

Item # 5A

**City of Carson City
Agenda Report**

Date Submitted: December 26, 2007

Agenda Date Requested: January 4, 2007

Time Requested: 5 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: Action on a motion finding that the proposed ordinance amending Title 12 (Water, Sewerage and Drainage), Chapter 12.01 (Water Connection Charges and Use Rates), Section 12.01.020 (Schedule of Rates) by increasing all rates 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and amending Section 12.01.030 (Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees) by increasing all charges and fees, except water connection charges remain the same, 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and other matters properly related thereto does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met.

Staff Summary: The 2005 rate changes were based on \$30 million in capital improvements for the next 5 years and anticipated a 3 to 4% annual increase to cover the costs for Operations and Maintenance (O & M), increased supply, improved quality measures, and capital improvements.

The 2007 capital program for the next five years is in the range of \$41 million (this includes \$27 million in direct capital costs and \$14 million of indirect ongoing operational costs) and will require a 28% annual increase in rates implemented in two stages of 14%. That is reflective of an 11% increase in O & M, which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase for water system improvements; 4% increase to improve water quality; and 4% increase for other capital improvements.

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

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

Recommended Board Action: I move to find that the proposed ordinance amending Title 12 (Water, Sewerage and Drainage), Chapter 12.01 (Water Connection Charges and Use Rates), Section 12.01.020 (Schedule of Rates) by increasing all rates 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and amending Section 12.01.030 (Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees) by increasing all charges and fees, except water connection charges remain the same, 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated

on or after July 1, 2007, and other matters properly related thereto does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met.

Explanation for Recommended Board Action: The proposed ordinance amending Chapter 12.01 of the Carson City Municipal Code regarding an increase to all water charges, fees and use rates has been presented to the Carson City Area Chamber of Commerce, Builders Association of Western Nevada (BAWN), Manufacturing Association, Industrial Association and to the general public through newspaper advertisements. Of those interested parties, all had no negative comments regarding the proposed ordinance amendments. To date no objections have been received. A copy of the Business Impact Statement along with the appeal petition form is available at the public counter of the Development Services Department, 3505 Butti Way, Carson City, Nevada.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 237 regarding business impact statements.

Fiscal Impact: None

Explanation of Impact: N/A

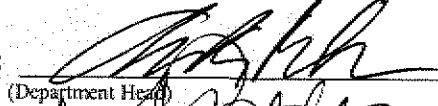
Funding Source: N/A

Alternatives: Make the finding that the proposed ordinance does not impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business.

Supporting Material:

Prepared By: Ken Arnold, Public Works Operations Manager

Reviewed By:



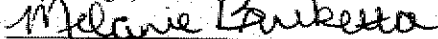
(Department Head)

Date: 12-21-06



(City Manager)

Date: 12-26-06



(District Attorney)

Date: 12-26-06



(Finance Director)

Date: 12/26/06

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)

BUSINESS IMPACT STATEMENT

The following business impact statement was prepared pursuant to NRS 237.090 to address the proposed impact of an ordinance amending Title 12 (Water, Sewerage and Drainage), Chapter 12.01 (Water Connection Charges and Use Rates), Section 12.01.020 (Schedule of Rates) by increasing all rates 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and amending Section 12.01.030 (Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees) by increasing all charges and fees, except water connection charges remain the same, 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and other matters properly related thereto. The changes to Chapter 12.01 of Carson City Municipal Code provide for an 11% increase in operations and maintenance (O & M), which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase to improve water system; 4% increase to improve water quality; and 4% increase for other capital improvements.

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The proposed ordinance amending Chapter 12.01 of the Carson City Municipal Code regarding an increase to all water charges, fees and use rates has been presented to the Carson City Area Chamber of Commerce, Builders Association of Western Nevada (BAWN), Manufacturing & Industrial Association and to the public through newspaper advertisements.

No objections to the increase in water charges, fees and use rates have been received to date. A copy of this Business Impact Statement is available at the Carson City Public Works Department at 3505 Butti Way, Carson City, Nevada 89701.

2. The estimated economic effect of the proposed rule on businesses including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

- a. Adverse effects:

The proposed rate increases all water charges, fees and use rates a total of 28% during calendar year 2007. 14% goes into effect on bills dated on or after February 1, 2007 and 14% July 1, 2007.

