



**TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY  
BOARD OF DIRECTORS**

Thursday, July 14, 2011, 8:30 A.M.

Washoe County Commission Chambers  
1001 East Ninth Street  
Reno, Nevada

**MINUTES**

**1. ROLL CALL, PLEDGE OF ALLEGIANCE, AND ESTABLISHMENT OF QUORUM –  
8:34 a.m.**

Chair Smith called the Truckee River Flood Management Authority Board of Directors (FMA) meeting to order at 8:34 a.m. Laura McAuley led the FMA in the Pledge of Allegiance. A quorum was established.

**Voting Members Present:**

Ron Smith, Chair  
Robert Larkin, Vice-Chair  
David Aiazzi  
David Humke  
Geno Martini  
Jessica Sferrazza

**Voting Members Absent (Excused):**

**Voting Alternates Present:**

Kitty Jung

**Voting Alternates Absent:**

**Staff Present:** Jay Aldean, Mimi Fujii-Strickler, Laura McAuley, Kevin Gorges, Paul Urban, Ed Evans, Melissa Faigeles, Danielle Henderson, Lori Williams, Eric Scheetz, Paul Lipparelli

**2. ANNOUNCEMENTS – 8:35 a.m.**

Interim Director Aldean apologized for distributing agenda books later than normal. He explained that a good meeting was held on July 7 with the Corps; and the Technical Advisory Committee (TAC) met on Friday, July 8. Following the meetings, staff revamped the TRFMA agenda and staff reports based on the meetings. He reported that an agenda item related to purchasing University of Nevada, Reno (UNR) property was postponed until more information was available.

Interim Director Aldean reported that John Sherman, TRFMA Chief Financial Officer (CFO) did not have news to report so was not present; however, he offered to monitor the meeting in case any questions were raised by the Board.

Chair Smith asked if an offer had been made to UNR. Interim Director Aldean stated that an offer has not been made; however, an evaluation of the property was conducted and Troy Miller has a copy of the document, which has not been made public. He added that numbers are still being researched and discussed related to relocation of buildings and other issues.

**3. PUBLIC COMMENT – 8:36 a.m.**

Chair Smith called for public comments and hearing none, closed the public comment period.

**4. CONSENT ITEMS**

None

**5. MINUTES – 8:37 a.m.**

Approve Provisional Minutes of FMA meeting of June 10, 2011.

Director Martini made a motion to approve the minutes as submitted. Director Humke seconded the motion, which carried unanimously.

**6. DISCUSSION WITH SENATOR REID'S STAFF – 8:38 a.m.**

Senator Reid will provide a representative to discuss document and informational needs and conceptual process of events in order to provide assistance with Congressional approval of the Truckee Meadows Flood Project.

Chair Smith invited Victor Mercado from Senator Reid's office to provide an update. Mr. Mercado reported that staff has met with Interim Director Aldean. He congratulated the Board on formation of the Flood Management Authority.

Mr. Mercado stated that the community is reaching some key decisions on the Flood Project (Project) scope and level of protection and stated that as the date for the Alternatives Formulation Briefing (AFB) nears, it is very important that TRFMA's goals are in sync with the Chief's Report. He stated that given the current climate in Washington, D.C., coordination and agreement will be necessary for Senator Reid's support. He added that it would be very unlikely that funding would be approved beyond what the Chief's Report recommends based on budget reductions, in addition to the recent disasters in the Midwest.

Mr. Mercado explained that the Project must address the concerns of the Pyramid Lake Paiute Tribe, Storey County and other downstream residents.

Mr. Mercado stated that it is understood that the highest level of cost-share is desired by the community and added that he believes the Corps has developed a very favorable plan that could be supported by the Senator's office. He invited any questions from the Board.

Chair Smith thanked Senator Reid, Mr. Mercado and staff for all their efforts and stated that the TRFMA wishes to maintain that relationship. He stated that Board members would be visiting

Washington, D.C. in the fall. Mr. Mercado stated that Mia O’Connell is in regular contact with Alex McDonough from the Senator’s office and added that the “door is always open” locally.

Director Sferrazza asked if there is anything more that the TRFMA should be doing to help the process or Congressional Delegation. Mr. Mercado commended TRFMA for the open communication and reiterated that the most important step will be to send a unified message to the Senator and Congressional Delegation that TRFMA and the community agrees that the Corps’ recommendation is what the community desires. Director Sferrazza asked if it would be helpful to have letters of support from the community. Mr. Mercado stated it certainly would not hurt. Chair Smith stated that the individual entities have sent letters but can send additional correspondence if it would be helpful.

Chair Smith again thanked Mr. Mercado. Interim Director Aldean offered to work with Senator Reid’s staff to determine the best timing for further letters of support.

**7. ARMY CORPS OF ENGINEERS MONTHLY REPORT – 8:43 a.m.**

*Beth Salyers, Project Manager, Civil Works Branch, ACOE*

*Darren Suen, Project Manager, Civil Works Branch, ACOE*

Report on activities related to the Truckee River Flood Management Project, including but not limited to, project scheduling and funding. Will include update on documents and process for Internal Technical Review currently underway. Possible action to accept the report and provide direction to staff related to flood project scheduling and other items as set forth in the report.

Beth Salyers reported that the Corps is in the process of printing the AFB “read ahead” document to send to Division the following day. She added that Corps staff did some reformulation of the strategy and currently the National Economic Development (NED) Plan is the 75-year plan. She stated that the Corps plans to request a waiver for urban areas for the 100-year plan, which would be cost-shared at the 75-year level of protection. She added that the methodology still needs to be approved by Headquarters; however, it is a better overall project for the community, which is what will be recommended at the AFB.

Ms. Salyers stated that the Corps is pushing to schedule the AFB, likely in August. She agreed that a unified message is necessary between the Corps recommendation and what the community desires. She added that Corps staff has held regular meeting with Interim Director Aldean and staff and will continue to do so.

Ms. Salyers reported that we need to start negotiating a Design Agreement for the Project, which can begin immediately. She invited questions from the Board.

Director Larkin asked what part of August is projected for the AFB. Ms. Salyers stated it would probably occur in the latter part of August because a 30-day review period is required prior to the AFB.

Chair Smith thanked Ms. Salyers and invited public comments. Hearing none, he asked for a motion.

Director Humke made a motion to accept the report and direct staff to work with the Corps on the benefits analysis. Director Martini seconded the motion, which carried unanimously.

## 8. ORGANIZATIONAL AND TRANSITIONAL ITEMS

### A. APPOINTMENT OF INTERIM EXECUTIVE DIRECTOR – 8:47 a.m.

*Jay Aldean, Deputy Director, TRFMA*

Discussion and possible action to appoint an Interim Executive Director or extend current Interim Executive Director's term until such time as a permanent Executive Director is appointed.

Interim Director Aldean stated that this item is to request that he continue to serve as Interim Director until a permanent Director is selected, at which time he would resume the position of Deputy Director. Chair Smith agreed with the recommendation.

Director Sferrazza asked if appointment is made for the period until a Director is hired, would it require a unanimous decision by the Board to hire a permanent Director, during which time the TRFMA could have an Interim Director permanently.

Paul Lipparelli, Legal Counsel, stated that it is possible that in the case of a deadlock on hiring a permanent Director, a motion could be to appoint Interim Director Aldean as Interim Director until a decision is made or six months (or whatever timeframe is desired). Director Sferrazza stated that based on the structure of the TRFMA, she would feel more comfortable with an end date of three months.

Director Sferrazza made a motion to appoint Interim Director Aldean as Interim Director until a permanent Director is appointed or for three months (whichever comes first). Director Larkin seconded the motion. Chair Smith called for any public comments and hearing none, called for a vote on the motion, which carried unanimously.

*Director Sferrazza announced that City of Reno's new Manager, Andrew Clinger, was present and introduced him. Chair Smith thanked Mr. Clinger for attending.*

### B. CFO REPORT

*John Sherman, CFO, TRFMA*

Oral report on the status of budgets, accounting systems, agreements and actions needed to get the Authority fully organized and operational in accordance with Nevada law and the ICA, including interim and transitional matters, and the transfer of assets. Possible action to accept the report and provide instructions to the CFO.

John Sherman, CFO, was not present so this item was not discussed.

### C. DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION 2011-3 ESTABLISHING THE POWERS AND RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR – 8:50 a.m.

*Mimi Fujii-Strickler, Administrative Services Manager, TRFMA*

This resolution establishes the powers and responsibilities of the Executive Director for the Truckee River Flood Management Authority. Possible discussion and action to adopt resolution.

Ms. Fujii-Strickler reported that this item is for possible approval of the Resolution, as set forth under the Cooperative Agreement to approve the duties of the Executive Director. She invited questions or comments.

Director Aiazzi referred to Section 2.3.E, which stated that the Director would participate in all labor negotiations. He stated that his understanding was that the County would have to do that since staff would be employed by the TRFMA.

