MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE, AND MINING

Seventy-Sixth Session
February 17, 2011

The Committee on Natural Resources, Agriculture, and Mining was called to order by Vice Chair Joseph M. Hogan at 1:33 p.m. on Thursday, February 17, 2011, in Room 3161 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:

Assemblyman Joseph M. Hogan, Vice Chair
Assemblyman Paul Aizley
Assemblyman Elliot T. Anderson
Assemblyman David P. Bobzien
Assemblywoman Irene Bustamante Adams
Assemblyman John Ellison
Assemblyman Ed A. Goedhart
Assemblyman Ira Hansen
Assemblyman Kelly Kite
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblywoman Peggy Pierce

COMMITTEE MEMBERS ABSENT:

Assemblywoman Maggie Carlton, Chair (excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Amelie Welden, Committee Policy Analyst
Randy Stephenson, Committee Counsel
Judith Coolbaugh, Committee Secretary
Sherwood Howard, Committee Assistant

OTHERS PRESENT:

Edwin D. James, P.E., General Manager, Carson Water Subconservancy District
Mark W. Foree, General Manager, Truckee Meadows Water Authority
Rosemary Menard, Director, Department of Water Resources, Washoe County
Mike Carrigan, Councilman, Ward 4, City of Sparks; and Chair, Truckee Meadows Water Authority and Western Regional Water Commission

Vice Chair Hogan:
[Roll called.] In the absence of the Chair, I will be conducting this hearing today. We hope to end this hearing with a finely honed understanding of the water issues in our local region.

Edwin D. James, P.E., General Manager, Carson Water Subconservancy District:
You have two members of this Committee who are just as qualified as I am to give this presentation. Assemblyman Livermore served on this District's board for ten years, and he also served as treasurer and vice chair for several years. Assemblyman Kite was also on the board for 12 years, and he was second vice chair for many years. They are both very knowledgeable about this watershed.

I am going to start with some background and history on the Carson Water Subconservancy District (CWSD), and I have distributed a copy of the PowerPoint presentation (Exhibit C). An additional slide (Exhibit D) has been added to the PowerPoint presentation, and a copy of it has been handed out. For your reference, I have provided a map (Exhibit E) of the Carson River Watershed.

The CWSD was established in 1959 by a federal court as part of a larger project called the Washoe Project. The original purpose of the CWSD was to build upstream storage on the Truckee and Carson Rivers. To provide that storage, the Watasheamu Dam was going to be built, and the CWSD would negotiate payback of the dam debt between the ranchers and the federal government. We are called "sub"conservancy because when this district was developed,

there was another district called the Carson Truckee Water Conservancy District. The addition of "sub" to our name was to differentiate the two entities.

In the 1980s, the federal government abandoned the idea of building the dam on the upper Carson River. In 1989, the state decided to look at the limited water resources on the Carson River holistically, and it changed the role of the CWSD. The new role was to look at regional water planning and future water supply. We had a major flood on the Carson River in 1997, and the community became concerned with how water resources were being handled. In 1998, the Carson River Watershed Conference was held, and it was determined that we should be looking at integrating watershed planning. No longer would separate entities handle floods, water quality, and water supply. It was decided that one entity would look at all the factors affecting water resources in the Carson River watershed. At that point, the CWSD was asked to assume that role.

Douglas and Lyon Counties joined CWSD in 1959 because the focus was on agriculture. In 1989, Carson City was added, and it was followed by Churchill County in 1999. Alpine County joined in 2001 which made us a bistate organization, and in 2009 Storey County became a nonvoting member. In 1989, the Legislature charged CWSD with the responsibility of management and development of water resources in the upper Carson River. The purpose was to alleviate reductions and loss of water supply; promote conservation; and protect the health, safety, and welfare of the people in the upper Carson River Basin. Today, the CWSD management focus covers the entire watershed.

This slide (Exhibit C, page 3) has a map of the Carson River drainage. In Alpine County, California, the river has its headwaters and divides into its east and west forks. The two forks combine in Douglas County, and the river continues through Carson City and Lyon County and ends in Churchill County. This map shows there is no significant upstream storage on the Carson River. All of our water comes from Mother Nature, and because of that, we can have a flood one year and a drought the next. Therefore, water planning is critical to stretching our water resources.

