

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Fifth Session  
February 3, 2009**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:00 a.m. on Tuesday, February 3, 2009, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/75th2009/committees/](http://www.leg.state.nv.us/75th2009/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn K. Kirkpatrick, Chair  
Assemblyman David P. Bobzien, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Kelvin Atkinson  
Assemblyman Chad Christensen  
Assemblyman Jerry D. Claborn  
Assemblyman Ed A. Goedhart  
Assemblywoman April Mastroluca  
Assemblyman Harvey J. Munford  
Assemblywoman Peggy Pierce  
Assemblyman James A. Settelmeyer  
Assemblywoman Ellen B. Spiegel  
Assemblyman Lynn D. Stewart  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

None

**STAFF MEMBERS PRESENT:**

Susan Scholley, Committee Policy Analyst  
Scott McKenna, Committee Counsel  
Cheryl Williams, Committee Secretary  
Olivia Lloyd, Committee Assistant  
Cyndie Carter, Committee Manager  
Carolyn Maynick, Personal Secretary

**OTHERS PRESENT:**

Katy Simon, County Manager, Washoe County, Reno, Nevada  
John Sherman, Finance Director, Washoe County, Reno, Nevada  
Robert Larkin, Chairman, Board of County Commissioner, Washoe County, Reno, Nevada  
Rosemary Menard, Director, Washoe County Department of Water Resources, Reno, Nevada  
Robert Cashell, Mayor, City of Reno, Reno, Nevada  
Charles McNeely, City Manager, City of Reno, Reno, Nevada  
Robert Joiner, Manager, Government Affairs, City of Sparks, Sparks, Nevada  
Shaun Carey, City Manager, City of Sparks, Sparks, Nevada  
Gene Brockman, Vice Chairman, Board of Trustees, Incline Village General Improvement District, Incline Village, Nevada  
Michael Pagni, Legal Counsel, Truckee Meadows Water Authority, Reno, Nevada  
Mark Foree, P.E., General Manager, Truckee Meadows Water Authority, Reno, Nevada  
John Erwin, Director, Resource Planning and Development, Truckee Meadows Water Authority, Reno, Nevada  
Darrin Price, Chair, Northern Nevada Water Planning Commission, Reno, Nevada

**Chair Kirkpatrick:**

[Roll taken] We start the meetings for Government Affairs promptly at 8 o'clock. I would like to welcome everyone to Assembly Government Affairs, including those listening on the Internet. As many of you know, this is my third session in the Assembly, my third session on Government Affairs, and my second session as the Chair of Government Affairs. We have eight returning members, including Mr. Bobzien, who is the Vice Chair, and Mr. Atkinson, Mr. Christensen, Mr. Claborn, Mr. Munford, Ms. Pierce, Mr. Settelmeyer, and Mr. Stewart. I would like recognize the four freshmen that we have placed

them right up front and center so there is no mistake. We have Ms. Mastroluca, Ms. Woodbury, Mr. Aizley, and Ms. Spiegel. I would like everyone to introduce themselves. I would also like you to tell me what your goals are for the Committee. This session we have many bills, so we will be very busy.

**Assemblyman Claborn:**

I represent Assembly District 19, which encompasses Sunrise Mountain, Nellis Air Force Base, Washington Street, and part of Lamb Boulevard on the northeast side of town. My district has 33,000 households. We are going to try to find a way to remedy all of these tax problems with your help, and God's speed, and the good people who we having working in the Assembly and Senate. I think we can come to some conclusion and make all the folks, maybe not happy, but perhaps satisfied.

**Assemblywoman Pierce:**

I represent Assembly District 3, which is in the center of Las Vegas. My district goes from Arizona Charlie's, out to Rampart, over to Sahara, and then into Charleston. We are in an old part of town. My house is 55 years old, which is an antique in Las Vegas. We are a working-class area. As in every other district we have a lot of foreclosures and people hit by the bad economy. This session I hope we can find a way to get the state through this bad economy, also with the idea that when we get to the other side of this we make a little more progress with education and social services than perhaps we have in the past. That would be my goal.

**Assemblyman Bobzien:**

I represent Assembly District 24, which includes parts of old northwest Reno, northeast Reno, Stead, and the north valleys. As far as goals for the Committee, I would like to welcome the four freshmen and let them know just how important this Committee is. Local governments in Nevada are creatures of the state, and as such the Legislature has a good deal of responsibility in maintaining some sort of umbrella oversight for those governments. The taxpayers just want to know that their money is being spent well.

As far as my own goals for the Committee, beyond furthering that perspective on this Committee, I am working with local governments in my district, particularly in Washoe County on some legislation dealing with illegal dumping, and trying to address some of the challenges we have in northern Nevada. At the end of the day it is our responsibility to provide that oversight. We also have to be sensitive to the needs we are hearing from local government. They are seeing things on the ground that we may not necessarily see. So, with our responsibility to oversee, also comes the responsibility to work with them and make sure they have the tools they need to address challenges.

**Assemblyman Atkinson:**

I represent Assembly District 17. Most of my district is North Las Vegas, and I have a small portion of Las Vegas. This is my fourth term and my fourth time being on Government Affairs, the second time under the direction of Chair Kirkpatrick.

**Assemblyman Christensen:**

I represent Assembly District 13, which is the most populated assembly district in the state. I represent almost 11 percent of the entire state population. It is good to be back because the Assembly Committee on Government Affairs has always been one of my favorite committees. It is very interesting; it is an honor to serve with Chair Kirkpatrick. As for my goals, I want to see how local governments, business, and innovation can work together so we can create a Nevada that is an economic magnet. Government Affairs is a great place to start.

**Assemblyman Settlemeyer:**

I represent Assembly District 39, which is all of Douglas County, part of Carson City, and the bottom portion of Incline Village. This makes for an interesting district. I have homes in my district that sell for \$100,000, and I have some that sell for \$100 million. At times that makes it hard to talk to some of my constituents because a law that affects one group may not affect another. My overall goal in Government Affairs this year is not to get too excessive in Government yet still be protective of the constituents.

**Assemblyman Goedhart:**

I represent Assembly District 36. I am one of the inhabitants of Central Nevada—Esmeralda, Nye, and Lincoln counties, and part of Churchill County. It is one third of the state. There are not a lot of voters out there—you have to go a long way to get from voter A to voter B. Out in the open we embrace a philosophy called "Cowboy Logic"—"If it's not broke, don't fix it." My philosophy is, first and foremost, protect my constituents' rights.

**Assemblywoman Mastroluca:**

I am from Assembly District 29, which is totally encompassed in Henderson. It is west of US-95, north of Russell, south of Horizon Ridge, and in and out of Green Valley Parkway. This is my first year. One of my goals is to work with local government. This is a great opportunity for me to be able to see what is done in this Committee and how it involves the entire legislative process. Everything done here touches everything else. This will be a great way for me to get the overall picture and build on the knowledge that I have gained on the issues.

**Assemblywoman Woodbury:**

I represent Assembly District 23 in Henderson. I was born and raised in the Las Vegas Valley, as were my parents. I have lived in Las Vegas, graduated from Boulder City High School, and now live in Henderson. My goal is to make sure the decisions we make help local governments and do not unintentionally work against them.

**Assemblyman Aizley:**

I represent Assembly District 41 which is the long, skinny district that runs north of the airport and south of the university. It may not be the largest, but I have 27,000 students and several million visitors every year to take care of annually. In general, I am interested in working for the betterment of the state, county government, and the national government. I am also interested in government affairs. I served at the university for 40 years, and I was involved then in government and working in the most unpopular department, the Department of Mathematics. It is a pleasure to be here.

**Assemblywoman Spiegel:**

I represent Assembly District 21, which is in Henderson. For those of you who know Henderson, it includes much of South Green Valley, Legacy, Green Valley Ranch and part of Sun City MacDonald Ranch. As I look at the overall goals of the Speaker and the legislative agenda in terms of strategic planning, I want to make sure that there is a fit between local governments and the state, and that the direction we are on really works and benefits everyone.

**Assemblyman Stewart:**

I represent Assembly District 22, which includes the far southern part of the Las Vegas Valley, mostly Henderson, Seven Hills, Southern Highlands, Sun City MacDonald Ranch, and Spanish Trails. It is really a pleasure to be back on the Committee with our Chairwoman. I have always found her to be fair and balanced in all that she does. She is a very outstanding Assemblywoman. My main goal on the Committee is to get some good things done for Nevada.

**Assemblyman Munford:**

I represent Assembly District 6, which encompasses old West Las Vegas. My district has quite a contrast in the sense that in the old West Las Vegas area there are so many needs. A lot of people there are part of what is called the "working poor." Then I have the contrast on the other side. It encompasses the economically secure area of Rancho Circle, Rancho Bel Aire, and

Rancho Nevada; it makes for an interesting group of constituents. I have a great deal of gratitude toward them for giving me this third term. This is my third time on this Committee. I think Government Affairs is one of the most invaluable Committees because the local governments play such a major role in helping to improve the quality of life of all the residents of the State of Nevada.

**Chair Kirkpatrick:**

My goals for the Committee are pretty easy. One, be on time. It is better to be early than late. We start right at 8 o'clock; legislative time in Government Affairs is 8:00. If you are speaking, be here on time and do not ever in a million years bring me a PowerPoint because I will just put it in the trash. I would rather you just tell me what you have to say. Lastly, I wish to have a good policy discussion for the entire state. One thing that I will ask the Committee to do is to think about Elko, think about Clark County, Carlin, and the entire state when you make your decisions. Every local government has been invited from one end of the state to the other. Whether or not they make it here, we need to be thoughtful about how this Committee's decisions affect our entire state.

Those who make the Committee really work behind the scenes are very important to me. To my left is Susan Scholley, Committee Policy Analyst. She was with me my very first session on Government Affairs when we tackled some crazy issues. Scott McKenna, Committee Counsel, does a great job for us. He works around the clock.

Next, the committee secretaries have a very hard job. They have to keep track of everything we say as well as make sure the hearing room is set up. We have Cheryl Williams and the other secretaries that will be taking turns with the minutes; they are Renee Ekleberry, Denise Sins, and Michelle Smothers. We also have Olivia Lloyd, the committee assistant who gets us ready in the morning. If you are bringing extra items, let Olivia know because she does a great job keeping us together. We also have Cyndie Carter, my Committee Manager, and Carolyn Maynick, who is my personal secretary.

Our first order of business is the adoption of the Standing Rules of the Assembly Committee on Government Affairs ([Exhibit C](#)). I would like to point out Committee Rule 14. It says that when we vote on something to get it out of committee, I expect that your vote would be the same on the floor unless you come and tell me. It is very important that you let me know if you change your mind. The freshmen have the option to say, "I may change my vote on the floor." Are there any questions?

