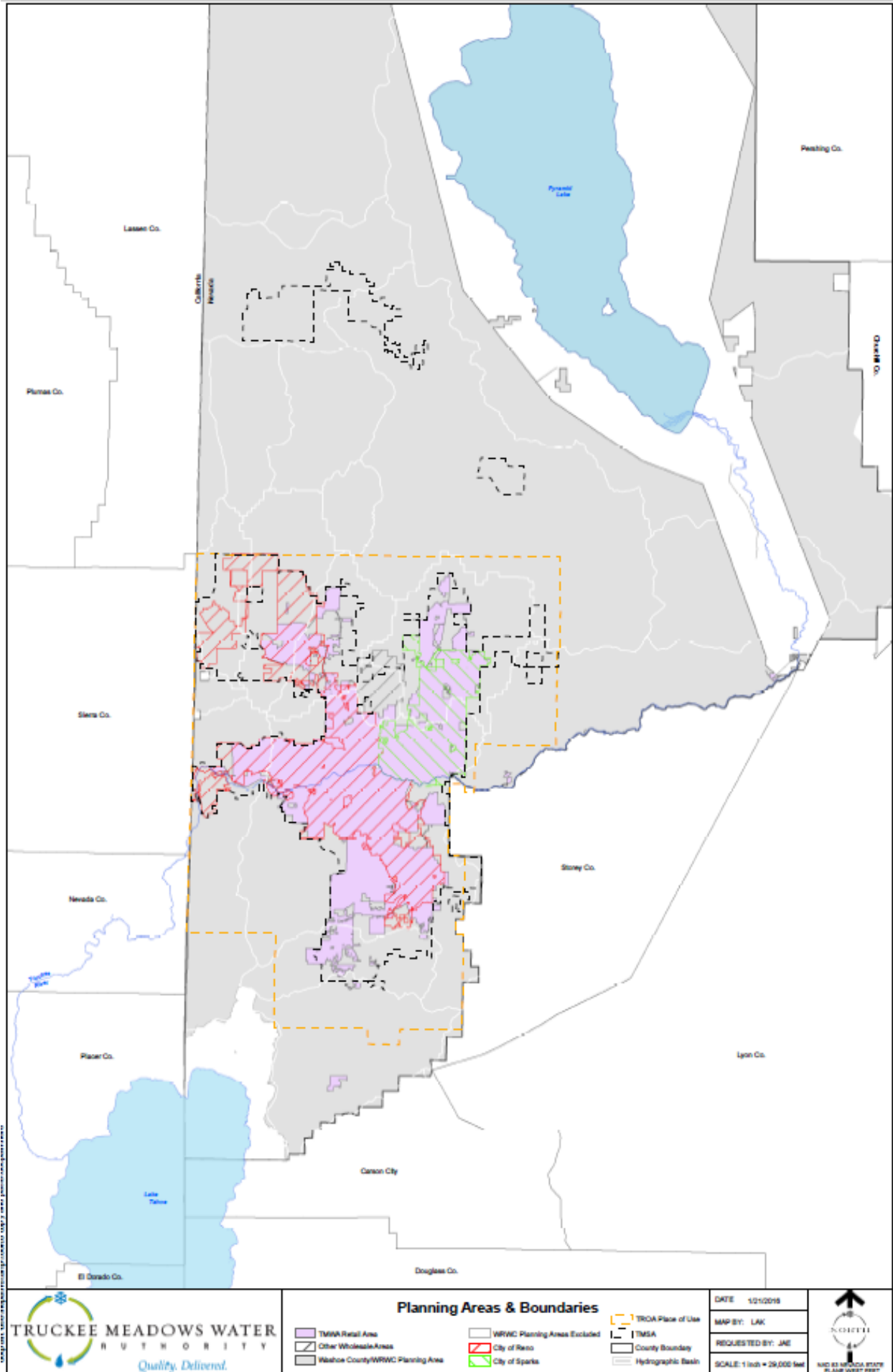
## **What is TMWA’s service area?**

**Current Service Area as defined by the JPA:**

- “Boundaries of the Authority. The geographic boundaries of the Authority shall coincide with the boundaries of the Regional Water Planning Commission established pursuant to NRS Chapter 540A, except that lands located within any Indian reservation or Indian colony held in trust by the United States shall be included. The boundary as established herein encompasses the geographical area within which either retail or wholesale water service may be provided by the Authority but does not mandate the delivery of water outside the Authority’s retail service area.” *JPA*

**Possible Board Direction**

- Seek to establish a rule that anything within the TMSA needs to be built to TMWA’s standards.
  - a. The County currently has an ordinance like this.
  - b. The cities could adopt similar ordinances
  - c. Regional planning could also establish a rule.



## Who should plan, manage, and distribute reclaim?

### **Board Input: Should TMWA's scope expand to include anything beyond potable water?**

- No (4)
  - “Effluent water would be a big leap from what they are currently doing.”
- Reclaim (2)
  - “TMWA should be the purveyor of reclaimed water.”
- Storm water (2)
  - “Constituents want to know why we're not capturing and using storm water.”
- Sewer (1)
  - “TMWA should manage water in every state: potable, reclaim, sewer, etc.”

### **Possible Board Direction**

- TMWA, City of Reno, City of Sparks, and County need to answer this question.

## Should a water system within Washoe County fail, who is responsible to extend service to that area? (Provider of last resort)

### **Direction via the PUC:**

- The Public Utilities Commission of Nevada would have a hearing to determine receivership on the system for systems it regulates. They can force receivership. They could talk to the logical supplier. They can't force someone like TMWA to take over provision of service.

### **Possible Board Direction**

- The City of Reno, the City of Sparks, Washoe county, and TMWA need to answer this question.

## Who manages the creation of new water systems/providers?

- Private, for-profit water systems (over 25 customers) are regulated by the Public Utilities Commission of Nevada (PUCN). New or expanding private systems need to go through a relatively extensive review and approval process of the PUCN.

### **Possible Board Direction**

- TMWA, Washoe County, The City of Reno and the City of Sparks may want to take a position on new or expanded private water systems in this area. For instance, should the TMWA Board recommend local governments prohibit (by ordinance) new or expanded private water systems, and if so, in what area (i.e. TMSA)? Legal review of this would be necessary if this is pursued.
- Should the TMWA Board recommend local governments require new or expanding private water systems to use TMWA Standards in design of those water systems?

## Should TMWA seek to acquire the private water systems?

### **Background**

- TMWA analyzes these scenarios when private water systems approach TMWA.
- The current operating practice is to apply the non-cross-subsidization financial policy. For example, Panther Valley and Verdi Business Park were both acquired at no impact to existing TMWA customers.

