

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

**Seventy-Sixth Session
March 4, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 8:02 a.m. on Friday, March 4, 2011, 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/76th2011/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; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblywoman Irene Bustamante Adams, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblyman John Ellison
Assemblywoman Lucy Flores
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

Assemblyman Ed A. Goedhart (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Pete Goicoechea, Assembly District No. 35

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Cyndie Carter, Committee Manager
Cheryl Williams, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Bjorn (BJ) Selinder, Board Member, Central Nevada Regional Water Authority
Steve Bradhurst, Executive Director, Central Nevada Regional Water Authority
William B. Horn, General Manager, Incline Village General Improvement District
Ron Smith, Chairman, Flood Project Coordinating Committee, Truckee River Flood Management Project
Naomi Duerr, Director, Truckee River Flood Management Project
Robert Larkin, Vice Chair, Flood Project Coordinating Committee, Truckee River Flood Management Project

Chair Kirkpatrick:

[Meeting called to order. Roll was taken.] Please mark Ms. Flores and Mr. Goedhart present when they arrive. We are going to go out of order this morning. Welcome back to Government Affairs, Mr. Goicoechea. We miss you.

Assembly Bill 145: Requires a copy of an ordinance proposing the annexation of an area by an unincorporated town to be sent to each owner of real property in the area under certain circumstances. (BDR 21-11)

Assemblyman Pete Goicoechea, Assembly District No. 35:

It is nice to be back in Government Affairs, and this is my favorite committee. I spent three sessions here, and it is truly the best committee to deal with issues.

I am bringing to you a very complex bill that I am presenting from our former colleague, former Assemblyman John Carpenter. Originally he brought this bill forward, and I am presenting it on his behalf.

This bill pertains to the annexation of properties outside of an unincorporated town. In that scenario, the town board or the board of county commissioners can, in fact, propose to annex property into their boundaries. It is actually the board of commissioners that gives jurisdiction over the town board.

I was hoping that Assemblyman Brooks was on this Committee because I know he has a piece of property outside of the town of Crescent Valley, and if the Crescent Valley town board or the Board of Eureka County Commissioners were proposing to annex his property into the town of Crescent Valley, it would be impossible for him to know. The *Eureka Sentinel* is a two-page paper that comes out weekly, and the chances that he would notice that his property was going to be incorporated or annexed into that town would be very slim.

I do not have to tell you that, once your property is annexed into a town, you will start paying the town tax rate, and it is always a higher tax. This bill would simply require that you be notified at the point when the intent/title is published and they were going to put this ordinance in place and annex the property into the town. The property owners outside of the town would have to be notified by Certified Mail, with a return receipt. You would then be aware that the town is going to annex your property.

In the case with Mr. Carpenter, he had a gravel pit on the outskirts of McGill, and he received a tax bill that showed he had been incorporated into the town of McGill. At that point, it becomes de facto zoning.

With that, I will stand for any questions that the Committee may have. Again, I know it is a very complex bill.

Chair Kirkpatrick:

Annexation always has amendments.

Assemblyman Ellison:

I think this is a good bill, and notification is a good thing. One of the other problems that could occur with this is if they did annex your property in, along with that comes different codes. Is that correct?

Assemblyman Goicoechea:

Again, depending on the jurisdiction, it becomes de facto zoning. It is a zoning change at the point that they annex the property.

Assemblyman Ellison:

Okay, thank you.

Assemblywoman Flores:

I know this is hard to estimate because you do not know how large an area a town would potentially try to annex, but how many people do you think might be affected by this, and how many notices would they have to send out? I know there may not be a lot, but I am trying to figure out if this notification would be a huge burden on the towns.

Assemblyman Goicoechea:

The district that I represent is predominately rural. We are talking about unincorporated towns. So, if you are in an area that is more urbanized, they would truly be an incorporated town or city. We are talking about small rural communities such as Crescent Valley and Beowawe. The total number of people impacted would be two or three, on a case-by-case basis. It would be very few. It becomes an issue when you start talking about annexing large parcels. If the people control 51 percent of the assessed valuation of the annexed area, very similar to a government improvement district (GID), they do not have to come in. It would be very few. Somebody that owns a piece of property on the outskirts of a small unincorporated town where he has been paying \$25 for taxes a year, all of a sudden gets a bill stating he owes \$300 and he only paid \$200 for the property. He says, "What happened?" He then contacts the assessor and finds out that his property has been annexed into the unincorporated town.

Assemblywoman Pierce:

Do we require that this kind of stuff be on the webpage of the town? Everyone has a webpage these days, right?

Assemblyman Goicoechea:

I would bet that a number of these unincorporated towns do not have websites.

Assemblywoman Pierce:

The county or something like that . . .

Assemblyman Goicoechea:

The county would. We could require that. Again, I want to remind you I am presenting this bill for Mr. Carpenter, who was very "techy" and did not really care if it was on the webpage or not. That is not where he is going to be notified. He wants a hard copy, a piece of certified mail.

Assemblywoman Pierce:

I agree, but I think as much notification as possible should be used. Sometimes you get someone who is looking at a webpage and then sees this kind of information.

Assemblyman Goicoechea:

It would be very acceptable for an amendment to this bill, if you would like to incorporate the language that said, "must be published on the website, if available."

Chair Kirkpatrick:

Are there any other questions? I remember last session when we had all those crazy annexation bills that there was not a notification. Is it just in the rules that there is no notification?

Assemblyman Goicoechea:

I realize that we did go through and work on a notification process, but I do not believe it pertained to just annexation. I am sure that staff can check on that. I did not go back and research the bill to find out why Mr. Carpenter brought the bill forward. I would assume that Legal would have said something when they drafted this bill, if it were already in place. Legal would have let Mr. Carpenter know that he did not need it because we cite this.

Chair Kirkpatrick:

I think that if you are going to try to change a property owner's tax rate and change the rules, a town just cannot do that. A lot of times when the property is annexed the rules are different. So I think, regardless, it is beholden on the local government to pay for that notification.

Are there any other questions? [There were none.] Is there anyone who is in support of Assembly Bill 145 that would like to testify? [There was no one.] Is there anyone who is in opposition to A.B. 145? [There was no one.] Is there anyone that is neutral? [There was no one.] It must be a simple bill.

Assemblyman Goicoechea:

Again, as Assemblywoman Pierce requested, if you would like to see some language put in the bill that goes beyond the return receipt request, maybe we can put some language in that it be posted on the website of the unincorporated town or city, if available.

Chair Kirkpatrick:

Another option is to say that they must have a minimum of one other option of notification, such as the newspaper.

Assemblyman Goicoechea:

Any ordinance has to be in the newspaper, and it has to stand for two public hearings. The bottom line is anytime you present an ordinance you have to stand for two public hearings. It would be in the newspaper, but if it was in the *Eureka Sentinel*, chances are a property owner in southern Nevada or even Washoe County might not see it.

Chair Kirkpatrick:

With that, we are closing the hearing on A.B. 145.

Assemblyman Goicoechea:

Thank you, Madam Chair.

Chair Kirkpatrick:

At this time, we ask the Central Nevada Regional Water Authority (CNRWA) to come up and give their presentation.

Bjorn (BJ) Selinder, Board Member, Central Nevada Regional Water Authority:

Today I am not here in a lobbyist capacity. I am here representing the Central Nevada Regional Water Authority, as a member of the Board of Directors from Churchill County.

With me today is Steve Bradhurst, Executive Director of the CNRWA. I am going to take a minute or two to go through the formation of this organization, and Mr. Bradhurst will then get into the meat of the presentation.

The Central Nevada Regional Water Authority was formed in 2005 under a provision in *Nevada Revised Statutes* (NRS) Chapter 277, the Interlocal Cooperation Act. At this time, the CNRWA comprises eight counties, which encompasses about 63 percent of the total land area in the state of Nevada.

