



**Sun Valley General Improvement District
Tariff Rule 20 Review Committee
March 08, 2016**

Committee Members Present:

Dawn McCarthy	Member, Property Manager
Sandra Ainsworth	Member, SVGID Representative
Andy Gebhardt	Member, TMWA Representative
Don Jeppson	Member, Washoe County Representative
Bennie Duncan	Member, Property Owner
Manual Ruiz	Member, Property Owner
Sheila Stark	Member, Property Owner

Committee Members Not Present:

Staff Present:

Darrin Price	SVGID, General Manager
Jennifer Merritt	SVGID, Administrative Assistant
Maddy Shipman	SVGID, Legal Counsel

Other Members Present:

Margaret Reinhardt	Audience
Stewart White	Audience
Roger Pelham	Audience
Jim Ainsworth	Audience
Richard Holcomb	Audience

The meeting of the Sun Valley General Improvement District was called to order by Chairperson Dawn McCarthy at 3:04 pm in the Sun Valley District Administrative Building, 5000 Sun Valley Blvd., Sun Valley, NV.

Item# 1. Roll call and determination of a quorum.

Committee members present; Bennie Duncan, Manual Ruiz, Sheila Stark, Dawn McCarthy, Sandra Ainsworth, Andy Gebhardt, and Don Jeppson, a quorum was present.

Item# 2. Public comments for items not on the agenda.

None

Item# 3. Motion to approve the agenda.

Mr. Price requested to move agenda item 7 after agenda item 4 due to Washoe County representatives time restrictions.

Ms. Ainsworth made a motion to approve the agenda as amended. Mr. Ruiz seconded the motion. The motion carried unanimously.

Item# 4. Motion to approve Sun Valley General Improvement District Tariff Rule 20 Review Committee minutes from February 16, 2016.

Ms. Ainsworth made a motion to approve to approve the minutes from February 16, 2016. Mr. Ruiz seconded the motion. The motion carried unanimously.

There were no public comments.

Item# 7. Presentation by Washoe County representative regarding County position on multiple water use properties (including status of guest cottages and detached accessory dwellings).

Roger Pelham, Senior Planner with Washoe County Community Services Department of Planning Development Division gave a brief presentation regarding Accessory Dwelling units. He reported one residential parcel, generally speaking, is allowed one dwelling unit under the Washoe County Zoning Code. Under some instances, a residential parcel is allowed to have a secondary dwelling, also known as Accessory Dwelling Attached/Detached, maybe allowed. There are size restrictions, setback requirements, and in some cases special approval by Washoe County may be needed prior to establishing the secondary dwelling. He stated majority of Sun Valley is zoned Medium Density Suburban with 1/3 acre parcels. On a 1/3 acre parcel, an Attached Accessory Dwelling is allowed by the right of the property owner, up to 40% of the size of the original dwelling. A Detached Accessory Dwelling, maybe allowed at the discretion of Washoe County via a Special Use Permit, these are seldom denied. Detached Accessory Dwellings are approved with a set of conditions, such as, size restrictions, setbacks, and other given restrictions.

Ms. McCarthy inquired how Washoe County handles existing Accessory Dwellings, not new construction.

Mr. Price inquired how Washoe County determines if an Accessory Dwelling is legal or illegal.

Mr. Pelham responded assuming the existing Accessory Dwelling was established legally, the secondary dwelling can be maintained as approved by Washoe County. If the dwelling was established illegally then Washoe County would require it to be removed. Washoe County Code Enforcement is only going to investigate a secondary dwelling if a complaint has been made, even if the secondary dwelling has been in place for years. At that time Washoe County staff would work together to research if the secondary dwelling was established legally, which County records can be limited. He stated Washoe County has very good records going back 15 years; a little older records are accessible but not as detailed.

Mr. Jeppson reported Washoe County has detailed records as far back as 1995. Washoe County does not have records for 60's and 70's, but proof can be provided if the property owner maintains there permit card issued by Washoe County at the time of development. He concurred with other older records are accessible but with limited details; the County can also refer to older aerials sometimes to assist with researching properties.