With that I will entertain a motion.

ASSEMBLYMAN BOBZIEN MOVED TO ACCEPT THE  
COMMITTEE RULES.

ASSEMBLYMAN ATKINSON SECONDED THE MOTION.

THE MOTION PASSED.

**Chair Kirkpatrick:**

Susan Scholley, the Committee Policy Analyst, will give us our Committee Brief.

**Susan Scholley, Committee Policy Analyst:**

I am a Chief Principal Research Analyst in the Research Division of the Legislative Counsel Bureau (LCB). I am honored to be serving once again as the Committee Policy Analyst for the Assembly Committee on Government Affairs in the 2009 Session. This is my fifth session with the Legislature and my third session as staff to the Committee on Government Affairs, having previously staffed this Committee in 2003 and 2005.

At this time, as an LCB employee, I want to remind the committee that the Legislative Counsel Bureau is a nonpartisan agency. As nonpartisan staff, I neither oppose nor advocate legislation. My role is to assist the Committee and its members in processing the bills before you in a timely and efficient manner and getting you the information you need to make informed decisions. Please turn to Committee Brief ([Exhibit D](#)). Every session Committee staff prepares this brief which gives new members a quick overview of what is coming and refreshes the returning members' recollections.

I know you have received multiple copies of the session calendar, and I would like to point out a couple of deadlines that are coming up. February 9 is the deadline for submitting individual bill draft requests (BDR). That will be the last opportunity to do so. February 20 is the deadline for submittal of committee BDRs. The big deadline I want to remind you all about is Friday, April 10, which is the deadline for getting Assembly bills out of the Committee. This will be the busiest week in session. On pages 3 through 5 of the Committee Brief we have given you some historical information about the kinds of bills you will be hearing and the number of bills that the Committee will process.

At the top of page 4, you will see that the Committee considered 147 bills last session. We did lag behind the Assembly Committee on Judiciary, which had 168 bills.

I have included here the pre-filed bills so you can get a little snapshot of the Committee's jurisdiction. As you can see, it is varied and almost impossible to summarize, which makes this Committee interesting.

On page 6 are two interim studies; the bulletins are available online and may be of interest to the Committee, as they relate to matters within your jurisdiction. One study relates to veterans' issues, and the other describes the committee to oversee the Western Regional Water Commission. You will be hearing from the commission later today. There are also two reports mandated by the 2007 Session that relate to matters within the Committee's jurisdiction. The State Engineer will be submitting a report regarding regulations required by Senate Bill 274. The Southern Nevada Enterprise Community Advisory Board will be submitting a legislative report on its activities during the interim. On page 7 there is list of policy and program reports which may be of interest to you. These provide general overviews of the subjects listed and may be helpful if you are looking for background before hearings.

On page 8 is the secret code for translating which counties and cities are affected by bills limited to jurisdictions with certain populations or cities in a certain category. Finally, pages 9 through 12 list some key, but not all, contacts for state and regional agencies and various public-interest associations that often come before the Committee. I specifically draw your attention to the Nevada Association of Counties (NACO) and the Nevada League of Cities on the bottom of page 10; they have online directories which list up-to-date contact information for many of their members. If you are looking to get in touch with county or city officials, you will find this a useful reference. In closing, if you do not find what you are looking for here, please do not hesitate to contact myself or Scott McKenna, and we will be sure to find it. Even if your questions do not relate to the Assembly Committee on Government Affairs, please ask us, and we will get your question to the right person in Fiscal, Legal, Research, or wherever it needs to go.

**Chair Kirkpatrick:**

Are there any questions for Ms. Scholley? [There were none.] I want to reiterate a couple of items. If you are ever presenting in Government Affairs, please give 20 copies to the committee secretary 24 hours in advance. If you are submitting an amendment, it must come to me 24 hours in advance. I do not like last-minute amendments. Also, all work sessions will be out 24 hours in advance for folks to look at. It is important that the Committee actually have them to read in advance.

With that I invite Washoe County to make its presentation.



**Katy Simon, County Manager, Washoe County, Reno, Nevada:**

I promise to be brief. I do not want you to be daunted by the size of our handouts. I will go through them quickly. We have three handouts for you. One is our presentation ([Exhibit E](#)). The second one is a brief brochure ([Exhibit F](#)) that includes our legislative principles adopted by the Board of County Commissioners, our bill requests, and contact information about our legislative team here in Carson this session. The third document, *Navigating the Fiscal Crisis*, ([Exhibit G](#)) is an academic research paper that summarizes some of the effective strategies that local governments have used nationwide on federal and state issues to address fiscal crises. I am proud to let you know that Washoe County is one of the local governments highlighted in this paper as having the best managing practice nationally.

We refer to ourselves as that long, skinny county in the north. We are bordered on the south by Lake Tahoe and Carson City and on the north by the State of Oregon. Our population is about 424,000. We currently have about 2,900 employees, but we have 3,200 positions, meaning that about 300 of our positions, or fewer than 10 percent, are vacant or frozen. One of the data points I want to share with you is that we have about 6.9 employees per 1,000 population while in a national data base that we recently surveyed, the national average is 10.4 employees per 1,000 population for full-service local governments.

Our adopted Budget for Fiscal Year 2008-2009 shows the General Fund about \$345.5 million, with a total budget of \$890 million and a very high bond rating, AA or Aa2, depending on whether you look at Standard and Poor's or Moody's.

The next page ([Exhibit E](#)) shows our Washoe County Commissioners, who are elected by district. Page 4 is our management team. Page 5 is a list of services that Washoe County provides. The far left columns are state-mandated regional services. In the middle column, regional services we provide either by inter-local agreement or by other law or agreement, like our animal services program, which was recently consolidated by agreement between Washoe County, Reno, and Sparks and approved by the voters. We are the only provider of the services in the first two columns in our region. Local services on the far right are provided to the 109,000 residents of the unincorporated area, many of whom pay for some of the services, like fire protection, community parks and recreation buildings, safety, water, and wastewater.

Page 6 shows you our sources of revenue, and two very important sources of revenue for us are intergovernmental revenues, which are consolidated sales, and property taxes.

Page 7 shows you our expenses by function. Like most local governments the largest percentage of our budget goes to public safety, of course, and we have the consolidated jail for the region. Public safety and the courts together account for about 43 percent of our expenditures.

On page 8 we list the property tax rates.

**Chair Kirkpatrick:**

Ms. Simon, I just want to see if anyone has any questions. Sometimes it is better to ask a question when it is fresh, so please do not be shy because when you do not ask questions, that is when I worry. Does anyone have any questions? [There were none.]

**Katy Simon:**

On page 9 it shows the trend over time with our property taxes and consolidated taxes. As many of you are aware, in Nevada we have a three-year rolling average for property tax valuation. We are benefiting from the prior high peaks in property valuation, and we all know that is going to be declining. This last week our County Board of Equalization, upon the recommendation of our County Assessor, lowered all values in Washoe County by 15 percent. So our entire taxable value base has been lowered by 15 percent.

You are aware of the property tax bill cap that was enacted by the Legislature; this gives you a point of reference for how much revenue Washoe County does not now collect that it formerly collected because of the property tax bill cap. In 2008 and 2009 the property tax decreased more than \$30 million, so it is another fiscal issue we are managing.

**Chair Kirkpatrick:**

Mr. Settelmeyer has a question.

**Assemblyman Settelmeyer:**

You commented that the County Assessor lowered rates by 15 percent across the board. So he did not take into account where the home is? There are certain areas of Washoe County where clearly the values did not go down by 15 percent. They may have gone down by 25 percent, and there are others where homes may have gone down by 5 percent. So he actually just did it across the board?

**Katy Simon:**

He did, and he looked at sale values for all the areas of the county that are in question and made it an average reduction. There will still be appeals by individual property owners who may say their property declined more in value,

but he made that presentation to the County Board of Equalization, and the County Board approved the 15 percent across the board, which is going to be painful.

**Chair Kirkpatrick:**

Does anybody else have any questions?

How many of those property tax items are voter-approved? Are any of them?

**Katy Simon:**

Yes, on page 8 there is a box that shows we have a 2-cent library expansion fund that was approved by voters. With our animal services consolidation between Reno, Sparks, and the County, we built a new animal services center with a voter-approved increase of 3 cents on the property tax rate. Also the Child Protective Services Fund was approved by voters 18 years ago, the Senior Services Fund was voter-approved at 1 cent, and then the Debt Service Fund of 5.32 cents was voter-approved.

**Chair Kirkpatrick:**

Do any of them have a sunset, or are they there forever?

**Katy Simon:**

There are sunsets. I will have to call on my Finance Director. The Library Expansion Fund has a sunset, as does the Animal Services Fund and the Child Protective Services Fund. I do not believe the Senior Services Fund has one. I will have to call on John Sherman, our Finance Director.

**John Sherman, Finance Director, Washoe County, Reno, Nevada:**

The first two have sunsets in 30 years. The second two do not have sunsets, but once the last one's debt is paid off, that rate sunsets also.

**Chair Kirkpatrick:**

Thank you. Mr. Goedhart?

**Assemblyman Ed Goedhart:**

Question to the County Manager. On page 8 it shows the total county rate is \$1.39, and you add on to that the State of Nevada and Washoe County School District, giving you a total of \$2.70. How does that correlate to the overlapping rate of \$3.64?

**Katy Simon:**

The cities of Reno and Sparks also have separate tax rates. There are fire protection district rates and water conservation funds. So there are residents of the City of Reno that pay a rate of \$3.64.

**Assemblyman Goedhart:**

Is that just for the City of Reno? Then the unincorporated areas have a lower rate?

**Katy Simon:**

That is correct. This does not show that our fire protection districts have an additional rate for unincorporated area residents.

**Assemblyman Goedhart:**

So it would be just the City of Reno that would be maxed out at \$3.64.

**Katy Simon:**

The City of Sparks also has a rate that brings them right up to the \$3.64.

**Assemblyman Goedhart:**

Once again, the cost of \$487.10 per \$100,000 of home just relates to the \$1.39. You would almost triple that to get to the \$3.64 cap.

**Katy Simon:**

That is correct.

**Assemblyman Goedhart:**

That is the State Equalized Value (SEV) of 35 percent of the market value.

**Katy Simon:**

That is correct.

**Chair Kirkpatrick:**

Ms. Simon.

**Katy Simon:**

I will rush through the remainder of this. We are at page 12. I would like to talk about some of our local economic indicators in Washoe County. Our consolidated taxes year-to-date are down 13 percent. Unemployment was just reported last week at 9 percent. We lost 7,500 jobs in the last year and our foreclosures stand at one in 136.