Mr. Lipparelli stated that his understanding is that staff would be employed by the Joint Powers Authority (JPA) and it is possible that a member agency could provide administrative services for the JPA, such as payroll or health benefits. He explained that during the time that staff is still employed by Washoe County, a connection would be needed; however, when staff is transferred to the TRFMA, there would no longer be such a need. He suggested modifying the paragraph to confirm that once the transfer occurs, that arrangement would not be necessary.

Director Larkin reiterated that the plan is eventually to bring all the employees to the TRFMA. Mr. Lipparelli agreed that this was his understanding; however, under the current agreement, staff is still under the County umbrella for the purposes of administration of their employment. He added that even so, staff's duties are established by the JPA and staff works under direction of the Director with loyalty to the JPA. Director Larkin stated that it is still a confusing issue. Mr. Lipparelli agreed that additional steps are needed to complete the transition of employees.

Director Larkin asked if the intention of Section 2.3.E is that the TRFMA Director would be invited to closed door sessions with the Board of County Commissioners (BCC). Mr. Lipparelli clarified that the section states that labor contracts are to be approved by the JPA and/or the BCC. He summarized that the statement contemplates that this is a transitional process and the Director would need to be involved in management meetings with whichever Board is approving the contract at the time. He explained that if employees wished to bargain employment rights under the County bargaining unit prior to the time the transfer is complete, it would be negotiated with the BCC. After the transition, bargaining would occur with the JPA Board.

Director Larkin requested a written opinion from Mr. Lipparelli regarding Section 2.3.E. Mr. Lipparelli stated that the statement is written broadly and the Director would be able to negotiate with the appropriate Board for negotiations. He suggested that once the transition is complete, the section could be modified to remove the reference to the BCC.

Director Sferrazza suggested that the section should be modified to specify which Board. Director Larkin agreed that it should specify the TRFMA Board. He asked for clarification from Ms. Fujii-Strickler that the template for the Resolution was from the existing delegation from the Flood Project Coordinating Committee (FPCC) that was provided to the current Director at that time. Ms. Fujii-Strickler agreed that it was written specifically for the Director at that time. Director Larkin asked if any other broad-brush changes were made. Ms. Fujii-Strickler stated that the duties remained the same; however, contract approval authority numbers were removed at the TRFMA's request. She added that the contract approval authority would be part of the policies and procedures as requested by the Board. She summarized that other than that, the Resolution was the same as presented to the FPCC previously.

Chair Smith called for public comment, of which there was none.

Director Larkin made a motion to approve and accept Resolution 2011-3 with the change specified in Section 2.3.E regarding the "Board", which will be the "TRFMA Board". Director Martini seconded the motion, which carried unanimously.

**D. EXECUTIVE DIRECTOR RECRUITMENT – 9:00 a.m.**

*Mimi Fujii-Strickler, Administrative Services Manager, TRFMA*

Discussion regarding resumes received for the position of Executive Director of the Truckee River Flood Management Authority. May review and rank applications, may deliberate and select a candidate for appointment or a short list of candidates for interviews or determine other proceedings regarding selection. Possible discussion and action to decide the terms of an offer, or an employment contract, or determine further proceedings to determine terms of employment or an employment contract. All proceedings will be in an open meeting.

Ms. Fujii-Strickler reported that the list of thirty candidates for Executive Director was provided to Directors and requested opening the item for discussion and recommendation of candidates to be interviewed. Chair Smith requested that each Director provide a list of their top five candidates. He suggested forming a sub-committee to interview the top five followed by a recommendation to the TRFMA. He invited comments from others.

Director Larkin stated he has narrowed his selections to ten or eleven and requested at least one additional day to further narrow the list to five. He requested that the sub-committee be appointed along with a deadline and suggested that recommendations be sent to Ms. McAuley.

Director Martini asked if the proposed sub-committee would include a representative of each entity and if the interviews would be conducted publicly. Director Sferrazza stated that it would represent a quorum and therefore would have to be a public meeting. Chair Smith added that the interviewees would have to be sequestered so all would hear questions individually for the first time.

Mr. Urban reported that in 2005 when the previous Executive Director was hired, it was under a public interview process although candidates were asked to remain out of the room until called upon. Director Aiazzi stated that because it is a public process, candidates cannot be restricted from being present; however, it could be requested (as was done with Regional Transportation Commission).

Director Larkin stated that he does not believe the issue is with the presence of the candidates; but rather narrowing the field to the top five. He added that some of the candidates live out of the community so before inviting them for an interview, careful consideration should be taken. He stated that he believed a sub-committee was a good idea; however, he deferred to Mr. Lipparelli for a legal suggestion.

Mr. Lipparelli stated that if a sub-committee is formed by TRFMA, the sub-committee must meet under Open Meeting Law. He stated that if staff were assigned to perform such a screening function, it would not need to be done publicly; however, the report to the Board would need to be in public. He agreed with Director Aiazzi's comment that candidates could be requested to leave the room; however, it could not be required.

Director Humke reported that the Reno-Sparks Convention and Visitor's Authority is also recruiting a director and used the process of appointing a stakeholder's committee, which included no board members so was not subject to Open Meeting Law. Chair Smith stated that he wants the TRFMA to be involved in the selection. Director Humke clarified that he was providing an example; he did not necessarily support the process.

Director Sferrazza stated that her concern with a sub-committee is that the structure of the TRFMA is different from most in that all votes must be unanimous. She explained that if a sub-committee made a decision, with which the TRFMA did not agree, the process would need to begin again. She suggested that the top five candidates be selected today and invited to interview. Chair Smith agreed that the candidates could be narrowed today and asked if Director Sferrazza's intent is to schedule a special meeting or schedule interviews at the August TRFMA meeting. She stated that the next regular meeting would be acceptable.

Director Aiazzi agreed but stated that direction is needed on how to narrow the field to three or five. Chair Smith suggested that each Director list his/her top five in no particular order followed by tabulation of the top five. The following top five candidates were named by each Director:

Director Larkin:

- Sidhu
- Ecker
- Aldean
- Litchfield
- Mifflin

Director Aiazzi:

- Sidhu
- Bakhshi
- Aldean
- Litchfield
- Mifflin

Director Sferrazza:

- Xu
- Ecker
- Penrose
- Litchfield
- Mifflin

Director Martini:

- Aldean
- Sidhu
- Pawlowski
- Litchfield
- Mifflin

Director Humke:

- Sidhu
- Bakhshi
- Aldean
- Litchfield
- Mifflin

Chair Smith:

- Aldean
- Pawlowski
- Penrose
- Litchfield
- Mifflin

Chair Smith requested that staff tabulate the top candidates. He stated that all candidates would be asked the same questions and invited Directors to submit questions or comments to Ms. Fujii-Strickler.

Director Martini asked if a candidate declines to be interviewed, if the next candidate would be invited. He suggested that five candidates be interviewed.

Chair Smith reported that the top candidates to be invited for interviews are as follows:

- Mifflin
- Litchfield
- Sidhu
- Aldean

Chair Smith invited public comment, of which there was none.

Director Aiazzi made a motion to narrow the list to the top four as selected and invite him/her for interviews at the next TRFMA meeting. Director Larkin seconded the motion. Mr. Lipparelli noted that the agenda item allows for a decision on an offer and terms of employment or other further proceedings. Chair Smith suggested addressing those issues once interviews have occurred and a job offer has been made. Director Aiazzi suggested providing candidates with the previous contract to advise candidates of the salary parameters and duties. Chair Smith agreed that the information could be provided and requested that a copy be forwarded to the Board. Ms. Fujii-Strickler agreed.

Chair Smith called for a vote on the motion, which carried unanimously.

**E. GENERAL COUNSEL RECRUITMENT – 9:18 a.m.**

*Mimi Fujii-Strickler, Administrative Services Manager, TRFMA*

Discussion regarding resumes received for the position of General Counsel of the Truckee River Flood Management Authority. May review and rank applications, may deliberate and select a candidate for appointment or a short list of candidates for interviews or determine other proceedings regarding selection. Possible discussion and action to decide the terms of an offer, or an employment contract, or determine further proceedings to determine terms of employment or an employment contract. All proceedings will be in an open meeting.

Director Larkin made a motion to proceed with this item in the same fashion as the last. Director Aiazzi seconded the motion, which carried unanimously. Directors selected their top five candidates as follows:

Director Larkin:

- Shipman
- Shannon
- Thomas
- Tierney
- Prunty (for Dyer Lawrence Firm)

Chair Smith:

- Shipman
- Shannon
- Smith
- Linton
- Wolz
- 

Director Sferrazza:

- Tierney
- Brook
- Smith
- Shannon
- Wolz

Director Martini:

- Shipman
- Chevalier
- Shannon
- Thompson
- Wolz

Director Humke:

- Shipman
- Shannon
- Wolz
- Smith
- Linton

Director Aiazzi abstained.

