

WESTERN REGIONAL WATER COMMISSION AGENDA

Friday, June 13, 2008

1:30 p.m.

City of Sparks Legislative Council Chambers
745 Fourth Street
Sparks, Nevada

NOTICE OF POSSIBLE QUORUM OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY ("TMWA"), BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY ("BBC") AND BOARD OF TRUSTEES OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT ("STMGID"), AND NORTHERN NEVADA WATER PLANNING COMMISSION ("NNWPC")

(See 'Notes')

1. Roll Call and Determination of presence of a Quorum*
2. Public Comment* (Three-minute time limit per person)
3. Approval of Agenda
4. Approval of the minutes of the May 16, 2008 meeting
5. Request for WRWC approval of the funding recommendation from the NNWPC for \$172,488 for the North Valleys Integrated Plan — Jim Smitherman and Terri Svetich
6. Request for WRWC approval of the funding recommendation from the NNWPC for an initial amount not to exceed \$340,000 for the initial research and stakeholder involvement and education phase of a Truckee River Watershed-Based Water Quality and Third Party Total Maximum Daily Load planning process — Jim Smitherman and Greg Dennis
7. Request for WRWC input and direction to staff regarding issues to be communicated to the Legislative Oversight Committee for possible inclusion in committee developed/recommended legislation related to water issues and authorization for the WRWC Chairman to sign letter conveying WRWC's input — Rosemary Menard and Lori Williams
8. Request for WRWC approval of Agreement for the Investment of Regional Water Management Funds in the Washoe County Investment Pool — Ben Hutchins
9. Verbal Information regarding the schedule for local governing board actions on the WRWC approved amendments to the WRWC Joint Powers Agreement (JPA) — Staff*

10. Discussion and possible direction to staff regarding agenda items for the July 11, 2008 WRWC meeting
11. Commission Comments*
12. Staff Comments*
13. Public Comment* (Three-minute time limit per person)
14. Adjournment

*Indicates a non-action item

Notes: Because several of the WRWC Trustees are also members of the Board of Directors of TMWA, it is possible that a quorum of the TMWA Board may be present. Such members will not take action at this meeting as members of the TMWA Board, but may take action solely in their capacity as WRWC Trustees. A quorum of the BCC, STMGID and the NNWPC may also be in attendance but will not be taking action.

Public comment will be taken on agenda items upon the submittal of a request via submittal of a Speaker Information Card. There is a three-minute time limit per person.

Items on the agenda without a time designation may not necessarily be considered in the order in which they appear. The WRWC may take action on any of the action items listed.

Facilities in which this meeting is being held are accessible to the disabled. Persons with disabilities who require special accommodations or assistance (e.g. sign language interpreters or assisted listening devices) at the meeting should notify the Washoe County Department of Water Resources, at 954-4663, at least 24 hours prior to the meeting.

In accordance with NRS 241.020, this agenda has been posted at the following locations: Reno City Hall (1 East First Street), Sparks City Hall (431 Prater Way), Sparks Justice Court (630 Greenbrae Dr), Sun Valley GID (5000 Sun Valley Blvd.), TMWA (1355 Capital Blvd.), Washoe County Administration Building (1001 E. 9th Street), Washoe County Clerk's Office (Court and Virginia Streets), Washoe County Central Library (301 South Center St.), Washoe County Department of Water Resources (4930 Energy Way), Galena Market (19990 Thomas Creek Rd.), Galena High School (3600 Butch Cassidy Way), South Valleys Library (15650A Wedge Parkway), TMWA's website: http://www.tmh2o.com/about_us/meeting_center, and the WRWC website: <http://wrwc.us>.

WESTERN REGIONAL WATER COMMISSION MINUTES

Friday, May 16, 2008

The regular meeting of the Western Regional Water Commission (WRWC) was held on Friday, May 16, 2008, at Washoe County Department of Water Resources, 4930 Energy Way, Reno, Nevada.

- 1. Roll Call and Determination of presence of a Quorum** – Chairman Carrigan called the meeting to order at 1:38 p.m. There was a quorum present. Chairman Carrigan requested moving this item to number one prior to Public Comment.

Commissioners Present:

Mike Carrigan, Chair
Dave Aiazzi, Vice-Chair
Jim Ainsworth
Steve Cohen
Bob Larkin
Geno Martini
Ron Smith

Representing:

Truckee Meadows Water Authority (TMWA)
City of Reno
Sun Valley General Improvement District (SVGID)
South Truckee Meadows General Improvement District (STMGID)
Truckee Meadows Water Authority (TMWA)
Truckee Meadows Water Reclamation Facility (TMWRF)
City of Sparks

Commissioners Absent:

Bob Cashell
Bonnie Weber

Representing:

Truckee Meadows Water Authority (TMWA)
Washoe County

Staff Members Present:

John Bronder
Sylvia Harrison
Ben Hutchins
Neil Mann
Rosemary Menard
Darrin Price
Jeanne Ruefer
Fred Schmidt
Wayne Seidel
Pete Simeoni
Jim Smitherman
Lori Williams

South Truckee Meadows General Improvement District (STMGID)
TMWA / McDonald Carano Wilson
Washoe County Department of Water Resources
City of Reno Public Works
Washoe County Department of Water Resources
Sun Valley General Improvement District (SVGID)
Washoe County Department of Water Resources
Sun Valley General Improvement District (SVGID)
City of Sparks Public Works
Washoe County District Attorney's Office
Northern Nevada Water Planning Commission (NNWPC)
Truckee Meadows Water Authority (TMWA)

2. Public Comment

Chairman Carrigan called for public comments and hearing none, closed the public comment period.

3. Approval of Agenda

Commissioner Martini made a motion to approve the May 16, 2008 WRWC agenda as amended by Chairman Carrigan. Commissioner Smith seconded the motion, which carried unanimously.

4. Approval of the Minutes of the April 11, 2008 meeting.

The minutes of the April 11, 2008 Western Regional Water Commission meeting were submitted for approval. Commissioner Martini made a motion to approve the minutes as submitted. Commissioner Ainsworth seconded the motion, which carried unanimously.

OPEN PUBLIC HEARING – Chairman Carrigan opened the public hearing at 1:41 p.m.

5. Public Comment.

Chairman Carrigan called for public comment and hearing none, closed the public comment period.

6. Adoption of Budget for FY2009.

Ben Hutchins referred to the budget items included in the agenda packets. He stated that some procedural revisions were made; however, none of the numbers changed.

Ms. Williams reported that the budget was presented to the NNWPC at their last meeting.

Commissioner Martini made a motion to approve adoption of the budget as presented. Commissioner Ainsworth seconded the motion, which carried unanimously.

7. Adoption of Regional Water Management Fee.

Ms. Williams referred to the packet item, Resolution No. 1 – A Resolution to Impose a Regional Water Management Fee. She requested that commissioners adopt the Resolution. She explained that originally the Regional Water Management Fee was instituted in Nevada Revised Statute (NRS) 540A and the fee has been collected since the mid-nineties at a rate of 1.5%. She reported that the Act designates the continuation of the collection until the WRWC makes a Resolution to continue or change it. She summarized that staff recommends keeping the fee at 1.5%, with all the purveyors continuing to collect it as in the past and using the funds for the planning and administration functions of the WRWC.

Commissioner Ainsworth made a motion to approve staff's recommendation. Commissioner Larkin seconded the motion, which carried unanimously.

CLOSE PUBLIC HEARING – Chairman Carrigan closed the public hearing at 1:46 p.m.

8. Assignment and assumption by the Commission of prior Regional Water Management Fund contracts.

Jim Smitherman referred to the packet item, which included a list of twelve ongoing projects that were previously approved by the Regional Water Planning Commission (RWPC). He requested direction for staff to prepare "Consent to Assignment" documents for each of the agreements to be administered by the WRWC.

Commissioner Price asked why Niki Linn has two separate contracts for preparation of minutes, one of which is for subcommittees, and asked if there are any subcommittees currently. Mr. Smitherman stated that currently there are not, other than the Well Mitigation Hearing Board. He added that Ms. Linn is present for the WRWC and NNWPC meetings; however, she does not attend the subcommittee meetings.

Commissioner Larkin made a motion to direct staff to prepare Consent to Assignment documents for each

of the twelve agreements, obtain signatures by the parties and authorize the chairman to execute the documents. Commissioner Ainsworth seconded the motion, which carried unanimously.

9. Discussion, direction and possible adoption of WRWC Work Plan including establishment of priorities for funding of projects with the Regional Water Management Fund.

Mr. Smitherman reported that he presented the Work Plan to the NNWPC on Wednesday, April 30, 2008. He stated that the NNWPC provided input, which he included as mark-ups to the original Work Plan. He briefly reviewed the revisions. He explained that three of the first four items, which include scheduling and delivery of water resources, maximizing conjunctive use, and establishing service territories would be addressed by staff. He added that the timeframe would vary from one to three years depending on what the item entails. He added that the NNWPC did not envision any sub-consultant agreements for these projects.

Mr. Smitherman reported that the goal for water conservation was to establish a "base" conservation plan that would apply to all the local purveyors; however, each individual agency could go above and beyond the base plan if desired. He added that one need identified is the measurement of water saved by the programs, which will be possible with all water customers being metered.

Commissioner Larkin asked when the County would be fully metered. Ms. Menard reported that the system is fully metered, although there are still some flat-rate customers. Commissioner Cohen stated that STMGID has about 240 flat-rate customers currently. He explained STMGID's plan is that if a customer exceeds a certain amount of water for two consecutive months, they have to justify why they should be able to remain on a flat-rate. Commissioner Larkin asked how that compares with TMWA. Ms. Williams stated that by January 2010 all TMWA customers would be on metered billing. Mr. Smitherman stated that the County sends out letters to Lemmon Valley flat-rate customers informing them how much they could have saved by being on a metered rate. Commissioner Larkin stated that one of the goals of the WRWC is to provide uniformity among the entities.

Ms. Menard stated that within the next eight months, the County will review and revise their rates. Commissioner Larkin asked if the proposed rates would be presented to the WRWC, which Ms. Menard stated she could provide. Vice-Chairman Aiazzi stated that the legislation for the WRWC specifically stated that the WRWC would not get involved in the operation of each entity. Commissioner Larkin stated he was referring to the uniformity between the entities. Commissioner Cohen stated he did not think the actual uniformity could be reviewed without including domestic well owners.

Mr. Smitherman referred to the item for development of a Truckee River third-party total maximum daily load (TMDL). He reported that a request for funding in the amount of \$500,000 would be forthcoming. Mr. Smitherman referred to the item to develop an integrated water resources management plan for the North Valleys, for which there is ongoing work. He stated there is a scope of work with a request for funding in the amount of approximately \$100,000 that will be brought forward to the NNWPC, probably at the June meeting.

Mr. Smitherman referred to the item regarding the regional hydrologic model and reported that the Board of County Commissioners (BCC) recently approved moving forward with a request for qualifications (RFQ). He stated that in the past the Flood Project Coordinating Committee (FPCC) and the RWPC discussed jointly funding the model development. He stated that the NNWPC was planning to invite Naomi Duerr, Director of the Flood Project, to provide an update at their next meeting.

Mr. Smitherman referred to the item regarding conservation and requested the addition of a bullet item for the Certified Landscape Technician program, which was previously funded by the RWPC in the amount

of \$10,000 per year for two years. He added that it has been determined that outdoor irrigation provides the best opportunity for water savings. He reported that the Nevada Landscape Association (NLA) would report on the success of the program and request continuation of funding. He reported that TMWA would probably request funding for continuation of their Water Use Review Program (formerly called the Water Audit Program).

Mr. Smitherman reported that the NNWPC also requested including a list of the ongoing projects in the Work Plan. Mr. Smitherman stated there was a request to add, "Potential implications to our region related to climate change".

Vice-Chairman Aiazzi asked if there was a dollar amount or timeframe associated with any of the items. Mr. Smitherman stated that those items were not included. Ms. Menard stated that the Work Plan includes all the items that the WRWC and NNWPC need to address, although some would be short-term and some long-term. She added that in-kind staff services would cover some of the items. She stated that any potential contracts would have to be approved by the WRWC.

Vice-Chairman Aiazzi stated that any work plans he has seen included dollar amounts and timeframes.

Chairman Carrigan referred to the item related to climate change and asked for clarification of "status of the science concerning climate change". Mr. Smitherman stated that it refers to a review of what scientists are recommending for water planners to consider. Ms. Williams stated that she anticipates different scenario planning based on different models being used in the region. Mr. Price stated that the RWPC requested that Desert Research Institute (DRI) perform a temperature observation study. Mr. Smitherman stated that the project was not funded; however, some preliminary information was received.

Mr. Smitherman stated that staff's recommendation was to approve the revised Work Plan; however, since members received it today, it might be appropriate to wait. Chairman Carrigan requested that staff incorporate the requests and input, including dollar amounts and timeframes, provided by commissioners and further revise the Work Plan. Mr. Smitherman agreed to provide the revised Work Plan at the July meeting.

10. Update on the Northern Nevada Water Planning Commission (NNWPC).

Mr. Smitherman reported that at the first NNWPC meeting commissioners elected Darrin Price as Chairman and Wayne Seidel as Vice-Chairman. Meetings have been scheduled for the first Wednesday of each month. He provided the draft agenda for the NNWPC's next meeting.

Chairman Carrigan reported that he received a letter from the Pyramid Lake Tribal Council announcing that they appointed a representative, John Jackson, to the NNWPC.

11. Update regarding the status of Regional Water Plan Amendments.

Mr. Smitherman reported that senior staff of the member agencies met with Regional Planning to discuss the issues in the media. Discussion ensued over some of the incorrect information circulating in the press, including the 1.2 million population estimate and the 2030 water deficit. Mr. Smitherman reported that the senior staff group and Regional Planning staff would be meeting with the editorial board in the next couple of weeks to try to diffuse the misinformation. He offered to do whatever the commissioners request.

Mr. Smitherman referred to the revisions to the Plan Amendment and stated they would be addressed as clearly as possible. He stated that he has a professional services agreement in place with ECO:LOGIC

Engineering, who will assist with disaggregating the information and ensuring that it is split between the “current to 2030” timeframe and “beyond 2030” timeframe.

Commissioner Larkin stated it is frustrating in that the numbers are attributable to Mr. Smitherman in some type of fashion. He stated that the Regional Planning Governing Board authorized Rosanna Coombes, Truckee Meadows Regional Planning Agency Director, to distribute the correct information. Ms. Menard stated that staff has been working on developing a version of corrected information to be presented to the media on May 19, 2008. Commissioner Larkin stated it would be nice to have an official document with the correct information.

Ms. Menard stated that the WRWC needs to adopt the Plan Amendment and asked commissioners if they would like a concurring action by the member agencies to make it more official. Commissioner Larkin asked whether it is required that Regional Planning find the Plan Amendment to be consistent with the Regional Plan, which Mr. Smitherman stated it is required. Ms. Menard stated that the staff working group has recognized that a tighter working relationship with Regional Planning is needed. Members welcomed Ms. Coombes to join the staff working group.

Mr. Smitherman reported that the revised Plan Amendment would be presented at the July WRWC meeting. He added that if approved by the WRWC, a thirty-day public inspection period would then begin. Any comments from the public would then be addressed and the public hearing for adoption would be scheduled in October, 2008.

12. Request for Commission clarification of the amendments to the Joint Powers Agreement to be recommended to member agencies.

Ms. Menard reported that two versions of the revised JPA were distributed, a clean copy and a red-lined copy. She reviewed and clarified the amendments that were requested at the last WRWC meeting.

Chairman Carrigan referred to the edits made to Section 3.15 regarding a quorum and asked if the WRWC would be in compliance with Open Meeting Law. Ms. Menard stated it would.

Vice-Chairman Aiazzi made a motion to approve the JPA as amended. Commissioner Ainsworth seconded the motion, which carried unanimously.

13. Review and request for approval of contract for legal services with John Rhodes.

Darrin Price reported that staff was directed to negotiate an agreement with John Rhodes to provide legal representation for a period of six months. He reported that staff and Mr. Rhodes agreed that the most efficient cost would be the flat retainer fee of \$12,000 per month for all legal services, excluding civil litigation. He summarized the funding amount would be \$72,000, which is less than what was originally budgeted. He added that the agreement for legal services was distributed to commissioners.

Mr. Price stated that Mr. Rhodes would provide legal representation at all WRWC and NNWPC meetings.

Commissioner Larkin referred to the staff report and the reference to 15, 20 and 30 hours per week. Mr. Rhodes stated that the flat fee would remain in place. Based on his prior experience in representing the RWPC, he estimated approximately 20 hours per week for the WRWC and NNWPC. Commissioner Larkin suggested specifying a minimum of 20 hours per week. Ms. Menard suggested adding, “Based on the assumption of an average of 20 hours per week for the six-month period”. Mr. Rhodes agreed to add that language.

