



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** June 1, 2017

**Staff Contact:** Jason Woodbury, District Attorney

**Agenda Title:** For Possible Action: To adopt a resolution approving and authorizing the Mayor to sign the "INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE" an agreement by and between Carson City, the Town of Minden, Douglas County, and the Indian Hills General Improvement District restating and superseding all previous agreements by and between the parties relating to water delivered to Carson City through the project referred to as the "North Douglas County and Carson City Water Line Intertie Project."

**Staff Summary:** This item relates to an agreement concerning Carson City's ownership, acquisition, and delivery of Carson Valley water by the Town of Minden and Douglas County to Carson City. The Interlocal Agreement to Provide Wholesale Water Service by and between Carson City, Douglas County ("the County"), Indian Hills General Improvement District ("IHGID"), and the Town of Minden ("Interlocal Agreement"), reflects an agreement by the Town of Minden to deliver water to the County, IHGID, and Carson City and establishes the rate to be paid for that delivery for Fiscal Year 2017-18 that the County, IHGID, and Carson City will pay for that delivery and the methodology by which the rate was calculated. The Interlocal Agreement also provides an estimate of the rate for years following Fiscal Year 2017-18 through Fiscal Year 2021-22, establishes a legal framework for adjustment to the estimated rates, and provides maintenance and operation obligations, water quality standards, dispute resolution procedures, and other general terms of the agreement between the Parties. The Interlocal Agreement also identifies the Parties' respective beneficial interests in water rights that are the subject of the Interlocal Agreement.

**Agenda Action:** Resolution

**Time Requested:** 30 minutes

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## **Proposed Motion**

Move to adopt Resolution No. \_\_\_\_\_, a resolution approving and authorizing the Mayor to sign the "INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE" an agreement by and between Carson City, the Town of Minden, Douglas County, and the Indian Hills General Improvement District.

## **Board's Strategic Goal**

Sustainable Infrastructure

## **Previous Action**

January 7, 2010, Action to adopt Resolution No. 2010-R-2 approving and authorizing the Mayor to sign an Interlocal Agreement by and between Carson City and Douglas County Relating to Water Service. This agreement took effect January 21, 2010.

July 3, 2013, Action to adopt Resolution No. 2013-R-31, a resolution approving and authorizing the Mayor to sign the "FIRST AMENDMENT TO INTERLOCAL AGREEMENT RELATING TO WATER SERVICE (North Douglas County and Carson City Water Line Intertie Project) BETWEEN DOUGLAS AND CARSON CITY" an amended interlocal agreement by and between Carson City and Douglas County Relating to Water Service. This amendment took effect July 18, 2013.

On August 18, 2016, the Carson City Board of Supervisors ("Board") considered a "SECOND AMENDMENT TO INTERLOCAL AGREEMENT RELATING TO WATER SERVICE (North Douglas County and Carson City Water Line Intertie Project)" by and between Carson City and Douglas County relating to water service ("SECOND AMENDMENT"). The Board rejected the proposed SECOND AMENDMENT and directed the District Attorney's Office to initiate the dispute resolution process set forth in the original agreement preceding the proposed SECOND AMENDMENT. The agreements presented to the Board in this agenda item were negotiated among the staff of the involved parties in the course of that dispute resolution process. This is the Board's first opportunity to review the terms and conditions of the agreements negotiated in the dispute resolution process.

### **Background/Issues & Analysis**

In 2010, Carson City purchased from the Town of Minden a beneficial interest in Carson Valley water rights owned by the Town of Minden. In conjunction, Carson City also contracted with the Town of Minden and Douglas County to deliver that purchased water, together with additional Carson Valley water owned by Carson City to a point of delivery in exchange for Carson City's payment of a rate per thousand gallons for that delivery.

In 2013, the rate was adjusted and the adjusted rate was memorialized through amendments to Carson City's original agreements with the Town of Minden and Douglas County. In late 2015 and early 2016, the rates for delivery were again reviewed. The Town of Minden and Douglas County agreed to an adjustment of the rates which were subsequently presented to the Carson City Board of Supervisors as the SECOND AMENDMENT on August 18, 2016.

The negotiated rate for Fiscal Year 2017-18 is reflected in the Interlocal Agreement and incorporated appendices. Estimates of the rate for Fiscal Year 2018-19 through Fiscal Year 2021-22 are also reflected in the Interlocal Agreement and incorporated appendices. Those estimates as well as rates going forward after Fiscal Year 2021-22 are subject to adjustment through an annual review and reconciliation process between the parties as addressed in the Interlocal Agreement. The components of the calculated rate consist of: (1) "Operations and Maintenance"; (2) "Passthrough Heybourne Operations", more particularly described as expenses related to chlorination and providing power at the facility known as the Heybourne Booster Station; (3) "Repair and Replacement" of wholesale water infrastructure; (4) "Future Treatment"; and (5) "Rate Stabilization", all of which are more particularly described in the Interlocal Agreement. In addition, Carson City will pay an additional rate as reflected in the Interlocal Agreement to Douglas County to deliver water from the point of delivery to Carson City.

The rate proposed in the SECOND AMENDMENT included an additional component identified as "Construction Loan Repayment". That component has been eliminated in the Interlocal Agreement.

### **Applicable Statute, Code, Policy, Rule or Regulation**

NRS 277 Cooperative Agreements

### **Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: Water Fund / 520-3502-435-04-54

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: Payments of \$75,000 per year for twenty consecutive years from Carson City to Town of Minden beginning July 1, 2018; Payments of rates on a monthly basis in an amount to be determined for delivery of water from the Town of Minden and Douglas County to Carson City.

### **Alternatives**

(1) Modify the terms of the proposed agreement and direct staff to propose the modified terms to staff of the other involved parties; (2) Reject the proposed agreement and direct staff to resume the "Meet and Confer" requirement of the dispute resolution process; or (3) Reject the proposed agreement and direct staff to proceed to the mediation stage of the dispute resolution process.

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

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(Vote Recorded By)