On page 13 is our fiscal outlook. Our sales taxes have declined 28 of the last 29 months. On page 14, I am told that economists call this an alligator graph because the jaws are opening wider and wider. Now, without dramatic action, expenditures will not be able to meet available revenues.

I would like to make a couple of quick points on page 15. The first bullet point on the bottom—I believe we are the only local government in the State of Nevada that has for ten years had a self-imposed cap on the growth in our budget and tied that to growth rates in the Consumer Price Index (CPI) and population. Again, we believe we are the only local government in the State of Nevada that has done that for ten years. In the good times this enabled us to have General Fund balances and build up reserves to invest in one-time capital expenditures. You will see FY2004-2005 was one of those good economic years when we had a healthy fund balance, and we put much of that into reserves. We have been using those reserves now as the economy has declined. You will see that in FY2009-2010 we actually run out of fund balance.

On page 16 is a summary of a projected potential General Fund short fall. It shows three scenarios: base-case, optimistic and pessimistic. Current indicators would lead us to the pessimistic scenario, which would be a 19.5 percent cut in our budget. These paths do not include any property tax shift to the state as has been proposed. Any service shifts from the state to the county would mean we would have a greater service responsibility. We are in a binding arbitration right now with one of our bargaining units. This does not include any impact of pending property tax court cases, such as those we have with Incline Village, and does not include the impact of the Supreme Court order regarding indigent defense counsel, which has not yet culminated.

On page 18 it shows we have been working for the past three years on managing this fiscal crisis. During that time we have cut almost \$64 million in cumulative budget expenses.

Current-year budget actions are noted on page 19. The Washoe County Employees Association, our largest labor union, which represents about 1,800 of our employees, voluntarily agreed not to take a cost-of-living increase this year. We have a trigger document that if the economy recovers, they will receive a pay increase, and yesterday they voted to agree to take a pay cut of 2.5 percent after agreeing to a zero cost-of-living increase this year. There are still terms of that proposal to be negotiated, so it is not final, but we very much appreciate that partnership with our largest union.

Page 20 covers labor highlights.

Pages 21 through 24 describe Washoe County's 2009 legislative principles, issues and bill requests. An important point is the last sentence on page 22: "Washoe County will not initiate any legislative measures that negatively impact our local government partners in the region."

**Chair Kirkpatrick:**

We will let the Committee read the bill requests. I want to make sure that everyone gets a fair hearing.

**Katy Simon:**

That wraps it up for my presentation.

**Robert Larkin, Chairman, Board of County Commissioners, Washoe County, Reno, Nevada:**

The Board of County Commissioners also has agreed to a cost-of-living adjustment (COLA) hold, and we tied it to the very same agreement that our labor union has agreed to. We are holding the line and working very diligently with our partners in the region for collaborative projects. We are anxious to work with the Legislature in these trying times. We have established a subcommittee that would be comprised of two commissioners and our budget officers, as well as some citizens, to go through each and every item in our budget to find the most efficiency.

**Chair Kirkpatrick:**

Does anybody have any questions? We have always had an open-door policy, so I hope we will continue that and work on issues earlier rather than later.

**Assemblyman Aizley:**

Which group took the 2.5 percent cut, and how did they arrive at that?

**Katy Simon:**

That is the Washoe County Employees Association, which represents 1,800 or so of our employees. It is the largest employee bargaining unit within our government.

**Chair Kirkpatrick:**

Thank you for coming, and we look forward to working with you this session. At this time I am going to call the Washoe County Department of Water Resources up.

**Rosemary Menard, Director, Washoe County Department of Water Resources,  
Washoe County, Reno, Nevada:**

I want to go very quickly through our services, our budget, and other issues we are concerned with. I know there are a number of other water presentations on the agenda today. We want you to know we are working very actively with all of our water partners in the region, both individually and as part of the Western Regional Water Commission.

The second slide ([Exhibit H](#)) shows our service area. We are the providers of water, wastewater, and reclaimed water services in the suburban areas of Washoe County. We work closely with the Truckee Meadows Water Authority (TMWA) on water management issues. We are serving about 5,600 customers with drinking water, and we have three wastewater plants as well as 15 collection systems that serve about 47,000 customers. We have a reclaimed water system in the southern part of our system.

Our programs include utilities, utility operations and maintenance, capital planning for water, wastewater, and reclaimed water facilities. We do long-and short-term resource planning in some of the outer basins. There is a slide on each one of these things that gives you examples of the kinds of things we are doing, such as looking at hydrographic basin studies, groundwater basins in some of the outlying areas, as well as substantial work on groundwater basins in the more urban area in the southern part of Washoe County.

We also operate the Central Truckee Meadows Remediation District, which was authorized by the Legislature in the late 1990s. In utility operations we have a small treatment plant that is being used to treat water for arsenic to comply with the federal arsenic standard in the Safe Drinking Water Act, with regulations from the Environmental Protection Agency (EPA). We have laboratory staff as well as operating staff, and we operate large and small wastewater plants. We recently acquired the Vidler Water Importation Project, which brings water from the Fish Springs Ranch into our area and brings us about 8,000 acre-feet of water for additional growth and development in the North Valleys area.

Regarding capital projects, we are like any other large infrastructure organization. Water, wastewater, and reclaimed water utilities vary in capital intensiveness, so we are doing things like groundwater production, drilling new wells, and pipeline development and construction. The picture on page 3 is actually a liner for the Huffaker Reservoir, which is the reclaimed water-storage reservoir in southeast Reno.

The Water Resources Department is doing quite a bit of work looking at hydro basin and water issues in the northern area of the state as well as in the southern basins. This work is helping to plan for and manage water resources for sustainable use over time. We are working on areas where water is being used—Spanish Springs is a good example. We are constantly monitoring the availability of the resource, monitoring how pumping for both domestic and municipal users is affecting water resource levels, and planning for the best way to maintain the sustainability of those resources.

A really important program that was authorized by the Legislature in the late 1990s is the Central Truckee Meadows Remediation District. This is an area where some legacy contamination from old practices has contaminated an important and valuable groundwater basin in the central Truckee Meadows. So we are doing quite a bit of work in cooperation with the other jurisdictions to try to plan for and maintain programs that reduce additional contamination and clean up the contamination that is in place. We are working with the Nevada Division of Environmental Protection to take action on nine source referrals, so if there are cost-recovery mechanisms that need to be put in place to protect rate payers from individuals whose practices contaminated the groundwater, those responsible parties are paying rather than the rate payers. This is a very long, ongoing process that involves quite a bit of scientific and technical work and also a lot of collaborative work with other jurisdictions.

Our operating budget is about \$32 million annually. The capital budget is about \$29 million annually. A long-range water planning program has been funded through contributions from the Washoe County General Fund, and that is about \$1.7 million, which largely supports long-range water planning in some of the basins outside the developing areas.

The Remediation District Program budget is about \$2.9 million annually. We are authorized about 99.5 positions and currently filled at 88 positions. We are matching the roughly 10 percent hold on positions that the rest of the county is involved in.

For key initiatives, we are working very actively on a lot of organizational restructuring and work-process redesign. We are currently focusing on working with developers to redesign our development services processes and procedures. We recently completed a series of surveys and focus groups with developer interests and are incorporating the results into the redesign of our developer services process.

As part of the larger collaborative effort, we are also making better use of available resources in the basin, reclaimed water being a really valuable



resource. We are hoping to extend the application of those resources as we go forward in our planning and management.

Like everyone else, we are suffering from the economic challenges associated with the downturn in the construction industry, so we are planning and managing our financial resources to make sure we are making the best use of the resources we have available, and we are planning for new economic factors, that are not what they were, but in a more realistic way and going forward.

As I mentioned earlier, we are very actively engaged in the Regional Planning and Management activities that were developed under the auspices of the Western Regional Water Commission and the new Northern Nevada Water Planning Commission. So some really good progress is going on.

**Chair Kirkpatrick:**

In your operating budget, where does the money come from to pay these employees? Does it come from the county budget? Does it come out of a separate water bill?

**Rosemary Menard:**

No, we have an enterprise fund for our utilities, so the operating and capital budgets come specifically out of water rates, user rates, and development charges for developers.

**Chair Kirkpatrick:**

The reason I ask is that with water, I find people get paid out of more than just one budget. So I want to clarify that if you work for this water agency, you are not paid by another budget?

**Rosemary Menard:**

No, the only resources coming out of a different budget than user rates or the development charges budget, is the \$1.7 million that is supporting long-range water planning. That is coming from the county General Fund.

**Chair Kirkpatrick:**

Lastly, on your enterprise fund with the downturn, I see there are some positions that have not been filled. How do you think we are going to fare in paying for it?

**Rosemary Menard:**

The biggest issue we are facing is the downturn in connection charges resulting from the downturn in construction. This is creating some issues associated with meeting our debt service requirements. Some of our investments in the infrastructure to support growth were supported by investments from developers, and as those changed over time, in some cases we have debt service to meet where there are monies that are not continuing to come in. We are working on looking at the long-term strategy for meeting that. Obviously, we are going to meet our debt service. We are looking, for example, at rate increases to meet our debt service and also to bring our user charges in line with what our costs are.

We are basically a nonprofit organization. We have to cover our costs, so we are assessing our costs and how we can lower them. That way, if we have to do a rate increase, it will be the minimum. It is one of the reasons behind the work-process redesign we are doing. We are doing the best we can with what we have, and reducing our cost wherever we can.

**Chair Kirkpatrick:**

Okay, Mr. Stewart.

**Assemblyman Stewart:**

Can you tell us how you do reclaiming of the water? In southern Nevada we just dump ours into Las Vegas Wash, and it goes back into Lake Mead, and we get credit for it. I imagine it is more difficult here.

**Rosemary Menard:**

Absolutely.

**Assemblyman Stewart:**

Secondly, what percentage of your used water is reclaimed, and thirdly, what are the prospects for the future of your water?

**Rosemary Menard:**

The source of reclaimed water is the South Truckee Meadows Water Reclamation Facility which is located by McCarran and Longley. We have a wastewater treatment plant that has zero discharge, so it does not discharge to a receiving stream. Every drop of water that goes through that plant becomes the source of our reclaimed water. Right now the plant has a capacity of about 4 million gallons per day. Obviously, it operates at slightly less than that. Currently we are producing in the neighborhood of 3.5 million gallons a day of reclaimed water. We are storing it during the wintertime and in the summertime

it is being used to serve an expanding system of non-potable uses in the South Meadows area. This is the cycle we are using.

We are also working with Reno, Sparks, and the Truckee Meadows Water Authority on a major initiative for a reclaiming system in the North Valleys, where this water is coming from in the Fish Springs Ranch Project. In that area we have three wastewater treatment plants that will be linked together and will become the source of reclaimed water. It will be either for non-potable use or possibly to put the reclaimed water in the ground, leave it there for a while, and take it out later and reuse it.

