

TRUCKEE RIVER FLOOD MANAGEMENT WORKING GROUP
September 28, 2011, 3:00 P.M.

FINAL MINUTES

Present:

Name	Representing	Name	Representing
Cynthia Albright	Stantec	Kerri Lanza	City of Reno
Burnham Moffat	FPCC	Marge Frandsen	Hidden Valley HOA
Dody Gustafson	Hidden Valley HOA	Todd Gilmore	US Fish & Wildlife
Dave Hollecker	Trails West	Noel Laughlin	HDR
Franco Crivelli	Community Coalition	Jim Litchfield	
Patty Paulson	Property Specialists	Scott Smith	Kleinfelder
Lisa Huffman	AMEC	Dan Stucky	Atkins
Dick Mills	Pick n Pull	Steve Alastuey	Self
Todd Welty	Reno Tahoe Airport		

Staff Present: Melissa Faigeles, Jay Aldean, Paul Urban, Danielle Henderson

1. Introductions

A meeting of the Working Group was held on Wednesday, September 28, 2011 at the Truckee River Flood Management Authority Office Conference Room, 9390 Gateway, Suite 230, Reno, Nevada. Melissa Faigeles welcomed the group and invited everyone to introduce themselves.

2. Approval of Minutes

The minutes of the July 27, 2011 Working Group meeting were submitted for approval. Ms. Gustafson made a motion to approve the minutes as submitted. Ms. Frandsen seconded the motion, which carried unanimously.

3. Announcements

Ms. Faigeles reported that at the last Truckee River Flood Management Authority (TRFMA) meeting, directors selected Michael Wolz as Legal Counsel. She stated that Mr. Wolz currently works for the Attorney General's office and has over 12 years of experience working with government agencies.

Ms. Faigeles stated that the Federal Emergency Management Agency (FEMA) Grant was received for demolition of the Edison Way properties. She explained that to date, the building at 105 Edison has been demolished and bids are due the following day for demolition of 125 Edison Way.

4. VIRGINIA STREET BRIDGE TRACTION PROJECT UPDATE

Ms. Faigeles invited Kerri Lanza to provide an update on the Virginia Street Bridge (VSB) project. Ms. Lanza reported that the scoping meeting for the Virginia Street Bridge (VSB) was held on Tuesday, August 2. She explained that the meeting included a description of the historical standards and stated that five types of bridges were presented to the City Council. She stated that those who would be impacted by the project voiced concerns and staff was directed to provide additional review and public comment time.

Ms. Lanza reported that staff is compiling comments received, which will be presented to the City Council on October 26. She added that at this time a pony truss bridge is the favored option.

Ms. Faigeles asked if a stakeholders meeting would be scheduled. Ms. Lanza stated that a meeting would be scheduled for the public.

Dave Hollecker stated that he is participating in the Design/Review Committee and summarized that the project is a “fiasco”. He stated that the bridge designs are very general and not specific to the location and costs. He summarized that the process is incomplete and disjointed. He added that a non-mechanical bridge was estimated at \$20 million; with a mechanical bridge (to lift 3 feet) estimated at \$50 million, although an estimate for the cost difference was not provided.

Ms. Lanza stated that she appreciates the input and added that the cost information is included on the City’s website. Mr. Aldean agreed that public comments and suggestions are welcome and offered to set up a meeting with Mr. Hollecker. He encouraged Mr. Hollecker to provide his comments. Mr. Hollecker suggested providing the comments and design updates to the public at the meetings.

Mr. Aldean commended City of Reno for their work on the project, including the public process.

5. ARMY CORPS OF ENGINEERS UPDATE

Danielle Henderson reported that staff worked diligently with the Corps Sacramento District to prepare for the milestone Alternative Formulation Briefing (AFB), which was scheduled for September 20. She stated that District staff sent a package of documents to Corps Headquarters and the San Francisco Division office for review. Headquarters responded on Friday, September 16 expressing concerns over the documents and did not feel they were ready for the AFB. She summarized that Headquarters cancelled the AFB.

Ms. Henderson stated that District staff received many responses from Headquarters and held an internal meeting to go over the comments and questions. She stated that District staff is now working to answer and address the questions and comments with help from Flood Project staff. She stated that the hope is to get the issues resolved and to reschedule the AFB, hopefully within the next few months.