Assemblyman Ellison:
Can you show us where the Watasheamu Dam was supposed to be built?

Edwin James:
The proposed dam was going to be around here. [Mr. James pointed to a place on the map.] The water would have backed up into California. California was so concerned they went to the California State Legislature and asked them to designate that part of the river as a wild and scenic reach of the Carson River. With this special designation, the water was no longer allowed to be backed up. The other problem is all the water in the river is fully allocated. Our largest storage reservoir is Lake Lahontan which is two-thirds of the way down the watershed. It can store up to 300,000 acre-feet of water. Upstream from Lake Lahontan, there are only about 10,000 acre-feet of storage.

The top six feet of Lake Tahoe stores as much water as we store in two years of annual runoff. Therefore, the Truckee River has a lot more storage than we will ever see on the Carson River. There is a canal which brings water from the Truckee River to the Newlands Project. The canal water is stored in Lake Lahontan, and then it is used for irrigation in Churchill County. Sometimes, what is going on with the Truckee River affects our planning on the Carson River. In a dry year, the Carson River's water level is too low to fill Lake Lahontan with enough water for the Newlands Project. When that happens, two-thirds of the water going into Lake Lahontan comes from the Truckee River. This year, because we had a wet year, little water will come from the Truckee River into Lake Lahontan.

Slide 6 (Exhibit C, page 3) shows the structure of the CWSD. [Mr. James read the information on the slide. Some supplemental dialogue has been added for clarity.] The next slide shows the need to balance water demands. Future growth and current domestic use, agricultural irrigation, and environmental needs are all dependent on Carson River water. The CWSD balances the needs of each of these areas, so we have a healthy watershed. The CWSD is not a water purveyor, an environmental group, or an agriculture user.

Slide 8 (Exhibit C, page 4) highlights the current water situation. [Mr. James read the information on the slide.] If there are any new demands on the water supply, the water has to come from the existing source. Ninety-five percent of the water is currently used for agriculture. Some of the already appropriated water will have to be reallocated to sustain population growth and development. [Mr. James continued to read from the slide.] We have some water quality issues. There are a lot of septic tanks in use which tend to feed nitrates into the water supply, and there are arsenic issues. The utilities must now use costly treatments to remove these toxins because the water quality standards have been raised. Also, there are runoff pattern changes in the available water supply. We are looking at how climate change will be impacting the snow pack in the future, and we believe there will be less water available in the summer.

Currently, the runoff is higher in March than in the summer. We project that trend to continue as climate patterns change.

Additional watershed challenges include a limited supply of water and loss of critical floodplain. People have built in the floodplain, and with no upstream storage, our flood storage is the floodplain itself. Noxious weeds are a problem in the floodplains. Back in the 1960s, the U.S. Army Corps of Engineers straightened certain reaches of the Carson River, so the water flows faster. This causes erosion along the banks, sediments form, and wildlife habitats are impacted.

Slide 10 (Exhibit C, page 5) is a listing of all our in-kind and matching fund partnerships. Our goal is to stretch the limited funds the CWSD has to benefit the watershed. We do not want to duplicate efforts. We provide the expertise and planning to move forward, but our partners deal with the projects on the ground.

Slide 11 (Exhibit C, page 6) is important because it shows some of the recent projects we have developed to deal with the entire watershed. We monitor the Carson River floodplain on a regional basis, and we include it on our stewardship plan. Thailand has requested help from us, so they can institute a similar watershed plan. We have a floodplain management plan because flooding is a major regional concern. We developed and help a local working group interface with the public works agencies.

The goal is to reduce flood hazards by protecting the floodplain. We do not want to start building levees, canals, and channels for upstream storage. Our intent is to keep the floodplains open and undeveloped. This is a far better option than what you see in other communities where they have to build constraint structures. These structures tend to fail, and they impact and change other parts of the watershed. Our plan was adopted by all five counties. Also, we have become a technical partner with the Federal Emergency Management Agency (FEMA). We now receive funds from FEMA to look at flood mapping and to identify critical floodplain habitats. The CWSD has a Cooperative Technical Partnership charter with FEMA, and we are one of the first states to do so.