There is lot of interest in reclaimed water as a major new resource for our region and integrating it with water and wastewater planning.

**Assemblyman Stewart:**

Do you know what percentage you use presently is reclaimed?

**Rosemary Menard:**

Sorry, not off the top of my head. In the summertime it is probably around 10 or 12 percent in the South Meadows area. It is being used only in medians, parks, and school irrigation at this time. It has not been as fully expanded as we hope to have it in the future.

**Chair Kirkpatrick:**

Any questions? Mr. Goedhart.

**Assemblyman Goedhart:**

On the exhibit where you show the reclaimed water expanding the role of the landscaping, that would necessitate a different pipeline or different plumbing system, right?

**Rosemary Menard:**

Right, the purple pipe system. If you go to page 6 it shows the seasonal water-use patterns we have. Obviously, use in the non-irrigation season, which is typically the wintertime and to some degree the shoulder months of April and October, is in the range of 200 gallons per count per day. It then goes higher, and you can see the trends over time. One way we are addressing that is through a regional project, the Washoe Evapotranspiration Project, which has been funded by the Regional Water Management Fund for a number of years. A second way is through extending reclaimed water—in this case, in an over-55 community in the South Meadows area, where they apply reclaimed water in many areas. That is being managed by the homeowners association. It met the criteria of having a centralized management for the application of reclaimed

water. On page 7 there is a graph that shows a little detail on the places where reclaimed water is being applied. It is basically being applied everywhere except private side yards. Those are being irrigated by potable use. Everything else in this particular development is being irrigated by reclaimed water.

**Assemblyman Goedhart:**

There was quite a dropoff between 2006 and 2007 on the seasonal water-use patterns. Was that because we knew we had more efficient water projects coming on line? Or did we do something to achieve that reduction of water use?

**Katy Simon:**

A number of things go into it including the availability of water. 2006 was a really wet year, so there was a perception in people's minds that there was a lot of water available. In 2007 and 2008 it was much drier, and through both conservation messaging as well as public perception, people have cut their water usage down. Plus, there has been a consistent conservation message going on throughout the community talking about efficient water uses.

I believe I have covered everything I wanted to cover. The last slide is about a key legislative issue, which I can skip, but fundamentally we are trying to work with our customers and help them in the event they need to hook up to community systems, water or wastewater systems. This is what we are looking for this legislative session.

**Chair Kirkpatrick:**

Does anyone else have any questions?

I have one final question. First, thank you for coming, right at the beginning of session. Our theme was to do all of Northern Nevada so we could see how it all works together.

When you change the way the water credits are going to be allocated when the water is reclaimed and put into the landscape, who will get the credits?

**Rosemary Menard:**

There are some water-rights issues we will be working out as we go forward, trying to integrate reclaimed water planning for the future. We have not gotten through all of the details yet. We are using the North Valleys initiative, which is looking at the three wastewater treatment plants and the potential for growth, as sort of our pilot to understand what is possible both technically and from a policy direction, to look at costs and such issues as water rights.

**Chair Kirkpatrick:**

Are there any other questions? [There were none.] I would now like to call the City of Reno up to the table.

**Robert Cashell, Mayor, City of Reno, Reno, Nevada:**

We have a lot of things happening. Our City Manager will go through the budget with you. We have finished several projects. We built the Community Assistance Center for the homeless. After 30 years of fighting we finished the project. We have the clothes closet, a triage center, the men's and women's shelter, a family shelter, and counseling services to help the people on the needy side. We did that with the help of Washoe County and the City of Sparks.

We finished the West Street Market project downtown. We opened that in early September. We have a Triple A baseball stadium being built, and it is being paid for by the developer. We will throw out the first ball on April 17. We have a developer that came to town and took over the old Flamingo Hotel, which had been closed for several months. They stripped it down to the bones and brought it back as townhouses and condominiums, and it is now completed and open. It really helped the program downtown.

We have also finished our ReTRAC project—lowering the train trenches for about 2.5 miles and putting a cover over two blocks of the train trench. We will put some shops and different things on top of the trench. We could even hold special events on those tops.

**Charles McNeely, City Manager, City of Reno, Reno, Nevada:**

As the Mayor indicated, we have been working on a number of projects in the city. I am very proud of the fact that this city has made a strong commitment to a number of areas for our residents. One being the operating efficiency; this has been a strong value that the City of Reno has had, along with customer service and financial stability. Like annual auditing; we are one of the few cities in this state that has an annual audit program for every single department. The audit ensures that we are operating efficiently.

Since I have been here, in the last 13 years we have saved over \$9 million by auditing every single function to make sure we are serving the public. Additionally, we are also a strong advocate for, and have best practices with respect to consolidation. We constantly look at opportunities to contract down for private services and reduce the cost to our residents.

Over the last six years we have held back over 2 percent of our General Fund as a practice of conserving our resources, and ensuring that we are setting money aside in the event of an economic downturn like we are going through now.

**Chair Kirkpatrick:**

Mr. McNeely, we have questions.

**Assemblyman Settlemeyer:**

This question is for Mr. Cashell. Washoe County said they had an agreement with their union to reduce their salaries by 2.5 percent. I remember you were in the newspaper a few days ago on a similar matter, and I wonder if you had any resolution of that matter.

**Robert Cashell:**

We have not resolved the matter with the firemen, but we have resolved with everyone else. The council took a 3.5 percent pay cut. City management took a 3.5 percent pay cut. We are sitting down with the firemen, and we believe we will get that taken care of this week.

**Charles McNeely:**

The mayor pointed out that we already have an agreement with our management associations, as well as with myself and the council. We also have our administrative function technical staff. In fact, one of the groups is voting tomorrow, and then another next week, to sign up for a salary reduction. Assuming this is successful, which we think it will be, that would leave our public safety entities looking at doing the same thing. I am optimistic we will get all the groups to the table.

**Chair Kirkpatrick:**

Somehow I believe Mr. Christensen will follow up on this.

**Assemblyman Christensen:**

There is a lot of discussion regarding pay cuts. Is there a time horizon you have worked out with the city?

**Charles McNeely:**

In terms of the unions?

**Assemblyman Christensen:**

In general.

**Chair Kirkpatrick:**

Maybe a trigger method to put it back or ...

**Robert Cashell:**

We have a time schedule. It will be at our next council meeting. Then we will make the decisions we have to make.

**Assemblyman Christensen:**

I want to make sure we are talking about the same thing regarding how employees of different responsibilities, be it the council or management or others, have agreed to a cut. Did everyone say in six months we will address this, or as the Chair mentioned, is there a trigger, where if we hit this goal, then we revert back?

**Robert Cashell:**

We put together three scenarios. We are in our second scenario. This is a severe scenario we have right now. Those steps triggered right now have to be agreed on next Wednesday. If we go to the last scenario, we will study it as it goes along and watch what our tax revenues are, and if we have to, we will do a most severe scenario. It is a well-planned procedure that we hope we do not have to pull off the shelf.

**Chair Kirkpatrick:**

I understood your yearly audit process is very expensive. How do you make audits efficient, and what kind of things do you ask for?

**Charles McNeely:**

We have an internal auditor who is a program specialist, and every year I have been here, we have reviewed one or two departments and looked at their entire operations. There are times when we may bring in an outside expert to augment our internal resources. We have gone through virtually every single department in the city. It is not an expensive proposition; over the time I have been here, we have saved close to \$10 million for the city residents.

**Chair Kirkpatrick:**

I would like to have a copy so I can see what kinds of things you evaluate.

**Charles McNeely:**

I will make sure you get a copy of all that you need.

**Chair Kirkpatrick:**

Any other questions?

**Charles McNeely:**

One of our council's priorities has been to look at the organization, at ways we can become efficient. Most recently in the building enterprise area of planning, we looked at the large volume of permitting that was going through at the height of the housing industry, and we said, "At some point that bubble is going to burst." We took it upon ourselves, with the council's approval, to contract the service out. That way we would have more flexibility in the event of a steep drop-off and not be saddled with a labor force we did not need. This has proven to be a very smart move on the part of the city. In addition, the city has been recognized in a number of areas for some of our best practices. They include performance measurements, budgeting, managerial excellence, technical innovations, and customer service. Reno has been well recognized as a leader.

As in a number of other communities, the council has established priorities for our residents. We meet at least once a year so the residents know where the dollars are being allocated and what our priorities are going to be. A key area is communication. This council has had a firm commitment to keep our residents informed and engaged in the process.

The other area is planning. Our council has made significant strides in their approach to growth management with the neighborhood street revitalization as well as public safety, which has always been a priority for this community.

One of the areas we have had a great degree of success in is in the cooperation we have had in working with the City of Sparks, Washoe County, the Washoe County School District, and others. Our elected officials have been able to meet on a regular basis to look at opportunities to work together better and to look at areas of consolidation as well as contracting out.

As you know, cities across this country are dealing with the economic downturn. Reno is no different. For example, our unemployment rate is hovering at 9 percent. Our job growth is down 2.5 percent, our revenue in the City of Reno for residential permits is down 43 percent. Our room tax is down 17 percent, a seat tax, which is one of our largest sources of revenue, comprising 27 percent of our General Fund budget, is down 11.8 percent. Our property tax is down 1 percent.

Budget cuts—what have we done in order to balance our budget and to deal with some of those drops? Back in February of 2008 we began to see a decline in our revenue. The council was swift in taking action; we cut \$3.3 million out of our budget in preparing for the 2008-2009 budget. We submitted to council another cut of \$12.2 million out of the General Fund budget, and in December of 2008 we cut another \$11.1 million.



Recently, we prepared two different scenarios for the council in a planning mode. We hoped it would be the best plan we never used. However, the economy is continuing to decline. We were forced as recently as last week to cut another \$3.3 million out of our budget. To date that equates close to \$30 million that we have had to cut out of our General Fund. In anticipation, as the Mayor said, we have prepared two different scenarios. We would have to cut our budget if revenues continue to decline in the manner they have.

A total of 127 positions have been frozen. We have also offered early outs to get employees to leave early and thereby trim our work force. We have implemented voluntary furloughs and reduced work weeks, and we have had 2 percent hold-backs for six years in a row. This year we added another 2 percent for a total of a 4 percent reduction in our budget. We have cut capital improvement items out of the budget, and as mentioned, our council, staff, and labor groups have cut back and deferred pay increases. Altogether, this has had significant impacts on our operation.

