

**City of Carson City
Agenda Report**

Date Submitted: July 22, 2011

Agenda Date Requested: August 4, 2011
Time Requested: 20 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: For Possible Action; Action to introduce, on first reading, Bill No. _____ AN ORDINANCE AMENDING TITLE 12. WATER, SEWERAGE AND DRAINAGE, CHAPTER 12.03, SEWER CONNECTION CHARGES AND USE RATES, SECTION 12.03.020, SCHEDULE OF RATES, BY INCREASING ALL RATES 14% ON BILLS DATED ON OR BEFORE SEPTEMBER 1, 2011, AMENDING SECTION 12.03.037, RIGHT-OF-WAY TOLL BY INCREASING FROM 1% TO 2% ON BILLS DATED ON OR AFTER SEPTEMBER 1, 2011, AND OTHER MATTERS PROPERLY RELATED THERETO. (Andy Burnham)

Staff Summary: The proposed increase of sewer rates reflected in Chapter 12.03 provide for the necessary revenue requirements to operate, maintain and meet debt obligations. More specifically, the changes provide for an across the board 14% increase to sewer use fees and increases the Right-of-Way Toll from 1% to 2% effective September 1, 2011 to the monthly rates for each property and septic haulers.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: () Yes, Completed () No

Recommended Board Action: I move to introduce, on first reading, Bill No. _____, AN ORDINANCE AMENDING TITLE 12. WATER, SEWERAGE AND DRAINAGE, CHAPTER 12.03, SEWER CONNECTION CHARGES AND USE RATES, SECTION 12.03.020, SCHEDULE OF RATES, BY INCREASING ALL RATES 14% ON BILLS DATED ON OR BEFORE SEPTEMBER 1, 2011, AMENDING SECTION 12.03.037, RIGHT-OF-WAY TOLL BY INCREASING FROM 1% TO 2% ON BILLS DATED ON OR AFTER SEPTEMBER 1, 2011, AND OTHER MATTERS PROPERLY RELATED THERETO.

Explanation: In order to fund capital projects for the Waste Water System, staff recommends a 14% increase to sewer rates as of September 1, 2011. The 14% rate increase requested is principally to fund capital program debt service (13%) for the utility relocations for Phase 2B of the Carson City Freeway and for sewer main extension on Conti Drive and to support on-going maintenance costs (1%) such as for fuel, electricity, and chemicals. Revenue from the Right-of-Way Toll increase from 1% to 2% will go to the General Fund.

Staff gave notice to the public on July 13, 2011, through the Nevada Appeal, in addition to providing the proposed ordinance revisions and Business Impact Statement to the Builder's Association of Western Nevada, Manufacturer's Association, and the Chamber of Commerce.

Fiscal Impact: Upon approval of second reading, revenues will increase.

Funding Source: Sewer Rates

Explanation of Impact: To support debt financing of capital projects.

Alternatives: Do not approve; modify; and/or give additional direction to staff.

Sewer Rates, continued

Prepared By: Ken Arnold, Environmental Manager

Reviewed By: [Signature] Date: 7/26/11
(Department Head)

Concurrences: [Signature] Date: 7/26/11
(City Manager)

[Signature] Date: 7/26/11
(District Attorney)

[Signature] Date: 7/26/11
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____ _____

(Vote Recorded By)

ORDINANCE NO.

BILL NO.

AN ORDINANCE AMENDING TITLE 12, WATER, SEWERAGE AND DRAINAGE, CHAPTER 12.03, SEWER CONNECTION CHARGES AND USE RATES, SECTION 12.03.020, SCHEDULE OF RATES, BY INCREASING ALL RATES 14% EFFECTIVE ON BILLS DATED ON OR AFTER SEPTEMBER 1, 2011, AMENDING SECTION 12.03.037, RIGHT-OF-WAY TOLL, BY INCREASING FROM 1% TO 2% ON BILLS DATED ON OF AFTER SEPTEMBER 1, 2011, AND OTHER MATTERS PROPERLY RELATED THERETO.

Fiscal Impact: Increased Revenues to the Sewer Funds

THE BOARD OF SUPERVISORS OF CARSON CITY DO HEREBY ORDAIN:

SECTION I:

That Section 12.03.020 of the Carson City Municipal Code is hereby amended as follows:

12.03.020 Schedule of rates.

1. The following schedule of rates for the sanitary sewer facilities and services furnished by or through, or for the use of, the Carson City sanitary sewer system, which rates are found and declared to be reasonable and just, taking into account and consideration the cost and value of the system and cost of maintaining and operating the system, and the proper and necessary allowances for the depreciation thereof and the amount necessary for the retirement of all bonds and other securities payable from revenues of the system, the accruing interest on all such securities, and reserves therefore are fixed, established, levied, imposed and otherwise prescribed in subsection (2) of this section.

2. The monthly rate for each property shall be computed as detailed in Schedule

A of this section, unless otherwise required by this chapter.