Currently, there are 20 members on the board. However, shortly there will be one new member added from Pershing County. That will make it one of the larger committees of this nature in the state. I am not aware of any other committee that is larger.

It is a joint effort in regard to the way in which this organization is administered and that is evidenced by the fact that legal counsel for the organization is provided through the Eureka County district attorney.

The fiscal agent is the Elko County comptroller. The authority's office is located in the Churchill County Administrative Complex in Fallon. You can see that is a spread-out organization and that it provides services to its members, but you do have to know where to go to receive the services.

As I said, the water authority encompasses about 63 percent of the total area in the state, and that includes 78 groundwater basins. In order to become a member of CNRWA you must have at least a portion of that hydrographic or water basin region in your county.

In concluding my part of the presentation, I would like to draw your attention to page 13 ([Exhibit C](#)). You can see the importance of water to rural Nevada. These are pictures from the areas that the CNRWA represents, and they include everything from downtown Ely to the Stillwater National Wildlife Refuge, portions of the Pony Express National Historic Trail, and U.S. Highway 50. On the right hand side is Kingston Canyon, which is a beautiful place. Finally, at the bottom of the page is a portion of the Shell Creek Range. Those are the reasons that rural Nevada has joined together to ensure that the groundwater resources are recognized and well protected. I will now turn the presentation over to Mr. Bradhurst.

Steve Bradhurst, Executive Director, Central Nevada Regional Water Authority:
In our presentation ([Exhibit C](#)), you will notice a page number in the top right hand corner. I will talk a little about the conferred functions of CNRWA, and then I will move on to some of the authority's activities and some of the issues.

Function one of the authority is to formulate and present united positions. It is easier said than done. We have eight counties, and we try to make sure that all eight counties are working together collaboratively, as well as cooperatively. We have positions that the eight counties take, and when we have those positions, we try to make recommendations to the appropriate entities, such as the Nevada Legislature, United States Congress, or other government agencies.

The second function is to monitor available water supplies. We are particularly interested in what might be a challenge to the rural areas in terms of impacts on water basins, including taking water out of the basins and exporting it to the urban areas. As an example, the CNRWA is one of 16 government entities that is cooperating with the Bureau of Land Management (BLM) and preparing the

environmental impact statement (EIS) on the Southern Nevada Water Authority (SNWA) water importation project right-of-way.

There are seven federal agencies, seven local government agencies, and two states, those being Utah and Nevada, involved as far as cooperative agencies providing input to the BLM as they prepare the environmental impact statement on the Southern Nevada Water Authority water importation pipeline project. By the way, the draft of the EIS should be out sometime this summer for public review.

Function three of the conferred functions is very important. As Mr. Selinder pointed out, the eight counties share their resources to try to come together. What function three really says is that they have combined the limited fiscal and staff resources of these eight counties for the purpose of obtaining technical support, legal counsel, and policy advice. It is so important for sound water resource decisions.

Chair Kirkpatrick:

We would like to ask some questions along the way.

Assemblyman Livermore:

I have been looking at your presentation. For clarification, in Churchill County, I believe the City of Fallon purchased a lot of potential water rights in Dixie Valley. Is that part of CNRWA jurisdiction, or where does that fall in?

Bjorn Selinder:

Not the City of Fallon, but actually Churchill County came into a significant amount of water rights on paper out in the Dixie Valley area. We have been maintaining the status of that through the Office of the State Engineer. Currently the water is actually being put to use, as I understand it, for geothermal generation or electric generation and is being continually used then for beneficial purposes. Future use of that water depends on growth, the need, and so forth, on where that ends up being applied. I hope that answers your question.

Assemblyman Livermore:

It does. My reason for asking that question is I believe Churchill County looked at its water resources within their county boundaries, and the acquisition of the Dixie Valley water was supplemental to what they get for the Newlands Project, the Lahontan Reservoir, and the Carson River. That has a direct impact to the upstream uses or collaboration and making sure that Churchill County does have enough of its own resources to deliver to the agriculture component.

Steve Bradhurst:

Assemblyman Livermore, that is an important point, and at least these eight members of the CNRWA have their focus on trying to make sure they have enough water for their economic future and also for their natural environment. You will see that in our mission statement.

The CNRWA is the advisory authority, but the counties have to take care of their own business, as Mr. Selinder pointed out. We encourage the counties to do that. The counties need to make sure they have a future and that water is not gone.

Function four is an important function of the authority, and that is to facilitate the development and maintenance of a common database. Since 2006, the CNRWA has partnered with the United States Geological Survey (USGS) to go out and inventory wells and certain basins in 11 water basins in rural Nevada. After we inventoried those wells we went back and said, "What wells should we monitor on an annual basis so that we get a long-term picture of the water level in these various basins and what is happening in these basins over time?" So we have come up with 47 wells that we actually monitor in these 11 basins. We have an ongoing monitoring program now.

I will be brief. Function five on the second page of the presentation is to encourage citizen participation in water supply and management issues.

Function eight is to communicate the functions and activities of the authority to public and private interests. I might indicate how we communicate. We have press releases. We meet quarterly, at a minimum. We have a website and the address of the website is at the bottom of page 2. We have the Great Basin Water Forum that is held every year.

Page 3 ([Exhibit C](#)) is a map of Nevada with the eight counties that are members the CNRWA.

The area in blue on page 4 is what we refer as the central hydrographic region. This is the largest hydrographic region in the state of Nevada. As Mr. Selinder pointed out, 78 individual water basins are valleys within that hydrographic region. If I had to describe the characteristics of that hydrographic region some way, I would describe it as the last waterhole in Nevada, and it is a pretty dry waterhole. There is not a perennial stream or river that goes through any of that area, so when you look at the blue area you will not find a river like the Truckee River, the Carson River, or the Colorado River, or any of the perennial rivers. The water that we have there are little streams in these valleys, as well as groundwater.

Pages 5 through 8 list the board of directors. We have 20 members today and we will have 21 members starting at our meeting next week.

Page 9 is interesting. It is an amended memorandum of understanding (MOU). I mentioned the Great Basin Water Forum. Back in 2009, counties in California, counties in Utah, and the CNRWA counties decided to come together by way of an MOU so they can meet once a year to talk about water issues in the Great Basin.

On page 11 ([Exhibit C](#)) you will see a map of the Great Basin, and it covers just about all of Nevada, as well as a portion of eastern California and one-half of Utah. What we have by way of this MOU is 13 counties: 2 counties in Utah, Millard and Juab, the 8 counties in the CNRWA, and 3 counties in California, Inyo, Mono, and Lassen. They have come together by way of this MOU to meet once a year for what we call the Great Basin Water Forum. We have had two meetings to date. The first was December 17, 2009 and last year it was held on October 21, 2010 and October 22, 2010. We had about 120 people come together to talk about water issues. We could go up to 20,000 feet, and we look at water issues in the Great Basin, so we are not just focusing on CNRWA or a particular county, we are looking at the large area. It is rather unique to have counties in three states come together for that purpose.

In conclusion, if you look on page 12, this is an outline of testimony of the CNRWA to the Legislative Committee on Public Lands at their meeting May 7, 2010, in Tonopah. If you look at item D, you will see the CNRWA recommendations. These are some of the front burner issues of the CNRWA. We made these recommendations to the Legislative Committee on Public Lands. I am pleased to say that of the nine recommendations, eight were accepted and included in the report to this session by the Legislative Committee on Public Lands.

I would like to mention a few of those recommendations. Number five is rather important as far as the recommendation that CNRWA submitted to the committee, and that is the state should determine the maximum distance a groundwater system can be lowered without adversely impacting the basin's ecosystem and water users. When you have a water right and someone has the right to take water out of the ground, there ought to be some determination as to how far down you can lower the water table. You ought to stop at a certain point so you are not adversely impacting the vegetative cover as well as other water rights.

Item 6 is important. The state should make sure monitoring and mitigation plans associated with groundwater and surface water use are effective. If there is a monitoring mitigation plan, then someone has a right to take water out of the ground. That plan ought to be effective and actually do something, other than being just something on a piece of paper.

