

# CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE

## Minutes of the March 26, 2019 Meeting

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A regular meeting of the Carson City Utility Finance Oversight Committee was scheduled for 1:00 p.m. on Tuesday, March 26, 2019 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Mike Bennett  
Vice Chairperson Randy Bowling  
Member Bob Johnston  
Member Bruce Scott

**STAFF:** Darren Schulz, Public Works Department Director  
Sheri Russell, Chief Financial Officer  
Pamala Ganger, Deputy Chief Financial Officer  
Jamie Stevenson, Accounting Manager  
Eddy Quaglieri, Water Utility Manager  
Andy Hummel, Wastewater Utility Manager  
Todd Reese, 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.

**CALL TO ORDER AND DETERMINATION OF A QUORUM (1:01:49)** - Vice Chairperson Bennett called the meeting to order at 1:01 p.m. Ms. King called the roll; a quorum was present. Member Maples was absent. (1:05:55) At Vice Chairperson Bennett's request, City staff introduced themselves for the record.

**PUBLIC COMMENT (1:02:17)** - Vice Chairperson Bennett entertained public comment; however, none was forthcoming.

**1. POSSIBLE ACTION ON APPROVAL OF MINUTES - November 27, 2018 (1:02:49)** - Vice Chairperson Bennett introduced this item, and entertained a motion. **Member Scott moved to approve the minutes, as presented. Member Bowling seconded the motion.** Vice Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion failed 2-0-2, Member Johnston and Vice Chairperson Bennett abstaining.** Upon advice of Mr. Reese, **Vice Chairperson Bennett advised of having reviewed the minutes and changed his vote to aye. Motion carried 3-0-1, Member Johnston abstaining.**

#### **2. PUBLIC MEETING ITEMS:**

**2(A) DISCUSSION AND POSSIBLE ACTION REGARDING ELECTION OF A CHAIRPERSON AND A VICE CHAIRPERSON FOR THE UTILITY FINANCE OVERSIGHT COMMITTEE (1:06:31)** - Vice Chairperson Bennett entertained nominations for committee chair. **Member Scott moved to appoint Mike Bennett as chair. Member Bowling seconded the motion.** Vice Chairperson Bennett entertained public comment; however, none was forthcoming. **Motion carried 4-0.**

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Chairperson-elect Bennett entertained nominations for vice chair. **Member Scott nominated Randy Bowling as vice chair. Member Johnston seconded the nomination.** Member Bowling acknowledged acceptance of the nomination. Chairperson-elect Bennett entertained public comment and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

**2(B) DISCUSSION AND POSSIBLE ACTION ON SELECTION OF FRIENDS IN SERVICE HELPING (“FISH”) AS THE THIRD-PARTY ADMINISTRATOR FOR THE UTILITY RATEPAYER ASSISTANCE PROGRAM (“URAP”), AND AWARD OF THE URAP THIRD-PARTY ADMINISTRATOR CONTRACT TO FISH FOR FIVE PERCENT (5%) OF THE DONATIONS RECEIVED FOR RATEPAYER ASSISTANCE (1:08:16)** - Chairperson Bennett introduced this item. Ms. Russell provided background information on the Utility Ratepayer Assistance Program and presented the agenda materials. Ms. Russell and Mr. Reese responded to questions of clarification. Mr. Reese advised of needed revisions to the third-party administrator agreement, and provided direction for the proposed motion. Ms. Russell responded to an additional question of clarification.

Chairperson Bennett entertained a motion. **Member Scott expressed appreciation for FISH’s willingness to administer the program, and moved to authorize the Public Works Director to complete, with FISH and the appropriate City staff, a formal agreement and execute it on behalf of the City for the Utility Ratepayer Assistance Program. Member Johnston seconded the motion.** In response to a question, Member Scott clarified his motion to specifically indicate that FISH is the entity with which the agreement will be entered into. Member Johnston acknowledged second of the motion. Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-0.**

**2(C) DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE PROGRAM APPLICATION CREATED BY FRIENDS IN SERVICE HELPING (“FISH”) AS THE THIRD-PARTY ADMINISTRATOR FOR THE UTILITY RATEPAYER ASSISTANCE PROGRAM (“URAP”) (1:18:13)** - Chairperson Bennett introduced this item, and Ms. Russell presented the agenda materials. Ms. Russell and Mr. Schulz responded to questions of clarification, and discussion followed. Chairperson Bennett entertained additional questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Bowling moved to approve the program application created by FISH, as the third-party administrator of the Utility Ratepayer Assistance Program. Member Scott seconded the motion.** Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-0.**

At Mr. Schulz’s request, Chairperson Bennett recessed the meeting at 1:29 p.m. Chairperson Bennett reconvened the meeting at 1:35 p.m.

