

Truckee River  Flood Management Project

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

Thursday, November 17, 2011, 12:00 P.M.

**Airport Plaza Hotel and Conference Center
1981 Terminal Way, Reno, Nevada**

MINUTES

1. CALL TO ORDER

A. ROLL CALL, ESTABLISHMENT OF QUORUM, AND PLEDGE OF ALLEGIANCE

Chairman Ron Smith called the Truckee River Flood Management Authority Board of Directors (TRFMA) meeting to order at 12:05 p.m. A quorum was established.

Voting Members Present:

Ron Smith, Chair
Robert Larkin, Vice-Chair (left at 1:30 p.m.)
David Aiazzi
Geno Martini
Jessica Sferrazza

Voting Members Absent (Excused):

David Humke (Kitty Jung was present)

Staff Present: Jay Aldean, Ed Evans, Melissa Faigeles, Mimi Fujii-Strickler, Danielle Henderson, Laura McAuley, Eric Scheetz, Paul Urban, Lori Williams and Michael Wolz

B. WELCOME, RETREAT ORGANIZATION, AND GROUNDRULES

Executive Director Aldean reported that some of the Directors needed to attend a meeting at 4:00 p.m., at which time a quorum would be lost. He suggested that some agenda items might be taken out of order.

C. APPROVAL OF AGENDA

Chair Smith requested moving agenda items 3 and 4 to the beginning of the agenda.

Director Martini made a motion to approve the agenda as amended. Director Larkin seconded the motion, which carried unanimously.

D. PUBLIC COMMENT

Chair Smith called for public comments.

Matthew Tuma, Senator Reid's office (who replaced Victor Mercado), stated that he had the pleasure of working with some of those present on other issues with the Senator's office. He reported that Senator Reid requested that he provide an update to the TRFMA Board.

Mr. Tuma reported that over the last few weeks and based on the recent staff workshop with Corps staff, the Senator's office received a lot of negative feedback about a disconnect in communication between local entities, the Corps District and Headquarters. He stated that Senator Reid shares in the frustrations over the timing, cost and future of the Flood Project.

Mr. Tuma stated that in the past, Senator Reid has had successful interventions and discussions with the Corps and he feels that his involvement is needed currently. He added that Senator Reid has been observing the process and issues and is interested in moving forward with some productive discussions. He stated that this week, Senator Reid spoke with Major General Meredith (Bo) Temple, who is the Acting Chief of Engineers and Commanding General of the Corps. He expressed his three major concerns, which are:

- To ensure that completion of the Chief's Report for the Truckee River Flood Project remains a high Corps priority
- The Corps will deliver a Chief's Report with designs that are acceptable to the community and local stakeholders
- To ensure that Major General Temple visits the Truckee Meadows area soon to meet with community leaders involved in the project

Mr. Tuma stated that based on the conversation, General Temple agreed to personally visit the area with staff to hold substantive conversations with the Board and staff. He added that hopefully we could move forward with project features on which everyone can agree.

Chair Smith thanked Mr. Tuma for his update and expressed his thanks to Senator Reid.

Director Sferrazza asked if there is anything the TRFMA Board could do to assist in moving the project forward. She stated that a decision was made the previous day regarding the Virginia Street Bridge (VSB), which would hopefully help in moving forward. Mr. Tuma stated that as previously discussed, the Board needs to determine which features are of the utmost concern, as well as the level of participation by the TRFMA. He added that timing of the Major General's visit is still being discussed but reiterated that the Board would be involved in the meeting.

Director Sferrazza stated that at the City Council meeting the previous day, she heard that the 408 process for the VSB could take two to three years for approval. She added that as the local sponsor, we need help getting the process expedited. She summarized that Directors and staff could provide specifics on our needs.

Kitty Jung thanked Reno City Council for approving the VSB design and encouraged the TRFMA to ensure that the bridge is funded and built. She stated that the bridge is located in District 3 in a major upstream flooding area that needs to be mitigated as soon as possible. She added that most importantly, we need to move forward to put people back to work. She mentioned the meeting that follows this, which is based on economic development for the state.

Danny Thompson, Executive Secretary/Treasurer for the Nevada AFL-CIO, reported that Nevada is at a place we have never been. He stated that he has been involved in the legislative process for thirty years and is in the "jobs business". He stated that we have never seen

unemployment such as we are experiencing. He added that he was in a meeting in Las Vegas the previous day and asked about unemployment. He heard that ironworkers in Clark County are 90% unemployed; masonry workers are 80% unemployed; and others are 60% unemployed. He stated that Washoe County is experiencing the same levels. He reiterated that we have never seen these levels, even in the Great Depression. He stated that the legislature (in their last session) passed the “Jobs Bill”; however, in order to get out of the situation, it is important to hire Nevada companies for Nevada work and tax dollars. He added that the VSB is symbolic of the problems being experienced and opportunities such as this need to move forward. He encouraged the Board to “go the extra mile”.

Mr. Thompson reported that he has met with the Senator about prodding the Corps to move forward. He stated that the worst outcome would be for the bridge to “fall down”. He urged the Board to do everything possible to get the job done. He offered assistance from the AFL-CIO in any way possible to move the project forward.

Director Martini thanked Mr. Thompson for his comments and encouraged him and others to prod our senators and congressional representatives. He added that he believed it would be more meaningful to hear it from the workers. Mr. Thompson agreed and stated he has met and would continue to meet with the congressional leaders.

Chair Smith agreed with Mr. Thompson’s comments about getting people back to work and added that 20 years from now, we will have to distinguish to which “Great Depression” we are referring.

Director Sferrazza stated that she had the opportunity to attend the rally at VSB and echoed Director Martini’s comments about needing support from the community regarding the length of time needed to get through permitting processes and other issues.

Mr. Thompson agreed and stated that he would continue his efforts. He added that many local contractors are out of work and have lost their homes.

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

E. ANNOUNCEMENTS

Executive Director Aldean mentioned that although not present, the Corps was invited to attend the Retreat. He added that they were not scheduled for a presentation or update as during normal meetings.

Director Larkin stated that it was important for Mr. Tuma to take note that Corps staff was not present at the meeting, even though they are supposed partners on the project.

Director Sferrazza asked if the Corps gave a reason for not attending and stated that based on attendance at the last TRFMA meeting, Corps staff was aware that big decisions would be requested at this meeting. Executive Director Aldean stated that staff elected to provide the Corps report concerning the workshop and the staff visit to Washington, D.C. He added that Corps staff chose not to attend.

Chair Smith asked if staff told the Corps that since they would provide an update, not to attend. Executive Director Aldean stated that Corps staff was aware that local staff would provide the update; however, they were still invited to attend.

Executive Director Aldean reported that he signed the insurance documents for the policy that was approved at the last meeting so the TRFMA would be covered. He added that (Jim) Jeppson reviewed the insurance needs of the TRFMA and would provide a report on his findings.