- b. Beneficial effects:

The proposed rate ordinance keeps the rate structure the same and applies a 14% increase effective on bills dated on or after February 1, 2007 to all charges, fees and use rates and a 14% increase effective on bills dated on or after July 1, 2007 so that all users more or less are impacted the same. The increased revenue will be used for O & M, supply improvements, improvements to water quality and revenue for additional capital improvements which are necessary for Carson City.

c. Direct effects:

The approval of this ordinance will increase fees. The additional revenue will go directly to and provide for the necessary revenue requirements to proceed with the 2007, operations and maintenance, and the five year capital program, which will require a 28% annual increase in rates implemented in two stages of 14%. That is reflective of an 11% increase in O & M, which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase to improve water system; 4% increase to improve water quality; and 4% increase for other capital improvements.

d. Indirect effects:

The passing of this ordinance is sure to have indirect effects, however at this time, those effects can not be quantified.

3. The following constitutes a description of the methods that the governing body of the local government considered to reduce the impact of the proposed ordinance on businesses and a statement regarding whether any, and if so which, of these methods were used:

The 2007 water capital budget adopted by the Board of Supervisors reflected \$4.8 million for freeway line relocation and design costs for the necessary arsenic treatment facility. All other capital has been delayed for one year.

The 2005 rate changes were based on \$30 million in capital improvements for the next five years and anticipated a 3 to 4% annual increase to cover the costs for O & M, increased supply, improved quality measures, and capital improvements. The capital program for the next five years is in the range of \$41 million.

The 2007, five year capital program will require a 28% annual increase in rates implemented in two stages of 14%. That is reflective of an 11% increase in O & M, which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase to improve water system; 4% increase to improve water quality; and 4% increase for other capital improvements.

In-order to minimize the impact, the rate increase is being phased-in, 14% is proposed to become effective February 1, 2007 followed by 14% effective July 1, 2007.

The city is continuing to evaluate several water conservation programs, options and measures that could reduce future capital requirements, thereby minimizing future rate adjustments.

4. The governing body estimates that the annual cost to the local government for enforcement of the proposed ordinance is:

There should be no increase in costs, as the City already has a billing operation in place and they deal with rates and customer charges everyday. If there is any cost impact it would be very small.

5. The proposed ordinance increases the existing water fees and the total annual amount expected to be collected is:

Monthly charges **\$ 8,471,763**; Connection fees **\$1,362,900**; Other charges **\$307,601**.

6. The proposed ordinance includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains why such duplicative or more stringent provisions are necessary.

There are none. The proposed ordinance provides for the necessary revenue requirements to operate, maintain, meet new water quality standards, replace and expand the water system. It is not duplicative, or more stringent than existing federal, state or local standards.

OBJECTION PROCESS

1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the clerk/secretary of the local government at the Northgate Complex, 2621 Northgate Lane, Suite 56, Carson City, NV 89706.
2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:
 - a. The governing body failed to prepare a business impact statement as required pursuant to NRS Chapter 237; or
 - b. The business impact statement prepared by the governing body did not consider or significantly underestimated the economic effect of the ordinance or rule on business.
3. Upon receipt of the petition, the clerk/secretary will forward a copy to the local government's attorney, the department/agency that generated the Rule and the local government's manager/chief executive.
4. Staff will consider the merits of the petition and forward a recommendation to the governing body.
5. The governing body will determine if the petition has merit and direct staff accordingly.
6. A sample petition is attached.

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278, 278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the clerk/secretary of the local government at 2621 Northgate Lane, Suite #56, Carson City, Nevada 89706, within 30 days after the date on which the Rule was adopted.

Petitioner's name (Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name): _____

Petitioner's type of business: _____

Petitioner's business location: _____

Street

City

County

State

Petitioner's mailing address (If different from above): _____

Petitioner's phone number: (____) _____ - _____

Petitioner is objecting to the following: _____

(Identify the Rule to which Petitioner is objecting and state whether it is an ordinance, resolution, regulation or other instrument. Please give number if known)

The basis of Petitioner's objection is as follows:

_____ The governing body failed to prepare a business impact statement; or
_____ The business impact statement did not consider or significantly underestimated the economic effect of the adopted Rule.

The nature of the impact of the above Rule on Petitioner's business is as follows (Attach additional sheets if necessary): _____

By signing below, the signor of this Petition certifies it as a duly authorized representative of the business identified above and has been authorized by that Business to file this Petition on behalf of the business.

Business Name _____

By: _____

Title of Signor: _____