



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** May 18, 2017

**Staff Contact:** Darren Schulz, Public Works Director

**Agenda Title:** For Possible Action: To adopt a Resolution determining that Carson City's interest in Water Permit 36079 (Certificate 11627), located in Washoe Valley totaling 8.62 acre feet, is no longer required for public use and the sale of these water rights is desirable and in the best interest of the City pursuant to NRS 533.550 and NRS 332.185, and authorize method of open market sale for said personal property through the City's online Bid Management System, giving staff the authority to accept final and highest bid. (Stephanie Hicks; SHicks@carson.org)

**Staff Summary:** In April 2016, the Board of Supervisors approved a motion to direct staff to have the water under Permit 36079 appraised and sold on the open market for an amount not less than the appraised value. The appraisal was completed and the water rights were valued at \$50,000. NRS 533.550 requires that when a public body sells water rights, at least one public hearing must be held at which public comment was solicited and specific findings must be made. NRS 332.185 allows the City to dispose of personal property in any manner, including, without limitation, at public auction, if the City determines that the property is no longer required for public use and deems such action desirable and in the best interests of the local government.

**Agenda Action:** Resolution

**Time Requested:** 10 minutes

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## **Proposed Motion**

Move to adopt Resolution No. 2017-R- \_\_\_\_\_ determining that Carson City's interest in Water Permit 36079 (Certificate 11627), located in Washoe Valley totaling 8.62 acre feet, is no longer required for public use and the sale of these water rights is desirable and in the best interest of the City pursuant to NRS 533.550 and NRS 332.185, and authorize method of open market sale for said personal property through the City's online Bid Management System, giving staff the authority to accept final and highest bid.

## **Board's Strategic Goal**

Efficient Government

## **Previous Action**

April 7, 2016 - The Board of Supervisors approved a motion to direct staff to have the water under Permit 36079 (Certificate 11627) appraised and sold on the open market for an amount not less than the appraised value.

## **Background/Issues & Analysis**

The City's water rights in Washoe Valley associated with Well #12 are currently unused and cannot be moved to another site where they could be utilized by Carson City. As such, the water rights are subject to forfeiture for non-use.

In April 2016, the Board of Supervisors approved a motion for the appraisal and sale of the water rights. The original appraisal was completed in May 2016 and the water rights were valued at \$50,000. In March of 2017,

an update to the appraisal was completed and no new records of sale were found. Therefore, the value of the water rights remains at \$50,000.

NRS 533.550 requires the Board of Supervisors to make specific findings and hold at least one public hearing at which public comment was solicited when selling water rights. Staff recommends that the Board of Supervisors approve the sale of the water rights based on the following findings and responses:

(a) The sale or lease of the water right is consistent with the prudent, long-term management of the water resources within the jurisdiction of the public body;

The subject City water rights were acquired by Carson City in order to drill wells to find a dependable source of good quality water supply to support new residential development in the Lakeview area in the late 1970's and 1980's. The Lakeview wells proved to be problematic for the City with water quantity and quality being issues. Well #12 was the only well source that Carson City has in Washoe Valley. Well #12 was a poor producer, did not meet water quality standards, and therefore is no longer in service. An inter-basin transfer of water rights is unlikely to be approved and the water rights are subject to forfeiture for non-use. Staff believes that the sale is consistent with the prudent, long-term management of the City's water resources as there is a very limited amount of water in Well #12 (8.62 acre feet) and there are no other viable candidate sites in Washoe Valley on which to drill a municipal well to supply such a small amount of water to the Carson City system.

(b) The sale or lease of the water right will not deprive residents and businesses within the jurisdiction of the public body of reasonable access to water resources for growth and development;

Carson City residents and businesses within the Lakeview area are served by the Eagle Valley portion of the water system. Therefore, the sale of the water rights will not deprive residents and businesses within the jurisdiction of reasonable access to water resources for growth and development.

(c) The sale or lease of the water right is a reasonable means of promoting development and use of the water right; and

If the water rights are not sold, they will be subject to forfeiture for non-use. Sale of the water rights is the only means of promoting development and use of these water rights.