One of the big issues I am sure you have heard about is overtime expenses. This is something our council has been working on. It did not start yesterday. As in many cities across the country, public safety comprises some 60 percent of our overall budget. Our council began tackling this issue three or four years ago. We are looking at temporarily taking apparatus equipment out of service in the fire department. That will cut close to \$1.5 million out of budget in terms of overtime expenses. We also focused on civilian workers in the public safety areas to do things the police officers would typically do, yet maintain high-quality services. We are also looking at flexibility in work schedules for public works staff and others. In addition, we are aggressively tracking reimbursement for fire crews.

We are often recognized for the quality of service we provide, and because of this we get calls from other cities and states to help fight wildland and other fires in Southern California. Not only are we helping out, but we have gotten significant reimbursement in overtime costs.

Finally, as this economy has continued to unravel, we continue to freeze positions. We are looking at further program cuts as well as offering different work schedules, and as these continue, we will make further decreases in salaries and benefits for our employees.

I will not get into the terms of the three bills that we are sponsoring. They are Assembly Bill 66, which is a vacant building registration; Senate Bill 88, which is currently being amended to address property tax obsolescence; and finally

Senate Bill 95, which is a municipal service set. With that I would be happy to answer any questions that you may have.

**Chair Kirkpatrick:**

Does anyone have any questions? Mr. Settelmeyer.

**Assemblyman Settelmeyer:**

On the reimbursement of the fire fighters when they go to wildland fires, is it a negotiated rate or is it 100 percent of your costs?

**Charles McNeely:**

It is 100 percent of the cost.

**Assemblyman Bobzien:**

Can you give us an up-date on where the discussions are with consolidation, in terms of program by program?

**Charles McNeely:**

A number of efforts are under way right now. As the County Manager indicated earlier, a group has come together that represents the City of Reno, Washoe County, City of Sparks, and the school district. We have listed a number of areas that have potential for consolidation or shared services. One of the biggest ones is fleet operations. We all tend to operate our own fleets. We think this is an area to look at possible consolidation or at least shared maintenance of the vehicles to trim our costs.

We are looking at risk management issues, personnel, and building permits. A question we have is, do we all three need building-permit entities when we could possibly consolidate? We have a number of these concepts on the table.

**Assemblyman Bobzien:**

On the fleet discussion, does that include the school district and Regional Transportation Commission (RTC)?

**Charles McNeely:**

Absolutely.

**Chair Kirkpatrick:**

I have a question. Who is going to be in charge in consolidating all of this?

**Robert Cashell:**

We are not at that point yet. We are doing the studies right now to see where we can cooperate with each other and consolidate. Right now in Washoe

County we have three planning agencies, in Sparks, Reno, and Washoe County. We also have an oversight commission. We are looking at consolidating water, personnel entities, and other things.

Whether it is consolidation or letters of agreement, we are hoping to work these things out.

**Charles McNeely:**

This county has a rich tradition of working together and looking for opportunities for consolidation. One of the largest consolidations is the fire consolidation that took place a number of years ago, when we worked with the county and consolidated the City of Reno and the City of Sparks fire departments with the Truckee Meadows Fire Protection District. Again, that has saved over \$9 million since consolidation. We already have a history of consolidating, and we will continue to work on such areas.

**Chair Kirkpatrick:**

Any other questions?

**Assemblyman Munford:**

I understand that there is a new stadium being built for a baseball team. Is that correct?

**Robert Cashell:**

That is right.

**Assemblyman Munford:**

Are you also getting a National Basketball Association (NBA) development league team?

**Robert Cashell:**

The NBA development team was brought to us last September.

**Assemblyman Munford:**

Are they playing now?

**Robert Cashell:**

Yes, sir. We have some great ball players.

**Assemblyman Munford:**

Where do they play their games?

**Chair Kirkpatrick:**

Mr. Munford, please stick to the business at hand.

**Assemblyman Munford:**

I thought that it was interesting that the city has an NBA Development League team.

**Robert Cashell:**

We are very fortunate. The gentleman that came to bring the baseball team and build the stadium also is part owner of the Indiana Pacers, so it is a natural fit. The other operator was having problems and the NBA asked him to step in.

**Chair Kirkpatrick:**

Are there any other questions? [There were none.] We hope to have a good working relationship. I am really stressing this with local governments: We all have to come together and do what is best for our state.

**Robert Cashell:**

We appreciate that very much, and we look forward to working with you.

**Chair Kirkpatrick:**

Next, I am going to invite the City of Sparks up.

**Robert Joiner, Government Affairs Manager, City of Sparks, Sparks, Nevada:**

With me today is Shaun Carey, City Manager. Mr. Carey will begin the presentation.

**Shaun Carey, City Manager, City of Sparks, Sparks, Nevada:**

On behalf of the Mayor and City Council of the City of Sparks, we are pleased to have this opportunity to discuss the issues and the challenges that the fifth-largest city in the state is currently facing. Councilman Mike Carrigan is also with us today.

As shown in our PowerPoint presentation ([Exhibit I](#)) [also presented Committee with a CD ([Exhibit J](#)) and pamphlet on STAR bond ([Exhibit K](#))] we have 91,684 residents. We have led Washoe County in growth in seven of the last ten years. We do have two bill draft requests (BDRs) which will come before you later in the session. One is our single city bill draft request. We also have a minor set of changes coming to you from the City of Sparks Charter Committee.

The Legislature is dealing with great budget challenges this session. The City of Sparks is having tremendous problems in providing its services to our 91,000 residents. So much of the revenue we utilize to provide city services,

such as police and fire, comes from a growing Nevada economy. Our community is not growing, and its economic engine is falling back to a great degree.

In the area of consolidated fair share taxes, that is largely sales tax. The City of Sparks will end the fiscal current year with their sales taxes down 18.61 percent. In fact, November came in at 19.9 percent, and that represented good news because we have forecast a 20 percent decline for every month in the remainder of this fiscal year. With that being 32 percent of our city budget, as you can see on page 6 of the presentation, we face tremendous challenges in providing continued service.

Property taxes make up 38 percent of our budget. We face extreme challenges in that area with the average property assessment in the City of Sparks. When the Assessor sent out his original cards to every parcel in the county the average was 11 percent lower across the city. In one of our growth areas, Spanish Springs, there is a beautiful community called Wingfield Springs. The assessor used higher numbers, as he used an economic obsolescence factor which added an additional \$10,000 to \$40,000 of depreciation per parcel. The recent actions the County Manager reported to you will add another 15 percent to those numbers. My agency is looking at a 26 percent reduction in property taxes' assessed valuations for next year, which will translate into problems with the City of Sparks in additional cuts and services.

We have a franchise fee we are utilizing to provide critical services and make capital investments we are not making in other areas. Right now the General Fund makes no investment in capital projects, and that has been true since 2005. We are using franchise fees for road maintenance and repairs. Otherwise our roads would deteriorate and fail.

We also have older parks where we use a portion of franchise fees to rebuild the picnic shelters and the playground structures, which are literally falling apart.

You can see on page 7 that our General Fund expenditures would very much mirror the state's economic pie if you replaced public safety with education. Fifty-nine percent of our budget goes directly to police and fire services within our community. Today we have 54 fewer officers than we should have for a community in the western United States. This leads to a lot of problems in crime and an inability to close cases. Each of our detectives in our detective divisions is carrying 42 cases. They should be carrying about 24. Many crimes that could be solved are not receiving the attention they deserve.

Our fire department has grown by two fire stations for a total of five in the last ten years. We have reduced the staffing on all City of Sparks fire apparatus to three personnel. The recommendation for firefighting vehicles in an urban area is four. This allowed us to achieve a tremendous savings in the fire program without having to close stations, which would have been a much worse choice for our community.

As you look at this pie, you can see that the reductions in expenditures in public safety will greatly challenge us to continue to provide services. Our General Fund revenues and expenditures and fund balance history have been presented to you. I want you to know that we face an extremely challenging future. Our revenues are coming in at levels we have not seen since 2004, and our expenditures, which are challenged by inflation, are also very challenging for us to meet.

In the last nine months we have cut our General Fund budget by \$8 million. That represents a little over 11 percent decrease in spending. Our fund balance has been drawn down to 5 percent, which is less than what is prescribed as a safe one-month operating revenue for a government of 8.3 percent.

Our Emergency Stabilization Fund was drawn down in September to preserve services and is currently projected to remain at zero for the next two years.

Our contingency budget is used for unexpected expenditures by the city. Our city has had three presidentially declared disasters in the last 12 years—two floods and a snow event that challenged our public safety and public works budgets in terms of response. That fund is currently down to 1 percent. The City of Sparks has some \$600,000 out of a \$60 million budget in order to meet its unexpected challenges, and this is a situation that continues to grow worse.

We have reduced our work force by some 20 percent, down 142 positions from 695. In our most recent cuts we have had to make the very tough decisions of reductions in public safety. I have touched on the reduction of our fire apparatus. We also have six police officers and seven firefighter positions we have not been able to fill. We have eliminated two of our three employees in risk management and our single management coordinator position.

The Community Development Department, although it is not in the General Fund, will begin receiving a subsidy from the General Fund to support its base skeleton operations. That department is an Enterprise Fund. In 2005 it had some 84 employees; we have reduced that by 74 percent and are maintaining just the bare bones. Our business-permit counter is now open only two days a

week, with an inability to provide the services that will be needed as the Nevada economy begins to return. The subsidies from the General Fund this fiscal year will be over \$600,000 and to maintain a basic presence for next year will be well over \$1 million.

This crisis continues to deepen for our community and we cannot sustain our services to our residents if revenues continue to fall. We are down on personnel. On December 12 we laid off 35 additional employees. To avoid layoffs our council had directed us to approach our unions for a 4.5 percent reduction in pay. We were unable to reach an agreement with those bargaining groups; therefore, we proceeded with the layoffs. Additional unforeseen reductions in revenues will result in further layoffs or we will also approach the unions again. We did not provide a cost-of-living increase to employees this fiscal year, and we will not be in a fiscal position to that next year.

Many of our employees outside of the labor groups have accepted voluntary reductions in pay. Our Mayor and council have all agreed to a 4 percent reduction for this year, and many of our mid-management employees who are civil engineers, planners, and information technology (IT) professionals have all agreed to voluntary reductions in pay in order to preserve positions. For example, our Administrative Services Department is doing extraordinary things with wage reductions in order not to lay off additional employees. On a department to department basis this process continues.

We are very concerned about the future of Nevada's fifth-largest city. This session we want to look at the revenue picture and make sure we move forward with a proper set of tools so local leaders can provide the services their residents desire. We have six frozen positions and need 54 additional police officers in order to protect our community, its citizens, and the value of the community.

We need revenue to balance our budget. We have not fared well in being a small city of 91,000 within the current tax structure. We produce 28 percent of the total sales taxes produced in Washoe County, and we receive 12.5 percent back in terms of the formulas currently being applied. This is a very challenging position. We are at the cap in terms of property tax. We have one penny remaining of taxable value. We do have one penny which was used in 1988 to build a police station, which sunsets next year, and undoubtedly our council will again be asked to shift that to operating.