Vice-Chairman Aiazzi asked if the contract required time cards. Mr. Rhodes stated no; however, it does require a summary of time spent.

Commissioner Larkin made a motion to accept Mr. Rhodes contract with the provision that he add an item relating to time spent in a manner that is consistent with the WRWC. Commissioner Ainsworth seconded the motion, which carried unanimously.

14. Request for approval of agreement for the investment of Regional Water Management Funds in the Washoe County Investment Pool.

Ben Hutchins reported that this item would be continued, due to the Washoe County Treasurer's Office requesting revisions. He added that he has the final document; however, it was not received early enough for distribution. Chairman Carrigan asked when Mr. Hutchins wished to bring the item back. Mr. Hutchins stated at the June 13, 2008 meeting.

Commissioner Martini made a motion to continue this item to June 13, 2008. Commissioner Smith seconded the motion, which carried unanimously.

15. Discussion and possible Commission action regarding coverage of Commission meetings by SNCAT and meeting venues – City of Sparks Council Chambers or City of Reno Council Chambers.

Ms. Williams reported that the meeting location options for the current meeting schedule include Reno or Sparks Council Chambers or continuing at Department of Water Resources. She reported that staff's recommendation is the City of Sparks because administrative staff is familiar with the technology.

Members discussed SNCAT costs, which were included in the budget. Ms. Williams stated that the cost would be minimal.

Members discussed the meeting locations and SNCAT coverage. Some members preferred the informal meeting structure provided at Department of Water Resources and some preferred having meetings televised.

Commissioner Martini made a motion to hold future meetings at the City of Sparks Legislative Council Chambers. Vice-Chairman Aiazzi seconded the motion, which carried unanimously. Chairman Carrigan confirmed that the June meeting would be held in Sparks.

16. Proposal for Western Regional Water Commission summer meeting dates.

Ms. Williams reported that several commissioners and staff members had conflicts with some of the summer meeting dates. She stated that staff's recommendation is to meet on the regular meeting date of June 13, 2008, move the July meeting date to either July 18 or July 25, and cancel the August meeting.

Chairman Carrigan stated that most commissioners sit on a number of different boards and stated his preference is to leave the meeting schedule as is. He added that if there is no quorum, there would not be a meeting. He agreed that if the meeting in August is not needed, it should be cancelled.

Ms. Williams summarized that the next two meeting dates would be June 13 and July 11. Mr. Rhodes stated he would be unavailable on July 11. Ms. Williams added that the meetings would be held at City of Sparks Council Chambers, which has already been reserved.

17. Discussion and possible direction to staff regarding agenda items for the June 13, 2008 Western Regional Water Commission meeting.

Ms. Menard stated that a meeting is scheduled on June 9, 2008 at 9:00 a.m. with the Legislative Oversight Committee (LOC). She added the meeting will be held at City of Sparks. She reported that the following items would be discussed at the meeting:

- Discussion of the JPA – Direction is needed regarding who should present the item.
- Possible LOC actions, which will be the subject of the LOC's workshop on August 11, 2008. She reported that staff suggested discussion of the following items proposed for action.
 - Clean up amendments of the legislation, including the tribal issue inconsistency, Washoe Storey Conservation District versus Washoe County Water Conservation District
 - Possibility of a request for funding by the LOC for joint funding with the WRWC on a consolidation study
 - Possibility of enabling legislation related to direction regarding septic systems and the need for enforcement authority for abandonment of septic systems when the community sewer system is available

Ms. Menard stated the plan is to discuss the abovementioned items with the LOC on June 9 and provide an update to the WRWC on June 13. Ms. Williams welcomed further suggestions for agenda items. Ms. Menard reported that the LOC has 10 bill draft requests (BDRs).

Ms. Menard stated that the June 13 WRWC agenda would also include:

- The item related to investing, which was continued from today's meeting
- Funding request for North Valleys

18. Commission Comments

None

19. Staff Comments

None

20. Public Comment

Chairman Carrigan called for additional public comments and hearing none, closed the Public Comment period.

21. Adjournment

With no further business, the meeting was adjourned at 2:46 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by Commission in session on _____ 2008.

Mike Carrigan, Chairman

Note: DRAFT Minutes not approved by Board.

DRAFT

Western Regional Water Commission

STAFF REPORT

DATE: June 5, 2008

TO: Chairman and Members, Western Regional Water Commission

FROM: Terri Svetich, P.E., City of Reno Public Works

THROUGH: Jim Smitherman, Water Resources Program Manager

SUBJECT: Request for WRWC approval of the funding recommendation from the NNWPC for \$172,488 for the North Valleys Integrated Plan

SUMMARY

On June 4, 2008, the Northern Nevada Water Planning Commission (NNWPC) voted to recommend that the Western Regional Water Commission (WRWC) approve an expenditure not to exceed \$172,488 from the Water Management Fund (WMF) to support the development of the North Valleys Initiative, an integrated reclaimed water management plan for the North Valleys.

The City of Reno, the owner and operator of the Reno-Stead Water Reclamation Facility, has had Eco:Logic Engineers under contract for several years pursuing master planning of water reclamation facilities to serve the potential growth resulting from the imported water to the North Valleys. Eco:Logic has the experience and expertise in this area to provide technical assistance with the North Valleys Initiative. Attached for consideration is a Scope of Work and budget in the amount of \$172,448 to engage Eco:Logic for this work. Staff has identified preliminary issues and has drafted a planning approach, as shown in Attachment A. It is envisioned that the agencies staff time will be an in kind contribution for this effort, as illustrated in Attachment D.

BACKGROUND

The Cities of Reno and Sparks and Washoe County are responsible for publicly owned water reclamation facilities within their jurisdictions. As new water resources are developed and growth continues in the region, wastewater flows will increase, water reclamation facilities will need to be expanded and the volume of reclaimed water will increase proportionally. Each entity is facing challenges of what can be done with the reclaimed water within the constraints of state and local water quality and public health regulations, water rights considerations, watershed water balances for surface water and groundwater, aquifer protection, soil types, potential demand and customer base.

The Directors of the Reno and Sparks Public Works Departments, Washoe County Department of Water Resources, and the Truckee Meadows Water Authority recognize that reclaimed water is a resource that can be used effectively and conjunctively to benefit the entire region. Planning for integrated reclaimed water management on a regional basis may provide flexibility and efficiencies that cannot be realized with separate, independent systems. The need for this

regional program has been identified in the Regional Water Management Plan. The Directors and staff appreciate that tackling this for an entire region can be a daunting endeavor, and recognize that the North Valleys, an area in which each of the entities has a vested interest, can provide a manageable project serving as a regional model. This regional reclaimed model will be referred to as the North Valleys Initiative. The Directors have identified key staff to form a “core group” and tasked them with the development of a work plan, scope and budget to look at the issues.

PREVIOUS ACTION

No previous action

FISCAL IMPACT

The fiscal impact to the Regional Water Management Fund will be \$172,488. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object 310400.3.

RECOMMENDATION

The NNWPC recommends that the WRWC approve an expenditure not to exceed \$172,488 from the WMF and authorize the Chairman to execute an Interlocal Agreement with City of Reno to support the development of the North Valleys Initiative, an integrated water management plan for the North Valleys.

POSSIBLE MOTION

Should the Board agree with the NNWPC recommendation, a possible motion would be: “Move to approve an expenditure not to exceed \$172,488 from the WMF and authorize the Chairman to execute an Interlocal Agreement with City of Reno to support the development of the North Valleys Initiative, an integrated water management plan for the North Valleys.”

ts/jrs

North Valleys Initiative Scope of Work

Background:

The "water reuse programs" section of the Regional Water Management Plan presents a high level introduction of the potential benefits of a regionally integrated reclaimed water system. To initiate the first steps to work towards a regionally integrated system, it is recommended that many of the reclaimed water issues be addressed using the Stead, Lemmon Valley and Cold Springs areas as a pilot case to develop a process of working together to resolve issues of mutual concern.

The purpose of the North Valleys Initiative is to develop a process and implement a work plan to address the many inter-related issues associated with expanding reclaimed water service. Key personnel from each entity will be involved to define and resolve the many policy, regulatory, technical and financial issues. An outline of the pertinent issues to be addressed by this work effort is included as Attachment A. A schematic representing many of the inter-related water management options is presented in Figure 1.

The City of Reno will lead the overall cooperative planning effort with staff from Sparks, Washoe County, TMWA and the WRWC. The Core Group includes Mike Drinkwater, Stan Shumaker and Terri Svetich from the City of Reno, Janelle Thomas and JoAnn Meacham from the City of Sparks, Joe Howard and John Buzzone from Washoe County, Ron Penrose and Mark Foree from TMWA, and Jim Smitherman for the WRWC. The Core Group will also be responsible for reviewing information and proposals with their own staff, and bringing forward answers and direction from their respective entities. Consensus documents will then be prepared and brought forward to the Executive Group, including periodic updates as needed. Following review, each director will then carry forward the recommendations of the planning teams to the NNWPC, the WRWC and their respective Boards for action / direction.

Scope of Work:

A list of "big picture" NVI objectives that need to be addressed as part of the Core Group's assignment was developed. These objectives include:

1. Updating existing or establishing new reuse ordinances;
2. Addressing public health protection responsibilities;
3. Recommending and implementing new water rights policies (many potential issues, reduced water rights dedication could be an outcome);
4. Obtaining local and State regulatory buy-in for expanded use of reclaimed water (residential irrigation / storage options / ASR);
5. Recommending and implementing more consistent reclaimed water rate structures (connection and O&M fees);

6. Addressing technical challenges (storage options, effluent management plans, cross-connection control, inspection, etc.);
7. Recommending administrative roles (i.e. does each utility manage their own system or does one entity oversee the whole reclaimed system?);
8. Developing a community outreach program to gain broad support for the program.

To help accomplish these objectives, ECO:LOGIC will provide technical support to the North Valleys Initiative Core Group. ECO:LOGIC will leverage existing technical information previously developed for the City of Reno and the Regional Water Planning Commission to address technical questions, conduct additional research, and prepare memoranda and reports to bring information forward to the Core Group for review, discussion and resolution. The proposed scope of work and estimated level of effort for ECO:LOGIC is presented below. It is anticipated that this effort will be conducted over a 12-month time frame. Direction to ECO:LOGIC on specific tasks will be managed by Jim Smitherman and Mike Drinkwater, based on specific information needs identified by the Core Group.

Task 1 – Project Management

Project management and coordination, prepare for and attend an average of two Core Group meetings per month, prepare draft agendas and meeting summaries.

Task 2 – Prepare Technical Information

ECO:LOGIC will provide supporting technical information to the Core Group to assist in evaluating alternative concepts. ECO:LOGIC will prepare requested technical information and cost estimates, based largely on prior work developed for the City of Reno and the Regional Water Planning Commission. It is anticipated that technical information and cost estimates will be needed for planning level reclaimed water treatment facilities, pumping and distribution system facility needs and costs, estimated operating costs, water demand estimates, and similar information.

Task 3 – Research / Collect Existing Information

ECO:LOGIC will conduct research as directed to compile pertinent information (existing ordinances, design and construction standards, plumbing codes, rate structures, etc.) from other municipalities where reclaimed water systems, including residential irrigation, are in place. This task also includes time and expenses for a tour of the Serrano reclaimed water systems in El Dorado County, to include regulators and local policy-makers.

Task 4 – Prepare Consolidated Review Documents

ECO:LOGIC will integrate information from each entity into consolidated review documents, technical memoranda and/or issue papers. It is anticipated that these documents will include:

- Draft reclaimed water ordinance;
- Water supply / water rights implications;

- Overall connection fee and rate recovery requirements;
- Public education / outreach issues;
- Documents to support regulatory processes;
- Emergency contacts;
- Regional integrated reclaimed water system recommendations.

This task also includes time for a regulatory sub-consultant, John Gaston with CH2MHill, to assist with development, negotiation and implementation of the regulatory process.

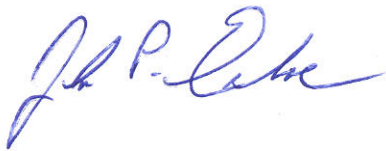
Task 5 – Contingency Budget

A contingency budget is proposed to allow for the addition of unforeseen tasks during the course of work, or if the work effort takes longer than the 12 months anticipated. It is recommended that the contingency budget be authorized; however, it will only be utilized upon written approval of a revised scope of work, jointly approved in advance by the Jim Smitherman, the WRWC contract administrator, and Mike Drinkwater, the Core Group Project Manager.

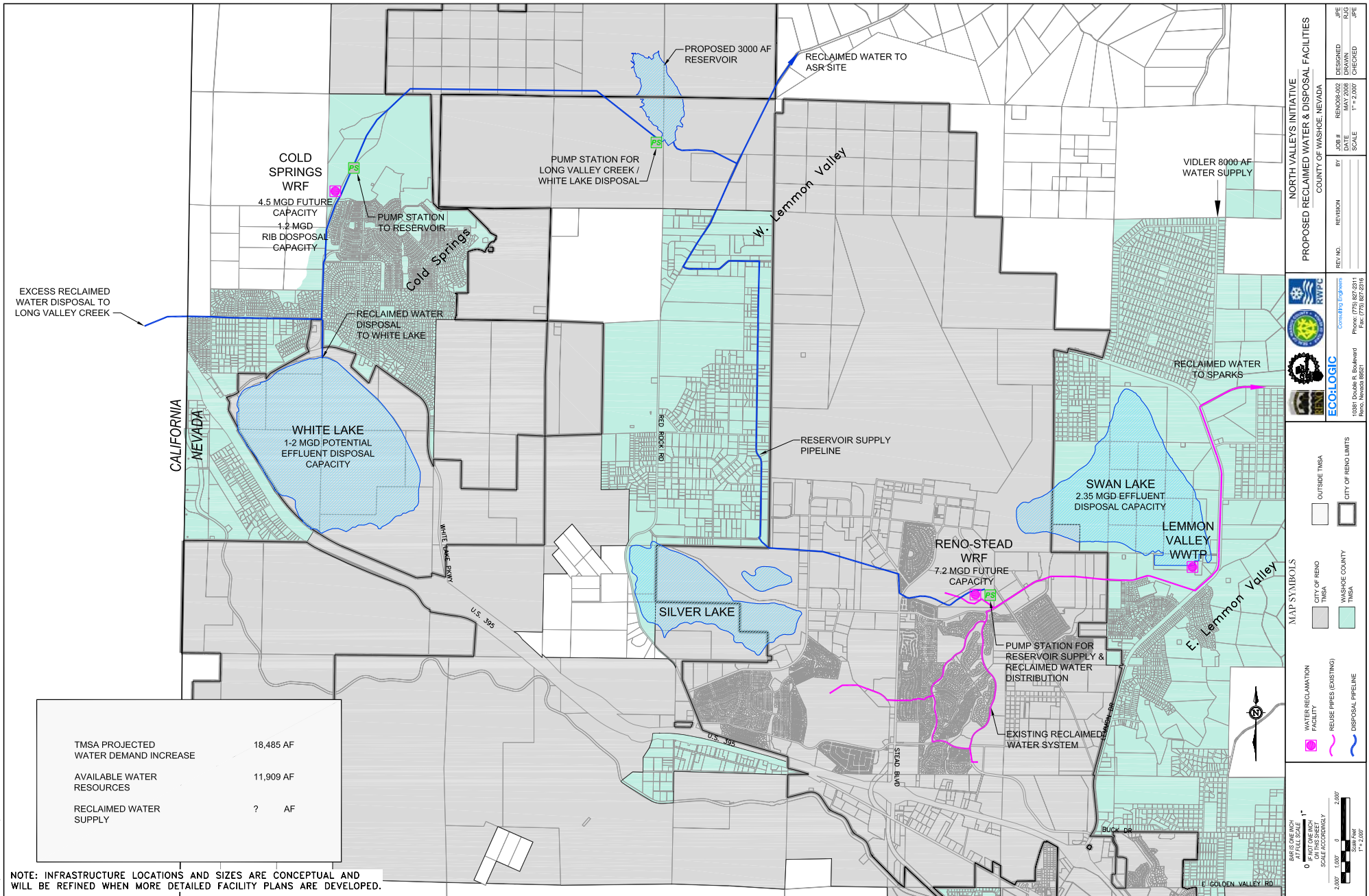
Based on the above scope of work, ECO:LOGIC proposes to complete this work on an as-directed, time and expense basis, with a budget authorization of \$172,448. An estimated breakdown by task of our anticipated level of effort is included as Attachment B. ECO:LOGIC's 2008 Fee Schedule is included as Attachment C.