Slides 12 and 13 (Exhibit C, page 6 and page 7) show some of the projects and programs of the CWSD. [Mr. James read the list on the slides.] I would be happy to answer any questions.

Vice Chair Hogan:
Are there any questions?

Assemblyman Ellison:
Was the flood you mentioned a 25-year flood?

Edwin James:
It was a 100-year flood.

Assemblyman Ellison:
Why did they not build the reservoir upstream?

Edwin James:
What stopped the upstream storage was a cost-benefit analysis. The flood damage we experienced on the Carson River was probably 30 to 100 times less than what communities have experienced on the Truckee River. Most of the land that flooded along the Carson River was agricultural land. We had not built into our floodplains. To build a flood control facility would be very expensive, and 99 percent of the time it would be empty. The proposed dam was not for flood control since its original purpose was to provide water for agricultural irrigation. One reason the federal government withdrew their support of the dam construction was the fact that all the water was already fully allocated. They decided additional water could be removed from the Truckee River to take care of the water needs for the Newlands Project. Since then, issues with Pyramid Lake have come to the forefront, which has made the removal of Truckee River water unworkable. It is far cheaper for us to maintain the existing floodplains.

Assemblyman Ellison:
I sat on the National Association of Counties board in Washington, D.C., which worked on the navigable waters throughout the United States. I learned more than I ever wanted to know about navigable waters. Thank you for a good presentation.

Assemblyman Livermore:
The 1997 flood was particularly damaging because there was a heavy snowmelt early in the snow season. It was followed by a warm rain that melted the snow. There are several creeks coming off the Sierra Front that have alluvial fans, and an upstream reservoir would not have protected communities downstream from flooding.

Edwin James:
That is true. In Carson City, flood damage is not caused by the river but from the alluvial fans at the head of Ash and Kings Canyons. Building a dam on the Carson River would not protect the city from flooding. Carson City has built water retention basins upstream to capture the runoff from those alluvial fans.

Assemblyman Livermore:
I think your map should also show recreational areas. It is now a major component of land development. Can you speak to that?

Edwin James:
We actually have aquatic trails in Carson City. A good whitewater trip is the Class 3 rapids through the Carson River Canyon. We do not have sustainable water like the Truckee River, so a water park is not a possibility. However, we do have some pristine scenic areas on the Carson River.

Assemblyman Hansen:
What is the CWSD doing to control the noxious weeds like tall whitetop and tamarisk? Are you providing long-term solutions?

Edwin James:
We are attempting to deal with noxious weeds the best we can. We are starting to get some control on exterminating tall whitetop using funding from the American Recovery and Reinvestment Act (ARRA). It is very difficult to deal with, and in some places on the Truckee River, the tall whitetop has taken over. We used ARRA funds to hire crews to exterminate the weeds by spraying and burning. We have also used goats. In Douglas County, we have one of the largest sources of weed-free hay in the United States. Last year, we had some ranchers lose their weed-free status because of noxious weeds invading their fields. We understand the control of noxious weeds is critical, and we put as much funding as we can into eradicating them. We provide funding to every county for weed control. As soon as ARRA funds became available, it was easy for us to move forward with the noxious weed eradication program because we had already developed a network of weed districts up and down the watershed.

Assemblyman Kite:
When you hear about flooding on the Mississippi River, the water is flowing about 10 miles per hour (mph) to 11 mph. In the 1997 flood here, the Carson River water was coming through the canyon at 47 mph to 50 mph. That will give you an idea of the force of the water coming down from the mountains. As far as the weeds go, tall whitetop can rejuvenate itself from any portion of the plant—seeds, roots, or stems. You normally have to do

eradication work for three consecutive years to kill just one plant. Carson Valley hay is being shipped to dairies in California, and if there is one stem of tall whitetop in the load, the tractor-trailer with its load is turned around at the border. We cannot sell the hay. That is why the noxious weed treatment program is so important.

Vice Chair Hogan:
Are there any other questions? [There were none.]

Edwin James:
The Carson River Coalition is having a forum on March 22, 2011, and an invitation (Exhibit F) has been distributed to each of you. We would be happy to see all of you there.

Vice Chair Hogan:
Our next presenter is from the Truckee Meadows Water Authority.

