

**CARSON WATER SUBCONSERVANCY DISTRICT
REGIONAL WATER SYSTEM COMMITTEE
March 29, 2016, 3:00 P.M.**

Meeting Minutes

Directors Present:

Karen Abowd, Carson City
Carl Erquiaga, Churchill County (by teleconference)
Ray Fierro, Lyon County
Don Jardine, Alpine County
Barry Penzel, Douglas County
Fred Stodieck, Douglas County Agricultural representative

Others Present:

Ed James, CWSD General Manager
Debbie Neddenriep, Water Resource Specialist
Mike Workman, Dayton Valley Utilities

The meeting of the Regional Water System Committee was called to order by Director Abowd at 3:03 p.m. at the CWSD Conference Room, 777 E. William St., #110A, Carson City, Nevada. A quorum of the Committee was present at the meeting. Staff attempted to record the meeting, but all of the batteries for the recorder died.

Item #3 - Approval of the Regional Water System Committee's Meeting Minutes of October 14, 2013. *Director Jardine made the motion to approve the October 14, 2013, Regional Water System Committee meeting minutes. The motion was seconded by Director Stodieck and unanimously approved by the Regional Water System Committee, with Directors Abowd and Fierro abstaining for not having been at that meeting.*

Item #4 - Public Comment. None.

Item #5 - Discussion for possible action regarding the future utilization of the Lost Lakes water rights. Ed James provided background information and noted that not much has changed with Lost Lakes since the last meeting held 10/14/2013. He explained how the water is stored in the summer and used for recreation, then released in the fall for in-stream flow. He noted that in some years CWSD has leased the water to Carson City. Since 2001, CWSD has experienced significantly increasing annual dam safety fees, from \$1,191.97/yr. at purchase to \$5,621/yr. in 2015. He went on to explain that since CWSD acquired the water right income has been \$41,000 while the expense has been \$132,000.

Mr. James explained the scenarios CWSD could face in the future. The potential future income for Lost Lakes water could potentially be at its maximum, \$20,600/yr., but its average would be \$12,260/yr. As of 2016, the dam and water right fees from California are \$6,340 annually. Mr. James also explained that there are other future issues: a) dam repair costs; b) the road to Lost Lakes is becoming difficult to travel; and c) there are beavers in Hope Valley. The reservoirs leak terribly, it is difficult to move the water

downstream due to low flows and beaver dams impeding progress. It's getting harder to remove beaver dams and it now requires a Lahontan Water Quality Control Board (LWQCB) permit. If CWSD sold Lost Lakes to agricultural user, they would get reduced fees. but that would only work if we sold all of the water rights. The bottom line is the existing system is not working.

Mr. James outlined the alternatives CWSD has in dealing with Lost Lakes as: a) do nothing; b) sell the water rights; or c) transfer the water rights. If the "do nothing" alternative is followed, the pros would be continued recreation opportunities, enhanced in-stream flows to the West Fork Caron River in the fall, and a supplemental water supply. The cons are the costs and the loss of water through Hope Valley. The "sell water rights" alternative pro would be that CWSD would recoup some costs and therefore reduce expenses, while the con would be losing control of a water supply in the upper watershed. The "transfer water rights" alternative pro would be maintaining control of water rights in the upper watershed, and the cons are the many unknowns - US Forest Service (USFS), South Tahoe Public Utility District (STPUD), and the California Department of Water Resources requirements and/ or regulations and potential water quality issues.

Director Abowd asked if there was some way to do something like Brunswick Dam. Mr. James replied that there is an opportunity. He suggested several different scenarios but they would require California and Nevada water right transfers. Director Penzel asked if that would leave the dam for storage. Mr. James answered it would not since Lost Lakes dams would be breached or the outlets would have to remain open and abandoned. Director Penzel stated he didn't believe abandoning Lost Lakes would be a good idea since it's the only upstream storage. After more consideration, eventually CWSD might want to do that, but at this point, he thinks it would be shortsighted to get rid of them.

Mr. James responded there are a lot of unknowns. Lost Lakes is on USFS land; therefore we don't know what would be required. He also noted if water rights were transferred to Indian Creek Reservoir the ditch would need to be fully piped. It would be optimal to release water in the spring before the river goes on regulation, but we need to investigate that possibility further. Director Stodieck agreed, noting that the water would get through before it goes on regulation. In his opinion, you might be able to get the water through the end of June to the first part of July.

Mr. James also would need to investigate phosphate issues since Indian Creek has phosphorous problems. Director Stodieck asked if Indian Creek is still being polluted. Mr. James responded that it is not, but the water is not being released from Indian Creek Reservoir. Therefore, the phosphorous issues could deter water rights transfer if the water could not be fully utilized as a result of water quality.

Mr. James pointed out that demand will increase; for instance, Lyon County is looking for water. Director Fierro asked who owns Red Lake. Mr. James replied that it is owned by California Fish and Wildlife. Director Fierro asked why they don't pay a fee. Director Stodieck said they are both

state agencies. Director Fierro agreed that he thinks CWSD will regret selling the water. If we let the dam go, you will never get another up there again.

Director Penzel asked if CWSD could do a temporary abandonment, sell water rights, and put that money in the bank until CWSD can repair dam. Perhaps we need to have that additional storage. Perhaps we could lease it. Perhaps we could put it on a 10-year program. Director Fierro agreed that maybe temporary abandonment would be a good idea if it allowed the District to hold onto the water rights. Director Abowd asked if we had this discussion in 2013. Mr. James responded at that time the board's consensus was to try to get dam fees reduced; however, we were unable to do that. He suggested that it would be good to begin discussions with USFS, California Fish and Wildlife, and California and Nevada's Water Resource offices to investigate possible options and also explore if we could do store the water in Indian Creek Reservoir.