Executive Director Aldean stated that the Flood Project received a response from the County as to the needed policies in order to transfer funds to the TRFMA. He reported that the response from the County Comptroller was that everything was in place for the transfer. He added that staff would work on agreements, which would be reviewed by Legal Counsel and available for the December meeting.

Executive Director Aldean reported that Paul Urban and he had a good visit with the staff at Corps Headquarters in Washington, D.C. He explained that the visit does not replace the visit that was envisioned to bring our elected officials to D.C. He stated that discussions with Senator Reid's staff focused on the difficulties being experienced with the Corps currently. He added that a visit of the Board representatives would be scheduled in the near future.

Chair Smith asked about the reference to insurance and asked if that was the policy on which Ms. Fujii-Strickler had been working. Executive Director Aldean stated it is and added that it was approved by the TRFMA last month. Chair Smith invited Ms. Fujii-Strickler to elaborate.

Ms. Fujii-Strickler stated that good news for the TRFMA was received in that an insurance policy was secured. She explained that Lexington Insurance would provide the coverage, as they do for other local entities. Chair Smith commended Ms. Fujii-Strickler for her work on the insurance coverage.

2. CONSENT ITEMS

A. AMENDMENT TO THE CARMEN GROUP 2011-2012 CONTRACT FOR FEDERAL LOBBYING SERVICES IN AN AMOUNT NOT-TO-EXCEED \$183,000 (This item was pulled from the Consent Agenda Item for discussion)

Mimi Fujii-Strickler, Administrative Services Manager, TRFMA

Possible action to approve a contract amendment with The Carmen Group for federal lobbying services in the amount \$30,000 for a total contract amount not-to-exceed \$183,000 plus related expenses, and if approved, to forward the agreement to the Washoe County Board of County Commissioners for consent.

Chair Smith stated that the contract with the Carmen Group for \$153,000 was for a year but now they are requesting more money. Executive Director Aldean clarified that this is a consent item; however, if desired, it can be moved for discussion. Director Aiazzi agreed and requested pulling item A from the Consent Items.

Ms. Fujii-Strickler stated that based on the current happenings of the Corps and the simultaneous meetings and visits that have occurred in Sacramento, as well as the call-in meetings with the TRFMA and staff, Mia O'Connell from the Carmen Group has been instrumental. She added that Ms. O'Connell has been working side-by-side with Executive

Director Aldean, Mr. Urban, District staff, Headquarters staff, Senator Reid's staff and the Assistant Secretary of the Army (ASA)'s office.

Ms. Fujii-Strickler added that Ms. O'Connell was also instrumental in helping to secure meeting times and positions and has the ability to reach out to her contacts at Headquarters, the ASA and Senator Reid's offices. She added that Ms. O'Connell has also ensured that we get the highest level of cost share, as well as ensuring that we keep the key project elements.

Ms. Fujii-Strickler stated that Ms. O'Connell has been working long hours with Executive Director Aldean and staff, as well as Corps staff to keep communication going.

Mr. Urban stated that Ms. O'Connell is our voice in Washington, D.C., which is one reason that Headquarters staff agreed to attend the Planning Workshop in Sacramento. Ms. Fujii-Strickler added that Ms. O'Connell also set up the meeting with Tab Brown and added that she knows the people at the Office of Management and Budget (OMB).

Director Martini mentioned the discount that Ms. O'Connell previously provided from \$183,000 to \$153,000 and asked had she not provided the discount, would she still be requesting additional funding. Ms. Fujii-Strickler stated that she did not believe so. Director Martini reiterated his question if Ms. O'Connell's contract had been originally funded for \$180,000, would she still be requesting an additional \$30,000. Ms. Fujii-Strickler stated she did not know.

Mr. Urban explained that Ms. O'Connell provided much more service than was projected at the time of funding. Chair Smith stated he disagreed and added that the approved contract specified exactly what Ms. O'Connell has done, i.e. meet with the Corps and representatives.

Director Aiazzi asked globally where we are now that we were not ten years ago. He stated that the TRFMA has paid the Carmen Group \$1.2 million where we could have accepted the deal from the Corps ten years ago. He stated that we hire lobbyists in an effort to get things done. He added that every time he calls Senator Reid's office, his call is taken and added that he does not need a lobbyist to make the call.

Director Aiazzi suggested putting the contract out for a request for proposals (RFP) to see who is available. He added that he has heard comments that the TRFMA Board should have been present in Washington, D.C. more often than it was. He summarized that people at the Carmen Group are very nice but he is not seeing results. He added that they are being paid more than staff.

Mr. Urban stated that the only reason we have received funding from the Corps since 2005, which has been at least \$3 to \$4 million per year, is based on the work of Ms. O'Connell, Marcus Faust and Senator Reid's office. He added that the only reason our project is still alive with the Corps, when the first technical review brought federal interest down to 50-year level of protection, is that Ms. O'Connell argued over policy. He summarized that we are receiving a benefit. Director Aiazzi stated he would like to see that information in writing. Mr. Urban stated that he just told the Board. Director Aiazzi stated that is the purpose of staff reports and he is tired of people "lobbying" for things. He stated he does not know if Mr. Urban's statement is true because he has not seen it in a staff report.

Chair Smith stated he agrees that Ms. O'Connell works hard for the TRFMA; however, he reiterated that is what she is paid to do all year long.

Executive Director Aldean stated that he believes dropping the contract might not be the best idea; however, he stated that in the future, staff would plan specific tasks for Ms. O'Connell and ensure they are completed. He agreed with Mr. Urban's comment and stated that staff did not anticipate the AFB "blowing up" like it did in September. He added that at this point, we planned to be involved in the public process of the Environmental Impact Statement (EIS). He stated that he is aware of many occasions where Ms. O'Connell has spoken with the ASA, although he is unsure as to how effective it was.

Executive Director Aldean asked Ms. Fujii-Strickler if the requested amount is for future work or work that has already been completed. Ms. Fujii-Strickler stated it was projected for future hours. Director Martini stated that he was unaware of any lobbying services needed between now and January 1, 2012.

Director Martini asked if the contract is for a certain number of hours. Ms. Fujii-Strickler stated that the contract is based on \$153,000 for the year. She added that Ms. O'Connell's contracts go from March to March. Director Sferrazza stated that Ms. O'Connell should continue to work until March for the approved \$153,000.

Chair Smith called for further discussion or a motion. No motion was made.

B. CONTRACT WITH KAFOURY, ARMSTRONG & CO. TO PROVIDE DUTIES OF ACTING CHIEF FINANCIAL OFFICER FOR AN AMOUNT NOT-TO-EXCEED \$52,000

Lori Williams, Sr. Financial Analyst, TRFMA

Discussion and possible action to enter into a contract with Kafoury, Armstrong & Co. to provide duties as an acting Chief Financial Officer (CFO) through June 30, 2012 for an amount-not-to-exceed \$52,000. This contract is based on an average of ten hours per week for nine month for duties as an acting CFO as outlined in the attached *Proposal for Professional Services*.