Chair Smith suggested that the interviews for Director and Legal Counsel be heard at the beginning of the meeting. Director Aiazzi stated that the Director and Legal Counsel would work

closely together and suggested hiring the Director first in order to provide input into Legal Counsel selection (in September).

Chair Smith called for public comment, of which there was none.

Chair Smith stated that the contract information would be provided to the top candidates with a copy to be forwarded to the Board.

Director Larkin made a motion to invite individuals as specified by Ms. McAuley for interviews and schedule selection of the attorney for the September meeting. Director Humke seconded the motion, which carried unanimously.

Director Sferrazza thanked Ms. Fujii-Strickler for the great job on putting the packets together in such a short timeframe.

Ms. Fujii-Strickler clarified that previously Legal Counsel was provided through Washoe County so no contract was in place. She explained however, that an agreement was written for the position that designates the duties and offered to provide it to Directors for review prior to sending to candidates. She offered to bring the employee agreement back to the August meeting for approval.

**9. REQUEST TO SUPPORT ALTERNATIVE 3C (ALT 3C) AS A CORPS' RECOMMENDED PLAN IN THE GRR AND EIS DOCUMENTS PRESENTED AT THE AFB – 9:39 a.m.**

*Danielle Henderson, Natural Resources Manager*

Discussion regarding the alternative flood protection plans prepared by the Corps, including Alternative 3C (the “100-year plan”) and the Locally Preferred Plan (the “117-year plan”). Discussion and possible action to support Alternative 3C as a Corps’ recommended plan at the upcoming Alternatives Formulation Briefing (AFB), at which draft copies of the General Reevaluation Report (GRR) and Environmental Impact Statement (EIS) will be presented to Corps Headquarters for approval to release for public comment. Possible action to provide direction to staff.

Interim Director Aldean reported that this item is to be considered for significant discussion among the Board. He added that representatives of member agencies were present as follows:

- John Flansberg and Kerri Lanza, City of Reno
- Neil Krutz, City of Sparks

Interim Director Aldean requested that Chair Smith include those representatives in the discussion as needed.

Danielle Henderson reported that staff has been working very closely with Corps staff to prepare for the upcoming AFB, which is a very important milestone for the Project. She explained that the goal of the AFB is for the Corps’ Sacramento District and the South Pacific Division offices to present draft documents to Headquarters for a tentative recommendation to Corps Headquarters and then on to Congress for authorization.

Ms. Henderson stated that several flood alternatives have been contemplated for the Flood Project, including 50-year, 75-year, 100-year and 117-year protection plans. She explained that the 117-year is also referred to as the Locally Preferred Plan (LPP). She reported that

evaluation of each of the alternatives is detailed in documents that will be presented at the AFB. The documents are the Corps' General Re-Evaluation Report (GRR) and the Environmental Impact Statement (EIS). She clarified that this will not be the final decision; it is the first step.

Ms. Henderson stated that during the AFB, any policy or technical issues would be identified. Between the AFB and the Chief's Report, any such issues will be reviewed and resolved.

Ms. Henderson reported that the Corps identified Alternative 3C (Alt 3C), as a cost-effective plan with a benefit-to-cost ratio greater or equal to one. In the Corps' opinion, Alt 3C would provide a reasonable level of flood protection to the community. She explained that in contrast, the Corps might not be able to recommend the LPP because the tentative numbers do not show a benefit-to-cost ratio of one.

Ms. Henderson stated that the purpose of this agenda item is to request that the Board lend their support to Alt 3C, at the AFB to show that the TRFMA is in sync with the Corps on the recommendation. She added that Alt 3C is a viable option that can be presented to Congress with a good chance for authorization. She explained that this request is based on recent economic analyses completed by the Corps, which show that the LPP does not have a benefit-to-cost ratio of one or greater, which is prohibited by Corps policy. She added that Congress would not consider the plan based on the lack of an acceptable return on the federal investment.

Ms. Henderson clarified that the Corps intends to recommend the 75-year plan as their NED, because it has the greatest net benefits. She stated that our watershed has some unique characteristics, for which the Corps could recommend construction of the 100-year plan, which is a viable option. She explained that under this scenario, Congress would authorize the Corps to build the Alt 3C plan; however, they would only cost-share for the 75-year NED Plan. She stated that the gap in the cost would be cost-shared locally. The cost difference between the 75 and 100-year plans is approximately \$60 million of the total project. She explained that under the typical 65% to 35% federal to non-federal cost share; it would allow the potential to increase the federal cost share in participating fully in the Alt 3C plan by approximately \$40 million.

Ms. Henderson reported that there is reason to believe that Congress and Corps would accept that increase of approximately 4% of the project budget. She explained that if the Alt 3C alternative is recommended by Congress, the TRFMA could request full participation in funding.

Ms. Henderson stated that in contrast to the above alternative, the LPP total cost might be \$300 million more than the NED, which is a large gap. She reiterated that the LPP does not have a sufficient benefit-to-cost ratio regardless and it might be unaffordable for the community.

Ms. Henderson summarized that the intention is not to cast aside the LPP; it is to support Alt 3C as a viable alternative and acceptable to the community. Ms. Henderson referred to tables she presented to the Board, which offer side-by-side comparisons of the LPP and the Alt 3C. She briefly reviewed the Project purpose, which includes:

- Flood risk management
- Ecosystem restoration
- Recreation enhancement
- Fish passage improvement

She explained that the table includes a red “x” for components that are not included in the specific projects. She added that the last three features mentioned above are very similar between the two alternatives. She explained that the most critical differences in the alternatives are related to flood risk management. She referred to the second table, which explains and compares the features of flood risk management, which include:

- The Alt 3C only includes replacement of Virginia Street and Sierra Street Bridges; Lake Street would be replaced by a pedestrian access bridge (with access for maintenance and emergency vehicles); Center Street Bridge would not be included
- Additional flood walls and levees would not be built downtown under the Alt 3C plan
- The Alt 3C does not include temporary closure structures at Booth Street or floodproofing of selected downtown Reno buildings.
- In the Meadows, the Alt 3C plan does not include the Home Elevation Program for Hidden Valley and Eastside Subdivision areas.
- The Alt 3C plan does not include lengthening Rock or McCarran Bridges. The Corps felt it was more cost-effective to raise the heights of levees and floodwalls upstream of the bridges.
- The Alt 3C plan does not include realignment of the outlet of the North Truckee Drain (NTD); however, it does include enclosing the NTD.
- Both alternatives have a component of interior drainage facilities to address issues and problems caused by the Flood Project. Chair Smith stated that if the interior drainage issues are resolved (as will be discussed later in this meeting), it should increase the benefit-to-cost ratio. Ms. Henderson stated that Mr. Urban would address this issue under his presentation. She added that a plan to address interior drainage issues is under development.

Director Larkin suggested opening the related agenda items (10, 11 and 12). Chair Smith agreed.

Ms. Henderson summarized that staff is asking if the TRFMA would like to support Alternative 3C,. She agreed that it is necessary to understand what is involved. She added that interior drainage affects all of the alternatives and needs to be resolved. She stated that staff feels that the issue can be resolved with the Corps between the AFB and the Chief’s Report issuance.

Interim Director Aldean reported that staff is aware that changing the interior drainage will change the benefit-to-cost ratio for all alternatives so therefore, the relative position of the alternatives would not change. He added that it would be difficult to get the benefit-to-cost ratio above one for the LPP. He explained that it is very feasible to get the urban waiver for the outlying areas.

Interim Director Aldean summarized that we cannot build a project that leaves water in the Sparks Industrial area. He added that Mr. Urban would provide an update on the interior drainage. He stated that input is also requested from Reno and Sparks representatives.

Ms. Salyers agreed with Interim Director Aldean’s comments regarding the benefit-to-cost ratios and the urban waiver.

Director Sferrazza stated that she has many concerns related to the downtown elements that will not be included under the Alt 3C plan. She mentioned that a lot of money is being spent on the Virginia Street Bridge (VSB), which was always dependent on replacement of the other

bridges. She stated that she would like to know what level of flood protection would be in place by only replacing the VSB and based on the decreased flood walls.

Interim Director Aldean agreed that this is a big concern and asked Mr. Urban to address the question. Mr. Urban also agreed that originally the full 100-year flood protection level included a plan to replace all the downtown bridges and freeboard to move it outside the Federal Emergency Management Agency (FEMA) 100-year flood. He explained that the height of the bridges and floodwalls needed were rejected by the community because it would create a visual barrier adjacent to the river. It was discussed and decided to build the bridges and walls to acceptable heights, which for the VSB is calculated at a 100-year level surface water elevation plus two feet to allow water to pass.

