

CARSON WATER SUBCONSERVANCY DISTRICT Regional Water System & Flood Committee

NOTICE OF PUBLIC MEETING

DATE: March 16, 2020
TIME: 9:30am
LOCATION: CWSD Conference Room
777 E. William Street
Carson City, NV 89701

AGENDA

***Please Note:** Reasonable efforts will be made to assist and accommodate individuals with disabilities who wish to attend the meeting. Please contact Catrina Schambra at (775)887-7450 (catrina@cwsd.org), at least two business days in advance so that arrangements can be made.*

1. Call to Order the CWSD Regional Water System & Flood Committee
2. Roll Call
3. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.
4. For Possible Action: Approval of the Regional Water System & Flood Committee Meeting Minutes of April 3, 2019
5. For Possible Action: Review and Update the Policy & Procedure for Funding Assistance of Regional Water System
6. For Possible Action: Discuss Utilization of Lost Lakes
7. For Possible Action: Discuss renewing the Mud Lake Agreement with Carson City
8. For Discussion Only: Public Comment - Action may not be taken on any matter brought up under public comment until scheduled on an agenda for action at a later meeting.
9. For Possible Action: Adjournment

Supporting material for this meeting may be requested from Catrina Schambra at 775-887-7450 (catrina@cwsd.org) and is available at the CWSD offices at 777 E. William St., #110A, Carson City, NV 89701 and on the CWSD website at www.cwsd.org.

In accordance with NRS 241.020, this notice and agenda has been posted at the following locations:

-Dayton Utilities Complex 34 Lakes Blvd Dayton, NV	-Minden Inn Office Complex 1594 Esmeralda Avenue Minden, NV
-Lyon County Administrative Building 27 S. Main St. Yerington, NV	-Churchill County Administrative Complex 155 N Taylor St. Fallon, NV
-Carson City Hall 201 N. Carson St. Carson City, NV	-Carson Water Subconservancy District Office 777 E. William St., #110A Carson City, NV
-Alpine County Administrative Building 99 Water St. Markleeville, CA	-CWSD website: http://www.cwsd.org -State public meetings website: http://notice.nv.gov

AFFIDAVIT OF POSTING

The undersigned affirms that on or before 9am on March 9, 2020, he/she posted a copy of the *Notice of Public Meeting and Agenda* for the March 16, 2020, meeting of the Carson Water Subconservancy District Finance Committee, in accordance with NRS 241.020; said agenda was posted at the following location:

SIGNATURE

Name: _____ Title: _____ Date & Time of Posting: _____

CARSON WATER SUBCONSERVANCY DISTRICT
REGIONAL WATER SYSTEM & FLOOD COMMITTEE
April 3, 2019, 10 A.M.

DRAFT Meeting Minutes

Committee Members Present:

Brad Bonkowski
Carl Erquiaga
David Griffith
Jack Jacobs
Austin Osborne
Mike Workman

Committee Members Not Present:

Fred Stodieck

Staff Present:

Ed James, General Manager
Patrick King, Legal Counsel
Catrina Schambra, Secretary to the Board

Committee Member Bonkowski called the meeting of the Carson Water Subconservancy District's Regional Water System and Flood Committee to order at 10 a.m. in the Conference Room of Carson Water Subconservancy, 777 East William Street, Suite 110, Carson City, Nevada. A quorum of the Regional Water System and Flood Committee was present

Item #3 – Discussion Only: Public Comment - None

Item #4 - For Possible Action: Approval of the Regional Water System and Flood Committee Minutes from August 13, 2018. *Committee Member Bonkowski made the motion to approve the Regional Water System and Flood Committee Minutes from August 13, 2018. The motion was seconded by Committee Member Schank and unanimously approved by the Regional Water System and Flood Committee.*

Item #5 - For Possible Recommendation: Review and select engineering firm to conduct the Carson River Water Marketing Study. Mr. James reports that he has not heard back from BOR. We will not be starting until May at the earliest. He hopes we can make a recommendation today and then move forward to define the scope of the project. He is aiming for a May Board meeting to recommend an engineering firm to conduct the study

Committee Member Jacobs feels Water West is far superior and their resume is superior. He says Lumos was subpar in their presentation. He understands that we have more experience with Lumos versus Water West, but this is a huge contract. He is looking for good technical data and feels it would be a challenge to work with Lumos. He feels they are not as pragmatic and professional, nor have the efficient date outline in their proposal as does Water West. He feels

that Mr. Coors is particularly strong on the Water West team. It would be a shame if we can't have him involved in this project.