Thank you for the opportunity to assist you with this evaluation. If you have any questions regarding this scope of work, please contact me at 689-0106.

Sincerely,
ECO:LOGIC Engineering



John P. Enloe, P.E.
Principal-in-Charge



NORTH VALLEYS INITIATIVE
PROPOSED RECLAIMED WATER & DISPOSAL FACILITIES
 COUNTY OF WASHOE, NEVADA

REV. NO.	BY	REVISION
JOB #	REVISION	DATE
DESIGNED	CHECKED	DATE
SCALE	1" = 2,000'	

ECOLOGIC
 Consulting Engineers
 10301 Double R. Boulevard
 Reno, Nevada 89521
 Phone: (775) 827-2311
 Fax: (775) 827-2316

MAP SYMBOLS

	WATER RECLAMATION FACILITY		CITY OF RENO		OUTSIDE TMSA
	REUSE PIPES (EXISTING)		WASHOE COUNTY		CITY OF RENO LIMITS
	DISPOSAL PIPELINE		TMSA		

LEGEND

BASE ONE INCH AT FULL SCALE
 0' IF NOT ONE INCH
 1" = 2,000'

Scale: 1" = 2,000'

Attachment A

North Valleys Initiative Key Issues To Be Addressed

1. Expand reclaimed water service to existing commercial potable water customers in Stead and Lemmon Valley
2. Provide reclaimed water service to future customers in Stead, Lemmon Valley and Cold Springs
 - Shall reclaimed water be required for new development?
 - May reclaimed water be used for residential landscaping?
3. Washoe County may temporarily augment reclaimed water supplies with Vidler water. What other short term beneficial uses can be achieved with Vidler water, and what is necessary to realize these benefits?
4. For the short term, during the non irrigation season, effluent in excess of what is discharged to Swan Lake, could go either to Whites Lake, the proposed storage reservoir, or to the Sparks reclaimed water system.

1. Expand reclaimed water service to existing commercial potable water customers

a. Policy issues:

1. Require existing potable water users to convert?
2. Water rights displacement value, who gets the financial benefit?
3. Public education / outreach

b. Regulatory issues:

1. Inspection and testing requirements, oversight
2. Cross connection prevention
3. Separation between facilities

c. Technical issues:

1. Operating pressure differences
2. Coordination between water and reclaimed water providers
3. Reclaimed water system operations
4. High wind shut down

d. Financial issues:

1. How to pay for upfront capital costs
2. Connection fees
3. Reclaimed water system rates
4. Temporary loss of water revenues
5. Incorporate value of displaced water rights

2. Provide reclaimed water service to future customers in Stead, Lemmon Valley and Cold Springs

Shall reclaimed water be required for new development?

May reclaimed water be used for residential landscaping?

a. Policy issues:

1. Adopt a regional policy that reclaimed water is a valuable water resource for this community that needs to be further developed.
2. Is this an accepted, community-wide objective, supported by Reno, Sparks, Washoe County, TMWA, SVGID and others?
3. Require new development, including residential users, to use reclaimed water where it is reasonably available?
4. What water quality / level of treatment is required to alleviate public health concerns for residential watering?
5. Development of a coordinated, top-down regulatory strategy is required
6. Development of a coordinated public education and outreach program is required.

b. Regulatory issues:

1. Current NDEP regulations do not allow residential reuse, will need to amend current policies or change regulations.
2. District Health Dept approval of concept
3. Development of new, dual plumbing system residential design and construction standards
4. Development of inspection and testing requirements, oversight
5. Identify new permitting requirements
6. Implementation of new ordinances and building code modifications

c. Technical issues:

1. Ensure adequate cross connection prevention
2. Coordination between water and reclaimed water providers
3. Reclaimed water system operations and maintenance
4. Annual / periodic testing

d. Financial issues:

1. How to pay for upfront capital costs
2. Connection fees
3. Reclaimed water system rates
4. Mitigate differences in costs between entities
5. Incorporate value of water rights

3. Washoe County may temporarily augment reclaimed water with Vidler water. What other beneficial uses can be achieved with Vidler water, and what is necessary to realize these benefits?

a. Policy issues:

1. Wheeling water from Washoe County through TMWA to RSWRF, Spanish Springs or other locations
2. Approval of temporary use of Vidler water for this purpose

b. Regulatory issues:

1. Cross connection prevention
2. District Health Dept approval of concept

c. Technical issues:

1. How much water is needed / can be supplied?
2. What facilities are necessary to integrate the systems?
3. How much capacity is available to serve other uses, such as new demands within the TMWA system, or wheeling water to Heinz Ranch in Cold Springs?
4. How are systems isolated to provide adequate water quality protection?

d. Financial issues:

1. How to pay for upfront capital costs
2. Cost of wholesale County water service to TMWA
3. Reclaimed water system rates
4. TMWA wheeling charges

4. For the short term, during the non irrigation season, effluent in excess of what is discharged to Swan Lake, could go either to Whites Lake, the proposed storage reservoir, or to the Sparks reclaimed water system.

a. Policy issues:

1. What is the priority use of this water? Sparks, White Lake, reservoir?
2. Can existing reclaimed water uses in Sparks be displaced with RSWRF water?
3. Formalize TMWRF reclaimed water allocation between Reno and Sparks
4. Should Vidler water be considered for this use as well?
5. Consider timing and needs of both RSWRF and Cold Springs WRF relative to these issues

b. Regulatory issues:

1. Interconnection of two independent reclaimed water systems
2. NDEP permitting requirements for an integrated system
3. District Health Dept approval of concept

c. Technical issues:

1. How much water is needed / can be supplied?
2. What facilities are necessary to integrate the systems?
3. Timing of alternative improvements relative to need
4. Water quality and cost implications relative to each alternative

d. Financial issues:

1. How to pay for upfront capital costs
2. Cost of water service from RSWRF to Sparks
3. Reclaimed water system rates and connection fees, differences between systems
4. Cost of County water service if Vidler water is used

ATTACHMENT "B"

North Valleys Initiative

jpe 5-16-08

Task 1 - Project Management

*Project management and coordination
Working Group meetings, agendas, summaries*

Principal Engineer	48 hrs. @	\$	165.00 /hr. =	\$	7,920.00	
Senior Engineer	96 hrs. @	\$	130.00 /hr. =	\$	12,480.00	
Secretary II	6 hrs. @	\$	62.00 /hr. =	\$	372.00	
Mileage	300 mi. @	\$	0.505 /hr. =	\$	151.50	
Subtotal Task 1:					\$	20,924

Task 2 - Prepare Technical Information

*Prepare requested technical information and cost estimates
Treatment, pumping and distribution system facility needs and costs
Estimated operating costs,
Water demand estimates*

Principal Engineer	48 hrs. @	\$	165.00 /hr. =	\$	7,920.00	
Senior Engineer	96 hrs. @	\$	130.00 /hr. =	\$	12,480.00	
Misc. Office/Reproduction	1 L.S.	\$	300.00 =	\$	300.00	
Subtotal Task 2:					\$	20,700

Task 3 - Research / Collect Existing Information

*Conduct research to compile pertinent information
existing ordinances, rate structures
design and construction standards, plumbing codes, etc.
Bus tour of Serrano reclaimed water system*

Principal Engineer	48 hrs. @	\$	165.00 /hr. =	\$	7,920.00	
Senior Engineer	96 hrs. @	\$	130.00 /hr. =	\$	12,480.00	
Junior Engineer	144 hrs. @	\$	93.00 /hr. =	\$	13,392.00	
Bus Tour of Serrano	1 L.S.	\$	2,000.00 =	\$	2,000.00	
Misc. Office/Reproduction	1 L.S.	\$	300.00 =	\$	300.00	
Subtotal Task 3:					\$	36,092

Task 4 - Prepare Consolidated Review Documents

*Draft reclaimed water ordinance
Water supply / water rights implications
Overall connection fee and rate recovery requirements
Public education / outreach bullet points
Documents to support regulatory strategies
Regionally integrated reclaimed water recommendations*

Principal Engineer	96 hrs. @	\$	165.00 /hr. =	\$	15,840.00	
Senior Engineer	144 hrs. @	\$	130.00 /hr. =	\$	18,720.00	
Junior Engineer	96 hrs. @	\$	93.00 /hr. =	\$	8,928.00	
Secretary II	12 hrs. @	\$	62.00 /hr. =	\$	744.00	
Regulatory Sub-Consultant	1 L.S.	\$	20,000.00 =	\$	20,000.00	
Misc. Office/Reproduction	1 L.S.	\$	500.00 =	\$	500.00	
Subtotal Task 4:					\$	64,732

Task 5 - Contingency Budget

Addition of unforeseen tasks as directed by Working Group

Additional task orders, as directed	1 L.S.	\$ 30,000.00 =	<u>\$ 30,000.00</u>	
			Subtotal Task 2:	\$ 30,000
			Total:	\$ 172,448

Attachment C
ECO:LOGIC, INC.
2008 FEE SCHEDULE

LABOR CHARGES		HOURLY RATE
Professional		
Principal Engineer		\$165.00
Managing Engineer		\$150.00
Supervising Engineer		\$140.00
Envir. Compliance Manager		\$140.00
Senior Engineer		\$130.00
Senior Electrical Engineer		\$130.00
Senior SCADA/PLC Programmer		\$130.00
Chief Hydrogeologist*	\$130.00 / \$100.00	
Senior Hydrogeologist*	\$120.00 / \$95.00	
Assoc. Engineer II		\$124.00
Assoc. Engineer I		\$116.00
Engineer		\$110.00
Asst. SCADA/PLC Programmer		\$110.00
Asst. Engineer		\$99.00
Junior Engineer		\$93.00
Junior Electrical Engineer		\$93.00
Hydrogeologist I		\$84.00
Technical		
GIS Specialist		\$98.00
Senior Designer		\$98.00
Designer I		\$88.00
Engineering Technician III		\$82.00
Engineering Technician II		\$62.00
Engineering Technician I		\$52.00
Supv. Inspector / Inspector III		\$92.00
Inspector II		\$85.00

Note: Hourly billing rates will be updated annually by ECO:LOGIC, and the revised fees will be in effect as of January 1st of each year. The revised rates will be provided at the clients request.

*Office/Field

**Or current IRS mileage rate

Attachment C
ECO:LOGIC, INC.
2008 FEE SCHEDULE

Inspector I	\$80.00
Administrative	
Principal	\$135.00
Secretary II	\$62.00
Secretary I	\$58.00

OTHER EXPENSES	RATE/AMOUNT
Vehicle Mileage**	\$0.505/mile
CADD / Modeling Equipment	\$15.00/hour
Outside Services (Subconsultants)	Cost plus 10%
Reproductions	Cost plus 10%
Mini Troll	\$115/day
Laptop Computer	\$20.00/day
Field pH, E.C., and Temperature Meter	\$12.00/day
Water-level Sounder	\$12.00/day

Note: Hourly billing rates will be updated annually by ECO:LOGIC, and the revised fees will be in effect as of January 1st of each year. The revised rates will be provided at the clients request.

*Office/Field

**Or current IRS mileage rate

Attachment D

North Valleys Initiative – Staffing Commitment

	TMWA	Reno	Sparks	Washoe County
Policy	Directors, Core Group, Legal, Water Rights staff, Community Development, Public Information Officers			
Regulatory	Directors, Core Group, Water Quality and Cross Connection staff, Legal, Lobbyist, Community Development (planning,/bldg dept/engineering) , Water Reclamation Facility staff, Emergency Response			
Technical	Core Group, Cross Connection staff, Water Reclamation Facility staff, hydro-geologists, Operations & Maintenance, Parks staff, landscape architects			
Financial	Directors, Core Group, Finance Managers, Water Rights staff, possibly financial consultant			

Western Regional Water Commission

STAFF REPORT

DATE: June 5, 2008

TO: Chairman and Members, Western Regional Water Commission

FROM: Greg Dennis, P.E., Reno Deputy Public Works Director

THROUGH: Jim Smitherman, Water Resources Program Manager

SUBJECT: Request for Western Regional Water Commission approval of a funding recommendation from the NNWPC for an initial amount not to exceed \$340,000 for the initial research and stakeholder involvement and education phase of a Truckee River Watershed-Based Water Quality and Third Party Total Maximum Daily Load planning process

Part A--Agreement with Limnotech for a project entitled A Plan to Restore the Chemical, Physical, and Biological Health of the Truckee River, Phase I: Preliminary Stakeholder Education on Watershed-based Water Quality Planning in an amount not to exceed \$197,500.

SUMMARY

On June 4, 2008, the Northern Nevada Water Planning Commission (NNWPC) voted to recommend that the Western Regional Water Commission (WRWC) approve an expenditure not to exceed \$340,000 from the Water Management Fund (WMF) to support watershed based water quality planning for the Truckee River.

The recommendation is for an initial amount of \$340,000 to be distributed between two professional services agreements by way of an Interlocal Agreement with the City of Reno. This staff report pertains to one of the two professional services agreements, the scope of which is described in the attached proposal from Limnotech, Inc. entitled: A Plan to Restore the Chemical, Physical, and Biological Health of the Truckee River, Phase I: Preliminary Stakeholder Education on Watershed-based Water Quality Planning and TMDL Development. The NNWPC is recommending approval of an expenditure in an amount not to exceed \$197,500 from the WMF for this agreement.

BACKGROUND

A phased approach for assessing Truckee River water quality regarding both river health and the discharge of effluent from the Truckee Meadows Water Reclamation Facility is proposed for consideration. The scope of work was developed by Reno, Sparks, Washoe County and Truckee Meadows Water Authority Staff. The work scope outlines a proposed approach for a phased, multi-track effort that moves the Total Maximum Daily Load (TMDL) forward to completion while concurrently building understanding and

planning for other important and complimentary physical and biological river improvement strategies. The Phase I work scope provides for the needed core educational components and furthers research elements requested by the Division of Environmental Protection. The tasks required to successfully revise the Truckee River TMDL are varied. They include complex technical tasks requiring specialized science and engineering skills, and other tasks needing professional facilitation experience. The NNWPC recommendation is to provide WMF support for the education and facilitation tasks and leave the regulatory coordination, technical research and model refinement tasks to be funded by Reno and Sparks.

PREVIOUS ACTION

No previous action

FISCAL IMPACT

The fiscal impact to the Regional Water Management Fund will be \$197,500. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object 310400.3.

RECOMMENDATION

The NNWPC recommends that the WRWC approve an expenditure not to exceed \$197,500 from the WMF and authorize the Chairman to execute an Interlocal Agreement with City of Reno to provide that amount in support of a professional services agreement with Limnotech Inc. to complete Phase 1 of the project entitled Plan to Restore the Chemical, Physical, and Biological Health of the Truckee River.

POSSIBLE MOTION

Should the WRWC agree with the NNWPC recommendation, a possible motion would be: "Move to approve an expenditure not to exceed \$197,500 from the WMF and authorize the Chairman to execute an Interlocal Agreement with City of Reno to provide that amount in support of a professional services agreement with Limnotech Inc. to complete Phase 1 of the project entitled Plan to Restore the Chemical, Physical, and Biological Health of the Truckee River."

gd/jrs

Attachment

**Proposal for:
A Plan to Restore the Chemical, Physical, and Biological Health
of the Truckee River**

**Phase I: Preliminary Stakeholder Education on Watershed-
based**

Water Quality Planning and TMDL Development

Limno Tech, June 4, 2008

Background

Restoration of the Truckee River requires a comprehensive basin-wide effort to evaluate management, pollution control and restoration strategies with respect to flow, land-use, pollutant loading, habitat and biological resources. Only in this regard can we effectively improve, protect, and sustain the biological, recreational and economic value of this important resource. Comprehensive efforts are needed that address the chemical, physical and biological aspects of this water body and watershed. Development of a revised Truckee River TMDL can address the chemical/water quality aspects of this comprehensive strategy, which serves as a foundation on which other efforts can be built.

A collection of water agencies with interests in the Truckee River (Cities of Reno and Sparks, Washoe County, Truckee Meadows Water Authority [TMWA], TWMRF) are proposing to collaborate with the Nevada Department of Environmental Protection, USEPA, and other stakeholders to conduct watershed-based water quality planning and thereby develop a Truckee River total maximum daily load (TMDL) for nutrients. This scope outlines a proposed approach for a phased, multi-track effort that moves the TMDL forward to completion while concurrently building understanding and planning for other important and complimentary physical and biological restoration strategies. The proposal is designed to comprehensively educate stakeholders on both technical and management elements. This will insure a transparent effort that helps build regional acceptance and move collaboratively forward towards improving the chemical, physical and biological health of the Truckee River. The approach builds upon past efforts and leverages past investments to develop science-based tools and knowledge.