Number 7 is the state should recognize that Nevada has a finite sustainable water supply (surface water and groundwater) for its communities and ecosystem. Therefore, local government land use plans must be based on identified sustainable water resources. I am very pleased to say you tackled this in the last session through Assembly Bill No. 119 of the 75th Session. Certainly Washoe County voters tackled it with Washoe County Question 3 in the 2008 election.

Finally number 8, the state should thoroughly investigate the potential for alternative sources of water. That is conservation, desalination, reclaimed water, capturing rain water, cloud seeding and encouraging its communities to use alternative sources of water. Water supply is a big issue, and we need stretch our resources as far as possible.

That concludes my presentation, and I would be happy to answer any questions that you might have.

Assemblywoman Neal:

I have a question. When the Southern Nevada Water Authority gave their presentation, they gave us a chart of their projected use and how it was being diminished within the lake. Do you have a chart that shows how much water you have and what is its future and where it is going to dissipate?

Steve Bradhurst:

That is an excellent question and I listened to the presentation for this Committee on Wednesday. I was somewhat struck by the comment that as the drought continues and as the climate changes, when we put it all together, you will see a reduction in the water in the Colorado River Basin.

They have to go somewhere else for water. The question that begged an answer is would there be a drought in rural Nevada at the same time? If that is the case, would there be less water also in rural Nevada? So, if one is thinking of going someplace else for water, whatever limited water supply we have in rural Nevada by way of groundwater, there is going to be even less over time.

To answer your question directly, the USGS has a figure of what they call sustainable or perennial yield for each one of the basins, and that is how much you can take out of the basin on an annual basis without depleting and digging into the reserve water in these basins. In some basins it might be 10,000 acre-feet of water, some might be 5,000 acre-feet of water, and others might be 40,000 acre-feet of water. But, there is not much water, and as the drought continues the issue is that perennial yield number gets smaller and smaller because there is less water coming in from rainfall and snowpack to recharge that basin.

Keep that in your mind, that rural Nevada is not the panacea; it is not the solution to the water shortage that these urban areas are going to have. They are also experiencing a drought.

Assemblyman Ellison:

You guys do a lot of good work, and I can tell you I have seen this report over and over in the report from our county commissioners back to us when I was county commissioner.

If you look at page 4 at the very top of the blue area; we invested a lot of money to have some wells drilled up in that area, as you may know. We partnered with USGS to try to get a handle on what could happen if that aquifer was drained down.

Are there other counties that are doing supplemental testing in wells that you are aware of?

Steve Bradhurst:

I know that Eureka County has been doing some work with the USGS in Kobeh Valley, right next to Diamond Valley, north of the town of Eureka. I do not know if there is any other drilling going on at this point in time. Churchill County might have some drilling going on with the USGS in Dixie Valley.

Assemblyman Ellison:

I think right now we did about 175,000 acre-feet in the last three years. I think that report needs to go to you, and once we get it all finalized we will see what can be done with it. That is going to play a vital part in what you are going to be doing in the future.

Steve Bradhurst:

I have to concur with you. If you talk to the state engineer, he will tell you that is nice to have these fancy water models, pictures, and colors and all of that, but the bottom line is it is the hard data that is so important. That is, if you come in for an application to take water out of a particular valley, let us say Diamond Valley, and you want to take out 10,000 acre-feet, the first thing the state engineer is going to do is look at the wells in that valley. He is going to try to find out what has been the water level trend over time, and if the water level has been dropping over time even without activity. That would be a red flag for the state engineer. There is a concern, and he should take a good hard look at whether or not there should be another straw in the ground to exacerbate that situation. If there are holes out there and data where monitoring wells should be drilled, these local governments in rural Nevada would be smart to consider them because it is important to have that information there and approved by the state engineer.

I might add that the CNRWA's well inventory and monitoring program included the state engineer. We had a cooperative effort with the USGS, the Nevada Division of Water Resources, and the SNWA every step along the way, and we worked with them. Our information is on their website, as well as the USGS website.

Chair Kirkpatrick:

Are there any other questions?

Assemblyman Stewart:

Looking at the map on page 4, can you tell me why some of the other counties have not joined your organization, like Lincoln County and Mineral County? Is it a financial thing?

Steve Bradhurst:

The financial thing is important, particularly for Mineral County. Mineral County had shown some interest, and we have talked with them. As you all may know they are on their knees financially. Our membership cost is \$7,500 a year, so we are not a rich organization. Our revenue is \$60,000. As Mr. Selinder pointed out, we have the assistance of the district attorney in Eureka County and the comptroller in Elko County. We are doing that to stretch our resources as much as possible.

Mineral County has indicated that they have some concerns. In the past, I was told that Lincoln County had some interest, and I do not know how serious that is. We have worked with Lincoln County and, in fact, I have been talking with the Lincoln County Water District off and on over the last few years.

We do not push membership. If you want to be a member, please join us.

Assemblyman Stewart:

Are you involved with White Pine County in the Snake Valley and Spring Valley to bring the water down to Clark County? Is that part of your agenda or not?

Steve Bradhurst:

The CNRWA has taken the position that it is not going to be involved in a county's business. White Pine County's business is to be directly involved as you would expect that they would be involved, with the Southern Nevada Water Authority project since they are talking about taking water out of White Pine County and moving it south to Clark County. We are involved to the extent that the Bureau of Land Management (BLM) said we would like to have you be one of our cooperating agencies to help provide input on the draft environmental impact statement (EIS) on the SNWA project as far as the right-of-way.

The CNRWA is a cooperating agency, but when we signed the MOU with the BLM we agreed not to talk publicly about what our findings are or what the issues are. It gives us an opportunity to point out on a technical side what we see as a problem with respect to the project. That is the extent of our involvement. The CNRWA has concerns, most definitely, with any project that is taking water from rural Nevada because, as Mr. Selinder pointed out, if you take a look at the last slide, it is a beautiful area and it should be protected.

Chair Kirkpatrick:

Does anyone have any other questions? We will now go to our general improvement district's presentation.

William B. Horn, General Manager, Incline Village General Improvement District:

With me today is Bea Epstein, Treasurer of the Board of Trustees. She is a past Chairman. We were asked to share with you what a government improvement district (GID) is. A GID is formed by Nevada county commissioners under *Nevada Revised Statutes* (NRS) Chapter 318. I have listed for you in our presentation ([Exhibit D](#)) on page 2 the myriad of community services or public services that can be provided. Incline Village General Improvement District (IVGID) happens to provide a swimming pool, sanitary facilities for sewage, collection and disposal of trash, recreational facilities, and facilities for water processing.

To speak to what IVGID is, we serve the two unincorporated communities of Crystal Bay and Incline Village. The Washoe County Commission started IVGID in 1961, and this June we will be celebrating our 50th anniversary. Last year the community of Crystal Bay celebrated their 84th anniversary, and Incline Village celebrated their 50th anniversary.

We had quite a celebration. It was kicked off by a Memorial Day celebration, which was also a combination of a Veteran's Day celebration. It culminated with the 244th anniversary of the United States of America with a three-day celebration that was put on by Red, White and Tahoe Blue, which is a 501(c)(3) charity which was formed to provide for this annual celebration without any cost to the community.

As I have indicated on page 3, the commissioners formed us in 1961. At that time it was just water and sewer and a couple of years later they added trash collection and recreation services.

Today we serve 4,200 water, sewer, and trash customers, and we have over 8,200 recreation customers.