Directors Abowd and Penzel asked what the cost would be to repair the dams. Mr. James did not know, but it could be as much as \$100,000. Director Stodieck pointed out that CWSD might not be able to get a permit if they find yellow-legged frogs in the reservoirs. Director Jardine agreed because if there is yellow-legged frogs, projects cannot use equipment. Director Stodieck asked if Douglas County could transfer some of their water rights to Lost Lakes. Mr. James responded that there is a very limited watershed upstream of Lost Lakes. Transferring water rights to Lost Lakes will not help if there is no water to store. Director Penzel and Director Fierro asked if CWSD could partner with USFS to preserve the lakes.

Mr. James illustrated where the Upper and Lower Lost Lakes leak and potential locations of lining; however, these costs are unknown. There are a lot of unanswered questions regarding Lost Lakes and he would like to explore the options further to determine if it's possible to get water through the system or store water at Indian Creek Reservoir. He also wants to do an analysis of the dead pool, and the yellow legged frog designation. Director Abowd had questions about lining part of reservoirs and Director Penzel asked how often the water quality has to be checked at the lakes. Mr. James responded that the water is clean and doesn't require water quality monitoring. Mr. James also noted there would be potential for Douglas County to store water in Indian Creek Reservoir; however, it would require Douglas County to own West Fork Water rights.

Mr. James sought direction from the committee about contacting various entities (USFS, CA Fish and Game, STPUD, the Federal Water Master, CA and NV Departments of Water Resources, etc.) to explore all possibilities regarding options since it is costing us more to maintain it than we earn from it. The committee encouraged Mr. James to speak to the various entities and conduct those analyses which would be helpful to determine costs and benefits of the various options. Director Abowd asked if there was a perfect solution. Mr. James replied that trading California Fish and Wildlife Red Lake for Lost Lakes would be great as it is a solution that works for the system. Director Jardine liked the idea of trading Red Lake.

Mike Workman from Lyon County utilities asked a few questions about CWSD's upstream storage supply and if it could be used for will-serve. Mr. James responded that CWSD owns about 700 AF of water between Lost Lakes and Mud Lake and that perhaps it could be moved and stored

in the Stagecoach aquifer. Director Fierro asked how lost water is accounted for. Mr. James explained that it depends; we currently are charge a 7% loss for our Mud Lake water that we send down to Carson City.

Mr. James received direction from the Regional Water System Committee to explore options with the various agencies.

Item # 6 - Discussion for possible action regarding allocating Q1 funding. Mr. James explained that, like the Phoenix, Q1 has risen from the ashes. Currently, State Lands has \$80,000 on the books for the Carson River Watershed. Mr. James contacted the conservation districts, but only Dayton and Carson City have projects that meet the Q1 criteria and are ready to go this summer. Therefore, he proposed to split the money between the two and provide \$40,000 to Carson City and \$40,000 to Dayton Valley Conservation (DVCD). DVCD would receive funding for their Buckland Ditch project. In Carson City this money would be applied to the Golden Eagle Lane restoration project to keep sediment from entering the river. This works out well for both of these projects since CWSD had to fund less than these two entities requested for the fiscal year 2016-17.

Mr. James also mentioned that in the future there could be \$3 million additional funds from Q1 which will need to be utilized before 2019. Director Penzel asked if the \$80,000 is available today. Mr. James replied it is, but it has to be matched.

Director Stodieck made the motion that the Regional Water System Committee recommend that the Board approve splitting the \$80,000 Q1 funding currently available equally between Carson City and Dayton Valley Conservation and that Mr. James pursue future Q1 funding. Director Fierro seconded the motion which was unanimously approved by the Regional Water System Committee.

Item #7 - Discussion regarding regional water issues in Lyon County. Mr. James noted that Lyon County is looking at putting in 5,000 homes over the next several years along the Highway50 corridor. As a result, Lyon County will be looking for water, and the regional water system might offer some solutions. Director Penzel asked how much water you need for that many homes. Mr. Workman responded that it would require 2,200 to 2,600 AF depending on densities and other factors. Director Abowd asked how long it would take for the State Engineer to determine if Carson City could sell Brunswick Reservoir to Lyon County. Mr. James replied he doesn't know, but underscored the importance of keeping Churchill in the loop so they don't protest the water right transfers. Director Abowd suggested that Mr. James approach Mark Rotter to find out the status of Brunswick Canyon. Director Penzel was also concerned about people in Douglas County protesting water rights.

Director Penzel noted we have to consider public relations and have a very transparent process. He also thought legislative changes in Nevada Water Law could be a problem. Mr. James reminded the committee that he has been attending those meetings to keep abreast of the direction the State is considering. It was suggested that Vidler and any other players into the discussion so everyone is in the loop. Director Fierro asked how these folks come in and say they have water for a

development project. Mike Workman replied that in some cases they can provide water because of inter- connections between Carson City and Lyon County. Vidler owns water rights from the Buzzy Anderson Ranch which can be moved through the Carson River and pumped from induction wells. Mr. Workman noted he was providing the water purveyor's perspectives. Lyon County faces intense development pressure; he has three different groups pushing to have meetings next week. Director Penzel mentioned concerns that Douglas County water rights are used in Douglas County. Mr. James agreed. Mr. James concluded the discussion by reiterating that there are water supplies out there, and we need to look at the big picture.

This item was for discussion only; receive and file.

Item #8 - Public Comment. Mr. Workman asked to provide a word of caution regarding Q1 projects: please include the costs to maintain the projects once they are constructed.

There being no further business to come before the Regional Water System Committee, Director Stodieck made the motion to adjourn, seconded by Director Jardine, and the meeting was adjourned at 4:15 p.m.

Respectfully submitted,

Deborah Neddenriep
Clerk