

CARSON WATER SUBCONSERVANCY DISTRICT
BOARD OF DIRECTORS MEETING
November 20, 2013, 6:30 P.M.
Minutes

Directors present:

Karen Abowd
Ray Fierro
Don Frensdorff
Doug Johnson
Greg Lynn, Vice Chairman
John McKenna, Treasurer
Austin Osborne, Storey County
Barry Penzel
Mary Rawson
Ernie Schank, Chairman

Directors not present:

Carl Erquiaga
Don Jardine
Joe Ricci
Fred Stodieck

Staff present:

Edwin James, General Manager
Toni Leffler, Administrative Assistant/Board Secretary

Also present:

Brian Crowe, Churchill County
Jeremy Drew, Resource Concepts, Inc.
Beth Farley, Kohn & Company
Mark Gonzales, Gardnerville Water Company
David Hillis, Stanka Consulting
Terri Periera, Churchill County Planning

Chairman Schank called the meeting to order at 6:31 p.m. in Room #1214 of the Nevada State Legislature Building, 401 S. Carson St., Carson City, Nevada. The CWSD/Alpine County Joint Powers Board was convened. Roll call was taken and a quorum was determined to be present. The Pledge of Allegiance was lead by Director Johnson.

Item #5 - Approval of Agenda. *Director Johnson made the motion to approve the agenda. The motion was seconded by Director Abowd and unanimously approved by the Board.*

Item #6 - Approval of October 16, 2013, Board Meeting Minutes. *Director Abowd made the motion to approve the October 16, 2013, Board meeting minutes, which were seconded by Director*

McKenna and unanimously approved by the Board, with Directors Johnson and Osborne abstaining as not being present at that meeting.

Item #7 - Public Comment. None

CONSENT AGENDA

Item #8 - Approval of Treasurer's Report for October 2013.

Item #9 - Payment of Bills for October 2013.

Item #10 - Discussion for possible action regarding approval of Interlocal Contract #2013-11 with Douglas County for Sierra Country Estates water system evaluation.

Item #11 - Discussion for possible action regarding approval for the General Manager to attend the 2014 NWRA Annual Conference in Las Vegas on February 4-6, 2014.

Director Lynn made the motion to approve the consent agenda items #8-11. The motion was seconded by Director McKenna and unanimously approved by the Board. There was no public comment.

****END OF CONSENT AGENDA****

Item #12 - Discussion for possible action regarding the fiscal year 2012-13 audit. Beth Farley, partner in Kohn and Company, presented the CWSD audit for FY 2012-13. She thanked CWSD for having Kohn and Company do the audit. There were some clarifying standards for the audit this year highlighting the auditors and manager's responsibilities. The Board is looking for an unqualified, clean opinion from the auditors. Ms. Farley went over the Executive Summary and explained that there was a reduction from the beginning to ending balances which reflects planned projects.

Statement of New Position on page 9, Government-Wide Financial Statement, is on a full-accrual basis showing everything that's owed. The biggest unusual situation is intangible asset in potential usage for pipeline in Carson City and Douglas County. There is a concession agreement with both counties which agrees to allow for potential future income which creates bond payment and asset exchange.

Page 10, Statement of Activities, Government-Wide, breaks down operating grants and contributions. This reflects an overall net change in position of a decrease of \$7,555.

Page 11, Balance Sheet, Fund Financial Statement – total assets of \$1.4 million which doesn't include capital assets. At bottom reconciliation between page 9 and 10 showing difference between statements. The Fund Balance and Other Credits are in prepaid expenses and funds designated for future projects. The Acquisition/Construction Fund and the Floodplain Management Fund are committed funds.

Page 12, Statement of Revenue, Expenditures and Changes in Fund Balances indicates a reduction in beginning and ending balances for FY12-13 of \$635,376.

Page 13 is the Reconciliation of the Statement of Revenue, Expenses, and Changes in Fund Balance to the Statement of Activities which reflects a decrease in net position of governmental activities of \$7,555. For FY 2012-13, CWSD expended \$450,000 towards capital outlay.

Mr. James explained that CWSD has expanded the capacity of pipelines. If a government agency wants to use CWSD pipeline capacity, they would not pay for the capacity; but if a private party uses it, they would reimburse CWSD, which is reflected in this value. CWSD has an obligation of \$250,000 each to Douglas County and Carson City for 20 years. There is no depreciation in accordance with GASB's requirements.