Mark W. Foree, General Manager, Truckee Meadows Water Authority:
Mr. Mike Carrigan and Ms. Rosemary Menard are also here to give presentations. You have a handout of the slide presentation (Exhibit G) on the Truckee Meadows Water Authority (TMWA) which contains the information I am going to cover. I will highlight some of the details. The TMWA was originally formed to bid on the water assets of Sierra Pacific Power Company (now called NV Energy), which decided in 2001 to divest itself from the water business by selling its assets. The TMWA was the successful bidder, which was the best possible outcome for the community. The purpose was to keep water resources in local hands. It did not come at a low price because it required the issuance of $452 million in bonds to make the acquisition. It was a 100 percent debt leverage deal, and the debt service remains our largest expense. Our sources of revenue come from water sales, hydroelectric sales, and developer fees.

Slide 3 lists our current board members, and slide 4 covers our utility assets. Slide 5 shows new water service requirements for new development. The developer is required to buy irrigation water rights and deed them to the utility when a subdivision, single-family home, commercial, or industrial development is being built. The TMWA has those acquired water rights dedicated to them. Slide 6 shows different users of Truckee River water. According to the pie chart, TMWA only receives about 8 percent of the total water supply in the Truckee River when it is a drought year. In normal years, TMWA only receives about 3 percent.

Slide 7 (Exhibit G) has a bar graph that shows the snowpack for the Truckee River Basin over the last twenty-five years. The longest drought on record, in the last 100 years, was from 1987 to 1994. The official snowpack is measured on April 1 of each year. Slide 8 shows a bar graph comparing Washoe County population to water production over the last 90 years. Over the last 10-year period of time, our population has grown by 20 percent, but we have used 17 percent less water during that time. There are several reasons for that. One reason is during the last decade there has been a nationwide trend for people to use less water. People are more conservation minded. In 2001, when TMWA was formed, we were only a partially metered system. We have now retrofitted the system to the point where 98 percent of water users are metered. Part of the drop in demand can also be attributed to the number of vacant homes and businesses in our service territory.

Slide 9 details our 20-year water resource plan. A good portion of our future water supply is regulated to the Truckee River Operating Agreement, as shown on Slide 10. The agreement makes all parties part of a new operational plan for the river system. For our community, the agreement permits us to double our drought storage.

Slide 11 uses a bar graph to highlight our major financial challenges. The next slide, Slide 12 uses a bar graph to show TMWA's operating expenses. To reduce expenses in 2010, we cut $3.6 million (over 9 percent) off our operating expenses by eliminating 11 positions. The same spending levels, as we had in fiscal year (FY) 2007, are what we have today. The TMWA renewable energy figures are shown in a bar graph on Slide 13. It shows electrical usage in comparison to our hydroelectric power generation. We are generating about 80 percent of the power that we use in our water system.

Slide 14 details our proposed merger between TMWA and Washoe County's Department of Water Resources (DWR). The merger has not been completed because it is not currently economical to refinance Washoe County's DWR debt, and that is a requirement of the merger. Slide 15 shows TMWA's water quality standards from our outstanding source of supply which is Lake Tahoe and the Truckee River. We meet all federal and state drinking water standards, and we always have. To correct data in the Environmental Working Group's negative report on TMWA's water quality, we sent them a two-page letter (Exhibit H) in August 2010. We have received no response from them.

Vice Chair Hogan:
Are there any questions?

Assemblyman Bobzien:
At our last hearing, Patricia Mulroy from the Southern Nevada Water Authority indicated her agency was dealing with a similar issue. Perhaps, a way to cut through the hysteria about our so-called substandard water quality is to educate people that we are aware of potential problems, and we are making plans to handle future problems.

Mark Foree:
That is a good point.

Assemblyman Hansen:
Does the water we return to the Truckee River after going through the wastewater treatments plants earn us credits? How does that work?

Mark Foree:
Generally, the treated water is returned to the river to be used by downstream consumers. There are some exceptions. One is a portion of the water that comes from groundwater sources can be used by local agencies in reclaimed water systems. Reno, Sparks, and Washoe County all have reclaimed water systems that can earn them 6,700 acre-feet of yearly credit. That additional amount of acre-feet can be used without returning the water to the river. Once the water is in the river, it goes to downstream use.

