

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the February 18, 2015 Meeting

Page 1

DRAFT

A regular meeting of the Carson City Utility Financial Oversight Committee was scheduled for 1:00 p.m. on Wednesday, February 18, 2015 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Andrea Engleman
Vice Chair Michael Bennett
Member Randy Bowling
Member Bruce Scott
Member Mike Spell

STAFF: Darren Schulz, Public Works Department Director
Nick Providenti, Finance Department Director
David Bruketta, Utility Manager
Daniel Rotter, Engineering Manager
Sheri Russell, Accounting Manager
Joseph Ward, Deputy District Attorney
Kathleen King, Chief Deputy Clerk

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (12:59:50) - Chairperson Engleman called the meeting to order at 12:59 p.m. Roll was called; a quorum was present. Chairperson Engleman introduced Member Spell and, at her request, he provided background information on his residence in Carson City and his experience as an auditor. Also at Chairperson Engleman's request, staff introduced themselves for the record.

3. PUBLIC COMMENT (1:01:50) - Chairperson Engleman entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON ADOPTION OF AGENDA (1:02:15) - Chairperson Engleman entertained a motion to adopt the agenda. **Member Bennett so moved. Member Scott seconded the motion.** Chairperson Engleman called for a vote on the pending motion. **Motion carried 5-0.**

5. POSSIBLE ACTION ON APPROVAL OF MINUTES - June 3, 2014 (1:02:32) - **Member Scott moved to approve the minutes, as presented. Member Bowling seconded the motion. Motion carried 3-0-2, Members Bennett and Spell abstaining.**

6. POSSIBLE ACTION TO ELECT A COMMITTEE CHAIR AND VICE CHAIR (1:03:40) - Chairperson Engleman introduced this item and, in the absence of a District Attorney's Office representative, requested Mr. Bruketta to handle this item. Mr. Bruketta entertained nominations for chairperson. **Member Scott nominated Ande Engleman for chairperson. Member Bennett seconded the nomination.** Mr. Bruketta called for a vote on the pending nomination. **Nomination carried 5-0.** Chairperson-elect Engleman entertained nominations for vice chair. **Member Bennett nominated Member Scott,** who expressed appreciation, respectfully declined, and suggested one of the other two

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the February 18, 2015 Meeting

committee members due to his “active involvement in other things.” **Member Bowling nominated Member Bennett as vice chair. Member Spell seconded the nomination.** Chairperson Engleman called for a vote on the pending nomination. **Nomination carried 5-0.** Chairperson-elect Engleman entertained public comment; however, none was forthcoming.

7. REVIEW AND DISCUSSION OF THE COMMITTEE'S RESOLUTION AND FINANCIAL POLICIES (1:06:57) - Chairperson Engleman introduced this item. Mr. Bruketta reviewed the agenda materials in conjunction with displayed slides, and responded to questions of clarification. Chairperson Engleman entertained public comment; however, none was forthcoming.

8. REVIEW AND DISCUSSION OF DOMESTIC WATER SUPPLEMENTATION FOR CALENDAR YEAR 2014 WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (1:14:22) - Mr. Bruketta introduced this item and reviewed the agenda materials. He and Mr. Schulz responded to questions of clarification, and discussion ensued. In response to a further question, Chairperson Engleman and Member Scott provided historic information on effluent disposal processes in the community.

Chairperson Engleman entertained public comment. (1:28:02) Mark Turner provided additional background information on the effluent disposal requirements and processes. He responded to corresponding questions of clarification.

Chairperson Engleman entertained additional committee member questions or comments. Member Bowling recalled discussion from the last meeting that “the approval to utilize potable water to supplement was approved for that specific year and the discussion ... and the determination was that specific question would be addressed on its own merits in the upcoming year, which is where we are now.” In reference to earlier comments, Member Bowling did not recall “the discussion going to who was going to be charged, whether it was going to be the water fund or the users” He agreed with Member Scott's comments, “It's up to others besides us to determine who, if any, would pay for that.”

Chairperson Engleman suggested postponing action until the next meeting, and entertained a motion. **Member Scott moved to postpone action until the next meeting at which the more detailed budget will be presented. Member Spell seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote.

