



BOARD OF DIRECTORS MEETING
FRIDAY, January 13, 2012 – 8:30 A.M.

MINUTES

Washoe County Commission Chambers
1001 East Ninth Street, Reno, Nevada

1. **CALL TO ORDER**

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

Chair Smith called the meeting of the Truckee River Flood Management Authority (TRFMA) Board of Directors to order at 8:34 a.m.

A quorum was established with the following Directors present:

David Aiazzi	Geno Martini
David Humke	Jessica Sferrazza
Kitty Jung	Ron Smith

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

Director Jung led the pledge of allegiance.

B. *PUBLIC COMMENT

Chair Smith called for public comment and hearing none, closed this item.

C. APPROVAL OF AGENDA

Director Martini moved to approve the agenda; Director Humke seconded and it passed unanimously.

D. MINUTES -

Director Sferrazza moved to approve the Draft Minutes of the TRFMA Meeting of December 9, 2011; Director Humke seconded and it passed unanimously.

E. ANNOUNCEMENTS

Mr. Aldean – made the following announcements:

- The accounting system is up and running parallel to the County's system.
- Niki Linn, TRFMA's minute taker has resigned; Administrative Assistant Laura McAuley has volunteered to do the minutes for the TRFMA Board meetings.
- TRFMA's checking account is now open (Mr. Aldean shared the first balance sheet.)
- Although the possibility of going out for an RFP/RFQ for incremental analysis for the Corps plan was discussed at the last meeting, staff will not be going out for those services. The Corps had done this work on the 75-year plan so there is no reason to do more than that at this time since the 75-year plan looks better for the cost share.

- An IRS Determination Letter has been received which states that the Home Elevation revenue is taxable income to those who receive it. Staff had a good meeting with Senator Reid's staff regarding this issue.

Chair Smith questioned whether staff is moving forward with Home Elevations and Mr. Aldean noted that will be covered in Item 6A. Director Sferrazza stated she thought we were going to reevaluate this (the Home Elevation Program), noting that it may be in the Authority's best interest to purchase the homes outright. **Director Sferrazza asked staff to do a cost/benefit analysis of this program.** Director Martini agreed, noting that "not everyone is going to want to sell their house; we need to move along with that." Director Humke added that, "with the current housing crisis, the determination to buy out has to be made on a case-by-case basis." General Counsel (GC) Wolz stated that either Item 6A must be opened or this issue must be added to the agenda for next month

Director Aiazzi inquired as to why staff determined not to do the engineering RFP/RFQ. Mr. Aldean stated that the Corps has done everything for the 75-year plan; staff doesn't have it yet but the Corps pledged to give it to us. Director Aiazzi followed-up by asking when did staff find that information out; to which Mr. Aldean responded a week or two before Christmas.

F. CONSENT ITEMS (may be voted on as a block vote)

None.

2. ELECTION OF FLOOD MANAGEMENT AUTHORITY BOARD OF DIRECTORS' OFFICERS

Director Martini moved to appoint Ron Smith Chair for 2012; Director Humke seconded.

Director Sferrazza asked if anyone else was interested in serving as Chair (Director Aiazzi noted his interest) and stated it is only fair that we rotate that on all of our boards and commissions. Director Martini mentioned that he agreed with that at one time and if we want to go back to that, we would need to amend our JPA (Joint Powers Agreement). GC Wolz stated the By-Laws would have to be amended; not the JPA's Interlocal Cooperative Agreement. Director Aiazzi suggested making the rotation informally. ***Chair Smith called for a vote: Directors Humke, Jung, Martini, and Smith in favor; Directors Aiazzi and Sferrazza opposed; motion failed.***

Director Sferrazza moved to appoint Director Aiazzi as Chair. Director Aiazzi seconded.

Director Humke noted that there have been intervening events including working with the Corps which will affect our project; how to proceed, do we go it alone, raise all fees, tolls and that leads to continuity. We have had changes at the leadership level, the legal advice level and the Board of Directors. Now is the time for continuity.

Chair Smith called for a vote: ***Directors Aiazzi and Sferrazza in favor; Directors Humke, Jung, Martini, and Smith opposed; motion failed.***

GC Wolz opined that Chair Smith shall remain Chair of the Board of Directors for an indefinite period of time, noting that any one of the Directors can add this issue to a future agenda.

