



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** June 16, 2016

**Staff Contact:** David Bruketta, Utility Manager

**Agenda Title:** For Possible Action: Action to adopt on second reading, Bill Number 108, an ordinance amending the Carson City Municipal Code Title 12 - Water, Sewerage and Drainage, Chapter 12.03 - Sewer Connection Charges and Use Rates, by amending Section 12.03.010 - Definitions; to redefine a SERC as 200 gpd. Section - 12.03.030 Schedule of Sewer Connection and Hook up Charges; to redefine the number of SERC per customer class, remove the existing charge per SERC, add SERC charges phased in over five (5) years effective 7/1/2016 with clarifying language, add a connection charge index effective 7/1/2021. (David Bruketta, Dbruketta@carson.org)

**Staff Summary:** In October of 2009, the City reduced connection charges significantly in order to promote economic development. The current connection charges are artificially low and do not support the investment of infrastructure already paid for by existing customers. The revenues generated from the proposed ordinance are necessary to fund future capital and ensure compliance with fiscal policies.

**Agenda Action:** Formal Action/Motion

**Time Requested:** 10 minutes

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## **Proposed Motion**

Move to adopt on second reading, Bill Number 108, an ordinance amending the Carson City Municipal Code Title 12 - Water, Sewerage and Drainage, Chapter 12.03 - Sewer Connection Charges and Use Rates, by amending Section 12.03.010 - Definitions; to redefine a SERC as 200 gpd. Section - 12.03.030 Schedule of Sewer Connection and Hook up Charges; to redefine the number of SERC per customer class, remove the existing charge per SERC, add SERC charges phased in over five (5) years effective 7/1/2016 with clarifying language, add a connection charge index effective 7/1/2021.

## **Board's Strategic Goal**

Sustainable Infrastructure

## **Previous Action**

On June 2, 2016, the Board of Supervisors heard the first reading of this ordinance and assigned bill number 108.

## **Background/Issues & Analysis**

Starting in 2013, connection charges have been discussed and presented to the Utility Financial Oversight Committee (February 18, 2015; June 30, 2015; and February 29, 2016), the Nevada Builders Alliance (June 10, 2015) and the Board of Supervisors (April 18, 2013; June 20, 2013; May 7, 2015; August 20, 2015). At the August 20, 2015, Board of Supervisors meeting, staff was directed to initiate the process of changing the water and sewer connection fees effective July 1, 2016.

**Applicable Statute, Code, Policy, Rule or Regulation**

NA

**Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number: Increased revenue to the sewer utility fund, non-operating revenue / 510-0000-375.05-01 Commercial and 510-0000-375.05-02 Residential

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: The total incremental revenue expected each fiscal year will vary, based on factors such as the number of new connections and customer class (single family, duplex, apartment, mobile home individual lot, and mobile home park). After the five-year phase in and with continued economic growth, the revenue generated should approach pre-2009 amounts. Prior to the economic downturn and the lowering of the connection fees, annual revenues from connection fees were approximately \$1,500,000. Since the downturn and lowered connection fees, the average annual revenue has been approximately \$18,000 per year.

**Alternatives**

Not accept ordinance change and provide further direction to staff.

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

**ORDINANCE NO. \_\_\_\_\_**

**BILL NO. 108**

AN ORDINANCE AMENDING TITLE 12 - WATER, SEWERAGE AND DRAINAGE, CHAPTER 12.03 - SEWER CONNECTION CHARGES AND USE RATES, BY AMENDING SECTION 12.03.010 DEFINITIONS; TO REDEFINE A SERC AS 200 GPD. SECTION 12.03.030 SCHEDULE OF SEWER CONNECTIONS AND HOOK UP CHARGES; TO REDEFINE THE NUMBER OF SERC PER CUSTOMER CLASS, REMOVE THE EXISTING CHARGE PER SERC, ADD SERC CHARGES PHASED IN OVER FIVE (5) YEARS EFFECTIVE 7/1/2016 WITH CLARIFYING LANGUAGE AND ADD A CONNECTION CHARGE INDEX EFFECTIVE 7/1/2021.

**THE BOARD OF SUPERVISORS OF CARSON CITY DO ORDAIN:**

Title 12 – WATER, SEWERAGE AND DRAINAGE

Chapter 12.03 - SEWER CONNECTION CHARGES AND USE RATES

Sections: 12.03.010 - Definitions.

For the purposes of this chapter, the following terms have the meanings ascribed to them in this section unless the context requires otherwise:

1. "Biochemical oxygen demand" (BODs) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at twenty (20) degrees centigrade, expressed in milligrams per liter.
2. "Building permit" means the written authorization issued by Carson City allowing the initiation of construction of structures or the connection of any building, mobile home structure or vehicle with the Carson City sewer system.
3. "Commercial, commercial enterprise" means any establishment or business operating for profit, whether or not a profit is in fact realized, except as modified by this section.
4. "Connection charge" means the charge levied for pro rata share of the physical sewer system.
5. "Fixture unit weight" means the value ascribed to certain plumbing devices as defined by the current edition of the Uniform Plumbing Code as adopted by Carson City.
6. "Hook-up fee." See "connection charge."