On page 4 ([Exhibit D](#)), I gave you a list of our infrastructure. We have a wastewater treatment plant, an ozone water treatment plant, 100-plus miles of sewer pipe lines, 32-plus miles of an effluent export pipeline, which takes the treated wastewater out of the basin as required by the Tahoe Regional Planning Agency (TRPA), 95 miles of water mains, a ski resort, which I know is unusual for a public agency to own, a community center of 24,000 square feet, a recreation center with an indoor swimming pool of 38,000 square feet, two golf courses, a tennis center complex, and four beaches, one with an outdoor swimming pool and one with a boat launching ramp. We are in charge of recreation, and that is why we have all of these recreation facilities. That may be outside of what your normal definition of a GID would be. We also have four ball fields, one with a picnic area, and under a memorandum of understanding (MOU) with Washoe County School District, we share these facilities. During the day the schools can play football, baseball, and have physical education classes, and these grounds are maintained by IVGID. We have Village Green athletic field, which functions as a combination soccer field and dog park. We have a skateboard park, and Aspen Grove community building, which is now used by our seniors. About seven or eight years ago we collaborated with Washoe County to start senior services up in Tahoe. It was very difficult for our aging residents to travel 35 miles down to Reno and Sparks and back up to participate in senior programs. We have a district administration building, a public works building, and we have over 1,000 acres of trails throughout the community.

Our budget for 2010-2011 is in excess of \$50 million and, fortunately, only 4.3 percent comes from consolidated tax and property tax and is distributed through the State Legislature. All of the funds that go to pay operating expenses and interest in debt and capital projects are collected through user fees, which are almost 96 percent of our budget.

We are very pleased with the extremely cost-saving and valuable projects that we are collaborating on with Sierra Nevada College, the United States Army Corps of Engineers (USACE), the Division of State Lands and the Division of State Parks. Most recently, we worked out a collaboration with them so that we could process the wastewater at Sand Harbor so that they could use some valuable land. Now we process it for them. Although this is in California, we partnered with South Tahoe Public Utility District after the Angora Fire to not only expand their water flow in case there was a forest fire, but able to also expand our own.

For years we have been working with the North Lake Tahoe Fire Protection District to create a halo around the community. Annually the community members of Incline Village and Crystal Bay provide \$200,000, and the fire department then goes and signs \$400,000 worth of grants. We are constantly doing defensible space and maintaining what we have worked on in the past, and the TRPA worked with them, as well as the school district.

Sierra Nevada College had a need to provide recreation services to their students, and they did not have \$25 million to build a recreation center. We had excess space in our recreation center, so we have traded service with their students. In exchange, annually the college gives community members a full-ride scholarship to Sierra Nevada College, valued at \$24,000 a year. This has been going on for ten years. It shows public agencies working with private organizations to share assets so that taxes do not need to be increased and we do not need to look for help elsewhere.

We worked with the USACE to replace our effluent pipe lines so that the community members did not have to be responsible for the cost of the \$40 million project. From an environmental perspective, we have retired some forest service land.

I spoke of the halo around the community. I am not sure what everyone was thinking back in 1961 when they created IVGID. But today with Incline Village and Crystal Bay 35 miles away from Reno and 70 miles by round trip, I know that County Manager Katy Simon is extremely pleased that somebody made that decision. Now the services can be provided less expensively, and they are provided by someone who is right there. It has been embarrassing when we

have snowstorms and we report from Incline Village and Crystal Bay that we have our roads cleaned up and down in Reno they do not have enough snow plows. This is all about being close to our customers and having the ability to serve them.

I would like to say that we do not have any challenges, but the demographics in Incline Village and Crystal Bay are drastically changing. Ten years ago, second home ownership was 50 percent, and today it ranges from 62 percent to 65 percent.

Hopefully, when the 2010 Census comes out, we will get an idea of how much it has changed over the last ten years. We knew things were going to change, and we started planning for this ten years ago. Fortunately, we started asking our employees years ago to do more with less. Although this is a business calculation, our employees today process over \$215,000 of revenue in capital projects per each employee. Ten years ago they were processing \$135,000, so they are doing more. We have reduced our employee count by 3.3 percent. This percentage may not seem like a lot, but it is gigantic when you consider that we never added employees, and we have been going down since 2000. We are processing almost 56 percent more revenue in capital projects today than in the past.

We believe that we can go through the economic storm without cutting services. We certainly know that our community does not want services cut as many others are going through. We are pleased and proud of the people that report on our financial results each and every year. For the last eight years we have won the Government Finance Officers Association Distinguished Budget Award. We have also received the same awards for our annual financial reporting.

Incline Village and Crystal Bay are committed partners to the environment of the Tahoe Basin. We understand how important the lake is to everything. We are pleased with the congressional delegation that we worked with out of Washington, D.C. They have been very helpful. We have three new legislators that watch over us. They are Senator Ben Kieckhefer, and Assemblymen Kelly Kite and Randy Kirner.

Are there any questions that you might have for me or Trustee Epstein?

Chair Kirkpatrick:

We appreciate your coming, and I think it is important for the southern Nevada residents to understand how GIDs work. I have always worked with your particular GID because you are the closest to Carson City. I will say for the Committee that within a few miles of this building there are about 27 GIDs. Correct?

William Horn:

Yes, there are more GIDs per square inch in Douglas County than in most other places.

Chair Kirkpatrick:

I believe that to be true.

Assemblyman Stewart:

Is it by TRPA direction that you are not allowed to use the treated wastewater, not even for golf courses like we do in southern Nevada? Where do you send the treated wastewater?

William Horn:

It is sent down U.S. Highway 28 over Spooner Pass to a 1,000 acre plot that we purchased about 25 years ago in Douglas County. This plot also doubles as a duck blind in the wintertime as well as for dog training and a number of other things. That wastewater is treated when it leaves our processing plant.

Assemblyman Stewart:

This helps to keep Lake Tahoe clear?

William Horn:

You cannot use treated wastewater on any grass or anything in the Tahoe Basin. It has to be pumped out.

Assemblyman Stewart:

Thank you.

Chair Kirkpatrick:

Are there any other questions? I want to elaborate a little bit on GIDs in general. I hope you can help me on that, because you have one of the more historical ones. The intent for GIDs is, because of the geographical area, to keep your services close to your constituents as opposed to waiting, correct?

William Horn:

I was not here when GIDs were created. I believe that is one of the highly valuable, efficient reasons the law was created.

Chair Kirkpatrick:

I have been looking for some history on GIDs, and there really is not a lot on them. Why were they created? Why do they put that the board has to unanimously decide before any decisions can be made? Do you have any historical value you can bring to the table?

William Horn:

The board of trustees functions just like a city council or like a county commission. They have all of the open meeting laws and all the same requirements: posting requirements, contracts have to be approved by the board, the check register has to be approved by the board, and budgets.

We go through quite an extensive budgeting process. It usually takes us four or five months to get our budget approved; it needs to be publicly approved on the third Thursday in May. I am not sure if I am answering your question correctly, but a GID functions just like a government, and what is interesting about the communities of Incline Village and Crystal Bay is they are unincorporated parts of Washoe County.

The trustees that I am fortunate to work with are just like a city council because the government is 35 miles away and 70 miles round trip. Our county commissioner comes up frequently, but in reality, the local government really is a collaborative partnership between IVGID, and the North Lake Tahoe Fire Protection District, that takes care of the fire protection.

Incline Village General Improvement District tends to get into things because they are doing water, sewer, trash, and recreation. It is so similar to a city or a town that sometimes IVGID walks the line a little too tight.

Chair Kirkpatrick:

You gave the Committee what I was looking for on what and how a GID functions. People do need to understand that a GID is just a different way. It is used more up north than it is down in southern Nevada.

Assemblyman Livermore:

My question is: You buy your fire protection from North Lake Tahoe Fire Protection, and during that process do you help in any form of collective bargaining with those bodies?

William Horn:

No. We have our own . . .

Assemblyman Livermore:

You pay what they request of you so that you can receive service. You have no input on the cost of the service?

William Horn:

We do not provide or pay anything to the North Lake Tahoe Fire Protection District. We install the fire hydrants, we make sure that the water flows, and our relationship and interaction with them are about defensible space. That is just the budgeted amount. The fire district tells us what they think it is going to cost to provide annual defensible space on the land that IVGID owns. We have been budgeting \$200,000, and they have been able to leverage another \$400,000 in grants. I am not sure I have answered your question.