Mr. Moffat asked if there were particular issues from Headquarters. Ms. Henderson stated that in speaking with District staff, many of the issues were related to “clarifying questions” and that some items described in the draft Environmental Impact Statement (EIS) do not match up with those described in the draft General Re-Evaluation Report (GRR). She summarized that there

were inconsistencies and for those at Headquarters in Washington, D.C., who were not familiar with the project, the documents were confusing. She added that Headquarters also had some technical concerns.

Ms. Albright stated it sounds like more of a concern with District staff rather than Flood Project staff. Ms. Henderson agreed and added that a comment from Darren Suen, Corps Project Manager, was that the Corps operates similarly to the Flood Project, i.e. District staff prepares the documents, which are then reviewed by Division staff and then Headquarters. She explained that some of the Headquarters staff were seeing the documents for the first time so they had questions.

Mr. Moffat asked if part of the concern was related to the components of the LPP. Ms. Henderson stated that Headquarters looks at the project as a whole, as compared to other national projects and the current economy. She added that it is a big project at a large cost.

Mr. Aldean reminded members about the Corps' Project RESET, which was developed based specifically on our Flood Project to move the project forward quickly. He stated that based on the reduced timeframe, the Corps had to agree to accept less detail and less study on the project elements. He added that since this was the first project under Project RESET, Headquarters had not previously reviewed a project as presented.

Ms. Henderson addressed Ms. Albright's comment and stated that local Flood Project staff did meet all the deadlines and provided any assistance possible. She summarized that staff did its best and would continue to do so.

Ms. Lanza asked how staff feels about Mr. Suen's performance as Project Manager. Ms. Henderson stated that Mr. Suen has a fresh perspective and a good sense of marketing and selling the project to Headquarters. Mr. Urban added that Mr. Suen came up to speed quickly and is willing to actively include local staff on issues. Ms. Henderson agreed and stated that his approach is refreshing.

Mr. Mills asked if there is an update on the North Truckee Drain (NTD). Mr. Aldean stated that one of the issues to be addressed at the AFB was to request that District staff include an additional study on the NTD. The additional study would include a determination of the residual water that remains behind, the flooding that occurs and the associated benefits. He stated that benefits could be added to the Flood Project to justify a higher design level (perhaps from 75 to 100-year). The District received approval from Headquarters to include that effort. The Corps is entering into a contract with David Ford, a top-notch engineering firm in California. Mr. Ford will complete his review in 90 days. Mr. Mills asked if existing data would be used, which Mr. Aldean stated it would. Mr. Ford will review and tweak the model as needed in order to make an independent recommendation.

Mr. Aldean summarized that he has complete faith in Mr. Ford's work. Mr. Mills expressed his concern that he previously believed in all the modeling of the 50-mile project and added that if this portion is incorrect, other portions could be as well. Mr. Aldean agreed and stated that the issue was presented to the Corps.

Ms. Frandsen mentioned the "6-lane arterial" that will go through the middle of the Flood Project. She stated that she assumed that Flood Project staff had an opportunity to provide comments to the Corps on the permit. She reported that University of Nevada, Reno (UNR) now has petitioned the City of Reno for annexation of several hundred acres along McCarran

Boulevard and asked about the impact when asphalt, cement and buildings are constructed on the ground.

Mr. Urban stated that the Flood Project has worked with the Regional Transportation Commission (RTC) on the SouthEast Connector and the associated hydraulics and flood flows for almost two years. He stated he is very confident that flood flows will be able to flow under, through and around the structure without increasing water surface elevations. He added that RTC has provided sufficient (120) culverts or bridges to prevent rises in water levels.

Mr. Urban addressed the annexation issue and stated that it has been a topic of discussion comparing land needs of UNR versus those of the Flood Project. He stated that staff has explained to UNR that in order to develop the strip of land, they would have to comply with floodplain storage mitigation rules, i.e. if flood water is displaced, it would have to be mitigated.

Mr. Aldean stated that City of Reno has adopted the floodplain mitigation ordinance so if the UNR land were annexed into Reno, it would have to comply. He added that not much excavation could be done in the area regardless due to the water table. Mr. Smith agreed.

Ms. Frandsen summarized that she is hearing that staff's comments to the Corps on the 404 Permit were not critical. Mr. Urban stated that is correct based on the knowledge that the project would not impact the flood project. Ms. Frandsen mentioned the proposed sound walls for Rosewood Lakes. Mr. Urban stated that sound walls would have a very minimal effect on flooding. Ms. Frandsen mentioned the work done by the Community Coalition to minimize the use of floodwalls throughout the Flood Project and asked about the relation to the sound walls and whether it would break faith.

