

Item # 4-3

**City of Carson City
Agenda Report**

Date Submitted: 12/12/06

Agenda Date Requested: 12/21/06

Time Requested: Consent Agenda

To: Mayor and Supervisors

From: Development Services, Public Works Division

Subject Title: Action to approve and authorize the Mayor to sign a one year Water Lease Agreement between the Carson Water Subconservancy District and Carson City.

Staff Summary: The lease of Lost Lakes water rights for one year (fiscal year 2006-07) will help rest even more groundwater sources over the course of this winter, thereby indirectly assisting the recharging of groundwater supplies. There is enough capacity in the infiltration wells to be able to fully utilize both the Mud Lake and Lost Lakes water rights this winter.

Type of Action Requested: (check one)
☐ Resolution ☐ Ordinance
☒ (XX) Formal Action/Motion ☐ Other (Specify)

Does This Action Require A Business Impact Statement: ☐ Yes (XX) No

Recommended Board Action: I move to approve and authorize the Mayor to sign a one year Water Lease Agreement between the Carson Water Subconservancy District and Carson City.

Explanation for Recommended Board Action: Currently the Carson City Water Utility practices conjunctive use water management, which involves using surface water first, saving groundwater for high demand, peaking and drought periods.

In order to provide additional surface water rights for the conjunctive use program, a one (1) year lease of Carson River storage rights has been negotiated with the Carson Water Subconservancy District. The subject rights are located in Alpine County, stored in Lost Lakes Reservoirs. The City, per the Alpine decree, cannot pull from the river during the months of October through March. However, these particular rights will have been stored *within the reservoirs* during the irrigation season, which allows for their use during the winter months, under conditions which will be stipulated by the State Water Engineer and Federal Water Master.

The lease stipulates that Carson Water Subconservancy District will fund all expenses associated with filing state permits, diversion and delivery of the water. If the Federal Water Master and State Water Engineer stipulate that a loss of water due to conveyance occurs, the lease requires Carson Water Subconservancy District to take the deduction in water. The City will only pay for what is delivered, as metered at the City's infiltration wells. The lease also requires approval from both the State Water Engineer and Federal Water Master or it will be terminated.

The lease of these water rights for one year (fiscal year 2006-07) will help rest even more groundwater sources over the course of this winter, thereby indirectly assisting the recharging of groundwater supplies. There is enough capacity in the infiltration wells to be able to fully utilize both the Mud Lake and Lost Lakes water rights this winter.

The Lost Lakes water rights will be leased to Carson City at the same cost per acre foot as the Mud Lake water rights. The Public Works Operations Division recommends approval of this lease.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 277.180 authorizes any one or more public agencies to contract with any one or more public agencies to preform any governmental service, activity or under taking which any of the public agencies entering into the contract is authorized by law to perform.

Fiscal Impact: \$19,053.00 for 219 acre feet plus price index increase for fiscal year 2006-07.

Explanation of Impact: Funding provide for in FY 06-07

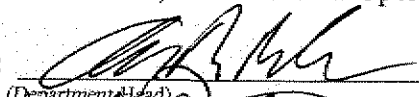
Funding Source: 520-3502 Water Purchase/Lease

Alternatives: Do not approve

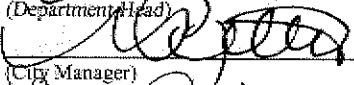
Supporting Material: None

Prepared By: Ken Arnold, Public Works Operations Manager

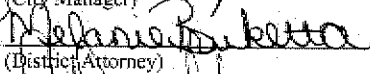
Reviewed By:


(Department Head)

Date: 12/12/06


(City Manager)

Date: 12-12-06


(District Attorney)

Date: 12-12-06


(Finance Director)

Date: 12-12-06

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

WATER LEASE AGREEMENT

This Water Lease Agreement is entered into between the CARSON WATER SUBCONSERVANCY DISTRICT, a political subdivision of the State of Nevada, by and through its duly constituted Board of Directors (hereinafter "CWSD") and CARSON CITY, a political subdivision of the State of Nevada, by and through its duly constituted Board of Supervisors (hereinafter "CITY").

