



# WASHOE COUNTY

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CM/ACM	<u>KS</u>
Finance	<u>DN</u>
DA	<u>✓</u>
Risk Mgt.	<u>N/A</u>
Clerk	<u>CS</u>
Comptroller	<u>CH</u>

## STAFF REPORT

BOARD MEETING DATE: April 12, 2016

**DATE:** March 12, 2016

**TO:** Board of County Commissioners

**FROM:** Dwayne Smith, P.E., Division Director, Engineering and Capital Projects, Community Services Department, 328-2043, [desmith@washoecounty.us](mailto:desmith@washoecounty.us)

**THROUGH:** Dave Solaro, Arch., P.E., Director  
Community Services Department, 328-3600, [dsolaro@washoecounty.us](mailto:dsolaro@washoecounty.us)

**SUBJECT:** Authorize the purchase of 15.00 acre feet of water resources from the TMWA Rule 7 water resource inventory [\$112,500]; and if approved, adopt a Resolution to augment the budget of the Golden Valley Artificial Recharge Program located within the Washoe County Water Resources Enterprise Fund 566 [\$112,500]; and direct the Comptroller's Office to make the appropriate budget adjustments. (Commission District 5.)

### SUMMARY

Staff is seeking approval to purchase 15.00 acre-feet of Truckee Meadows Water Authority (TMWA) Rule 7 water resources and approval to augment the FY16 budget of the Golden Valley Artificial Recharge Program (Recharge Program).

Washoe County is solely responsible for operating and administering the Golden Valley Artificial Recharge Program which requires approximately 80 acre feet annually of potable groundwater for injection into the underlying aquifer in the Golden Valley area. Historically, the 80 acre feet of potable water used for recharge of the aquifer has been leased from various sources.

On December 8, 2015, the Board of County Commissioners (Board) approved an Agreement between Washoe County and the Truckee Meadows Water Authority which included a provision to transfer 43.97 acre feet of water resources used in support of the Recharge Program and to purchase 21.03 acre feet of water resources from the TMWA Rule 7 water resource inventory. During the meeting, it was identified that the remaining 15.00 acre feet of water resources required to support the program will be purchased from TMWA in 5-acre foot increments annually over the next three years.

If approved, purchase of the remaining balance of 15.00 acre feet of water resources will temporarily result in the Golden Valley Recharge Program fund balance being below the \$100,000 minimum balance required by provisions of Ordinance 1548. Further, pursuant to NRS 354.598005, if anticipated resources actually available during a budget period exceed those estimates, a local government may augment a budget of an enterprise or

internal service fund. The governing body shall adopt, by majority vote of all members of the governing body, a resolution (see Attachment A) providing therefor at regular meeting of the body.

Ordinance 1548 requires a minimal operational reserve of \$100,000 to cover emergency repairs or corrections to the recharge system or to repair other damages as a result of system failure. Ordinance 1548 further states that if the balance is taken below \$100,000, through a recommendation by staff, the Board would temporarily raise the monthly Recharge Program fee to restore the reserve fund of \$100,000 within 24 months.

Review of the Recharge Program fund balances show consistent monthly revenues of over \$13,500 and anticipated average monthly operational and maintenance costs of approximately \$8,200. The estimated purchase cost of the remaining balance of 15 acre feet of water resources is \$112,500, which lowers the Program's fund balance to approximately \$60,000. Assuming the average for monthly operational and maintenance costs remain consistent, the fund balance will be in excess of \$100,000 within approximately eight months. This is significantly shorter than the 24 month period required by Ordinance.

Therefore staff does not recommend a temporary rate increase since projections indicate the fund balance will exceed the minimum requirement within approximately eight months. Should a situation arise during this time period which requires immediate expenditures in excess of the available fund balance, the necessary additional funding would be made available through an intrafund transfer within Fund 566.

With approval, staff will purchase the remaining 15.00 acre feet of water resources from the TMWA and update the recharge permit with the State of Nevada to reflect the permit changes.

Strategic Objective supported by this item: Safe, secure and healthy communities.

### **PREVIOUS ACTION**

On June 25, 2002, the Board adopted Ordinance 1166, adopting a scheduling of rates and charges for provision of artificial recharge water service by Washoe County within certain areas of the unincorporated Washoe County and other matters properly related thereto.