We have no authority to increase the sales tax to meet our challenges. We would like to be in a position at least to place before our voters in Sparks something to do with public safety. We have a limited ability to move in the

area of business licenses. It is also very challenging with local businesses that are struggling so greatly in our community to even consider such a tax.

Our property tax, as I mentioned, is down to one penny or \$245,000 available revenues for a city with a budget over \$60 million. We do face challenges which are not always in our control. The Public Employees' Retirement System (PERS) rates will be increasing by 3.5 percent, up to 37.5 percent, and our budget is made up of 59 percent for police and fire.

**Chair Kirkpatrick:**

May I ask you a question? That seems like a high number. I have heard a lot of numbers, but yours seems way high. It is going to increase 30 percent?

**Robert Joiner:**

No, it is increasing by 3.5 percent to 37.5 percent, and that would be a 37 percent cost to the City of Sparks and its public safety programs for the benefits associated with retirement. I would be happy to provide you with the details of those numbers.

**Chair Kirkpatrick:**

Does anyone else have any questions? I would like to ask this question. It seems that 32 percent of your budget is based on sales tax dollars and you were down 18.6 percent. How much of that was related to Sales Tax Anticipated Revenue (STAR) bonds?

**Robert Joiner:**

To date, very little. The diversion in October is the latest number I have, and through October, \$336,000 was diverted from the Washoe County sales tax pool. For the City of Sparks we gained \$28,000 from the economic activities, so the total diversion in the Tax Increment District (TID) for the Legends project was \$336,000 through the end of October.

**Chair Kirkpatrick:**

What was the loss?

**Robert Joiner:**

We would receive 12.5 percent of \$336,000, and I do not have that calculated. I would be happy to provide you with a summary.

**Chair Kirkpatrick:**

Then that goes to pay off the debt, correct?



**Robert Joiner:**

Yes, the City of Sparks did enter into a development and disposition agreement to attract the Legends development, which is our community's only use of STAR bonds. We were intending to build a \$1 billion project and attract different economic drivers to our community. One of them is open today; it is the Scheels sporting goods store which is said to be the world's largest sporting goods store.

We are trying to build over 1 million square feet of attractions and amenities that will position our community in the long term. Tourism is down significantly in Washoe County. I am very pleased that the Reno-Sparks Convention and Visitors Authority (RSCVA) has some very big conventions coming, but frankly, we have seen a decrease of 20 percent in our room nights. Adding this attraction and getting it up and fully operational will do nothing but stabilize the situation, which is greatly challenged. I know the City of Reno faces similar challenges, and we work closely with them to make sure tourism in northern Nevada remains a vital component of our economy. We must meet the challenges which are unique to Washoe County by working together and stabilizing the growth and not have the continued loss of visitors to our community.

**Chair Kirkpatrick:**

Does anyone else have any questions? Mr. Joiner, do you have anything you would like to add? I am going to reiterate that we are all going to work together for the betterment of Nevada citizens.

With that, next I would like to call the general improvement districts (GID) up to the table.

**Gene Brockman, Vice Chairman, Board of Trustees, Incline Village General Improvement District, Incline, Nevada:**

I am also Vice President of the Nevada League of Cities. With me today on my right is Ted Fuller, who is the Chair of the District Board, and on my left is our Legislative Advocate, Mary Walker.

We appreciate the opportunity to tell you what a general improvement district (GID) is all about. We think it is a unique Nevada entity. It is more than a public utility district but less than a town. The authority for a GID is found in *Nevada Revised Statutes* (NRS) Chapter 318, the General Improvement District Law. The GIDs are bodies corporate and politic. They are quasi-municipal corporations formed by Nevada counties to serve a public use and to provide a specific number of municipal services to the inhabitants of that district. The GIDs are formed by an ordinance passed by a Board of County Commissioners

as a result of either a petition or a resolution. That ordinance sets forth the specific, basic powers that are taken from NRS Chapter 318 for which the district is being formed.

Governance of a GID is vested in a five-man elected board of trustees. Each trustee serves a four-year term and must be elected within that district. The board organizes itself annually and selects a chairman, vice chairman, secretary, and treasurer. The board of trustees is responsible for the district budget, the accounting practices that are used in the district, and the district management standards.

In some cases, which are clearly outlined in the NRS, the Board of County Commissioners may be, ex-officio, the trustees of a GID. We believe this to be the case in many of the smaller GIDs around the state. In many of the smaller GIDs, budgeting, accounting, and management functions may be performed by the county departments, whereas in the larger GIDs such as ours, we have complete autonomy from the county for those functions.

Most of the GIDs in the state have been formed to provide either water or sewer service to the district. A few have other specific functions that may include wastewater treatment, streets, street lighting, television, or FM service as well as a number of other things, all spelled out in NRS.

It is interesting to us to note that of the 34 GIDs in the state, 13 of them are in Douglas County, six are in Washoe County, and the rest are scattered around the state, except there are none in Clark County. Clark County has gone in a different direction. Clark has 13 unincorporated towns with populations ranging from 1,200, up in Mount Charleston, to almost 192,000 in Sunrise Manor.

Incline Village is by far the largest and most diverse GID in the state. We are very fortunate to have Assemblyman Settlemeyer as a representative for one half of our village. Since we represent Incline Village, I will now tell you about the Incline Village GID (IVGID).

Incline Village GID was formed back in 1961 by the Washoe County Commission at the request of the private company that was developing Incline Village. The GID was a method to obtain public financing for the water and sewer facilities that were to serve the Village. The recreation facilities were added soon after. Incline Village GID is located in Washoe County at the northeast corner of Lake Tahoe. It encompasses the communities of Incline Village and Crystal Bay. It lies within the jurisdiction of the Tahoe Regional Planning Agency (TRPA), which imposes some unique requirements on that

area. The population of our district is about 10,000, except on major holiday weekends, when it more than doubles.

In the future the population is not expected to increase significantly due to limitations imposed by the mountains and the lake and also to the building height limitations imposed by TRPA. In fact, our population may be shrinking slightly due to second home ownership, which is very popular in our area. The school population, particularly in the elementary school, is declining.

Within the limits of the statute, IVGID is empowered to determine what utility and recreation facilities and services should be offered to preserve or enhance the general health, safety, and welfare of the community. We may set rates and fees to be charged for providing those facilities, and we may borrow or raise funds to either provide the service or construct facilities to provide them.

Incline Village GID has the power to levy and collect taxes that are necessary to sustain its operations, but to date we have not found it necessary to impose any taxes. Municipal services that the district does not provide are supplied by the North Lake Tahoe Fire Protection District, which does fire and emergency medical service, and we rely on Washoe County for law enforcement, the justice court, roads, community development, building safety, public works and social services.

What do we do? Incline Village GID owns the water system, which includes an intake treatment plant from our single water source, Lake Tahoe. We have 95 miles of water mains within the district. We also own the sewer system, which has 101 miles of sewer lines within the district, plus we have a 32-mile long pipeline that carries our wastewater treatment plant effluent out of the Tahoe Basin across Spooner Summit and down into the Carson Valley, where it ends in a wetlands area that we have turned into a popular duck club with 22 blinds. By TRPA edict all wastewater effluent from plants within the Tahoe basin must be exported out of the Basin. We cannot use effluent water for such things as watering our golf courses or making snow for the ski resort.

We also own and operate the water treatment plant, the trash service, which operates through a private contractor, and our recycling program. We own and operate the Diamond Peak Ski Resort. We have the Chateau Community Center, which has a grill that operates in the summer. We have the golf courses at Incline Village, which include the Championship Course and the Mountain Golf Course. We have an 11-court tennis complex, a recreation center with a gym and an eight-lane, 25-meter pool and four beach areas. We have four ball fields, a village green playfield, a skateboard park, the Aspen

Grove Building, which has a picnic and barbecue area, and the District Administration Building.

In addition, the district coordinates various senior programs as part of our recreation program, and these are partially funded by a Washoe County grant.

For Fiscal Year 2008-2009 the IVGID operating and capital budget is \$42.2 million. Operations consume two-thirds of that budget and capital spending the remaining third. We expect to have a small net revenue at fiscal year's end.

The principal source of our revenues is the fees charged for use of the district facilities and services, such as our water fee, the sewer fee, the green fees at the golf courses, the ski-lift tickets, et cetera. The district also derives a major portion of its revenue from an annual recreation fee that is charged to all properties within the district and is collected along with property taxes by the Washoe County Treasurer. This amounts to about \$750 per parcel per year.

Of considerably less importance are grants from Washoe County and the federal Government as well as distributions from the county and state. We have included several attachments ([Exhibit L](#)) in the handout booklet. I call your attention to the map that shows our location of facilities. There is a listing of all 34 GIDs in the state along with their location and function. There is a comparison of the population of IVGID with the other 65 municipalities in the state. IVGID ranks just below Boulder City and just ahead of Laughlin. There is also a comparison of the population of IVGID to the 17 counties in the state, and IVGID is larger than eight of those counties.

The next 11 pages are from a recent IVGID website, which gives a lot more detailed information about the village and the district. With that, we would be happy to answer any questions that you may have.

**Chair Kirkpatrick:**

Does anyone have any questions? I know you will later because GIDs are very hard to understand your first time out. They are unique.

**Gene Brockman:**

They are unique in their own way.

**Chair Kirkpatrick:**

Does anyone at the table have anything to add?

**Gene Brockman:**

I would just like to thank you again for the opportunity and to remind you that on Wednesday of next week there is a reception for legislators sponsored jointly by the Nevada League of Cities and the Nevada Association of Counties (NACO). We urge all of you to attend so we can get to know you better.

**Chair Kirkpatrick:**

I think Ms. Woodbury has a question.

**Assemblywoman Woodbury:**

You said you collected recreation fees along with property taxes. Do you get the revenue from the property taxes, or do they go to the county or state?

**Gene Brockman:**

We impose a recreation fee on every property parcel, both residential and commercial, within our district. This is collected by the Washoe County Treasurer along with property taxes. It is not a tax, but it is collected with the taxes. It is a separate line item on our tax bill.

**Assemblywoman Woodbury:**

Do you also get the revenue from the property tax?

**Gene Brockman:**

We receive a very small distribution from the property tax. It amounts to maybe 3 percent of our total revenue source; it is a portion of the ad valorem property tax collected by Washoe County. It is a minor portion of our revenue.

**Chair Kirkpatrick:**

I want to let the four new legislators know that we do not take breaks in here, so if you need to take a break you are more than welcome to, but please make sure we have a quorum before leaving. Please come back if you do leave.