Assemblyman Livermore:

You have in a sense. I thought maybe during the process with collective bargaining that might impact your ratepayers or your budget, and I believe you just described it.

Williams Horn:

What is interesting is that we have our own unions that work in our public works department and we have not given any raises to our employees since 2009, when we started to see the economy being challenged. So like any good business or any good government would do, we froze wages, and we started to leave positions open. If it was a valuable position and someone needed it, there was a process to go through to get it refilled. So far, our ratepayers have not been impacted as much as others.

Chair Kirkpatrick:

Mr. Livermore, I am happy to give you some information. The last two sessions we worked with Fire District 418 and Fire District 424. What was interesting up in northern Nevada was that some of the fire departments in the Sierra area were covering downtown Reno. We worked legislatively to try and have them work closely together so that we are getting the best services. I have quite a bit of information on that, if you would like to see how they come out of the entire budget. The one thing I learned was that most of them are paid less than other cities.

Does anyone else have anything? Thank you very much for your presentation.

Ron Smith, Chairman, Flood Project Coordinating Committee, Truckee River Flood Management Project:

Good morning, Madam Chair and members of the Committee.

[He continued to read from prepared text ([Exhibit E](#)).]

Naomi Duerr, Director, Truckee River Flood Management Project:

I think that Mr. Smith adequately explained why we are here and why we came together. I provided you with a PowerPoint presentation ([Exhibit F](#)), which I will briefly go through because flooding in northern Nevada is different than the flooding in southern Nevada. You may not be familiar with some of the challenges that we face and the approach that we have taken to solving the problem.

I show you on slide 2 a picture of Lake Tahoe and Pyramid Lake, and between the two is the Truckee River corridor. Many people do not realize that the river actually flows north, and is about 120 miles long.

Turning to the next slide, we show you a cartoon of the system. Our project focus is 60 miles, going all the way from Stateline to Pyramid Lake.

Many people do not realize how long we have been coping with the flooding problem, so I show you a picture going all the way back to 1907. Two men are standing on the bank of the Truckee River looking at the Virginia Street Bridge as it floods. What is neat about the picture is, because of the slow motion photography they had at that time, the flood actually looks like a wave.

Now we jump forward to the 1950s. We do have big floods every ten years, but I just took some snapshots from the 1950s of different floods. You can see it has been a perennial problem.

Fast forward 40 years to the big 1997 flood, which affected six counties up in northern Nevada, and you see how it severely impacted our airport. This is just one of hundreds of airplanes that were stranded in our airport as it shut down for several days.

I follow up with a picture of the University of Nevada (UNR) Main Station Farm. As mentioned, many people do not realize how deep and how expansive the flood is when it comes. It will cover thousands of acres with floodwaters. This is the one little piece of land that sticks up on the UNR farm during a flood, and it is the only port of safety when the flood comes.

The last pictures I have for flooding show you some examples from 1997 and 2005 of how commercial and residential businesses and homes are affected by the flooding. On the lower left you see a couple in a canoe. That is the kind of picture you would expect to see in New Orleans, not in Reno or Sparks, Nevada.

The next map shows, and I believe this is an important point, that in the West, Nevada has more flood claims, which means more flood damage, than any other western, noncoastal state. If you exclude the states of Washington and Oregon you have Nevada. It is really surprising because Nevada is the driest state, and it is not an intuitive thought. What is also amazing is that three-quarters of all the flood claim damages in Nevada are located in Sparks, Reno, and Washoe County, in that order. So together, they account for three-quarters.

The population is in southern Nevada, and there is a lot of development in southern Nevada; but the one thing we have in northern Nevada is the Truckee River running through our town, and it creates a whole different dynamic. In fact, in 1997, we received over \$700 million in damages in Washoe County alone and over a billion dollars of damages in the six-county area.

In the next flood of a similar size, we could be looking at \$1.5 billion to \$2 billion worth of damages. We would break even if we spent \$1.5 billion to fix the flooding problem, because that is what our damages would be. It is one of those things where it is better to invest now and prevent the damages from occurring in the future.

Many people say, "Okay, so there is a river that runs through it, but why do you really flood?" I show them a picture showing our problem of Vista Narrows. Basically, the river coming through our town takes a big bend, and the water bottlenecks there. We call the whole valley "the bathtub," and we call this particular spot the "drain." It is as if you had turned on your bathtub full force and you did not plug your drain. You could still fill up your tub. That is what basically happens to us.

The United States of Army Corps of Engineers (USACE) came in and helped us in the 1960s to dredge out this area and to straighten the next 25-mile area. The community thought this was a good idea 50 years ago. It seemed like the right answer, but on the next slide I show you the result of that cutting, dredging, draining, and straightening. It led to the loss of 70 percent of our river habitat along the river. We lost hundreds of species, some of which are threatened and endangered.

To address this problem, the City of Reno, City of Sparks, Washoe County, and the University of Nevada, Reno (UNR) came together to form the Flood Project Coordinating Committee. We are at the point of transitioning to the Truckee River Flood Management Authority, because of your help. We are narrowing our board from 23 members, which was a little unwieldy, down to 6 elected officials. We will have two each from Reno, Sparks, and Washoe County. Their very first meeting as the new authority will be a week from now.

What we wanted to do was to consolidate flood management in our region. We wanted to develop additional funding streams. It cannot be done with the funding that we currently have, and we want the funding to be uniform and equitable throughout the region. We do not want to be charging people in different cities different amounts for the same project.

Chair Kirkpatrick:

I have had numerous calls on the Vista Narrows. Can we go back to that slide? When the legislative session ends, the calls do not stop, and I always encourage northern Nevada to reach out to me when we are not in session. Can you explain this area in more detail? I get that the USACE came in the late 1960s, but what are we doing now? I am sure that there are vested interests and that is why everyone is asking. But what is the long term solution or the goal, to keep the river the exact way it is now or widen it or what?

Naomi Duerr:

The area that is right next to the mountain that you can see that is where the USACE cut down—they basically blasted—what is known as the Vista Reefs, a big basalt feature. They cut it down about 12 feet, and if you look at the next picture I will show what the result of that was. If you look at the picture in the right hand corner it shows a bluff. The water used to be up at the ground level, and because they blasted it, the water changed its entire profile and basically started to carve out something like the Grand Canyon. As the water level dropped, the plants up on top of the bank died, and the fish could no longer spawn. Fifty years later, we hope that we are fifty years smarter. We found out that just cutting down things does not work very well.

Our approach to this area is to widen it and try to restore the floodplain contours. We plan to cut back this over-steepened bank that you see on the bottom right and lay it back like a more natural floodplain through that entire area. Additional cutting will only force the river to continue to cut down like the Grand Canyon. Right now, this cutting has headed upstream, and it has reached U.S. Highway 395, which is about six miles. It is headed for downtown Reno as well as dropping the entire river, making it a very unstable situation.

Just downstream from here is a railroad bridge that we plan to elevate as well. Upstream is the Truckee Meadows Water Reclamation Facility, and that is where a lot of our wastewater is treated. Much of the water is put back upstream on properties that reclaim water. Some of the water is discharged back in the river. It is a facility that is there and not really moveable. What we have done is wherever we can push back the land and create more room for the river, we are doing so. A couple pages ahead I show you some other features that are upstream and downstream. This is what we are doing.

Chair Kirkpatrick:

Is that decision made by the USACE on how you will repair the area, or is it made by the agency?

Robert Larkin, Vice Chair, Flood Project Coordinating Committee, Truckee River Flood Management Project:

There are several different theories that are available to us on the solution, but the overriding emphasis has to be looking at the river as a whole. With that in mind the community finally designed the Living River Plan in concert with the USACE. The ultimate solution does rest with the USACE, and they have been very proactive with us in trying to figure out the exact solution to that particular area. After all, they are the ones that messed it up to begin with, so ultimately they have to fix it.