As illustrated in Figure 1, the process is organized into three primary tracks which will proceed concurrently:

- **Chemical/TMDL Track:** focused on the chemical health of the river with respect to nutrients, dissolved oxygen and other constituents. This is the pathway for the development of a nutrient TMDL
- **Physical/Watershed Track:** focused on land-based non-point source watershed improvement efforts (BMPs, stormwater control). This will

facilitate the development of a watershed planning framework which builds upon a TMDL implementation plan developed from the Chemical/TMDL track, and includes specific watershed recommendations.

- **Biological/Fish Track:** focused on improvements of the biological health and riparian and aquatic habitats of the river through restoration activities.

Three tracks will proceed concurrently, recognizing that there are overlapping considerations and obvious cross linkages. Also within each track, there will be a series of three phases representing a progression of education, analysis and refinement of recommendations for development of management and restoration plans. The Chemical/TMDL track will serve as the foundation and is expected to proceed with a faster pace than the Physical/Watershed and Biological/Fish tracks. The faster pace of the Chemical/TMDL track is a reflection of regulatory constraints as well as the maturity of the science knowledge base and modeling tools that have already been developed related to a potential TMDL. Efforts to collect data and develop models in support of the TMDL have been ongoing for several years with significant investment; as such, the TMDL is well positioned to proceed quickly. The other watershed and biological tracks are at much earlier immature state and will need to proceed more slowly until foundation knowledge, data and tools are developed.

The proposed three-tracked, phased approach is consistent with the process described in "Truckee River Watershed-Based Water Quality Improvement Program: Proposed Process Structure and Approach" (CCP 2008). The process is designed to encourage a progression of building education to develop a common understanding between stakeholders through a transparent process. The education will be viewed as successful when all stakeholders are on board and working together. What will evolve are technically defined solutions which address the chemical, physical, and biological health of the Truckee River.

Scope of Work

This scope emphasizes only the tasks to be performed by LimnoTech related to the Chemical/TMDL track. However, the scope also includes some educational, technical, and coordination tasks for the Physical/Watershed and Biological/Fish tracks. These latter watershed tasks are intended to help integrate the Watershed Plan development effort with the TMDL development effort and do not represent a comprehensive set of tasks required for development of the Watershed Plan. Separate comprehensive scopes are expected to be developed for the Physical/Watershed and Biological/Fish tracks.

The proposed Chemical/TMDL track is broken down into three phases:

- Phase I: Core Education
- Phase II: Technical Exploration of TMDL process
- Phase III: TMDL development

As shown in Figure 1, major stakeholder “decision points” designate the transition between phases and provide a mechanism for the group to reach consensus on moving forward to a subsequent phase. Upon completion of Phase I, the Truckee River Technical Advisory Committee (TAC) as well as the larger stakeholder group will collectively decide how to proceed into Phase II. The group will make decisions related to future scope, focusing on issues and efforts they feel are most important to achieve regional consensus. This decision point allows for substantive stakeholder participation in directing efforts as necessary to achieve an approvable TMDL. As the group proceeds into Phase II, a similar decision point will be reached before moving forward onto Phase III. These same phases, although with different timing are envisioned to apply also to the Watershed and Biological planning tracks; however, the process and elements related to these latter two efforts are considerably earlier in the development and not described in any depth in this proposal.

Phase I: Core Education

Phase I of the Chemical/TMDL track includes a series of tasks which focus on the preliminary education of stakeholders, identification of regulatory issues related to the development of a TMDL, resolution of technical issues related to existing data and models, coordination with other concurrent tracks, and planning for future phases. Also included in this Core Education Phase is a task under Phase 1-a of the Physical/Watershed track related to preliminary education of stakeholders on current and potential watershed improvements. A project management/coordination task is also included. Individual tasks are described below:

Chemical/ TMDL Track: Phase I

The objectives of this phase are:

1. **Educate Stakeholders and Participants:** The preliminary education effort in this phase is designed to enhance the understanding of stakeholders and a Technical Advisory Committee on Truckee River conditions, issues, data and tools. This will insure that all participants enter the planning process with fundamental and factual understandings, misconceptions are eliminated, and all stakeholder issues and concerns are aired. Also the interrelationship of the TMDL, watershed and biological planning tracks will be explored to insure that subsequent efforts are coordinated and complementary.
2. **Identify Regulatory Issues:** Efforts in this phase are designed to clearly identify all regulatory requirements for the TMDL development in process, objectives and technical analysis. This will insure a well designed TMDL process that can achieve final regulatory approval.
3. **Resolve Technical Issues and Refine Tools:** Phase I is intended to insure that all technical issues are clearly defined and that appropriate tools and

analysis are available to address these issues in the TMDL development process.

4. **Coordinate with Physical/ Watershed and Biological/ Fish Tracks:** Phase I is intended to allow for initial coordination between the concurrent tracks which focus on the physical and biological health of the river.
5. **Conduct Future Phase Planning:** Phase I is designed to not only set the stage for the TMDL but also gain consensus on scope, schedule and process for completion of subsequent phases.

The efforts needed to achieve these objectives are outlined in the tasks below.

- **Development of Educational Tools:** Develop a set of Truckee River educational tools to help educate stakeholders about the TMDL process, and the health and response of the Truckee River. A set of schematic tools will explain the overall processes of the Truckee River system in the form of brief fact sheets, summary reports, GIS maps, and figures which are based on extensive data analyses and modeling that have been conducted for the Truckee River. A simplified Truckee River watershed management and loading response tool (“Truckee Sim River”) will be developed to enhance education, discussion and decision-making for stakeholders with various levels of technical training.
- **TAC Support: Education, Analysis, and Facilitation:** A Technical Advisory Committee is being formed (under a separate scope and authorization) to provide technical review and guidance on scientific and technical elements of this TMDL effort. This task provides support to the Truckee River Technical Advisory Committee (TAC), comprised of qualified specialists representing a range of perspectives. Educate the TAC on Truckee River science, research and analyze issues raised by the TAC, and facilitate the TAC through rigorous analysis required to reach resolution on technical conclusions.
- **Stakeholder/ TMDL Working Group Support:** Participate in a series of stakeholder workshops to share knowledge and understanding of the Truckee River system, related to the TMDL revision process. Coordinate with the meeting facilitator to provide scientific expertise at the meetings in the form of technical presentations and discussion. Use education tools to better explain the science behind the river.
- **NDEP Coordination and Collaboration: Technical Issues Resolution:** Participate in discussions with NDEP to clearly define their requirements for required analyses related to the TMDL revision process, and the process requirements for what is termed a third-party TMDL conducted by a stakeholder group. Perform requested analysis likely to include an evaluation of the impacts of nutrient loading to Pyramid Lake and Lahontan Reservoir as well as consideration of phosphorus in the revised TMDL.
- **TRIG Coordination:** Coordinate with custodians the Truckee River Information Gateway website (<http://truckeeriverinfo.org/>) to supply data, models, and educational tools for stakeholder access.

- **Technical Research and Model Refinement:** Conduct model improvements necessary to support both the TMDL and watershed planning tracks. Complete upgrade of TRHSPF to the WinModel framework for enhanced data management and visualization of model output. Complete model linkage testing and issues resolution to ensure that WARMF and TRHSPF work fluidly together to predict the river's response to point and nonpoint loading. Quantify nonpoint loadings to the lower river by performing an assessment of current studies and reports which are based on existing monitoring data and modeling.
- **Phase II & Phase III Planning:** Participate in planning and scoping activities related to the continuation of Chemical/ TMDL activities into Phase II and Phase III.

Physical/ Watershed Track: Phase I-a

This task is not part of the Chemical/TMDL track but represents foundation elements required to begin the Physical/Watershed planning track, particularly as it relates to cross linkages with the TMDL effort. It focuses on first foundation elements in compiling relevant information and studies, educating the stakeholders, participants and TAC to the point that informed decision can be made in scoping of other efforts needed to develop a watershed plan. The first task is the n:

- **Watershed Education for TAC and Stakeholders:** Research ongoing, proposed, and potential future activities in the Truckee River watershed related to nonpoint source reduction and watershed-based improvements (e.g.; BMPs, stormwater controls). Summarize findings and present to stakeholders to educate the group on who is doing watershed improvements, where are they being done, and why.

Physical/ Watershed and Biological/ Fish Track Coordination

As the Physical/Watershed and Biological/Fish track scopes are defined and activities commence an interconnection between these tracks and the Chemical/TMDL track will be established. This task will involve the coordination and sharing of information between the multiple tracks. Separate to this proposal, the stakeholders are considering hiring a consultant to compile biological studies and related information to help educate the stakeholders and TAC.

Project Management/ Coordination

Manage and coordinate the work of LimnoTech and any subconsultants (e.g. Systech) related to the above mentioned tasks for Phase I of the Chemical /TMDL track and Phase I-a of the Physical/ Watershed track related to watershed improvement education. Provide monthly status reports on progress

and budget. Keep the stakeholder group advised of any necessary refinements to the scope or budget reallocation.

Phase II: Technical Exploration of TMDL

Upon reaching Decision Point # 1, the TAC / stakeholder group will collectively decide how to move on to a second phase focused on a more detailed technical exploration of the TMDL. The stakeholder group will make decisions related to scoping, and budget. In Phase II, stakeholders will build upon the educational knowledge base established in Phase I and make use of previously developed modeling and educational tools. Objectives will include:

1. **Continue stakeholder education:** In Phase II, the objectives are to continue stakeholder and TAC education but at a more detailed and technical level, consistent with understanding the detailed analysis and decisions required in a TMDL development,
2. **Frame a TMDL approach:** Phase II is designed to establish the detailed requirements, process and boundaries for the TMDL development efforts,
3. **Screen potential alternatives:** In Phase II, analysis and discussion will be undertaken to screen the universe of alternatives for pollutant control reductions down to a select list of feasible and practical approaches for consideration and refinement in the TMDL development
4. **Coordinate with Watershed and Biological Track Plans:** Additionally activities will directed to coordinate with the concurrently proceeding Physical/ Watershed and Biological/ Fish tracks.
5. **Conduct future phase planning:** The ultimate objective for Phase II is to establish a process and scope for Phase III that will lead to the successful development and approval of a revised TMDL

A refined list of activities for Phase II is premature since they will be largely defined by process outcome of Phase I with substantial input from the TAC and stakeholder participants. Possible activities for this Phase II include:

- Development of a TMDL approach which considers potential risks, possible alternative pathways, continued progress towards NDEP issues resolution
- Critical review of modeling tools for final acceptance
- Technology transfer of educational and modeling tools to the public domain
- Continued support of the TAC and stakeholder groups through education, analysis and facilitation
- Application of educational and modeling tools to perform screening analysis
- Model refinement to account for ongoing and potential watershed-based improvements
- Coordination of TMDL and Biological and Watershed Tracks
- Future phase planning
- Project Management/ Coordination

Phase III: TMDL Development

Similar to the transition between Phases I and II, the TAC / stakeholder group will reach Decision Point # 2 and collectively decide how to move forward to a third phase focused on TMDL development. The stakeholder group will make decisions related to scoping, and budget. In Phase III, stakeholders will focus efforts on the execution of a TMDL development approach defined during Phase II. Objectives for Phase III will include:

1. **Continue stakeholder education:** Acceptance and approval of the final TMDL is dependent on sound technical analysis but also a transparent process that provides stakeholders full understanding of the technical foundation and regulatory constraints.
2. **Resolve remaining NDEP/ EPA issues:** TMDL approval requires not only stakeholder acceptance but also regulatory approval and Phase III is designed to address all regulatory issues satisfactorily.
3. **Develop TMDL:** The ultimate objective for Phase III is to develop an approvable TMDL and watershed linkages for sustainable water quality.
4. **Coordinate and link the TMDL effort to ongoing physical and biological restoration plans:** Although the TMDL plan is designed to be completed first, a successful Truckee River Watershed Plan requires linkages of the TMDL to ongoing watershed efforts.

As for Phase II, Phase III tasks will be defined at the outcome of Phase II. Possible activities for Phase III include:

- Development of an appropriate methodology for defining TMDL watershed loads
- Development of potential TMDL allocation alternatives
- Continued support of the TAC and stakeholder groups through education, analysis and facilitation
- TMDL report development and submittal
- Coordination of TMDL and Biological and Watershed Tracks
- Project Management/ Coordination

Roles and Responsibilities

Limno Tech will serve as the principle technical consultant, performing the work described above. Limno Tech will work closely with two other consultants, Center for Collaborative Policy (CCP) and Systech Water Resources (Systech), as well as the Technical Advisory Committee (TAC) and the Stakeholder/ TMDL Working Group. Limno Tech will facilitate the flow of technical information, whereas CCP will facilitate political aspects and define the dynamics of the process for stakeholder interactions. CCP will also lead activities related to meeting logistics (e.g.; scheduling, facilities, and invitations). A budget for CCP activities is not included in this scope. Systech Water Resources will provide technical support for the WARMF elements of the proposed scope and a limited budget for these activities is included in the proposed budget.

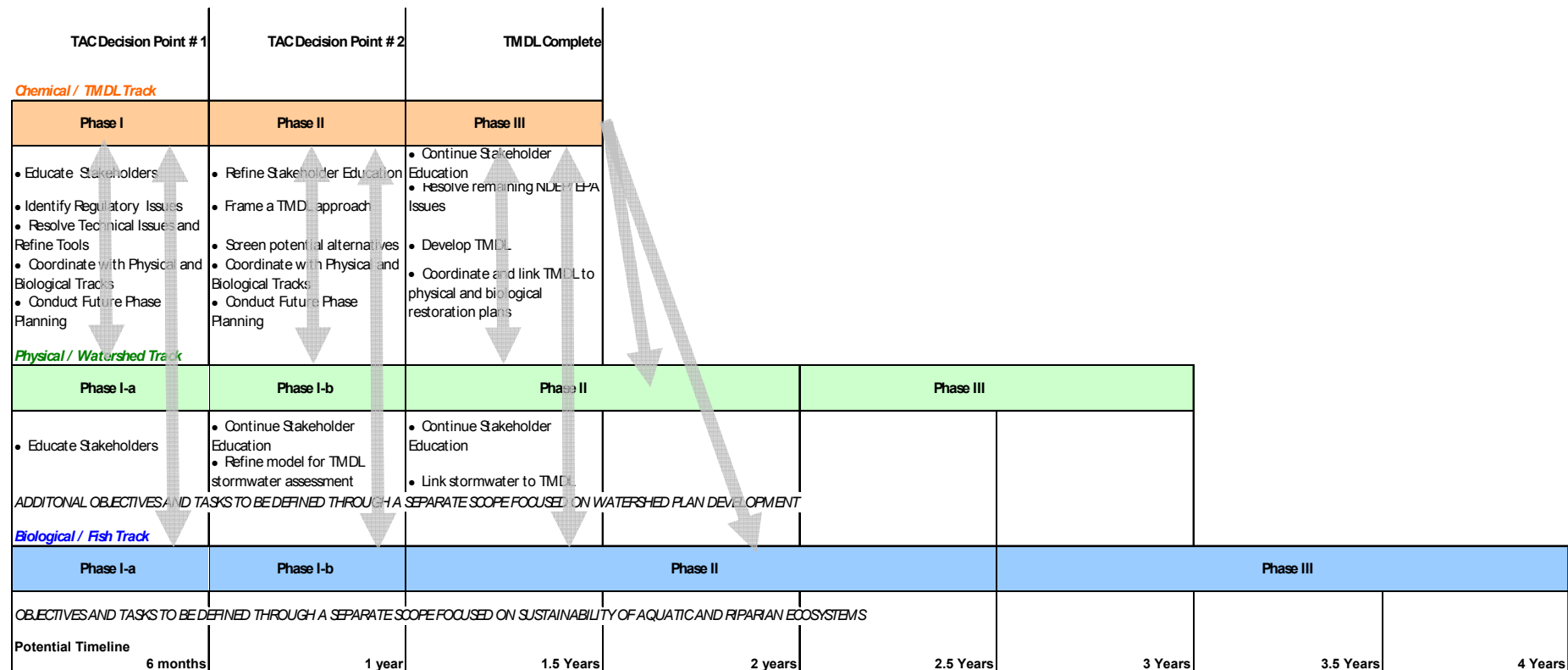


Figure 1. Schematic of three tracks for progression of watershed planning efforts for the Truckee River.

Budget

The table below shows an estimated budget for Phase I efforts; the preliminary education phase concerning watershed-based water quality planning and a Truckee River third-party nutrient TMDL.