I now invite the Truckee Meadows Water Authority (TMWA) up to the table.

**Michael Pagni, Legal Counsel, Truckee Meadows Water Authority, Reno, Nevada:**

Behind me is the Chairman of the TMWA Board, Michael Carrigan. To my right is the General Manager of TMWA, Mark Foree, and to his right is the Director of Resource Planning and Development, John Erwin. Mr. Foree and Mr. Erwin will be making the presentation to you.

**Mark Foree, P.E., General Manager, Truckee Meadows Water Authority, Reno, Nevada:**

Truckee Meadows Water Authority, or TMWA, was formed as a result of collaboration with the cities of Reno and Sparks and Washoe County, which in 2001 successfully acquired the water assets from Sierra Pacific Power Company. The stated purpose of that acquisition was to retain local control over water resources. The acquisition was 100 percent debt-financed through an issuance of \$452 million worth of revenue bonds. TMWA is an enterprise fund; all revenues are derived from customer rates, fees, and charges. We receive no tax revenue or revenue from federal land sales. We are governed as a joint powers authority under Chapter 277 of NRS. We have a seven-member board. The handout ([Exhibit M](#)) shows you the current members of the board.

A little bit about TMWA's water system. We have \$652 million worth of capital assets. We currently have debt in the amount of \$554 million. You can see in the last seven and one half years we have added about \$100 million worth of debt, primarily required to rehabilitate and rebuild the system. We do have four run-of-the-river hydro-electric plants on the Truckee River. Three of those are currently operating. We acquired those plants from Sierra Pacific Power Company, and we derive revenue from those plants through a power-purchase agreement with NV Energy.

We currently have about 93,000 connections and two surface-water treatment plants in addition to 33 groundwater wells. Most importantly, we have 22,000 acre-feet of upstream storage, and that is our primary drought supply. We currently have about 175 full-time employees.

On page 4 you will see a depiction of the last six years of our revenues and also a forecast for the current Fiscal Year 2009. As you can see, the green-colored lower part of the bars is revenue derived from rates; the middle part of the bar, colored blue, is other revenue that includes mainly hydro-electric revenues and new business fees, such as inspection and engineering fees. At the top part of the bar colored yellow, we have added investment income; that has also been a major source of cash for us over the past few years.

You can see from the graph that we have had declining revenues over the last couple of years due to the economy. There is a nationwide trend of people using less water, so that is one reason for the drop in revenues. We also have a number of vacant residential, commercial, and industrial premises that are using minimal amounts water. We have had fewer new business fees as a result of the downturn in the development industry. In addition to that, we have less projected hydro-revenues this year due to the dry weather and lower river flows.

On page 5 we list all the regional coordination we do. We are a member of the Western Regional Water Commission (WRWC). We have several members of our board of directors on the Western Regional Water Commission, which was created with Senate Bill No. 487 of the 74th Legislative Session. We also have a staff person on the Northern Nevada Water Planning Commission (NNWPC).

The Truckee Meadows Water Authority has a technical advisory committee made up of technical experts from Reno, Sparks, and Washoe County who provide recommendations to our board on budgets, fees, and charges. We also have a standing advisory committee, which is a stakeholder group largely comprised of customers. I believe we have all of our customer classes covered on that standing advisory committee. This practice goes back three or four years. Other stakeholders on that committee include the Builders Association of Northern Nevada, the Reno-Sparks Chamber of Commerce, Bureau of Consumer Protection, and Northern Nevada Water Planning Commission.

We are one of the main parties of the Truckee River Operating Agreement (TROA), which you will hear more about later. The other major parties of TROA are the United States, California, Nevada, and the Pyramid Lake Paiute Tribe. I would like to point out that we do use outside advisors for all of our financial matters. They are Public Financial Management and Hobbs, Ong.

Page 6 shows water-related service providers and agencies in both the Truckee Meadows area and in southern Nevada. We have upstream storage in the Truckee River system, both groundwater and surface water supplies, and a distribution retail system. We also provide wholesale supply to Washoe County in several different areas as well as to the Sun Valley GID in two different areas.

**Chair Kirkpatrick:**

For the record and for the new legislators, the "AF" is acre-feet, correct?

**Mark Foree:**

That is correct.

**Chair Kirkpatrick:**

Could you give us an idea of how many gallons are in an acre-foot?

**Mark Foree:**

It is 325,851 gallons per acre-foot. This amount could serve about 2.2 residential units.

**Chair Kirkpatrick:**

The only reason I bring this up is because those of you who think you do not need to know this, you will need to know this before the end of session. When you say it will serve two houses, would that be a family of 12 or a family of 4, how do you base that?

**Mark Foree:**

It would be for a family of four.

**Chair Kirkpatrick:**

Mr. Settelmeyer, do you have a question?

**Assemblyman Settelmeyer:**

I do have a quick question. On your revenues, the blue, is that the amount of money you get back for hydro?

**Mark Foree:**

About one half of that is from hydro sales.

**Assemblyman Settelmeyer:**

My other question is, you have three plants, and one of them is off-line probably due to age and lack of water or ...?

**Mark Foree:**

The four hydro-plants we have, the Flash, the Verdi, and the Washoe hydro-plants, are currently operating. The Farad Plant is not currently on line. The diversion dam for that facility was washed out in the 1997 flood and has not been rebuilt.

**Assemblyman Settelmeyer:**

I am curious what your agreement is with NV Energy as to rate. I have done some work with them on hydro before. Hydro is the most renewable resource on the planet as long as you have water running. I would appreciate it if you could get this information to me.

**Chair Kirkpatrick:**

Does anyone else have any questions?

**Assemblyman Goedhart:**

An acre foot is about 325,000 gallons and is enough to cover one acre of land one foot deep, correct?



**Mark Foree:**  
Correct.

**Assemblyman Bobzien:**

I am going to frame this question with a little cautionary commentary. Before that I want to point out that I feel I have fantastic relationships with the TMWA staff.

This week it came to my attention that a BDR of one of my colleagues was inappropriately shared through the fiscal note process, and I am going to use that to frame some concern I and some constituents have about the business of TMWA and where things are, particularly, in terms of transparency with the public.

Could you give us an update or even just a brief narrative of what happened over the summer with the proposal to enter into the long lease agreement with TMWA? The ins and the outs of the process of how that was considered and then the eventual outcome.

**Chair Kirkpatrick:**

Time is of the essence. Is it in your PowerPoint presentation, or is this something we want to ask?

**Mark Foree:**

No, it is not in the presentation but I think I can answer it very briefly. Over the summer, the local agencies that form TMWA—Reno, Sparks, and Washoe County—began looking at possibly doing a long-term lease of TMWA assets. This was a new kind of investment that investment firms were exploring. Investment firms, such as pension funds, were looking at acquiring assets on a long-term lease and have a stable rate of return for their investors. The cities and county looked at what it might provide in terms of an up-front payment for that long-term lease, and that was investigated for a brief period of time. It was presented that that option be studied at our board meeting in July, but about a week later the board decided it was not something they should be going forward with. They had a special board meeting a week later, and they killed that idea.

**Chair Kirkpatrick:**

Does that answer your question, Mr. Bobzien?

**Assemblyman Bobzien:**

[Assemblyman Bobzien nodded a yes.]

**Mark Foree:**

Page 7 is a depiction of TMWA's share of the regional water deliveries and service connections. With that, I will turn it over to John Erwin to talk about water resources.

**John Erwin, Director, Resource Planning and Development, Truckee Meadows Water Authority, Reno, Nevada:**

On page 8, I provide you a graphic showing the Carson and Truckee River system here in northern Nevada; this is a highly regulated system. There are several reservoirs, both man-made and natural reservoir systems, which are managed on the river.

On page 9 are some of the resources that TMWA manages. I will not go through those in detail, but just to give the southern Nevada people perspective, the southern Nevada Water Authority (SNWA) has a demand of about 600,000 acre-feet projected for 2009. Here in northern Nevada, TMWA and Washoe County do about 100,000 acre-feet.

The maximum day delivery capacity of SNWA is 900 million gallons a day. The maximum day delivery here at TMWA is 150 million gallons a day. It is about a sixfold increase when you talk population, water resources, and water delivery systems.

Again, we have surface water resources, groundwater resources, and storage resources. We use those in combination when we head into a dry period like we have coming up this season. This is how we manage our water supply to meet the needs of the community both indoors and outdoors.

Page 10 indicates the future water resources we are working on. Here is the Truckee River Operating Agreement. After approximately 20 years of negotiations with California, the State of Nevada, the United States, and the Pyramid Lake Paiute Tribe, we were able to sign this agreement last September. Now we are into the implementation phase.

There are some critical issues with this operating agreement. It does preserve the existing water rights of all water right holders to the Truckee River system, both upstream and downstream. It re-regulates the reservoirs that we currently have in operation. The basic tradeoff is, the federal government owns storage, TMWA has water rights, and we need water in a drought. The Pyramid Lake Paiute Tribe has an endangered species, the cui-ui fish, so they need water.

Page 11 indicates water rights. The narrative there describes some of the sources, particularly the Orr Ditch Decree which established certain water rights.

Water rights here are different than what you have in southern Nevada. Southern Nevada has a single block of about 300,000 acre-feet of the Colorado River. A portion of that can be returned, and you get credit for that, so you can turn the 300,000 into almost 600,000 acre-feet. There is no return credit available on the Truckee River system. If you take water out and apply for effluent, you have to return a water right to the river for downstream claimants to that water. The river has to remain whole. Those opportunities are limited here on the Truckee River system.

The water rights are sliced and diced, they are a real piece of property, and they are attached to a parcel. This is very important to remember. There are some 42,000 potential claimants and 30,000 different entities that own water rights. Who they are and how to amass them into a single block is a very time consuming and extremely expensive proposition. The water rights market here in northern Nevada is, if you have a willing seller and a willing buyer, they can make a transaction.

We do engage slightly in the market. We do have about 2,500 acre-feet we have purchased that is waiting for a developer to come in and buy it, but the punch line is, if you want to develop, you have to bring a water right to the utility. That is for both TMWA and Washoe County. If you want to develop in northern Nevada, you have to bring us a water right.

The next page is the same water right but a different use. TROA preserves that concept, preserves everybody's rights on the river. It just re-manages the river. Same water right; just a different use. What once was used for irrigation is now being used for a McDonald's, a casino, a house, and so on.

