



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: June 8, 2021

DATE: May 9, 2021
TO: Board of County Commissioners
FROM: Brian Bass, Interim Remediation District Manager,
Community Services Department, 954-4637, bbass@washoecounty.us
THROUGH: Dwayne Smith, P.E., Division Director, Engineering & Capital Projects,
Community Services Department, 328-2043, desmith@washoecounty.us
SUBJECT: Public Hearing to hold the second reading and possible adoption of an ordinance amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation);

AND

Public Hearing to hold the second reading of an ordinance 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; and other matters relating thereto. (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.

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

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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). No changes to the CTMRD Contaminant Boundary are proposed for 2021.

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 2021 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 table.

ATTACHMENT 5										
2021 CTMRD ANNUAL FEE SCHEDULE										
Service Fee Boundary Benefit Group				Contaminant Boundary Benefit Groups						
Benefit Group A All Water Users (131,764 Parcels, 1.01% Fee Rate)				Benefit Group B Residential Parcels (5,048 Parcels, 2.01% Fee Rate)			Benefit Group C Non-Residential Parcels (2,520 Parcels, 4.03% Fee Rate)			
Billing Year	Rate Factor	Avg. Fee ¹	Total	Rate Factor	Avg. Fee ¹	Total	Rate Factor	Avg. Fee ²	Total	Total Revenue
2021 ³		\$7.51	\$989,931		\$8.65	\$43,689		\$85.86	\$216,371	\$1,249,991

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.

Strategic Objective supported by this item: Safe, Secure and Healthy Communities.

PREVIOUS ACTION

On May 18, 2021, the Board of County Commissioners (Board) adopted the FY-22 budget.

On May 11, 2021, the Board held a public hearing and conducted the first reading of an ordinance: (1) amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation); (2) provided for a notice of a public hearing and other matters relating thereto; and (3) set the public hearing for the second reading and possible adoption on June 8, 2021; and, held 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) provided for a notice of a public hearing and other matters relating thereto; and (3) set the public hearing for the second reading and possible adoption on June 8, 2021.

On April 11, 2021, the Board approved Resolution R20-087 calling a public hearing (to be set for May 11, 2021) on the amendment of the boundaries of District No. 24 (Groundwater Remediation/Central Truckee Meadows Remediation District) in Washoe County, Nevada; providing for a notice of hearing and for other matters properly related thereto.

Public hearings to introduce and adopt amendments to the CTMRD boundary and remediation fee ordinances have been held annually by the Board since adoption of Ordinance 1000, creating District No. 24.

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 2020.

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 2020 calendar year CTMRD Service Area Boundary (upon which the 2021 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 has been amended to reflect the then-current PCE distribution. There are no further changes to the Contaminant Boundary being proposed here.

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 since 2010.

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 FY21-22 CTMRD program fees and revenue remain at approximately \$1,249,995.

The number of parcels and dollar amounts in each benefit group shown on Attachment 5 for 2021 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 31, 2021 with the final fee list scheduled for delivery to the Treasurer's office for inclusion on the general tax bills.

The FY21-22 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 second reading and adopt an ordinance amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation); and, hold the second reading and adopt an ordinance 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; and other matters properly relating thereto.

POSSIBLE MOTION

Should the Board wish to implement the staff recommendation, a possible motion would be: "Move to adopt an ordinance amending Ordinance No. 1000 in order to change the boundaries of District No. 24 (Groundwater Remediation); and, adopt an ordinance 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; and other matters properly relating thereto."

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 – Final Fee Schedule