Chair Smith called for Vice Chair nominations. ***Director Sferrazza moved to appoint Director Aiazzi; Director Humke seconded and it passed unanimously.***

3. **CARMEN GROUP / LOBBYIST UPDATE**

Ms. Mia O'Connell provided her report via telephone. She spoke on issues including funding, noting that if a project is in the President's budget, it is in the Corps Work Plan. We are not in the budget at this time so it is a tougher hurdle but we are still working it. We have been pushing for \$1 million for FY 12. The Corps is planning to release their Work Plan and deliver it to Congress on February 6, 2012. They are in the final decision making mode at the ASA's office.

The AFB will be held late in March or the first half of April based on what she is hearing. The AFB is critical to us to get the best plan and it forms the basis for what is in the Chief's Report so it is critical for us to engage the staff and Corps leadership in Sacramento and the District office. Ms. O'Connell and Mr. Aldean have asked for the Colonel to engage more heavily.

Ms. O'Connell advised staff to make sure that the data and information that the Corps has been working on and will be presented at the AFB show the highest possible level of Federal protection. We will be getting a read-ahead document for the AFB and we can shape our presentation around what is in there. One critical thing in the strategy is to make sure that Headquarters understands how important not only the project is but also our position, what we want to see come out of the AFB. Some of the Directors need to come out to Washington, D.C. to help tell that story for our perspective to the decision makers.

Chair Smith stated that we have been in Washington, D.C. before but always seem to meet with staff; can we meet with the decision makers rather than staff? Ms. O'Connell replied that it is her plan to meet with decision makers.

In response to an inquiry by Chair Jung, Ms. O'Connell identified the decision makers as Assistant Secretary of the Army for Civil Works Jo-Ellen Darcy and her staff; Let Mon Lee, her primary advisor; Steve Stockton, the Director of Civil Works for the Corps of Engineers; the OMB and the Council on Environmental Quality at the White House.

Vice Chair Aiazzi asked if Ms. O'Connell had secured dates that the decision makers are available. Ms. O'Connell replied that she hasn't talked to the decision makers; she needed to check the Board of Directors availability then start making appointments.

Chair Smith opened up ITEM 5, WASHINGTON, D.C. TRIP PLANNING and stated he would like to see three days, instead of two days, of meetings and not on Mondays and Fridays for meetings with elected officials since they are often traveling on those days.

Ms. O'Connell stated she will see what their availability is but she doesn't know if they do appointments that way. Chair Smith asked Ms. O'Connell to secure appointments for the week of February 13 through February 17.

In response to an inquiry from Vice Chair Aiazzi, GC Wolz stated that the Nevada Open Meeting Law does pertain outside of the state; however all the Directors could go to Washington provided that not more than three of them would be in any one meeting at the same time. GC Wolz noted he will find out what needs to be done.

Chair Smith called for a show of hands for Directors planning on going to D.C. and all but Director Martini raised their hands. He then asked Ms. O'Connell to put together an agenda for this trip. He and Mr. Aldean will discuss taking staff (i.e., GC Wolz).

Director Humke moved to accept report; Vice Chair Aiazzi seconded and passed unanimously. In response to an inquiry from Vice Chair Aiazzi, Mr. Aldean replied that the lobbyist's contract ends in March 2012. ***Vice Chair Aiazzi instructed Mr. Aldean to put going out to bid for a lobbyist on the February agenda.***

4. **ARMY CORPS OF ENGINEERS MONTHLY REPORT**

Brandon Muncy, Chief of Civil Works Program for Army Corps of Engineers reported that they were unable to attend today's TRFMA meeting due to project meetings today with senior Corps leadership including Steve Stockton, Major General Mike Walsh, (Deputy Commander for Civil Works), Colonel Wehr and Colonel Leady.

The Corps has completed their assessment of the North Truckee Drain and they do feel there is a federal interest in that piece. They are working with Headquarters to finalize the schedule and get an AFB date. They are working with TRFMA staff to sign a cost-sharing agreement and will be coming to the February TRFMA Board meeting to present a proposal.