A picture of the river system shows the various reaches along the Truckee River. This becomes important as you look at page 14, because it shows the available water rights on the Truckee River system in the table. The Orr Ditch Decree was established in 1944. The first column shows the decree totals, which are fixed in time, fixed in perpetuity. There are 224,400 acre-feet adjudicated on the Truckee River system. That has to service all the water right holders. That does not include diversions to the Truckee-Carson Irrigation District (TCID), but generally it relates to the irrigation rights available on the Truckee River system. You see in the far right-hand column the red number, which is an estimate of how many water rights we think are available for conversion from the current agriculture use to municipal and industrial (M&I)

use. Again, that 50,000 acre-feet represents who owns the water rights and if they are willing to sell them.

**Chair Kirkpatrick:**

Do you lease those water rights?

**John Erwin:**

We do not. Leasing is a little bit difficult because you are looking at the utility making a commitment to service a home or whatever in perpetuity, and to lease those long-term could be fairly costly. And who would bear the cost? Would it be a unique rate for that home owner, or a unique rate for that business? We do not manage those kinds of administrative things. The water rights are deeded to the utility for use.

**Chair Kirkpatrick:**

Does anyone else have any questions?

**Assemblyman Goedhart:**

Of those water rights available for purchase, are they mostly irrigation rights coming off the river?

**John Erwin:**

Yes sir.

**Assemblyman Goedhart:**

Are there still groundwater-basin water rights available as well?

**John Erwin:**

Within the Truckee Meadows, if you think of Reno-Sparks as one large basin, in essence all the water rights have been appropriated. There are individual owners of water rights that can go through the same transaction process. They could sell them if they decided to. As you saw on the presentation, we actually hold diversion rights to 44,000 acre feet, but we have been limited to 16,000 acre feet that we can pump a year. We cannot go above that amount. The County Resource Division also holds water rights. There are no more groundwater rights you can add to the system. It has been fully appropriated and adjudicated in that sense.

**Assemblyman Goedhart:**

Even though you have 44,000 acre-feet of groundwater rights, you are only allowed to pump 16,000 acre-feet?

**John Erwin:**

That is correct.

**Assemblyman Goedhart:**

They are looking at the permeable yield versus what was actually overallocated at some point.

**John Erwin:**

That is correct. The next page shows from 1985 to 2007 some of the average flows and the users of the water that come off the Truckee River system. The brown you see is a small portion, which is the M&I. That is what the TMWA diverts and uses from the Truckee River system. The other irrigation is TCID, with Pyramid Lake being the biggest beneficiary of the waters from the Truckee River System; particularly in wet years. In dry years TCID has a greater portion of the river to augment the Carson flows.

Page 16 shows you a comparison of Lake Tahoe elevations. What we are doing here is comparing four different hydrologic cycles of extremely dry periods—1928 to 1934, 1987 to 1994, and then 2000 to 2006 and current. The red line indicates we are heading into what appears to be another hydrologic dry cycle.

Our system is designed with our surface resources, with our groundwater resources, and our storage resources to manage through these dry cycles. Page 17 depicts diversions of the Truckee River during dry and non-drought periods.

Lastly, a quick summation of the issues facing us: We have declining revenues, expenses to mitigate the April 2008 earthquake, implementing TROA, regional consolidation evaluation issues, and dealing with hydrologic climate variations and operations. We are happy to field any questions that you have.

**Chair Kirkpatrick:**

Does anyone have any questions?

**Assemblyman Aizley:**

We just had your presentation from the TMWA, and earlier we had the overview of the Washoe County Department of Water Resources. Are you related? Have you worked together? Why do we have two presentations?

**John Erwin:**

There are actually two entities to water utilities. One is the TMWA. We serve as wholesale and retail customers in the Truckee Meadows area. We serve a

population of 300,000. As Ms. Menard pointed out in her presentation, Washoe County services areas surrounding the Reno-Sparks area. They have multiple systems, groundwater systems. They buy water from TMWA. We are a wholesaler much like Southern Nevada Water Authority (SNWA) in Las Vegas. In Las Vegas you have the City of Henderson, the City of North Las Vegas; it is the same type of concept.

**Assemblyman Aizley:**

Are you supplying the water to these other areas?

**John Erwin:**

We do supply a portion of the water to areas in the southern part of the Truckee Meadows and also into the Spanish Springs area.

**Chair Kirkpatrick:**

Are there any other questions? I know I will see you coming back and I look forward to seeing you in the future. Please do not hesitate to call and ask the members any questions. The issues up in northern Nevada are very different than down in southern Nevada. We do have one more group that is going to come to the table.

**Darrin Price, Chair, Northern Nevada Water Planning Commission,  
Reno, Nevada:**

We are a water purveyor in the Truckee Meadows. You did not hear a lot mentioned regarding us today. The Sun Valley General Improvement District (GID) is the longest-established water purveyor in the Truckee Meadows. When Sierra Pacific sold their water resources to Reno, Sparks, and Washoe County, TMWA was formed.

The Washoe County Department of Water Resources has been in service since 1982. We have been in service since about 1966, formed under NRS Chapter 318. We are also the largest GID in Washoe County. We do the water, wastewater and solid waste for our community of approximately 20,000, and we have 6,000 service connections.

I am the current Chair of the Northern Nevada Water Planning Commission (NNWPC), which is an advisory group to the Western Regional Water Commission (WRWC). That is why I am here before you today.

After the enactment of the WRWC Act last year, the member agencies of the WRWC got an early start. Member agency representatives met during the interim six times to review the new legislation and to discuss the creation of the WRWC.

On page 1 of the presentation ([Exhibit N](#)), there is a list of the committee members from Sparks, Reno, Washoe County, Sun Valley GID, and the South Truckee Meadows GID. There is also a member from the Truckee Meadows Water Reclamation Facility, which is the largest wastewater facility in our area. As you can see from the list of members, the WRWC was responsive to issues raised by legislators concerning the WRWC organization. The early WRWC meetings were held in roundtable fashion and included the NNWPC members and key staff.

The board recently agreed to become the Water Quality Planning Agency. These powers were given to us from the Regional Planning governing board. They gave the recommendation to turn it over because the powers and duties are set forth in Senate Bill No. 487 of the 74th Session that established the WRWC. The members and staff participated in four meetings held by the Legislative Oversight Committee. They work closely with the staff to provide information and recommendations during the 2008 interim. The board appointed members to NNWPC as required by S.B. No. 487. Members included voting representatives of the Pyramid Lake Paiute Tribe and the Washoe County Water Conservation District.

Actions we have taken, including recommendations from the NNWPC, include watershed based water quality planning for the Truckee River, and as it is explained on the page, it is a coordinated effort using a technical consulting firm and a public process expert to engage regional stakeholders. We also talked about the integrated water management plan for the North Valleys. This is a multiagency team developing integrated water resource management plans for those North Valleys areas that are listed. It is focusing on balancing the water supply with the wastewater and reclaimed water while maintaining control of storm water and flooding. The plan will serve as a model with regional application for the expansion of the regional integration of reclaimed water systems. The project team is analyzing the regulatory, procedural, and public perception challenges that are associated with expanded use of reclaimed water.

We have also worked on the water sustainability. We have shied away from water conservation because it is truly water sustainability. The member agencies are engaged in this for the municipal, industrial, and domestic water resources within our planning area. Expected outcomes and activities include recommendations for the water sustainability, agreements amongst the water purveyors in the area and local governments, and recommendations to members regarding the water sustainability for ordinances or tariffs to be implemented. Also, the examination of the status of the science concerning climate change and consideration of the possible effect it could have on the region. I would

like to let this committee know NNWPC has been very active over many, many, years, even back when it was the Regional Water Planning Commission in studying the EvapoTranspiration (ET) controllers, which were actually a part of the original water planning commission's efforts. We are also using satellite imaging to track some of our water. Many great things are going on at the Water Planning Commission. The Comprehensive Plan Amendment was recently adopted by the WRWC and amendment to the existing Comprehensive Regional Water Management Plan, setting the stage for the development of the comprehensive plan, which is due in 2011. The amendment incorporates water resources and facility plans completed by Reno, Sparks, Washoe County, and the Sun Valley GID. The amendment shows there are water resources identified in Washoe County that may be used to meet the projected demands through the year 2030. There is also an evaluation required by the bill for the consolidation of the water resource agencies in the Truckee Meadows.

The WRWC did initiate this effort with the two larger water purveyors, TMWA and Washoe County, to conduct a focused financial analysis to assess the feasibility of the various forms of integration. Financial analysis was done by Swendseid and Stern, who was bond counsel for the Sun Valley GID, TMWA, and Washoe County. The results indicated that it would be financially impossible at this time because the impact of the rates for customers and developers would be too great, whether TMWA took over Washoe County or vice versa. Rosemary Menard, Director of Washoe County, is sitting to my left, and she could address what came out of the report. Also, to my right is Jim Smitherman, Program Manager for WRWC and the NNWPC.

With that, I would be happy to answer any questions. I would like to also mention that there is a color brochure that was included with the handout ([Exhibit O](#)). This brochure was developed amongst the entities to talk about what the WRWC is doing, what are our accomplishments, where we are heading in the future, and some of the other great projects that we have been working on in the interim.

**Chair Kirkpatrick:**

Does anyone have any questions? If you can, please get a copy of the comprehensive plan amendment to the Committee. I remember last session that it was very controversial, and we could not have the amendment before 2011.

If you represent both entities, is there ever any time that you are conflicted?



**Darren Price:**

As General Manager of the Sun Valley GID, my duties are separate from, say, a representative on the NNWPC because it is a technical group that advises the WRWC.

**Chair Kirkpatrick:**

Does anyone else have any questions? [There were none.]

That ends our presentations for the day. At this time, we will ask for any public comment. [There was no public comment.] With that, I am going to remind everyone that we start right at 8 a.m. Meeting adjourned at 10:38 a.m.

RESPECTFULLY SUBMITTED:

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Cheryl Williams  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: \_\_\_\_\_

**EXHIBITS**

**Committee Name:** Committee on Government Affairs

**Date:** February 3, 2009

**Time of Meeting:** 8:00 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Guest List
	C	Chair Kirkpatrick	Committee Rules
	D	Susan Scholley, Committee Policy Analyst	Committee Policy Brief
	E	Katy Simon, Washoe County	PowerPoint Presentation
	F	Katy Simon, Washoe County	Pamphlet
	G	Katy Simon, Washoe County	"Navigating the Fiscal Crisis"
	H	Rosemary Menard, Washoe County Department of Water Resources	PowerPoint Presentation
	I	Shaun Carey, City of Sparks	PowerPoint Presentation
	J	Shaun Carey, City of Sparks	CD
	K	Shaun Carey, City of Sparks	Pamphlet on (STAR) Bond Program
	L	Gene Brockman, Incline Village GID	Presentation Booklet
	M	Mark Foree, Truckee Meadows Water Authority	PowerPoint Presentation
	N	Darrin Price, Western Regional Water Commission	Presentation
	O	Darrin Price, Western Regional Water Commission	Handout