



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: February 11, 2025

**DATE:** January 27, 2025

**TO:** Board of County Commissioners

**FROM:** Dwayne Smith, P.E., Division Director, Engineering and Capital Projects  
Community Services Dept., 328-2043, [desmith@washoecounty.gov](mailto:desmith@washoecounty.gov)

**THROUGH:** Eric Crump, Director,  
Community Services Dept., 775-328-3625, [ecrump@washoecounty.gov](mailto:ecrump@washoecounty.gov)

**SUBJECT:** Discussion and possible direction to 1) affirm the November 14, 2023 adoption of Resolution R23-149 that suspended the Golden Valley Artificial Recharge Program (Artificial Recharge Program) participant fee collection from January 1, 2024, through December 31, 2033, continued minimal field activities in support of a groundwater injection permit, and required all Program participants to bring any past due accounts current through the processes identified in Ordinance 1548, or, 2) possible direction to staff to develop a plan to terminate the Artificial Recharge Program which includes consideration for monetizing and disbursement of all Program fund assets to the existing Artificial Recharge Program participants, total fund balance including water rights/credits sale estimated at \$1.2 million, and other related matters as required, or, 3) possible other direction to staff. Community Services. (Commission District 5.) FOR POSSIBLE ACTION

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### SUMMARY

On November 14, 2023, the Board of County Commissioners (Board) directed staff to modify the Golden Valley Artificial Recharge Program (Artificial Recharge Program) through the approval and adoption of Resolution R23-149. This resolution suspended the participant fee collection from January 1, 2024, through December 31, 2033, continued minimal field activities in support of a groundwater injection permit, and required all Artificial Recharge Program participants to bring any past due accounts current through the processes identified in Ordinance 1548, maintaining equity and fairness for all of the 598 Artificial Recharge Program participants. This direction was made after staff completed a rigorous hydrogeologic study of the area and after a series of public meetings that were held to listen to the Program participants regarding the future of the Artificial Recharge Program.

Over the last year repeated public comment at Board meetings has been made, suggesting that Washoe County inappropriately collected the required fees associated with the Artificial Recharge Program, publicly stating on multiple occasions that Washoe County did not provide all of the services identified in the governing Ordinance 1548 prior to

AGENDA ITEM # \_\_\_\_\_

January 1<sup>st</sup>, 2024, specifically not artificially recharging water, and therefore the Artificial Recharge Program participants should not have been invoiced. It is recognized that while potable water was not being injected since 2016, all Artificial Recharge Program elements continued to be performed through December 31, 2023, including field work, maintenance activities, annual reporting to the State of Nevada, billing and water quality testing, all activities which were paid by the monthly fees.

In accordance with the Board direction, no new invoices were sent to Artificial Recharge Program participants for services performed beginning January 1, 2024. Also, in accordance with the Board direction, late notices have continued to be sent to those accounts that were past due on January 1<sup>st</sup>, 2024. Since then, the number of outstanding accounts has decreased from over 70 and is currently at 28. Of the 28 outstanding accounts, the lowest past due amount is \$21.08, and the highest past due amount is \$1,022.99.

Alternatively, based on the outcome of the hydrogeological analysis and recognizing that no artificial recharge will occur as was done prior to 2016, and further recognizing that the historic approach for artificial recharge is not equitable across the Golden Valley area, the Board may direct staff to develop a termination plan that would identify a process to monetize all Program assets, such as water rights and credits, including a process to disburse the program assets to the existing Artificial Recharge Program participants. Currently the fund has a balance of approximately \$685,330. It is estimated that the sale of the water rights and Silver Lake water credits would yield between \$480,000 and \$560,000, and when added to the fund balance, would yield a total of between \$1,165,325 and \$1,245,325. Therefore, a disbursement of between \$1,950 to \$2,100 to each of the Program participants with non-delinquent accounts, and a pro-rated disbursement to those Artificial Recharge Program participants with past due accounts may be available.

