



March 14, 2011

**Title:** A Proposal to verify existing Caughlin Ranch water rights and explore the feasibility of utilizing them for common area irrigation.

**Introduction:** I, the Board and Staff have investigated the possibility of utilizing Steamboat Ditch (SD) water as a possible source for irrigating portions of the common areas in Caughlin Ranch (CR). If SD water can be economically accessed to replace some of the treated water from Truckee Meadows Water Authority (TMWA) the potential cost savings to the residents of CR could be very substantial. Initial meetings with consultants, TMWA, and SD officials as well as other government authorities have been encouraging. This paper summarizes for the CR Board the background, conclusions and recommendations regarding this issue so that a decision can be made on the next step to further evaluate the opportunity.

**Summary/Conclusions:** Based on the historical record below and the previously mentioned meetings, I have concluded that the CRHOA has the water rights from SD for approximately 164 acre foot which can be used for irrigation. Furthermore, it may be possible to obtain additional water rights from Washoe County and the City of Reno for the maintenance of parks and green belts which CR has the responsibility to maintain. I and the CR Board should investigate all options to maintain the areas within our duty of care at the lowest cost possible. Based on preliminary findings, it appears that CR has existing water rights amounting to approximately 53 million gallons that have not been utilized. This is more than half the Ranch's total water needs currently purchased from TMWA at a cost of over \$400,000 annually. Given the very significant potential cost savings, this project merits a thorough evaluation.

**Recommendations to the CR Board:**

1. Approve retaining the service of a water rights attorney and a water rights expert to confirm the volume and permitted use of water rights held by CR.
2. Approve conducting an engineering study to assess the feasibility, options, costs and potential savings associated with the utilization of SD water so that the CR Board can make an informed decision before committing to the full project. Estimated costs are in the range of \$20,000 to \$30,000 and can be accommodated within the 2011 operating budget.

March 14, 2011

## **HISTORY:**

Caughlin Ranch offers a unique balance between man-made and natural environments. Caughlin Ranch includes 2,185 homes, a variety of recreational features with supporting amounts of commercial and service space.

Recreational facilities are located in the more central portions of the Ranch in two areas – the Village Green Park and the privately-owned Caughlin Club. The Village Green Park provides a baseball/soccer/ football field, tennis courts, a picnic area, and playground facilities. Other smaller Caughlin Ranch park areas and open space round out the recreation areas.

The Association's common areas and park facilities are unique because of the fact that the general public uses these facilities but the maintenance costs are borne strictly by the members of the Association. As such, the park facilities of Caughlin Ranch are quasi-municipal.

Water requirements and rights were purchased from the Orr Ditch Decree for 405.1 acre feet on Claims 230, 150, 150 ½. (Orr Ditch Decree is the title of the legal document)

In 1987, an agreement was formed with Washoe County and the City of Reno to maintain the parks and green belt facilities with specific guidelines.

## **BACKGROUND & DISCUSSION:**

The following is a chronological over view of legal documents and agreements in my initial research.

1. Water rights were purchased from the Orr Ditch for 405.1 acre feet.
2. The Association has two permits: Permit 49295 - Certificate 13269 for 117.12 acre feet and Permit 49296 - Certificate 13270 for 46.79 acre feet for a total of 163.91 acre feet. Both permits were for LANDSCAPING, FISH PONDS, and RECREATIONAL USE within Caughlin Ranch.
3. Steamboat Ditch notified Caughlin Ranch that the acre feet allotment was to be reduced to 16.99 acre feet IN 2006. While our letter dated November 9, 2006 was not totally accurate in the paragraph summary, the letter from the U.S. District Court Water Master's office dated November 20, 2006, validates the position of the amount of acre feet of water allotted to Caughlin Ranch was to be 163.91 acre feet to irrigate 40.96 acres of land.
4. In the agreement by both Washoe County and the City of Reno, additional water acre feet are held in reserve for the maintenance of the parks and green belts within Caughlin Ranch. This was validated at a meeting with TMWA representative Mark Foree, General Manager and John Erwin, Director, on March 1, 2011. With the approval of the Federal Water Master, TMWA can release additional acre feet that can then flow through the Steamboat Irrigation Ditch. With a continuing resolution agreement with TMWA, Caughlin Ranch can reserve additional amounts of water from them as needed before Steamboat Ditch begins

March 14, 2011

and ends the season. With this agreement it will ensure water procurement during periods of drought.

5. Letter from Steamboat Canal and Irrigation Company, dated August 5, 2009, Subject: "Head gates 20, 21, 22, 23, and 24" states the information verifies the amount of water to be delivered to the head gates. Also the requirement to notify any other users on the flow for the gates. The water delivery list from each gate only listed Caughlin Ranch HOA as the sole source for all five head gates and concluded with the Water Master's position that CRHA is allocated 163.01 acre feet of water which will irrigate 40.96 acres of land. Under NRS 207.225 and NRS 533.460, no other party is able to use the water without authorization.
6. Letter dated July 13, 2007 was a settlement agreement between Steamboat Canal and Irrigation Company and Caughlin Ranch Homeowners Association states in the recitals "Whereas CRHA is a customer of Steamboat Canal and Irrigation Company and receives irrigation water conveyed through the Steamboat irrigation ditch."

Paul Hershey, Community Manager