Committee Member Bonkowski agrees with Jacobs in that he was disappointed with the Lumos presentation but is happy with Lumos being local and understanding local dynamics. He feels Water West would have a steep learning curve on our dime.

Committee Member Osborne agrees, but likes that Lumos would be available to us as a local business.

Committee Member Griffith says he agrees too – Water West gave a better presentation, but he still leans towards Lumos because of their local knowledge. He has also checked their references.

Committee Member Jacobs questions the allocation of hours for each task, as they were vastly different between the two presentations.

Committee Member Bonkowski thinks maybe Lumos assumed that it was a lock for them and therefore did not put in much effort towards their presentation.

Committee Member Jacobs says it seems to him that Lumos does not understand the size of the project for the time it allotted.

Mr. James says we will meet with the selected company to define the scope of the project to make sure the time is delegated correctly.

Committee Member Workman asked which cities will be involved with this project. He has worked with Lumos a lot. He feels with Lumos knowledge and accessibility is key. Long standing relationships are important – just to get a call answered. That is huge. Connecting to rural Nevada is not that simple for an out of area company. He thinks local is key.

Committee Member Jacobs would be willing to move his vote to Lumos based on today's discussion, and he is willing to meet with Lumos to define the scope of the project.

Committee Member Workman says Lumos needs to be told how subpar their presentation was. Committee Member Griffith agrees and supports Committee Member Jacobs in being part of that process. Workman says he also agrees, engineer to engineer.

Committee Member Griffith made a motion to recommend the CWSD Board approve Lumos as the engineering firm to conduct the Carson River Water Marketing Study. The motion was seconded by Committee Member Bonkowski and unanimously approved by the Regional Water System & Flood Committee.

Item # 6 – For Possible Action: Discuss proposed Lost Lake Agreement with Carson City.

To provide background information for the new committee members, Mr. James gave a history and overview of Mud Lake in Douglas County.

Prior to Mr. James being hired, CWSD was looking at purchasing the entire Mud Lake Reservoir and water right through a bond process. Mud Lake is the largest upper stream storage in the Carson Watershed. CWSD already owned 526-acre foot of water (of the 3,000-acre foot total) and was moving forward to buy the remainder, when the rest of it was sold to Don Bentley.

CWSD still owns that 526-acre foot of the water right. Historically water was diverted out of the West Fork through Millich Ditch, to Indian Creek, to Mud Lake in winter after the irrigation season has stopped. Water was then released from Mud Lake back to the West Fork. The water flows down the Carson River and Carson City picks up the water through their induction wells. CWSD is assessed a 7% loss. Since 1995 Carson City has entered into a 5-Year Agreement with CWSD and it has been renewed every 5 years since.

In 2001, CWSD had the opportunity to purchase Lost Lakes. One reason CWSD wanted to purchase Lost Lakes was CWSD turned down purchasing Red Lakes. This water right was purchased by CA Fish & Game (CFG). They had the money to buy it, but not the funds to maintain it. Some people now refer to it as Green Lake due to its algae issues. We have talked to CFG about utilizing this water for years, as they have this resource that is not being used, but CFG does not want to take the lead on this because any funding they would get would go to CA General Fund, and not to them. Shortly after purchasing Lost Lakes, CA recalculated its dam safety fees and increased them dramatically. Carson City has indicated that they might want to lease some of the Lost Lakes water. Carson City is willing to pay the cost of the temporary permit from the Department of Water Resources.

Director Workman asks if we contact other water purveyors. Mr. James responds yes. Lyon County has never purchased water from CWSD.

Director Bonkowski asks if the Agreement would be that Carson City pay the fee up front for the temporary permit and then use Mud Lake first, Lost Lake second at half the cost of the Mud Lake water. Mr. James responded, yes.

Director Griffith asks if it is hard to release the water when its snow covered? Mr. James responds that the releases occur in October after irrigation stops for the winter.

Director Jacobs asks when does water come into Lost Lake? Water is stored in the winter and spring time.

Director Osborne asks what happens in the summer. Mr. James said Carson City has agricultural rights it uses through the summer.

Director Bonkowski says Carson City has just finished their water study. Carson City's concern is not the water, they have plenty, but it's their infrastructure to move the water around.

Director Workman agrees. Lyon County also needs to improve infrastructure to move the water we have.

Mr. James says the biggest cost of owning Lost Lake is the Dam fees.

No action was taken.

Item # 7 - For Discussion Only: Review the 2013 Regional Water System Report future infrastructure concepts. Mr. James talked about regional pipelines and explained the history of changes to educate the committee.