C. REVIEW AND POSSIBLE ADOPTION OF POLICIES FOR THE AUTHORITY

Lori Williams, Sr. Financial Analyst, TRFMA

Felicia O'Carroll, Shareholder, Kafoury, Armstrong & Co.

Susan Nuckles, CPA, Kafoury, Armstrong & Co.

Discussion and possible action to adopt the following policies for the Truckee River Flood Management Authority:

- P-5 Capital Asset Management Policy
- P-7 Relocation Assistance Policy
- P-8 Real Property Acquisition Policy

Director Aiazzi made a motion to approve Consent Items B and C. Director Larkin seconded the motion, which carried unanimously.

3. CORPS WORKSHOP UPDATE

Paul Urban, Flood Project Manager, TRFMA

Report on the workshop held at the Corps' Sacramento office on November 1, 2, and 3. Possible action to accept the report and/or provide direction to staff.

Mr. Urban reported that a Planning Workshop was held with the Corps to determine whether there is federal interest in a flood project, the “National Economic Development (NED)”. He explained that even ten years ago, we had an NED that produced the highest net national benefits, on which the Corps based their federal cost share. He explained that at that time, the NED and Locally Preferred Plan (LPP) were basically the same, each of which provided 117-year level of protection (LOP). A few years ago, the Corps discovered some data issues and reran the economic models with different results so the NED became the 50-year LOP.

Mr. Urban stated that staff was opposed to the suggestion and argued that we should focus on a data point between the LPP and NED, which was the 75-year LOP. At that time, the 75-year plan was found to have higher net benefits based on it being a multi-purpose project, including recreation, ecosystem restoration and flood damage reduction.

Mr. Urban reported that prior to the previously scheduled Alternatives Formulation Briefing (AFB), the Corps decided that the project should not be analyzed as a multi-purpose project. Headquarters directed the Sacramento District to re-examine the project in terms of a flood damage reduction project. He added that Headquarters directed District staff to re-determine the Benefit to Cost (B:C) ratio of just flood risk management features in the meadows, which caused the B:C to drop below one. Based on that information, the Corps determined that there was no project because there was not a project with a B:C of one.

Mr. Urban reported that the District allocated the cost of benching to ecosystem restoration, which in turn reduced the costs to flood damage reduction. He stated that was the reason that the 75-year Alternative 3C became the NED plan. He stated that when District staff presented the “read ahead” information to Corps Headquarters in Washington, D.C., numerous comments were provided on the documents. He explained that in presenting the 75-year LOP, District staff used a process called “cost allocation”. He explained that in the Truckee Meadows, there are features for *flood damage reduction* and *ecosystem restoration* (mainly benching).

Mr. Urban stated that Headquarters directed the District to schedule a planning workshop to break down the elements of the Alternative 3C (at the 50-year LOP) into smaller pieces. Each piece had to provide some measureable benefit.

Mr. Urban referred to maps, one including the boundaries of the 1997 flood. He provided images of different scenarios, including benching, along different segments of the river. Local staff did advise District staff that there was federal interest in the North Truckee Drain. He reported that at the Planning Workshop in Sacramento the B:C was close to 1.8 on the modified LOP plan. He stated that the 50-year NED includes no benching at UNR Farms, there is no lengthening of the Rock or McCarran bridges and there is no benching downstream at the Vista Reefs area.

Mr. Urban clarified that he and Mr. Aldean attended the workshop with the Corps District staff in Sacramento on November 1, 2 and 3 with the goal of finding a plan with federal interest. He stated that from now until the AFB, staff would continue to add increments to try to reach a level of 75 or possibly even 100-year LOP while maintaining the necessary net benefits.

Chair Smith asked what alternative there is to benching at UNR Farms. Mr. Urban stated that the benching was mainly focused on ecosystem restoration and it would provide extra storage.

Mr. Urban reiterated that the goal is to find a NED, on which the Corps can cost share. Anything above and beyond that NED, would be built with local funds. He summarized that

locally our plan is still to build the LPP, which includes benching and other features at a 117-year LOP.

Executive Director Aldean explained that the NED being examined by the Corps is estimated at \$800 million, which would be cost-shared at 65% (or approximately \$500 million). He added that the LPP is estimated at approximately \$1.5 billion. Mr. Urban reiterated that those are ballpark figures provided as an example of how the cost sharing would work.

Director Sferrazza asked if certain features of the project were taken out by the Corps, what would happen to the water during a flood event. Mr. Aldean stated there would be a slight impact to the water surface. He added that we would have no restoration in the area so bank stabilization would be needed. Director Sferrazza asked if property would need to be purchased. Mr. Aldean stated no.

Director Larkin thanked Mr. Urban and Mr. Aldean for attending the workshop and stated that he participated via telephone. He stated he was impressed with Headquarters' staff, particularly Jeremy Ladart in his cost rationale arguments. Director Larkin stated that the \$1.6 billion cost of the project was the Corps' price. He added that locally, we never priced the project by feature. He stated that we cannot depend on funding of the project by the Corps. He added that we, as a community, need to agree what needs to be built.

Director Larkin stated that to date, the community has spent \$54 million (or 10% of our federal cost share of the LPP) supplemental to the Corps' budget. He mentioned that he hopes Senator Reid's staff notes that issue.

Katy Simon, County Manager, asked about the process and stated she believes we are trying to shape what the future project would look like. She stated that her understanding is that part of the process would be the EIS so it is very important that locally we prevail in the process with a finding of no significant impact. She asked if that is the case, how that process fits into ruling in and ruling out various features.

Chairman Smith noted that he opened item four along with this item since they are tied together.

4. IDENTIFICATION AND PRIORITIZATION OF TASKS REQUIRED TO BE DONE BY NON-FEDERAL SPONSOR BASED ON CURRENT FMA BUDGET

Jay Aldean, Executive Director, TRFMA

Discussion and possible action to determine the priority of Flood Project programs, property acquisitions and TRAction projects based on the existing budget and the current need at this time.

Mr. Urban reported that he received information from the Corps earlier in the day stating that their plan is to have "this alternative at a 50-year LOP be the NED for cost sharing purposes". He stated that the Corps would recommend the LPP to Congress; however, they would only cost share at the 50-year LOP. He stated that staff is working to boost the cost share limit up to 75 or even 100%. He summarized that cost sharing should not influence our decision on what to build.

Director Sferrazza stated that Senator Reid has been very helpful but she thinks the rest of the congressional delegation needs to get involved. She stated that we need to know the reality of what might be funded and what we can afford locally.

Executive Director Aldean mentioned Ms. Simon's comment about the EIS and stated that the Corps is willing to continue through their process using the 50-year plan as the cost-share plan, while continuing to figure out how to recommend the LPP. He stated that the process would include an EIS (which would include all of the LPP elements). He added that the TRFMA needs to discuss local cost sharing needed to complete the EIS process. He stated that the public process, including comments and the response to comments, would take 6 to 7 months, for which the Corps may not have available funding.