Ms. McCarthy stated she was informed by the Washoe County Assessor that if a property is being taxed and has been being taxed for a property developed in the 30's or 40's, a property which the County doesn't have records on, that the County doesn't consider it the second dwelling an illegal unit since they are being taxed.

Mr. Jeppson responded that statement is incorrect. The Assessor's Department will tax whatever is on the property legal or illegal. The Assessor's Department will refer to Washoe County Building and Development records to help them establish new improvements to a property. There is no back fee to whatever the Assessor's Department discovers out in the field, even if there is no record for it. He stated Washoe County Building and Safety was established in 1959, there are a few structures that were developed prior to 1959 that have been grandfathered. Development since 1959 requires a permit, because of the faulty records in the 60's, 70's, and early 80's, the County will make any judgements/decisions on a case by case using common sense.

Mr. Price requested a definition of "Guest Cottage".

Mr. Pelham responded they cannot define "Guest Cottage" and that is because the term "Guest Cottage" is no longer in the Washoe County Development Code. The County use to have a definition known as "Guest House" prior to the current code. There were two types; both structures were intended to be slept in/dwelled in, one with a kitchen and the other without a kitchen, but one was meant to be used on a temporarily basis and the other on a more permanent basis. He stated "Guest House" are no longer part of the Washoe County Development Code.

Mr. Price inquired how Washoe County handles the existing Guest Houses developed prior to the change in the County code. Does the County redefine them as a Detached Accessory Dwellings?

Mr. Pelham responded if a Guest House was established legally prior to 1995, Washoe County's current code, the Guest House gets to remain with the property. They would be recognized as a legal nonconformance use.

Mr. Price inquired if a second dwelling was approved by the County via a Special Use Permit, is that Permit good for ever.

Mr. Pelham responded a Special Use Permit approved by the County that Permit stays with the land/property. As long as the "use" of the Permit when it was established, is still in use and/or still there, then the Permit is good forever. The Permit is transferable to the next property owner; it is considered a property right established by the Special Use Permit.

Mr. Price stated he recalls back with Guest Houses were being developed the Sun Valley General Improvement District would get the opportunity to perform an inspection inside the Guest House to make sure there was no kitchen. Guest House were not meant to be used on a permanent habitable basis. The District now only inspects the sewer line to make sure it was installed and connected properly. He inquired about the Special Use Permit approval process.

Mr. Pelham responded he is not sure of the prior Special Use Permit approval/inspection process. He stated today's Special Use Permit process requires an application along with

associated application fees. The County reviews all completed applications on the 15th of every even number month, then the application would be reviewed by the Board of Adjustment on the 1st Thursday of the next even number month, it is an eight to ten week review process. The County would provide a copy of that application to all of the interested agencies to make comments and provide the County with any requirements and/or any negative impacts of that the proposed development may create. Once all comments are received back from the various agencies, a County staff report is provided to the Board of Adjustments with a recommendations. The Board of Adjustments then will hold a public hearing to make a legal decision regarding the Special Use Permit request, followed by allowing for any appeals.

Ms. Stark inquired about her property. Her property was inherited by her husband from his mother. The property originally was developed on a one acre parcel back in the 50's, since then it has been subdivided into two parcels. She stated she was contacted by Sun Valley General Improvement District in the past, but after speaking with the Washoe County Zoning Department and the District, it was determined that her property was considered grandfathered. She stated she does not believe she is the only property owner with this particular situation because there are a lot of old structures in Sun Valley.

Mr. Pelham responded because County staff knows that older County records are incomplete, the County is going to assume Ms. Stark's property was developed properly and would be considered legal.

Mr. Jeppson also responded Washoe County Building Code came into effect in 1959, anything prior to that is considered legal from a Building Code perspective. If the dwelling is so old and is falling down then the dwelling may need to come up code. He stated just because a code changes, it doesn't mean that a building is any more or less dangerous than what it was when it was developed. The only time the County requires someone to bring an older building up to code is when there is a change of use on the property; mainly with commercial properties when there is a change in use or occupancy, such as changing the building unit from a bar to grocery store.