With the available information, history of the Artificial Recharge Program, and the continuous public comments regarding the status of the Program, staff recommends the Board direct the development of a termination plan that comprehensively accounts for all Program assets and identifies an acceptable process to disburse the Artificial Recharge Program assets to the current Program participants and further converts the recharge wells to permanent monitoring wells, allowing for the continual collection of groundwater elevation data within the area. This direction would anticipate several public meetings, and a subsequent plan presented to the Board for review and comment at a future meeting.

**Washoe County Strategic Objective supported by this item:** Fiscal Sustainability, Long-term sustainability.

### **PREVIOUS ACTION**

On November 14, 2023, the Board adopted Resolution R23-149 that suspended the Golden Valley Artificial Recharge Program (Program) participant fee collection from January 1, 2024, through December 31, 2033, continuing Program activities in support of the maintenance of the State of Nevada Division of Water Resources injection permit performed pursuant to Washoe County Ordinance 1548, at an estimated annual cost of \$30,000.00 with all efforts utilizing existing Program cash reserve balance, estimated to be \$684,000.00 as of September 30, 2023, and to require all Program participants to bring any past due accounts current through the processes identified in Ordinance 1548.

On May 23, 2023, the Board adopted Resolution R23-64, temporarily pausing monthly payments until the end of the 2023 calendar year for the Golden Valley Artificial Recharge Program ratepayers to allow for additional public outreach and allow community-driven determination of the future of the Golden Valley Artificial Recharge Program.

On November 12, 2014, the Board adopted Ordinance 1548, adopting Washoe County requirements and schedule of rates, tolls, and charges for the Golden Valley Artificial Recharge Program within Washoe County by providing for rates, payments, procedures, and their enforcement relating to conditions of service, exemptions and appeal procedures.

On June 25, 2002, the Board adopted Ordinance 1166, adopting a schedule of rates and charges for the provision of artificial recharge water service in Golden Valley, establishing Washoe County to submit billings to all water users within the Golden Valley area and requiring payment thereof, and providing procedures for its enforcement.

## **BACKGROUND**

Washoe County staff observed persistent high groundwater levels within the Golden Valley area since 2015 and when groundwater levels did not decline as they had historically, the County contracted a professional engineering firm to analyze the Golden Valley Aquifer and determine the existing site conditions and surface water and groundwater influences that are resulting in high groundwater levels. No drinking water has been artificially injected since 2016. The study focused on both underground conditions and water demand forecast to understand the existing site and geological conditions impacting the area. The Study included a hydrologic model to assist in the forecasting of the Golden Valley aquifer and to allow for recommendations such as ceasing artificial injection of water into the aquifer. The analysis and recommendations were necessary considering the high groundwater and potential impacts to the residents that live in the lower portions of the Golden Valley area. Staff are aware of residents who have connected to municipal sewer due to impacts to their septic systems and several residents have stated continual problems with flooded basements and other impacts to their homes, all pointing to increasing groundwater levels as the problem.

Along with the hydrology study, a financial analysis was completed to determine the historic, current, and anticipated annual costs required to maintain the Artificial Recharge Program as defined in Ordinance 1548. Artificial Recharge Program costs include permits, program components, agreements, and County staff time for field and office work along with items such as billing and bill collection. The financial analysis further evaluated options such as a reduced work scope as well as termination of the Artificial Recharge Program.

A community-driven decision-making process began in April 2022 with the County hosting four publicly attended meetings to provide both financial and hydrologic information. Ultimately the County hosted six additional meetings in the spring and summer of 2023, under Board direction, to share additional Artificial Recharge Program information with the residents. Public workshops were conducted as follows:

- On May 23, 2022, Washoe County staff conducted a public meeting with the Golden Valley community, outlining the public outreach process for updating the Artificial Recharge Program. Opportunity for public input was provided with this meeting.
- On June 6 and June 25, 2022, Washoe County staff conducted public meetings with the Golden Valley community, providing information on County efforts to modify the Artificial Recharge Program. Opportunity for public input was provided with this meeting.
- On September 13, 2022, Washoe County staff conducted a public meeting with the Golden Valley community, providing an update on the hydrologic analysis conducted by an Artificial Recharge Program consultant. Opportunity for public input was provided with this meeting.
- On April 13, 2023, the first survey was distributed to the Golden Valley community, requesting the public to identify their preferred method for the future of the Artificial Recharge Program. The options included continuing the Program as directed under Ordinance 1548, maintaining the Artificial Recharge Program with a suspension of rates, or terminating the Artificial Recharge Program.
- On April 5 and April 13, 2023, Washoe County staff conducted public meetings with the Golden Valley community, providing information on the final hydrologic analysis and an update on the modification of the Artificial Recharge Program. Opportunity for public input was provided with this meeting.
- On June 7 and June 17, 2023, Washoe County staff conducted public meetings with the Golden Valley community, providing findings of the first public survey and process for modifying the Artificial Recharge Program. Opportunity for public input was provided with this meeting.
- Beginning in July 2023, a final survey was distributed to the Golden Valley community, requesting the public to identify their preferred method for the future of the Artificial Recharge Program. The options included maintaining the Artificial Recharge Program with a suspension of rates or terminating the Artificial Recharge Program.

The outcome was that over fifty percent (50%) of all Artificial Recharge Program participants stated their desire to keep the Artificial Recharge Program in place, to stop the collection of new fees and to use the existing fund balance to fund on-going Artificial Recharge Program activities. A minority of residents stated they wanted the Artificial Recharge Program to be terminated with a disbursement of all program funds to the existing residents. The residents also stated they wanted to retain a fund balance of \$100,000.00 in the event system repairs are required.

With the input and direction from the Artificial Recharge Program participants as well as the recommendations provided through the technical studies and financial assessment,

staff recommended the suspension of Artificial Recharge Program fees for 10-years, and to continue to monitor the site conditions. The Board subsequently adopted Resolution R23-149 that suspended the Artificial Recharge Program participant fee collection from January 1, 2024, through December 31, 2033, continued certain field activities in support of program permits, and required all Program participants to bring any past due accounts current through the processes identified in Ordinance 1548

With the adoption of Resolution R23-149, no new invoices have been sent to the Artificial Recharge Program participants, Washoe County staff has continued to monitor field conditions, and staff has continued to send reminder notices to the residents who have outstanding balances that were not paid prior to January 1<sup>st</sup>, 2024. Before January 2024, there were over 70 residents with past-due accounts. There are currently 28 accounts that have outstanding balances, and as directed by the Board, staff has continued to send notices for fees accrued prior to January 1<sup>st</sup>, 2024, and has not sent these accounts to collections, striving to work with the residents to give them time to pay the invoices, bringing their accounts current with the other 570 residents and avoiding the processes outlined in Ordinance 1548.

### **FISCAL IMPACT**

There is no change in the fiscal impact in maintaining the direction provided by the Board on November 14, 2023. Should the Board redirect staff to terminate the Program, a termination plan that includes the disposition of existing infrastructure and disposition of all assets including the current fund balance would be developed and presented to the Board for future consideration.

### **RECOMMENDATION**

It is recommended the Board of County Commissioners direct staff to develop a termination plan that comprehensively accounts for all Program assets and identifies an acceptable process to disburse the Artificial Recharge Program assets to the current Program participants and further converts the recharge wells to permanent monitoring wells, allowing for the continual collection of groundwater elevation data within the area. This direction would include public meetings to collaborate with the 598 Artificial Recharge Program participants, and with the termination plan presented to the Board for review and comment at a future meeting.

### **POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to 1) affirm the November 14, 2023 adoption of Resolution R23-149 that suspended the Golden Valley Artificial Recharge Program (Program) participant fee collection from January 1, 2024, through December 31, 2033, continued minimal field activities in support of a groundwater injection permit, and required all Program participants to bring any past due accounts current through the processes identified in Ordinance 1548, or, 2) possible direction to staff to develop a plan to terminate the Program for future consideration by the Washoe County Board of Commissioners (Board) which includes monetizing of all Program assets and subsequent disbursement of all Program funds to the existing Program participants and other matters as required, or, 3) possible other direction to staff."