Ms. Simon stated that she sees three pieces to this process: 1) Safety, 2) Cost, and 3) What is needed to complete the EIS, which is necessary in order to move forward.

Director Larkin stated that we have a commitment from the policy makers at Headquarters that they will find a 50-year NED. He reiterated Mr. Aldean's comment that additional local funding would be needed to complete the EIS process.

Director Aiazzi asked if the cost difference between the 50-, 75- and 100-year projects is known. Executive Director Aldean stated it is not. He clarified that at this point, there are two 50-year plans; the original 50-year NED (estimated at \$1.15 billion) and the 50-year (determined at the recent Workshop, which is estimated at \$800 million).

Director Aiazzi asked for clarification that if we were to select the Corps' NED plan, it would cost locals \$300 million based on the cost share; however, the LPP would cost locals \$600 million, for a difference of \$300 million. Mr. Urban stated that is correct. Director Aiazzi also mentioned the possibility of receiving credit for water rights (purchased as directed by the Truckee River Operating Agreement). Executive Director Aldean stated there is an issue with that credit based on the Corps feeling strongly about only providing \$10 million in credit (for which much more was spent).

Director Larkin stated that he believes the actual project construction cost today would come in much lower than the previously estimated \$1.1 billion, based on the current economy. Mr. Urban agreed and added that we also would not be required to build a specific project as authorized, i.e. it could be scaled back based on affordability.

Director Aiazzi mentioned for Senator Reid's staff, that locally we are still trying to get better cost sharing. Executive Director Aldean agreed and stated that issue would be a major focus in the discussion with Headquarters staff.

Director Larkin stated that the Corps would be seeking local funds (in addition to the \$54 million spent) to continue the planning study and EIS. Executive Director Aldean agreed that is correct and added that the Corps would probably request an additional \$1 to \$2 million. Director Larkin asked Mr. Aldean how much the Corps has spent to date. Executive Director Aldean stated they have spent \$42 million.

Mr. Urban summarized that we do not have to wait for a decision from the Corps as to what project the community wants. Executive Director Aldean added that components could be added or deleted as the community desires.

Director Sferrazza asked how much is available in the 1/8-cent sales tax fund. Lori Williams, TRFMA Financial Analyst, reported that the Flood Project has an ending fund balance of approximately \$18 million, most of which was budgeted (with the exception of \$5 million in reserves). Executive Director Aldean stated that approximately \$13.4 million came out of the

Fiscal Year (FY) 12 Budget. Director Sferrazza asked if money for land acquisition were moved from the Truckee River Action (TRAction) projects, how much would be available to begin construction of some local projects.

Director Sferrazza asked Mr. Aldean which projects were ready to begin construction, i.e. the North Truckee Drain (NTD). Neil Krutz, City of Sparks, reported that the NTD project is at about 90% design and Sparks is ready to begin negotiating land purchases and construction easements. He added that staff agreed to freeze the project at that point based on resistance from the Corps about a year ago. Director Sferrazza asked if Sparks has the money available to move forward on construction. Mr. Krutz stated no; he added that Sparks has money in the account but not the whole amount. Director Sferrazza asked what the estimated construction cost is for the NTD. Mr. Krutz stated \$40 million. Director Sferrazza asked if the money were made available, how quickly the project could be under construction. Mr. Krutz stated approximately nine months.

Director Sferrazza asked if it would be helpful for the TRFMA to help the different jurisdictions that have close to “shovel-ready” projects, while postponing land acquisitions. She stated that whether the project is the NTD or Virginia Street Bridge, she believes we need to have that conversation and reprioritize our spending. She asked what it would take for Sparks to move forward on the NTD project as a TRAction project. Mr. Krutz stated that Sparks would probably need \$35 million. He stated that Sparks has imposed a River Protection Rate that is charged to Sparks residents and is the source of available funding.

Director Sferrazza asked for instance if the TRFMA provided \$10 million in funding, could Sparks bond against the fees to get the project off the ground. Mr. Krutz stated that it would be an alternative. He added that when negotiating the Joint Powers Authority (JPA), one of Sparks' desires was that the TRFMA would step in and do that, presumably, because they would get better interest rates.

Director Sferrazza asked City of Reno staff the same questions related to the Virginia Street Bridge (VSB) and moving it forward. John Flansberg, Director of Public Works for City of Reno, reported that the construction cost for the VSB is estimated at \$16 to \$20 million. Director Aiazzi stated that the timeframe for construction would be an issue based on the project being a Corps 408(b) project, which requires time.

Director Sferrazza stated that she understands the issues; however, based on the huge emphasis to begin construction, perhaps the congressional delegation could help to speed the permitting process if the funding were available.

Director Aiazzi reported that a discussion yesterday was that in addition to it being a flood project only, Regional Transportation Commission (RTC) reported that the Federal Highway Administration (FHA), and possibly Nevada Department of Transportation (NDOT) expressed interest in getting the project moving.

Chair Smith stated that he was involved in similar discussions; however, the problem with using federal funding is the delay in beginning the project. He agreed that the idea is great to postpone land acquisition and move forward with construction projects where possible.

Executive Director Aldean stated that he believes under emergency situations, the 408 process could be sped up. He mentioned that the project engineer from Jacobs Engineering stated that the EIS process must move forward and the 408 permit is one component of the EIS.

Director Sferrazza asked if it would be possible to complete the EIS in phases. Mr. Urban stated it would lengthen the entire process to do so because all of the components are linked. Chair Smith asked when the EIS could be expected. Mr. Urban stated that the Corps is tentatively planning release of the EIS to the public in late spring. Executive Director Aldean clarified that if the AFB were scheduled in February / March, the EIS might be released to the public in May.

Mr. Urban stated that staff believes one of the problems with the submittal from the District to Headquarters was that the benefits were not completely and clearly identified. He added that staff would be involved in ensuring that is not the case for the next submittal. Chair Smith asked if the TRFMA could assist in addressing the comments received from Headquarters. Executive Director Aldean stated that the response would not result in a delay; the delay would be based on rewriting and including more information in the document related to the 50-year LOP project. Mr. Urban agreed and added that the issue of using the previous information, which was more detailed and appropriate, was discussed. He added that the option is possible and would require more direct input from Flood Project staff. Chair Smith suggested that staff time could possibly be considered as in-kind funding. Executive Director Aldean agreed and added that Corps staff was considering that option.

Director Aiazzi stated that if the VSB were separated as a transportation (rather than flood control) project, the EIS could be separated.

Director Aiazzi suggested that the TRAction items listed as “on hold” (or the “wish list”) and proposed land acquisitions could be unfunded. He added that Executive Director Aldean would be asked to review shovel-ready projects and begin construction quickly. Chair Smith asked Mr. Wolz if action could be taken to revise the TRAction projects at this meeting. Mr. Wolz stated it could not; however, it could be added to the December agenda. Executive Director Aldean stated that direction could be provided and staff would follow any direction.