Mr. Price inquired if he has a 1/3 acre parcel and he applies for a Special Use Permit for a Detached Accessory Dwelling, and it is approved, can he use that Detached Accessory Dwelling as a rental. He also inquired if he is allowed to only have one Detached Accessory Dwelling per parcel.

Mr. Pelham responded yes, a property owner is allowed to use their Detached Accessory Dwelling as a rental. He also responded Washoe County Code specifies that a parcel may have, based upon approval, only one Accessory Dwelling either attached or detached. He stated again that a Special Use Permit is a onetime approval process, if approved the Special Use Permit stays with the property/land as long as the conditions of the Special Use Permit continued to be met. The Permit could potentially expire if the second unit was removed from the property and the owner waited more than a year to replace it or if the conditions of the permit are no longer being met as the intended use.

Mr. Jeppson stated once a Special Use Permit is approved there is a second step and that is getting Building Permit; a Permit for a stick built home and/or manufacture home setup. If the owner willingly knows they are going to rent out the additional dwelling, it can't be setup by the property owner; the work has to be performed by a license contractor. If it is a

manufacture home setup, then there are also another set of requirements from the State Manufactured Housing.

Mr. Price inquired if Washoe County requires the second dwelling to pay additional fees such as road impact fees or other connection fees that the original dwelling would be subject to.

Mr. Pelham responded yes, the property owner is responsible for paying any associated fees related to the Special User Permit as well as any additional construction fees when applying for a Building Permit. The only impact fee that he is aware of that is required is the Regional Road Impact Fee. He does not know how much is collected, but he believes it a less than the original amount collect from the main dwelling.

Additional discussion ensued regarding Attached/Detached Accessory Dwellings, Special Use Permit process, and County codes and records.

There were no public comments.

Item# 5. Presentation by Margaret Reinhardt regarding history and status of Sun Valley properties with multiple use water service.

Margaret Reinhardt a Sun Valley property owner gave a brief history of multiple unit properties within Sun Valley. Ms. Reinhardt provided a copy of the Sun Valley General Improvement District proposed changes to Tariff Rule 20. She stated the District's Tariff Rule 20 was created to address the situation where a large parcel, such as an acre, contains one or more dwellings using the same water meter but have never been subdivided into 1/3 acre parcels. The current Tariff Rule 20 states, "Detached Accessory Dwellings and Guest Houses shall not be metered separately." If the proposed changes are approved it will have an entirely different meaning with an estimated cost of \$30,000.00 per parcel including additional construction cost, this is a financial burden on the property owner and the ability to sell the property. Currently Detached Accessory Dwellings and Guest Houses are not metered separately. Both such dwellings are restricted in size and share the same yard and cannot be financed separately. Washoe County has no requirements regarding water unless the source of the water is coming from a well. Two meters going to the same yard could cause conflict as to which person pays for the outdoor irrigation. Both dwellings also share the same postal address.

Ms. Reinhardt stated there is speculation that multiple units are a drain on the District's sewer system. She researched the average number of bathrooms per Detached Accessory Dwellings and it is 2 bathrooms. The average amount of gallons used for the maximum amount of bathrooms per parcel is 7,521 gallons; this is not a huge impact on the District's sewer system. The District currently has 21 Guest Houses and/or Detached Accessory Dwellings that she is aware of. She researched all of them and she believes that they are legal and permitted. They are all on 1/2 to 1/3 acre lots that cannot be further subdivided. Ms. Reinhardt went over each of the proposed changes and explained how it changes the purpose of the District's Rule regarding existing services. She also commented on the District's and Washoe County's definition of "premise" and they are not uniform. Ms. Reinhardt recommends no changes to Tariff Rule 20 and also recommended grandfathering all existing Guest Houses and Detached Accessory Dwellings for life since it is a property right.

There were no public comments.

Item# 6. Presentation by Stewart White, former Sun Valley General Improvement District legal counsel, regarding history and purpose of Tariff Rule 20.