Chair Kirkpatrick:

We do not have a time frame for that?

Robert Larkin:

Actually, we do know when that is. It will be after the USACE and the Truckee River Flood Project sign the Project Partnership Agreement (PPA). That will trigger a sequence of actions that subsequently follow. The notion is that we will start with the farthest downstream project, and this will be one of the first projects that will be done. There may be a couple of intermediate projects, but this project has to follow because there are two other projects right now that are being built as we speak. One is the North Truckee Drain, which the City of Sparks has partnered with the flood projects. On the other one is the Steamboat Ditch. Both of them are in the presentation packet. All 3 projects are coming together, and they have all been done in concert with the USACE. We cannot just go out and start doing something without their approval.

Chair Kirkpatrick:

Okay.

Naomi Duerr:

You just reminded me of one additional thing that we are doing with the North Truckee Drain. If you look at the same picture again of the Vista Narrows and the Truckee Meadows Reclamation Facility, just touching that is Steamboat Creek, and just upstream is the discharge for the North Truckee Drain. What happens is that both of those things are coming into the river right in front of this constriction. So one of the other things that we are doing is moving the drain from discharging right where Steamboat Creek does to discharging just below the Vista Narrows so we can reroute some of the water around the constriction—meaning we have to do less physical work at the constriction.

Assemblywoman Pierce:

On the left of this picture where the big building with all the cars around it, is this would have been a flood plain?

Naomi Duerr:

That is correct.

Assemblyman Ellison:

How far does this go down? Does it start where Derby Dam is going to be, and are you going up from there? I know you were doing a lot of repairs down there in the last year or so.

Naomi Duerr:

If you could turn to the page 3 ([Exhibit F](#)), it shows what I call the cartoon picture of the system. It actually shows what you are talking about. The focus of the project is in the Reno/Sparks area where the red circle is, but it really goes from about the dotted state line all the way down to Pyramid Lake. What we have been doing downstream is restoring several properties after the USACE straightened the river. We have been putting the curves back in, replanting the river, and there are three of these projects. I will be talking about the Mustang Ranch, the 102 Ranch, and the Lockwood Restoration project.

We had originally thought about including Derby Dam in those projects because of the fish. Allowing fish to pass is an important part of the projects. What happens is that the fish get sucked down the Truckee-Carson Irrigation District (TCID) canal and end up in fields, and what we want to do is keep the fish in the main stem of the river. It is a very complicated fish screening because there is so much water flow through there. If you actually put a screen in you would be pushing the fish up against the screen and the fish would not have anywhere

to go. They are working with the United States Fish and Wildlife Service with coming up with a very circuitous way to stop the fish from going that way.

Assemblyman Livermore:

We had a discussion at our last meeting with the Carson Water Subconservancy District. The flood management plan that they adopted will eventually be adopted in the five counties on the Carson River. One of the things about it is the acquisition of the flood plains and protection of those flood plains. The development in the early 1900s really complicated the process which you are undoing today. As the underdeveloped parts of the state look at the challenges of flood drains there is no difference of water supply. In this case we have to look at the best way to manage those resources to protect the long term investments.

Naomi Duerr:

I did have an opportunity to listen to that meeting on the Internet, and kudos to them. They are doing a brilliant approach. When you get into a developed area it is so difficult and so hard to turn back the clock. We have to acquire property building by building, and we have to tear them down. This is an expensive proposition to tear down buildings that are in the floodway, which is almost in the river, it is not even in the floodplain. We then have to say, "This building should have never been here."

To Assemblywoman Pierce's comment as well, we have mapped all of the old river channels, so we know this was definitely a floodplain. There is a reason it is called the "Truckee Meadows." We are on page 13 ([Exhibit F](#)), and we are working on providing additional liability protection from our partners. We want to make sure that the project can stand and take care of business on its own. We want to streamline activities. The process that we have so far has been a little cumbersome and so everybody wants to improve their processes and get greater efficiencies. This is one of the things that you helped us do with Senate Bill No. 175 of 75th Session.

You also allowed us to tap into the County Bond Bank. It does not formally exist today but is already authorized to exist. Doing so, it will allow us to acquire our bonds at a much lower cost. Again, with the passage of S.B. No. 175 of the 75th Session, \$6 million per \$50 million in bonds looks like we will save at least \$60 million. And lastly, we have only one agency to work with and that is the USACE.

A few more things on this new Truckee River Flood Management Authority, it will be a separate entity. It evolved from the Flood Project Coordinating Committee. I mentioned the six directors and that the boundaries are all

Washoe County. The focus is to design, build, operate, and maintain forever. A lot of people have said, "I do not get it. It is a project, you build it and then you are done. Why do you need to continue to exist at all?" The fact is that for the original USACE project that was done in the 1960s, every federal project needs a local sponsor. You may not realize it, but the state of Nevada today is the local sponsor and is responsible for maintaining this section of the project. You have funds set aside to do this work. It is unrelenting. Rivers just do not stop being. On every project you are focused on repairing, restoring, and maintaining buildings. This needs to be maintained and this is why I put in bold print, "You cannot build it and walk away." That is what they have done in California, that's what happened with Hurricane Katrina. They were not focused on keeping the thing together, and it fell apart.

Again, we do have a one-eighth of a cent sales tax. We also fund with grants. We have been very effective in trying to work with other partners to bring like minds together.

One of the interesting things is, as we have evolved we decided to retain unanimous voting. What this means is that all of the directors have to agree on every single decision that is made. Sometimes it creates some challenging meetings. It is not easily done, but kudos to the board. They have held over 600 unanimous votes in the last 5 1/2 years. They figured out a way to meet all the needs of all the partners.

We have been talking about flood protection. Now, a little bit about restoration, which is another big goal.

Chair Kirkpatrick:

One of the concerns that I had last session was the fees and costs. I have had several hundred calls on these fees and costs. The concern is that people do not understand what the long term goal is. Are we collecting assets and waiting for the USACE to help us? Last session we gave you money, so are we really progressing on that? The community as a whole is concerned about the fees and the costs, and they do not understand why they have to pay this all up front.

Ron Smith:

The City of Sparks instituted a \$5.41 a month fee over two years ago. They have been paying that fee toward the flood project. Part of the duties of this new organization is to establish fees to support this. We have to show the USACE that our community can raise \$525 million so they match it with their \$1 billion to do this entire project. If we cannot do that, they are not interested in our project. Does this answer your question?

Chair Kirkpatrick:

It does, but it begs another question. So does the \$5 fee go directly toward the \$525 million, or are there additional fees?

Ron Smith:

No, that would be a credit to Sparks towards the \$525 million. Right now, that money is being used to build the North Truckee Drain. When we meet in March, we will form the joint powers authority (JPA) officially, and that money will go to the flood project to be administered.

Chair Kirkpatrick:

So they have the one-eighth of a cent tax, and each entity more than likely puts on a fee and then this entity is going to put on another fee, correct?

Ron Smith:

Yes.

Robert Larkin:

First of all, I would like to say thank you, Madam Chair. Six years ago you stood up in the Assembly during a special session and you sponsored a northern Nevada, Washoe County bill for \$4 million. If you had not done that and stood up for Washoe County, we would have been dead in the water with this project. Because you did that, you now have 500 emails, and probably two-thirds were from our builders' association.

Let me bring you up to speed on what we have been doing, what we have done, and the agreements that we have reached over the last six months. We first came to the community with the completed joint powers agreement. This was the model that the three local governments selected two years in an open and collaborative session, and at that time the details were not known. The devil is always in those minute details, and we finally got that all together last September and released it to everyone including the building community. Some of our builders were very upset with some of the provisions that had to do with the fact the new entity would have certain powers and responsibilities, including development. The chairman, the director, and I sat down with all of the builders within Washoe County, and I believe a couple of them from Carson City, as well, that were concerned. We went through that in detail. We had numerous meetings. We walked through every provision of the JPA with the builders' community. We modified several sections based on the builders' community and at the conclusion many of the builders were still not happy that we are forming what they term a "new level of government."