Schedule A

Class	Fixed Capitalization Charge	Variable Capitalization Charges \$/Thousand Gallons of Water Usage (Debt Service and Capital Maintenance or Depreciation)	User Charges \$/Thousand Gallons of Water Usage (Operation Maintenance and Replacement Operating Components)	Maximum Water Usage For Applying Commodity Charge
Commercial	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$2.55] \$2.90 [(eff. 7/01/10)] <u>\$3.31 (eff. 9/01/11)</u>	No Maximum
Commercial Multifamily	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$2.55] \$2.90 [(eff. 7/01/10)] <u>\$3.31 (eff. 9/01/11)</u>	Winter Sewer Average/Actual
Residential	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$2.55] \$2.90 [(eff. 7/01/10)] <u>\$3.31 (eff. 9/01/11)</u>	Winter Sewer Average/Actual
Quasi-Residential	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$2.55] \$2.90 [(eff. 7/01/10)] <u>\$3.31 (eff. 9/01/11)</u>	Winter Sewer Average/Actual
Wholesale Bakery	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.04] \$0.05 [(eff. 7/01/10)] \$0.06 (eff. 9/01/11)	[\$4.94] \$5.60 [(eff. 7/01/10)] <u>\$6.38 (eff. 9/01/11)</u>	No Maximum
Motel with Dining Facilities	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$3.27] \$3.75 [(eff. 7/01/10)] <u>\$4.28 (eff. 9/01/11)</u>	No Maximum
Commercial Laundry	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.02] \$0.03 [(eff. 7/01/10)] \$0.03 (eff. 9/01/11)	[\$2.40] \$2.75 [(eff. 7/01/10)] <u>\$3.14 (eff. 9/01/11)</u>	No Maximum
Mortuaries	[\$6.39] \$7.30 [(eff. 7/01/10)] <u>\$8.32 (eff. 9/01/11)</u>	[\$0.05] \$0.06 [(eff. 7/01/10)] \$0.07 (eff. 9/01/11)	[\$4.98] \$5.70 [(eff. 7/01/10)] <u>\$6.50 (eff. 9/01/11)</u>	No Maximum

Restaurants	[\$6.39]	[\$0.04]	[\$4.21]	No Maximum
	\$7.30 [(eff. 7/01/10)]	\$0.05 [(eff. 7/01/10)]	\$4.80 [(eff. 7/01/10)]	
	<u>\$8.32 (eff. 9/01/11)</u>	<u>\$0.06 (eff. 9/01/11)</u>	<u>\$5.47 (eff. 9/01/11)</u>	

Septic haulers shall be charged [~~\$32.83~~]; \$40.00 [(eff. 7/01/10)]; \$45.60 (eff. 9/01/11) for the first one thousand (1,000) gallons or fraction thereof plus [~~\$0.033~~]; \$0.040 [(eff. 7/01/10)]; \$0.047 (eff. 9/01/11) per gallon for each gallon in excess of the first one thousand (1,000) gallons.

3. This user charge system is in accordance with CFR Section 35.2140 (February 17, 1984) which is incorporated herein by this reference. (Refer to Section 12.03.010 (9), Definitions.)
 (Ord. 2008-20 § 1, 2008; Ord. 2008-14 § 1, 2008; Ord. 2003-12 § 1, 2003; Ord. 1994-61 §2, 1994; Ord. 1993-44 §12, 1993; Ord. 1992-29 §2, 1992; Ord. 1991-11 §2, 1991; Ord. 1988-15 §1, 1988; Ord. 1986-34 §1, 1986; Ord. 1986-17 §1, 1986; Ord. 1985-16 §1, 1985; Ord. 1983-10 §1, 1983; Ord. 1982-9 §1, 1982; Ord. 1981-18 § §1,2,3, 1981; Ord. 1980-22 §3 (part), 1980).
 (Ord. No. 2009-10, § I, 6-18-2009)

SECTION II:

That Section 12.03.037 of the Carson City Municipal Code is hereby amended as follows:

The Carson City water utility shall pay a right-of-way toll, to be charged to the sewer customer, to Carson City as follows:

1. Commencing September 1, [2002] 2011, equal to [one] two [(1)] (2) percent of the gross receipts derived by it from each sewer bill of a

customer within Carson City during each calendar year; said payments shall be made on or before the 15th day of January, the 15th day of April, the 15th day of July, and the 15th day of October, and each such payment shall equal [one] ~~two~~ [1] two percent [(1)] ~~(2%)~~ of the aforesaid gross revenues obtained by the Carson City water utility, its successor or assigns, during three (3) calendar months immediately next preceding the due date of each such payment.

(Ord. 2002-28 – 2.2002)

SECTION III:

That no other provisions of Title 12 of the Carson City Municipal Code are affected by this ordinance.

