

TRUCKEE MEADOWS WATER AUTHORITY  
MINUTES OF THE AUGUST 19, 2015  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Wednesday, August 19, 2015, at Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, Nevada. Chair Martini called the meeting to order at 10:04 a.m.

1. ROLL CALL

**Members Present:** Jenny Brekhus, Vaughn Hartung, Jeanne Herman, Geno Martini, Ron Smith and Alternate David Bobzien.

**Member Absent:** Naomi Duerr and Neoma Jardon

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Hartung.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

**Upon motion by Member Smith, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.**

5. APPROVAL OF THE JULY 15, 2015 MINUTES

**Upon motion by Member Hartung, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the July 15, 2015 minutes.**

6. DISCUSSION AND REQUEST FOR ADOPTION OF RESOLUTION NO. 232: A RESOLUTION APPROVING THE SALE OF UP TO 2,750 ACRE FEET OF SURPLUS WATER RIGHTS TO THE PYRAMID LAKE PAIUTE TRIBE TO FACILITATE ACCELERATED IMPLEMENTATION OF THE TRUCKEE RIVER OPERATING AGREEMENT AND AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE DOCUMENTS NECESSARY TO COMPLETE TRANSACTION

John Erwin, TMWA Director of Natural Resources, acknowledged the numerous individuals, and past and current Board members, who have worked continuously for more than 30 years to bring this agreement to fruition. In particular, Mr. Erwin thanked TMWA TROA attorneys Sue Oldham and Gordon DePaoli and Michael Pagni, TMWA Legal Counsel, for their unyielding efforts in working with all the parties involved. Mr. Erwin provided a brief overview of the report stating in order to facilitate the implementation of the Truckee River Operating Agreement (TROA) staff is requesting the Board approve the sale of up to 2,750 acre feet (AF) of surplus water rights.

Chair Martini also acknowledged Mr. Erwin's hard work and continuous efforts on behalf of TMWA.

Member Bobzien requested a brief overview of the pending litigation. Gordon DePaoli, Woodburn and Wedge Associates, replied there are two pieces of litigation that this Agreement will help facilitate to be dismissed. The first is the United States v. Truckee Carson Irrigation District (TCID), which began in 1973 and was thought to be resolved in 1983 by the U.S. Supreme Court. However, there is a part of that litigation that was not resolved and the last mandatory signatory party to approve this stipulation of dismissal is the Pyramid Lake Paiute Tribe (the "Tribe") to finally resolve this litigation in order for TROA to be implemented. The second piece of litigation is an action that the Tribe filed in the U.S. District Court against the State of California and a number of water users in California as well as Sierra Pacific Power Company, TMWA and TCID claiming a right to Truckee River water in California for the benefit of Pyramid Lake. California and the Tribe will jointly move for dismissal with prejudice of that action once the TMWA Board approves the sale of surplus water rights. Once those pieces of litigation are dismissed, the final steps to implement TROA will be satisfied.

Member Bobzien asked for clarification as to which party would be benefiting from resolving these pieces of litigation. Mr. DePaoli replied that all parties benefit, and water rights users in the State of Nevada will receive the greater share of the Truckee River water.

Member Hartung asked Mr. DePaoli to clarify the dismissal with prejudice versus without prejudice. Mr. DePaoli replied if it is dismissed 'with prejudice' the litigation is final and there is no further opportunity to reopen the case.

Chair Martini read into public comment a letter from Senator Harry Reid, please see *Attachment A*.

Mark Foree, TMWA General Manager, thanked Senator Harry Reid and Mary Connelly, for ensuring the grant was approved. Mr. Foree also thanked Mr. Erwin, and the legal team of Michael Pagni, Sue Oldham and Gordon DePaoli for their hard work and support to the benefit of all parties involved. TROA will provide significant benefits for TMWA, the community and other Truckee River water users.

Member Brekhus asked if TMWA will be receiving \$7 million in payment, how it will impact TMWA's balance sheet and if the Board will receive an augmented budget. Mr. Foree replied, yes, TMWA will receive \$7 million which will go into TMWA's treasury. Jeff Tissier, TMWA Chief Financial Officer, added at the time of the budget, it was not anticipated TROA would be implemented. The funds will be put into the general unrestricted funds of TMWA to be used at the discretion of the Board and managed by the General Manager.