Congress passed the Appropriations Bill on December 23; there is no money in a line item directly for the Truckee Meadows, but there is a discretionary pot of funds and they have already submitted their request up in the Work Plan and Headquarters is in the process of making decisions as to where that money goes as they look at needs throughout the nation. They should have official word on how much money they will give this project by mid-February.

In response to a request from Director Jung, Mr. Muncy indicated he would be delighted to coordinate with Ms. O'Connell regarding meeting during the week of February 13 through 17. He and his bosses will be going to Washington, D.C. at the end of February and beginning of March.

Director Jung inquired if any of the Board Directors should be there at that time; Mr. Muncy replied the Corps would welcome that. Director Jung suggested that the Chair or Vice-Chair should be there. She also asked how much is there in discretionary money in the President's budget. Mr. Muncy replied, "\$9 million for flood control projects across the nation". He has no idea how many projects that is in total, however, the Sacramento district has submitted around ten to twelve projects.

In response to an inquiry by Director Smith, Mr. Muncy indicated that the re-evaluation of the land values should be complete by the end of this month and presented at the next meeting.

Responding to a question from Director Sferrazza, Mr. Muncy said that it is going to be a challenge to receive as much money as they need to finish the report (approximately \$1 million).

Director Sferrazza then asked, "If we were to fund that study or get it to that point then what happens to our project? Is this the last hurdle before it gets to Congress for appropriation?"

Mr. Aldean answered, "In a federal project, you go through a couple of meetings. The AFB is the first, it signals the release of the public document so the public gets to see it. We can make our decision to turn over our money and agreement to the Corps after the AFB. There are a lot of out clauses in the funding agreement which allows us to back out of the agreement. There needs to be a good discussion about this whole funding agreement and I will agendize this in February. The Corps committed to continuing their efforts through the AFB at which time they will require a signed cost-share agreement."

Chair Smith noted that the last WRDA Bill approved was in 2007, there were 49 projects on that bill and to this day, none of them have received money yet. If we were approved this year, there would be 49 projects ahead of us to get funding.

In response to Vice Chair Aiazzi's question, Mr. Muncy stated that the Work Plan is a list of the projects separated into four priorities. This project is in priorities one and two.

Vice Chair Aiazzi inquired if TRFMA put in \$500,000 would that help to secure the other half in Washington, D.C.? Mr. Muncy replied that would definitely help; it is a positive message to help in their decision making process. On the WRDA process; we would have to wait for a WRDA to come forward, but things in older WRDA bills do not get priority over projects a new WRDA Bill. Congress looks at the priority.

Mr. Muncy explained the Corps process as once we get a Chief's Report then while we are waiting for a WRDA Bill, we would sign a design agreement with our local sponsor then we would move out towards designing the project features that we would want to construct then once we get authorization and appropriations, then that is when we would construct.

Chair Smith asked how does one project get chosen over the others? Mr. Muncy replied that when they go through the President's budgeting process, they look at life safety, life risk; part of it is the benefit/cost ratio. If it doesn't make it into the President's budget then either a Congressional Add can occur or it can be funded in the discretionary funds in the 2012 appropriations

Director Martini moved to accept the report; Vice Chair Aiazzi seconded and it passed unanimously.

5. **WASHINGTON, D.C. TRIP PLANNING**

This item was discussed with Item # 3.

6. **FINANCIAL ITEMS**

A. **FUNDING PRIORITIES AS OF JANUARY 2012**

Mr. Aldean presented a report on the options available to set priorities of project elements based on a fund balance model (copy on file).

Mr. Aldean noted that we are just beginning our budget cycle and we are going to look at every one of these items, however, he Board could comfortably divert \$12 or \$13 million to either Virginia Street Bridge or North Truckee Drain. Chair Smith noted that the Board's direction from last meeting is to get this budget refined.

In response to Vice Chair Aiazzi's inquiry about the base salaries going down, Mr. Aldean replied that the elimination of one position and holding open two positions will cause that decrease.

Vice Chair Aiazzi asked if the Board moves to change these priorities do we need to ask the County Commission anymore. GC Wolz responded possibly; we need to wait until the County transfers the money.