Stewart White stated he was the former Sun Valley General Improvement District legal counsel from 1979 to 2012. He gave a brief history of the District's Tariff Rule 20 and how it was related to the District's sewer system. The District installed its sewer infrastructure in the 80's. Prior to the service system there were a large number of septic tanks and Sun Valley was seeing sewage water in the lower parts of the valley. The EPA gave the District a big grant to install a sewer collection system in Sun Valley. During that time he and the prior General Manager, Diana Lang's drove around the valley and accounted for all the existing dwellings and commercial development including determining how many parcels could be further subdivided into a 1/3 acre lots and tried to forecast for some future development; this was so the District had an idea of how big the sewer collection system needed to be. The District was limited by EPA how big the sewer collection system could be, but staff was able to size it up a little to help with future development; this putting a limitation on how much sewage can be collected. As part of the EPA grant, EPA required the District to establish rules and regulations to assure each property owner was paying their fair share and the District was setting money aside for repair and maintenance. Mr. White also stated the District used to purchase its water from Sierra Pacific Power Company and there was no limitation on how much water could be purchased. When Sierra Pacific Power Company sold and Truckee Meadows Water Authority was formed, the District was then limited to a set amount of water that could be purchased, based on the total build out of the valley. He stated the model that was used to create a build out plan for the District's water and sewer did not account for Guest Houses to be used as a permanent living space, because at the time "guest" meant temporary. He also stated the rules and regulations were written as such to have all commercial buildings and mobile home parks individually metered as well, because sewer charges are based on water consumption.

Mr. White stated the District became very concerned back in the early 90's because "Guest Houses" was changed to "Accessory Dwelling" attached or detached, allowing for independent living. The District's Rules were revised requiring at the time of selling a parcel, that a parcel with multiple units, including Detached Accessory Dwellings, must be separately metered in efforts to get everyone to pay their fair share according the requirements of the EPA grant the District received for the sewer collection system. He is not sure when or how the exemption was placed in Rule 20; the exemption stating, "Guest Buildings, Attached Accessory Dwellings and Detached Accessory Dwellings shall not be separately metered." He had suggested the District set a date back in 2003 requiring mobile home parks, commercial buildings and parcels with multiple units to comply by becoming individually metered. At that time the Board took no action and the exemption remains in place. He stated he used to share a water meter with his neighbor and he was recently required by Truckee Meadows Water Authority to put in a separate water meter and he hasn't sold his property.

Mr. White stated he agrees that the District's Tariff Rule 20 needs clarification. He agrees that properties with Detached Accessory Dwellings that are intended to be used as a rental should have to pay their fair share of the District's water and sewer infrastructure. He believes that at the time when a property owner applies for a Special Use Permit for a Detached Accessory Dwelling that the District put a condition that if the second dwelling is intended to be used as a rental, they must pay the same water and sewer facility fees as everyone else. Or somehow the District and the County can change the ordinances to not allow for future Detached Accessory Dwellings to be rented out, in efforts to protect the District's limited sewer capacity in accordance with the EPA requirements.

Audience member Mr. Holcomb inquired when the District's water system was installed.

Both Mr. White and Mr. Price responded the water was installed in Sun Valley in the late 60's.

Ms. McCarthy inquired about Mr. White's opinion, she wanted clarification that Mr. White was recommending only new Detached Accessory Dwellings be required to have a separate water meter.

Mr. White responded he likes the way Rule 20 is written, that Detached Accessory Dwellings shall be individually metered if the intent is to use them as rentals. If the intent is to use the Detached Accessory Dwellings on a temporary basis to help a family member then they wouldn't have to separate services until the sale of the property in efforts to conform to the Rule. The District is willing to help property owners comply; he gave an example of a mobile home park that took up to four years to install individual meters.

Audience member Ms. Reinhardt stated if Mr. White's opinion is for all future Detached Accessory Dwellings be individually metered, that is already covered within the District's Tariff Rule 21 and Rule 22 for water and sewer. The District already requires all new Detached Accessory Dwellings to be serviced separately from the main dwelling for both water and sewer.