This was a discussion only; no action was taken.

Item #8 – For Discussion Only: Public comment – None.

Item #9 – Adjournment - *There being no further business to come before the Regional Water System and Flood Committee, Committee Member Bonkowski adjourned the meeting at 11 a.m.*

Respectfully submitted,

Catrina Schambra
Secretary to the Board

DRAFT

**CARSON WATER SUBCONSERVANCY DISTRICT
REGIONAL WATER SYSTEM AND FLOOD COMMITTEE**

TO: REGIONAL WATER SYSTEM AND FLOOD COMMITTEE
FROM: EDWIN D. JAMES
DATE: MARCH 16, 2020
SUBJECT: Agenda Item Background Information

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Item # 5 – For Possible Action - Review and Update Policy & Procedure for Funding Assistance for Regional Water System

Attached is the proposed revised Policy & Procedure for Funding Assistance for Regional Water System. In reviewing the current policy staff realized there is a need to clarify what is eligible for funding and to clean up some of the language in the policy.

Item # 6 – For Possible Action - Discuss Utilization of Lost Lakes

In 2001, CWSD purchased Lost Lake water rights to preserve water for regional benefits. When CWSD purchased the water rights it was known at that time that the lease of the water rights may not cover the annual costs, but the water rights would provide multiple benefits such as, recreation, instream flow enhancement, and municipal water supply. In 2002, the dam safety fees were less than \$1,192 per year. The next year California changed how they charged the dam fees and in 2004 the dam costs jumped to \$4,430 per year. Over the years the fees have continued to increase. It is anticipated that the dam fees for 2020 will be approximately \$10,550. Also, as with any structure, there are on-going maintenance needs. Over the past ten years, CWSD has spent \$100,660 on fees and maintenance costs, and approximately \$39,000 in salary/benefit costs. Over that same period, Lost Lakes has generated \$15,770 in revenue. In 2016, staff brought forward the concerns of the costs with Lost Lakes. At that time, staff was directed to try to work with California to see if there was any way to reduce the dam fees and Alpine County's Supervisors also contacted their state representatives to see if there was a legislative fit. None of these efforts came to fruition. Now the US Forest Service wants to enhance the wetlands in Faith Valley through the promotion of beaver dams. This process could impact CWSD's ability to move the water through the system.

Staff has been evaluating options regarding the future use of Lost Lakes. Option include transferring the water rights downstream, selling the water rights, or exchanging the water rights. Staff is looking for guidance on how to proceed.

Item # 7 – For Possible Action – New Mud Lake Agreement with Carson City.

CWSD agreement with Carson City expires on September 30, 2020. Attached is the current agreement with Carson City. Staff is seeking input regarding renewing the agreement with Carson City for another five-year term.

**CARSON WATER SUBCONSERVANCY DISTRICT
FUNDING ASSISTANCE FOR REGIONAL WATER SYSTEM
POLICY AND PROCEDURE**

Effective 12-15-04

Revised 5-16-07

Revised 7-16-08

Revised 10-18-17

Revised 3-18-2020

POLICY:

This policy of Carson Water Subconservancy District (CWSD) is to determine projects for which CWSD will provide financial assistance to promote the Regional Water System.

PURPOSE AND OBJECTIVE:

To establish uniform guidelines for providing financial assistance to water purveyors that are developing or up-sizing water distribution systems, both potable and non-potable, which can be used in the regional water system throughout the Carson River Watershed. This funding assistance is not to be used for local water facilities enhancement or for future growth by a single water purveyor. This policy only refers to the money deposited in CWSD's Acquisition/Construction Fund.

DEFINITIONS:

"Regional Water System" refers to any water project, potable or non-potable systems, which can be used to accommodate ~~all~~, or a portion of the water needs of two or more water purveyors. Any system capacity developed and funded through this program will be maintained by the jurisdiction the system is located ~~owned by CWSD~~, unless specified differently by Board action. The Regional Water System can consist of connecting two or more water systems together, enhancing the water supply for the region, up-sizing distribution systems, designed of regional water system facility, right-a-way evaluation, or providing other facilities necessary to provide emergency back-up supply that ultimately benefits the regional system.

"Water Purveyor's Water System" refers to any water project which a water purveyor needs to provide water to its service area but may be enlarged to transport water to or through for the benefit of a Regional Water System.

