



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: July 15, 2025

DATE: June 13, 2025

TO: Board of County Commissioners

FROM: Dwayne Smith, Division Director, Engineering & Capital Projects
Community Services, 775-328-2043, desmith@washoecounty.gov

THROUGH: Eric Crump, Director,
Community Services, 775-328-3625, ecrump@washoecounty.gov

SUBJECT: Recommendation to approve the Second Amendment to Joint Funding Agreement between Washoe County, Truckee Meadows Water Authority, and Cities of Reno, Sparks, and Fernley, for the sharing of a portion of the administrative fees for the Truckee River Operating Agreement, retroactive to June 30, 2025, and extending the Joint Funding Agreement to September 30, 2030 [in the amount of \$74,092.64 for fiscal year 2025, with estimated increases to \$77,500.00 for fiscal year 2026 and \$80,000.00 for fiscal year 2027], pending Federal Water Master determination. (All Commission Districts.)

SUMMARY

The Second Amendment to the Joint Funding Agreement is intended to fund the State of Nevada's share of the cost associated with the administration of the Truckee River Operating Agreement (TROA) by the Federal Water Master, as authorized and required by the United States District Court for Nevada. Washoe County, Truckee Meadows Water Authority (TMWA), City of Reno, City of Sparks, and the City of Fernley (the Nevada Parties), are responsible for paying the State of Nevada's share of the TROA annual administrative fee and Boca Dam and Reservoir fees.

The Second Amendment to the Joint Funding Agreement maintains the prior percentages of the cost paid by the Nevada Parties under the First Amendment to the Joint Funding Agreement and extends the Joint Funding Agreement through September 30, 2029. The Second Amendment has an effective date of June 30, 2025, therefore retroactive approval is necessary for this agreement.

Administration of TROA is apportioned among the United States, the State of California and State of Nevada as provided in Section 2.C.2 of the TROA, and annual administrative fees are due by those parties for each Federal Fiscal Year. Also included is the annual fee allowed by Section 7.A.2(b)(3) of TROA to support construction and maintenance activity in the Boca Dam and Reservoir, paid by the same parties. With the fees for Federal Fiscal Year 2025, the Federal Water Master also provided estimated fees for Federal Fiscal Years 2026 and 2027.

AGENDA ITEM # _____

The summary of percentages divided among the United States of America, State of Nevada, and State of California is as follows:

Responsible Party	Percent of Funding	Boca Dam/Reservoir Budget Federal FY 2024-2025	TROA Proposed Budget Federal FY 2024-2025	TROA Estimated Budget Federal FY 2025-2026	TROA Estimated Budget Federal FY 2026-2027
United States of America	40%	\$45,527.27	\$700,000.00	\$775,000.00	\$800,000.00
State of Nevada	40%	\$40,926.46	\$700,000.00	\$775,000.00	\$800,000.00
State of California	20%	\$15,862.42	\$350,000.00	\$387,500.00	\$400,000.00
Total Annual Tentative Budget:	100%	\$102,316.15	\$1,750,000.00	\$1,937,500.00	\$2,000,000.00

The Nevada Parties are responsible for paying the State of Nevada's share of the annual fee under the direction of the Nevada Division of Water Resources. Notice was provided to the Nevada Parties on March 31, 2025, stating the annual fees for Federal Fiscal Year 2025 were due no later than April 30, 2025. The Second Amendment to the Joint Funding Agreement was not presented to Washoe County prior to the due date of the annual fee, therefore payment occurred on April 4, 2025 in the amount of \$74,092.64.

The Second Amendment to the Joint Funding Agreement outlines the division of the State of Nevada's share of the annual fee for Federal Fiscal year 2025 and estimated fees for Federal Fiscal Years 2026 and 2027.

A summary of the division of the State of Nevada's annual fees among the Nevada Parties are as follows:

State of Nevada Responsible Party	Percent of Funding	FY 2024-2025 Proposed Cost Per Party	FY 2024-2025 Proposed Cost Per Party	FY 2025-2026 Estimated Cost Per Party	FY 2026-2027 Estimated Cost Per Party
TMWA	60%	\$24,555.90	\$420,000.00	\$465,000.00	\$480,000.00
Washoe County	10%	\$4,092.64	\$70,000.00	\$77,500.00	\$80,000.00
City of Reno	10%	\$4,092.64	\$70,000.00	\$77,500.00	\$80,000.00
City of Sparks	10%	\$4,092.64	\$70,000.00	\$77,500.00	\$80,000.00
City of Fernley	10%	\$4,092.64	\$70,000.00	\$77,500.00	\$80,000.00
Total Annual Costs:	100%	\$40,926.44	\$700,000.00	\$775,000.00	\$800,000.00

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

PREVIOUS ACTION

There are many previous actions by the Board of County Commissioners (Board) regarding the Water Quality Settlement Agreement (WQSA), and Agreements to meet obligations arising from section 1.E.4 of the TROA document (1.E.4). The water rights associated with the WQSA and 1.E.4 are a component of TROA to improve the water quality within the Truckee River System, which water rights are to be administered by the Federal Water Master as part of the implementation of TROA. The most recent Board actions regarding WQSA and 1.E.4 are as follows:

On March 8, 2022, the Board approved the First Amendment to the Joint Funding Agreement for the administration of the TROA budget with Washoe County's share being 10% or \$57,000.00 of the total of Nevada's Share being \$570,000.00 for fiscal years October 1, 2021, October 1, 2022, and October 1, 2023.