Director Aiazzi asked for assurance that there are no pending proposals on any of the listed properties. Executive Director Aldean clarified that an offer was previously made on 35/65 Edison; however, the offer is no longer active. He suggested that the TRFMA discuss the issue with Legal Counsel in closed session.

Director Sferrazza stated that it should be made clear to Mr. Aldean which items should come off the list and which should remain for funding. She added that she believed all should come off except the VSB and asked about the status of the Tracy Power Plant. Mr. Aldean stated that in this budget, construction (\$1 million) of the restoration project was not included because the Bureau of Reclamation (BOR), Washoe County and NV Energy were expected to contribute. Director Sferrazza requested an update at the next meeting. Executive Director Aldean deferred to Danielle Henderson for a construction start date. Ms. Henderson stated that it could begin in summer of 2012.

Director Aiazzi reiterated his suggestion that the TRAction items listed as budgeted but “on hold” be removed from the list. Chair Smith suggested that staff update the list and provide a recommendation at the next meeting for which projects should be prioritized and which should be removed. Executive Director Aldean agreed and stated that staff would work with City of Sparks to determine bonding amounts and issues. He mentioned prior discussion of working with the County’s bond bank and stated he would like to work toward that option. Ms. Simon noted the comment.

Mr. Wolz clarified that although Mr. Aldean earlier stated that discussion of the handout was not agendaized; he believed that he meant that it was not included in the agenda packet. Executive Director Aldean agreed.

5. DISCUSS THE PROCESS AND KEY DECISIONS REQUIRED FOR ESTABLISHING FLOOD FEES

Jay Aldean, Executive Director, TRFMA

Discussion regarding the process and key decisions to establish flood fees to finance the “Non-Federal” share of the Corps of Engineers, Truckee Meadows Flood Project, including, but not limited to, a description of the project and costs upon which fees will be based, and possible criteria, rate design and parameters for calculating fees. Discussion about what consulting services may be needed to formulate the fees. Possible action to approve project descriptions or methodology for establishing project descriptions, and criteria and parameters for calculating the rate amounts and/or provide direction to staff.

Director Sferrazza stated that in her mind this item was premature until we know more about the project, i.e., which elements would be included. She added that we have already paid FCS a “ton of money”. She reiterated that she did not think the Board should be asked to make decisions regarding fees until we know what the project will be.

Executive Director Aldean stated that the intention of this item is to explain to the Board the need for establishing a local rate plan. He stated that in the past, staff was directed to figure out a rate plan as early as possible, which could be used for early projects, such as the North Truckee Drain, Virginia Street Bridge or even possibly the Living River Parkway.

Chair Smith agreed that the discussion needs to occur. He added that he did not see a presentation or staff report in the packet. Executive Director Aldean stated that he would distribute the PowerPoint presentation via email.

Executive Director Aldean introduced Pam Bissonnette, FCS Group, and Steve Tackes, Rate Council.

Mr. Tackes, partner at Kaempfer Crowell Law Firm, stated that his firm has been doing rate work for about thirty years and that is their area of expertise. He referred to Director Sferrazza’s question about why we are discussing rates now and stated that part of the reason is that the Board needs to be armed with correct information as decisions are made on which projects to fund.

Mr. Tackes provided a PowerPoint presentation (copy on file), which included the following:

- Distinguish features between fees versus taxes – A tax is collected non-discriminatorily from a large group of people. Property or ad valorem taxes are based on the value of property, some of which might be used for education even though one taxpayer might not have children, while others have many. A fee has a corresponding relationship between what is being charged to whom and the associated benefit. Mr. Tackes reminded members that early in the process, the Board decided to impose a fee rather than a tax.
- What fees are in existence – There are user fees and regulatory fees. A user fee is based on consumption, for instance water. Regulatory fees are charged to offset the

cost of regulation. With flood control, a ratepayer cannot determine what level of flood protection they desire so it does not fit into a user fee.

- Clean Water Coalition – The Supreme Court determined, “It has to be applied to the direct beneficiary of a particular service. It must be allocated directly to defray the cost of service. It must be reasonably proportionate to the benefit received.”
- Why is a definitive project needed? - Precise benefits must be identified and analyzed per area. Mr. Tackes reported that the FCS study was largely based on the LPP. He agreed with Director Sferrazza that a project must be identified, on which to identify benefits and develop the fees. He agreed that we need to determine the definitive project and status. He added that even if approved by the Corps, the project would not be definitive because it needs to be budgeted by Congress and have funds appropriated.
- What test will prove the enforceability of the fees? - Mr. Tackes stated that we have to begin with a defined project.
- What does it take to develop the definitive project to analyze benefits? - Mr. Tackes stated that the TRFMA would be ready to go forward with a project before the Corps. He stated that by taking control of the project, costs could be spread out. He added that Ms. Bissonnette would present rate-setting alternatives in her presentation.

Mr. Tackes stated that if the Corps does approve a project, matching local funds would be needed. He added that moving forward with our own defined plan would put the TRFMA in a position to collect fees. He turned the presentation over to Ms. Bissonnette.

Ms. Bissonnette referred to a PowerPoint presentation (copy on file), the highlights of which included:

- The process of establishing fees requires a defined project in order to identify the costs, which can be loaded into the previously developed (2008/2009) rate model. She explained that the rates were modeled based on the benefits provided, such as level of protection.
- The policy decision made by the Flood Board (at that time the Flood Project Coordinating Committee) was to have a two-boundary rate structure, one with regional benefits (accessibility to the airport, hospital, work, etc.) and the other with direct benefits (those who currently flood but would no longer). FCS drew geographic boundaries of the benefit areas based on a 117-year LOP. She explained that if a different LOP were selected, the boundaries would need to be adjusted.
- The benefits would have to be greater than or at least equal to the revenue requirement.

Ms. Bissonnette stated that once those measures are met, fees could be imposed and collected. She stated that it is typical for rates to be amended periodically based on capital expenditures or to make rates affordable over time.

Ms. Bissonnette reported that FCS heard from Executive Director Aldean and staff that there are two main strategies (although there could be others):

- Agree that the defined project is Alternative 3C, which provides an approximate 100-year LOP so the benefits would be slightly less than what was modeled in 2008/2009

- Determine an amount that is supportable, which was previously determined to be approximately \$525 million and then back into the project – If that were the case, the benefits would have to be determined, upon which FCS would create a new boundary.

Ms. Bissonnette referred to graphs of different rate setting scenarios (based on an example of a \$500 million project built over 30 years), which included:

- Set rate once for the entire 30-year project, which would simply increase based on growth in the area
- Set the lowest initial rate to support the project and periodically raise the rate (the sample showed the increase every five years) – The incremental period would be a policy decision by the Board.
- Based on the request for rates not to increase over a certain percentage, the rate increases were smoothed with a lower initial rate. Money would be reserved to offset large rate increases at each step.