Rosemary Menard, Director, Department of Water Resources, Washoe County:
Every water right that is brought into the system typically has a return flow requirement. We are required to return a large portion of the water that we remove and use locally to the river for downstream users. We temporarily use the water, and then we return it to the river. The return flow requirement can be as much as 50 percent of the total demand.

Assemblyman Hansen:
I toured one of Washoe County's wastewater treatment plants. It was remarkable that the water being returned to the river was crystal clear. I was going to bring samples for the Committee.

Vice Chair Hogan:
Are there any more observations and questions?

Assemblyman Goedhart:
At one point, the state was penalizing a water right owner 30 percent of his total if the water was transferred from an agricultural water right to a commercial one. However, I believe that directive was overruled

by a district court judge. How is the transference of agricultural water rights currently being handled by the state?

Rosemary Menard:
I know in the Warm Springs Basin, which is north of the urban core of the Truckee Meadows, the conversion charge to move an agricultural water right to a municipal one is about 20 percent to 25 percent. As far as I know conversion charges are still in effect, and I am not aware of the policy being changed by a court decision.

Mark Foree:
That does not happen on the Truckee River.

Assemblyman Ellison:
What makes up "Other Revenue" on Slide 11 (Exhibit G)? On Slide 13, it looks like the hydroelectric power production is stable based on the income revenue you are receiving. Have you considered using the "wine cup" theory to handle high peak demands? The idea works like this. Water is pumped upstream to a higher elevation when the demand is low, and then gravity feeds the water back down in periods of high peak demand. Is that an idea that has been considered? Where are the hydroelectric power plants located?

Mark Foree:
We have three run-of-the-river hydroelectric generating plants on the Truckee River. They are the Fleish Power Plant just east of the state line, the Verdi Power Plant in Verdi, and the Washoe Power Plant southwest of Mogul. Both the revenues and the river flows have been fairly stable over the last four years. The hydroelectric production revenue does vary with available river flows. We have a purchase power contract with NV Energy. In the years you see lower power production revenues, the cause could be low river flow, or the plants may have been offline for rehabilitation and maintenance. The "Other Revenue" represents inspection fees and other fees from new development. Currently, we do not have a pump storage system.

Assemblyman Ellison:
It might be something to look at. They are moving the downstream water to storage upstream and releasing it when they need to serve high peak power loads.

Rosemary Menard:
They have a much larger version of that idea at the Grand Coulee Dam in Washington. Originally, they used the Banks Lake Reservoir for agricultural irrigation. Now, it has been retrofitted to pump water at night up

to Banks Reservoir. In peak power demand periods, the water is fed back down to the hydroelectric power plant. However, you have to have a large reservoir to make the system work.

Vice Chair Hogan:
Are there any more questions? [There were none.]

Rosemary Menard:
You have a handout (Exhibit I) for this overview of the Washoe County Department of Water Resources. This organization began in the early 1980s to respond to the problem that small water and wastewater systems, homeowner associations' facilities, and small package plants were having serious difficulties because their systems were failing. The small private companies could not keep their systems properly working. They needed some entity to take them over, so customers who depended on their services received that service.

Slide 2 has a map that shows the plants we operate. [Ms. Menard read the information on the slides. Some additional dialogue has been included for clarity.] Slide 3 shows the programs we operate. We also do the administrative management for the Western Regional Water Commission and the Northern Nevada Water Planning Commission (Exhibit J). In the past year, we have been working on consolidating Washoe County's water utility function with the one operated by the TMWA. We have been continually working on organizational structure to make it easier to cross the boundaries between operations and engineering. A utility provider's job is a 24/7, 365-days-a-year undertaking. We have people out in all kinds of weather to make sure all the facilities are functioning properly. Slide 5 shows key initiatives for 2011. From a customer and service delivery perspective, we are evaluating the impact consolidation will have on our customers. If you have somewhat limited resources, you need to prioritize customer and community needs. For example, you would want to get a hospital back online as quickly as possible if there is a power outage.

