

## STAFF REPORT

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**Date:** November 13, 2024

**To:** Mayor and City Council

**Through:** Jackie Bryant, Interim City Manager

**Subject:** Staff Report (For Possible Action): Approval of Agreement with the City of Reno, City of Sparks, and the TRI General Improvement District to establish the rate to provide treated effluent from the Truckee Meadows Water Reclamation Facility to the TRI General Improvement District.

**From:** Matt Smith, Senior Civil Engineer

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### Summary:

The Cities of Reno and Sparks (Cities) are required to adopt a fee structure for effluent service per Article 8 of the previously approved Agreement for Treated Effluent. Article 8 provides the established rates can be provided for by agreement of the parties. A cost for service has been derived from a rate study conducted by Farr West Engineering (now known as DOWL) and is proposed within the attached agreement. The rate covers operation and maintenance costs as well as depreciation. Staff recommends approval of the agreement establishing the rates.

### Alignment with Strategic Plan:

Fiscal Sustainability

Economic and Community Development

Infrastructure, Climate Change, and Environmental Sustainability

### Previous Council Action:

No previous council action.

### Background:

In September 2017, the City of Reno, City of Sparks, and TRI General Improvement District (TRIGID) entered into an Agreement for Treated Effluent (Effluent Agreement) to provide Class B effluent from the Truckee Meadows Water Reclamation Facility (TMWRF) to TRIGID. This agreement was established to provide for the mutual benefit of the Cities and TRIGID by providing a higher beneficial use of treated effluent from TMWRF as process water for TRIGID and its customers within the Tahoe Reno Industrial Center. The pump station and pipeline to transmit water from TMWRF to TRIGID were completed and commissioned in the summer of 2024 and effluent service is now possible.

Article 8 of the Effluent Agreement states that the fee structure for effluent service shall be established by a rate study. Article 8 provides the established rates can be provided for by agreement of the parties. TRIGID commissioned a rate study, which was performed by Farr West Engineering now known as DOWL, in July 2022, for the purpose of the parties effectuating

Article 8 of the Effluent Agreement. The Rate Study was conducted based on methodologies and principles established by the American Water Works Association (AWWA) in the Manual of Water Supply Practices M1 – Principles of Water Rates, Fees, and Charges – Manual of Practice No. 27 published by the Water Environment Federation. The rate established in the proposed agreement is derived from this study.

**Discussion:**

This agreement establishes a rate on a per-thousand-gallon basis for the customer (TRI-GID), to receive water from the Cities by sending treated effluent from TMWRF through a pump station and pipeline into a storage pond at the TRI-GID. The treated effluent is then proposed to be used by TRI-GID as process water for industrial users.

The TMWRF labor portion of the rate increases annually by 2.9% commencing on July 1, 2025 and on the 1<sup>st</sup> day of July every year thereafter. This rate may be adjusted by the Directors of the Cities, if necessary, to capture TMWRF actual costs. Such adjustment could be made no more than once every three (3) years this Agreement is in effect and shall be based upon a rate study conducted according to AWWA methodologies and principles.

Providing effluent service is beneficial to TMWRF as it assists in permit compliance. Effluent used in beneficial reuse applications does not count against TMWRF's Individual Waste Load Allocation of the Truckee River's Total Maximum Daily Load.

**Financial Implications:**

The fee structure for this agreement is designed to provide effluent service from TMWRF to TRIGID at cost. TRIGID will invoice for effluent service by the City of Sparks. The City of Reno will be reimbursed for its share by the City of Sparks through the current cost sharing agreement for TMWRF operations and maintenance.

**Legal Implications:**

The agreement establishes the rate pursuant to the rate study and the TRI-GID Effluent Agreement.

**Recommendation:**

Staff recommends City Council approve the agreement with the City of Sparks and the TRI General Improvement District to establish the rate to provide treated effluent from the Truckee Meadows Water Reclamation Facility to the TRI General Improvement District, and authorize the Mayor to sign.

**Proposed Motion:**

I move to approve the staff recommendation.

**Attachments:**

- **AGREEMENT FOR TREATED EFFLUENT RATES 10.14.2024**
- **TRI-GID Effluent Agreement**
- **TRI GID TMWRF Utility Rate Study**