WITNESSETH:

WHEREAS, CWSD holds title to 219.0 acre feet of water rights, including storage rights in Upper and Lower Lost Lakes Reservoirs, Claim Numbers 812 and 813 in the Alpine Decree; and

WHEREAS, CITY desires to lease CWSD water for one (1) year for use within the boundaries of CITY for municipal purposes; and

WHEREAS, CWSD has made or will make any necessary application(s) to the State Engineer for permission to use CWSD water rights for the purposes contemplated under this Agreement.

THEREFORE, in consideration of the mutual undertakings and for other good and valuable consideration, the parties agree and contract as follows:

1. Term of Agreement/Cost of Water

The term of this Agreement shall commence on the date both parties have executed the Agreement and shall continue through June 30, 2007. CITY agrees to lease and use up to but not to exceed 219.0 acre feet of CWSD water from Lost Lakes.

CITY shall pay CWSD the same price per acre foot as for the leased water from Mud Lake Reservoir during fiscal year 2006-07. As used in this Agreement, the term "water delivery season"

means the period beginning October 1, 2006 and ending March 31, 2007. The calculation of the water used by CITY shall not include any loss of water determined by the State Engineer or the Federal Water Master, due to conveyance from Lost Lakes Reservoirs or any other CWSD storage facilities to CITY's point of re-diversion. CITY shall make payment to CWSD by no later than the 15th of June based on the actual metered usage. CITY will use the Lost Lakes water prior to using the Mud Lake water.

2. Costs of Diversion and Delivery of Water

CWSD shall bear the costs of delivery of the water to CITY's point of re-diversion, including the costs of any required approvals by the State Engineer, operation and maintenance of upstream storage facilities, and payment of water fees to the Federal Water Master. CITY shall bear the costs associated with pumping the water from the Carson River, measuring devices, pipelines and other transporting devices. CWSD and CITY shall coordinate the delivery of water.

3. Treatment

CITY shall be responsible for the treatment of all water for municipal purposes, including water leased from CWSD, to applicable local, state and federal standards.

4. Hold Harmless

CITY agrees to indemnify and hold CWSD harmless for any claims or actions including damages, costs and attorneys fees concerning the use of this water by CITY as specified in this Agreement.

5. General Provisions

The officials executing this Agreement hereby warrant and guarantee that they have the authority to act for and bind the respective organizations which they represent; all notices required

by this Agreement shall be in writing, must be sent to the addresses provided herein and are deemed effective upon placement in the United States Mail, postage prepaid; this Agreement constitutes the entire agreement between the parties; this Agreement shall be enforced and construed according to the laws of the State of Nevada; the prevailing party to any dispute involving this Agreement is entitled to an award of reasonable attorneys fees and costs; any modification of this Agreement must be made by a writing signed by both parties.

For notice purposes, the addresses of each party are as follows:

CARSON WATER
SUBCONSERVANCY DISTRICT
Attn.: Edwin James
General Manager
777 E. William St., #110A
Carson City, NV 89701
775/887-7450

CARSON CITY

Attn.: Ken Arnold
Public Works Manager
3505 Butti Way
Carson City, NV 89701
775/887-2355 x-1003

6. Termination of Agreement

Unless otherwise agreed to by both parties in writing, this Agreement shall be terminated only if the State of Nevada or a court of competent jurisdiction prevents the delivery of the surface water that is the subject of this Agreement to CITY's point of re-diversion or if the Federal Water

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Master prevents the use of the subject water in which case CWSD and CITY are relieved from performance under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CARSON WATER
SUBCONSERVANCY DISTRICT

CARSON CITY

ROBERT A. MILZ, Chairman

MARV TEIXEIRA, Mayor

Dated: _____

Dated: _____

ATTEST:

ATTEST:

By: _____
TONI LEFFLER, Secretary to the Board

By: _____
ALAN GLOVER, Clerk-Recorder

Dated: _____

Dated: _____