GENERAL PROCEDURES, GUIDELINES, AND RESPONSIBILITIES:

Preapproval:

For any project to be funded, a water purveyor must first submit a written request to CWSD asking if their project is eligible for funding. CWSD will evaluate the request to see if the project is eligible for funding. ~~To be eligible the project must already be identified by CWSD as part of the regional water system or the water purveyor can demonstrate that the project will provide a regional benefit.~~ If the project is eligible, CWSD will send a letter to the water purveyor informing them that their project is eligible for possible funding assistance. ~~CWSD~~

~~reserves the right to accept or reject any project.~~

General Procedures:

If CWSD accepts the project, both entities will meet to discuss what specific elements of the project are eligible for funding. An estimation of the costs will also be submitted to CWSD. Once the specific elements have been agreed upon, an agreement will be developed and submitted to the water purveyor and CWSD to be ratified by both governing bodies. ~~Items that may be eligible for funding could include:~~

- ~~——— A) —— Costs associated with the design of the Regional Water System.~~
- ~~——— B) —— Costs associated with the construction of the Regional Water System.~~

Funding Procedures:

The following are the procedures for establishing the amount of funds available for the regional water system project. ~~paying to up-size a pipeline:~~

A). Alternative Bids:

1. The water purveyor will develop the bids for the project. If the project is to up-size the Water Purveyor's Water System, the water purveyor will develop one bid for the Water Purveyor's Water System and an alternate bid for the Regional Water System upgrade.
2. The water purveyor will conduct the bidding process and select the successful bidder.
3. CWSD will have up to 30 days to decide if it will participate in the Regional Water System portion of the project.
4. If CWSD elects to participate financially in the project, CWSD will pay the water purveyor the costs associated with the Regional Water System within 180 days after construction has begun.
5. The water purveyor is financially responsible for all change orders.

B). ~~Maximum Project Costs: Not to Exceed:~~

1. The Water Purveyor and ~~If developing two alternative bids is not practical,~~ CWSD will ~~can~~ enter into a not-to exceed agreement.

~~For projects that tie water systems together or enhance the water system to the region, the amount of funds available will be negotiated on a case by case basis. This also pertains to regional storage tanks, treatment facilities, and wells.~~

Ownership:

The water purveyor that constructs the Regional Water System will own and maintain the facilities. CWSD will own the capacity rights for the portion that represents the Regional Water System, unless specified differently by Board action. ~~In the event public entity wants to utilize~~

†The capacity owned by CWSD, [is available to any public entity at no cost for use of the capacity.](#) ~~that public entity will request in writing the right to use the capacity from CWSD.~~ The public entity that uses the capacity from CWSD shall be responsible for all costs associated with operation, depreciation, and other fees that may be established by the public entity that operates and maintenance the Regional Water System. In the event a private entity wants to utilize the capacity owned by CWSD, CWSD reserves the right to charge for such capacity in an amount that will recoup some or all of the financial commitment made by CWSD. The private entity will also be responsible for all costs associated with the operation, maintenance, depreciation, and other costs that may be established by the public entity that operates and maintenance the Regional Water System.

Modifications to the Policy:

Any modification to this policy must be approved by the Board.

WATER LEASE AGREEMENT

This Water Lease Agreement is entered into between the CARSON WATER SUBCONSERVANCY DISTRICT, a political subdivision of the State of Nevada, by and through its duly constituted Board of Directors (hereinafter “CWSD”) and CARSON CITY, a political subdivision of the State of Nevada, by and through its duly constituted Board of Supervisors (hereinafter “CITY”).

WITNESSETH:

WHEREAS, CWSD holds title to 526.25 acre feet of water rights, including storage rights in Mud Lake Reservoir;

WHEREAS, CITY desires to lease CWSD water for the next five (5) years for use within the boundaries of CITY for municipal purposes; and

WHEREAS, CWSD has made or will make any necessary application(s) to the State Engineer for permission to use CWSD water rights for the purposes contemplated under this Agreement.

THEREFORE, in consideration of the mutual undertakings and for other good and valuable consideration, the parties agree and contract as follows:

1. Terms of Agreement/Cost of Water

The term of this Agreement shall commence on the date both parties have executed the Agreement and shall continue through September 30, 2020. CITY agrees to lease and use up to but not to exceed 526.25 acre feet of CWSD water, less any loss imposed by the State Engineer, subject to the requirements of Nevada water law, during the five year term. CITY shall use the water during this term in accordance with the terms of the Final Decree in the case entitled *United States v. Alpine Land & Reservoir Company*, Civil No. D-183 BRT, United States District Court,

District of Nevada (hereinafter “Alpine Decree”).

If CITY does not intend to utilize all the Mud Lake water in any given year, CITY shall notify CWSD before the beginning of the next irrigation season, whereupon CWSD may lease the remaining unused water to another entity.

