



Meeting Date: 02/06/2019  
Agenda Item: # \_\_\_\_\_

**Mission Statement**

To provide our growing dynamic community excellent municipal services to make Fernley a great place to live, work, and play. Together, we enhance the desirability, safety, friendliness, aesthetics and quality of life in our city.

---

## FERNLEY CITY COUNCIL MEETING - STAFF REPORT

---

**REPORT TO:** Mayor & City Council

**REPORT FROM:** David Whalen, Public Works Director

**REPORT THRU:** Daphne Hooper, City Manager

**REVIEWED BY:** Paul Taggart, Special City Water Attorney

**REVIEWED BY:** Denise Lewis, Finance Director

**AGENDA ITEM:** Discussion and possible action to adopt Resolution 19-002 supporting the submittal and approval of an application to the United States Bureau of Reclamation requesting authorization to construct a new takeout structure on the Truckee Canal; approving and authorizing the Mayor to execute a contract with the Bureau for reimbursement of costs associated with review of said application; and authorizing the City Manager to transmit to the Bureau the deposits required by said contract.

**ACTION REQUESTED:**  Consent  Ordinance  Resolution  Motion  Receive/File

---

**RECOMMENDED ACTION BY CITY COUNCIL**

Staff recommends the following action:

“I move to adopt Resolution 19-002, authorize the Mayor to execute the reimbursement agreement with the Bureau of Reclamation, and authorize the City Manager to transmit to the Bureau any deposits required by the agreement.”

**Key Points:**

1. The City owns a significant quantity of Newlands Project water rights.
2. Pursuant to a 2009 Settlement Agreement, the City is required to submit an SF-299 Authorization Request to the Bureau prior to diverting water to its municipal water treatment facility. The Settlement Agreement also requires the City to reimburse the Bureau for any costs associated with review and approval of the SF-299 application.
3. On November 13, 2018, the City submitted an SF-299 request asking for permission to construct a new takeout structure on the Truckee Canal to deliver water to the municipal water treatment facility.
4. Prior to reviewing the application, the Bureau is asking the City to execute a reimbursement agreement and provide an initial \$30,000 deposit

**POLICY REFERENCE**

<i>Nevada Statutes:</i>	<i>N/A</i>
<i>Fernley Municipal Code:</i>	<i>N/A</i>
<i>Policies &amp; Procedure Manual:</i>	<i>N/A</i>
<i>Community Assessment:</i>	<i>N/A</i>
<i>Other:</i>	<i>N/A</i>

**SUPPORTING INFORMATION**

For several years the City has been working on plans to utilize its significant quantity of Newlands Project water rights in the municipal water system. The current plan is to construct a new takeout structure on the Truckee Canal and pipe the water directly to the municipal water treatment facility. Pursuant to the terms of a 2009 Settlement Agreement, Fernley is required to submit to the Bureau of Reclamation an SF-299 authorization request before it undertakes any such construction or diversion of water from the canal.

On November 1, 2018, City staff submitted a complete SF-299 application package to the Bureau. On December 19, 2019, the Bureau sent Fernley a letter acknowledging receipt of the application and requesting the city (1) provide a copy of a City Council resolution supporting the project, (2) execute a reimbursement agreement for any expenses incurred by the Bureau in reviewing the application, and (3) provide an initial \$30,000 deposit for such expenses. Pursuant to the terms of the reimbursement agreement, additional deposits will be required whenever the account balance falls below \$5,000. In email communications, Bureau staff has previously estimated that the cost of the review will be approximately \$20,000 - \$25,000 however this is only an estimate and, depending on the complexity of the review, actual costs could be higher. The agreement can be terminated at any time with 30-days written notice.

The proposed resolution expresses the City Council's support of the project, authorizes the Mayor to sign the reimbursement agreement, and authorizes the City Manager to transmit the required deposit. Funds have already been budgeted in the 2018-2019 water enterprise fund for these expenses.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- 1. Is There A Fiscal Impact? Yes
  - 2. Is it Currently Budgeted? Yes
- If Budgeted, Which Line Item/Account?  
510-810-698

**FISCAL SYNOPSIS:**

The Bureau of Reclamation requires a deposit for the review of the SF-299 application for the construction of the takeout structure to deliver surface water to the water treatment plant. Funds are budgeted in the Water Enterprise Funds.

**ATTACHED INFORMATION**

- 1) Draft Resolution
- 2) Copy of Reimbursement Agreement