Mr. Urban explained that some of the protection levels were reduced because access to the river and aesthetics were important to the community. Director Sferrazza asked if assessment rates would also be reduced based on level of benefit. Mr. Urban explained that these decisions were made previously and rates and assessments are yet to be set. He stated that it has always been thought that the community can generate \$500 to \$525 million in local funding. The estimated local cost-share if full federal participation is received for the Alt 3C plan would be approximately \$430 million; therefore, the possibility exists that local funding might be available for downtown floodwalls as a betterment.

Director Sferrazza asked for comments from Kerri Lanza or John Flansberg. Interim Director Aldean reported that the basis of the direct area is based on full FEMA benefits. He agreed with Mr. Urban that when the idea was explored in 2008, it was based on the 100-year protection. He reiterated that the rates have not been explored; however, they would be based on the new level of benefit.

John Flansberg, Public Works Director for City of Reno, stated that he has concerns. He mentioned for instance that the Lake Street Bridge is planned for replacement by a pedestrian bridge only. He explained that based on the 4<sup>th</sup> Street transit station, that transit corridor is very important. He mentioned that the level of protection would also be reduced for downtown, which should reflect the rates. He added that if the existing floodwalls are not replaced; they will require significant maintenance in the near future, which should be considered in the rate plan.

Mr. Flansberg reported that the Center Street Bridge is built to a 50-year level of protection, which is a concern. He reiterated that if these items are not included in the selected flood alternative, they need to be considered in the rate-setting plan.

Chair Smith asked for clarification that the rates could only be set in relation to the selected plan. Interim Director Aldean stated that the rates could be set to cover the cost of other betterments. Ms. Henderson clarified that this item is related to the Corps' analysis and suite of alternatives to be carried forward to authorization. She added that Interim Director Aldean is referring to rates, which could be based on a local plan that could include items not included in the Corps' plan.

Director Sferrazza referred to the Home Elevation Program (not included in Alt 3C) and stated that a lot of money has been expended and asked if that plan was eliminated from the table. Mr. Urban reiterated the local cost share associated with Alt 3C is well within the ability of the community, which would result in funding for additional community components (possibly replacement of Center Street Bridge, home elevation, or others) within the planned \$525 million of local funds.

Mr. Urban stated that at the time an agreement is entered into with the Corps, when the Corps begins construction, the community could begin construction of the additional elements. He clarified that if the contractors and construction is already in place by the Corps, it would save money for the community.

Director Larkin asked Ms. Salyers if in her opinion, Alt 3C is the Corps' final and best offer. Ms. Salyers stated at this time it is. She added that the formulation strategy used by the Corps to develop the benefit-to-cost ratio for each of the plans still does need to be approved by Headquarters so there is a risk that it would not be approved. She reiterated that Corps staff intends to recommend the 75-year plan (with a waiver for the 100-year for urban areas) at the AFB. She stated she feels somewhat positive about it and reviewers are behind the Alt 3C strategy.

Interim Director Aldean reported that he spoke with Mary Connelly from Senator Reid's office the previous day and expressed the concerns. Ms. Connelly agreed to see what she could do in regard to getting the Senator to weigh in. He suggested continuing discussions. Director Larkin asked if Mia O'Connell is aware of this plan. Interim Director Aldean stated she is aware.

Mr. Urban suggested calling Ms. O'Connell at this time to join in the discussion. Director Larkin requested that Mr. Mercado be present for the discussion as well.

Director Martini stated that Sparks has been collecting money from Sparks' residents for the North Truckee Drain and asked Neil Krutz to comment. Mr. Krutz, Director of Community Services for City of Sparks, stated that staff is concerned and interested in working with Corps staff. Mr. Krutz stated that if realigning the North Truckee Drain does not look as though it would provide the benefit desired, Sparks would fall back on its fiduciary responsibility to use the public funding to the best use possible to provide protection.

Director Martini stated that it is still unknown whether the realignment is necessary in relation to the internal drainage problem recognized by the Corps. Mr. Krutz stated that as local sponsors, Sparks still believes the realignment would provide a significant benefit to the flood pool in that area. He added that work would continue until Sparks is convinced otherwise. He stated that the Corps employs some of the best modelers in the world so their opinion needs to be heard fully in an open and cooperative process.

Director Aiazzi asked if the North Truckee Drain realignment is included in the Alt 3C plan. Mr. Krutz stated it is not included in Alt 3C. Director Aiazzi mentioned that Sparks residents have been paying into the fund as part of the local match. Mr. Urban stated that the narrowing of the North Truckee Drain into a box culvert is to allow the water to drain underneath the flood. Therefore, the area north of I-80 draining into the river during a flood is still an issue to be resolved within the project. He explained that the difference is that the Corps feels it could be done by keeping the alignment as is.

Mr. Krutz explained that Sparks residents currently pay a "River Protection Rate", which was determined by Sparks staff to be best-used to relocate the drain. Director Aiazzi asked for clarification that if Alt 3C is recommended, we would not be reimbursed for the amount; it would be local project. Mr. Krutz agreed that under Alt 3C, the North Truckee Drain would not be included.

Mr. Urban reported that the North Truckee Drain project is in place for the water to drain into the river; however, the difference between Alt 3C and the LPP is the alignment. Director Aiazzi stated that he understood that under the Interlocal Agreement, Sparks would be reimbursed for the funding. Interim Director Aldean explained that City of Sparks is utilizing the funds currently for design of the realignment, which would not be reimbursed. He added that the Flood Project agreed to build the project. Mr. Krutz reported that the design is over 90% complete. He explained that if it is determined that the realignment is not the best option, the “Flood Protection Rate” would still be applied to the solution that best protects not only the citizens of Sparks but also the Greater Truckee Meadows. He summarized that Sparks would be agreeable to amending the JPA if needed.

Interim Director Aldean referred to the Interlocal Agreement, Section 10.05.C.1, which says, “Sparks shall complete the design of the North Truckee Drain project and prepare construction bid documents”. He clarified that the Flood Project’s intent was to take over construction following design. Mr. Urban reported that, similar to the downtown floodwalls and home elevation, if it is determined to be advantageous to realign the drain, it could be done based on setting rates that are acceptable to the community.

Ms. Henderson explained that enclosing (via box culvert) the North Truckee Drain is included in the Alt 3C so that portion would be cost-shared. She added that the realignment portion is not included in the plan but could be included as a betterment and funded locally.

Mr. Urban clarified that the local sponsors would not be responsible for paying for the entire realignment of the North Truckee Drain but rather what is above the cost paid by the Corps.

Chair Smith asked what happens if the TRFMA does not approve Alt 3C. Ms. Henderson reiterated that the Board is not being asked to approve anything at this time; it is being asked to support the Corps’ recommendation as a “fallback” plan. She explained that as mentioned by Ms. Salyers and Mr. Mercado, if we do not agree on a recommendation, we would not have a strong case to present to Congress. She stated that by agreeing upon and supporting a cost-effective project, we might at least receive funding for a project. She stated this could be considered a “reality check”. She added that if the TRFMA moves forward with a recommendation of the “LPP or nothing”, we might run into an issue with our partners.

Director Larkin asked what the total cost is for Alt 3C. Ms. Henderson stated that the tentative, preliminary cost estimate for the Alt 3C plan is \$1.21 billion. She added that our local share is approximately \$460 million. Interim Director Aldean clarified that number is based on receiving full federal cost share participation of the NED 75-year plan (to build a 100-year plan) with cost sharing for the locals at \$460 million.

Director Larkin reiterated his question asked of Ms. Salyers to Mr. Mercado and stated that Ms. Salyers felt this recommendation is the Corps’ final and best offer for moving forward. He stated that Alt 3C does not include some significant components of the LPP that place the community at risk and further discussion with Senator Reid’s office is needed. He explained that the specific components include realignment of the North Truckee Drain and downtown bridges. He summarized that Corps’ staff has worked diligently with Flood Project staff and agrees that we probably are at the final and best offer.

Director Larkin stated that recommending the LPP might result in an unsuccessful meeting. He stated that assurance from the Senator that he is receptive to the recommendation is needed.

Mr. Mercado reiterated that the door is open for further discussion of the issues and aspects of the project, not only to the Flood Project but also to the local agencies and stakeholders. He reiterated Ms. Henderson's comment that this is a "reality check". He also reiterated that if the LPP does not have a cost to benefit ratio better than one, it would not be recommended by the Corps. He added that he is not in a position to determine whether or not this is the best offer from the Corps but added that he would pass along the information to the Senator. He reiterated that unity is needed in moving forward with a recommendation.

Director Sferrazza agreed that this is a reality into which the elements will have to come into play when setting up a rate structure. She stated that by disagreeing and not moving forward, we risk losing \$1 billion. She agreed with Mr. Mercado and Flood Project staff that we need to move forward and prevent further delays in the process especially based on the political climate in Washington, D.C.