PROPOSED this _____ day of _____, 2011

PROPOSED by Supervisor _____

PASSED on the _____ day of _____, 2011

VOTES: AYES: _____

NAYES: _____

ABSENT: _____

Robert L. Crowell, Mayor

ATTEST:

ALAN GLOVER, Clerk-Recorder

This ordinance shall be in force and effect from and after the ___ day of _____,
2011.

CARSON CITY**UTILITES RATE INCREASE**

July 22, 2011

AVERAGE MONTHLY BILL COMPARISON

COMMERCIAL	CURRENT	NEW RATES	<u>DOLLAR INCREASE</u>	<u>OVERALL % INCREASE</u>
Water	\$433.60	\$455.28	\$21.68	5%
R/W Water	\$4.34	\$9.11	\$4.77	
Sewer	\$344.25	\$392.45	\$48.20	14%
R/W Sewer	\$3.44	\$7.85	\$4.41	
Storm Drain	\$30.51	\$30.51	\$0.00	
TOTALS	\$816.14	\$895.20	\$79.06	

RESTAURANT	CURRENT	NEW RATES	<u>DOLLAR INCREASE</u>	<u>OVERALL % INCREASE</u>
Water	\$261.35	\$274.42	\$13.07	5%
	\$2.61	\$5.49	\$2.88	
Sewer	\$395.30	\$450.64	\$55.34	14%
	\$3.95	\$9.01	\$5.06	
Storm Drain	\$30.51	\$30.51	\$0.00	
TOTALS	\$693.72	\$770.07	\$76.35	

RESIDENTIAL	CURRENT	NEW RATES	<u>DOLLAR INCREASE</u>	<u>OVERALL % INCREASE</u>
Water	\$22.75	\$23.89	\$1.14	5%
	\$0.23	\$0.48	\$0.25	
Sewer	\$24.88	\$28.36	\$3.48	14%
	\$0.25	\$0.57	\$0.32	
Storm Drain	\$3.38	\$3.38	\$0.00	
TOTALS	\$51.49	\$56.68	\$5.19	

LARGE RESIDENT.	CURRENT	NEW RATES	<u>DOLLAR INCREASE</u>	<u>OVERALL % INCREASE</u>
Water	\$40.75	\$42.79	\$2.04	5%
	\$0.41	\$0.86	\$0.45	
Sewer	\$36.60	\$41.72	\$5.12	14%
	\$0.37	\$0.83	\$0.46	
Storm Drain	\$3.38	\$3.38	\$0.00	
TOTALS	\$81.51	\$89.58	\$8.07	

The "**OVERALL % INCREASE**" column shows the total affect of individual rate increases for water, sewer and storm water on average monthly utility bills as indicated.

WATER RATE COMPARISON		Water Only	Water Only	Water Only	Water Only	Water Only	Water Only	Water Only
CUSTOMER TYPE	Water Only	5% Increase	FY-2011-12	Lyon County	Indian Hills GID	Douglas East	Douglas West	Water Only
	CURRENT	Carson City	Carson City					TMWA
COMMERCIAL	\$433.60	\$464.39	\$464.39	\$346.95	\$454.67	\$621.16	\$581.83	\$345.60
RESTAURANT	\$261.35	\$279.91	\$279.91	\$244.05	\$259.39	\$294.47	\$308.93	\$242.00
RESIDENTIAL	\$22.75	\$24.37	\$24.37	\$25.83	\$35.86	\$31.06	\$33.87	\$26.02
LARGE RESIDENTIAL	\$40.75	\$43.65	\$43.65	\$37.15	\$57.25	\$62.54	\$67.01	\$38.74

SEWER RATE COMPARISON		Sewer Only	Sewer Only	Sewer Only	Sewer Only	Sewer Only	Sewer Only	Sewer Only
	14% Increase	FY-2010-11	Lyon County	Indian Hills GID	Douglas East	Douglas West	Reno Sewer	
	Carson City	Carson City						
COMMERCIAL	\$344.25	\$400.30	\$519.49	\$487.73	\$867.34	\$867.34	\$556.66	
RESTAURANT	\$395.30	\$459.65	\$497.79	\$745.94	\$1,326.52	\$1,326.52	\$368.80	
RESIDENTIAL	\$24.88	\$28.93	\$60.15	\$30.90	\$51.02	\$51.02	\$99.16	
LARGE RESIDENTIAL	\$36.60	\$42.55	\$60.15	\$30.90	\$51.02	\$51.02	\$99.16	

REV 7/20/11 With Right a way toll charges

Water and Sewer Utilities Cost Cutting Measures

1. The department has deferred utility line extension projects and deferred utility line replacement projects totaling several million dollars over the last several years.
2. Operating expenses in Water for 2011/12 are being reduced by \$300,000 to help pay for Capital costs.
3. No merit or COLA pay increases have occurred for the last several years.
4. Public Works has reduced the number of staff positions, principally in management and engineering areas through layoffs.
5. Additional staff reductions have occurred through not filling open positions.
6. A number of staff positions have been downgraded and pay rates reduced through restructuring of the department.