Director Johnson asked how Ms. Farley valued the water rights. Ms. Farley explained that she used the purchase cost, not fair market value.

Ms. Farley continued to explain the Notes to Financial Statements beginning on page 15. Note 1 is a Summary of Significant Accounting Policies. Note 2 is regarding Compliance with Nevada Revised Statutes and the Nevada Administrative Code. Note 3 explains Cash and Investments. Note 4 outlines Capital Assets. Note 5 is regarding accrued compensated absences. Note 6 is a breakdown of assets and long-term obligations and annual requirements to make those payments. Note 7 is regarding Lease Transactions. Note 8 explains the Defined Benefit Pension Plan. Note 9 is regarding Contingencies and risk Management. Finally, Note 10 on page 21 explained the New Pronouncements on GASB Statement No. 63. The only difference for CWSD is that "net assets" is now called "net position."

Page 23, Budget vs. Actual in the General Fund, shows that CWSD was under budget for total revenue by \$4,906 and under budget for expenses by \$456,893.

Page 24, Budget vs. Actual for the Floodplain Fund shows a decrease of revenue of \$852 and a decrease in anticipated expenditures of \$392,049.

Page 27, Budget vs. Actual in the Capital Projects (Acquisition/Construction) Fund showed the revenue was greater than budgeted by \$478 and expenditures were less by \$680,000.

Page 29, Independent Auditors Report with Federal Standards concludes that CWSD received a clean and unqualified opinion.

Page 30, Independent Auditors' Report in Compliance with NRS also offers a clean and unqualified opinion.

The two page report which is a standard board communication reflects no difficulties or disagreements with management. Journal entries will be given staff to make corrections in the audit process. The auditors' recommendation that timesheets be reconciled between Carson City payroll timesheets and grant monthly timesheets has been accomplished. Director Fierro asked why there were two timesheets, and Mr. James explained that one is for total hours per day for payroll to Carson City and the other is breaking down time for 10 different grants (activity-based timesheet). Carson City pays CWSD for all staff time and CWSD is reimbursed by the grants. CWSD reimburses Carson City for payroll expenditures because they handle our payroll. Some grants include a salary reimbursement that we must keep track of.

Director Lynn made the motion to accept the FY 2012-13 audit as presented. The motion was seconded by Director Johnson and unanimously approved by the Board.

Item #13 - Discussion and possible action regarding hiring Resource Concepts, Inc. to prepare a report for 208 funding for the Promotion of Low Impact Development in the Carson River Watershed. Mr. James explained that CWSD got funding from the State for the Clean Water Act 208 Plan. A lot of the information gathered by Resource Concepts, Inc. (RCI) for the Municipal Separate Sewer and Stormwater System (MS4) program was the same as what we need for the Lower Impact Development (LID) project.

Jeremy Drew with RCI explained that the proposal in the Board package is pretty straight forward, and RCI is involved in two existing projects. The Indian Hills GID has hired RCI to update the Stormwater Management Plan using minimum control measures is about development which fits nicely with the LID project. Also, RCI is working with NDEP on the Stormwater Circuit Rider Program to provide assistance in stormwater technical support. The focus is on economies of scale, synergy, and consistency between entities. The research for both these programs is also useful in the LID program.

Director Lynn made the motion to hire Resource Concepts, Inc. to prepare a report for 208 funding for the Promotion of Low Impact Development in the Carson River Watershed. The motion was seconded by Director Penzel and unanimously approved by the Board.

Item #14 - Discussion for possible action regarding a presentation from David Hillis of Stanka Consulting on the development of Carson River Dedication and Deed Tracking Database for Municipal Use. David Hillis of Stanka Consulting explained that they have been talking with Churchill County to work with them on a database to manage their water rights. The database needs constant attention.

Project consists of collecting and reviewing all past water right transfers, designing a specific Assess based database for each municipality to manage water rights.

It is needed because municipalities in and around the Carson River have accepted numerous deeded and/or dedicated Carson River surface water rights.

Benefits of the project include:

- Being a single place for all deeds and dedications files (digital).
- Providing treasurers with reliable data for asset management.
- Providing management with a comprehensive list and the status of all water rights and commitments to those water rights.
- The database will identify any actions required to ensure water rights are kept in good standing.

