



City Manager's Office

MEMORANDUM

DATE: 4/21/2023

TO: Mayor and City Council

THROUGH: Doug Thornley, City Manager Approved Electronically
Jackie Bryant, Assistant City Manager

FROM: John Flansberg, Regional Infrastructure Administrator
Kayla Garcia, Management Analyst

SUBJECT: **RSWRF Effluent Reuse System and Washoe County Agreement for Sierra Sage Golf Course and North Valleys Regional Sports Complex.**

Recently Councilmembers have received requests to meet with Mike Mazzaferri of Cal-Mazz Golf Management regarding the cost of water for the Sierra Sage Golf Course. The City of Reno bills Washoe County per agreement for the amount of effluent reuse water used at the Sierra Sage Golf Course and North Valleys Sports Complex. Cal-Mazz Golf Management has an agreement with Washoe County to operate their golf course (Sierra Sage Golf Course) that includes paying for water used. The City of Reno does not have a contractual agreement with Cal-Mazz Golf Management.

This memorandum is provided as an informational item on the existing Reno Stead Water Reclamation Facility effluent reuse system that was constructed in 1999 and 2000 to provide class A effluent to Sierra Sage Golf Course and North Valleys Regional Sports Complex for irrigation purposes. The memorandum will also cover the 1999 Sports Complex and Golf Course Effluent Reuse Agreement with Washoe County as it relates to payment for water used at the golf course and sports complex.

Background:

The Reno Stead Area Effluent Reuse Facilities Plan was completed by CH2M Hill in May 1996. That report concluded that effluent could economically be used as a source of reuse water for the Stead / Lemmon Valley area. The Regional Water Planning Commission approved the Effluent Reuse Plan and incorporated its findings into the Regional Water Plan. At that time, effluent from the Reno Stead Water Reclamation Facility (RSWRF) was used to irrigate Dorothy McAlinden Park and for construction water used as dust control at construction sites via water trucks that filled their tanks on site at RSWRF. The Effluent Reuse Plan recommended constructing a "purple pipeline" to the Sierra Sage Golf Course and a future North Valleys Sports Complex to expand the availability of reuse water and supplant the use of potable water for irrigation at these sites.

On February 9, 1999, the Reno City Council approved an interlocal (ILA) agreement with Washoe County to provide water to the Sierra Sage Golf Course, North Valleys Sports Complex, and Lemmon Valley Wetlands. The Washoe County Commission entered into the agreement on March 16, 1999. The Sports Complex and Golf Course Effluent Reuse Agreement required the City of Reno to construct improvements at RSWRF and a pipeline to water storage ponds at the Sports Complex and Golf Course

and to provide electrical switchgear to operate onsite pumps and telemetry systems for measurement and monitoring of water use. Washoe County agreed to pay for the pipeline and onsite improvements at their two facilities through a fiscal note for approximately \$1.47M through the Sewer Fund at 6% annual interest over a 20 year term. The total awarded cost of the improvements were as follows:

Phase 1 Construction at RSWRF	\$6,064,794
Phase 1 Construction Mgmt Services	\$543,500
Pipeline Construction (3,150 lf)*	\$224,422
<u>Pipeline Construction Mgmt Services</u>	<u>\$32,800</u>
Total	\$6,865,516



The agreement required the County to sell 300 acre feet of water rights from the golf course and to use the proceeds “solely and expeditiously for the development of the Sports Complex.” The City agreed to assign a secondary water right to the County for use of 350 acre feet annually of treated effluent from RSWRF for the Sports Complex and Golf Course. Washoe County agreed to pay for the effluent reuse based on the volume used at their facilities and at a cost that would be no less than 50% and no more than 70% of a similar service through the water purveyor (currently TMWA). In the first year, Washoe County would pay \$40,000 for the use of the water. In future years, they would be billed at the appropriate rate to ensure that maintenance, operations, and replacement cost of the effluent reuse system was being recovered. Unfortunately, the \$40,000 payment for water remained in place and the appropriate rate was not determined so Washoe County continued paying a flat rate of \$40,000 per year for the water.

In 2011, the County desired to amend the 1999 agreement to increase the permitted use of the proceeds of the sale of water rights to include paying off outstanding debt at the Washoe and Sierra Sage Golf Courses (\$1,405,000) and the retirement of the note payable to the City for effluent improvements (\$945,979) for a total of \$2,350,979. The County had sold 280 acre feet of groundwater rights and had approximately \$7.5M available in their fund. The amendment was approved by the City and the remaining \$5M+ was used for improvements at the Sports Complex.

Once Washoe County paid off the note, payments for water ceased altogether for approximately 18 months. Department of Public Works staff reviewed the agreement and determined that Washoe County was not paying the correct rate and were behind in payments. The City Manager’s Office was alerted to the discrepancy and alternatives were offered for payment. With turnover in the City Manager’s Office and in the County Administration, the issue was not resolved in a timely manner. The County did agree to catch up on payments by continuing to pay \$40,000 per year. After additional meetings to resolve the issue, the Director of Public Works sent a bill for the lowest amount based on the original agreement (50% of a similar service as charged by TMWA) to cover the previous three years and as the rate going forward. The proceeds received for water are as follows:

	FY 2003-2017	FY 2018-2020	FY 2021	FY 2022	FY 2023
Annual Effluent Payments (WC)	\$40,000	\$183,759	\$184,233	\$195,951	\$96,526 (6 mo.)

The current rate for water is \$3.10 per 1,000 gallons x 50% = \$1.55 per 1,000 gallons. Washoe County is billed per our agreement for this water. Washoe County then splits the cost proportionately between the Golf Course and Sports Complex based on their water use. The Sierra Sage Golf Course uses approximately 100,000,000 gallons of water annually so their share of the overall billing is approximately \$155,000.

As part of the 2023 work program, the City has contracted with DOWL (formerly Farr West Engineering) to perform a rate analysis for the effluent reuse water based on recovering the cost of maintenance, operations, and replacement of the existing system. The analysis will include current and new users (The Lakes development and O’Brien Middle School). In addition, the analysis will look at future options for expanding effluent reuse and determine the proposed rate based on constructing Red Rock Reservoir or other winter time storage alternatives.