We contest that. We are already operating within the framework of our local governments. All we are doing is putting it in one spot and isolating the rest of the community from that. One of the biggest issues we dealt with was the tolls and the fees.

The flood project has done a couple of things. We have capped the local cost payment to the USACE at \$524 million. We have \$100 million from Sparks, and we have \$100 million from the one-cent sales tax. That means if we build out totally on the \$525 million on the local share we need to raise about \$300 million more if, in fact, the entire project costs that much. We all need to be reminded that the USACE has priced this at \$1.6 billion. We have not; that is a USACE figure. We do not know if it is going to be \$800 million or \$1.6 billion. We do know that it is going to be in some sort of range, and that is what we have told the builders, and our local citizens. But we will still need to raise those tolls, fees, and rates. Before we sign this PPA with the USACE we have to demonstrate to them that we can raise the funds. If it does turn out to be \$525 million, then we have to demonstrate to them that we can raise the money. But we do not know if we are going to need to raise that amount within the time frame of this project. It is still a process in development, and we have a series of meetings that we need to go through before we even get to the point where we talk about the tolls and fees.

We have to go through an extensive rate-setting process very similar to the Public Utilities Commission (PUC) and it is going to be heavily involved with the public.

I have two homes in Sparks on which I paid the \$5 rate, and I would gladly pay \$15, because I know the benefit. Many other people will also come to that conclusion, but I want you know that it is going to be a little bit of a rocky road. We are not going to get there by saying it is going to be great. You may get some more emails, but we are diligent and if at anytime you feel that we are getting out of line, please let us know.

Chair Kirkpatrick:

Let me ask. I get it. In southern Nevada we paid our sales tax for years, and we got to see what we benefited from. The constituents were constantly seeing what we got. We have more flood drains now than the state of Nevada. I would like to continue to stay in the loop. Is there a master plan, do you have to have \$525 million before you can go back to the USACE, or do you just have to show that there is a mechanism to create the money?

Robert Larkin:

We have to show that there is a mechanism in place. As a matter of fact, this month we have to send the USACE a letter saying, "Yes, we are committed to this. Yes, we are going to raise fees." We do not have to raise the fees at this time, but on or about the time we sign the PPA we have to have the mechanism in place. We do not necessarily have to have the money raised, but we have to have the mechanism in place. So part of the dialogue that the community is going to be engaging in will be, do we raise all of the money right now, or do we do it in increments, or what is going to be the process? We envision that it will involve the ratemaking process, that and dialogue and discussion with everyone.

Chair Kirkpatrick:

Once those fees go into place, it is hard to give them back at the end because there is maintenance, there are long term goals and other things. I guess the community and the builders were some of them but there were other residents who read the paper and were concerned. I really do not care about the regional flood tax that I pay because I see the benefit and now I realize that they have to maintain all of that, but I think when people are hurting as much as they are now they question any new fees. We lost 92,000 businesses last year, and we cannot afford to lose any more this year. I hope that that process will be discussed in a fair manner.

Robert Larkin:

And it will be, but just to give you a range this \$5 figure per residence, and it would be substantially more for businesses, is pretty much what we figure is going to be the fee per residence. Of course, it will be substantially higher for businesses that benefit directly because they are already paying a lot for flood insurance, so they have a direct benefit so they will pay substantially more than the \$5. We do not know exactly how much right now.

Chair Kirkpatrick:

As a constituent, this agency is doing \$5, and this agency is doing \$3. I now have \$200 a month increase, and I cannot pay it. I do not know where I would get the money to pay it. I am trying to work with the all local agencies so that we can be more balanced on how we implement some of the stuff.

I will use myself as an example. In southern Nevada, in the summertime I have a \$700 power bill. I have invested \$16,000 to upgrade my system, and I am not really seeing the benefit yet. It is kind of the same thing on this because people will not see it as quickly as it is going to come. I might start seeing the benefit down the road, but everything is increasing.

We have a very good dialogue going, and I think it is beneficial for both the constituents and the businesses; but it is a concern, and I had that concern since day one.

Robert Larkin:

We would certainly invite oversight on our ratemaking process because our ratemaking process does have to go before a judge. I am sure it will be reviewed very closely, and we would invite your participation and the Committee's participation. We do not want to nickel-and-dime people. We want to give people a fair and right figure so that they can adjust themselves.

Some of the people that you heard from may be some of my constituents out in the hinterlands of Washoe County that are wondering why they have to pay \$5, when they do not flood. The reason for that is they get an indirect benefit. For example, if our airport floods again, then it shuts down our entire transportation.

We have one business in Washoe County that built a 500-year level of protection, and in the last flood that we had this business came within six inches of flooding. The economic impact of that one business would have been a loss of over \$700 million of electronic equipment.

Just to give you perspective, the flood that we compare everything to is the 1997 flood. That total direct/indirect loss to the community was \$700 million. We now have one business that would lose that. We were figuring several billion dollars of loss, and some of those people work in them and we have to help them connect the dots. We know they do not flood, but their businesses flood, the roadways flood, so everyone is connected. We are going to work diligently on that issue.

Ron Smith:

I know you know that we had two 100-year floods within ten years. If we flood again, especially in the Sparks industrial area, we are looking at over \$1 billion in damage right there, and those businesses will not come back. It would be a tremendous loss for us.

One of the other problems we face is the USACE does not traditionally fund more than \$30 million or \$40 million. Even if we get this project authorized, we are still looking at 20 to 25 years to build it. How many floods can we have during that time?

Chair Kirkpatrick:

We are trying to drive business that way. We do not send it out on boats.

Ron Smith:

No, we will take all you can give.

Naomi Duerr:

The project on the Living River Plan, some of the innovative approaches are: instead of building walls right up on the river we are looking at setting back those walls, those set-back levees, terracing the river, and replacing bridges. We mentioned the cost of \$1.6 billion. I wanted to mention that the entire project is on the web and can be downloaded. You can actually see individual homes, businesses, and you can get a sense of how you are affected.

Just to capitalize on the points that you and Mr. Smith were making, you mention 92,000 businesses lost already. There are 25,000 businesses in the Sparks industrial area alone, and we are desperately afraid that this next flood will cause those businesses to leave. In this environment I do not know where our community would go.

What are we doing now? We are finishing our planning with the USACE. We have been so frustrated at times with the pace of a federal planning process. We are in our 14th year of that. That is why we got started on that, and I have a few pictures on the next page to show you what we have been doing during the interim.

The USACE decided, basically due to our pleas, to start something new for the whole country called "Project RESET." Taking the planning process from 18 years to 18 months, and they said, "We should be able to do this a lot better." They picked our project as number one in the country to try to do this accelerated process, as well as two other projects. What that means is that they said they were going to wrap this up and send it to the United States Congress. So, our EIS is coming out in May. Our public review will be this summer, and they expect the Chief of USACE to sign off on the plan this fall. This is a very different scenario than we have dealt with for the entire 5 1/2 years. It is always next year, next year.

I want to point out that they will, assuming that we get authorized, match their \$2 for every \$1 of ours, which is huge leveraging.

You have been wondering what we have been doing while we are waiting for the USACE. The land acquisition has been huge. We have acquired over \$50 million of land. We are trying to capitalize especially this time of year, and

we also did so at the height of the market. We have actually established regulations for building in the flood plain to address some of these other concerns. We want to make sure that if there is any building that that building is done in such a way to provide compensating storage. So from this point forward, you cannot cause flooding damage to your neighbors or to this project.

We are also putting in an entire hydrologic model together for our whole watershed. That has been funded and approved by our board. We also have these Truckee River Action (TRAction) Projects. I show you just a couple of examples of those because I believe you made a very good point, Madam Chair. While people are waiting, they are actually seeing what they are getting for their project. People are asking, what are we going to get? We wanted to make sure that we had some projects to point to and got started ahead of the USACE.