<i>Chemical / TMDL Track: Phase I</i>	<i>Budget</i>
Development of Educational Tools	50,000
TAC Support: Education, Analysis, and Facilitation	45,000
Stakeholder / TMDL Working Group Support	25,000
NDEP Coordination and Collaboration: Technical Issues Resolution	70,000
TRIG Coordination	10,000
Technical Research and Model Refinement	60,000
Phase II & Phase III Planning	15,000
<i>Physical / Watershed Track: Phase Ia</i>	
Watershed Education for TAC and Stakeholders	35,000
Physical/Watershed and Biological/Fish Track Coordination	5,000
Project Management	25,000
TOTAL	340,000

Preliminary estimated budgets for Phases II and III described above are approximately \$300,000 for each phase.

Western Regional Water Commission

STAFF REPORT

DATE: June 6, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Greg Dennis P.E., Reno Deputy Public Works Director
THROUGH: Jim Smitherman, Water Resources Program Manager
SUBJECT: Request for Western Regional Water Commission approval of a funding recommendation from the NNWPC for an initial amount not to exceed \$340,000 for the initial research and stakeholder involvement and education phase of a Truckee River Watershed-Based Water Quality and Third Party Total Maximum Daily Load planning process.

Part B--Agreement with the California State University, Sacramento; Center for Collaborative Policy for a project entitled Process Design to Maintain and Restore the Chemical, Physical, and Biological Health of the Truckee River through a Watershed Facilitation Process in an amount not to exceed \$142,500.

SUMMARY

On June 4, 2008, the Northern Nevada Water Planning Commission (NNWPC) voted to recommend that the Western Regional Water Commission (WRWC) approve an expenditure not to exceed \$340,000 from the Water Management Fund (WMF) to support watershed based water quality planning for the Truckee River.

The recommendation is for an initial amount of \$340,000 to be distributed between two professional services agreements by way of an Interlocal Agreement with the City of Reno. This staff report pertains to one of the two professional services agreements, the scope of which is described in the attached proposal from the California State University, Sacramento's Center for Collaborative Policy, entitled Process Design to Maintain and Restore the Chemical, Physical, and Biological Health of the Truckee River through a Watershed Facilitation Process. The NNWPC is recommending approval of an expenditure in an amount not to exceed \$142,500 from the WMF for this project.

BACKGROUND

The Truckee River is a very highly altered river in terms of the existing physical and biological system. The policy challenge of sustainable development and co-existence with prudent watershed management consists of finding paths towards a positive co-evolution of both. The restorative needs of the river system likely need to mimic and further enhance natural processes. Reno and Sparks engaged the Center for Collaborative Policy for facilitation of the Total Maximum Daily Load (TMDL) in 2005 and have focused existing efforts on outreach and ascertaining stakeholder issues. Since that time more staff attention has been given to implement other actions that focus on a watershed approach to solving and maintaining river health. This proposed agreement with the Center for Collaborative Policy, endorsed by the NNWPC,

provides for the facilitation of a phased process to conduct business with river stakeholders on issues regarding future river sustainability.

A Watershed Study is intended to be a comprehensive analysis of a watershed that establishes existing conditions and identifies an array of problems and opportunities in the form of a Watershed Management Plan. A Watershed Study is not intended to develop or analyze alternatives for subsequent implementation (e.g., construction projects). The primary goal of a Watershed Study is to develop the Study from a regional perspective in which all participating stakeholders including government agencies could benefit by "spinning off" projects under other authorities to address flood control, erosion, sedimentation and environmental restoration problems. Note there has been significant work relative to Truckee River planning, however not all objectives for a sustainable river have been reviewed under a watershed planning process. The plan can provide a framework for future work in the basin, and it is hoped that the first phase of the watershed planning process will produce a regionally adopted baseline for ongoing watershed improvement programs and future stakeholder negotiations.

PREVIOUS ACTION

None

FISCAL IMPACT

The fiscal impact to the Regional Water Management Fund will be \$142,500. Budget authority is located in Fund Group 766, Fund 7066, Account Number 710100, Professional Services, Cost Object 310400.3.

RECOMMENDATION

The NNWPC recommends that the WRWC approve an expenditure not to exceed \$142,500 from the WMF and authorize the Chairman to execute an Interlocal Agreement with the City of Reno to provide that amount in support of a professional services agreement with the Center for Collaborative Policy for the project entitled Process Design to Maintain and Restore the Chemical, Physical, and Biological Health of the Truckee River through a Watershed Facilitation Process.

POSSIBLE MOTION

Should the Board agree with the NNWPC recommendation, a possible motion would be: "Move to approve an expenditure not to exceed \$142,500 from the WMF and authorize the Chairman to execute an Interlocal Agreement with City of Reno to provide that amount in support of a professional services agreement with the Center for Collaborative Policy for the project entitled Process Design to Maintain and Restore the Chemical, Physical, and Biological Health of the Truckee River through a Watershed Facilitation Process."

gd/jrs

Attachment

**Proposal for:
Process Design to Maintain and Restore the Chemical, Physical, and
Biological Health of the Truckee River**

**Phase I: Preliminary Stakeholder Education on Watershed-based
Water Quality Planning and TMDL Development**

Background

Under a contract with the City of Reno, the California State University Sacramento (CSUS), Center for Collaborative Policy (CCP) has been working with a range of Truckee River stakeholders to identify the feasibility for a Third (3rd) Party Total Maximum Daily Load (TMDL) effort. CCP was contracted by the City of Reno at the encouragement of the Nevada Division of Environmental Protection (NDEP) which sought to ensure that the Cities of Reno and Sparks considered adequate public involvement options in their request to pursue a 3rd Party TMDL. In August 2007, CCP completed and distributed a document titled “*Lower Truckee River Total Maximum Daily Load, Stakeholder Process Feasibility Assessment, Final Report*” (Assessment). In the Assessment, CCP presented three alternatives for consideration on how to conduct the proposed TMDL.

- Alternative 1 – A “Baseline” TMDL Approach, focusing on the baseline standards and guidelines of TMDL development (as defined in NDEP and US Environmental Protection Agency [EPA] documents),
- Alternative 2 – An “Inclusive” TMDL Approach, focusing on a broad, inclusive stakeholder process to establish the proposed 3rd Party TMDL, and
- Alternative 3 – A “Regional” TMDL and Water Resources Management Approach, focusing on the development of the proposed TMDL and a broad, watershed-based water resources improvement process.

CCP recommended that Alternative 2 was the most feasible for a variety of reasons. Alternative 1 was deemed legally adequate but socially inappropriate given unique stakeholder conditions in the Truckee River Watershed. Alternative 3 was deemed as the most beneficial to the region in the long-term but infeasible to start all at once given existing and historic stakeholder challenges. NDEP reviewed the Assessment and encouraged the 3rd Parties (Cities of Reno and Sparks Nevada) to pursue the recommendations as proposed by CCP. Following the release of the Assessment, the 3rd Parties met with other Truckee Meadows water organizations (including Washoe County, the Truckee Meadows Water Authority [TMWA], Sun Valley General Improvement District [SVGID], South Truckee Meadows GID [STMGID]) to assess the potential to start Alternative 2. Several of these Truckee Meadows parties expressed concern that focusing only on the 3rd Party TMDL was insufficient to:

- Address concerns of all Truckee River stakeholders, and
- Minimize related risks to Truckee Meadows-specific organizations.

CCP was asked by several of these Truckee Meadows parties (and with the contractual approval of the City of Reno) to recommend an approach that could balance the immediate needs of the 3rd Parties with the long-term needs of other watershed stakeholders. In January 2008, CCP presented to the Cities of Reno and Sparks, TMWA, and Washoe County a White Paper titled *“Truckee River Watershed-Based, Water Quality Improvement Program - Proposed Process Structure and Approach”*. The White Paper proposed a phased, sequential approach to conduct a 3rd Party TMDL (consistent with the recommendations in the Assessment) with concurrent early development of a watershed planning framework, followed by a more comprehensive watershed level resource management process.

Consistent with the White Paper and at the request of the City of Reno, the technical consulting firm LimnoTech and CCP have been requested to prepare scopes of work for a phased, multi-objective water resources project. LimnoTech has prepared a scope of services to start the technical aspects of the 3rd Party TMDL and watershed-level planning process (LimnoTech, June 2008). LimnoTech’s process is *“designed to encourage a progression of building education to develop a common understanding between stakeholders through a transparent process. What will evolve are technically defined solutions which address the chemical, physical, and biological health of the Truckee River.”*

In concert with LimnoTech’s scope, the following scope focuses on the facilitation of a political, relational, and logistical approach for a phased, multi-track effort. The focus of CCP’s and LimnoTech’s joint proposals is to convene stakeholders, discuss technical and management elements and to ensure that an equitable, transparent process is put in place to help build regional support on a range of water resource topics that collaboratively improve the chemical, physical and biological health of the Truckee River.

As proposed in LimnoTech’s scope, the process could be organized into three primary tracks:

- **Chemical/TMDL Track:** focused on the chemical health of the river with respect to nutrients, dissolved oxygen and other constituents. This is the pathway for the development of the proposed 3rd Party nutrient TMDL.
- **Physical/Watershed Track:** focused on land-based non-point source watershed improvement efforts (BMPs, stormwater control). This will facilitate the development of watershed planning framework which builds upon a TMDL implementation plan developed from the Chemical / TMDL track, and includes specific watershed recommendations.
- **Biological/Fish Track:** focused on improvements of the biological health and riparian and aquatic habitats of the river through restoration activities.

CCP and LimnoTech expect there to be overlapping considerations and obvious cross linkages between the tracks. Also within each track, there is expected to be a series of phases representing a progression from core stakeholder education, through the exploration of options, and on to the refinement of multi-party recommendations for the development of management and restoration plans. The Chemical/TMDL track is expected to proceed at a faster pace than the Physical/Watershed and Biological/Fish tracks. The early staging of the Chemical/TMDL track is a reflection of current regulatory conditions and the breadth of scientific knowledge and tools

already developed related to Truckee River water quality below the Truckee Meadows. Watershed and biological based sources of information are at much earlier stages of completion / acceptance and are expected to move more slowly until a foundation and balance of knowledge, data and tools are developed. This phased approach is consistent with the results of the Assessment wherein a majority of affected stakeholders acknowledged that while an ideal process would address many overlapping resource management topics simultaneously, real-world conditions require these efforts to be phased to avoid an unwieldy and burdensome process.

Scope of Work

This scope focuses on tasks to be performed by CCP regarding the Chemical/TMDL track. The scope also includes some proposed tasks that might be applicable for early steps in the Physical/Watershed and Biological/Fish tracks. These latter tasks are intended to help integrate the Watershed Plan development effort with the TMDL development effort and do not represent a comprehensive set of tasks required for development of a Watershed Plan. Separate comprehensive scopes may be developed for the Physical /Watershed and Biological/Fish tracks. As previously described, the proposed Chemical / TMDL track is expected to take place in three phases:

- Phase I: Core Education
- Phase II: Technical Exploration of TMDL process
- Phase III: TMDL development

LimnoTech has identified potential objectives for the three proposed phases in their scope of work. For the purpose of this scope, CCP is focusing on Phase I of the Chemical / TMDL Track. Consistent with LimnoTech's scope, CCP supports the following objectives for Phase I:

1. **Educate Stakeholders and Participants:** enhance the understanding of stakeholders and a Technical Advisory Committee on Truckee River conditions, issues, data and tools. This will ensure that all participants enter the planning process with fundamental and factual understandings, misconceptions are eliminated, and all stakeholder issues and concerns are aired. Also the interrelationship of the TMDL, watershed and biological planning tracks will be explored to insure that subsequent efforts are coordinated and complementary.
2. **Identify Regulatory Issues:** identify all regulatory requirements for the TMDL development. This will ensure a well designed TMDL process that can achieve final regulatory approval.
3. **Resolve Technical Issues and Refine Tools:** ensure that all technical issues are clearly defined and that appropriate tools and analysis are available to address these issues in the TMDL development process.
4. **Coordinate with Physical/Watershed and Biological/Fish Tracks:** allow for initial coordination between the proposed concurrent tracks which focus on the physical and biological health of the Truckee River.
5. **Plan Phase II:** set the stage for the TMDL including but not limited to achieving multi-party consensus on the scope, schedule and process for completion of subsequent phases.

Phase 1 Tasks - Core Education:

LimnoTech has proposed their set of tasks to help achieve the above objectives. These tasks are:

- Development of Educational Tools
- TAC Support: Education, Analysis, and Facilitation
- Stakeholder / TMDL Working Group Support
- NDEP Coordination and Collaboration: Technical Issues Resolution
- Truckee River Information Gateway Website Coordination
- Technical Research and Model Refinement
- Phase II & Phase III Planning

CCP Organizational and Educational Phase I Tasks: In the Assessment and White Paper, CCP recommended various steps to implement the 3rd Party TMDL and a watershed-level planning effort. Some of CCP's tasks are similar to and inclusive of LimnoTech's approach however some tasks are unique to CCP given the different types and timing of services to be provided. In support and advance of the overall process, there are numerous organizational tasks that must be conducted to set the proposed process in the right direction in a structured, orderly manner. Some but not all of these tasks are sequential. In all tasks, the number and frequency of meetings is subject to change as the project unfolds. Given the expected number of participants, historical conditions, and real-world schedule challenges, it is premature to define specific numbers of meetings for any of the tasks below. CCP proposes the following:

1. Facilitate the Final TMDL "Work Plan": Consistent with EPA and NDEP process recommendations for 3rd Party TMDLs, a "Work Plan" explicitly defines shared and differing expectations and roles between EPA and NDEP (regulators), and the 3rd Parties (regulated) to ensure clarity on this regulatory process. This Work Plan is a discrete agreement tool, different from any future workplans that might be created by stakeholders and/or consultants to describe specific steps in the proposed effort (as described in the Background section above).

Notwithstanding the intent to eventually include a broad set of watershed stakeholders (described below), a Work Plan is an early necessary, negotiated set of understandings (and potential agreements) that describe the "rules of engagement" between the regulated and regulating parties. A draft version of the Truckee River 3rd Party TMDL was prepared in late 2007. CCP will work as a neutral party with the regulators and 3rd Parties to finalize the Work Plan. Once a larger stakeholder group (see Stakeholder Committee Task 5 description below) has been convened for this process, the Work Plan will be revisited for review. By joint agreement between the regulators and 3rd Parties, the Work Plan may be revised in the future to include input from the proposed Stakeholder Committee. Alternatively, the Work Plan parties may agree that the Work Plan should not be revised but that the other stakeholders be offered an opportunity to memorialize their perspectives about the Work Plan. In either case, broader stakeholder review should be concurrent with the development of an overall process "Charter" (see

Task 5 below). Items to be addressed / reconciled in the Work Plan might include the following:

- Specific TMDL tasks, responsibilities for each task, and accountability protocols;
- Agreements on the use of consultants to support task work;
- Shared and differing expectations on the results of the TMDL process;
- Descriptions of intent and process for public participation;
 - *As described in the Assessment, CCP recommends that NDEP and EPA play a key role in proposing participants for the Technical Advisory Committee (TAC) and Stakeholder Committee. This work item will take place in concert with Tasks 3, 4, and 5 below as CCP and others initiate communication with watershed stakeholders.*
- Inventory and acceptability of existing information;
- Baseline conclusions of current river conditions and related water quality, and
- Proposed TMDL development process, schedule, and milestones / decision-points

2. Communicate the Intent to Start and Invitations to Participate in the Proposed Process.

The last communication provided to the broad watershed stakeholder community about this potential process was in Fall 2007 when the Assessment was distributed to interview participants (and posted on the TRIG and CCP websites). Since then, most related efforts have taken place between Truckee Meadows parties only. It is essential that other stakeholders be informed that this process is starting and that they be invited to participate through a variety of steps. CCP proposes to provide the following support.

- a. Prepare and coordinate a letter to affected stakeholders. The letter should present: the recent history (pre-Assessment to current), the proposed approach by the 3rd Parties as supported by EPA and NDEP (see Task 1 above), an invitation to participate in upcoming efforts, and an announcement that the addressee will be contacted by CCP to conduct follow up discussions (see below). The proposed letter could be sent either under
- The joint signature of the Cities' respective Public Works Directors, or,
 - The joint signatures of key staff / directors from the 3rd Parties, NDEP, and EPA, or
 - The joint signature of key staff / directors from representative organizations of the Western Regional Water Commission.

3. Conduct Start Up Meetings with Watershed Stakeholders: To ensure consistent input from affected stakeholders as the process starts, CCP will meet (via telephone or in person) with stakeholders identified by the regulators and 3rd Parties in Task 1 above. Many of these discussions will be follow-up meetings from the Assessment interviews in 2007. Some meetings will be with individuals or multiple representatives from a single organization. Other meetings may take the form of "caucuses" wherein a collection of representatives from different organizations might opt to meet together. The stakeholders will determine the representation as they feel appropriate. The purpose of these meetings is to provide a neutral format for affected stakeholders to discuss the proposed process, encourage stakeholders' early participation in the process, and gather feedback that can be used to enhance and modify the project startup (including but not limited to convening

a TAC, convening the Stakeholder Committee, coordinating a Technical Workshop / Summit, and Chartering steps for the entire process).