## How does TMWA assess costs for new development?

### *New Development Guidelines*

- Projects which add capacity for growth are paid by new customers in the form of Facility Charges. "Applicant shall be responsible for the actual cost of all Water System Facilities identified by the Authority, and/or required by local, State or Federal regulations, as required to provide the requested new Service or Modified Service..." *TMWA's Rules of Service, Rule 5*
- One example of cross-subsidization between major customer groups is existing customers subsidizing construction of new facilities to serve new development. This subsidization shifts the financial responsibility of construction of new capacity to existing customers, in effect allowing the last customers to connect on the water system at the expense of all prior existing customers. **To the extent practicable, new development should fund the capital costs required to accommodate growth**, including the possible reimbursement of funding advances made by existing customers. *Excerpt from TMWA Financial Guidelines. Emphasis added.*

## BOARD GOVERNANCE

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### Should the chair rotate between jurisdictions?

#### Direction under the JPA:

- a. The Board shall appoint the following officers: a chairman and a vice chairman from its membership.
- b. The officers shall hold office for a period of one year commencing the first day of each fiscal year, subject, however, to being removed for cause at an earlier time by action of the Board and to automatic removal of any Director Officer in such time as that person ceases being a Director. The first officers appointed shall hold office from the date of their appointment to the last day of the fiscal year in which they were appointed." *JPA Item 19*

#### How does the JPA get changed?

"Pursuant to Sections 17 and 36 of the Cooperative Agreement, the Cooperative Agreement may be amended by "action taken by the governing body of each Member" and upon approval of the Attorney General of Nevada. Section 19 provides for the appointment of the Chair and Vice Chair, stating that they shall be appointed from the Board's membership.

"I believe that if the Board desired to formally require the Chair position to be a rotating position, that would require an amendment to the Cooperative Agreement as it would modify which Board members were eligible to hold the Chair position, from the current "all members" to a more limited group. In addition to the wording of the text, I believe this would be a significant substantive change that would require more than just the majority vote of the members as it would impact the ability of one or more of the members to participate as Chair, which the governing bodies themselves would believe they have input on." *Michael Pagni, Esq.*

### How are members of the Standing Advisory Committee selected?

The Standing Advisory Committee was created by the Board in March 2005. It is comprised of eleven (11) members as follows: a) one (1) each of the following customer types – commercial, irrigation, multi-family, senior citizen, wholesale, and three (3) residential users, all appointed by the TMWA Board; b) one (1) member appointed by each of the following organizations – Builders Association of Northern Nevada, Reno-Sparks Chamber of Commerce, and Northern Nevada Water Planning Commission (formerly, the Regional Water Planning Commission); and c) one (1) member appointed by the State of Nevada Consumer Advocates office.

**Excerpt from TMWA Standing Advisory Committee Governing Rules:**

- “Members: Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure.” *TMWA Standing Advisory Committee Governing Rule #1*

## **What is the reporting relationship between the Board, General Counsel, and the General Manager? How is the General Counsel selected?**

### **Background**

- An open-ended agreement was completed by RFP and approved by the Board during the formative meetings of TMWA in 2001. (See appendix). General counsel reports to and provides legal advice to both the Board and General Manager.

## **WATER RESOURCE MANAGEMENT**

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### **How does TROA change the region’s water supply planning?**

#### ***Direction from the Truckee River Operating Agreement:***

- 2035 WRP finds TROA operations able to meet 20-year planning horizon and beyond, accruing upstream reserves each year. (See appendix for graphs and assumptions)
- “Under the Truckee River Operating Agreement (TROA) operations, TMWA’s projected upstream drought reserve storage is more than adequate to meet customer demand for an additional five (5) years at current demands with repetitive 2015 hydrology, and actually improves with each successive year under the modeled worse-case scenario.” *Presentation and Discussion of TROA Operations During Drought Periods, September 16, 2015* (See appendix for graph and assumptions)
- Additional analyses of back-to-back 1987-1994+1988 hydrology and repeating 2015 hydrology for 20 years over planning period indicate TROA operations continue to accrue upstream reserves. (See appendix for graph and assumptions)

### **Should TMWA import water from other sources?**

#### ***Direction under the 2035 Water Resource Plan:***

- This is part of the water planning process. Based on currently available water resources and current population forecasts, there is not a need to pursue any importation projects within the 20-year planning horizon and beyond.
- With the adoption of TROA, a water importation project is not necessary for 20+ years. This will be reassessed with every version of the Water Resource Plan.

### **What is TMWA’s policy for planning and preparing for drought – on the supply side?**

#### ***Direction under the Draft 2016- 2035 Water Resource Plan:***

- Longest drought on record +1 year = 9 year drought plan
- “Continue to monitor TMWA’s ability to meet current and future demands through the 1987 to 1994 drought period, the worst drought period of record, and based on factors such as demand growth, conservation improvements, hydrologic

cycles, climate changes, etc., update the Board when future conditions change that require changes to the planning criteria or supply operation.” *Draft 2016-2035 Water Resource Plan*

- “As it pertains to TROA and future demands within the TROA, use of a more stringent drought cycle design, without data to support it, ultimately reduces the use of available resources in the long-term and burdens the region with the cost requirement to replace the constrained resource.” *Draft 2016-2035 Water Resource Plan*

## How is TMWA incorporating climate change into forecasting/planning?

### **Summary of Current Action**

- TMWA relies on research from DRI, UNR, and others and at this time, none of these experts recommend updating forecasting models due to the current or anticipated effects of climate change.
- TMWA is currently conducting research through a Water Smart Grant with results expected in 2017.
- “Continue to consider, when available, new findings from climate change research for the greater Truckee Meadows region and engage UNR, DRI and/or other researchers to develop tree ring chronologies of the Truckee and Carson River watersheds for use in water resource planning and management during droughts and periods of drought.” *Draft 2016-2035 Water Resource Plan*

## What is TMWA’s policy on acquiring water rights in the region?

### **Direction under the 2035 Water Resource Plan**

- “Continue to acquire water rights to meet future water demands pursuant to its Rule 7.” *Draft 2016-2035 Water Resource Plan*
- “Continue to accept the dedication of Truckee River water rights in the growth prone Truckee Meadows, Spanish Springs and upper, west Pleasant Valley which water rights are sufficient to support both TROA implementation and increased future development needs within TRA; recognize NVIP is available to meet future demands in the North Valleys, and unless other resources are available in the non-TRA systems, these systems are limited to the resources dedicated for the development within the system’s service area.” *Draft 2016-2035 Water Resource Plan*

## What is TMWA’s position on the use of TROA storage? (Use of water for future customers vs. other uses i.e. Wildlife/Kayak events)

### **Direction from the Truckee River Operating Agreement:**

- TROA not only provides benefits for the community in terms of more drought storage, it also provides benefits related to fish, water quality and recreation.
- The Federal Water Master operates the Truckee River system and is responsible for carrying out the provisions of TROA.
- Because of TROA, we’ll already have the storage so that in good years it automatically spills over and can be used for other purposes.
- Reno, Sparks, and Washoe County have opportunity to store water quality water rights in upstream reservoirs under TROA
- In-stream flows are enhanced under TROA operation. (See appendix for table and detailed assumptions)