For the water delivery season beginning October 1, 2015, the CITY shall pay CWSD \$103.00 per acre foot for the use of said water as metered at CITY’s point of re-diversion. For each water delivery season thereafter, CITY agrees to increase the price per foot of water paid to CWSD each year. The rate of increase shall be determined by and equal to the percentage change in the Consumer Price Index for All Urban Consumers (CPI) - All Items (1982-1984 = 100), as published by the Bureau of Labor Statistics, Washington, D.C., commencing with the index for the twelve month period ending September 30, 2015, as the baseline and using the annual percentage change above the baseline each year thereafter. Such an increase will be applicable every year.

As used in this Agreement, the term (water delivery season” means the period beginning October 1 and ending March 31 of the following year. The calculation of the water used by City shall not include any loss of water determined by the State Engineer or the Federal Water Master, due to conveyance from Mud Lake Reservoir or any other CWSD storage facilities to CITY’s point of re-diversion. Unless otherwise agreed to by both parties, CITY shall make to CWSD yearly payments in arrears by the 15th of June based on the metered usage during the previous water delivery season.

2. Costs of Diversion and Delivery of Water

CWSD shall bear the costs of delivery of the water to CITY’s point of re-diversion, including the costs of any required approvals by the State Engineer, operation and maintenance of upstream storage facilities, and payment of water fees to the Federal Water Master. CITY shall

bear the costs associated with pumping the water from the Carson River, measuring devices, pipelines and other transporting devices. CWSD and CITY shall coordinate the delivery of water.

3. Different Source of Water

CITY agrees that CWSD in its sole discretion may deliver a like amount of water from a source or sources other than Mud Lake Reservoir so long as the timing of the water delivery is mutually acceptable.

4. Treatment

CITY shall be responsible for the treatment of all water for municipal purposes, including water leased from CWSD, to applicable local, state and federal standards.

5. Hold Harmless

CITY agrees to indemnify and hold CWSD harmless for any claims or actions including damages, costs and attorneys fees concerning the use of this water by CITY as specified in this Agreement.

6. Successors and Assigns

This Agreement shall bind all successors in interest and assigns of CWSD and CITY.

7. General Provisions

The officials executing this Agreement hereby warrant and guarantee that they have the authority to act for and bind the respective organizations which they represent; all notices required by this Agreement shall be in writing, must be sent to the addresses provided herein and are deemed effective upon placement in the United States Mail, postage prepaid; this Agreement constitutes the entire agreement between the parties; this Agreement shall be enforced and construed according to the laws of the State of Nevada; the prevailing party to any dispute involving this Agreement is entitled to an award of reasonable attorneys fees and costs; any

modification of this Agreement must be made by a writing signed by both parties; portions of this Agreement which are held invalid are severable from the rest of the Agreement; this Agreement may be recorded in the office of the Carson City Recorder and the Douglas County Recorder; the preamble and recitals are hereby made a part of this Agreement; and this Agreement may be executed in any number of counterparts, each of which is deemed an original but together which constitutes but one and the same agreement.

8. Continuing Appropriation

Pursuant to NRS 244.320, the Board of Supervisors of CITY has no authority to bind CITY to a contract beyond the terms of the Supervisors in office at the time of the contract approval. If a future Board of Supervisors of CITY does not appropriate money for this Agreement, CITY is no longer bound by this Agreement.

For notice purposes, the addresses of each party are as follows:

CARSON WATER
SUBCONSERVANCY DISTRICT
Attn.: Edwin James
General Manager
777 E. William St., #110A
Carson City, NV 89701
775/887-7450

CARSON CITY
Attn.: Darren Schulz
Public Works Director
3505 Butti Way
Carson City, NV 89701
775/887-2355 x-7391

9. Termination of Agreement

Unless otherwise agreed to by both parties in writing, this Agreement shall be terminated only if the State of Nevada or a court of competent jurisdiction prevents the delivery of the surface water that is the subject of this Agreement to CITY's point of re-diversion or if the Federal Water Master prevents the use of the subject water in which case CWSD and CITY are relieved from performance under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CARSON WATER
SUBCONSERVANCY DISTRICT

CARSON CITY

GREG LYNN, Chairman

ROBERT L. CROWELL, Mayor

Dated: _____

Dated: _____

ATTEST:

ATTEST:

By: _____
TONI LEFFLER, Secretary to the Board

By: _____
SUSAN MERRIWETHER, Clerk-Recorder

Dated: _____

Dated: _____