4. Create and Convene a Truckee River TMDL Technical Advisory Committee (TAC). The overall strategy proposed in the Assessment and White Paper and reiterated in LimnoTech's scope is to convene a Truckee River TAC. The TAC will work under standard operating and decision rules but will have no overarching decision authority. It will represent a range of qualified perspectives and will focus on conducting rigorous analysis to ideally create consensus technical conclusions and recommendations on a variety of river-related topics. For the purpose of this scope, the assumption and recommendation is that the TAC will primarily (but not exclusively) focus on Chemical / TMDL topics first with other topics to receive similar rigueur in the subsequent tracks. The TAC's near term and future conclusions / recommendations will be provided to a standing Stakeholder Committee (see Task 5 below) that would include the 3rd Parties and several other watershed stakeholders. CCP subtasks will include:
 - a. Work with NDEP, EPA, and the 3rd Parties, and use input from other affected stakeholders and consultants to develop standard selection criteria for TAC members. This will ensure a defensible and transparent process is used to select the TAC.
 - b. Prepare an invitation strategy including the preparation of a selection / invitation letter to prospective TAC members and other communication steps such as direct meetings, phone discussions, etc. between NDEP, the 3rd Parties, and prospective TAC members.
 - c. Facilitate discussions among involved parties to define a strategy and source to financially compensate TAC members for their work.
 - d. Prepare draft operating rules for the TAC. Operating Rules will include but not be limited to a description of: the TAC selection process, the positions / expertise to be filled on the TAC, the responsibilities and limitations of the TAC's role, internal and external communication protocols for TAC members, decision-making protocols to be used by the TAC, standard procedures for memorializing TAC conclusions / recommendations. Final operating rules will be prepared after the TAC has met and has an opportunity to review and comment on the draft version.
 - e. Coordinate a TAC meeting schedule
 - f. Facilitate (in partnership with LimnoTech) initial TAC meetings.
5. Create and Convene a Truckee River Stakeholder Committee (TO BE CONDUCTED FOLLOWING THE TRUCKEE RIVER TMDL WORKSHOP / SUMMIT – TASK 6 BELOW): To focus discussions and ideally arrive at mutually beneficial conclusions and implementation strategies for a Truckee River TMDL (and potential watershed-level options), the 3rd Parties and NDEP will support the convening of a Stakeholder Committee (Committee). The Committee will ideally include key representatives from

affected jurisdictions throughout the Truckee River watershed (including NDEP, EPA, and the 3rd Parties). The purpose of the Committee is to create a forum of key jurisdictional representatives that can:

- Discuss the TAC's conclusions and recommendations on an as appropriate basis,
- Assess the potential implications of TMDL data gaps and discrepancies (as advised by the TAC),
- Identify opportunities for mutually beneficial TMDL solutions, and conversely
- Identify conditions that can not be resolved between jurisdictions and will require decision-making by NDEP and EPA.

The Committee should function in a consensus-seeking format with binding rules of engagement that focus on collaborative principles of multi-party negotiation. That said, the role of the Committee will not necessarily supersede the overarching agreements between the regulators and the 3rd Parties (as per the Work Plan described above). Nor will the existence of the Committee impede the rights of any stakeholders (including the 3rd Parties) to pursue their best interests outside of the Committee process should mutually beneficial results not be forthcoming from the collaborative stakeholder process. Committee meetings will be highly structured and focused with specific timelines and measures of accountability that all participants are expected to commit to and achieve. Committee meetings will be open to the public and will include extensive opportunities for non-jurisdictional advocates to participate in discussions, present their perspectives, and inform the TMDL decision-makers (NDEP and EPA) about key concerns and opportunities. CCP subtasks will include:

- a. Work with NDEP, EPA, and the 3rd Parties, and use stakeholder input collected during Task 3 and Task 6 to develop a proposed list of Committee members.
- b. Prepare a draft Stakeholder Committee Charter. The Charter will be the founding document of the proposed effort. It will include but not be limited to a description of: project background, purpose and objectives; intended products / deliverables, and timelines; Committee organization, roles, and responsibilities; decision-making protocols; membership rules and protocols; internal and external communication protocols; Charter amendment procedures; and general operating rules.
- c. Meet with affected stakeholders after the completion of the Truckee River TMDL Workshop / Summit to confirm key issues and feasibility for convening the proposed stakeholder process, and to review the proposed draft Charter.
- d. Coordinate an initial Stakeholder Committee meeting schedule (to be implemented following the Truckee River TMDL Workshop / Summit)
- e. Coordinate and facilitate the initial meetings of the Stakeholder Committee.
- f. Prepare the Final Charter after the Committee has met and has an opportunity to review and comment on the draft version.

6. Organize and Conduct a Truckee River Water Quality Workshop / Summit: Working with the TAC and affected stakeholders, a Workshop / Summit will be conducted. The purpose of the Workshop is to allow affected watershed stakeholders (as mutually agreed on by the 3rd Parties and NDEP, and informed by results from Task 3) an opportunity to present their perspectives on historic, current, and future water quality related to the proposed nutrient TMDL, and other pollutants. TAC members, stakeholders, and/or other related specialists may prepare comprehensive presentations (representing a range of stakeholder perspectives and/or independent academic research) of the following:
- Baseline resource conditions
 - Specific conditions and concerns relative to the proposed TMDL revision
 - Anticipated risks to human, cultural and ecological health posed by current and revised TMDL conditions.
 - Related topics.

The Workshop should be open to the public but it is not intended to be a forum for general public dialogue. Unlike previous “State of the Truckee River” conferences, the goal of the Workshop is not simply to present concurrent and or conflicting conclusions but rather to use the identification of such concurrency and conflicts as the basis for immediate, facilitated and mediated solutions for the proposed TMDL and watershed planning efforts. Day 1 of the Workshop will be a series of presentations from members of the TAC, stakeholders, and/or other specialists. The goal is to present in a standardized format, the technical viewpoints of respective stakeholders and specialists regarding the health and quality of the Truckee River. The process will be facilitated and commonalities and differences will be highlighted throughout the event. Discrete, specific times will be allowed in the Workshop agenda for public comment periods however, this meeting is not intended to be a broad public forum.

On Day 2 and under the direction of a CCP facilitator, the TAC and representative stakeholders will review the results from Day 1. They will initially work on commonalities, confirming shared understandings, and identifying where differences might still occur or where revisions of terminology might be creating confusion. They will then work on technical differences. They will focus on why differences exist (i.e.. different methods of reviewing data, different perspectives on impacts, etc.) From this discussion, the TAC will ideally refine the status of data and technical challenges regarding the TMDL. The result will be focused discussions and a Workshop summary that will help steer next steps in this process. CCP Subtasks will include:

- a. Work with NDEP, the 3rd Parties, the TAC and LimnoTech to design the Workshop format including but not limited to: the location, dates, sequence of potential topics; and overall structure of the event.
- b. In partnership with LimnoTech, work with and coordinate between the TAC and representative stakeholders to assess / determine specific topics of interest, the relevance of said topics to Truckee River water quality, the ability and appropriateness of a TAC member and/or stakeholder / specialist to develop a

- presentation for a specific topic, and the proposed specific presenter of the topic. This task may include developing a standardized format to the workshop presentations. This subtask will be in concert with Tasks 3, 4, and 5 above.
- c. Provide logistics and public outreach support for the event including but not limited to coordinating the: event location, facilities support, facility layout, event amenities, public announcements and education, and similar tasks.
 - d. Develop a facilitation strategy for the Day 2 discussions that will allow for expeditious “report backs” of Day 1 findings and comprehensive facilitation / resolution of commonalities, differences, and gaps in the TAC’s and stakeholders technical awareness, and actual data conditions.
 - e. Memorialize the results of the entire event into a draft and final comprehensive summary for use throughout the proposed subsequent TMDL and watershed processes.
7. Assess Workshop Outcomes and Next Steps: Consistent with expected items in the Work Plan (i.e. delineation of milestones and decision-points), CCP expects to facilitate a meeting (or series of meetings) following the Workshop between NDEP, EPA, and the 3rd Parties to assess Workshop outcomes and potential implications to the proposed TMDL approach. Outcomes could range from affirmation that a nutrient based TMDL approach (as proposed by the 3rd Parties) is appropriate and acceptable to affected stakeholders, to a proposed revision of potential constituents to be addressed in a proposed TMDL. As the currently proposed TMDL is first and foremost a regulatory action between regulating and regulated parties as memorialized in the Work Plan, these discussions must happen either concurrent with, or in advance of related “next-step” discussions with the broader stakeholder community (see Task 5 above). While it is infeasible to describe the exact sequence and results of discussions, CCP anticipates it will coordinate and facilitate decision-steps between NDEP, EPA, and the 3rd Parties as Work Plan signatories, and with the Stakeholder Committee (including NDEP, EPA, and the 3rd Parties). The results could include any range of the following:
- Confirmation that the proposed nutrient-based TMDL will proceed as supported by the 3rd Parties,
 - Revision of the anticipated aspects of the TMDL including a reduction of constituents to be addressed (as supported by the 3rd Parties),
 - Revision of the anticipated aspects of the TMDL including an expansion of constituents to be addressed (as supported by the 3rd Parties)
 - Revision of the anticipated aspects of the TMDL including an expansion of constituents to be addressed and the development of a sequence and associated funding agreements representing “process ownership” by the 3rd Parties and other stakeholders,
 - Development of simultaneous or sequential TMDLs addressing different constituents and as sponsored by various, separate 3rd Parties (i.e. other stand-alone stakeholders in the watershed)

- Postponement of all TMDL activities in lieu of other watershed-based improvement steps

This task is consistent with LimnoTech's scope, specifically the section that describes "... *major stakeholder "decision points" designate the transition between phases and provide a mechanism for the group to reach consensus on moving forward to a subsequent phase. Upon completion of Phase I, the Truckee River TAC as well as the larger stakeholder group will collectively decide how to proceed into Phase II. The group will make decisions related to future scope, focusing on issues and efforts they feel are most important to achieve regional consensus. This decision point allows for substantive stakeholder participation in directing efforts as necessary to achieve an approvable TMDL*".

Phase I-a Tasks - Coordination of Chemical / TMDL and Physical / Watershed Tracks:

Consistent with LimnoTech's scope and CCP's White Paper, this task is not part of the Chemical/TMDL track but represents foundational elements required to begin the Physical/Watershed planning track, particularly as it relates to cross linkages with the proposed TMDL effort. The purpose of these cross links is to capitalize on anticipated discussions and procedural improvements from the Workshop and initial Stakeholder Committee meetings. The goal is to focus all affected stakeholders (including the 3rd Parties) on watershed planning opportunities that will result in improvements in chemical, physical and biological conditions (in addition to anticipated near-term steps via the TMDL process).

1. Watershed Education for TAC and Stakeholders Working with all stakeholders and consultants, this work will include compiling relevant information and studies, identifying watershed planning funding and organizational options (including but not limited to the EPA 319 program), and providing educational sessions in Stakeholder Committee and TAC meetings. A potential outcome of these discussions may be a stakeholder decision on how and if to proceed with scoping steps to develop a watershed plan.
2. OPTIONAL TASK – Establish Long-Range Governance / Oversight of the Stakeholder Committee. As described in the Assessment and White Paper, if the overall process and Stakeholder Committee focus expands to include a watershed component, key questions will need to be addressed regarding the appropriate oversight, funding, and governance of the process. The implications of future decisions are such that these governance questions are key to ensure shared understanding and expectations between affected stakeholders such that the results of stakeholder discussions are meaningful, feasible, implementable, and to the extent possible, binding. It is premature to forecast the appropriate jurisdictions and format of a governance structure but CCP expects this may be a necessary future task to be investigated and facilitated.
3. OPTIONAL TASK - Create an NDEP / LRWQCB Memorandum of Agreement. As discussed in the Assessment, CCP identified a lack of coordination between NDEP and their California water quality counterparts at the Lahontan Regional Water Quality Control Board (LRWQB). This lack of proactive, structured communication has resulted

in a variety of conflicting opinions about water quality conditions, threats, improvement targets, etc. The absence of better clarity on these topics by stakeholders has exacerbated differences in perspectives and expectations among Nevada stakeholders and between Nevada and California stakeholders. In the Assessment, CCP recommended that NDEP and LRWQCB create an MOU or MOA delineating specific responsibilities and commitments regarding bi-state oversight of water quality conditions and resources. The MOA would at a minimum, create the framework for a yearly bi-state meeting to review current conditions, water quality threats, pending state-specific or Federal legislation, and similar topics that affect the management of these bi-state watersheds. The MOA could also create the basis for more regular communication / coordination between their agencies and between the agencies and the work of the Stakeholder Committee and the TAC. While it is premature to assume if this recommendation is feasible, CCP anticipates that if this idea is deemed to hold merit, the coordination and facilitation of the process will benefit from the support of a neutral party such as CCP.

Phase II Tasks - Technical Exploration of TMDL

As described in Phase I, Task 7 and the introduction of this scope, if a collective decision is made to proceed with a TMDL effort, two subsequent phases will likely be pursued. Phase II is expected to focus on a more detailed technical exploration of the TMDL. The Stakeholder Committee will make decisions related to scoping, and budget. In Phase II, stakeholders will build upon the educational knowledge base established in Phase I and make use of previously developed modeling and educational tools. Objectives may include (as proposed in LimnoTech's scope):

1. Continue stakeholder education:
2. Frame a TMDL approach:
3. Screen potential alternatives:
4. Coordinate with Watershed and Biological Track Plans:
5. Conduct future phase planning:

A specific list of CCP tasks for Phase II is premature since they will be largely defined by outcomes of Phase I. General tasks for Phase II could include but will not be limited to:

- Coordination and Facilitation of Stakeholder Committee Meetings,
- Coordination and Facilitation of TAC Meetings,
- Ongoing interaction with individual stakeholders in support of multi-party collaborative results,
- Ongoing interaction with TAC members in support of the Stakeholder Committee's work,
- Continuation of educational sessions including but not limited to technical presentations AND stakeholder interest-based presentations,
- Development of TMDL options that consider potential risks and alternatives
- Future phase planning
- Project management/coordination

General Project Management/Coordination Task

CCP will conduct general project management in support of the above tasks. This support will include: monthly status reports on progress and budget, invoicing, client communication, and staff management,

Future Tasks - Phase III: TMDL Development

Similar to the transition between Phases I and II, should Phase II proceed, the Stakeholder Committee and TAC / stakeholder group will reach Decision Point #2 and collectively decide how to move forward to a third phase of the proposed process. Objectives for a third phase may include (as proposed in LimnoTech's scope):

1. Continue stakeholder education,
2. Resolve remaining NDEP/EPA issues,
3. Develop TMDL, and
4. Coordinate and link the TMDL effort to ongoing physical and biological restoration plans.

CCP has not prepared any proposed tasks for a third phase.

Budget

CCP's anticipated budget for Phase I of the Chemical / TMDL Track (including the above described transition tasks between tracks) is \$142,500.

Western Regional Water Commission

STAFF REPORT

DATE: June 6, 2008
TO: Chairman and Members, Western Regional Water Commission
FROM: Ben Hutchins, WCDWR Finance and Customer Services Manager
SUBJECT: Approval of an Agreement for the Investment of Regional Water Management Funds in the Washoe County Investment Pool

SUMMARY

Washoe County (WC) is the fiscal agent for the WRWC Regional Water Management Fund. As the fiscal agent, WC manages all WRWC purchasing, accounts payable, accounting and investment transactions in support of the WRWC work plan.

The Agreement to Invest Regional Water Management Funds in the Washoe County Investment Pool authorizes the County's Treasurer to invest WRWC funds by pooling it with monies of the County for investment in the County's Investment Pool Fund.

PREVIOUS ACTION

None.

FISCAL IMPACT

Per the terms of the agreement, the County's Treasurer shall invest WRWC's monies in such securities only as authorized by NRS 355.170 and 355.171 as well as other applicable provisions of Nevada Revised Statutes and any special applicable law and in accordance with County's investment policies (a copy of which WRWC acknowledges receipt). Treasurer shall allocate and distribute on account for WRWC a pro rata share of any gains, losses and interest earnings in the County's Investment Pool Fund ("Fund") based upon the proportion of WRWC's monies to the total value of the Fund and also based on the average cash balance in the Fund over the applicable accounting period. Any related third party charges shall likewise be allocated to WRWC. WRWC acknowledges that the County and the Treasurer utilize the services of a professional fund manager as well as a statutorily required third party custody agent and that WRWC pro rata share of expenses will include the fees to pay these professional managers/agents.