Director Humke moved to accept the report; Vice Chair Aiazzi seconded for discussion.

Mr. Aldean asked for direction to proceed with Scenario 2.

Director Humke amended the motion to proceed with Scenario 2; Vice Chair Aiazzi seconded.

Director Sferrazza suggested amending Scenario 2 to give \$500,000 to the Corps. Mr. Aldean will bring back the item in February which will show the \$500,000 to the Corps. Vice Chair Aiazzi commented that we don't need another staff report. The earlier the Corps gets that message from us, the better.

Director Humke amended the motion to include giving \$500,000 to Corps and proceeding with Scenario 2; seconder agreed.

Vice Chair Aiazzi emphasized the importance of giving the local money to the Corps indicating that we are true partners with them financially as well. **Mr. Aldean will write a letter to the Corps noting the Board's intentions.**

Chair Smith called for a vote which passed unanimously.

B. OVERVIEW OF WASHOE COUNTY OVERHEAD CHARGE

Ms. Lori Williams presented a report on the annual charge that is assessed on TRFMA by Washoe County for overhead costs noting that once TRFMA is officially separated from the County, we will not pay these charges, however, there will be other charges because the County will still be providing some services. Staff is working on an interlocal agreement with the County for these fees.

Director Jung moved to accept the report; Director Humke seconded and it passed unanimously.

C. BUDGET FOR TRFMA-OWNED PROPERTIES

Ms. Fujii-Strickler reported on the TRFMA-owned properties including the rental income generated and utility expenses incurred. She noted that by mid-February, six buildings will be demolished. The slabs and asphalt are still there and will need to be dealt with; staff will be coming up with a revegetation plan for the site.

Bristlecone has been working diligently to secure funding for a new building but a source fell through. They need \$285,000 to finish up the acquisition of that building.

Ann Herrington of Bristlecone addressed the Board noting that they have received \$642,500 from Home Funds which is the maximum amount of funds allowed. Bristlecone has eight different funding sources.

In response to inquiries by Director Sferrazza, Ms. Fujii-Strickler informed the Board that Bristlecone currently pays \$1500 per month rent and under the contract's terms it is set to expire in March of 2012 and the rent jumps up 200% which could change. It will take Bristlecone a year to move out and the building they are in has about three to five years of life left in it however there are no plans to demolish it.

Director Sferrazza directed staff to include an item on the next agenda to waive the rent payment. GC Wolz noted that it is a County contract so it would have to go to the BCC as well.

Ms. Fujii-Strickler confirmed for Chair Smith that the Woodchucks are in there too and don't pay any rent.

Vice Chair Aiazzi directed GC Wolz to look into the possibility of TRFMA loaning Bristlecone \$285,000 and taking it out of \$1500 rent.

Ms. Fujii-Strickler continued her report stating the Excel Building is not cheap to maintain, but it has been used by many including Friends of Library for their book sale twice a year and law enforcement agency training. Reno Police Department uses it the most; however SWAT, NDPS, Canine, IRS, US Marshals, Naval Air Station, and REMSA also use it. These agencies are asking the board to allow time for them to pull together some funding to maintain that building for another year or so to continue using it for training.

Chair Smith stated he is all for them training in there, but someone has to help with the expenses. It costs us \$41,000 to maintain that building.

Director Sferrazza noted that part of the 1/8 cent sales tax is public safety; we should absorb that to help our law enforcement agencies. Chair Smith remarked that he doesn't disagree, but the direction to staff was told to cut expenses.

In response to a question from Director Sferrazza, Mr. Aldean stated for the record that there are a lot of people who feel that all of those buildings have to come down for hydraulic benefit and the Excel building does not have to come down. **Staff will bring an item back on this in March.**

Vice Chair Aiazzi moved to accept report; Director Humke seconded and it passed unanimously.

D. APPROVAL OF THE SECOND AMMENDMENT TO THE FCS CONTRACT FOR THE NOT-TO-EXCEED AMOUNT OF \$114,000, FOR A TOTAL CONTRACT AMOUNT NOT-TO-EXCEED \$1,289,000

Mr. Aldean reported that an additional \$114,000 will be needed for CH2MHill for the purpose of developing a project construction cost estimate for the LPP to be used as the basis for setting initial rates for the Flood Project.