Director Aiazzi asked what is included in Alt 3C that was not included in the 2003 plan. He asked if the ensuing meetings and plans have gotten us anywhere since the original plan in 2003. He stated that the truth is that we are not all coming together; we are coming to where the Corps tells us we need to be. He added that he does not see cooperation in moving toward the LPP when millions of dollars were spent and now the components are not being included.

Mr. Urban stated that even though there is only a NED plan for downtown, it does show that there is a federal interest downtown so that federal money can be received and extended with our local funding. He stated that the bridges would have to be funded locally regardless.

Director Aiazzi stated that if the Corps' original recommendation had been accepted, we might be under construction by now.

Chair Smith requested conferencing in Ms. O'Connell. Ms. O'Connell reported that in relation to federal appropriations, working with Senator Reid's office, we were able to get \$3.3 million in Fiscal Year (FY) 2011. She stated that for FY 2012, the House is finishing Energy and Water but the Senate Appropriations Committee will not mock up their bills (which includes Corps funding) for quite a while (probably at least September). She added that we are looking for about \$6 million to continue the general investigation to get the Chief's Report, design and the Project Partnership Agreement (PPA). She stated that it would be fantastic if we could receive construction funds; however, it might be unrealistic based on the need for Water Resource Development Act (WRDA) authorization, which is not moving quickly.

Ms. O'Connell referred to the General Re-Evaluation Report development, one of her focuses, which is pushing to find the maximum benefit and re-evaluating costs to receive the best cost to benefit ratio. She added that we need to not only push for the highest level of protection but also the highest level of cost sharing (the 65% to 35% split). She stated that arguments for the highest level of cost sharing need to be prepared for the AFB. She reiterated that the cost to benefit ratio is not sufficient for recommendation of the LPP.

Director Larkin asked Ms. O'Connell if she agreed that Alt 3C is the best the Corps has to offer. Ms. O'Connell stated there are two important things to be considered when recommending a plan, one is the plan to be recommended by the Corps and the second is the level of cost sharing for the plan.

Director Larkin reviewed the costs previously discussed for the Alt 3C plan, which is \$1.21 billion. He added that the local share would be approximately \$460 million for the 75-year plan.

Ms. O'Connell agreed that she had seen those numbers. She stated that she believes arguments could be made for federal cost sharing at a higher level.

Director Larkin mentioned that Ms. O'Connell previously lobbied for inclusion of the downtown bridges, which was agreed upon by the Senator's office although they are no longer included. Ms. O'Connell stated she has not read all of the documentation provided by Ms. Henderson and asked if Alt 3C includes 100-year protection for downtown. Director Larkin stated it does not; he added that downtown protection is set to be 50-year. Ms. O'Connell reported that the minimal level of protection for urban areas is 100-year and added that it would be against public policy to recommend less.

Ms. O'Connell stated that she believes the Assistant Secretary of the Army (ASA) would find such a recommendation so flawed that she would not approve it. Director Larkin explained that some significant components of the LPP are not included in Alt 3C, the downtown reach, the North Truckee Drain, lengthening of McCarran Bridge and home elevation. Ms. O'Connell stated it is hard for her to imagine the reduced level of protection for downtown Reno.

Director Larkin explained that the TRFMA was advised by the Corps and Senator Reid's office that if the Board does not support Alt 3C, "the game is over". Ms. O'Connell asked what level of cost sharing is being proposed. Director Larkin stated that the cost-share would be based on 50-year protection in downtown. He added that 100-year protection would be provided in the Truckee Meadows reach component, which would be appropriately cost-shared. He stated that by calculating the project cost at \$1.21 billion, with a local cost share of \$460 million, it results in an approximate 26% local share.

Ms. O'Connell stated that she is aware that many changes have recently occurred with the Corps; however, she was unaware that the downtown reach would not provide 100-year protection. She added that if that is the case, she sees a problem with Alt 3C.

Ms. Henderson stated that her understanding is that the bridges that would be replaced, Virginia, Sierra and Lake Streets, would be brought to 100-year level of protection. She added that the problem is that additional floodwalls and levees are not included in the Alternative. She clarified that a slight benefit would occur just based on the bridge replacements.

Ms. Henderson suggested discussing the "risk and uncertainty", which provides 4 feet at the 100-year level of protection. She agreed that FEMA certification could be a problem.

Mr. Urban explained that in previous visioning by the City of Reno on the downtown reach, it was not acceptable to downtown. He stated that currently the floodwalls begin to overtop at a 40 to 50-year event; however, by replacing the bridges and removal of the Lake Street Bridge, it would bring the water levels down about 3 feet, providing some increased protection.

Ms. O'Connell suggested not making a final decision until a better estimate of the level of protection and associated cost for downtown is determined. She reiterated that if the Corps is not recommending a 100-year level of protection for downtown, the recommendation is flawed.

Interim Director Aldean explained that the Virginia Street Bridge (VSB) replacement would be 100-year plus 2 feet of freeboard. Ms. Henderson stated there is a Truckee River Action (TRAction) project for the VSB. She explained that the Reno issue is based on downtown citizens and elected officials, who were asked to choose between flood protection and the aesthetics, economic and cultural vitality of downtown Reno. She stated that it is a balancing

act between allowing the public access to the river and maintaining that for businesses, storefronts, etc. and the flood protection. She added that many meetings of stakeholders and elected officials have occurred over the years and the cost and look of floodwalls to protect at the 117-year level is such that it was not acceptable to the people of downtown Reno. She summarized that the TRFMA's goal is to build the project with the highest level of protection that is affordable to the community.

Ms. O'Connell stated that she thinks the Corps is making a mistake by labeling the plan as "100-year plan" if it does not provide 100-year protection. Ms. Henderson clarified that the plan is labeled "Alternative 3C". Mr. Urban added that the GRR and EIS refer to the plan as Alt 3C. Ms. O'Connell reiterated that across the country, the practice for urban areas is 100-year protection so if the project does not provide 100-year protection downtown, further work needs to be done. She added that after all the years of work; she thinks we would be ill advised not to push the issue.

Interim Director Aldean reiterated that the elevation of 100-year plus 2 feet of freeboard was established by Reno City Council as being acceptable for the VSB. He added that it is realized that the VSB project would not eliminate the downtown area from the FEMA flood zone; however, the City Council recommended that plan. He clarified that the downtown levels were the same in the LPP. He reported that under the contract with Jacobs Engineering (for the VSB design), they were asked to determine what level of protection the bridge replacement represents.

Mr. Urban stated there is still an issue associated with the floodwalls. He stated that in addition to replacing the bridges, floodwalls 2 feet above the 100-year level would also be needed to contain the water. He stated that based on that scenario, FEMA would not consider the protection at the 100-year level; however, it would be significantly better than what is currently in place.

Ms. Salyers clarified that Corps policy is not to build to 100-year level of protection everywhere; the policy is to determine the most economically-efficient plan. She stated there is a process where a waiver for urban areas for the 100-year level is possible; however, the plan would still have to be economically justifiable with a benefit-to-cost ratio greater than one. If that is not the case, the Corps cannot recommend the plan. She added that is not to say that the community cannot take a separate avenue to receive authorization. She clarified that we are talking about two waivers; the first would be to get the 100-year plan authorized (because it is not the NED). She stated that once authorized, the second waiver would be to get the project fully cost shared.

Ms. O'Connell reiterated that we are all being inaccurate in calling the plan a 100-year plan.

Chair Smith reiterated that if the TRFMA is not in agreement with the Corps on a recommendation, Senator Reid could not support the recommendation.

Ms. O'Connell asked Mr. Urban if anyone has done a cost analysis on the bridges and flood protection beyond the 100-year plan. Mr. Urban reported that the cost analysis has not been performed and added that currently analysis is focusing on the cost of a plan, upon which rates could be set. He added that the plan would include the components necessary and provided under Alt 3C. He clarified that the issue at hand is to support the Corps' recommendation of Alt 3C, which does not necessarily show support for what will be built. He stated that discussions with the Corps have also advised that the TRFMA could show support of the Alt 3C and at the same time, present a number of points that TRFMA would challenge. He explained that one

such point would be the need for full federal participation at the 100-year level. Others include the level of protection downtown and interior drainage issues, for which staff feels the Corps should be more involved. He summarized that in bringing up those issues, an agreed upon plan would be put in place on how to resolve the issues after the AFB.

Mr. Mercado stated that a Congressional authorization would be based on what the Corps recommends, not more. He reiterated the need for everyone to be “on the same page”.

Director Aiazzi asked for clarification that the cost for Alt 3C is \$1.21 billion and the cost for the LPP is \$1.6 billion. Interim Director Aldean stated that currently the cost of the LPP is \$1.45 billion. Director Aiazzi asked how much money the rate plan would raise. Interim Director Aldean reported that it was previously determined that the community could afford approximately \$525 million. Director Aiazzi opined that the community would not be able to afford the local share of the LPP. Interim Director Aldean stated that per Ms. O’Connell, we do not know the incremental difference between the Corps’ proposal and what the community would like to see built downtown.