On July 9, 2019, the Board approved the Joint Funding Agreement for the administration of the TROA budget with Washoe County's share being 10% or \$60,000.00 of the total of Nevada's Share being \$600,000.00 for fiscal years October 1, 2019, October 1, 2020, and October 1, 2021.

On March 27, 2018, the Board approved the Fourth Amended Interlocal Agreement Regarding the Purchase of Water Rights Pursuant to the Truckee River Water Quality Settlement Agreement between Washoe County, the City of Reno, and the City of Sparks for the purpose of using interest earnings in the Water Quality Settlement Agreement account [in the approximate sum of \$725,226.11], to make the one-time payment to Truckee-Carson Irrigation District pursuant to the terms of the Water Rights Operations & Maintenance Assessment Agreement, [in the sum of \$682,231.48]; and to pay any remaining Water Quality Settlement program costs; and to disburse the remaining funds, if any, to the parties of the Interlocal Agreement.

On September 27, 2016, the Board approved the Contract for Storage of Non-Project Water among the United States and Washoe County Water Conservation District, the City of Reno, the City of Sparks and the County of Washoe.

BACKGROUND

The State of Nevada, TMWA, Washoe County, City of Reno, City of Sparks, and the City of Fernley are parties to the TROA dated September 9, 2008. One of the principal purposes of TROA is to provide for the operation of Truckee River System in a flexible and coordinated manner to meet multiple water use objectives, including reliable water supply and drought protection for municipal and industrial uses, instream flows for fish and wildlife, water quality, and recreation. Section 2.C.2 of TROA provides for the apportionment of the expenses of administration of the TROA among the United States, the State of California, and State of Nevada. Pursuant to Section 2.C.2(c), the State of Nevada's share of the expenses of administration of the TROA is 40% of the total amount. Nevada's 40% share equals approximately \$740,000.00 for Federal Fiscal Year 2025. At the present time, the State of Nevada requires that certain expenses associated with the administration of interstate river systems be paid by the beneficiaries of those expenses under the Joint Funding Agreement held by the Nevada Parties.

The Joint Funding Agreement previously approved on July 9, 2019, the First Amendment approved on March 8, 2022, and its Second Amendment under consideration herein provides the share of each party who is to benefit from the implementation of TROA with each party responsible for a percentage of the State of Nevada's share of administration cost for Federal Fiscal years 2025, 2026, 2027, 2028, and 2029.

The agreement provides for a binding arbitration process by the Truckee River Special Hearing Officer if the parties to the Joint Funding Agreement disagree with future year's budget after June 30, 2029. Prior to the termination of this Joint Funding Agreement, the parties are to negotiate and arrive at a new Joint Funding Agreement on or before September 30, 2029, for the future administration costs.

FISCAL IMPACT

There is sufficient budget authority in FY26 for this second amendment to the Joint Funding Agreement in Community Services Department (105). For Federal Fiscal Year 2027, the budget will need to be increased to allow for the annual escalator and the addition of the Boca Dam and Reservoir component. Estimate for Fiscal Year 2027 is \$80,000; this will be requested in the annual budget process.

RECOMMENDATION

It is recommended that the Board of County Commissioners approve the Second Amendment to Joint Funding Agreement between Washoe County, Truckee Meadows Water Authority, and Cities of Reno, Sparks, and Fernley, for the sharing of a portion of the administrative fees for the Truckee River Operating Agreement, retroactive to June 30, 2025, and extending the Joint Funding Agreement to September 30, 2029 [in the amount of \$74,092.64 for fiscal year 2025, with estimated increases to \$77,500.00 for fiscal year 2026 and \$80,000.00 for fiscal year 2027], pending Federal Water Master determination.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve the Second Amendment to Joint Funding Agreement between Washoe County, Truckee Meadows Water Authority, and Cities of Reno, Sparks, and Fernley, for the sharing of a portion of the administrative fees for the Truckee River Operating Agreement, retroactive to June 30, 2025, and extending the Joint Funding Agreement to September 30, 2029 [in the amount of \$74,092.64 for fiscal year 2025, with estimated increases to \$77,500.00 for fiscal year 2026 and \$80,000.00 for fiscal year 2027], pending Federal Water Master determination."