## How does TMWA determine when to implement demand reduction measures?

### **Direction under the 2035 Water Resource Plan**

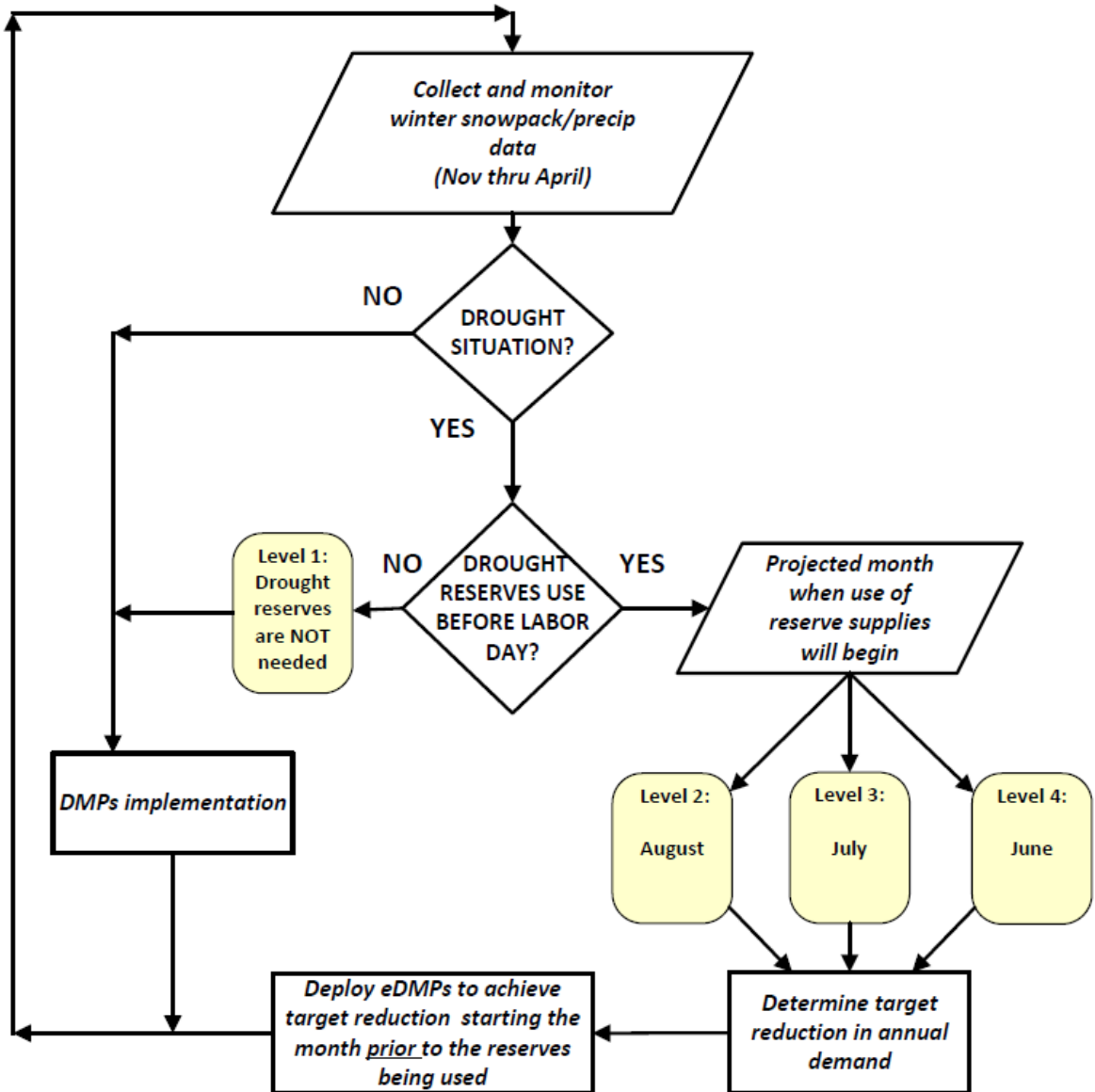
- Board assesses supply in March and chooses from list of demand reduction tools if necessary. *2016-2035 Draft Water Resource Plan –Appendix 5-3*
- “TMWA’s Water Demand Management Programs include measures to enhance efficient use of water, reduce or eliminate water waste, and save water. Some specifics include Truckee Meadows Water Authority Page viii of viii 2016-2035 Water Resource Plan Key Findings & Recommendations change-out of old meters, leak repair, water theft prevention, landscape design/retrofit materials, numerous education materials, Assigned-Day Watering, watering

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prohibited during the heat of the day, water audits, and Drought Situation responses. Combined, these measures are designed to satisfy the conservation goal agreed to in the 1996 Water Conservation Agreement between RSW, TMWA, PLPT and the United States. Continued levels of spending will be in accordance with that agreement. TMWA works with the WRWC in developing conservation plans for the region, and cooperates with WRWC in implementing its conservation programs." *Draft 2016-2035 Water Resource Plan*

- TMWA has implemented all of the recommendations in the Governor's drought plan currently.

Flow Chart for Determining Demand Management



NOTE:  
DMP – standard Demand-side Management Program  
eDMP – enhanced Demand-side Management Program

Table 1: Potential Enhanced Demand-side Management Programs and Associated Costs and Benefits