There are three phases in creating the database:

1. Meet with all potential users to determine an estimate of the scope (number of deeds) for each County/City and evaluate the current filing/organization system.
2. Determine the attributes needs for each file, determine top level management reporting requirements, and design an Assess database.
3. Present the database to the end users' management and staff.

Stanka has completed an Access database for the City of Fernley to manage large amounts of data. Mr. Hillis showed the easy to use database.

Director Penzel asked how Stanka Consulting would coordinate with the key database in the State Engineer's office. Mr. Hillis noted that the State Engineer does not maintain records on dedications of water rights. This database can also record priority/seniority of those water rights.

Mr. Benesch asked if Fernley's information is proprietary or can be pulled from the internet. Mr. Hillis responded that all the information is public record. This is a management tool of the municipality and can be released at their discretion. Mr. Benesch asked what the service cost. Mr. Hillis responded that Stanka Consulting prepared a cost estimate to create the database to meet their needs and that it depends on how many water right dedications they have and the state of their records. The estimate for Fernley was about \$27,000. Mr. James pointed out that this is an information item. Churchill County may bring a request to CWSD for funding assistance next fiscal year. All counties and entities have these records, but they may not have a functioning system in place. A database like this might possibly benefit watershed-wide. Mr. James wanted Board to be aware of project.

Director McKenna asked if it would be possible to refer to the database if a water right were offered for sale or temporary rent on the system, creating a market for water rights in drought years. Mr. Hillis answered that it could.

Director Penzel asked if this system can help the Federal Water Master also to determine what water rights are going to get served. Mr. James responded that the Water Master has an elaborate system but this might be a project to be considered. Mr. James explained that part of the Water Master's challenge has to do with subdividing parcels to serve.

Director Johnson noted that success with Fernley had to be pretty complicated. We will keep an eye on Churchill County to see where they go with Stanka's proposal and have Mr. Hillis come back to report.

Director Schank asked if Fernley is trying to recoup costs for developing the database. Mr. Hillis responded that Stanka had to tailor the database for Fernley's use. A database would be custom made for each entity. Fields might be made specific to an entity but the creation of it would be proprietary to that entity. Stanka provides training to the entity staff to update the database. If a database was created for the entire watershed, similar entries could be entered by individual entities.

Mr. James noted that this presentation is to educate the Board about what Churchill County is working on which might be applicable to other entities. There may be economies of scale.

Director Schank asked Mr. Benesch whether private and individual water rights are kept private. What about a public entity? Does the taxpayer in that community have the right to access this database? Mr. Benesch responded that all the data is public information incorporated in the database, just customized for each entity. Director Schank expressed his concern that once private information is in the database of a municipality, public records access would allow for any individual to view private information. Mr. Hillis noted that an hydrographic abstract of all water

rights already exists on the State Engineer's website by basin. Stanka brought information from many sources and made it easier to use.

Public Comment: Terri Periera is Associate Planner of Churchill County. She administers the water right dedication program for Churchill County. She explained that as people brought forth deeds the dilemma was determining the status of the water. The Newlands Water Protective Association helped provide information. She has the paper deed but does not know if it is or is going to be in a lawsuit, etc. This combines information from different entities into one place so she has the information she needs to manage the water. The Churchill County Water Right Dedication Program is not transferring water to Churchill County because they don't have a treatment facility. They can also create a map from the database. It is extremely helpful to coordinate all the information.

No action was taken on this item; receive and file.

Item #15 - Discussion for possible action regarding assisting regional cooperation among the various water purveyors in the watershed. Mr. James explained that he has been giving presentations to most of the water purveyors. Debbie Neddenriep is at Indian Hills GID giving the presentation tonight. Mr. James will go to Silver Springs GID in January. The presentation is generally accepted and he talked about how the water purveyors could coordinate communication among themselves. Mr. James would like to begin talking with staff of the water purveyors about what process would help facilitate the communications. The process should be driven by the water purveyors but our regional agency could facilitate meetings. This is not intended to be an overlying water committee or to force anything; staff just hopes to develop better communication. There may be committees in each of Douglas, Lyon, and Churchill Counties to unify water purveyors locally. CWSD might initiate and clerk meetings. An emphasis could be on understanding how every entity is different and what they have in common.

Director Lynn commented that Douglas County has been talking about a regional entity in Douglas County. However, in Douglas County they are regionalizing with the pipeline so this is a necessary move to have discussion at a higher level with water purveyors. He's in favor of this concept.

