



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: May 10, 2022

DATE: April 20, 2022
TO: Board of County Commissioners
FROM: Brian Bass, Interim Remediation District Manager,
Community Services Department, 954-4637, bbass@washoecounty.gov
THROUGH: Dwayne Smith, P.E., Division Director, Engineering & Capital Projects,
Community Services Department, 328-2043, desmith@washoecounty.gov
SUBJECT: Public Hearing and possible action to hold the first reading of an ordinance:
(1) amending Ordinance No. 1000 in order to change the boundaries of
District No. 24 (Groundwater Remediation); (2) providing for a notice of a
public hearing and other matters relating thereto; and (3) setting the public
hearing for the second reading and possible adoption on June 21, 2022;

AND

Hold the first reading of an ordinance: (1) imposing a fee on the parcels of land in Washoe County, Nevada District No. 24 (Groundwater Remediation) to pay the costs of developing and carrying out a plan for remediation; (2) providing for a notice of a public hearing and other matters relating thereto; and (3) setting the public hearing for the second reading and possible adoption on June 21, 2022.

The Central Truckee Meadows Remediation District was formed in 1997 to address the tetrachloroethene (PCE) contamination of groundwater in the central Truckee Meadows area. The District is tasked with remediating PCE contamination and annually updates both the Service Area Boundary and Contaminant Boundary based on continuous analysis and modeling efforts. (All Commission Districts.)

SUMMARY

In 1995 the legislature passed NRS 540A.250-285, allowing for the creation of a district for the remediation of the quality of water that is available for municipal, industrial, or domestic use. In 1997, the Washoe County Board of Commissioners (Board) passed Ordinance 1000 creating District No. 24 (the Central Truckee Meadows Remediation District) in accordance with NRS540A.250 to address the tetrachloroethene (PCE) contamination of groundwater needed to meet water demands in southern Washoe County.

The Board is required to amend the Central Truckee Meadows Remediation District (CTMRD) boundaries when necessary. These boundary changes are accomplished through an ordinance amendment, required by NRS 540A.262 to be introduced by the Board at a public hearing.

The CTMRD boundaries include both a Service Area Boundary and a Contaminant Boundary.

AGENDA ITEM # _____

Pursuant to NRS540A.250(3)(b), the Service Area Boundary includes the wholesale and retail service areas of any water purveyor with groundwater wells located inside the area contaminated by PCE (i.e., inside the Contaminant Boundary). The Truckee Meadows Water Authority (TMWA) has wells inside the Contaminant Boundary and the CTMRD Service Area includes that part of the TMWA service area which includes those wells. The CTMRD Service Area also includes the Sun Valley General Improvement District (SVGID) and the Parr – Reno Water Company given they are TMWA wholesale water customers.

The Contaminant Boundary includes that area where historical (i.e. present prior to the creation of the CTMRD) PCE contamination exists and where the parties who caused or contributed to that contamination can't be identified. Pursuant to NRS540A.250(3)(a), the Contaminant Boundary also includes the areas where this historical or legacy PCE contamination can be expected to migrate to in the event that mitigation measures are not carried out.

Changes to the Service Area Boundary may from time to time be made when there are changes in the TMWA wholesale and/or retail service areas. These changes are made to reflect parcels that are annexed into or removed from those service areas.

Changes to the Contaminant Boundary may from time to time be made when CTMRD program activities:

- 1) Delineate previously unrecognized legacy PCE contamination;
- 2) Determine that the areal extent of legacy contamination has changed; or,
- 3) When parties who have caused or contributed (i.e. responsible parties) to PCE contamination are identified and the affected parcels are removed from within the Contaminant Boundary, with mitigation efforts falling to the responsible party, under the purview of the NDEP.

Adding or removing parcels from the Contaminant Boundary are based on a data review, coordinated with and subject to concurrence by, NDEP and the Washoe County Health District (WCHD). The CTMRD Contaminant Boundary was revised for 2022.

The Board may from time to time (NRS 540A.265) redetermine, by ordinance, the fee to be collected in a given year for carrying out activities in support of the Remediation Management Plan (i.e. the "Plan for Remediation" referred to in NRS 540A.260).