RESULT:	Approved [5 - 0]
MOVER:	Member Bruce Scott
SECOND:	Member Mike Spell
AYES:	Members Scott, Spell, Bowling, Vice Chair Bennett, Chair Engleman
NAYS:	None
ABSENT:	None
ABSTAIN:	None

Chairperson Engleman recessed the meeting at 1:35 p.m., and reconvened at 1:47 p.m.

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the February 18, 2015 Meeting

Page 3

DRAFT

9. REVIEW OF A PRESENTATION FROM FCS GROUP REGARDING CONNECTION FEES FOR WATER AND SEWER UTILITIES WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (1:47:45) - Chairperson Engleman

introduced this item, noting that the consultants had not yet arrived. She entertained public comment. (1:48:19) Builders Alliance CEO Aaron West discussed concerns about “the imposition of some pretty substantial fees ... over the course of what could be a very long term when we're really creating some short-term impacts that aren't being realized.” Chairperson Engleman read into the record email correspondence from Thomas R. Metcalf, a copy of which had been provided for the record.

(1:53:57) Mark Turner inquired as to the purpose of the water and sewer connection fees. “If I am providing the infrastructure as we continue to develop our property, ... why am I charged to connect to what I've paid to put into the ground?” In reference to Mr. West's and Mr. Metcalf's comments, Mr. Turner expressed the belief, “We're doing quite well in Carson City, for the first time, ... in attracting industry and new residents to this town.” He described the situation as “the second inning of a nine-inning ball game of being able to diversify our economic portfolio in Carson City in a manner that is extremely necessary and at a time and place when it's extremely necessary.” He agreed with earlier comments that “we do have a competitive advantage here ... for industrial and commercial users ... to look at the jurisdictions that are available to them, Lyon County, Douglas County, Reno / Sparks, their decision to locate is heavily dependent on economics.” He expressed opposition to taking “that recruitment tool away from Carson City at this point. We're not there. We're not ready. We have become an item on people's radar but people have not planted the stake here yet.” He expressed the opinion that the connection fees do not generate sufficient revenue “to justify the sacrifice of the recruiting tool.” He requested the committee to carefully consider that “the value of the subscriber far exceeds the connection fee. Having a long-term payer into the ... Carson City Water and Sewer System is far more valuable than a one-time connection fee. ... the developers are bringing subscribers, rate payers and tax payers, in and these are inducements to the development community to get people to land here.” He responded to questions of clarification.

Mr. Bruketta introduced FCS Group Project Consultant Krista Shirley, who narrated the PowerPoint presentation which was included in the agenda materials and displayed in the meeting room. Ms. Shirley, Mr. Schulz, and Mr. Rotter responded to questions of clarification, and extensive discussion ensued. FCS Group Principal Karyn Johnson provided clarification of the difference between connection charges and impact fees.

Chairperson Engleman entertained public comment. (2:40:08) Builders Alliance CEO Aaron West expressed a willingness to pay a fee “necessary ... for these facilities to keep up with the projected growth ...” He suggested considering “the potential impacts to the system over the next five to ten years and ... the existing capacity ... in those systems.” In response to a question, he suggested considering a “number that we can get our brain around from a numbers perspective and ... something that we can phase in ...”

(2:44:40) Mark Turner suggested giving consideration to postponing implementation until such time as “it appears to us that we may begin to start to need them.” He pointed out the lack of affordable housing construction in Carson City, and agreed with considering a phased approach to implementing the connection fees.

Chairperson Engleman entertained additional public comment and, when none was forthcoming, additional committee member discussion. In response to a question, Mr. Bruketta reviewed the recommendation to

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the February 18, 2015 Meeting

implement the connection fees in a phased approach. He explained the purpose for connection fees, and discussion took place regarding the phased implementation recommendation. In response to a comment, Mr. Schulz reviewed requested direction from the committee.

Member Scott expressed confidence in the FCS Group recommendations, and discussed the importance of having “a road map for everybody. You can't plan projects a year or two ahead if you don't know what your costs are going to be.” He expressed support for “a fairly extended but defined ... time table for looking at these connection fee adjustments.” He acknowledged the value of new customers, and suggested “some other, ... lesser adjustment but recognition that ..., at this point, the rate payers on the monthly bill are subsidizing the connection fees that aren't being paid.”