Mr. Gebhardt stated the District currently has rules in place how to deal with new Detached Accessory Dwellings; the question is how the District should handle existing Detached Accessory Dwellings.

Mr. Jeppson inquired how the District handles requests to install a bathroom only in a garage, if the garage still remains inhabitable, and if the District requires any connection fees.

Mr. Price responded currently there are no connection fees for such request because it is not considered a habitable living space. The property owner would simply tie into existing water and sewer line on the property. The County inspects the water and the District inspects the sewer.

Mr. Jeppson stated Washoe County Planning currently requires a deed restriction on such requests stating that the property owner is not going to use the garage with a bathroom as a rental.

Audience member Mr. Ainsworth stated he is not sure of the difference in definitions between premise and dwelling, but he believes Tariff Rule 20 in section "A" covers the intent. "These exiting operations can continue as currently metered unless A1 or A2 or A3 listed occurs."

Ms. Shipman stated for informational purposes only Mr. Ainsworth was the District's Chairperson for 24 years.

Item# 8. Committee discussion regarding history and issues relating to Sun Valley properties with multiple use water service.

Ms. Stark stated she has listened carefully to all of the presentations and her belief is if the District is going to change a rule it should be changed going forward, change it for future use. Her concern is changing a rule and having it go backwards. If the District only has 21 existing properties that is so minimal compared to the overall number of properties currently being served by the District. She personally thinks that the existing rights should go with the property not with the ownership. She does not believe that new owner either upon sale the property or inheriting the property should have to separate services if they don't change the existing use of the property.

Ms. Ainsworth stated to be fair she does not think the dwellings should have to be separately metered unless the property at some point is subdivided. As long the property with multiple units remains one parcel and the services are the responsibility of the property owner, then they should be grandfathered in until the property is subdivided. Once the property has been subdivided then the owner should be responsible for paying the facility fees. She also agrees that commercial property and mobile home parks should be individually metered.

Ms. McCarthy stated she does not see a need to change the District's Tariff Rule 20 because subdividing and all new development is already covered under Tariff Rule 21 and Rule 22. She agrees 21 properties with multiple units is minimal and inquired if the District is close to its sewer capacity.

Mr. Price responded the District is not at its sewer capacity. He stated it is difficult to answer based on the presentations; the District allocated a certain amount of sewer capacity for each parcel, based on County zoning being a 1/3 acre servicing one dwelling unit. The moment a second dwelling is added to an existing property, it takes away capacity on a vacant property that sewer capacity is being reserved for. The District's capacity is so tight that the District does not put vent holes in its sewer manhole lids because any storm water collected in the District's sewer collection system is charged to the District from the treatment plant, in return paid by the customers. He stated the biggest problem the District has is proving that a Detached Accessory Dwelling is a legal dwelling approved by Washoe County. He stated the District is requesting the Review Committee to help clarify Rule 20 and/or make any other recommendations as needed.

Ms. Shipman stated she has no position on what direction the Review Committee should go, but as the legal representation the word grandfather relates to use of the property. She believes the District Tariff Rule 20 was originally intended to cover grandfathering. There is nothing to stop the Review Committee considering a different approach with commercial versus residential. She also recommends the Committee to consider a cut-off date when considering what is considered legal versus illegal when speaking about Washoe County development records.

Ms. McCarthy inquired how does the City Of Reno's use of the District's sewer collection system impact the District's sewer capacity.

Mr. Price responded the City of Reno reimbursed the District for its sewer connection fees and back use of the District's sewer inceptor. The City of Reno had to perform an emergency tie in which was tied into Washoe County's sewer collection system. Washoe

County's sewer collection system dumps into the District's sewer inceptor that goes to the sewer treatment plant. Both Washoe County and City of Reno reimburse the District for the use of the sewer inceptor, but their usage does not impact the District's capacity at the plant because they both use their own capacity at the plant.

Additional discussion ensued regarding how the District Boards have always looked out for the existing District customers and notifying them when there would be any increases to the facility fees or any other changes to the District's Tariff that could potentially impact their property.