She showed an example based on Alternative 3C (which staff stated could cost approximately \$900 million if it were built completely by local funds). She included an option of the Corps coming in with funding at some point in the project. The rates would basically stay level with some minor increases. She added that there are risks, such as the Corps never providing funding.

Executive Director Aldean referred to the “Theoretical Rate Concepts Comparison”. Director Sferrazza asked what the cost is for the elements removed from Alternative 3C. Mr. Aldean stated that the Corps did not provide an estimate; however, Mr. Urban and he estimated the cost at approximately \$175 million. Director Sferrazza asked if other jurisdictions had elements removed under the alternative. Mr. Aldean stated that Home Elevation was not included but estimated at \$18 million. Mr. Urban added that under the alternative, heights of floodwalls and levees would be decreased. Director Aiazzi asked whether the North Truckee Drain was still included in the alternative. Mr. Urban stated it is; however, with a different (lower cost) proposed alignment. Chair Smith reiterated that the community still wants the LPP and added that we have not given up on that alternative.

Director Sferrazza asked if we have a cost estimate for each element from the Corps. Executive Director Aldean stated that the Corps provided a 175-page document to Director Aiazzi with their cost estimates. He added that nothing is broken out individually. He did add that the Corps includes a 35% contingency. Chair Smith suggested that we could develop our own cost estimate for each element. Further discussion ensued over which elements were included under the modified Alternative 3C (Option 1). Mr. Aldean summarized that staff believes that the actual cost of Alternative 3C would be lower than what was estimated by the Corps, perhaps closer to \$900 million to \$1 billion. Mr. Urban stated that the Corps also charges a sort of overhead fee, which we would not have to pay if we built the project on our own.

Director Martini asked what type of project we have ever done locally that had a 35% contingency. Executive Director Aldean agreed that we have not done that, especially based on the amount of design the Corps has already applied. He agreed it is not realistic.

Chair Smith asked if the cost estimate would even be considered in the appropriations process. Executive Director Aldean stated that the Corps would present a project work plan, with certain

associated costs. It would be submitted to the OMB, which would request certain phases and hopefully the OMB would fund those phases. He added that if they could not fund the entire phase, some portion would need to be funded locally. Mr. Urban clarified that “authorization” is separate from “appropriation”. He added that authorization gives one the right to request an appropriation, which is why the Corps “heavy ends” the cost.

Director Sferrazza referred to the \$900 million project and asked if the Corps agrees to a 65% to 35% cost share what the appropriation amount would be. Mr. Aldean stated that the federal share would fund 65% of \$900 million. Mr. Krutz stated that locally we would be responsible for about \$300 million. Mr. Aldean cautioned against planning based on that scenario because the Corps is not considering Alternative 3C for funding; staff is using the alternative to describe all of the components requested by the community.

Director Sferrazza asked FCS about the actual cost per individual based on the numbers. Ms. Bissonnette referred to the slide that includes that information and explained that FCS performed no additional work because it would be a waste of time and money because there is no approved project at this time. She stated that when the study was conducted by FCS in 2008, different scenarios were run based on the 117-year LOP. She stated at that time for the indirect beneficiaries, the rates ranged from \$1.38/month to \$4.93/month per residential lot. For the direct beneficiaries (those who previously flooded but now would not), the rates ranged from \$5.80/month to \$20.76/month per household for fifteen years.

Ms. Bissonnette reported that commercial/industrial rates per 1,000 square feet of developed space in the regional benefit area, estimated in 2008, range from \$0.66/month per 1,000 square feet to \$2.25/per 1,000 square feet of developed area per month. For commercial/industrial direct beneficiaries (those who previously flooded but would no longer), the range is \$8.76 per 1,000 square feet of developed space to \$31.33 per 1,000 square feet of developed space per month.

Director Sferrazza stated that she assumes the 117-year LOP project would put more people into the direct benefit area, with which Ms. Bissonnette agreed. Director Sferrazza asked if projections had been made for lesser LOP levels. Ms. Bissonnette stated that was not estimated because staff directed FCS to stop working because the project LOP was unknown. She referred to different rate scenarios.

Executive Director Aldean distributed a table (copy on file), which included Option 1 (modified Alternative 3C without the Corps), Option 2 (without the Corps) and All Options (with the Corps).

Director Sferrazza referred to the rates for commercial/industrial and asked about the highest fee for a property within the direct benefit boundary. Ms. Bissonnette stated that FCS spoke with the former Director about the possibility of a cap at \$50,000 per year. She stated that without a cap, a few properties would be in excess of that amount. Director Sferrazza stated she sees that as a huge issue. She asked what the average cost would be. Ms. Bissonnette stated she does not have an average; the rate was based on 1,000 square feet. She added that she has additional information in the 2008/2009 report; however, she did not have that report with her. She offered to provide the information if requested.

Ms. Bissonnette explained that FCS only calculated rates for the first fifteen years but could continue. Director Sferrazza stated that the fees are very high and unaffordable. She asked what the commercial/industrial business owners are currently paying in flood insurance premiums. She added that the flood fee needs to equate to flood insurance savings.

Ms. Bissonnette reported that in 2009, FCS ran an analysis on the top ten buildings in the direct benefit areas that were above 50,000 square feet. She added that the buildings are located in Sparks.

Chair Smith stated that the intention is to help the business owners, not charge more than their current flood insurance. Executive Director Aldean stated that Mr. Tackes and he discussed this issue and determined that by capping the cost, it appears to be a tax rather than a fee. Ms. Simon stated that input from Mr. Tackes is very important because we do not have the capacity to impose a tax.

Chair Smith asked if we could choose to lower the rate for commercial/industrial. Mr. Aldean explained that FCS divided the number of industrial/commercial areas and residential and applied prorated benefits. Mr. Urban referred to the rate range of \$22 to \$70 per month, which is based on the full project being paid locally for the full 117-year project. He added that the rate could be even lower when implemented and the hope is that the Corps would come in with funding at some point, at which time rates would decrease.

Ms. Bissonnette stated that FCS performed additional analysis on the K-Mart Distribution Center, the Nugget and other specific buildings.

Ms. Bissonnette agreed that the rates would be high, which is why Executive Director Aldean directed FCS to develop Option 2, which does not bind us to the \$900 million project. Option 2 states that if the Corps comes in to assist, the \$900 million project would move forward; however, without the Corps, a smaller more affordable project would be built. She added that FCS also outlined a third option, which would segregate commercial and industrial. Director Sferrazza asked if these options assume that the local entities would also pay the fee. She stated she believed the public entities were exempt from the fee. Ms. Bissonnette stated that in 2008/2009 FCS was directed to exclude roads; however, she was unsure about other public properties. She offered to check on the information.

Ms. Simon stated that the previous conversation would be a legal discussion. She stated there is a statutory requirement that the public entities must pay into the enterprise funds for permits, etc. so there may be a current statutory requirement that the entities would have to pay. Director Sferrazza stated that the jurisdictions are contributing land and asked if that would change the requirement to pay. Ms. Simon reiterated that would be a legal question.