Mr. Erwin stated the Tribe has a meeting scheduled for this evening and they will be voting on this agreement as well. The Board's approval is the beginning of the process.

Chair Martini thanked everyone who was involved in finalizing this agreement, which has taken a very long time to accomplish and hopes there are no further delays to implement TROA.

Member Herman stated she is extremely happy to have more water storage.

**Upon motion by Member Smith, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 232 approving the sale of up to 2,750 acre feet of surplus water rights to the Pyramid Lake Paiute Tribe to facilitate accelerated implementation of the Truckee River Operating Agreement and authorizing the General Manager to negotiate and execute documents necessary to complete transaction.**

#### 7. PRESENTATION AND DISCUSSION OF ANALYSES OF POSSIBLE DEMAND-SIDE MANAGEMENT PROGRAMS: TURF CONVERSION AND DROUGHT RATES

Laine Christman, TMWA Resource Economist, presented findings on the research conducted by staff regarding the feasibility of a turf rebate program, drought rates and/or other demand-side management mechanisms. Mr. Christman emphasized the fact that the majority of studies show xeriscaped properties use less water per square foot than traditional turf dominated residences, but it has to do more with using a drip irrigation system versus a sprinkler system.

Member Hartung asked about the issues with respect to Homeowner's Association ("HOA's") and their requirements on their homeowners. He requested a report from staff on Nevada Revised Statute (NRS) 116.330, and how HOA's are not able to dictate to homeowners regarding their landscaping. Member Hartung expressed his lack of support for turf rebate programs.

Mr. Christman informed the Board that he has been working with local planners at the Cities of Reno and Sparks and Washoe County, and they are in the final stages of drafting a report on landscaping ordinances which will be presented to the Board at their next meeting. Member Hartung thanked Mr. Christman and requested that he work with County staff to present his findings.

Member Bobzien referred to drought pricing and the different rate structures, which he supports, but stressed further research is essential. Mr. Christman agreed and reported that TMWA has been approved for a Bureau of Reclamation drought grant, which was approved by the Board at the July meeting, and will consider different drought scenarios and further research for drought rates.

Member Smith inquired what percent water savings staff would expect with a tiered-rate structure. Mr. Christman replied there is currently a tiered-rate structure and if a drought rate structure were employed, current findings suggest that a 10 percent increase in rates yields a two percent reduction in water usage.

Discussion followed with regards to the process of making changes to ordinances addressing HOA's and TMWA staff collaborating with them. Mr. Christman stated staff has sent letters to HOA's requesting

leniency and requesting them not to fine their homeowners for reducing their water usage. Also, Mr. Pagni, TMWA Legal Counsel, and his staff are researching the methods of changing these rules.

Member Brekhus asked if the region is in a similar snowpack situation next spring what the triggers would be for implementing additional drought management tactics. Mr. Foree replied these options are but two of many demand-side management programs that could be utilized. Staff has been working on the Water Resource Plan (WRP) and a draft WRP will be presented to the Board at an upcoming meeting. This will include various plans and approaches, including near-term scenarios, should the drought continue.

Member Hartung expressed his concern with regards to how a turf rebate program would be funded, and stated a more efficient solution would be to apply drought rates.

Member Bobzien agreed with Member Brekhus about being proactive and informing the public in advance of what would be expected of them if key events occurred.

**Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board agreed to accept the report.**

## 8. WATER SUPPLY UPDATE

Mr. Foree mentioned five months ago staff had presented to the Board a comprehensive Drought Response Plan for 2015. The plan, which was unanimously approved by the Board, included details of the current water supply situation, the use of water resources to supply the community during the summer, a target conservation goal and why that goal was selected, and the conservation, communications and customer outreach plan. Mr. Foree reported that the plan is working extremely well and thanked the staff for a job well done and the Board for their input and support. Finally, he thanked the community, TMWA's customers, for their tremendous response as they have exceeded the voluntary ask of a 10 percent reduction in water usage in each month thus far.

Member Hartung asked if the drought plan was presented in March at the same time the Board debated flipping the switch for the flat-rate customers to metered billing. Mr. Foree replied that is correct.