Type	Action Taken	Program Costs <sup>1</sup>	Level of Effort to Implement <sup>2</sup>	Level of Customer Participation	Level of Water Savings Per Customer	Benefit Potential <sup>3</sup>
Customer Education	Information on Water Usage	Moderate	Moderate	High	Moderate	at least a 6% reduction in demand
Pricing Mechanism	Rate Schedule Adjustment (marginal increase)	Low	Moderate	High	Low	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Rate Schedule Adjustment (moderate increase)	Low	Moderate	High	Moderate	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Rate Schedule Adjustment (significant increase)	Low	Moderate	High	High	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Seasonal Drought Rate (marginal increase)	Low	Moderate	High	Low	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Seasonal Drought Rates (moderate increase)	Low	Moderate	High	Moderate	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Seasonal Drought Rate (significant increase)	Low	Moderate	High	High	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Violation Fines (marginal increase)	Moderate	High	Low	Low	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Violation Fines (moderate increase)	Moderate	High	Low	Moderate	2% reduction for a 10% increase in the block rate
Pricing Mechanism	Violation Fines (significant increase)	Moderate	High	Low	High	2% reduction for a 10% increase in the block rate
Enhanced Metering	Daily meter reading of all customers	High	High	High	Low	Reduction potential not quantified
Enhanced Metering	Metering of all domestic wells	High	High	Low	Low	Reduction potential not quantified
Rebate	Rebate: Turf Conversion	High	High	Low	Moderate	~30% reduction in use per service
Rebate	Rebate: Efficient Irrigation Technology	Moderate	Moderate	Moderate	Moderate	20-50% improvement in irrigation efficiency
Rebate	Rebate: Low-flow Appliances	Moderate	Moderate	Moderate	Low to Moderate	High variability in savings depending on appliance
Watering Restrictions	Restrictions on Business	Moderate	Moderate	Moderate	Low	Reduction potential not quantified
Watering Restrictions	Weekly watering: 1	Moderate	High	High	Moderate	Reduction potential not quantified
Watering Restrictions	Weekly watering: NONE	Moderate	High	High	High	~75% reduction in water use per service with irrigation
Watering Restrictions	Moratorium on Car Washing	Low	High	High	Low	Reduction potential not quantified
Watering Restrictions	Mandatory Water Budgets	Moderate	High	High	Moderate to High	Reduction dependent upon budget amount
Landscape Requirements	Ordinances: Xeriscape Requirement (some xeriscape)	Moderate	Low	Moderate	High	~30% reduction in use per service
Landscape Requirements	Ordinances: Turf Requirements (no new turf)	Moderate	Low	Moderate	High	~30+% reduction in use per service
Landscape Requirements	Ordinances: Efficient Irrigation Technology	Moderate	Low	Low	Moderate to High	20-50% improvement in irrigation efficiency
Landscape Requirements	Ordinances: Certified Car Wash Program	Moderate	Low	Low	Low	Reduction potential not quantified
Landscape Requirements	Ordinances: Water Capture Requirements	Moderate	Low	Low	Low	Reduction potential not quantified
Landscape Requirements	Ordinances: Homeowner Association Restrictions (new developments)	Moderate	Low	Low	High	~30% reduction in use per service
Landscape Requirements	Ordinances: Homeowner Association Restrictions (all developments)	Moderate	Low	Moderate	High	~30% reduction in use per service

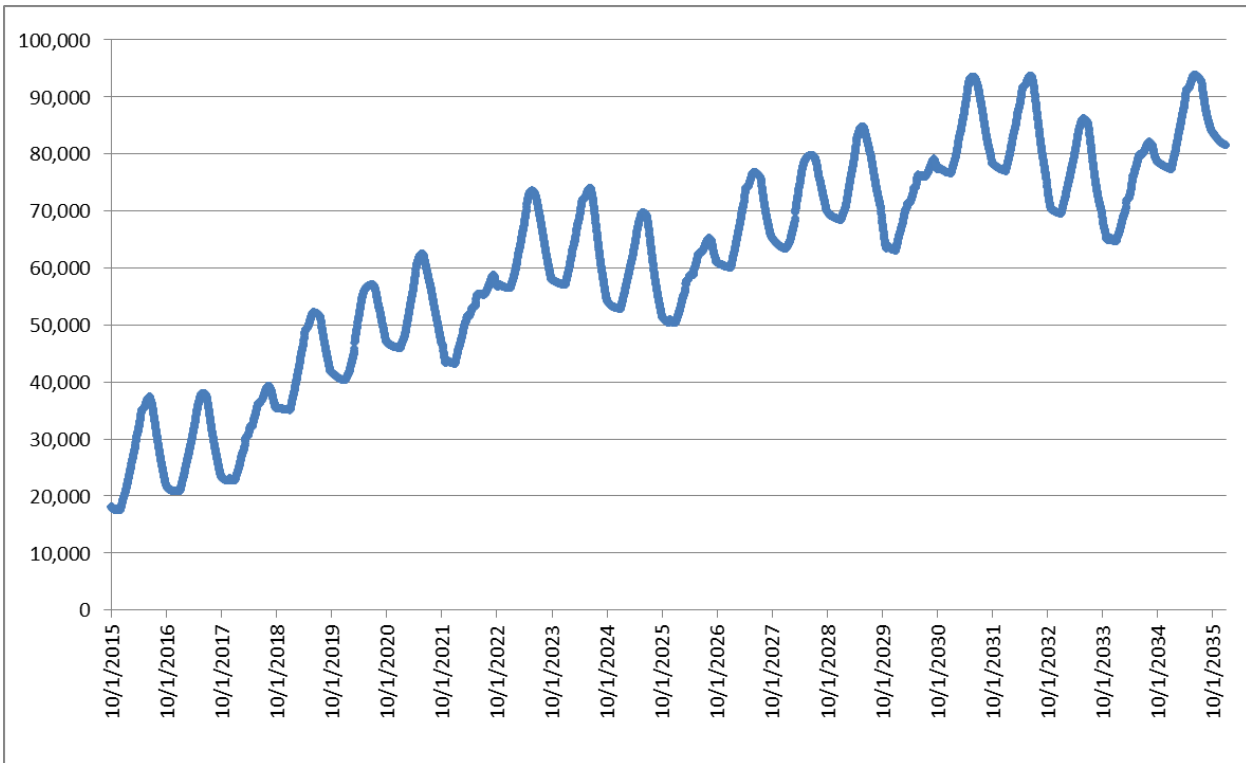
1. Cost includes but is not limited to increases in number of personnel, vehicles, IT support, messaging/advertising, local entity enforcement, or administrative support.

2. Level of effort to implement includes but is not limited to how/type/frequency of messaging/advertising delivered, numbers of personnel required to deploy, public hearings, community resistance.

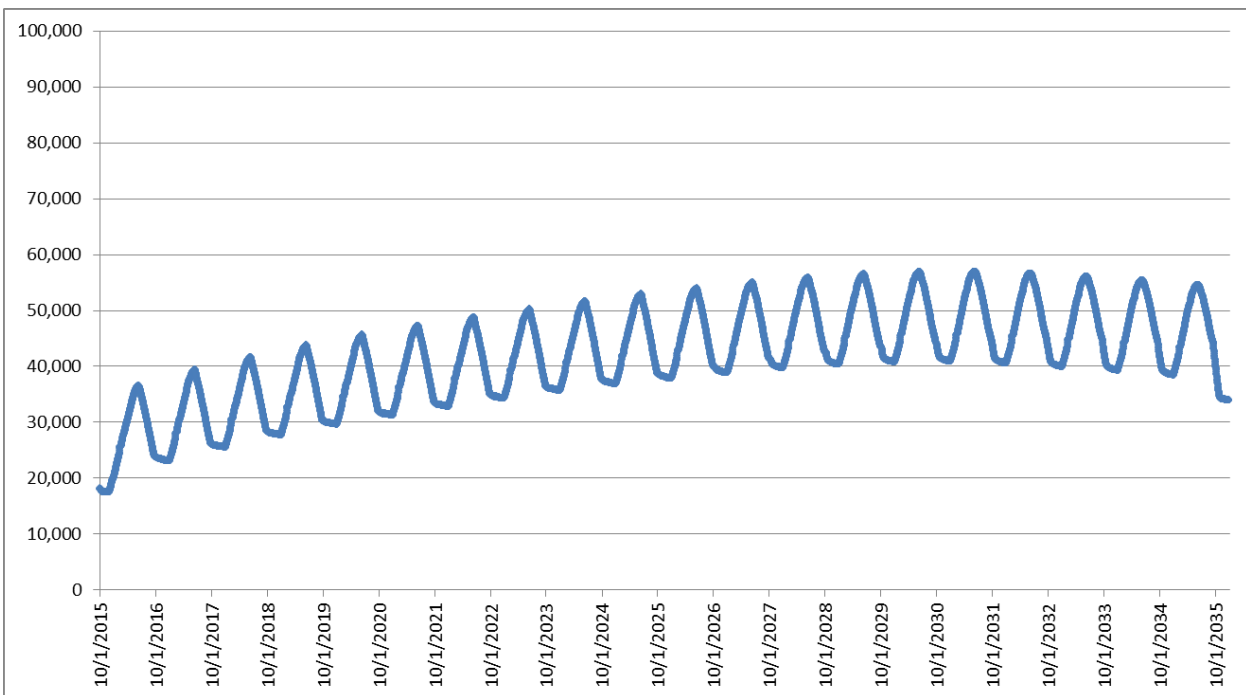
3. Benefit potential is based on results from previous studies.