On August 23, 2011, the Board approved Ordinance 1470 establishing the current Golden Valley Artificial Recharge Program rates.

On October 28, 2014, the Board held an introduction and first reading of an ordinance adopting the Washoe County Requirements and Schedule of Rates, Tolls, and Charges for the Golden Valley Artificial Recharge Program; providing for Rates, Payments, Procedures and their Enforcement relating to conditions of service; exemptions; appeal procedures; and other matters properly related thereto; and, set the public hearing for second reading and possible adoption for November 12, 2014, with the ordinance to

become effective concurrent with the effective date of the Washoe County Water Utility and Truckee Meadows Water Authority merger.

On November 12, 2014, the Board held the second reading and adopted Ordinance 1548, Washoe County Requirements and Schedule of Rates, Tolls, and Charges for the Golden Valley Artificial Recharge Program; providing for Rates, Payments, Procedures and their Enforcement relating to conditions of service; exemptions; appeal procedures.

On May 18, 2015, the Board approved the FY16 budget of the Golden Valley Artificial Recharge Program within the Washoe County Water Resources Enterprise Fund 566, which included the standing annual budget item of \$75,000 for water resource purchases.

On December 8, 2015, the Board approved an Agreement to Provide Water Service under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program between Washoe County and TMWA, and authorized the purchase of 21.03 acre feet of water resources from the TMWA Rule 7 water resource inventory [\$158,145.60], and adopted a resolution to augment the budget of the Golden Valley Artificial Recharge Program within the Washoe County Water Resources Enterprise Fund 566 [\$85,000], and directed the Comptroller's Office to make the appropriate adjustments.

On February 9, 2016, the Board approved a Water Rights Deed between Washoe County and the Truckee Meadows Water Authority (TMWA) transferring 43.97 acre feet of permitted Truckee River water rights to TMWA in support of the Golden Valley Artificial Recharge Program.

### **BACKGROUND**

The Golden Valley Artificial Recharge Program was first initiated as a test program in the mid-1990s and subsequently developed into a continuously operated artificial groundwater recharge program in 2002 when Washoe County adopted Ordinance 1166. Under the terms of current ordinance 1548, approximately 620 Golden Valley property owners who rely on domestic water wells pay \$22.66 per month in support of the Recharge Program.

The delivery of potable water used for recharge of the aquifer has been from TMWA, and the water resources required for the Recharge Program have historically been leased from various sources. Each year since 2003, approximately 80 acre feet of potable water has been injected into the underlying aquifer at four separate well sites which represents the upper limit of water that can be successfully injected into the aquifer to maintain a reasonable groundwater surface elevation for the benefit of the majority of the Recharge Program users.

The County remains solely responsible for operating and administering the Golden Valley Artificial Recharge Program, including computation and preparation of user charges, responding to homeowner and/or media inquiries and issues, billing and collection of accounts from Golden Valley residents, maintaining books and records, and

other costs and liabilities associated with the program, including utility costs, water supply, etc.

On December 8, 2015, the Board approved transfer of existing water resources used in support of the Recharge Program and also authorized the purchase of 21.03 acre feet of groundwater from TMWA's Rule 7 water inventory in the amount of \$158,145.60.

At this time, staff recommends the purchase 15.00 acre feet of water resources from TMWA's Rule 7 inventory, which secures the necessary water resources to fully support the required 80 acre feet of potable water that is injected annually into the ground in the Golden Valley area and to receive a will-serve commitment letter from TMWA in the amount of 80 acre feet which is acceptable to the State of Nevada Department of Water Resources in support of the recharge permit.

If at some point in the future, the Recharge Program domestic well owners convert to a municipal water service and the Recharge Program is terminated, per terms of the Agreement to Provide Water Service under the Firm Standby Partial Requirements Rate Schedule for the Golden Valley Artificial Recharge Program, the water resource credits will be returned to Washoe County.

### **FISCAL IMPACT**

The purchase of \$75,000 of water resources in support of the Recharge Program was anticipated and budgeted in the County's five-year Capital Improvements Program which was approved by the Board during the FY16 budget process. The FY16 budget was then augmented on December 8, 2015 under the Board's approval to increase authority by \$85,000 – for a total of \$160,000 – to purchase 21.03 acre feet of water resources from the TMWA Rule 7 water resource inventory for \$158,145.60.

