



**A public workshop meeting of the Minden Town Board was held at 8:00 a.m. on Tuesday, December 22, 2009 at the CVIC Hall, 1602 Esmeralda Avenue, Minden, Nevada,**

Board members present: Ross Chichester, Bob Hadfield, Steve Thaler, Dave Sheets, John Stephans.

Staff present: Greg Hill, Trish Koepnick, Tim Russell, and Bruce Scott

- I Meeting was called to order by Chairman Sheets
  1. Pledge of allegiance led by Mr. Hadfield
- II. Workshop items as follows:
  1. Interlocal Agreement relating to water service (between the Town of Minden and Indian Hills General Improvement District);
  2. Interlocal Agreement to provide wholesale water service (between Douglas County and the Town of Minden); and
  3. Interlocal Agreement for sale and purchase of water rights for municipal uses (between the Town of Minden and Carson City)

Mr. Keele noted that six agreements need to be agreed upon and are interdependent. Each entity is feeling the same pressure, we want to move forward.

**Interlocal Agreement to provide wholesale water service (between Douglas County and the Town of Minden)**

Mr. Scott gave brief background. We are at a very historic point with the agreements we have today in draft form, and these together with the other three agreements between the Subconservancy District, Carson City, Indian Hills and Douglas County will form a framework for a regional water system. The water use area for Minden was changed 15 years ago to include all of the Carson Valley. Minden has put a significant amount of money into its infrastructure; roughly 2 million dollars into the 24 inch pipeline to the airport that now serves water to Douglas County airport. The 2008 agreement with Douglas County includes the commitment of Minden to deliver approximately 1295 acre

feet of water rights to the East Valley with a value in the neighborhood of 10 million dollars or more. Carson City is purchasing water from Minden to put money back into the system. Douglas County is taking the lead in the North Valley pipeline. The regional system has been a goal for many people for a long time, also feared by many people. State engineer is pleased that this is finally coming together; each entity has its own assets to bring to the table, and the agreement will help entities dealing with federal water quality regulations.

Mr. Hadfield noted the importance of highlighting the Town of Minden's contribution of water rights to Douglas County and is concerned that Minden's role is recognized. He wants to make sure that when the water pumps north there is an appreciation for the foresight and creative thinking of Minden. He questioned the overall contributions of the various entities.

Carson City made significant improvements in the Eagle Valley area to take the water to distribute in their service area and participate in the booster that serves them with a cost of approximately 32 million dollars. Minden's contribution will be 22 million dollars. Indian Hills has a "spur" pipeline from North Valley pipeline to Indian Hills costing 3.5 to 4 million dollars, they will also be participating in the pipeline north. Douglas County's primary cost is participation in pipeline and booster station phase 1 and 2 around 3.2 million dollars.

Mr. Scott said that it must be put in context; everyone is paying their prorata share based on the commitments for delivery from the pipeline. Douglas County has task of joining systems that are all needy, but that is not part of this project. The Manhard study, which has been approved by all entities, is the basis for the allocations and phasing. Everyone is in agreement about how the pieces fit, what water rates will be starting out and the need for adjustment based on operational costs. Minden needs to put money aside for depreciation and as a major player will provide significant amount more than now. Water mains in town will be maintained by the ratepayers. We have an active process of upgrading the system. We will have retail and a wholesale component, protecting the ratepayers of Minden.

The goal today is to discuss all three agreements; the changes are relatively limited.

Regarding the Douglas county agreement before us today, what we have come to conclude and suggest to the board is that it is a wholesale water agreement and we are not talking about the future or areas of service. We do recognize that there will be development in the future; the point of delivery is a very sensitive issue and a major issue on both sides. Current agreement with the county at this point is at a meter station at the airport; we put money up for line and county will pay back with no interest over 25 years, the town owns and maintains the line. Recommendation is to simply eliminate language from the agreement about point of delivery and look at that in the future. County would like to define the point of delivery in neighborhood of Heybourne and Muller parkway, which is a concern to the town because we own the pipeline. Because of the concern by

county over point of connection, perhaps we should work with the county for them to buy and maintain the line, and explore that possibility of modifying the original agreement. Metering point then would be at the northern most point of the Town of Minden. Other elements are relatively straightforward.

Mr. Thaler expressed hope that we are close and that we could work this out today.

Mr. Chichester expressed concern about the point of delivery. How far will Minden's boundary be? The line ends at the airport, which is a logical point of delivery; we can acknowledge that that is not Minden's sphere of influence.

Mr. Scott noted that the booster station needs to be at the start of the 24 inch line, it will be close to intersection of Heybourne and Muller Parkway. We have been in preliminary discussions with Mr. Bently concerning buying a site. The point of delivery creates a sphere of influence, but it should have no bearing on development and planning issues. One issue we need to address is getting the water fees into this agreement.