7. "Commercial service" means the service to customers engaged in selling, warehousing, or distributing a commodity, in some business activity, or in a profession, or in some form of economic or social activity (office, stores, clubs, motels, hotels, boardinghouses, churches, septage haulers, etc.) or for governmental activities or for service provided to a builder or developer during the construction phase of any structure(s), and for the purposes that do not come under another classification of service. Mixed use structures including one or more commercial uses listed above will be charged according to the highest strength of the property.

All commercial strength categorizations will be determined by the Public Works Director. Any changes in the building permits will result in reassessment. Challenges to the determined strength will be at the customer's cost for measuring strength and pursuant to Section 12.03.060 - Protests to rates and charges.

- A. "High-strength commercial" means a commercial customer with strength greater than three hundred milligrams per liter (300 mg/l) BOD and SS, including septage haulers.
  - B. "Low-strength commercial" means a commercial customer with strength not to exceed three hundred milligrams per liter (300 mg/l) for biochemical oxygen demand (BOD) and three hundred milligrams per liter for total suspended solids (TSS).
7. "Quasi-residential" means a commercial enterprise which is basically residential in nature, such as a child care facility, but does not include motels, hotels or boardinghouses, etc.
  8. "Residential service:" Service to a customer supplied for residential purposes.
    - A. Single-family residential service: Service to a customer in a single-family dwelling, duplex, mobile home, or quasi-residential uses as defined above.
    - B. Multifamily residential service: Service to a customer supplied for residential purposes in a master metered building with three or more dwelling units.
  9. "Sewer equivalent residential customer (SERC)" is the average daily sewer system contribution for a residential unit at a discharge of two hundred ~~fifty~~ (250 200) gallons per day.
  10. "Total suspended solids (TSS)" means the insoluble solid matter suspended in water or wastewater.
  11. "Total SERCs" is a value calculated by dividing the average daily sewer system contribution by the SERC quantity of two hundred ~~fifty~~ (250 200) gallons per day.

(Ord. 1994-61 § 1, 1994: Ord. 1992-29 § 1, 1992: Ord. 1991-11 § 1, 1991: Ord. 1986-32 § 1, 1986: Ord. 1980-22 § 3 (part), 1980).

12.03.030 - Schedule of sewer connection and hook-up charges.

1. The sewer connection charges shall be as follows:

	SERC
Single-family residence	1.0
Duplex (each living unit)	<del>1.0</del> <u>0.75</u>
Apartment (each living unit)	<del>0.5</del> <u>0.65</u>
Mobile home—Individual lot	1.0
Mobile park—(Each pad)	<del>0.5</del> <u>0.65</u>

For the purpose of determining sewer connection charges, the sewer equivalent residential customer value, or portion thereof, shall be based on a fee of ~~five hundred seventy seven dollars (\$577.00)~~ the schedule below per one (1) SERC.

	<u>Effective</u> <u>7/1/2016</u>	<u>Effective</u> <u>7/1/2017</u>	<u>Effective</u> <u>7/1/2018</u>	<u>Effective</u> <u>7/1/2019</u>	<u>Effective</u> <u>7/1/2020</u>
Charge per SERC:	\$1,360	\$2,143	\$2,926	\$3,710	\$4,493

On 7/1/2021, the connection charges will be increased annually based on the *Engineering News Record's* Construction Cost Index, with a cap of three percent (3%) per year.

For all other sewer connections not specified above, the connection charge will be based on the "total SERCs" of the proposed development. (Example: One thousand ~~two hundred fifty~~ 1,000 gallons per day divided by two hundred ~~fifty~~ (250 200) gallons per day per SERC equals five (5) SERCs; five (5) SERCs times ~~five hundred seventy seven dollars (\$577.00)~~ one thousand three hundred sixty dollars (\$1,360.00) from 7/1/16 through 6/30/17 equals ~~two thousand eight hundred eighty five dollars (\$2,885.00)~~ six thousand eight hundred dollars (\$6,800.00). The ~~utilities director~~ City Engineer or his designee will assign a total SERC value to each development based on water usage information provided to the City through completion and submittal of water usage information data or from previously supplied data generated through the review of similar or like uses and/or developments.

2. If physical connection to the system is required, then the total hook-up fee shall be collected prior to issuance of any building permit for construction.
3. The Board may, by resolution, establish for specific geographical areas conditions for the waiver of the sewer connection fee created by this section where public health would be

benefitted thereby. If an application for a waiver meets the requirements set forth in the resolution, the waiver may be approved by the director of the department.

(Ord. 2003-12 § 3, 2003: Ord. 1995-15 § 1, 1995: Ord. 1994-61 § 4, 1994: Ord. 1993-44 § 13, 1993: Ord. 1991-11 § 4, 1991: Ord. 1988-28 § 1, 1988: Ord. 1988-15 § 2, 1988: Ord. 1987-5 § 2, 1987: Ord. 1985-16 § 3, 1985: Ord. 1980-30 § 2, 1980: Ord. 1980-22 § 3 (part), 1980).

(Ord. No. 2009-22, § I, 10-1-2009; Ord. No. 2013-26, § I, 9-19-2013)