Mr. Urban said that would be dependent on the individuals; however, the Flood Project has no involvement in sound walls unless they impact flood water storage. Mr. Aldean agreed and added that the Flood Project is not authorized to address the issue of sound walls. He added that Flood Project staff would continue to ensure that flood waters move as needed in the Truckee Meadows.

Ms. Gustafson asked why the Community Coalition attended all the Truckee River Action (TRAction) meetings to address the floodwalls and levees along Hidden Valley Drive. Mr. Aldean stated that the floodwalls that were being assumed as protection for Hidden Valley were actual walls or levees that would have a flood function. He added that it was decided not to move forward with the floodwalls or levees due to the expense. He stated that the option of the Home Elevation Program was recommended. He added that staff is continuing to work with changing the law for the grant money (so that it is not considered taxable income).

Mr. Aldean summarized that the sound walls are not floodwalls and their purpose is to lessen the sound volume for residents. Ms. Gustafson stated that Garth Oksol, RTC Project Manager, reported that the sound study would be completed after the roadway is built, which is not helpful. Mr. Aldean stated that if the SouthEast Connector impacted the Flood Project, comments would have been made.

Mr. Crivelli asked Mr. Urban about the project RTC has presented for evaluation, what flood protection level is being used. Mr. Urban stated that the 117-year water surface level is being used as identified by the hydraulic model.

Ms. Faigeles thanked members for their input and comments.

6. UPDATE ON FLOOD RATES

Mr. Aldean reported that he worked with staff on the PowerPoint Presentation (copy on file at the TRFMA office), which was recently presented to the TRFMA Technical Advisory Committee (TAC) where many suggestions and edits were made. The highlights and discussion focused on the different alternatives and cost sharing.

Mr. Aldean explained the difference between a tax and a fee is that a tax is a “revenue raising vehicle, involuntary, non-discriminatory, charged to support public purse”. He added that there are many types of taxes, such as sales, excise, capital gains, property, and others. He explained that a fee is charged where there is a corresponding service or benefit. He added that the amount of the fee varies in relationship to the value or benefit. He stated that there are regulatory or user fees; the flood fee will more than likely be based as a regulatory fee.

Mr. Aldean stated that a fee must begin with a defined project. He added that the fee cannot be dependent on the Corps plan because every year, the Flood Project would have to depend on appropriations, for which there is no guarantee.

Mr. Aldean explained that under Clean Water Coalition case, the test for a fee is that it must be:

- Applied to the direct beneficiary of a particular service
 - The Flood Project includes two areas of benefit, those who are direct beneficiaries because they are removed from the floodplain and those that benefit indirectly. The indirect benefits include being able to travel and utilize facilities that are protected.
- Allocated directly to defraying the cost of providing the service – an engineering estimate must be in place for the Flood Project.

Mr. Aldean reported that the TRFMA hopes to set and begin collecting fees early to begin building smaller, local projects, acquiring land and paying the Corps 5% per year once appropriations are received. He stated that the goals are to provide the matching funding for the federal share and to maintain affordability.

Mr. Mills mentioned the comment about incremental funding that may or may not be received annually. Mr. Aldean stated that his presentation would address that issue.

Mr. Aldean stated that the process to establish fees includes:

- Establish and describe a local plan, i.e. costs, footprints, level of service for the associated floodplains
- Determine the revenue requirements and develop a financing plan
- Estimate the direct and regional benefits
- Ensure that the benefits are greater than the revenue requirements
- Set the rates and begin collecting fees
 - Amend the rates as necessary when funding is appropriated for the federal plan
- The Local Rate Plan could be the Corps’ modified Alternative 3C, which will include protection of downtown, estimated by the Corps at \$1.2 billion (staff believes it is in the amount of \$900 million).
- The Local Rate Plan could also be defined as limited to a certain amount, i.e. \$525 million. If that option were selected, the project would have to be scaled back to a project that could be built for \$525 million, which would provide a lower level of

protection. Mr. Smith asked if this option assumes that the Corps is not involved. Mr. Aldean clarified that it assumes we are building a “local plan”; however, the Corps plan could still be selected. He added that the intent is to maintain a “dual track”.

Mr. Aldean explained a “variable rate strategy”, which is in part based on growth in the community, which would provide increased revenue. He explained how rates could be imposed, at a low rate, a moderate rate or a high rate. Mr. Crivelli mentioned that rates rarely decrease once implemented. Ms. Lanza stated that she recently attended a rate conference and heard a rate attorney say that rates do not decrease because they include a built-in replacement cost of the project. Mr. Aldean stated that he has seen some utility rates decrease in the past.