## APPENDIX

### 20-Year Drought Scenarios Under TROA



### 20-Year Projected Drought Reserves Simulating Back-to-Back Hydrology of 1987-1994



### 20-Year Projected Drought Reserves Simulating Back-to-Back 2015 Hydrology for 20 Years

## Western Regional Water Commission/Northern Nevada Water Planning Commission Staff Report

TO: Truckee Meadows Water Authority ("TMWA") Board of Directors

FROM: Jim Smitherman, Water Resources Program Manager, Western Regional Water Commission ("WRWC")

DATE: November 12, 2015

SUBJECT: Presentation on the 2008 Washoe County Ballot Question Number 3

### **Regional Water Management Plan**

The WRWC was created in 2007, effective April 1, 2008, by the Nevada Legislature, and by a Cooperative Agreement among the WRWC member agencies. Chapter 531, Statutes of Nevada 2007, the Western Regional Water Commission Act (the "Act") also created the Northern Nevada Water Planning Commission ("NNWPC") and required it to develop a comprehensive regional water management plan for the Planning Area defined in the Act covering, among other water-related subjects, municipal and industrial water supply. The overall purpose is to deal with current and future problems affecting the Planning Area as a whole with respect to the subjects of the Plan. The initial 2011-2030 Comprehensive Regional Water Management Plan ("Regional Water Plan") was adopted by the WRWC in January 2011. The Act also requires a review and update every five years, which is currently underway with a due date of January 2016.

In January 2010, the Regional Planning Governing Board ("RPGB") adopted amendments to the Truckee Meadows Regional Plan ("Regional Plan") and the RPGB Regulations on Procedure as a result of 2008 Washoe County Ballot Question No. 3. Amendments identify the NNWPC and the WRWC as the entities to perform a comparison of the draft Washoe County Consensus Forecast ("Consensus Forecast") and the estimated population that can be supported by the sustainable water resources as set forth in the Regional Water Plan prior to the adoption of the Consensus Forecast. In April 2014, the Truckee Meadows Regional Planning Agency assumed the responsibility for preparing and publishing the Consensus Forecast.

### **Water Resources**

The Regional Water Plan provides long-range planning-level estimates for water resources considered to be sustainable using the best available information. The Regional Water Plan identifies selected hydrographic basins within the Planning Area that presently provide municipal and industrial ("M&I") water, or that may in the future provide M&I water within the 20-year planning timeframe. Surface water and groundwater are quantified in two ways: appropriations and perennial yield. Appropriations (water rights) including decreed rights and rights permitted or certificated by the State Engineer for M&I use and those that may be converted to M&I use are quantified separately from those that cannot be converted to M&I use. The Regional Water Plan acknowledges the Truckee River Operating Agreement's effect on the availability and sustainability of Truckee River water, and also shows the quantity of groundwater in each basin consistent with the State Engineer's estimates of perennial yield. In basins where appropriations for M&I use, or those that may be converted to M&I use, are less than the perennial yield estimate, only those water rights actually appropriated are considered to be sustainable. The sustainable water resources potentially available to the Planning Area are estimated in the Regional Water Plan to be approximately 183,200 acre feet per year.

### **Water Demand and Population Projections**

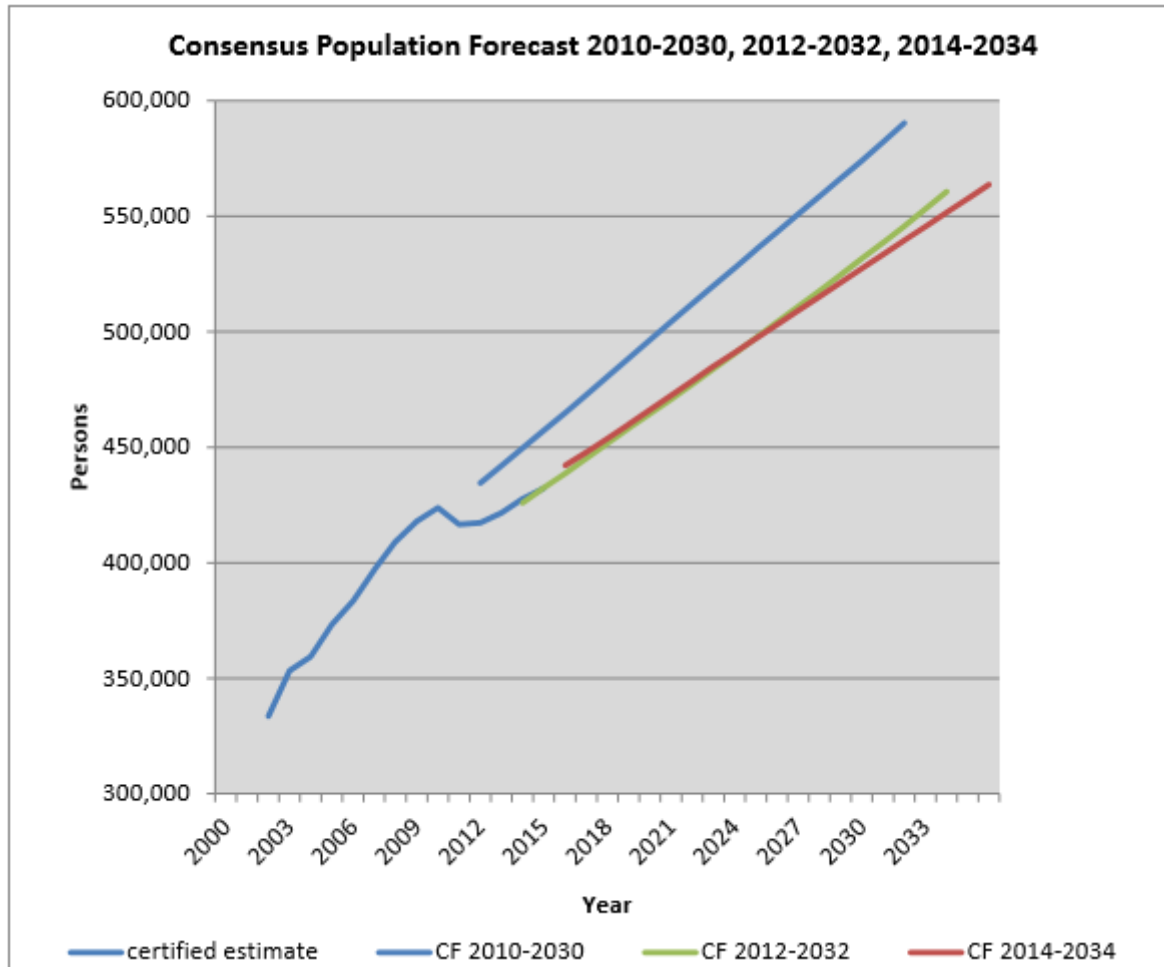
In 2010, TMWA developed a long-range water demand projection for the entire County that yielded an annual demand of approximately 142,000 acre feet to support a population of approximately 590,500 as projected for the year 2030 by the 2010 Consensus Forecast. The model results further showed that the estimated population that can be supported by the approximately 183,200 acre feet per year sustainable water resources is about 741,000.