Director Aiazzi asked for clarification that the 6,700 acre-feet (af) of water being purchased (per the Truckee River Operating Agreement [TROA]) would go toward the local share, which was approximately \$50 million. Interim Director Aldean stated that the Corps has never confirmed that issue.

Director Aiazzi suggested requesting acceptance of the issue by the Corps and agreeing with the recommendation of Alt 3C, with the \$50 million going toward our local match. He stated that would free up additional money needed for components not included in the plan. Ms. Henderson stated that is a good issue to bring up at the AFB. Director Aiazzi stated that without that commitment from the Corps, he did not know if he could support Alt 3C. Chair Smith stated that if the Board accepts Alt 3C today, then TRFMA could begin negotiations on the additional items. Ms. O’Connell agreed that the Board could agree to support Alternative 3C under the condition that TRFMA would have the opportunity to further discuss with the Corps what it would take to get downtown to the 100-year level and parts of the LPP. Chair Smith stated that such negotiations could take place at the AFB.

Director Aiazzi asked why the Corps has not accepted the water issue, which began five years ago. Interim Director Aldean relayed that Ms. Salyers stated that the Sacramento District has not received guidance on the issue from Headquarters. Director Martini stated he thought that was part of the law passed by Senator Reid, which was discussed a few years ago at a retreat at University of Nevada, Reno (UNR). He explained that at that time, the Corps said although the law was passed, it was not in their purview to do so. He added that at that time, he made the comment that the Corps was above the law that was passed. Ms. Henderson clarified that the 6,700 af of water might still be considered part of the local match. She stated that the Corps is in the process of trying to get policy guidance from Headquarters to deal with the crediting issues associated with the water, as well as restoration projects.

Ms. Henderson reiterated that if the TRFMA goes to the AFB only to accept the LPP or nothing, we would probably be at an impasse with the Corps. She reiterated that the alternative is to go to the AFB with the agreement to accept the recommendation of Alt 3C, while making it known that the community still wants the components of LPP. Chair Smith stated that the Board understands that unity is required and would not want to request the LPP or nothing. Ms. O’Connell reiterated that the “100-year” label needs to come off the “Alt 3C” plan. She also suggested that if the TRFMA wishes to proceed with Alt 3C, it should only be done under the

condition that the Corps will further discuss how together we can provide 100-year protection of downtown.

Ms. Salyers stated that in the event authorization and construction begins on a project that has protection less than 100-year in downtown Reno, there is nothing to say that a limited re-evaluation report could not be done in order to bring the level up. She reiterated that if the alternative were recommended at the AFB, there would still be a chance to increase the level of protection down the road.

Director Aiazzi stated that is what the Flood Project was told years ago when it decided to go forward with its own LPP. He added that a ruling from Congress says we should have \$300 million worth of matching funds. Ms. Salyers stated she could not speak to that item. Director Aiazzi continued that the Corps does not even want to talk with the Flood Project about the issue; however, if TRFMA agrees with what the Corps wants, they might start talking and stated he would like an answer on that issue. Ms. Salyers stated that she believes the lesson to be learned is that the Corps was asked to go back and re-look at their models and information to see if a bigger project could be justified. She agreed that eight years later, the Corps is still only able to justify Alt 3C. Director Aiazzi stated that the water issue is a key point because at that time, water cost \$45,000 per acre-foot, totaling \$300 million of the local match. He added that currently even though the cost is down to \$15,000 per af, it still totals about \$100 million. He stated that our cost of the LPP and the Corps' plan is approximately \$670 million; however, if the Corps agreed to give us credit for the water, it would save \$100 million, still leaving \$570 million, which is close to what the community could raise. He asked how we can approve this alternative without authorization from the Corps. He stated that if the local match comes up \$100 million short, it would cause fighting amongst the agencies.

Chair Smith asked for clarification that the local match of \$525 million would be reduced by the cost of the 6,700 af of water. Ms. O'Connell agreed that it should. Ms. Henderson stated that her understanding is that the credit for water rights would be applied toward the local share. Director Aiazzi stated that under that scenario, enough money could be raised locally to pay for the items from the LPP that are not included in Alt 3C.

Chair Smith clarified that the Sacramento District could not approve the credit; it would require approval at the federal level.

Director Sferrazza suggested making a motion to support Alt 3C with the addition that we want credit for the water rights. Chair Smith reiterated that the issue can be discussed at the AFB. Ms. Henderson agreed and reiterated that it would be a major milestone even though it would not be the last say on anything. She explained that the AFB would present the alternatives and discuss policy-related issues associated with the alternatives. She added that it would be a tentative recommendation by the Corps to carry forward. She reiterated that the root of this discussion is based on the benefit-to-cost ratio.

Director Aiazzi referred to the other agenda items, which Chair Smith stated are all open for discussion at this time. He asked about the items from the LPP that are not included in Alt 3C and who would pay for the future flooding behind the levees. He asked if the other components would be included as a part of setting rates. Chair Smith stated that the interior drainage issue would be a Flood Project issue that must be corrected. Interim Director Aldean stated that interior drainage would be one of the comments made during the AFB. He explained that detailed minutes would be taken at the AFB, which will include the requirements needed to move forward in order to continue the process.

Director Larkin asked Ms. Salyers what she is seeking. Ms. Salyers requested that the TRFMA support the process although there are other requests from TRFMA. She reiterated that there would be avenues for TRFMA to work with the Corps on the additional components or to do so on its own. She suggested discussing the issues at the AFB and added that fact sheets would be developed.

**Director Larkin made a motion that the TRFMA is supporting Alternative 3C with significant issues to be discussed with the Corps at the AFB. Director Martini seconded the motion. Chair Smith invited public comment, of which there was none. He called for a vote on the motion. Director Aiazzi asked what the downside would be of including a condition that the water rights issue be resolved. Chair Smith stated that it would be included as part of the negotiating process at the AFB. Director Sferrazza agreed that it could be included in the motion to make it clear that this is what we would like to see. She added that she did not believe it would close any doors and it was included in legislation that passed.**

**Director Larkin directed staff to include within the TRFMA's transmittal letter all of the issues that have been identified today and that we sincerely hope the Corps will come with an attitude of openness and receptiveness when it comes to these issues, including the 6,700 af of water, the LPP components and an associated cost share. Director Martini agreed in his second. Chair Smith called for a vote on the motion, which carried unanimously.**

**10. ESTABLISH THE PROJECT FEATURES FROM THE CORPS PLAN DESIGNATED AS ALTERNATIVE 3C TO BE USED AS THE "LOCAL RATE PLAN" FOR THE PURPOSES OF SETTING FLOOD RATES – 11:09 a.m.**

*Jay Aldean, Interim Director, TRFMA*

Discussion and possible action to approve the designated Corps' Plan Alternative 3C to be the Local Rate Plan for the expressed purposes of setting and justifying flood rates.

Interim Director Aldean stated that in discussing the rate issues with FCS and rate attorneys, it was determined that the Rate Plan must include all of the benefits and be "reasonably assumed to be constructed as described as for the stated cost and within the stated construction schedule". He explained that by using the Corps' plan as the basis for the Rate Plan, it would not pass that test. He reported that based on the recent Supreme Court decision regarding the \$62 million taken from the Clean Water Coalition; the rate consultants and rate attorneys agree that a Local Rate Plan is needed on which to set the rates. He explained that this item is nothing more than to accept Alternative 3C as the basis for the Local Rate Plan. He added that the concept is to include other components into the rate as directed by the TRFMA; for instance, if interior drainage is to be included as a component, a request for proposals (RFP) would be needed to determine the cost estimate for the project. He stated that additionally if we wish to include the downtown floodwalls and levees, those projects would need to be included in the Rate Plan.

Director Sferrazza suggested including all of the components of the LPP rather than picking and choosing what components we want. Interim Director Aldean stated that it is possible that the number would become so large that the rates would be unfathomable, which would result in a long, iterative process. Director Sferrazza stated that the Board has not even had the opportunity

to discuss the issue with staff and Council, which she believed would result in some big issues. She reiterated that she did not believe anything should be eliminated at this point.

Interim Director Aldean stated that staff began with the same notion and added that he was in favor of that recommendation if that is the request of the Board. Chair Smith agreed that such a decision could not be made until after the AFB because that is when we will learn which features might be funded by the Corps. Interim Director Aldean stated that the rate would not be based on a Corps' plan but instead it would be based on the features, which would need to have associated costs.

Mr. Urban explained that the Corps' plan could be used in relation to elements; however, the rates cannot include the cost share money from the Corps. He added that the rate would need to be set based on a plan we can build; not just the local cost share. Interim Director Aldean agreed and reiterated that all of the features of the LPP would be included in the Rate Plan.