Director Aiazzi asked from where the number of \$484 million came. Ms. Bissonnette stated that FCS was looking at LPP-1, LPP-2 and the NED. Chair Smith explained that the \$484 million amount was increased by the Board to \$525 million as the maximum amount for the local share.

Director Aiazzi mentioned the Corps' 35% contingency. He stated that based on his calculations on the \$1.6 billion project, the local share would be \$560 million. Executive Director Aldean stated that the easier way to calculate the local share is that the Federal share would be 65% of the total project cost. Anything above that amount would be paid locally. Director Aiazzi reviewed numbers and summarized that the local cost would probably be less than \$525 million before adding in the additional components.

Chair Smith summarized that we do have the "525 Plan". Executive Director Aldean agreed but suggested that the project would need to be reviewed in terms of LOP, included elements and

determination of the direct versus indirect benefit areas. Mr. Urban agreed that the project would need to be fleshed out.

Chair Smith suggested providing a local cost estimate for each element of the project. Executive Director Aldean agreed and stated that one of the FCS slides included a list of the next steps that would determine the need for additional engineering in order to provide an updated local cost estimate for each component. Chair Smith reiterated that an updated cost estimate is needed, regardless of the B:C ratio. Mr. Aldean agreed.

Director Sferrazza asked how the County established the fee for the Remediation District in terms of direct and indirect benefit areas. Ms. Simon stated that fee was set under State Statute, in order to prevent a Superfund Site declaration.

Director Aiazzi suggested that in moving forward with a new Executive Director, perhaps we should begin with a local cost estimate for all of the elements. Mr. Aldean agreed that is absolutely needed. He stated that earlier this year, an amendment to the FCS contract was discussed, which would have allowed CH2M Hill (as a subconsultant to FCS) to perform a cost estimate for the modified Alternative 3C. He stated that the item was pulled from the agenda but could be brought back. He suggested that money needs to be spent to determine the actual costs.

Director Aiazzi suggested that the updated cost estimates could be provided to the Corps. Mr. Aldean stated that Corps is not interested in our cost estimating; the Corps has its own way of estimating costs. Director Aiazzi mentioned that recently the Corps approved \$200,000 for an additional study. Mr. Aldean agreed and clarified that was the David Ford study funded by the Corps.

Chair Smith summarized that the Flood Project is currently estimated at \$1.2 billion to \$1.6 billion because the Corps is involved. He added that if we provided local up-to-date cost estimates, we might have a more feasible project.

Executive Director Aldean stated that the TRFMA needs to agree on a local rate plan. He offered to bring back an amendment to the FCS / CH2M Hill contract to provide a cost estimate for the LPP elements, which would then be used for further determination of rates. He stated there is a risk in setting rates based on the full project in that if the Corps does not come in with funding, we would still be required to build that full plan, on which rates were set.

Chair Smith suggested going our own way to figure out what the project will cost locally. He added that there are also local funding companies that could assist with getting the project built.

Director Sferrazza reiterated that we paid a ton of money for the rate study and she agreed that we need to have ballpark figures of the level of contribution to reduction of flood damages and what is affordable.

Chair Smith reiterated that in all this time, we have never performed our own cost estimates; we have taken whatever the Corps provided. He stated perhaps those numbers are not realistic and we might be able to put people to work sooner.

Executive Director Aldean stated that based on a full cost estimate of the elements, we would have a menu of the individual costs on which to move forward. He added that the LPP is

already described in the EIS, which is important. He stated that the cost for each element would be known so the Board could decide if an item should be eliminated or postponed.

Director Martini asked if the direction being sought is for staff to bring an amendment to the December meeting to enable moving forward with a cost estimate. Executive Director Aldean stated that would be his request and added that the cost estimating would not take long because the elements are defined in the LPP.

Executive Director Aldean requested a motion that the local rate plan will be based on the LPP and direction for him to bring back a contract amendment. Director Aiazzi directed staff to bring back an amendment to CH2M Hill's contract to provide cost estimates for each element of the LPP. Mr. Wolz stated that a motion is not necessary if the Board wishes to proceed with providing direction to staff.

Executive Director Aldean clarified that he received the direction and would move forward with a contract amendment.

A recess was held from 2:30 to 2:45 p.m.

6. REVIEW OF FCS CONTRACT

Jay Aldean, Executive Director, TRFMA

Report on the scope of work and deliverable accomplishments to date by the FCS Group relative to their existing contract for professional services. Possible action to accept the report and/or provide direction to staff.

Lori Williams presented this item. She stated that in a previous meeting, staff was asked to review the FCS contract. She reported that she had reviewed the contract and work products and discussed them with Lisa Gianoli, Financial Consultant. She referred to the staff report, which included a timeline of the work and a summary of the fees paid.

Ms. Williams reported that the Flood Project entered into a contract with FCS Group in 2008 for a Flood Funding Study that developed defensible and implementable non-tax options that eventually would generate funding for the local share of the Truckee River Flood Project. The study was complete by April 29, 2009, with all tasks finished with the exception of public outreach. She stated that the task was postponed until agreement could be reached on rates and a rate structure. She added that the budget for that task was rolled into a new task, Final Report Revisions/Completion and Other Consulting (\$56,688).

Ms. Williams summarized that the contract was completed nine months after the original contract term and came in under budget. The work included many additional analyses, revisions and assistance with starting up the Joint Powers Authority (JPA). In October 2010, \$14,000 remained in the Phase 1 budget. An amendment for Phase 2 was approved for \$200,000 to update the original 2008 Economic Financial Assumptions. She stated that currently there is \$159,096 remaining in the Phase 2 budget.

Ms. Williams referred to a handout provided by FCS showing the budget expenditures and timeline of the work performed. She invited questions.

Director Sferrazza asked what Task 7 refers to in the staff report and asked if that amount would remain. Ms. Williams reiterated that the amount from Task 7 was rolled into Task 11 and was used for other services. Director Sferrazza asked if money is leftover or not. Ms. Williams

reiterated that there is \$14,000 unspent in the Phase 1 contract. She added that an additional \$200,000 was approved for Phase 2, of which \$159,000 remains. Director Sferrazza asked for clarification that we would not move forward with Phase 2 until the previously discussed cost estimate is complete. Executive Director Aldean stated that is correct, with the exception of minor phone calls and conversations.

Director Martini asked if the remaining funding could be used for CH2M Hill to perform their cost estimate. Executive Director Aldean stated it would be. He added that this is an informational item but if desired, questions could be directed to Ms. Bissonnette. He explained that the former director moved the funding from Task 7 to Task 11 because the Public Outreach process was premature.

Ms. Simon referred to the list of tasks and expenditures and encouraged FCS to more tightly control the Project Management/QAQC process in the future (\$173,926 was spent). Chair Smith referred to Phase 2, Project Deliverable, Meetings and Management, which totaled \$20,672 (half the total amount of expenditures).