Mr. Aldean explained some of the risks that go along with setting a fee. For instance, if a fee is imposed based on the previous year’s appropriation, the rate would increase in perhaps five years. He explained that the concern would be that if the public begin paying the fee for a certain project (i.e. Alternative 3C), if the Corps does not come through with a project, the locals would be required to build the project.

Mr. Aldean reviewed some of the other issues associated with the fees. He encouraged members to review the comparison spreadsheet developed by Ms. Henderson and presented at the TRFMA Board meeting of July 8 showing what is and is not included in Alternative 3C. Ms. Henderson offered to provide copies.

Mr. Aldean referred to some of the other issues, which include:

- Option 1 - \$900 million project
 - Can locals afford to build the project by themselves? His response was not likely.
 - Reno City Council did not approve an exact replica of the 100-year floodplain downtown but the project still provides significant protection.
 - Potential for project acceptability to the public – High
 - Would need additional engineering to provide the actual construction cost estimates if built locally – Mr. Aldean estimated \$150,000 for an engineering consultant to review the Corps’ cost estimate.
- Option 2 - \$525 million
 - Start with similar rates and transition to the Corps project
 - Plan description is unknown at this time, such as levee heights
 - Cannot determine benefits without knowing what the floodplain will be
 - Better plan for the same amount of money
 - Rate can be transitioned
 - Can set rates in advance of federal appropriations
 - Restoration and recreation plan elements – some elements would have to be eliminated
 - Additional study needed of actual local construction costs - \$250,000 estimate to perform study
 - Additional study needed to define the project
 - Additional engineering needed to define the floodplains for the benefit determination
 - Requires additional public vetting
 - Potential for project acceptability to the public – High

Mr. Aldean summarized that the plan at this time is to continue to work with the Corps. He stated that the TRFMA Board needs to be aware of the associated risk. He explained that the Board needs to understand that the process is complicated and needs time to discuss and review the options.

Mr. Aldean reported that previously FCS presented assumptions to the Flood Project Coordinating Committee (not the TRFMA); however, the numbers are no longer valid because they were based on the Locally Preferred Plan (LPP) at a 117-year level of protection. Although the numbers were outdated, Mr. Aldean showed the report as the basis for how the rates were determined based on direct benefits. Ms. Albright suggested that prior to presenting the information to the TRFMA or anyone else, making the table more self-explanatory, including footnotes explaining the primary assumptions and that the numbers are 2 years old. Mr. Aldean agreed with the suggestion.

Ms. Henderson suggested that Mr. Aldean consider whether or not it would be worthwhile to show the Board outdated numbers based on comments today. Ms. Lanza stated her concern is that with a reduced project, those in the direct benefit area will also see a reduced benefit so the potential income toward the project will be less. Mr. Crivelli suggested that the direct benefit area should at least specify which households would receive the benefit.

Mr. Aldean summarized that it would take an incredible amount of time to address all the issues and assumptions to the TRFMA. He agreed that presentation of the outdated report is a problem and added that care must be taken so the fee does not resemble a tax.

Mr. Aldean offered to work with staff prior to presenting the information to the TRFMA Board. Mr. Crivelli stated that his suggestion has always been to have a global rate as the base, dependent on what would be required of everyone in the Truckee Meadows to support the project and then rates should be adjusted based on benefit received. Ms. Frandsen added that population has decreased and most likely will continue to decrease for some time.

Members continued to express concerns over the rates and how the presentation should be made to the Board. Ms. Frandsen asked who prepared the report 2 years ago. Mr. Aldean stated that FCS Group worked with a Flood Funding Committee, which included finance directors and managers from the three entities. The committee made the recommendation to focus on the regional per household benefit and the “1,000 square foot of developed flood space for commercial”. The Board accepted the report and directed moving forward with a model, which was done. He explained how the rates were estimated based on the modeling.

Mr. Aldean mentioned that those paying a higher rate in the direct benefit area would see a decrease in flood insurance rates. Mr. Aldean reiterated that he would work with staff to make the numbers more understandable.

7. Working Group Member Comments, Requests, and Future Agenda Items

Ms. Faigeles reported that the next Working Group meeting would be scheduled for Wednesday, October 26, 2011. There being no further business, the meeting was adjourned at 5:00 p.m.

Respectfully submitted by, Niki Linn, Recording Secretary