The purchase price of \$112,500 for the remaining 15 acre feet of water resources from the TMWA Rule 7 water resources inventory now exceeds the remaining budget authority available.

The Recharge Program has the cash to pay for the cost of the water resources purchase, but does not have the full budget authority. Accordingly, the Recharge Program's budget within the Washoe County Water Resources Enterprise Fund 566 needs to be augmented as follows:

#### **Water Resources Enterprise Fund 566**

##### Source of Funds

Net Assets	Un-appropriated Net Assets	\$112,500
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##### Increase in User Rate Funded Capital Budget

WR430001-781005	Intangibles Capital	\$112,500
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Remaining rate revenue cash for the Recharge Program subsequent to completing this purchase will be sufficient for future operating and maintenance needs. The fund balance will exceed the minimum requirement of \$100,000 within approximately eight months.

**RECOMMENDATION**

It is recommended that the Board of County Commissioners authorize the purchase of 15.00 acre feet of water resources from the TMWA Rule 7 water resource inventory [\$112,500]; and if approved, adopt a Resolution to augment the budget of the Golden Valley Artificial Recharge Program located within the Washoe County Water Resources Enterprise Fund 566 [\$112,500]; and direct the Comptroller's Office to make the appropriate budget adjustments.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be "Move to authorize the purchase of 15.00 acre feet of water resources from the TMWA Rule 7 water resource inventory [\$112,500]; and if approved, adopt a Resolution to augment the budget of the Golden Valley Artificial Recharge Program located within the Washoe County Water Resources Enterprise Fund 566 [\$112,500]; and direct the Comptroller's Office to make the appropriate budget adjustments."

## RESOLUTION

### TO AUGMENT THE BUDGET OF THE WASHOE COUNTY UTILITIES ENTERPRISE FUND 566

WHEREAS, Washoe County owns and operates the Golden Valley Artificial Recharge Program, which injects potable water resources into the local groundwater aquifer making this water available to approximately 620 domestic well owners within the Golden Valley basin of unincorporated Washoe County; and

WHEREAS, the Golden Valley Artificial Recharge Program was developed by and has been continuously operated by Washoe County under County Ordinance since 2002; and

WHEREAS, the Water Resources Enterprise Fund's five-year Capital Improvement Program approved by the Board of County Commissioners included \$75,000 in fiscal year 2016 for the purchase of water resources necessary for the continued support of the Golden Valley Artificial Recharge Program; and

WHEREAS, the County's fiscal year 2016 budget was previously augmented by \$85,000 to accommodate the expected financial outlay of \$158,145.60 for the purchase of 21.03 acre feet of water resources; and

WHEREAS, NRS 354.626 requires budget appropriations to be available for total project costs; and

WHEREAS, the necessary purchase amount of \$112,500 for an additional 15.00 acre feet of water resources exceeds remaining budget appropriations in fiscal year 2016; and

WHEREAS, rate revenue cash currently exists and has been reserved for the purpose of funding the continued water resources purchases; and

WHEREAS, remaining rate revenue cash balances subsequent to completing the water resource purchases will be sufficient for future operating and maintenance needs; and

WHEREAS, the purchase will temporarily result in the Golden Valley Artificial Recharge Program's fund balance dropping below the minimum balance of \$100,000 identified in Ordinance 1548 but will not necessitate modification to the monthly service charge; and

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of the County of Washoe, State of Nevada:

Section 1. That the budget of the Washoe County Water Resources Enterprise Fund 566 be augmented as follows:

*Water Resources Enterprise Fund 566*

Source of Funds

Net Assets	Un-appropriated Net Assets	\$112,500
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Increase in User Rate Funded Capital Budget

WR430001-781005	Intangibles Capital	\$112,500
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Section 2. This Resolution shall be effective on passage and approval.

Section 3. The County Clerk is hereby directed to distribute copies of the Resolution to the Comptroller's Office.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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Kitty K. Jung, Chair  
Washoe County Commission

ATTEST:

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Nancy Parent, Washoe County Clerk