Director Sferrazza asked if moving money between tasks is within the purview of the Executive Director. Mr. Aldean stated that he would bring any such requests to the Board prior to moving any funds around within a contract. Director Sferrazza asked about the wording in the contract when the new task was added. Mr. Aldean offered to discuss the issue with Mr. Wolz and send an email response to the Board.

7. 180-DAY PLAN OF ACTION

Jay Aldean, Executive Director, TRFMA

Presentation and discussion regarding staff's *180-Day Plan of Action*. Possible action to accept the report and/or provide direction to staff.

Executive Director Aldean thanked Katy Simon for her assistance in developing this 180-day Plan of Action. He explained that he went to Ms. Simon and told her he needed help. Ms. Simon provided a sample work plan, on which Mr. Aldean and his staff based the Flood Project Action Plan. He added that he and staff have held numerous planning meetings to determine the tasks that need to be accomplished, along with prioritization.

Executive Director Aldean referred to the items listed, which also includes who is responsible and the timeline for completion. He offered to continue to provide quarterly updates to the Board.

Director Aiazzi asked when the TRFMA would have its funds transferred and available. Mr. Aldean stated he would make the request to the County in December. He added that they have a 90-day window in which to make the transfer; however, he believes it can be done sooner. Director Aiazzi referred to the Development of Policies and Procedures and asked what is needed to stand up the agency. Executive Director Aldean stated that the Service Agreement with the County needs to be developed. He added that Mr. Wolz is aware that his first priority is to finalize the agreement.

Director Aiazzi stated he was not comfortable standing up the agency without all the policies in place and suggested an agenda item in December to adopt the County's policies until the TRFMA's are in place. Executive Director Aldean agreed that is a good idea.

Director Aiazzi referred to item 4, “Work with NDOT” and suggested adding working with Lee Gibson, Regional Transportation Commission (RTC). He requested adding RTC and the FHA to the item, with which Mr. Aldean agreed.

Director Aiazzi stated that based on discussion today, item 10a could be removed. He added that item 12a related to VSB bridge selection is complete. He suggested that item 12e could also be removed based on today’s discussion. He summarized that he would like to stand up the agency on January 1, 2012.

Chair Smith stated that Mr. Aldean needs an employment contract and requested that Mr. Wolz work on it. Executive Director Aldean stated that his contract followed the General Counsel contract template that could possibly be approved by the County Commission in December.

Ms. Simon referred to item 12e regarding the Home Elevation Program and stated that the program was on hold because of the IRS tax issue. She asked what happens if the project were dropped, i.e. those homeowners would have no flood protection. Director Sferrazza clarified that the program would not be dropped; it would be moved from the TRAction Project list. Chair Smith stated that Home Elevation was selected based on the cost estimate of \$60 million for a levee (as an alternative). He stated that based on new cost estimates, the cost might be significantly lower. Mr. Urban stated that we do have a previous cost estimate. Ms. Simon asked for clarification that Home Elevation would be included as a component of the LPP even though it would no longer be a TRAction project. Executive Director Aldean stated that is correct.

8. DISCUSSION REGARDING TRFMA STAFFING ORGANIZATION

Jay Aldean, Executive Director, TRFMA

Discussion regarding organizational structure of TRFMA. Possible action to accept the report and/or provide direction to staff.

Executive Director Aldean referred to the updated Organizational Chart for the TRFMA. He explained how staff works together and their reporting requirements. He referred to titles that were changed to more accurately reflect responsibilities. He explained that the goal of the updates was to provide the Board with the proper reporting responsibilities.

Executive Director Aldean stated that at this point we do not know what the Corps project will be although if the Corps moves forward with building the project, they would be responsible for the design and construction.

Director Sferrazza stated that staff was hired to perform specific duties, such as developing a recreational plan. She stated that the Flood Project is no different from any of the other local government agencies and asked if all of the positions are needed based on where we are in the process. She added that she and other Board members have heard criticisms. She asked Executive Director Aldean if all the positions are needed today.

Executive Director Aldean stated that he is proposing to leave two positions vacant until a request is made to the Board. He added that there are also two frozen positions that will not be filled. He summarized that he will have four vacant positions and stated that if the Board thinks it is necessary to cut additional positions, it could be done. He suggested hiring a small firm for a small fee to provide an efficiency study and make a recommendation directly to the Board.

Director Sferrazza stated with all due respect, that Mr. Aldean's job is to make that determination. She summarized that a consultant is not needed and reiterated that the decision should be made by Executive Director Aldean.

Director Sferrazza reiterated her question to Mr. Aldean if all the positions are needed today. Mr. Aldean stated we could probably get by with fewer than we have. Director Martini directed Mr. Aldean to provide recommendations to the Board in December. Director Aiazzi stated there is a difference between "could" and "should" get by with less staff. He clarified that the Board is not cutting the staffing budget. He added that a determination needs to be made over whether the Flood Project is over-staffed.

Executive Director Aldean stated that Ms. Fujii-Strickler is currently performing the job of Public Information Officer. Chair Smith stated there was also a recommendation to send a staff member to real estate school, which again would be Ms. Fujii-Strickler.

Executive Director Aldean reported that he had not spoken with the Washoe County Employee's Association representative about eliminating staff outside the budget process. He suggested waiting until the budget process, when we have a better idea of what the Corps is going to do, to make staffing decisions. Director Sferrazza stated that we are in a different process than we were when certain positions were hired. She reiterated that as Executive Director, Mr. Aldean needs to make that decision.

Director Aiazzi asked if the TRFMA had ever adopted a budget. Ms. Williams stated we do have a recognized budget filed with the State, although it has not been funded.

Executive Director Aldean stated he heard the Board's direction and would report back at the December meeting.

9. SUMMARY AND REQUESTS AND FUTURE AGENDA ITEMS

Possible action to approve items for future agendas.

Director Aiazzi requested further discussion of the IRS determination on the Home Elevation Program grant funding. He stated that those eligible for the elevations do not want to contribute. Chair Smith stated he believed the homeowners were onboard and added that they would be responsible for landscaping or any other betterments. Ms. Simon stated that those homeowners are in the direct benefit area. Director Sferrazza requested a cost estimate of the elevation compared to the total cost of the home. She suggested that possibly some of the homes could be purchased. Executive Director Aldean stated there is a provision in County Code that allows for buy-out. He offered to provide an update. Director Martini clarified that we are talking about willing sellers. Eric Scheetz stated that the Flood Project has received 20 applications for elevation, and structural engineering has been performed.

10. PUBLIC COMMENT

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

11. ADJOURNMENT

With no further business, Member Martini made a motion to adjourn. Member Sferrazza seconded the motion, which carried unanimously. The meeting was adjourned at 3:15 p.m.

Respectfully submitted by,

Niki Linn, Recording Secretary

Approved by FMA in session on December 9, 2011.