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**CARSON WATER SUBCONSERVANCY DISTRICT
NEWLANDS COMMITTEE MEETING
May 21, 2002, 10:00 A.M.**

Meeting Minutes

Directors Present:

Andy Aldax, Douglas County
Bob Milz, Lyon County
Pete Livermore, Carson City
Gwen Washburn, Churchill County

Staff Present:

George Benesch, Legal Counsel
Edwin James, General Manager
Toni Leffler, Secretary
Jamie Mills, Newlands Coordinator
Peggy Pollyea, Environmental Specialist
Kris Renfroe, Newlands Project Assistant

Others Present:

Diane Baley, TCID
Mary Conelly, U.S. Senator Reid's office
Jeannette Dahl, Lahontan Valley Environmental Alliance
Ruth Danner, Nevada State Lands
Marcia deBraga, Nevada Assemblywoman (by teleconference)
John Erwin, TMWA
Norm Frey, Churchill County Commissioner
George Frey, Rambling River Ranches
Sue Frey, Rambling River Ranches
Rebecca Harold, Counsel for City of Fernley
Mike Mackedon, Counsel for City of Fallon
Don Mahin, Washoe County
Sue Oldham, TMWA
Bob Pelcyger, Counsel for Pyramid Lake Paiute Tribe
Vickie Puffer, BOR
Laura Richards, Nevada Division of Water
Ali Shahroody, Pyramid Lake Paiute Tribe
Christine Thiel, NDWR
Aaron West-Guillen, Lumos & Assoc.

The meeting was called to order at 10:00 a.m. by Committee Chairman Gwen Washburn. The meeting was held in the USGS Conference Room at 333 W. Nye Lane, Room 223, Carson City, Nevada. Introductions were made around the table.

Item 3 - Discussion regarding a general overview of the AB 380 Program.

A) How many acres have been purchased. Peggy Pollyea went over the Program Summary, reporting that 1,043 acres have been, or are in the process of being, purchased. Also the matching reports were presented indicating that over 400 acres of water rights have been matched through the Program

B) Funding overview. Ed James presented the funding overview which included funds received and expended on the Program to date. He noted that due to low interest rates the funding received from the State may be about \$160,000 less than \$4 million. He also noted that funds from Truckee Meadows Water Authority may also be \$225,000 short. If we meet the Program goal of 6,500 acres, this will become an issue. Also, extending the time for the Program will increase administrative costs. Norm Frey asked whether buying many small water rights was driving up administrative costs. Ed James stated that it would. George Benesch mentioned that CWSD had recently changed Program policy to allow Quitclaim Deeds to streamline processing. Ed James then explained the policy.

C) Water Rights available to Program vs. Program goal. Ed James went over the numbers that were compiled by CWSD regarding how many acres of water rights may actually be available to the Program. There was a short discussion about why it was hard to elicit participation from people who didn't understand that they owned water rights, or who thinks that if they hold on to them they will become more valuable. Bob Milz asked about 29.5 acres that is owned by the Tribe, and Bob Pelcyger explained that those water rights were purchased with Douglas County mitigation funds. Mike Mackedon made the point that any water rights within the Newlands Project are available to the Program should the owner want to sell them and that our purchases were not limited to challenged water. There was a short discussion including Mike Mackedon, Norm Frey and Bob Pelcyger on the role of challenged vs. non-challenged water rights in the matching program; nothing was resolved. Gwen stated that this was not a issue that needed to be discussed at this meeting and moved along to the next topic.

D) Obstacles to the AB 380 Program. Mary Conelly asked when the water rights appraisal was done. Mr. James responded that the appraisal was completed in 1999; however, Churchill County had just done a new appraisal and found that the value of these water rights is still the same. Jamie Mills explained that because of informal discussions about the water rights at the coffee shops people are believing that the value will increase if they hold on to them. She feels that the biggest catalyst is to send out the flyers just before tax bills are due and then people will realize that they own water rights they aren't using. She and Kris Renfro are beginning to follow up on 420 very small water right holders to let them know that the Program procedures have been changed to make it easier for small amounts of water rights to be sold into the Program, but these will probably gain the Program only about 200 acres.

Director Milz posed several questions. What have we really accomplished to this point? What if we don't accomplish the 6,500 acres? Do we need to set a more realistic total to purchase? Do

we need to further change the procedures? Mr. James responded that among the things that have been accomplished is that we have cleaned up a lot of water rights records and matched over 400 acres of water rights so those who wanted to irrigate now can. The goal was set by the legislators. Before we manipulate the price we need to really consider the ramifications because we can't offer more than the fair market value.

Mary Conelly asked when the first purchase was made. Ms. Pollyea responded that the first purchase was made in December of 2000. The delay was due to BOR realizing they needed to do an Environmental Review. Mr. Mackedon agreed with Ms. Conelly that the purchases haven't been made for as long as it seems and a lot of details have already been worked out.

Item 4 - Discussion regarding possible legislative changes to the AB 380 Program.

A) Extending the AB 380 Program (another two years). Director Washburn commented that since it took at least a year to get the program procedures in place and begin making the purchases, it was reasonable to ask for additional time to meet the requirements of the Program.

Norm Frey brought up a recalculation of irrigable acres and noted that the original 6,500 acres goal was based on what was believed to be irrigable at that time so the number might change. Mary Conelly said she thought it was too early to change the number of acres but felt that extending the program would be more feasible. Mr. Frey stated that he is not opposed to extending the program. The matching program has been a big benefit to keep water in the community. He expressed a problem with Section 7 of the Program Procedures which says that those who remain in litigation are not eligible to sell to the Program.

Marcia deBraga called into the meeting. When told that the topic of discussion was extending the program she asked if anyone was opposed to this. Mr. Pelcyger responded that he needs to talk with the Tribe about an extension. If we go back to the legislature about a time extension he emphasized the importance of not using it as an opportunity to change the law since it was complicated to agree upon. Ms. deBraga agreed that the law shouldn't be changed and only a time extension should be requested and that only by agreement of all signing parties to the joint testimony.

B) Revisiting the 6,500 acre goal for the Program. There was general agreement that the 6,500 acre goal of the Program had been difficult to agree upon in the first place and that every other option to meet that goal should be exhausted before any discussion about changing the acreage.

C) Other possible legislative changes. There was consensus that no other changes could be done to the Program without changing the law and no one was interested in more than a time extension. The Newlands Committee agreed that only a time extension should be sought. Mr. Pelcyger will talk with the Tribe tonight and expected they would agree to extending the time for

the Program to run. It will be the recommendation of the Newlands Committee to the CWSD Board of Directors to extend the time for the Program by two years.

Ms. Conelly stated that she will check with BOR to make sure there is no problem with their funding commitment when extending the Program. She also felt that an extension would help secure the additional funding for the Program, if needed.

It was agreed that all the organizations and boards represented in this meeting would have to give their approval of the request for a two year time extension to the AB 380 Program and the language requesting it and then Ms. deBraga would submit the bill.

Item 5 - Public Comment. None.

There being no further business to come before the Newlands Committee, the meeting was adjourned at 11:07 a.m.

Respectfully submitted,

Toni Leffler
Secretary