### **Sustainable Water Resources – Consensus Forecast Comparison**

The WRWC determined in 2010 that sustainable water resources identified in the Regional Water Plan are adequate to serve the 2030 population estimate provided in the Consensus Forecast. Since that time, the Consensus Forecast has

been revised twice and the 20-year population projection has been less in each successive version as shown in the figure below.

The 2014 Consensus Forecast projects a population of 563,779 persons in the year 2034. In 2012 and 2014, the WRWC reasoned that the sustainable water resources identified in 2010 are adequate to serve the Consensus Forecast 20-year population projections in each of those years.



In light of the lower population estimates, staff reviewed the sustainable water resources estimate in late 2014 and focused on hydrographic basins presently serving the Reno / Sparks area, in addition to the Honey Lake Valley basin where the Fish Springs project wellfield is located. The preliminary review showed that adequate sustainable water resources exist in those basins to support the 2034 population projection, assuming continued conversion of existing water rights to M&I use, implementation of TROA, and implementation of the Fish Springs project.

## Washoe County Code

### Section 110.422.25 Water Delivery Facilities.

- (a) The development owner or property owner shall be required to:
  - (1) Within those hydrographic basins which contain a TMWA owned and operated water delivery system:
    - (a) Design and construct all water delivery facilities to TMWA standards and specifications, regardless of whether TMWA will provide water service to the development. The intent of this process is to facilitate an orderly integration of water system facilities into the TMWA water delivery system in the future; and

- (b) Submit an irrevocable offer of dedication of all the water delivery facilities to TMWA, which offer may be accepted or rejected by TMWA. If said offer is rejected, the offer of dedication shall be deemed to remain open and TMWA may at any later date and without further

## General Counsel Contract

### Agreement to Engage and Provide Legal Services

This Agreement, made and entered into this 1st day of June, 2001 by and between Truckee Meadows Water Authority ("TMWA"), a Joint Authority formed by agreement among the City of Reno, the City of Sparks, and County of Washoe, and the law firm of McDonald, Carano, Wilson, McCune, Bergin, Frankovich & Hicks, LLP ("Lawyers")

This Agreement is made upon the following recitals:

- A. TMWA issued a request for proposals to various lawyers and law firms to serve as general counsel;
- B. At a meeting of the Board of Directors on May 23, 2001, the Board of Directors, after review of various responses to the request for proposals, selected Lawyers to serve as the general counsel for TMWA;
- C. TMWA and Lawyers desire to set forth by written agreement the engagement of Lawyers to provide legal services as general counsel;

NOW, THEREFORE, it is agreed as follows:

1. Engagement of Legal Services TMWA does hereby hire and engage Lawyers, and Lawyers do hereby agree to provide legal services, in the nature of general counsel for TMWA. Lawyers agree to provide legal services by attorneys licensed to practice law in the State of Nevada, and who have competence and expertise in the fields of administrative proceedings before the State Engineer, water rights, Nevada Open Meeting Law, litigation in State and Federal Court, employee/management relations under Chapter 288, Nevada Revised Statutes, the law of eminent domain, real estate law, contracts and agreements, and to provide general legal advice regarding the legal affairs of TMWA. TMWA may in its sole discretion engage other counsel for any or all of the work described above.

TMWA reserves the right to exclude attorneys from Lawyers from performing legal services under this Agreement. The principal attorney responsible for the legal services provided under this Agreement is Sylvia Harrison.

2. Term of Agreement The term of this Agreement shall commence on May 23, 2001 and terminate as set forth herein. This Agreement may be terminated for cause or without cause by TMWA or the General Manager of TMWA upon 10 days' written notice. If TMWA dismisses Lawyers, Lawyers will deliver to TMWA all documents and papers, etc. belonging to or prepared for TMWA in accordance with NRS 7.055 or other applicable law. TMWA and Lawyers agree to sign a substitution of counsel form for any litigation pending at the time of termination

3. Compensation and Billings Lawyers shall submit to TMWA a monthly itemized statement for legal services rendered on behalf of TMWA. Lawyers are authorized to submit billings for legal services based upon the following hourly rates:

General litigation Commercial law Workers compensation Water rights Employment law

\$165-220

\$175-220

\$165

\$165-220

\$165-250

Associates will typically be billed at approximately 75% of the above rates. Paralegals will be billed at rates ranging from \$50-80 per hour.

The foregoing billing rates shall not be increased more often than annually. Lawyers shall endeavor to assign work to individual attorneys who can accomplish a particular task at the lowest billing rate.

The itemized billing shall include a description of the legal services provided, the time expended, the individual attorney performing the service, and the customary billing rate charged by the individual attorney.

Billings shall be submitted no later than the 10th of the month following the month in which legal services are provided. The statement shall be due and payable within 30 days following presentment.

In addition to billing for legal services, Lawyers shall be entitled to be reimbursed for certain out-of-pocket expenses including travel expenses, long distance phone charges, in-house copies, computer-assisted legal research, any outside experts and consultants retained for TMWA projects, and extraordinary costs or temporary staffing where necessary to accomplish an exclusive TMWA project. Charges for computer-assisted legal research, outside experts and consultants, and extraordinary costs and temporary staffing must be approved by the TMWA General Manager before they are incurred.

4. Lawyers are Independent Contractors Nothing in this Agreement shall change the legal relationship of independent contractor between Lawyers and TMWA. It is understood and agreed that Lawyers shall continue to act as a general service law firm providing legal services to the public. It is further understood that as an independent contractor, Lawyers are not entitled to any benefits that may be enjoyed by the employees of TMWA. Lawyers shall be required to provide its own support staff, office space, office equipment, workmen's compensation, and professional liability insurance.