Slide 6 (Exhibit I) shows our FY 2010-2011 adopted budget, and slide 7 is a bar graph showing staffing trends over five fiscal years. Slide 8 shows our financial status. We raised rates in 2009 on a five-year schedule. This is the third year of the five-year rate increases for the water utility only. At this time, no rate adjustments are necessary for the wastewater and reclaimed water utilities. Power and chemical costs are significant drivers in the operating expense budget. We needed the rate increases to assure the financial viability of the water utility.

Slide 9 (Exhibit I) details operating revenues and expenses for all utilities. Since service for new developments is low, we are focusing on rehabilitation and replacement of equipment in our facilities. The water utilities are only spending about half of their depreciation on assets. The rest of the utilities have fully funded depreciation. Many of our water facilities are new, and they were developed before the economic downturn.

Slide 10 has a pie chart that shows where our capital improvement funds are being spent. I call to your attention the sewer grant fund which is assigned about $3 million. Those funds were for a project in the Spanish Springs area where we are working on a septic-tank-to-sewer conversion plan. We were looking at funding the project with monies coming from section 595 of the Water Resources Development Act of 1999, Public Law 106-53 now commonly referred to as the Rural Nevada 595 Program. Additional funding for the project would come from monies granted under Assembly Bill No. 198 of the 66th Session. However, we have been told the funding has been suspended until bond sales begin again in 2019. Also, the elimination of federal earmarks means the Rural Nevada 595 Program will not be funded.

Slide 11 is a bar graph of our seasonal water use patterns. Over the last five years, we have seen a fairly dramatic decline in seasonal use. There is also a shift away from large landscape projects, and some people are simply letting their landscaping go because they cannot afford the water. The last slide covers the Central Truckee Meadows Remediation District which focuses on removing chemical contaminants from the groundwater. We are trying to identify the sources of the contaminants, so we can deal with the problem at the source. I would be happy to answer any questions.

Vice Chair Hogan:
Are there any questions?

Assemblyman Ellison:
By what amount have you reduced the capital improvement projects budget?

Rosemary Menard:
The water rates we put in place in 2009 are funding about 50 percent of our depreciation. The total depreciation is about $7 million a year. We generate about $3 million to $3.5 million in user rates to fund the capital improvement program for equipment rehabilitation and replacement. The Fish Springs Ranch Water Project, which the county took over in 2009, was valued at $100 million. This single project produced a $2 million increase in our depreciation. We are phasing in capital improvement projects.

Assemblyman Hansen:
On slide 10, you mentioned one of the slices on the pie chart had to do with Spanish Springs. Which slice is it?

Rosemary Menard:
It is the one called "Sewer Grant Funded."

Assemblyman Hansen:
Are those funds available to subsidize the cost people pay to hook up to the sewer system?

Rosemary Menard:
The Spanish Springs is from a policy . . .

Assemblyman Hansen:
It is in my district which is why I am asking the question.

Rosemary Menard:
The county was directed in 2005 to convert 2,000 properties from onsite septic systems to the community sewer.

Assemblyman Hansen:
Because of the rising nitrate levels . . .

Rosemary Menard:
Right. The caveat was the program had to be 75 percent grant funded in order to take on the phases. One phase was completed in 2006-2007 using grant funds, A.B. No. 198 of the 66th Session funds, and special assessment district funds. We have been working on getting the funds together to do the additional phases. The first phase covered 212 properties or 10 percent of the total. We require an additional $50 million to $60 million to finish the conversions. We have attempted to put together enough funds from the Rural Nevada 595 Project and A.B. No. 198 of the 66th Session. The conversion costs $2,000 per property. A special assessment district would also be required for the conversion funding. The next phase is for 220 properties. It could be financially devastating to encumber property owners with a special assessment district fee for a $30,000 property.

Assemblyman Hansen:
With all the stimulus funds floating around, is there any hope we could get some of those funds?

Rosemary Menard:
Very few stimulus funds were dedicated to water and wastewater projects. The monies received went through the state's revolving loan fund, and it did not come in designated for grants. Most of the funds came as very low interest loans.

Assemblyman Hansen:
So right now that project has ground to a halt until . . .

Rosemary Menard:
It is on hold until we see what Congress is going to do about their budget. There may be another round of funds coming from A.B. No. 198 of the 66th Session.