Vice Chair Aiazzi inquired as to what so far has been the work product of the \$1.2 million; Mr. Aldean replied, "the draft report of the Rate Study."

Vice Chair Aiazzi asked, "will this complete the study?" Mr. Aldean responded, "I don't believe we will need to add anything to the FCS contract to complete their rate study." Mr. Aldean confirmed that this is going to give us line items for the price of all of the components and will be done by the end of March.

Mr. Aldean also confirmed that we do not have to ask for any more money for the FCS contract other than what is already budgeted.

Vice Chair Aiazzi moved to approve the contract and bring final results to the April 2012 meeting; Director Humke seconded and it passed unanimously.

7. ORGANIZATIONAL AND TRANSITIONAL ITEMS

A. EMPLOYMENT AGREEMENT FOR EXECUTIVE DIRECTOR POSITION

GC Wolz reviewed the changes made to Mr. Aldean's contract from the meeting on December 9, 2011.

Director Humke moved to approve the contract; Director Martini seconded.

Director Sferrazza stressed her discomfort with moving forward with this contract today due to a few things that have happened over the past couple of months. She would prefer to find out what is happening in Washington, D.C. and where we are on this project overall.

Chair Smith noted that the difficulties with the contract have been corrected and inquired as to the current concern.

Director Sferrazza stated she is still concerned with the leadership of this organization noting in particular an email from Mr. Aldean dated November 15, 2011 regarding the staff organization wherein he asks that the email not be made public; in that email, Mr. Aldean states we don't need certain staff, yet at the retreat, Mr. Aldean says we need all

the employees and recommends we hire a consultant to tell him how to reorganize staff; and announcing at the December 9, 2011 meeting the emergency need for engineering services and wanting to avoid the RFQ/RFP process and now we don't need to do that because we are going to rely on the Corps to do this.

Director Humke stated that this appears to sound like an employee review and also noted that it would appear we will not have a unanimous vote on acceptance of this contract. He suggested starting with an abbreviated term.

Vice Chair Aiazzi commented that this is not an employee review because we do not have an employee except for the General Counsel; in his role as Deputy Director of the Flood Project, Mr. Aldean is acting as Director of the Washoe County Flood Department, not the Flood Management Authority. There is no Acting Director of the FMA until we come to contract terms. So this is not an employee review, this is a discussion of the terms of his contract. Chair Smith asked how the emails relate to the contract.

Vice Chair Aiazzi stated this is not about the contract; it is about Mr. Aldean's actions over the past few months. He has questions about Mr. Aldean's performance including: Has the connection with the Army Corps improved? Why has a trip to Washington taken so long to plan? Why go forward with a no-bid contract for work that the Army Corps has already done?

Chair Smith contended that the previous director painted a rosy picture and Mr. Aldean is just stating the facts. Director Martini agreed, noting that Mr. Aldean has been repairing damages done to our relationship with the Corps by the previous director; he has helped move this along and he was approved as the executive director unanimously.

Director Humke stated the Board took a previous unanimous vote and Mr. Aldean deserves our confidence. We need to show the Corps, staff, and Congress that we have a settled situation here and are moving forward.

Vice Chair Aiazzi said he is not confident with someone who tells us one thing in a public meeting and another thing in a private email and asks us not to tell the public or the staff. That is not a person who knows how to run a public entity.

Director Humke suggested that if mistakes were made then perhaps this board should deal with those mistakes and sanction him. The public email is a public record. We can deal with that mistake and move on. Mr. Aldean went to the County Manager to ask for advice on how to properly manage a public agency; that shows a willingness to change and learn.

Chair Smith called for a vote: Directors Smith, Jung, Martini, Humke in favor; Directors Sferrazza and Aiazzi opposed; motion failed.

Chair Smith asked GC Wolz if Mr. Aldean could be put on the Executive Director's wages in a future agenda item; it appears they are not going to give him that position but he is the Deputy Director doing that work.

GC Wolz replied Mr. Aiazzi raised an interesting point that Mr. Aldean is the Deputy Director for another entity, not this one and the transition complicates that.