Chair Smith called for public comment, of which there was none. Director Aiazzi suggested that when establishing the rates, the projects could be costed out and included, or the rates could be based on a total of what the community could afford, i.e. \$400 million. He added that the projects could be determined later since we cannot set the rates until the project is ready to move forward. Interim Director Aldean stated that he did not think that was a possibility, a project must be in place. He added that the rate attorney said that scenario would not fly now and rates must be set based on a fully described project for a certain cost.

Interim Director Aldean explained that agenda item 11 is based on the need for the rate consultant to provide cost estimates based on the Corps' projects. Director Aiazzi reiterated his suggestion of setting an estimate of how much money would be needed locally and considering what local citizens can afford. Chair Smith stated that the maximum number agreed to by the Board was \$525 million and cautioned against setting a rate based on a minimum number.

Director Sferrazza stated that it is a challenge and that she believed Director Aiazzi was trying to say that \$525 million was based on all of the elements in the LPP (when it was estimated at \$1.6 billion). She added that at this point, we need to determine what the \$525 million would cover and agreed that a smaller number might be sufficient. She added that in reference to item 11, the Flood Project has already paid FCS over \$1 million to study the rates and asked how much more they are asking. Interim Director Aldean stated it is not FCS asking for more; it is the Flood Project asking them to provide the cost of the project features.

Interim Director Aldean referred to Director Aiazzi's comment about providing a stated amount, upon which rates could be developed; however, the rate attorney suggested developing a Local Rate Plan that would serve as the basis. He stated that if it is desired to set the total of \$400 million, the rates could be backed into; however, the \$400 million would have to represent the project. He explained that under the FCS contract currently, there is no provision for their engineers to provide a cost of the elements of the 117-year plan, which is what will be requested.

**Director Aiazzi made a motion to establish the rates based on \$400 million. Director Larkin seconded the motion. Chair Smith called for additional public comment, of which there was none. He stated that his suggestion would be to stay with the original estimate of \$525 million maximum. Director Sferrazza agreed that she would like to stay with \$525 million as well.**

**Director Aiazzi amended his motion that the maximum amount would be \$525 million. Director Larkin agreed in his second.**

**Mr. Lipparelli asked if the motion was tied to the Corps' Alternative 3C. Director Larkin agreed it is. Chair Smith called for the vote on the motion, which carried unanimously.**

**11. APPROVAL OF THE SECOND AMENDMENT TO THE FCS CONTRACT FOR THE NOT-TO-EXCEED AMOUNT OF \$146,017, FOR A TOTAL CONTRACT AMOUNT NOT-TO-EXCEED \$1,321,017 – 11:20 a.m.**

*Jay Aldean, Interim Director*

Discussion and possible action to approve the second amendment to the FCS contract in an amount not-to-exceed \$146,017, for a total contract amount not-to-exceed \$1,321,017 to provide for engineering cost services and engineering project verification in advance of setting rates for the flood fees and forward to Board of County Commissioners for consent.

Interim Director Aldean asked for direction from staff on whether it would be feasible to postpone this item based on the motion to set the maximum amount at \$525 million.

**Director Sferrazza made a motion to continue this item. Director Larkin seconded the motion.** Director Aiazzi stated that the TRFMA does not have any money at this time and asked how any funding could be authorized. Interim Director Aldean explained that if approved, the TRFMA would make a recommendation to the Board of County Commissioners to increase the contract. Director Aiazzi asked for clarification that the Flood Project Coordinating Committee (FPCC) is still intact. Chair Smith stated it is. Interim Director Aldean explained that the final authority for funding would still be Washoe County.

**Chair Smith clarified that there is a motion and second on the floor to continue this item. He called for the vote on the motion, which carried unanimously.**

**12. APPROVAL FOR STAFF TO SEND OUT A REQUEST FOR QUALIFICATIONS (RFQ) FOR A DESIGN REVIEW STUDY OF THE IMPACTS OF INTERIOR DRAINAGE ENTERING THE TRUCKEE RIVER FLOOD PROJECT FROM THE EAST SPARKS INDUSTRIAL PARK**

*Paul Urban, Flood Project Manager, TRFMA*

Report on the status of interior drainage issues and approval of a recommendation for staff to send out a Request for Qualifications (RFQ) to do a local evaluation of internal drainage issues. Possible action to accept the report, approve the recommendation and/or provide direction to staff.

Chair Smith asked Mr. Urban if a scope of work has been developed. Mr. Urban reported that there is a list of scope topics that need to be addressed. He added that approval of this item would result in a list of qualified engineers, from which a firm would be selected and a scope of work negotiated based on addressing the list of topics. He added that a fee would then be negotiated and if agreed upon, the contract would be brought back to the TRFMA for approval. If agreement is not reached on the cost, staff would have the option to go to the next qualified consultant.

Mr. Urban stated that everyone is aware that there is interior drainage; however, the question is where is the “out”. He added that in his opinion the floodwall or levee keeps the flood out; therefore, the area behind the levee that is protected is “in”. He explained that if water currently flows across the bank into the river but a levee is put in place, it becomes a dam leading to the possibility that if the river floods and rainfall occurs on the interior side of the levee, the water must drain somewhere. He stated that the water that is trapped is considered interior drainage.

Mr. Urban reported that if it is determined that the proposed flood project increases the amount of water ponded in the interior areas, it becomes a cost sharable item because the project would need to mitigate for the damage caused. He stated that however, if there are already interior flooding problems prior to construction of the levees, the Corps refers to that as an existing interior drainage issue, which would be a local responsibility.

Mr. Urban stated that staff does not believe the results of the Corps’ study and thinks the study was conducted without adequate coordination with the local Public Works staff, which deals with the hydrology and drainage issues. He added that locals have not seen the type of flooding that the Corps’ interior drainage study appears to show. He stated that based on that issue, local staff agrees that an engineer should be hired to perform our own study based on certain conditions. He added that the Corps could be asked to perform the study; however, in an effort to move forward with the AFB, it would be faster and more efficient to hire a consultant.

Mr. Urban explained that staff believes that the consultant would find less existing interior drainage, which would result in less cost under the Local Rate Plan.

Chair Smith stated that he previously requested maps showing what areas were shown to flood and whether the water could be diverted to the Orr Ditch or North Truckee Drain. Mr. Urban reported that the Technical Advisory Committee (TAC) advised staff not to bring the maps; however, if directed, staff will provide the maps. Chair Smith reiterated that he had already directed staff to bring the maps. Mr. Urban agreed to provide maps. He added that generally speaking, the area said to flood is between the railroad track and the river. Chair Smith again requested the maps.

Mr. Urban reiterated that his request is for approval to submit a RFQ. Chair Smith agreed that the issue needs to be fixed. Mr. Urban reported that the staff report provides another alternative in the interest of time, to amend an existing contract with Manhard for the Regional Hydrologic Model. He added that if that is the direction, a scope and fee would be negotiated with Manhard. He explained that it would be up to the Board as to whether to spread the work around or get the work done as quickly as possible.

Director Larkin asked Ms. Salyers for her to comment that the Corps did not coordinate with local staff on the latest report. Ms. Salyers stated that she believes coordination was provided between the Corps and Flood Project staff; however, she understands Mr. Urban’s concern to be that local Public Works staff should have been involved. Ms. Salyers stated that in the past with no flood protection in the event of huge rainfall causing flooding; it was difficult to determine what flooding was caused by riverine and what was caused by interior drainage issues. She explained that the Corps’ current model is showing that there is more flooding caused by interior drainage than anyone previously thought. She stated that the Corps’ policy is to correct interior drainage that they induce. She explained that according to their modeling, there are existing interior drainage problems in Sparks, which would not be cost sharable. She stated that Mr. Urban does not agree with that and he has not seen the type of problems shown by Corps modeling during a

10-year event. She clarified that she believes Mr. Urban is asking for verification of the modeling results.

Director Aiazzi asked what the difference is between this discussion and the earlier discussion that the issue could be negotiated at the AFB. He asked why there is a rush to get this work done now. Mr. Urban agreed that we will want to discuss this issue at the AFB to stress the point that local staff feels that the federal government should participate because the Flood Project should be complete; there should be no flooding anywhere in the area intended for protection.

Director Aiazzi asked how much has been spent on downtown Reno to make the case at the AFB for more protection. Mr. Urban stated that most of the funding for downtown Reno was spent four years ago and beyond because since that time, City Council's recommendation has been adhered to in providing the bridge to a certain water level. Director Aiazzi asked why this project is in such a rush when none of the other issues are. Mr. Urban explained that the recent Corps maps do not make sense to Flood Project or City of Sparks staff so they need to be reviewed. He stated that flooding of the streets is normal in a 10-year event; however, local staff has not seen damage to any structures. Per Mr. Urban, staff looked at the Corps' mapping for the 50-year event in comparison to the New Years storm of 2005. He stated that the downstream (or east part) of Sparks Industrial Area was flooded with riverine flooding although it was hard to determine whether some flooding was riverine.