Assemblyman Bobzien:
Looking down the road, we still have the issue with the General Improvement Districts (GID). It is a complex issue the county commissioners have taken upon themselves. Can you give us a thumbnail overview of the GIDs? In particular, Southwest Truckee Meadows GID (STMGID) is at a different elevation, so how do we incorporate their system into Washoe County's DWR? Would you continue with the incorporation even against STMGID objections?

Rosemary Menard:
Mr. Bobzien is referring to an area in southwest Truckee Meadows called the STMGID. It covers the Virginia Highlands area on each side of Highway 395, and it has about 3,700 customers. It was initially formed to address water quality problems in the wells that were supplying this area. That water had a lot of boron, antimony, and other kinds of contaminates in it from geothermal activity. Tap water came out of the faucet warm, and the water was not potable.

In the 1980s, the STMGID was created, and some infrastructure was built to bring water in from a better aquifer to the west of the area. The county is the operator of that system. The STMGID exists as the governance body except for decision making on rates. The two water systems are intertwined and integrated. The county was getting out of the water operation business, so we had to do something to figure out what the people in STMGID were going to do to integrate their water systems. We did an analysis for them that provided them with five options for resolving the problem.

One option is base case which is their current service. The second option is have TMWA operate them as a separate entity, and the third option is to have them put out a request for proposals and have a private entity take over the

system's operations. The fourth one is to set up their own agency and operate it themselves. The last option is to take the $12 million in cash that they have been accumulating and distribute the cash while transferring the assets to the combined entity. Those are the options being discussed, and a financial analysis for each will be presented to the local managing board. Ultimately, the county commissioners, who serve on their board of trustees, will be consulted in order to make decisions regarding the long-term future of the system. The STMGID problem is more complex than the one encountered by Sun Valley GID (SVGID), which was solved by buying water wholesale from TMWA. All the water servicing SVGID is metered. That arrangement is not possible with the STMGID because all its water is intertwined and mingled in its two water delivery systems.

Vice Chair Hogan:
Are there any other questions? [There were none.] Does anyone wish to make a public comment? [There was no one.]

Rosemary Menard:
I would like to note that we have provided a quick overview of the work of the Western Regional Water Commission and the Northern Nevada Water Planning Commission has been covered in our quick overview. The consolidation issue that Mr. Foree and I have both talked about is covered in this handout (Exhibit J). We had a statutory requirement to update our regional water plan by January 2011, and that has been accomplished. Also, there is a discussion in the handout about the role TMWA played in implementing Washoe County Question 3 which mandated matching sustainable water resources to the population forecast.

Vice Chair Hogan:
Are there any questions? [There were none.] Is there any public comment? [There was none.]

Assemblyman Bobzien:
I wanted to recognize Councilman Carrigan for coming to the hearing.

Mike Carrigan, Councilman, Ward 4, City of Sparks; and Chair, Truckee Meadows Water Authority and Western Regional Water Commission:
I wanted to add the Western Regional Water Commission is cooperating with the commissioners of STMGID, and we have given them the option of letting us manage their system.

Assemblyman Bobzien:
I want to thank you for coming, and it has been a pleasure working with you on the Legislative Committee to Oversee the Western Regional Water Commission.

Mike Carrigan:
Thank you.

Vice Chair Hogan:
Is there any additional testimony? [There was none.] The information you have provided us with today has been invaluable.

We are adjourned [at 3:03 p.m.].

RESPECTFULLY SUBMITTED:

_____
Judith Coolbaugh
Committee Secretary

APPROVED BY:

_____
Assemblyman Joseph M. Hogan, Vice Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Natural Resources, Agriculture, and Mining

Date: February 17, 2011 Time of Meeting: 1:33 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Edwin James	PowerPoint Overview of the Carson Water Subconservancy District
	D	Edwin James	Additional PowerPoint Slide
	E	Edwin James	Carson River Watershed Map
	F	Edwin James	Invitation
	G	Mark Foree	PowerPoint on Truckee Meadows Water Authority
	H	Mark Foree	Letter
	I	Rosemary Menard	PowerPoint Overview of Washoe County Department of Water Resources
	J	Rosemary Menard	PowerPoint on the Washoe Regional Water Commission and the Northern Nevada Water Planning Commission