RECOMMENDATION

It is recommended that the WRWC approve the Agreement for the Investment of Regional Water Management Funds in the Washoe County Investment Pool.

POSSIBLE MOTION

Move to approve the Agreement for the Investment of Regional Water Management Funds in the Washoe County Investment Pool.

brh

INTERLOCAL AGREEMENT

1. **PARTIES** This Interlocal Agreement (“Agreement”) is entered into between Washoe County, a political subdivision of the State of Nevada, by and through its duly constituted Board of County Commissioners (“County”), and the Western Regional Water Commission, a Joint Powers Authority created pursuant to Chapter 531, Statutes of Nevada 2007, by and through its duly constituted Commission (“WRWC”), and all parties are hereafter occasionally referred to as “Party” or “the Parties.”.

2. **RECITALS**

2.1 The Parties are public agencies under NRS 277.100 ;

2.2 NRS 277.180(1) provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the contracting agencies is authorized by law to perform;

2.3 Pursuant to the Act, WRWC is authorized to impose and collect a fee from ratepayers receiving water service from public water purveyors in the region at a rate not to exceed 1.5% of the amount otherwise billed in order to fund the planning and administration required by the Act (Water Management Fund”); and

2.4 NRS 355.168 and 355.175 authorize the County’s Treasurer (“Treasurer”) to invest by pooling any money held by the Treasurer for public agencies/local governments;

2.5 WRWC, as a “local government” under NRS 354.474, desires to deposit all or part of the Water Management Fund, and any other authorized monies, with Treasurer to be pooled with monies of the County and other “local governments” for investment in the County’s Investment Pool Fund (“Fund”); and

2.6 WRWC hereby authorizes County and Treasurer, and County and Treasurer agree, to invest certain monies from the Water Management Fund and other authorized sources of monies deposited by WRWC (“WRWC Monies”) in the Fund; and

2.7 The Parties wish to formalize this Agreement to set forth the terms and conditions upon which WRWC Monies shall be pooled and invested; and

NOW THEREFORE, in consideration of the mutual covenants and conditions herein, the Parties agree as follows:

3. **PRIOR AGREEMENTS** This Agreement cancels and supersedes, as of the date hereof, any previous agreement, whether oral or written, between County and WRWC regarding the subject of this Agreement.

4. AUTHORIZATION TO POOL AND INVEST WRWC hereby authorizes County and Treasurer, and County and Treasurer agree, to invest certain monies tendered by WRWC in the Fund pursuant to the terms and conditions hereof.

5. IDENTIFICATION OF WRWC'S MONIES WRWC will deposit certain monies with Treasurer from time to time for the purposes set forth herein.

6. INVESTMENTS AND ALLOCATION

6.1 Treasurer shall invest WRWC's monies in such securities only as authorized by NRS 355.170 and 355.171 as well as other applicable provisions of Nevada Revised Statutes and any special applicable law and in accordance with County's investment policies (a copy of which WRWC acknowledges receipt).

6.2 Treasurer shall allocate and distribute on account for WRWC a pro rata share of any gains, losses and interest earnings in the Fund based upon the proportion of WRWC's monies to the total value of the Fund and also based on the average cash balance in the Fund over the applicable accounting period. Any related third party charges shall likewise be allocated to WRWC. WRWC acknowledges that the County and the Treasurer utilize the services of a professional fund manager as well as a statutorily required third party custody agent and that WRWC pro rata share of expenses will include the fees to pay these professional managers/agents

7. PROCESSING WRWC'S DEBT PAYMENTS

7.1 In the event that WRWC deposits with Treasurer WRWC monies which are obligated under special financing, such as bonds, WRWC shall be solely responsible for monitoring the status of such special financing and determining if and when it is appropriate to call such special financing. Until WRWC advises Treasurer in writing that it is calling such special financing and directs Treasurer to cease payments, Treasurer shall process payments on such special financing on behalf of WRWC in accordance with instructions of issuance.

7.2 Treasurer may act as paying agent or select a third party paying agent to process such payments. Any charges by such a third party shall be deducted from WRWC's monies in the Fund.

8. REPORTING The Washoe County Comptroller shall deliver to WRWC as soon as practical following the end of each quarter of each fiscal year a report revealing the Fund's balances, earnings, losses and prorata allocations thereof to WRWC.

9. WRWC'S AUTHORIZED AGENTS WRWC shall promptly advise Treasurer in writing of the name(s) and address(es) of its employee(s)/agent(s) who is/are authorized to advise and instruct Treasurer concerning the matters of this Agreement. WRWC will also provide to Treasurer specimen signatures of the authorized employee(s)/agent(s). Treasurer shall

not suffer any liability whatsoever with respect to any action taken in reliance upon any written instructions or notices which Treasurer shall, in good faith, believe to be genuine and to have been signed by WRWC's authorized employee(s)/agent(s).

10. WITHDRAWALS AND TERMINATION

10.1 WRWC is entitled to make partial withdrawals of its monies out of the Fund provided WRWC delivers to Treasurer written notice and specific instructions regarding said withdrawal. Treasurer shall comply therewith at the first reasonable opportunity presented by the markets and in consideration of the type of investments used in the Fund, but only so long as the Fund incurs no loss or risk to its remaining investments, and further so long as WRWC pays any penalties, losses and third-party-expense related to said withdrawal. Cash distribution shall be determined by par value of securities at liquidation, if necessary.

10.2 This Agreement may be terminated by either party upon thirty days (30) written notice or upon the enactment of any law inconsistent herewith. The value of the Fund at the expiration of said thirty (30) days shall determine the prorata value of WRWC's monies, including earnings and losses, available to be distributed to WRWC. Notwithstanding the thirty (30) day notice, such distributions of WRWC's monies from the Fund shall occur over that period of time which in the reasonable determination of Treasurer is necessary to protect the Fund's other investments from risk and loss in accordance with sec. 10.1 above, not to exceed eight (8) months. The party electing to terminate this Agreement shall pay all penalties, losses and third-party-expense related to such distributions.

11. INDEMNIFICATION

11.1 The Parties agree that each will be responsible for any liability or loss that may be incurred as a result of any claim, demand, cost, or judgment made against that party arising from any negligent act or negligent failure to act by any of that party's employees, agents, or servants in connection with the performance of obligations assumed pursuant to this Agreement.

11.2 Each Party further agrees, to the extent allowed by law pursuant to NRS Chapter 41, to hold harmless, indemnify and defend the each other from any and all losses, liabilities, or expenses of any nature to the person or property of another, to which each may be subjected as a result of any claim, demand, action, or cause of action arising out of the negligent acts, errors or omissions on the part of the employees, agents, or servants of the other.

11.3 The indemnification obligation pursuant to this section is conditioned upon receipt of prompt written notice by the indemnifying party of the indemnified party's actual notice of any action or pending claim or cause of action. The indemnifying party shall not be liable to hold harmless any attorney's fees and costs for the indemnified party's chosen right to participate with legal counsel.

12. MISCELLANEOUS PROVISIONS

12.1 This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and assigns.

12.2 This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof, and supersedes and replaces all prior understandings and agreements, whether verbal or in writing, with respect to the subject matter hereof.

12.3 This Agreement may not be modified, amended, assigned, transferred, nor may any rights, obligations or duties hereunder be delegated in any respect without the written consent of the other party hereto.

12.4 In the event either party brings any legal action or other proceeding with respect to the breach, interpretation, or enforcement of this Agreement, or with respect to any dispute relating to any transaction covered by this Agreement, the losing party or parties in such action or proceeding shall reimburse the prevailing party or parties therein for all reasonable costs of litigation, including reasonable attorneys' fees.

12.5 This Agreement is made in, and shall be governed, enforced and construed under the laws of the County of Washoe and the State of Nevada. The parties consent to the personal jurisdiction of any state or federal court of competent jurisdiction located in Washoe County, Nevada and to the service of process by any means authorized by any such state or federal court under the laws of the State of Nevada. The exclusive venue of any action, proceeding or counterclaim arising out of or in connection with this Agreement shall be Washoe County, Nevada.

12.6 No delay or omission by either party in exercising any right or power hereunder shall impair any such right or power or be construed to be a waiver thereof, unless this Agreement specifies a time limit for the exercise of such right or power or unless such waiver is set forth in a written instrument duly executed by the person granting such waiver. A waiver of any person of any of the covenants, conditions, or agreements hereof to be performed by any other party shall not be construed as a waiver of any succeeding breach of the same or any other covenants, agreement, restrictions or conditions hereof.

12.7 All notices, demands or other communications required or permitted to be given in connection with this Agreement, shall be in writing, and shall be deemed delivered when personally delivered to a party (by personal delivery to an officer or authorized representative of an agency party) or, if mailed, three (3) business days after deposit in the United States mail, postage prepaid, certified or registered mail, addressed to the parties as follows:

Washoe County Treasurer
Administration Complex
1001 East Ninth Street, Suite D 140
Reno, Nevada 89512

Western Regional Water Commission
1355 Capital Boulevard
Reno, Nevada 89502
Attention: WRWC Treasurer

Any person may change its address for notice by written notice given in accordance with the foregoing provisions.

12.8 The Agreement may be executed in one or more counterpart copies, and each of which so executed, irrespective of the date of execution and delivery, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. This Agreement may be recorded.

12.9 This Agreement is effective upon the date the last signing party signs this Agreement ("Effective Date").

IN WITNESS WHEREOF, the Parties have executed this Agreement.

WASHOE COUNTY

WESTERN REGIONAL WATER COMMISSION

Dated this __ day of _____, 2008

Dated this __ day of _____, 2008

By: _____
Robert Larkin, Chairman
Board of Commissioners

By: _____
Michael Carrigan, Chairman

ATTEST:

ATTEST:

WASHOE COUNTY INVESTMENT POLICIES

17. CASH MANAGEMENT: Good cash management is a part of the public trust and is essential in helping to finance the delivery of quality services to the citizens. The objective of the County's investment policies is to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default. The following factors will be considered in priority order in determining investments: (1) safety; (2) liquidity, and (3) yield.

SCOPE

This policy applies to all financial assets of Washoe County, Nevada, including those held in the public interest in the County's fiscal capacity as well as those held in trust or agency capacity for other governmental entities. These funds are accounted for in the County's annual financial report. The specific investment policies of the County are presented below:

DELEGATION AND AUTHORITY

The Board of County Commissioners has overall responsibility for investment of the County funds in accordance with NRS 355.175.

The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The Treasurer may delegate investment responsibilities to treasury staff members. The County Treasurer and delegated staff are the Investment Officers of Washoe County.

RESPONSIBILITY AND PRUDENCE

The Investment Officers shall strive to keep all idle cash balances fully invested through daily projections of cash flow requirements.

Investments shall be made with judgment and care, not for speculation, but for asset protection, considering the probable safety of the capital as well as the probable income to be derived. The standard of

prudence to be used by the investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The prudent-man rule as defined in the Dictionary of Finance and Investment Terms, Barrows financial Guides is a standard to guide those with responsibility for investing the money of others. Such fiduciaries must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Investment officials shall avoid any transaction that might impair public confidence in Washoe County’s ability to govern effectively. Investment officials shall perform their investment duties acting in accordance with the written procedures, the adopted investment management plan, this investment policy and must exercise due diligence. Investment officials complying with this policy shall be relieved of personal responsibility for market price changes or the performance of an individual security as long as significant deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse impacts on the investment portfolio.

To avoid forced liquidations and losses of investment earnings, cash flow and future requirements will be the primary consideration when selecting maturities.

The Investment Officers shall take care to maintain a prudent balance of investment types and maturities as the County’s investment strategy dictates.

INVESTMENT COMMITTEE

The Investment Committee created in Washoe County Code Section 15.220 has been delegated the investment decision making authority in Washoe County and serves also in the advisory capacity to the Treasurer and Board of County Commissioners.

The Investment Committee shall:

- A) Adopt an investment management plan which addresses the County’s administration of its portfolio including investment strategies, benchmarks, practices and procedures.
- B) Meet at least quarterly to review the investment management plan, general strategies and to monitor results. The committee shall include in its review but is not limited

to consideration of the portfolio diversification, maturity structure, economic outlook, authorized depositories, brokers and dealers and the target rate of return on the portfolio.

- C) Establish the types of investments considered proper for the County, within the framework of the statutes or the State of Nevada regarding investment media acceptable for counties, and recognizing the conflicting desires for maximum safety and maximum yields. The approved types of investments will be specifically identified in the investment management plan.
- D) Determine the criteria that must be met by banks, investment houses, brokerage firms and other financial institutions in order to be eligible to participate in the County's investment program. The criteria established will be included in the investment management plan.
- E) Review and recommend modifications to this investment policy on an annual or more frequent basis, subject to the approval of the Board of County Commissioners.

REPORTING

The County Treasurer shall submit an annual report to the Board of County Commissioners within forty-five days of the close of the fiscal year. The report will set forth information on the investments made by the County during the preceding year. The report should summarize the investment strategies and include a complete listing of securities held, income earned, weighted average maturity, aggregate current yield, breakdown of securities by type of issuer and a certification by the Treasurer as to compliance with State statutes and this investment policy.

The Treasurer shall submit to the Board of County Commissioners each month at any regular or special meeting a statement containing the information required in NRS 354.280. The statement shall include a complete record of the source and amount of all receipts, apportionments to, payments from and balances in all funds for the previous month together with a statement of all money on deposit, outstanding checks against that money and cash on hand.

The Treasurer shall maintain a current financial analysis and evaluation of each institution in which cash is invested. The analysis and evaluation must include: 1) a review of the annual financial statements of the institution. 2) The responsiveness of each institution in bidding on investments. 3) In the case of insured depository institutions, a review of the Community Reinvestment record of each qualified institution. Significant changes in the financial status of an institution on the list of institutions approved for County investments shall be reported to the Investment Committee by the Treasurer as soon as is necessary to responsibly protect assets.

The Treasurer shall maintain a current financial analysis and evaluation for each broker/dealer with which the County is doing or anticipates conducting business with. The analysis and evaluation must include: 1) a review of their annual financial statements. 2) the responsiveness of the broker/dealer in bidding on investments. 3) Such other criteria as required by the Investment Committee of Washoe County. Significant changes in the financial status or credibility of a broker/dealer on the list of broker/dealers approved for County investments shall be reported to the Investment Committee by the Treasurer as soon as is necessary to responsibly protect assets.

RISK AND YIELD

The Treasurer, in order to maximize yields from the County's portfolio, may consolidate cash balances from all funds for investment purposes, and will allocate investment earnings in accordance with applicable regulations, and County policies. The distribution schedule for interest allocations will be reviewed annually by the committee prior to July 1.

The Treasurer shall invest only in those instruments authorized by Nevada Revised Statutes 355.170. Investment vehicles which are new to the market must be approved by the Nevada State Legislature and the County Investment Committee before committing County funds to them.

The Treasurer shall develop and maintain an Investment Management Plan adopted by the Investment Committee, which addresses the County's administration of its portfolio including investment strategies, benchmarks, practices, and procedures. The investment portfolio of Washoe County shall

be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

The County Treasurer with the concurrence from the Investment Committee establishes and maintains procedures for the operation of the investment program consistent with this investment policy. Procedures are established to include safekeeping, master repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established.

The County Treasurer shall conduct and document an eligibility compliance verification and analysis before investing with any financial institution not already on the eligibility list. The updated eligibility list along with the verification report, shall be delivered to each Investment Committee member upon completion.

ETHICS

Officers and employees designated as investment officers for Washoe County, shall refrain from person business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officers shall disclose to the County Manager any material financial interests in financial institutions that conduct business with Washoe County. Investment officers shall subordinate their personal investment transactions to those of Washoe County, particularly with regard to the timing of purchases and sales.

INTERNAL CONTROLS

A system of internal controls shall be established by the County Treasurer which shall be reviewed annually by the independent external auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

DIVERSIFICATION

The investment portfolio shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific a specific issuer or a specific class of securities. Maturities selected shall provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the investment committee.

Investment maturities for funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (tax apportionments, SCCRT distributions).

SAFEKEEPING AND COLLATERALIZATION

Securities purchased by the County shall be delivered against payment and held in a custodial safekeeping account with the trust department of a bank insured by the Federal Deposit Insurance Corporation designated by the Treasurer for this purpose in accordance with NRS 355.172. The custodial agent shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity and other pertinent information.

INVESTMENT STRATEGY

The County's investment strategy is Active. The County will generally purchase instruments with the intent of holding them to maturity. Securities may be sold at either a gain or loss prior to maturity if the Treasurer deems the sale to be in the best interest of the overall portfolio and it is in accordance with the Investment Strategy of the County.