Mr. Sheets needs to see how these three integrate; it is more so than he originally thought.

Mr. Scott summarized: Indian Hills buys water from Douglas County; Indian Hills' agreement with Minden is to memorialize the delivery and cost of Minden's portion of the system and allows them to put their water rights into Minden wells. The Carson City agreement is similar to Indian Hills; they are purchasing and optioning water. The most complex is Douglas County.

Mr. Keele noted that the 2008 interlocal agreement is not set for amendment here today. Essentially changing the point of delivery to town boundaries would amend the original agreement.

Mr. Chichester questioned the definition of the town boundary and the future booster station as related to the point of delivery. He also expressed concern about exhibit A and is very concerned that he has not had a chance to do any analysis of it. Mr. Scott said that the numbers are based on cost estimates from Manhard reports and projected operating costs, and agreed that they would be important to go through.

Booster pump station would be constructed by Douglas County, Indian Hills and Carson City as part of phase 2. They would be owned and operate by the town and would provide two ways to get water back.

Mr. Hadfield said that any treatment in the future should be in the Town of Minden.

Public comment;

a. Greg Lynn, County Commissioner. This is not a policy statement for the board of commissioners, but he understands the implications of April 2008 agreement. As far as acquisition and maintenance of the existing line, he would like to sit down with town and adjust to the betterment of both.

b. Michael Brown: He would like to get out of water business and appreciates the comment by Mr. Hadfield. Intent is that improvements north of Minden would be paid by people northbound. He cannot overstate the concept of the “marriage” issue and working together. The county is trying to maintain the airport influence zone and the board is protective of view corridor, although there may be some development. Major issue is the BOCC does not want taps into the line. We could feasibly have the 2008 agreement go away replaced with this agreement. Mr. Brown believed that all the information was out on the rate structure for quite a while, even though he was hearing concerns about it today, but we are so close and need to make this work. Mr. Scott said that this is the first opportunity the Minden board has had to look at the agreements as a whole. The Town board does not need to feel pressure today; this is a workshop and our board meeting will be ahead of the county decision in January.

c. Andy Burnham said that the Carson City rate structure is based on costs and projections and can be changed and modified based on actual costs. He anticipates moving forward at their first meeting in January.

d. Greg Lynn part of the rate structure must have a provision for future treatment; we must plan this into the mix because of history with water standards.

e. Bev Giannopoulos spoke in support of the town board members, and is very happy that board brings up concerns; if they are not comfortable she supports the fact they want ample time to make wise decision.

Mr. Scott is comfortable with what we have, we will get to the complete walkthrough with John and Ross over the rate concerns. It is important to know that actual costs will be reflected in the end.

f. Bob Pohlman hoped that there would be something about conservation of water in the agreement. Mr. Scott said that we will be merging all the entities conservation plans as part of this process.

g. Dave Brady, county commissioner, hoped to isolate item # 2 and take care of items #1 and 3. He echoed the comments of Mr. Brown and Mr. Lynn.

Mr. Scott asked if leaving aside the point of delivery question, is it OK to go back to Mr. Ward’s first draft after the last meeting?

Michael Brown said it was his understanding that Mr. Ward added language to the point of delivery section. If the 2008 agreement is to remain intact, he is ok with it. Mr. Ward needs to recognize that we serve outside the boundaries now. Mr. Brown attempted to write language to dedicate money to treatment fund specifically for the Town of Minden. Therefore the only issue is the point of delivery.

Mr. Hadfield believes that we could resolve the whole issue of where the meter is by revising the 2008 agreement based on the notion that the county will own and maintain

the pipeline. Mr. Brown said that the county was not in a position to pay for the line at the time of the original agreement, but they now may be in a position to pay off.

Mr. Chichester asked where the pipeline starts. Minden should own its own line within its boundaries. Mr. Brown said that we could enter in to an agreement; booster station should be built at the most rational place, we can initiate a request for our own public facility zoning, our own request for one.

Point of delivery question was summarized as: the County will reimburse the town for the portion of the pipeline north of the future booster station, the point of delivery will be on the just on the discharge side of the booster station. We will supersede the initial 2008 agreement.

Only other thing is to clarify that our water going north is not in any way a reduction in use for the state engineer. Our place of use and service will be enlarged to include Carson City as approved by the state engineer.

**Interlocal Agreement for sale and purchase of water rights for municipal uses  
(between the Town of Minden and Carson City)**

Mr. Scott gave a synopsis of the agreement. This draft agreement authorizes the purchase by Carson City of 1000 acre feet of water, which would be retained in Minden's name for the beneficial interest of Carson City, would be retained in Minden wells and delivered to Carson City. It authorizes Carson City to move up to 2000 acre feet of their own Carson Valley water to Minden at their discretion on a mutually agreeable schedule. It includes an option to purchase up to an additional 1500 acre feet of water subject to availability, and it recognizes the other agreements and the rate structure. One element different today than what we have here is that Carson City has received indication that the value is not going to be the \$10,000 an acre foot as a verbal from the appraiser. Mr. Scott has no problems with the agreement.