Director Penzel commented that this would be easier if additional funding was available. One area of funding could be in the Clean Water Act. The Best Management Practices (BMP), Total Maximum Daily Load (TMDL), and stormwater reduction programs come with funding from EPA and the State.

Mr. James will talk with entities and bring back their comments and concerns to the Board. *No action was taken on this item; receive and file.*

Item #16 - Discussion for possible action regarding approval for Board members to attend the 2014 NWRA Annual Conference in Las Vegas on February 4-6, 2014. Mr. James explained that in the past the Board has authorized staff and Board members to attend the NWRA Annual Conferences. The budget will allow for two Board members to attend conference in Las Vegas, considering the additional expenses of transportation and hotel.

Director Schank asked the Board for a show for interest. Director Lynn asked to see agenda for the conference before deciding. Director Penzel went to conference in Reno last year and remarked

that it was very helpful to him to attend. The classes put on by the USGS were interesting and instructive. One difficulty in attending is that it is in week of the counties' board meetings. Director Schank noted that there is value in attending conferences like this for making contacts in the water world, as well as for education.

Director Lynn made the motion to authorize up to two Board members to attend the 2014 NWRA Annual Conference on February 4-6, 2014. The motion was seconded by Director Abowd and unanimously approved by the Board.

Item #17 - Staff Reports

General Manager - Mr. James directed the Board's attention to the letter request in the Board package to reduce Lost Lakes dam safety fees. He said that Alpine County will also talk with officials in California. Mr. James also mentioned that the Christmas meeting and dinner will be at Red's Old 395 Bar and Grill in Carson City on the regular CWSD Board meeting day of December 18.

Legal – Mr. Benesch reported that he is feeling better. He logged a lot of hospital time and found some nice pictures of the Carson River at St.Mary's Hospital.

Correspondence – As in the Board package and handed out. USGS will release the Nitrate Study in Carson Valley.

Item #18 - Directors' Reports

Director McKenna noted that he had received an email about a chamomile mayweed meeting next month. Mr. James mentioned that Brenda Hunt is working on a letter and coordinating local responses to the issue.

Director Johnson reported on the State Management Task Force AB 227 which is investigating the feasibility of handing federal lands back to the State. It has to do with wild horses and water rights. He noted that the National Association of County Officials (NACO) will be filing complaint in District Court to compel the USBR to comply with the Wild Horse Act.

Director Lynn reported that in Douglas County the owners of the Virginia and Rocky Diversions are moving forward with repairing the diversions on the East Fork. The county has the ability to go into river but not modify the geometry of the river. A problem with this structure is that it feeds 40% of the hay growing area of valley.

Director Schank commented that the last couple of storms have come from Hawaii which he hopes indicates that we might have a decent winter to produce next year's water. There is currently five to six inches of snow on Donner Pass. Caltrans has good cameras for watching mountain road conditions.

Director Schank asked Mr. James for a report on what's been happening at Lost Lakes. Mr. James reported that Shane Fryer of the Alpine Watershed Group had volunteered his skills as a diver to help free gate from silt at Lost Lakes. They borrowed Director McKenna's come-along to open the gate to drain water. The following week Ms. Neddenriep went back to Lost Lakes with Director Stodieck who offered suggestions from his experience with a farmer. The gate is fixed and closed. Director Frensdorff asked whether the fees for Lost Lakes would still be higher because CWSD is

not agricultural entity even if the Lost Lakes water is used for agricultural purposes. Mr. James responded that we cannot get the reduced agricultural rate because CWSD is not an agricultural entity. He explained that getting the spillway lowered and the water right license to match the Alpine Decree have been the reasons for delay. At the Lost Lakes workshop in Alpine County the community expressed the desire to see the water rights stay in the lakes. Dr. Eisenhower might be interesting in using the Lost Lakes winter time water. Staff will try to recuperate the Lost Lakes expenses. Ms. Neddenriep will give a more detailed report at the December Board meeting.

Directors Frensdorff, Fierro, Osborne, Abowd, Rawson, and Penzel had nothing specific to report by joined the others in wishing everyone a happy Thanksgiving.

There being no further business to come before the Board, Director Abowd made the motion to adjourn, seconded by Director Fierro and unanimously approved by the Board. The meeting was adjourned at 8:02 p.m.

Respectfully submitted,

Toni Leffler
Secretary