(d) The means by which the water right is sold or leased reasonably ensures that the public body will receive the actual value of the water right or comparable economic benefits.

The City had an appraisal prepared to determine the value of the water rights. Staff is requesting that the method of open market sale of the water rights be through the City's online Bid Management System giving staff the authority to accept final and highest bid. However, the water rights will not be sold for less than the appraised value. This will ensure that the City receives the actual value of the water rights.

### **Applicable Statute, Code, Policy, Rule or Regulation**

NRS 533.550 Sale or lease of water right by public body for more than 5-year term.

NRS 332.185 allows the City to dispose of personal property in any manner, including, without limitation, at public auction, if the City determines that the property is no longer required for public use and deems such action desirable and in the best interests of the local government.

### **Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: 520-0000-372-75-00 Miscellaneous Other Revenue;

520-3502-435-03-09 Professional Services

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: Net fiscal impact would be the proceeds from the sale minus the costs associated with selling the water (appraisal, etc.).

**Alternatives**

Do not adopt the resolution for the sale of water rights.

Propose alternative method for open market sale of water rights.

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION DETERMINING THAT CARSON CITY'S INTEREST IN WATER PERMIT 36079 LOCATED IN WASHOE VALLEY, CONSISTING OF 8.62 ACRE FEET, IS NO LONGER REQUIRED FOR PUBLIC USE AND THE SALE OF THESE WATER RIGHTS IS DESIRABLE AND IN THE BEST INTERESTS OF THE CITY AND THAT SAID SALE SHALL BE PURSUANT TO NRS 533.550 and NRS 332.185.**

**WHEREAS**, Carson City desires to sell its interest in Water Permit 36079 for water located in Washoe Valley, Nevada, consisting of 8.62 acre feet, on the open market through the City's online Bid Management System and to authorize appropriate City staff to accept the final and highest bid; and

**WHEREAS**, the water rights were appraised at a value of fifty thousand dollars (\$50,000.00) and the sale will be for an amount not less than this appraised value; and

**WHEREAS**, NRS 533.550 provides that a public body may sell a water right owned by the public body after holding at least one public hearing at which public comment was solicited, so long as certain findings are made; and

**WHEREAS**, it has been determined that:

1. The sale of the City's water right is consistent with the prudent, long-term management of the water resources within the City;
2. The sale of the City's water right will not deprive the City's citizens and businesses of reasonable access to water resources for growth and development;
3. The sale of the City's water right is a reasonable means of promoting development and use of the water right; and
4. The means by which the City's water right is to be sold ensures that the City will receive the actual value of the water right or comparable economic benefits; and

**WHEREAS**, NRS 332.185 allows the City to dispose of personal property in any manner, including, without limitation, at public auction, if the City determines that the property is no longer required for public use and deems such action desirable and in the best interests of the City; and

**WHEREAS**, on May 18, 2017, pursuant to NRS 533.550 the Board of Supervisors obtained public comment and duly considered recommendations and made required findings for the proposed sale of the City's interest in Water Permit 36079 for water located in Washoe Valley; and

**WHEREAS**, the proposed sale of the City's interest in Water Permit 36079 would be consistent with NRS 332.185;

**NOW, THEREFORE, BE IT RESOLVED**, that the Carson City Board of Supervisors hereby determines that Carson City's interest in Water Permit 36079 for water located in Washoe Valley, Nevada, consisting of 8.62 acre feet, is no longer required for public use and the sale of these water rights is desirable and in the best interests of the City and that said sale shall be pursuant to NRS 533.550 and NRS 332.185.

Upon motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing Resolution was passed and adopted this 18th day of May, 2017 by the following vote.

VOTE:

AYES:

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NAYS:

\_\_\_\_\_  
\_\_\_\_\_

ABSENT:

\_\_\_\_\_

ABSTAIN:

\_\_\_\_\_

\_\_\_\_\_  
Robert Crowell, Mayor

ATTEST

\_\_\_\_\_  
Susan Merriwether, Clerk  
Carson City, Nevada