5. Assignment The rights, duties, and obligations created by this Agreement are personal in nature and can only be assigned with the written consent of TMWA.

6. Nevada Law This Agreement shall be construed in accordance with the laws of the State of Nevada, and Lawyers shall be bound by all rules of professional conduct established by the Nevada Supreme Court.

7. Hold Harmless Lawyers agree to save and hold harmless and fully indemnify TMWA and all its employees or agents from and against all suits, claims, and demands, including attorney's fees, based upon any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of any negligent act or omission on the part of Lawyers or any of their servants, employees, or agents.

8. Insurance Lawyers shall, at their own expense, maintain in effect at all times during the performance of this Agreement at least the following coverage and limits of insurance which shall be maintained with insurers and underforms and policies reasonably satisfactory to TMWA.

a. Professional Liability- \$1,000,000 per claim and \$1,000,000 in aggregate;  
and

b. Workmen's Compensation and Employer's Liability- Lawyers shall furnish to TMWA a certificate which certifies that Lawyers have complied with the worker's compensation provisions of the State of Nevada. It is further required that Lawyers shall procure, pay for, and maintain compensation coverage at their sole cost and expense. No work shall be performed under this Agreement if workmen's compensation is not in full force and effect.

9. Notices Any notice or communication required or permitted to be served on a party hereto may be served by personal delivery to the office of the person or persons identified below. Service may also be effected by registered or certified mail, by placing the notice or communication in an envelope addressed as indicated below, and by depositing said envelope in the United States mail to:

TRUCKEE MEADOWS WATER AUTHORITY  
P.O. Box 30013  
Reno, NV 89520-3013

LAWYERS  
McDonald, Carano, Wilson, McCune, Bergin,  
Frankovich & Hicks, LLP  
P.O. Box 2670  
Reno, NV 89505

The person to be served and the address shown above may be changed at any time by notice to the other party. Service shall be completed upon personal delivery or three (3) days following the time the notice is deposited by registered or certified mail.

10. Exclusive Agreement There are no verbal agreements, representations, or understandings affecting this Agreement; and all negotiations, representations, and undertakings are set forth herein with the understanding that this Agreement constitutes the entire understanding by and between parties.

11. Amendments No alteration, amendment, or modification of this Agreement shall be effective unless it is in writing and signed by both parties.

12. Attorneys' Fees In the event any party files suit to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs of suit.

13. Regulatory Compliance Lawyers shall comply with all applicable federal, state, and local government laws, regulations, and ordinances.

14. Representation of TMWA Attached hereto and designated Exhibit "A" is a memorandum from Sylvia Harrison to William E. Isaeff dated May 16, 2001, the contents of which are incorporated herein by reference.

Dated: May 23, 2001

TRUCKEE MEADOWS WATER AUTHORITY

By: *Tony Armstrong, TMWA Chairman*

MCDONALD, CARANO, WILSON, MCCUNE, BERGIN,  
FRANKOVICH & HICKS, LLP

By: \_\_\_\_\_

*Leo Bergin*  
*Managing Partner*

*McDonald Carano Wilson NicCune Bergin*

*Frankovich & Hicks LLP  
241 Ridge Street, 4<sup>th</sup> Floor  
P.O. Box 2670  
Reno, Nevada 89505-2670  
(775) 788-2000  
(775) 788-2020 (fax)*

## **MEMORANDUM**

To: William E. Isaeff, Esq. *(Via hand-delivery)*

From: Sylvia Harrison, Esq.

Subject: Representation of TMWA

Date: May 16, 2001

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You have requested that we conduct further analysis of potential conflicts of interest that may arise in the event the firm is selected to represent the Truckee Meadows Water Authority.

Following are the relevant Nevada Supreme Court Rules pertaining to conflicts of interest in legal representation:

Rule 157. Conflict of interest: General rule.

1. A lawyer shall not represent a client if the representation of that client will be directly adverse to another client, unless:

- (a) The lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
- (b) Each client consents, preferably in writing, after consultation.

2. A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests, unless:

- (a) The lawyer reasonably believes the representation will not be adversely affected; and
- (b) The client consents, preferably in writing, after consultation.

When representation of multiple clients in a single matter is undertaken, the consultation shall include explanation of the implications of the common representation and the advantages and risks involved.

Memo to William E. Isaeff, Esq.  
May 16, 2001  
Page 2

[Added; effective March 28, 1986.]

Rule 159. Conflict of interest: Former client.

Rule 159. Conflict of interest: Former client. A lawyer who has formerly represented a client in a matter shall not thereafter:

1. Represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents, preferably in writing, after consultation; or

2. Use information relating to the representation to the disadvantage of the former client except as Rule 156 would permit with respect to a client or when the information has become generally known.

[Added; effective March 28, 1986.]

Rule 160. Imputed disqualification: General rule.

Rule 160. Imputed disqualification: General rule.

1. While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rules 157, 158(3), 159 or 168.

2. When a lawyer becomes associated with a firm, the firm may not knowingly represent a person in the same or a substantially related matter in which that lawyer, or a firm with which the lawyer was associated, had previously represented a client whose interests are materially adverse to that person and about whom the lawyer had acquired information protected by Rules 156 and 159(2) that is material to the matter.

3. When a lawyer has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer unless:

(a) The matter is the same or substantially related to that in which the formerly associated lawyer represented the client; and

(b) Any lawyer remaining in the firm has information protected by Rules 156 and 159(2) that is material to the matter.

4. A disqualification prescribed by this Rule may be waived by the affected client under the conditions stated in Rule 157.

[Added; effective March 28, 1986.]

Rule 161. Successive government and private employment.

Rule 161. Successive government and private employment.

1. Except as law may otherwise expressly permit, a lawyer shall not represent a private client in connection with a matter in which the lawyer participated personally and substantially as a public officer or employee, unless the appropriate government agency consents after consultation. No lawyer in a firm with which that lawyer is associated may knowingly undertake or continue representation in such a matter unless:

(a) The disqualified lawyer is screened from any participation in the matter and is apportioned no part of the fee therefrom; and

Memo to William E. Isaeff, Esq.  
May 16, 2001  
Page 3

(b) Written notice is promptly given to the appropriate government agency to enable it to ascertain compliance with the provisions of this rule.

2. Except as law may otherwise expressly permit, a lawyer having information that the lawyer knows is confidential government information about a person acquired when the lawyer was a public officer or employee, may not represent a private client whose interests are adverse to that person in a matter in which the information could be used to the material disadvantage of that person. A firm with which that lawyer is associated may undertake or continue representation in the matter only if the disqualified lawyer is screened from any participation in the matter and is apportioned no part of the fee therefrom.