Chairperson Engleman entertained additional public comment. (2:55:58) Builders Alliance Board of Directors Member Jeff Kale discussed utility bill increases relative to proposed connection fee increases. He further discussed the effect to potential commercial businesses and consumer residential. Ms. Shirley responded to questions of clarification regarding equivalent residential charge figures from the PowerPoint presentation. Mr. Schulz responded to questions of clarification regarding meter sizes relative to estimated use, and discussion followed.

(3:06:02) Builders Alliance CEO Aaron West expressed appreciation for the discussion relative to phasing implementation. He discussed concern that “there's no financial support for the number that was provided for the sewer side.” In response to a comment, Mr. Bruketta explained “there's an element of existing capacity and, any time that we don't bring in those full rates to support that, when that ... existing capacity needs repair and rehabilitation, there's a cost associated with that. And these existing charges, which are well-founded in the science, ... will help in the future costs of repair and rehabilitation of the existing plant.” Following discussion, Ms. Johnson reiterated the explanation to differentiate between connection fees and impact fees.

Following additional discussion, Chairperson Engleman entertained a motion. **Vice Chairperson Bennett moved to accept option 1, the hybrid approach, with an implementation period over five years starting one year after the Board of Supervisors accepts, with one-fifth of that total increase taking place each year until a total connection charge of \$3,763 is reached. Member Scott seconded** with clarification that connection is based on the water equivalent residential charge. **Vice Chairperson Bennett so amended his motion.** Chairperson Engleman entertained discussion on the motion. At Mr. Providenti's request, Mr. Bruketta suggested starting on July 1, 2016, the start of the new fiscal year. Mr. Rotter pointed out a necessary correction to the connection charge figure. **Vice Chairperson Bennett further amended his motion to indicate the start date of July 1, 2016 and the connection fee figure of \$3,440. Member Scott continued his second.** Chairperson Engleman entertained additional discussion and, when none was forthcoming, called for a vote on the pending motion.

RESULT:	Approved [5 - 0]
MOVER:	Vice Chair Michael Bennett
SECOND:	Member Bruce Scott
AYES:	Vice Chair Bennett, Members Scott, Spell, Bowling, Chair Engleman
NAYS:	None
ABSENT:	None
ABSTAIN:	None

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the February 18, 2015 Meeting

Chairperson Engleman entertained a motion relative to sewer connection charges. Following a brief discussion, **Member Scott moved to recommend to the Board of Supervisors the implementation of a change in the sewer connection fees, based on the table, moving to a proposed charge of \$4,493 per connection for single family residents or equivalent over a five year period, beginning with the implementation on July 1, 2016, and that we acknowledge the recalculation of the standard equivalent residential charge from 250 gallons per day to 200 gallons per day. Vice Chairperson Bennett seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote.

RESULT:	Approved [5 - 0]
MOVER:	Member Bruce Scott
SECOND:	Vice Chairperson Michael Bennett
AYES:	Member Scott, Vice Chair Bennett, Members Spell, Bowling, Chair Engleman
NAYS:	None
ABSENT:	None
ABSTAIN:	None

Member Scott expressed appreciation for the citizens' participation. Chairperson Engleman entertained additional public comment; however, none was forthcoming.

10. FUTURE AGENDA ITEMS (3:39:48) - Discussion took place regarding the tentative agenda for the March 2015 committee meeting. Chairperson Engleman entertained requests for future agenda items; however, none were forthcoming. (3:40:40) In response to a question, Mr. Bruketta advised of the next meeting date and time.

11. PUBLIC COMMENT (3:40:27) - Chairperson Engleman entertained public comment; however, none was forthcoming.

12. ACTION TO ADJOURN (3:41:20) - Member Bowling moved to adjourn the meeting at 3:41 p.m. Member Scott seconded the motion. Motion carried 5-0.

The Minutes of the February 18, 2015 Carson City Utility Financial Oversight Committee are so approved this _____ day of March, 2015.

ANDREA ENGLEMAN, Chair