Chair Smith noted that this Board unanimously picked him to be the Executive Director the problem is now we cannot come to contract terms. Everything in the contract has been met, but they still won't approve it.

GC Wolz stated that he didn't know if there is any way to compel them to do so other than perhaps legal action by Mr. Aldean although GC Wolz does not know if Mr. Aldean truly has an action.

B. GENERAL COUNSEL REPORT ON AGENCY STATUS

GC Wolz gave a report on the steps taken, and those remaining, to stand-up the agency and receive funds from Washoe County. Staff has met with the County and identified some of the costs of services. Staff has set a target date of March 1st for the actual transfer of funds. That is also the target date to assign all of the contracts over to the FMA and complete the Interlocal Cooperative Agreement.

Chair Smith inquired if in the agreement with the entity is there a minimum number of employees that we have to have. GC Wolz replied that the two employees that are identified in the Interlocal Cooperative Agreement are the Executive Director and General Council.

Vice Chair Aiazzi commented that the county is compelled to turn over the money by March 1st so we have until March 1st to solve this.

GC Wolz noted there are a number of ways we could look at this situation and how it would play out.

Vice Chair Aiazzi moved to accept the report; Director Sferrazza seconded and it passed unanimously among those present (Director Martini was out of the room).

C. UPDATE ON OFFICE RELOCATION EFFORTS

Ms. Fujii-Strickler reported on the efforts made to locate new office space for the TRFMA staff, noting that TRFMA owns the Cooperative Extension building outright. Although it needs paint and new carpeting, it is a pretty decent building. Utilities, janitorial, and landscape maintenance would be about \$30,000 per year so that would save \$70,000 per year (compared to the \$102,000 currently paid for renting office space).

Vice Chair Aiazzi left the meeting at 11:20 a.m.

Director Humke moved that staff proceed on this effort along the lines described by Ms. Fujii-Strickler; Director Sferrazza seconded and it passed unanimously with all present (Directors Jung, Smith, Sferrazza, and Humke).

D. STAFF ORGANIZATION

Mr. Aldean asked to pull this item.

Director Humke moved to defer this item for a later meeting; Director Martini seconded; and it passed unanimously with all present (Vice Chair Aiazzi was not present for this vote).

8. FLOOD PROJECT MONTHLY REPORTS

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

A. MONTHLY REPORT ON FLOOD PROJECT FINANCIAL STATUS AND RELATED FINANCIAL ACTIVITIES

Ms. Williams reviewed the monthly and year-to-date revenues and expenditures and related financial activities of the Truckee River Flood Management Authority.

Director Jung moved to accept report; Chair Smith seconded and it passed unanimously with those present (Vice Chair Aiazzi was not present for this vote).

B. WORKING GROUP MONTHLY REPORT

Melissa Faigeles gave verbal update on the Working Group meeting of January 11, 2012 noting that Troy Miller had given an update on the UNR Farms.

Director Jung moved to accept the report; Director Martini seconded and it passed unanimously with those present (Vice Chair Aiazzi was not present for this vote).

C. CLIPPINGS FOR DECEMBER 2011

There were no comments on the clippings included in the Board Book.

9. *COMMITTEE MEMBER COMMENTS, REQUESTS AND FUTURE AGENDA ITEMS

Director Martini requested a discussion on the next agenda for where do we go now that we don't have a contract with our director.

Chair Smith asked for an explanation of the difference in pay for the Deputy Director acting as Executive Director versus the Executive Director's salary.

10. *PUBLIC COMMENT

Burnham Moffat, a volunteer member of the Community Coalition/Working Group for ten (10) years, stated that he has known all the staff for a long time and with the change of directorship he has noticed a big improvement in moral .There is a cohesive team to work with. He stressed the need for a cohesive team to work with the Corps. He also noted the need for more lobbying and putting pressure on the Corps of Engineers.

Chair Smith called for additional Public Comment and hearing none, he closed this item.

11. ADJOURNMENT

The meeting was adjourned at 11:31 a.m.

Respectfully submitted by,

Laura McAuley, Recording Secretary

Approved by TRFMA in session on February 10, 2012.