Bill Hauck, TMWA Senior Hydrologist, provided an overview of the current water supply. Mr. Hauck reported that the source of water supply is currently a fifty-fifty split between groundwater and surface water; the peak demand day for summer has passed and staff is now seeing a further reduction in water usage; twenty percent of upstream drought reserves have been used; customers have responded incredibly well with an overall 13 percent reduction in water use; and staff foresees being able to exceed the goal of saving 5,000 acre feet (AF) in upstream drought storage.

Member Brekhus asked if the fifty-fifty split was unprecedented and how much more can be drawn from underground sources. Mr. Hauck replied yes we are using more groundwater than in the past, but believes this would have been more of a normal combination in dry years many years ago. He also stated there is still 3,500 AF of drought storage water remaining in Stampede and we should have enough water going into 2016 to supply all needs for next summer.

Mr. Foree added the implementation of TROA will change everything with regards to how TMWA stores water in upstream drought reserves which will be presented at the next meeting.

There was discussion regarding the process by which TMWA fills and releases water from its reservoirs and drought storage and how TMWA collaborates with California Safety of Dams, the Army Corps of Engineer and the Federal Bureau of Reclamation.

Member Herman stated she is excited to see the updated plan highlighting the changes in water storage.

Chair Martini pointed out staff has provided invaluable information and appreciated the report. He stated he has every confidence, and trust, in the information presented and the staff, who are experts in the field and who understand the dynamics of the water system.

## 9. GENERAL MANAGER'S REPORT

Mr. Foree reported the Board had received a copy of the letter which was sent to approximately 8,000 homes located in the Mount Rose-Galena Fan area regarding current and future improvements TMWA has made and will make to reduce groundwater pumping. They have since received 25 responses which have all been positive. Mr. Foree mentioned the upcoming strategic planning session in October and informed the Board they would be receiving information on the goals that were set for both TMWA and the General Manager last year to give the new members an idea of what goals they may want to change or add for next year.

## 10. PUBLIC COMMENT

There was no public comment.

## 11. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Hartung asked the Board for approval of requesting a staff report regarding Nevada Revised Statue 116.330. Mr. Foree replied staff will be able to provide the report at the next meeting.

Member Hartung mentioned TMWA has unreasonably been harassed by the Reno Gazette Journal Editorial Board stating TMWA does not have a drought management plan. He thanked the rate payers in their response to conserve water and continued support. He also pointed out in the March Board meeting, a member of the Reno City Council requested to delay the conversion of flat-rate to metered billing implementation until October. The rest of the Board members agreed in the spirit of cooperation, but has since been harangued by the public for doing so. He suggested revisiting the decision.

Member Brekhus stated she is looking forward to discussion regarding the \$7 million TMWA will receive from the TROA sale. She also mentioned the ongoing issues with the homeless camps along the river, particularly adjacent to the Glendale Water Treatment Plant and greater collaboration being needed between local agencies. Chair Martini stated it should also be brought up at the Sparks City Council.

Chair Martini discussed the Washoe County Resiliency Study or Climate Change Task Force and asked if TMWA had participated. Mr. Foree stated TMWA was not invited to participate. Chair Martini pointed out that TMWA should have been invited to participate in the process, which includes sections on water supply and drought. He invited Member Bobzien, along with Mr. Jason Geddes, who are working with the task force, to present their recommendations during a presentation to the Board. He indicated there was duplication of efforts and tactics which TMWA should be responsible for doing not the City of Reno.

Member Bobzien responded he has recently started working with the committee and was not sure why TMWA was not invited. He stated he will present the recommendations to the TMWA Board.

Chair Martini referred to the negative and derogatory comments made at the recent City of Reno Council meeting. He stated initially he was angry and then disappointed with the Board members making negative comments about the drought plan, which they unanimously approved. He pointed out they have great people in the community who are making a concerted effort to save water and they should be congratulated, not degrading the TMWA Board and staff.

Member Bobzien apologized if the comments were taken in such a way. He was trying to address the recognition that intermediate steps should be taken by the City of Reno, and other local entities, and not wait for TMWA to declare a drought emergency.

## 12. ADJOURNMENT

With no further discussion, Chair Martini adjourned the meeting at 11:24 a.m.

Approved by the TMWA Board of Directors in session on September 16, 2015.

Sonia Folsom, Recording Secretary