Our very first project that we built was the Reno-Sparks Indian Colony (RSIC) floodwall and levee. I think it tells the story beautifully. It was a huge partnership between RISC, the State of Nevada Department of Corrections, Wal-Mart and the Flood Project. We all put in land, funding, in fact Wal-Mart put in the most, \$2.2 million of the \$5.8 million. We also won two awards already, the Truckee Meadows Branch of the American Society of Civil Engineers gave us the Outstanding Project of the Year Award for 2010, and this was our very first project. We are not professionals at this, but yet this is an award-winning project. The American Public Works Association named it the 2010 Environmental Project of the Year for Nevada and now it is up for a national award.

On page 21 ([Exhibit F](#)) I show you two projects that I thought would be of interest to you. When you build these levees, you generally see trucks going by and they are trucking in fill. They got that fill from somewhere; they had to buy it. They had to truck it; they had to buy the gas, and the gas put out emissions. We convinced the USACE by testing on the site once the brownfields were cleaned up, which was another huge problem, which I know you are familiar with in southern Nevada. Once that was addressed, we convinced them to allow us to reprocess the soil on site so we did not have to bring in any fill, and we sorted it in piles, and then we constructed the entire levee out of that to meet the USACE standards.

While we were doing that we uncovered several landfills that used to be on the site. In one of those landfills was actually the remains of the original Reno City Hall which had been built in the 1930s and demolished in the late 1960s. I show a picture of that. If you look really close with your magnifying glass you can see a sign above the door that says Reno City Hall and I show by the truck the actual sign that we found. Currently we are storing that down

here in Carson City in the Nevada Railroad Museum. I got worried because I heard the museum was being closed, I called them up and said, please if you are going to do something with the sign let me know. I will put it in my garage if I have to, until we can use it for some kind of a history or art project that would go along with the flood projects.

We mentioned the restoration projects that we have done, and I show pictures of those. We wanted to demonstrate to the community not just what a levee and flood would look like, but also what restoring the river would look like. What does that mean? We have conducted many tours out there.

We have had to care about fish passage, as we mentioned. What we have done in the period since we last met with the Legislature is we put together a fish passage plan. So whether it is something related to Derby Dam, Numana Dam, there are two threatened and endangered species in the Truckee River. The Cui-ui, of course, which is the center of the Pyramid Lake Paiute Tribe's entire culture and the Cui-ui cannot get out of the lake. The lake has dropped and is 100 feet below the river. They have a fish elevator, and even if you can elevate the fish out of the lake into the river, they then face a series of about 15 dams and diversion structures that block their passage and they really cannot spawn. They used to spawn all the way up to Lake Tahoe.

Chair Kirkpatrick:

Did I hear you say that it is in your plan but it is not? This is what I am worried about, we have all these plans and people want to see them.

Naomi Duerr:

Our board does not know this, but one of my staff has actually applied for a federal grant to do our very first fish passage project next year. We are trying to hit on each note so that people can at least see a project before the USACE finishes.

Chair Kirkpatrick:

No disrespect, in the city I live in I beat them up on getting the redevelopment plan every 30 days because I am over it. I want to see something. I am just saying that for your constituents up north, if it is a plan that is good to know, but I want to know some time frames.

Naomi Duerr:

It is a good point and that is why we went ahead and built the four projects so they could see with their own eyes.

I wanted to wrap up with Assembly Bill No. 54 of the 75th Session that you authorized last session. I show a picture of two of our communities that are under water during a flood. We had looked at what it was going to take to protect even one of these communities, and it looked like about \$60 million for a levee. Through your assistance, we were able to translate that into elevating the homes instead. When I was testifying on that bill, the analogy I gave was if it is cool in this room one answer is turn up the thermostat and warm the room. Another answer would be to put on a sweater. Elevating the homes is putting on a sweater instead of building flood protection around the entire properties.

I just show a schematic of what that might look like when you elevate a home. To make sure that this works, we have gone to a couple of places around the country. In New Orleans, I show you a brick home on a slab, and it is one of the most difficult types of homes to elevate. You see it being done, they have hydraulic jacks, and they jack the home up.

On the next page it shows the home after it is complete and what it looks like and in this particular instance you can hardly tell. Because of what you did, we have passed a county ordinance, we developed a handbook, and we have already received numerous applications, we hired structural engineers, evaluated the homes, and now we are getting ready to issue the grants.

All of the things I just mentioned have had a big impact on jobs. We actually require at this point the contractors to give us their actual employee list, so we actually know and it is not a guess. We have counted about 525 jobs that we have created in the last couple of years with these demonstration projects.

On upcoming construction projects, we have in design the Virginia Street Bridge, the North Truckee Drain, the Living River Parkway, and the Tracy Restoration. That adds up to about \$15 million to just design the things. Right there we are estimating about 165 jobs just from the design process. We hope to start building a number of these next year, and if not, within 1 1/2 years. That adds up to about \$130 million and over 1,400 jobs from those projects, and those are just our next phase. So these are ones that are in the books right now being designed and getting ready to build.

We are on slide 32 ([Exhibit F](#)) and it shows how we actually plan to terrace back the banks. The page shows that once that is done and we have built the levees and floodwalls in that spot, we hope to open those lands to public with some amenities, such as, Truckee River boat takeouts to capitalize on the Sparks Whitewater Park which is upstream, or the Kayak Park in Reno. Again, although the project was not designed to create jobs, it has a huge incidental benefit which the USACE is now finally taking into consideration.

Through a very detailed study our economist has estimated 14,000 to 19,000 new jobs will be created as a result of this project. They will not all be in one year. Mr. Smith already mentioned it is going to take us quite a while to build, but in a way that is good. It is not a one shot and you are done and you are gone and on to something else. This is going to be a permanent investment in the community. Our investment of \$525 million is money that potentially is in the community, but the money that comes in from the federal government, the over a billion dollars, that is completely new investment in our community. You can attribute those to new growth, new jobs, and into new activities. We are extremely proud of what has happened already with a very small amount time and staff.

Chair Kirkpatrick:

Does anyone have any questions?

Assemblywoman Pierce:

On page 32 ([Exhibit F](#)), the Living River Parkway, between the levees the river will be allowed to flood?

Naomi Duerr:

Correct. What we have done in that spot was to buy up some of those buildings I mentioned and we are getting ready to tear them down.

Chair Kirkpatrick:

Are there any other questions? [There were none.] Thank you and I hope you do not take offense, but you know me, I follow my legislation all the way through.

At this time, is there any public comment? [There was none.] We have about 19 more meetings before the Committee passage deadline and I am going to tell you that I prefer that to be 16 more meetings before the deadline passes because nobody likes to be here on the end when someone's bill dies. It is not a comfortable place to be and I have been there and I will not let that happen to you.

This is what I need from you. We are going to start to work very diligently starting on time with a minimum of three to five bills every single day. We will have work session every other week. I will always send it out ahead of time. You will have plenty of notification. The one thing I am going to ask you to do is to please share it with members within your caucus on both sides of the aisle after we have the work session because there are a lot of questions that can be answered. We like to be bipartisan all the way.

We have the ability to hear anywhere between 50 and 60 bills coming on top of the bills that already have been scheduled. I am sorry, but we are going back to a strict 8 o'clock meeting time on Mondays until we get through all the deadlines. Please make it here on time. I know some of you will be having your own bills being heard in other committees, but please remember that we need to in this Committee as well. The less time you are gone from this Committee, the better. Please just know that we have a lot of bills to hear and a lot of work to do.

Meeting adjourned at [9:50 a.m.]

RESPECTFULLY SUBMITTED:

Cheryl Williams
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 4, 2011

Time of Meeting: 8:02 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Bjorn Selinder	PowerPoint Presentation
	D	William B. Horn	Presentation
	E	Ron Smith	Prepared Text
	F	Naomi Duerr	PowerPoint Presentation