Mr. Chichester questioned why there is the addition of 1500 acre feet in the future; Mr. Burnham said that they have water rights not water; it is a protection to be able to serve their projected build out population. Mr. Chichester believes that this ties up Minden water rights with no benefit to the town. He would like to see Carson City come back and ask if they need it, but not have Minden commit to them any more than what they want now. He questioned how the appraisal is based, and the logic behind it. We need an acceptable price for the town.

Mr. Hadfield said that he fully takes responsibility for that option. He feels that Carson is making this happen, but if we don't sell this water nothing happens. He feels there needs

to be this option; it demonstrates clearly the intent of the town to be involved with this regional water system.

Mr. Burnham said that Lyn Norberg is the appraiser; he has indicated that \$8000 is the range, and reflected the economy. He cannot recommend buying above the appraised value. Carson may want to invest 10 million dollars and buy more water rights.

Discussion among the town board included the money needed to produce the water for delivery, what is fair, quality of water, and faith in the price of the appraiser.

Mr. Keele said the first right of refusal is up to 1,500 acre feet, this has a value in itself. That could take value higher. Mr. Burnham believes that Mr. Norberg did not value the option. Option should be able to be purchased in the future at a future appraised value.

Mr. Chichester was more concerned with the option and tying a future board to an agreement, more than he is bothered by the \$8000 appraised value. He would like a separate agreement when they want to purchase it at whatever the appraised value is at that time.

Mr. Scott said that some option language sends a message of committing to provide water in our regional system. We still have a significant block of water. After agreements, we will still have over 7000 acre feet of water. Important to consider possibility that if Carson sold water at a profit we would share in that profit.

Mr. Stephans has a hard time committing the water rights in a ten year agreement, should be at the appraised value at the time if available.

Public comment:

a. Michael Brown, County manager. When Viddler was in the mix, the concern was about water leaving Douglas County and should be limited to the water rights owned by Carson in the Carson Valley. The north county water line was built recognizing that our community was served first. Water rights of Minden are extremely valuable. There is a potential to put Minden water rights to use in the valley; he would be concerned with 1500 acre feet of water leaving the Carson Valley, but he appreciates each party's position.

b. Robb Hellwinkel thinks Bob has a great solution. His Dad had great concerns for water, and would not like to see water rights tied up additionally by Carson City or used outside the valley.

Mr. Keele mentioned the possibility of a preferred stock category of water, which might have a beneficial effect.

Mr. Sheets said that keeping in mind the right to see the final appraisal and the fact that we need 10 million dollars to do what we need to, he is willing to do the 1250 at 10 million dollars and no more, and Carson could come back down the road and negotiate for more.

Mr. Burnham would be more than willing to talk about it later but let's drop the reference in the document to the option. The board agreed. Hadfield asked George to further explore his concept of preferred stock. Mr. Thaler said that we will have ample opportunity to prove beneficial use.

Exhibit needs to be clarified as in the Douglas County agreement.

Bruce summarized: We will modify the agreement to eliminate all discussion in regard to the option, no right of first refusal but they are welcome to come back to entertain future purchase; increase acre feet sold to 1250 and retain the 10 million. The rest remains the same. The same delivery schedule, and fees and they will still bring their water to the town for delivery, predicated on the appraisal value but not to be less than 8000 per acre foot.

### **Interlocal Agreement relating to water service (between the Town of Minden and Indian Hills General Improvement District)**

Indian Hills agreement is straightforward but there is one thing beyond our control. Indian Hills is transferring water rights and we will deliver water back to them. Should this be protested and it gets delayed, we agree to deliver them our water at a premium if this is beyond their control. If it gets hung up it could be up to five. This may or may not be an issue. Existing rights would be transferred. Also we have the need to move place of use to include Carson City, we will file that next week to move 1250 acre feet.

Other business:

Bently has hired Dan Leck to do the appraisal for the Well #1 site. Mr. Scott has been working with Mr. Evans and Mr. Usher, Mr. Bently's representatives, hoping to get both the booster pump station location and the first right of refusal worked out together.

We will have the manager interviews on the February agenda, with the hope of keeping that agenda as clean as possible.

Bruce will coordinate dates to set up for final draft, with the goal by the middle of next week. He will also be working on suggested revisions to input back to respective group.

Hadfield/Stephans motioned to adjourn at 11:15 a.m. Motion carried unanimously.