The 2022 estimated number of parcels and average annual per parcel remediation fee by benefit group, and the total annual remediation fee revenue that would result from the adoption of these ordinances are summarized in following preliminary table:

**ATTACHMENT 5
2022 CTMRD ANNUAL FEE SCHEDULE (PRELIMINARY)**

Billing Year	Service Fee Boundary Benefit Group			Contaminant Boundary Benefit Groups						Total Revenue
	Benefit Group A All Water Users <small>131872 Parcels, 0.97% Fee Rate</small>			Benefit Group B Residential Parcels <small>5194 Parcels, 1.95% Fee Rate</small>			Benefit Group C Non-Residential Parcels <small>(2728 Parcels, 3.90% Fee Rate)</small>			
	Rate Factor	Avg. Fee ¹	Total	Rate Factor	Avg. Fee ¹	Total	Rate Factor	Avg. Fee ²	Total	
2022 ³		\$7.20	\$949,977		\$9.02	\$46,855		\$92.79	\$253,119	\$1,249,952

¹ For years prior to 2006, average annual fees for Benefit Groups A and B were based on flat-rate water service information. Accompanying a significant decrease in flat-rate water services provided by TMWA, beginning in 2006, the average annual remediation fee represented is based on both flat rate and metered water service information.

² The average Non-Residential annual fee equals the sum of all fees divided by the number of parcels (Non-Residential parcels do not have flat rate water service).

³ The total number of parcels and fee amounts listed for the current year are based on the most recent best-available data and could change if new data becomes available.

⁴ EPA, 2011; "Beneficial Effects of the Superfund Program", OSWER publication 9200.1-104, U.S Environmental Protection Agency.

- Benefit Group A: all water using parcels within the CTMRD Service Area Boundary.
- Benefit Group B: all water-using parcels in Benefit Group A that are also residential parcels within the CTMRD Contaminant Boundary.
- Benefit Group C: all water-using parcels in Benefit Group A that are also non-residential parcels within the CTMRD Contaminant Boundary.

Washoe County Strategic Objective supported by this item: Economic Impacts: Support a thriving community.

PREVIOUS ACTION

On April 12, 2022, the Board adopted Resolution R22-49, calling a hearing on the amendment of the boundaries of District No. 24 and set the public hearing for May 10, 2022.

A public hearing to introduce an amendment to the CTMRD boundary ordinance and an amendment to the remediation fee ordinance was last held by the Board in 2021.

BACKGROUND

Boundary Amendment Ordinance (Attachment 1)

From time to time, the Board may amend the CTMRD boundaries: (1) to include parcels annexed into or to exclude parcels taken out of the service areas of the affected water purveyors (which determines the CTMRD Service Area and those parcels that are subject to the remediation fee); and, (2) to approve revisions to the CTMRD Contaminant Boundary. The Boundary Amendment Ordinance (Attachment 1) identifies those areas annexed into or excluded from the service area boundary during calendar year 2021.

Service Area Boundary - NRS 540A.250 specifies that the CTMRD service area boundary shall include the wholesale and retail service area of any water company with wells located in the contaminated area (i.e. within the contaminant boundary). Truckee Meadows Water Authority (TMWA) operated wells within the contaminant boundary therefore the CTMRD service area boundary proposed here incorporates that portion of the TMWA wholesale and retail service area interconnected to those wells.

The 2021 calendar year CTMRD Service Area Boundary (upon which the 2022 remediation fees are based) includes all or part of these water purveyor service areas:

- TMWA;
- Sun Valley General Improvement District (SVGID); and,
- Parr-Reno Water Company.

NRS 540A.265 requires these water purveyors to provide the annualized water use (by Assessor's Parcel Number and in dollars) for each parcel in their respective service areas to the County within ninety days of being requested to do so. Since 2006, this request has been made by December 1 each year. Although NRS540A.265(1)(d) so allows, staff continues to recommend that the Board exclude assessing remediation fees against properties within the contaminant boundary that are undeveloped (and receive no water service) or that receive water service wholly independent from any water purveyor with groundwater wells.