Director Aiazzi restated his question of why this item is such a high priority. He added that there are many items on which the TRFMA does not agree with the Corps but again asked why this project needs to move forward prior to the AFB. Mr. Urban stated that the reason for studying the issue now is in order to determine the cost of taking care of the problem.

Interim Director Aldean stated that he asked the same question of Brandon Muncy from the Corps, who explained the issue is that the Corps' GRR will bring up the issue that flooding remains in the Sparks Industrial Area, which staff believed would be unacceptable based on the cost of the project. He added that staff agreed that in order to determine the benefits, they need to understand what the solutions would be. He stated that the intent is not to go into serious engineering or design but rather to get an order of magnitude of what the cost would be. He reiterated that the Corps would report that flooding would remain in the Sparks Industrial Area. He added that staff thought it was important to understand the solutions that would affect the total benefits of the project.

Director Aiazzi asked if we could request at the AFB that the study results be confirmed prior to spending the money. Interim Director Aldean stated he posed that question to Mr. Muncy as well, who told him the risk would be that the Corps would have to deal with the issue prior to the Civil Works Review Board (CWRB). He summarized that if the AFB is held in September, there is a 2-month window to issue the documents to the public. The comments are then incorporated and provided to the CWRB. He stated that based on that schedule, a Chief's Report could be in place by December or January. He added that Mr. Muncy stated that if the issue were raised at the AFB for the review of the interior drainage, the Corps could give an additional 6 months to provide the review, pushing the CWRB to March (as opposed to October or November), which would further delay the Chief's Report. He stated that staff agreed it would be better to spend local funds to do a planning level estimate to develop the ballpark cost, which nobody knows. He added that at the TAC meeting, John Martini, City of Sparks, said it could cost up to \$50 million, which was a surprise to Flood Project staff. He reiterated that it would be good idea to at least get a ballpark figure to understand where we stand.

Director Aiazzi stated that his concern is that the Corps is making changes, where the Truckee River drain will not be paid by the local match but would be paid by some other fund. He asked what the cost estimate is currently for the (North Truckee) drain. Mr. Urban stated it is in the area of \$40 million. Director Aiazzi stated that between the North Truckee Drain and the interior drainage issues, we are looking at possibly \$90 million that is not part of the local match. He explained that is the basis of his comment that the entities would be arguing over what the local money goes toward.

Mr. Urban explained that his point is that some planning level costs are needed in order to add the costs as Director Aiazzi just mentioned. Director Aiazzi asked if a list of the estimated project costs exists currently. Chair Smith stated that the interior drainage problem was recently identified. He agreed that we need to determine what would be required to address the issues. Director Aiazzi stated he understands that but reiterated his question of whether a list of the other projects exists. Mr. Urban reported there are approximately 49 project elements; however, they are not all separable projects.

Mr. Urban reiterated that he is seeking approval either to distribute a request for qualifications (RFQ) or to negotiate an amendment to the Manhard contract. Chair Smith asked what Mr. Urban recommends. Mr. Urban stated that in the interest of time, he believes the most efficient way would be to renegotiate an amendment to the Manhard contract. Director Larkin asked if the contract would come back to the TRFMA for approval. Mr. Urban explained that the scope and fee would be negotiated and then brought back to the Board for approval. Director Aiazzi clarified that the Board would actually be asked to make a recommendation to the Board of County Commissioners (BCC) for approval, with which Mr. Urban agreed. Interim Director Aldean stated that staff could provide language as a placeholder for a BCC agenda that would occur in 2 to 3 weeks. Director Aiazzi asked what cost is envisioned for the amendment, \$100,000 perhaps. Mr. Urban stated he anticipated it being less than \$100,000. Interim Director Aldean stated perhaps \$150,000.

**Director Martini made a motion to direct staff to negotiate with Manhard Engineers to do the study. Director Larkin seconded the motion.** Chair Smith called for public comment, for which there was none. Director Aiazzi suggested amending the motion to include a not-to-exceed amount so that it is not necessary to bring it back to the TRFMA but take it directly to the BCC for approval.

Director Martini amended his motion to include a not-to-exceed \$150,000 amount and to forward the amendment request directly to the BCC. **Mr. Lipparelli clarified that this item contemplates a RFQ with no mention of hiring a specific vendor. He suggested directing staff to request a RFQ from a specific vendor and if the amount does not exceed a certain threshold, to authorize staff to proceed with asking the BCC to amend the existing contract.** Director Martini agreed to amend his motion as such. Director Larkin agreed in his second. Chair Smith called for a vote on the motion, which carried unanimously.

**13. TECHNICAL ADVISORY COMMITTEE – 11:45 a.m.**

*Dan St. John, Chairman*

Report on activities related to the Truckee River Flood Authority's Technical Advisory Committee (TAC). Possible discussion and action to accept the report and provide direction to staff.

Mr. St. John, Washoe County Public Works Director and TAC Chairman, reported that the new TAC met and works well with new team members. He reported that last week's meeting included an exchange of fresh ideas and brainstorming. He stated that the TAC is optimistic with the progress and news from the Corps and feels that we are moving in a positive direction. He added that the flow of information from the Flood Project staff to the TAC remains very positive. He stated that he believes the strategy involved in formation of today's agenda is in part based on the TAC's input to staff.

Mr. St. John reported that the biggest issue in the TAC's view boils down to the alignment of the LPP to change conditions based on new information we have been receiving. He stated that although discussions can be long and perhaps not as fulfilling as each director might desire, it is a positive direction. He commended the Board on moving forward with the rate study and the AFB.

Director Aiazzi asked why the TAC did not want to provide the Corps maps to the TRFMA. Mr. St. John stated that the issue was not that the Board should not have the maps; the issue was that the TAC was concerned over the maps being released to the public that staff (particularly Sparks) did not believe were correct. He explained that the recommendation was to provide the public with maps that the community believes to be correct.

**Director Larkin made a motion to accept the report. Director Sferrazza seconded the motion. Chair Smith called for public comment, of which there was none. He called for a vote on the motion, which carried unanimously.**

**14. FINANCIAL ITEMS****A. MONTHLY REPORT ON FLOOD PROJECT FINANCIAL STATUS AND RELATED FINANCIAL ACTIVITIES – 11:50 a.m.**

*Lori Williams, Sr. Financial Analyst, TRFMA*

Update on monthly and year-to-date revenues and expenditures and related financial activities of the Truckee River Flood Management Authority. Possible action to accept the report and/or provide direction to staff regarding possible allocation, appropriation or encumbrance of funds.

Chair Smith reported that Ms. Williams provided a detailed report in the agenda packet and called for questions or comments. Director Larkin asked when the County would transfer money to the TRFMA. Ms. Williams reported that a few more resolutions are needed, which will be provided soon. She added that within the next week the paperwork would be finalized for the accounting software. She reported that the statements provided through the end of June are a work in progress since it is also the end of the fiscal year. She added that two months of revenue still needs to be posted (for May and June). She summarized that at this point, the sales tax revenue is at 88% of budget (which is ahead of what was projected).

**Director Larkin made a motion to accept the report. Director Humke seconded the motion. Chair Smith called for public comment and hearing none, called for a vote on the motion, which carried unanimously.**

**B. CARMEN GROUP / LOBBYIST UPDATE – 10:20 a.m. (Heard out of order)**

*Mimi Fujii-Strickler, Administrative Services Manager, TRFMA*

Update on lobbyists' activities. Possible action to accept the report and/or provide direction to staff on related lobbying matters.

This item was discussed under agenda item 9.

**15. FLOOD PROJECT MONTHLY REPORTS – 11:52 a.m.**

Presentation on flood project events, activities, and schedules. Possible action to accept reports and/or provide direction to staff.

**A. CLIPPINGS FOR JUNE 2011**

**16. COMMITTEE MEMBER COMMENTS, REQUESTS AND FUTURE AGENDA ITEMS – 11:52 a.m.**

Possible action to approve items for future agendas.

Director Aiazzi stated that as previously suggested, it is up to the Board of Directors to make policy decisions. He added that the Board needs to be allowed time to ask questions.

Chair Smith stated that he did not believe the subject of providing the Corps maps was open for discussion and stated that next time the Board directs staff to provide maps, maps are to be provided. Mr. Urban agreed.

**17. ADJOURNMENT – 11:52 a.m.**

Chair Smith called for further public comment, of which there was none.

With no further business, Director Aiazzi made a motion to adjourn. Director Larkin seconded the motion, which carried unanimously. The meeting was adjourned at 11:52 a.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by FMA in session on September 9, 2011.