WASHOE COUNTY INVESTMENT MANAGEMENT PLAN

Introduction.....	1
Mission Statement	1
Scope	1
Delegation and Authority	2
Prudence	2
Authorized Dealers & Financial Institutions	2
Approving a Broker/Dealer	3
Monitoring Broker/Dealer Services	3
Financial Institutions	4
External Managers	4
Diversification--Investment Parameters.....	4
Authorized Investment Instruments.....	4
Adding Investment Options to the “Approved List”	6
Investment Structure and Strategies	7
Strategical Rationale of Four Group Plan	8
Benchmarks.....	8
Investment Strategy.....	9
Criteria for Transactions	9
Competitive Bidding.....	9
New Issues	9
Swaps	9
Internal Procedures	10

INTRODUCTION

In December, 1996, the Washoe County Board of County Commissioners adopted **Washoe County Investment Policies**, a six page document dated 11/25/96, that contains general guidelines for investing the financial assets of Washoe County. This document, the **Investment Management Plan**, was developed by the Treasurer's office and the Investment Committee. It is designed to assist staff in day-to-day investment operations and is the tool to allow for committee direction and input. It is organized to follow the investment policies and text at the beginning of each section in italics comes directly from the investment policies document.

MISSION STATEMENT

The mission of the Washoe County Investment Committee is to:

“maintain and manage a high-quality, secure portfolio with sufficient liquidity to meet expected and unexpected cash flow needs, while generating an appropriate rate of return that will grow the portfolio over time.”

SCOPE

This policy applies to all financial assets of Washoe County, Nevada, including those held in the public interest in the County's fiscal capacity as well as those held in trust or agency capacity for other governmental entities. These funds are accounted for in the County's annual financial report.

This policy does not govern bond proceeds allocable to the County. Such funds are governed by their individual bond documents in accordance with IRS regulations.

The following Departments maintain bank accounts approved by the Board with funds not invested by the Treasurer's office and are not covered by this policy:

Change and Petty Cash funds-Various
Departments
Clerk's Office
District Attorney
Health Department/Environmental
Oversight
Incline Justice Court
Parks/May Foundation Building Fund
Public Administration
Public Defender

Recorder
Reno Justice Court
Senior Services
Sheriff's Office
Social Services
Sparks Justice Court
Truckee Meadows Fire
Verdi Justice Court
Wadsworth Justice Court

Newly-created funds, established by the Comptroller and administered by the Treasurer shall be covered by this policy.

The Treasurer shall enter into depository agreements with all external entities for whom he holds and invests funds.

DELEGATION AND AUTHORITY

The Board of County Commissioners has overall responsibility for investment of County funds in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The Treasurer may delegate investment responsibilities to treasury staff members. The County Treasurer and delegated staff are the Investment Officers of Washoe County.

The current authorized Investment Officers for Washoe County are:

Bill Berrum, Washoe County Treasurer
Lisa M. Mitchell, Chief Deputy Treasurer
Nancy Anderson, Assistant Chief Deputy Treasurer
Tammi Davis, Deputy Treasurer

Additionally, the Board of County Commissioners may enter into an agreement with an external investment advisor for investment management services for all or part of the County's portfolio. Said agreement shall be on file with the Treasurer's office.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

AUTHORIZED DEALERS & FINANCIAL INSTITUTIONS

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the County. The criteria for approving and monitoring a financial institution or broker/dealer is based on a Government Finance Officers Association publication

(copyright 1994), titled An Introduction to Broker/Dealer Relations for State and Local Governments by Corinne Larson.

Approving a Broker/Dealer

The Treasurer will identify the important issues of the investment program and the pertinent qualifications of each institution and broker/dealer. To accomplish this task, the "Broker/Dealer Request for Information" form will be sent to a prospective candidate(s) for completion. All information requested must be provided before the Treasurer will evaluate and recommend acceptance or rejection of the Broker/Dealer to the Committee for approval as an authorized Broker/Dealer.

Upon receipt of all required information, the Treasurer will proceed to verify the data submitted, evaluate the results and make the appropriate recommendation to the Investment Committee at the next regularly scheduled meeting.

The evaluation process will include financial statement review, capital adequacy standards, verification of federal and state registrations/licensing, review of staff qualifications, reference checks and satisfactory explanation of any deficiencies identified as a result of this process.

No broker/dealer will be engaged to conduct investment business for Washoe County until qualified by this process.

Upon approval of the Investment Committee, the Broker/Dealer will be sent an Agreement for Securities Service for execution and be required to give a statement that they have read and agree to adhere to the purpose and intent of the Investment Policy and diligently observe the limitations regarding investment types allowed by Nevada state law.

After these documents have been properly executed and returned to the Treasurer, the broker/dealer will be given the opportunity to do business with the county.

Monitoring Broker/Dealer Services

In monitoring the services provided by a broker/dealer, primary consideration should be given to the evaluation of comparative pricing, the frequency of failed transactions and compliance with these procedural investment guidelines, and willingness to provide desired portfolio analysis reports on a periodic basis.

Failure to continue to meet the minimum requirements for selection will result in the immediate removal of the broker/dealer from the approved list pending review by the Investment Committee and/or reapplication for approval.

Dealers shall submit audited financial statements annually, and the Treasurer will conduct a follow-up background inquiry on brokers and dealers on the approved list at once each year.

Financial Institutions

The Treasurer shall maintain service agreements with all financial institutions with which he conducts business.

External Managers

If the County contracts with external investment advisors, the Treasurer may approve and use a list of authorized broker/dealers provided by the investment advisor. The external investment advisor agrees to include the County's approved brokers to solicit bids for the County transactions.

The external management firm's policies and procedures, as accepted by the Investment Committee, shall be on file with the County Treasurer's office. The investment management services shall be performed in accordance with the proposal of services approved by the Investment Committee.

DIVERSIFICATION--Investment Parameters (George A. Neilsen, President, American Money Management Associates, Inc. recommends that entities do not limit or overly restrict themselves in this area.)

The investment portfolio shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of securities. Maturities selected shall provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the investment committee.

Investment maturities for funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (tax apportionment, SCCRT distributions).

Authorized Investment Instruments

The County is initially limited to those instruments authorized by Nevada Revised Statutes. The Treasurer and any external investment advisor is further limited to the following securities having been approved by the Investment Committee as appropriate investments for the County.

If the rating of a corporate obligation is reduced to a level that does not meet the minimum credit requirements, the County must sell the investment as soon as possible.

1. a. Direct obligations of the U.S. Treasury--Treasury Bills and Notes

Maximum Term	10 years
Maximum Single Purchase	\$10,000,000
Maximum Aggregate Position	No Limit

b. Securities backed by the full faith and credit of the United States government--Government National Mortgage Association (GNMA), GNMA PCs, Small Business Administration (SBA) loans or pools.

Maximum Term	10 years
Maximum Single Purchase	\$10,000,000
Maximum Aggregate Position	No Limit

2. a. Securities backed by Federal Agencies--Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Institutions (FHLB), Student Loan Marketing Association (SLMA), Federal Farm Credit Institution (FFCB), Federal Housing Administration (FHA)

Maximum Term	10 years
Maximum Single Purchase	\$10,000,000
Maximum Percent Per Issuer	35%
Maximum Aggregate Position	100%

b. Agency-Issued Mortgage-Backed Securities--FNMA, FHLMC, GNMA

Maximum Term	10 years
Maximum Single Purchase	\$10,000,000
Maximum Percent Per Issuer	15%
Maximum Aggregate Position	40%

3. Notes, bond and other unconditional obligations for payment of money issued by corporations organized and operating in the United States purchased from a registered broker-dealer and are rated "AA" or higher by a nationally recognized rating service.

Maximum Term	5 years
Maximum Percent Per Issuer	25%
Maximum Aggregate position	20%

4. Negotiable medium-term obligations issued by local governments of the State of Nevada. Pursuant to NRS 355.177, the County may not invest in its own securities of any kind. Bonds shall be rated at least AA by a nationally recognized statistical rating organization.

- | | | |
|--|----------------------------|---------|
| | Maximum Term | 5 years |
| | Maximum Percent Per Issuer | 25% |
| | Maximum Aggregate position | 25% |
5. Repurchase Agreements with qualified banks
- | | | |
|--|--------------------------------|----------|
| | Maximum Term | 90 days |
| | Maximum Aggregate Position | No Limit |
| | Must be collateralized at 102% | |
6. Bankers' acceptances
- | | | |
|--|----------------------------|------------------|
| | Maximum Term | 180 days |
| | Maximum Aggregate Position | 20% of portfolio |
7. Commercial Paper, which must be purchased by a registered broker-dealer and must be rated "A-1," "P-1" or its equivalent, or better by a nationally recognized rating service.
- | | | |
|--|----------------------------|------------------|
| | Maximum Term | 270 days |
| | Maximum Aggregate Position | 20% of portfolio |
8. Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings loan associations.
9. Certificate of Deposit (must be federally insured). Individual purchases greater than \$100,000 per banking institution must be fully collateralized in excess of insured amounts.
10. Money Market Funds rated AAA or its equivalent
- | | | |
|--|----------------------------|---|
| | Terms | Same as cash, available daily
pay interest monthly |
| | Maximum Aggregate Position | 45% of MM fund assets |

Adding Investment Options to the "APPROVED LIST"

Upon recommendation of any committee member, additional investment instruments will be reviewed and analyzed by the Investment Committee. Upon satisfaction that the proposed instrument is a suitable investment for the County, that option will be added to the APPROVED INVESTMENT LIST with appropriate conditions and limitations.

Investment Structure and Strategies

GROUP I “Cash Flow Horizon”

Instruments: Repurchase Agreements - Money Markets - Treasury Notes - Certificates of Deposit – Agency Notes – Commercial Paper – Bankers’ Acceptances

Maturities: One year and less

Purpose: Liquidity “pool” to accommodate cash flow needs such as immediate operational expenditures and apportionments to funds and other agencies.

Parameters: Based on projected cash flow for next twelve to eighteen months

GROUP II “Intermediate-Term Funds”

Instruments: All approved investments

Maturities: One to ten years, managed in line with a 3-5 year benchmark balancing both risk and return in the development of long-term capital growth.

Purpose: Long-term capital growth.

GROUP III “County Core Portfolio”

Instruments: All approved investments

Maturities: Ten years and less

Purpose: Work in concert with Group I portfolio while providing a focus on longer-term cash needs. Includes investment for capital appreciation.

Parameter: Allocation dependent on cash flow needs.

GROUP IV (Bond Proceeds)

Instrument: As dictated by each issue’s governing bond documents

Maturities: Based on each bond issue’s documents and expenditure requirements

Purpose: Proceeds tracked separately for compliance with IRS regulations.
Invested to match specific draw schedule requirements.

Strategical Rationale of Four Group Plan:

The Four Group Plan will ensure sufficient operating funds are available for cash flow needs while also dedicating a portion of the County's aggregate portfolio to long-term capital growth.

- Group I and III portfolios will work in concert with one another for liquidity, while Group II will strive to maximize the County's overall return without a strong focus on short-term requirements.
- Comprehensive cash flow analyses will be used to determine the appropriate allocation among the three operating fund Group portfolios
- Group IV will be reserved for the investment of proceeds from debt financings. Each bond issue will be analyzed and managed separately, ensuring appropriate liquidity to meet project expenditures and compliance with IRS regulations and applicable bond documents.
- All Group portfolios will be laddered to ensure diversification of maturities and prudent matching of assets to liabilities.

BENCHMARKS

To avoid the temptation of allowing yield to become disproportionately more important than safety and liquidity, benchmarks traditionally have been established in a very conservative range. It is considered a standard that should be achieved during the entire cycle of the market volatility.

Washoe County's benchmarks are conservative, target performance standards established in the effort to achieve higher, realistic yields while maintaining adequate liquidity levels, insuring safety and minimizing risk.

Investment Group	Benchmark
I - Cash Flow Horizon (1 year or less)	Merrill Lynch 0 – 12 Month U.S. Treasury Index
II - Intermediate-Term (1-10 years maturities)	Merrill Lynch 3 – 5 Year U.S. Treasury/Federal Agency Index
III – County Core Portfolio (1-10 years maturities)	Merrill Lynch 1 – 10 Year U.S. Treasury Index
IV - Bond Proceeds	None. Managed to provide sufficient liquidity while maximizing retainable earnings.

INVESTMENT STRATEGY

The County's investment strategy is Active. The County will generally purchase instruments with the intent of holding them until maturity. Securities may be sold at either a gain or loss prior to maturity if the Treasurer/external investment advisor deems the sale to be in the best interest of the overall portfolio and it is in accordance with the Investment Strategy of the County.

Criteria for Transactions

Changes in the County's portfolio status and structure will be based upon one or more of the following considerations but not to the detriment of the overall portfolio status.

- Enhance yield position
- Decrease excess liquidity
- Increase liquidity
- Diversify into different instruments
- Fill hole in maturity ladder
- Adjust average maturity
- Reduce maturity concentrations
- Ride short end of yield curve
- Avoid excessive price volatility
- Capture profits due to volatility

The absolute last-resort reason to liquidate an instrument prematurely at a loss is to satisfy immediate operational demands. All efforts will be made to avoid this circumstance through prudent cash flow management in the "Cash Flow Horizon" group.

When paying a premium for an instrument, "total return" calculations shall be used to determine suitability of yield considerations.

Competitive Bidding

The Treasurer, when determining that it will be necessary to initiate a transaction and ascertains that a product from the secondary market (previously issued) is to be sold or bought, will seek bids or offerings from at least three brokers from the list of authorized Broker/Dealers. The request for bids/offerings will be rotated among the list of brokers to allow an opportunity for all to participate in securities transactions with the County.

New Issues

When purchasing new issues, the Treasurer will select broker-dealers to purchase from based upon broker service, area of specialization, and diversification of placement.

Swaps

When approached with a swap proposal, the Treasurer will utilize the transaction criteria as well as the published spreads to determine the suitability and appropriateness of the proposal.

INTERNAL PROCEDURES

Daily Cash Determination Process:

Determine daily cash requirements: This act begins with establishing revenues, from all sources, which will be available for any given day or period of time and acquiring the known expenditures which must be covered by those revenues for the same period. Staff also reviews and matches cash with the cash flow plan.

Review current bank statement: The previous day's statement of activity is printed each morning. The document contains all department deposits, wire transfers in and out, checks paid as well as debits and credits affecting the account balance.

Determine excess or shortage in cash availability: Excess available cash can be invested based upon anticipated time until needed. Shortage in cash available can be cured by withholding funds from the over-night repurchase process.

Investment Actions:

An over night repurchase process is utilized with an authorized broker whereby any unrequired cash is invested on a day to day basis, collateralized by AAA rated treasury instruments which are held by agreement with a third party custodian. This is the most liquid, readily available cash pool. After the daily needs are determined, the excess or shortage is incorporated into this investment process.

Money Market accounts are used for the investment of various cash funds. The use of these investment instruments provides cash availability until noon on any given business day. Only the investment officers are permitted to make transfers in or out of these accounts by written agreement with each fund's administrator. Movement of funds is further restricted, by written agreement, to specific bank accounts for the county and the money market fund.

Longer term investment decisions are made by the treasurer. The treasurer gives instructions including the following information:

- Firm/Broker
- Type of Security
- Face/Par value of security
- Coupon Rate
- Maturity Date
- CUSIP (federal identification number)
- Price (either in decimals or 32's)
- Trade/Settlement date(s)
- Principal amount
- Interest amount
- Total cash price

Delivery vs. payment instructions

All of this information needs to be provided to third party custodian staff in order to execute the transaction. This is the same for purchases and sales of securities.

A typed statement is prepared on letterhead using this information. It is signed by an authorized person, and faxed to third party custodian staff.

At the time of settlement, cash is provided (by way of wire transfer) to the third party custodian for the purchase, or in the event of a sale, instructions for the proceeds are provided.

All interest earnings and any realized gains/losses as a result of trading activity must be tracked and is used in the balancing of the monthly statements and monthly distribution of interest earnings. The treasurer's office receives the statements, balances them and then provides the statements and results to the comptroller's office for verification and accounting purposes.

The Comptroller 's Office records purchases, sales, interest receipts, purchased interest, interest earned but not received plus realized and unrealized gains and losses. Interest receipts are allocated to each fund prorated by the prior month interest receivable. Interest earned but not received is prorated by the current month average cash balance. Realized and unrealized gains and losses are also prorated by the current month average cash balance.

Each quarter the Comptroller notifies each department and agency of the unrealized increase or decrease of the fair value of investments allocated to their entity.