Contaminant Boundary - In 2002, in accordance with NRS 540A.265(1) the Board approved the delineation of the CTMRD Contaminant Boundary and a three-tiered fee rate structure (based on that contaminant boundary) that assigns remediation fees in proportion to the benefits received. The CTMRD Contaminant Boundary is a subdivision of the CTMRD Service Area Boundary and includes that area where groundwater has been impacted by legacy PCE contamination (pre-CTMRD contamination, that can't be attributed to a responsible party), and where that legacy contamination may migrate to if mitigation measures by the CTMRD program are not carried out. Owners who have not caused or contributed to the PCE present on parcels located within the contaminant boundary receive the direct benefits of the actions being taken by the CTMRD program to mitigate the legacy contamination beneath their property and the benefit of relief from any liability associated with the presence of that contamination.

The CTMRD Contaminant Boundary was initially defined in 2001 and was most-recently revised in 2022 to reflect the current estimation of PCE distribution and potential migration.

Fee Adoption Ordinance (Attachment 3)

The CTMRD program provides benefits to three distinct groups among water-using property owners. These include the "Service Fee Boundary Benefit Group" and the two "Contaminated Boundary Benefit Groups" (residential and non-residential). The proposed Service Area Boundary map is shown on Attachment 2 and on Attachment 4 together with the Contaminant Boundary.

Service Fee Boundary Benefit Group A: includes water-using parcels that receive wholesale or retail water service from TMWA. The primary benefit for this group is receiving drinking water that meets the regulatory standards for PCE. These water-using property owners in this benefit group are assessed a fee based on annual water use, as has been the case since 1998.

Contaminant Boundary Benefit Group B: This benefit group includes owners of residential parcels that are located within the area impacted by PCE contaminated groundwater. The additional benefits received by this group are: (1) the benefit described for Benefit Group A, (2) the protection of property values by avoiding a CERCLA (i.e. Superfund) listing, and (3) ongoing remedial actions to reduce and eliminate PCE contaminated groundwater underlying their property.

Contaminant Boundary Benefit Group C: This benefit group includes owners of non-residential parcels that overlie the area impacted by PCE contaminated groundwater. The benefits for this group are: (1) benefits as described in Groups A and B; and (2) the limitation of liability which NRS 540A affords, for property owners who did not cause or contribute to contamination.

In accordance with NRS 540A.265, the Board approved a tiered fee rate structure for these benefit groups on May 24, 2002. This tiered remediation fee rate structure is:

- The base rate (0.5x) for Benefit Group A;
- Twice the base rate (1x) Benefit Group B; and,
- Four times the base rate (2x) for Benefit Group C.

Attachment 5 shows the tiered remediation fees for these benefit groups for 2022.

FISCAL IMPACT

Approval of these Ordinance amendments will provide for operation and maintenance of groundwater treatment at five municipal wells and provide for ongoing implementation of the Remediation Management Plan. As shown in Attachment 5, the proposed FY22-23 CTMRD program fees and revenue remain at approximately \$1,250,000.

The number of parcels and dollar amounts in each benefit group shown on Attachment 5 for 2022 are estimates at this point in time. The remediation fee that will be charged to specific, individual parcels is in the process of being determined. The actual fee is dependent on the type of water service (service size, residential or commercial, metered or flat rate) to that parcel and the actual water consumption (as indicated by the annualized water bill). The draft final fee list is scheduled to be completed on May 4, 2022 with the final fee list scheduled for delivery in June to the Treasurer's office (for inclusion on the general tax bills).

The current budget for the CTMRD program has sufficient authority for continued operations utilizing existing resources and projected revenues from adoption of the Fee Amendment Ordinance.

RECOMMENDATION

It is recommended that the Board of County Commissioners hold the first reading of an ordinance: (1) amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation); (2) providing for a notice of a public hearing and other matters relating thereto; and (3) setting the public hearing for the second reading and possible adoption on June 21, 2022;

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POSSIBLE MOTION

Should the Board agree with the staff recommendation, a possible motion would be: "Move to hold the first reading of an ordinance: (1) amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation); (2) providing for a

notice of a public hearing and other matters relating thereto; and (3) setting the public hearing for the second reading and possible adoption on June 21, 2022.

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Attachment 1 – Boundary Ordinance

Attachment 2 – Service Area Boundary Map

Attachment 3 – Fee Ordinance

Attachment 4 – Service Area Boundary and Contaminant Boundary Map

Attachment 5 – Preliminary Fee Schedule