Item# 9. Discussion and possible amendments or clarifications to Tariff Rule 20 and, if any proposed, the rationale for each proposal.

Mr. Ruiz made a motion to make no changes to the District's Tariff Rule 20 and keep it as is. Ms. Stark seconded the motion.

During discussion Mr. Price stated he is comfortable with the direction that the Committee wants to go. He just wanted to make sure the Committee was aware of the District's capacity issue and also remind the Committee that they are representing other property owners with multiple dwellings. Each of the committee member(s) have already paid for their buy in into the system and by continuing to grandfather the other existing multiple dwellings, they are by passing the system from having to pay for their portion of the buy in into the system like the rest of the customers.

Mr. Jeppson requested for clarification how the District would handle a situation when a parcel with multiple dwellings, removes one of the dwellings to replace it with a newer dwelling.

Ms. McCarthy responded replacing an existing dwelling is considered new and therefore District Tariff Rule 21 and Rule 22 would require them to conform and separately meter both dwellings.

Mr. Gebhardt stated if the direction of the Committee is not to change the existing Tariff Rule 20, then the property owner(s) are still required to separate water and sewer service according to Section A3 of Rule 20.

Ms. Stark responded that is not her intention and withdrew her second to the motion.

Mr. Price stated what he understands from Ms. Stark is that the Committee would like to grandfather in existing legal Accessory Dwellings attached or detached per Washoe County's Code and not be subject to Section A3 of Rule 20.

Ms. Stark responded based on Washoe County's presentation there may not be proof to determine if some of the existing additional dwellings are legal, so she has concerns of the word legal being added to the Rule.

Ms. Ainsworth stated the Rule should include a perpetuity clause regarding the grandfathering staying with the property until the property is subdivided and/or if the additional dwelling is removed from the property.

Ms. Shipman stated she believes she and District staff have a good understanding of what the Committee would like regarding clarification for Rule 20. She has some concerns with the current Rule and its interpretation because she can see how it can be read more than one way. She suggested she would like the opportunity to review existing Rule 20 and revise it to meet the requests from the committee members and bring it back for further review if the Committee is willing to meet one more time.

The motion died for a lack of an additional second to the original motion.

Item# 10. Public Comments.

Mr. Holcomb stated he owns a property that has an existing duplex that is served by one meter. When it was originally developed in the 40's it was ok at the time to have one water and sewer lines service the duplex. He also stated that his property was accounted for, as is, when the District performed its master plan when determining how much sewer capacity was needed. It would greatly impact him financially if he is required to split the services. If at the time of installing sewer in the valley the District would have required his family to have them install separate sewer service lines, it would have cost them considerably less than today's connection fees.

Mr. Price responded District staff at that time wouldn't have any vision to have properties install additional sewer services because the District would have never known that Washoe County would allow for properties to continue being subdivided.

Mr. Holcomb stated Sun Valley residential lots were originally 1 acre lots and then the County allowed for 1/3 acre lots. The District would have had some idea of what could have been developed for each lot when the District installed its sewer system. He suggested that the District consider a reduced connection fees for property owners that have similar situations as him. He shouldn't be penalized for poor planning by the District.

Ms. Reinhart stated any other way the Rule is written it will have drastic impact and the District should continue with the existing Rule 20 as it is written.

Mr. White suggested for Ms. Shipman to review Washoe County's Code regarding Non Conformance. He also stated he recalls when the District was installing its sewer system that each customer received a letter from the District inquiring where the customer wanted their sewer line installed.

Item# 11. Future Agenda Items.

The Committee had discussion regarding when the Committee could meet again to review Ms. Shipman's revised Rule 20 regarding existing properties only. The Committee agreed to schedule their next meeting April 4, 2016 at 3pm.

Item# 12. Adjournment.

Ms. Ainsworth made a motion to adjourn at 5:09 pm. Mr. Jeppson seconded the motion. The motion carried unanimously.

Approved by the SVGID Tariff Rule #20 Review Subcommittee on April 4, 2016.
Minutes Prepared by: Jennifer Merritt, Administrative Assistant