3. Except as law may otherwise expressly permit, a lawyer serving as a public officer or employee shall not:

(a) Participate in a matter in which the lawyer participated personally and substantially while in private practice or nongovernmental employment, unless under applicable law no one is, or by lawful delegation may be, authorized to act in the lawyer's stead in the matter; or

(b) Negotiate for private employment with any person who is involved as a party or as attorney for a party in a matter in which the lawyer is participating personally and substantially.

4. As used in this Rule, the term "matter" includes:

(a) Any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest or other particular matter involving a specific party or parties; and

(b) Any other matter covered by the conflict of interest rules of the appropriate government agency.

5. As used in this Rule, the term "confidential government information" means information which has been obtained under governmental authority and which, at the time this Rule is applied, the government is prohibited by law from disclosing to the public or has a legal privilege not to disclose, and which is not otherwise available to the public.

[Added; effective March 28, 1986.]

### **Analysis:**

The majority of the Supreme Court rules can be applied objectively and would control resolution of conflicts. Rule 157(2), however, requires some degree of subjective judgment with respect to what constitutes a "material limitation" arising from a potential conflict.

McDonald Carano is unaware of any circumstances in which it represents a client in a matter directly adverse to Sierra Pacific's water division, and thus directly adverse to the Water Authority. We commonly represent clients in matters before the various boards of Reno, Sparks, and Washoe County, in some cases are adverse to these entities, and in some matters, represent them. Our analysis assumes that such matters do not pose a conflict of interest with the Authority, and that our continued representation of other clients in these matters would be unaffected by representing the Authority.

Memo to William E. Isaef, Esq.  
May 16, 2001  
Page 4

We recognize that TMWA may be assuming contracts and undertaking administrative matters (e.g. water rights protests) that may involve our clients. Once TMWA has provided us a list of contracts, pending administrative cases, and similar matters in which it will be involved, we will analyze these with our conflict system to determine whether potential conflicts may exist.

Following are matters that we have identified in which the firm provides legal services, or in which firm members have personal interests, that merit further analysis with respect to conflicts of interest.

- 1) The firm represents the Carson-Truckee Water Conservancy District. The District administers, for the U.S. Army Corps of Engineers, certain permits for encroachment in the Truckee River. TMWA may occasionally require such permits. Sierra Pacific is a member of the District, apparently as a result of its interest in hydroelectric power. A memorandum concerning the District and its potential relationship to TMWA is attached.
  
- 2) The firm represents Moya Olsen Lear and the Lear Family Trust. These are parties to the Stead Consent Decree, governing clean-up of contamination at the former Stead Air Force Base. Matters related to groundwater contamination at Stead were disclosed to Sierra Pacific prior to and at the time of its purchase of Silver Lake Water Distribution Company, and Sierra Pacific accepted the condition of the water as part of its purchase. The Stead Consent Decree governs and finally resolves issues related to responsibility for the clean-up, and we do not anticipate any future conflicts to arise related to this matter. Sierra Pacific's groundwater injection program at Stead has affected the implementation of the Consent Decree because of possible consequences of the injection on groundwater hydrology and remediation design. Sierra Pacific and the parties to the Consent Decree have cooperated to resolve potential conflicts related to this issue. Although we do not expect any future conflict between TMWA and the Lear interests, in the event such a conflict would arise relating to Stead, this firm would request a waiver from TMWA to allow it to continue to represent the Lear interests, since the firm's history of involvement at Stead gives it irreplaceable institutional knowledge.
  
- 3) Members and clients of the firm have interests that will be affected by the final implementation of TROA. James Guidici is a past president of Nevada Water Fowl and personally committed to wetlands preservation in the Stillwater marshes. Larry Hicks represents Stillwater Farms which has a similar interest. We are unaware of any current conflict with Sierra Pacific related to these matters.

Memo to William E. Isaeff, Esq.  
May 16, 2001  
Page 5

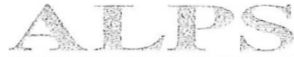
4) Sylvia Harrison has represented "stakeholders" in the Central Truckee Meadows Remediation District, specifically certain downtown property owners. It is possible that in the future, their interests may not be entirely consistent with TMWA's with respect to all aspects of the implementation of the Remediation District; although we do not expect any direct or actual conflict to arise. Because these clients rely on our institutional knowledge with respect to this matter, we would request that TMWA waive any objection to our continued representation of these clients in conjunction with the Remediation District.

5) The firm represents numerous contractors and developers that may be adversely impacted by actions of TMWA, and thus trigger an analysis for compliance with Rule 157(2). The firm proposes the following guidelines with respect to such representation.

a) TMWA may undertake actions that adversely affect a class of water users, some of which may be current clients of the firm, e.g., rate increases, impact fees. Absent special circumstances, McDonald Carano would represent TMWA in these matters, and does not believe its obligations to current clients would preclude such representation.

b) TMWA becomes directly adverse to a current client in a specific matter, e.g. contract dispute. Absent special circumstances, McDonald Carano would recuse from representing either party.

As noted above, this memorandum does not include a discussion of matters involving the individual governments making up the Authority.



Attorneys Liability Protection Society  
A Mutual Risk Retention Group

P.O. Box 9169, Missoula, MT 59807-9169  
(406) 728-3113 • (800) FOR-ALPS • Fax: (406) 728-7416  
www.alpsnet.com

POLICY RENEWAL ENDORSEMENT-DECLARATIONS FOR POLICY NO. 2ALP1447-11

Item 1 -Named Insured: Address:

McDonald Carano Wilson McCune Bergin Frankovich & Hicks, LLP  
241 Ridge Street, 4th Floor  
P.O. Box 2670  
Reno, NV 89505

Item 2 -Name of Each Insured Attorney:

See attached list

Item 3- Policy Period:           Effective Date: Expiration Date:  
Loss Inclusion Date:

07/25/2000  
07/25/2001  
07/25/1973

Item 4 - Limit of Liability: \$ 10,000,000 Each Claim \*  
\$ 10,000,000 Aggregate

\* This means "all claims arising out of the same, related or continuing professional services".

Item 5- Deductible: \$ 10,000

Item 6- Annual Premium: \$ 87,107

Item 7 - Riders attached at inception of this policy Attorneys Professional Liability Protection  
Plan With Enhanced Defender Options PLP002 (12/15/1998): First  
Dollar Defense Option Optional Extension  
Rider

NOTICE: This is a Claims Made policy. Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured and reported to the company while this policy is in force. Please review the policy carefully and discuss the coverage thereunder with your insurance advisor.

This policy is issued by your Mutual Risk Retention Group. Your Mutual Risk Retention Group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your Mutual Risk Retention Group.

This renewal endorsement, including all endorsements listed herein, is incorporated in and made a part of the policy to which it applies. It entirely replaces any Declarations page previously issued in connection with any earlier policy year. All initial application forms and all renewal application forms submitted to the Company are made a part of these Declarations and of the policy.

Countersigned by:

Date: 07/19/2000

Authorized Repres

A Multi-State Bar Related Professional Liability Insurance Company