**2(D) DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR 2020 WASTEWATER FUND BUDGET’S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE WASTEWATER FUND BUDGET FOR FISCAL YEAR 2020 (1:35:32)** - Chairperson Bennett introduced this item, and Ms. Ganger recognized Ms. Stevenson and Public Works Department Fiscal Analyst Cindy Mills for their hard work in helping to prepare the budget. Ms. Ganger presented the

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agenda materials in conjunction with displayed slides. She noted a correction to the internal service charges and explained the same. Ms. Ganger and Ms. Russell responded to questions of clarification throughout the presentation.

Chairperson Bennett entertained a motion. Ms. Ganger, Ms. Russell, and Mr. Schulz responded to additional questions regarding the tentative and final budget processes and timelines. Chairperson Bennett entertained a motion. **Member Scott moved to recommend approval of the tentative budget, as presented by staff, with the minor adjustments outlined in the presentation. Member Johnston seconded the motion.** In response to a question, Member Scott acknowledged his motion was relative to the wastewater fund. Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-0.**

**2(E) DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR 2020 WATER FUND BUDGET'S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE WATER FUND BUDGET FOR FISCAL YEAR 2020 (1:51:39)** - Chairperson Bennett introduced this item. Ms. Ganger presented the agenda materials in conjunction with displayed slides, and responded to questions of clarification. Chairperson Bennett entertained additional questions or comments of the committee members and, when none were forthcoming, a motion. **Vice Chairperson Bowling moved to acknowledge that the tentative Water Fund budget for FY 2020 is substantially in compliance with the adopted financial policies, and to recommend to the Board of Supervisors approval of the tentative Water Fund budget for FY 2020. Member Scott seconded the motion.** Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-0.**

**2(F) DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR 2020 STORMWATER DRAINAGE FUND BUDGET'S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE STORMWATER DRAINAGE FUND BUDGET FOR FISCAL YEAR 2020 (1:59:52)** - Chairperson Bennett introduced this item, and Ms. Ganger presented the agenda materials in conjunction with displayed slides. Ms. Ganger and Mr. Schulz responded to questions of clarification. Member Scott suggested that the presentation "pretty well capsulizes ... the fact that stormwater is underfunded and we have a lot of real needs; not that we can afford them necessarily but that we hear a lot about every time we get major run off events or major flooding. So, keeping the need for stormwater improvements ... in the public's eye is important because it is underfunded. ... people remember potholes but they don't really remember drainage issues until they're under water again. ... this demonstrates some progress but certainly something we need to really continue to focus on trying to come closer to addressing the real need." Chairperson Bennett thanked Member Scott and expressed agreement.

In reference to Member Scott's comments, Vice Chairperson Bowling pointed out that "the projected FY 2020 debt to equity ratio was 56 : 44 and the goal is 50 : 50. But the 56 : 44 is an improvement over the previous year of 58 : 42 which is an improvement over the previous year of 62 : 38. So we're going in a great direction. We're getting closer year by year to the 50 : 50 so ... staff should be complimented on that."

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Chairperson Bennett entertained a motion. **Member Scott moved to recommend to the Board of Supervisors the stormwater drainage fund budget, as presented, recognizing that we're making progress but we still are not meeting all of the City's financial policy goals, and emphasizing the need for continued interest and support by the Board of Supervisors. Member Johnston seconded the motion.** Chairperson Bennett entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 4-0.**

**2(G) PRESENTATION OF THE MANAGER'S REPORT ON PERSONNEL, PROJECTS, AND PLANNING (2:10:17)** - Chairperson Bennett introduced this item. Mr. Schulz provided background information on, and an overview of, this item. (2:11:41) Wastewater Utility Manager Andy Hummel presented his report. Mr. Hummel and Mr. Schulz responded to questions regarding the reservoir permit, the location of the Eagle Valley Lift Station, the rate study, the seepage permit, and quantification of additional operating costs from the impact of inflow or infiltration at the sewer plant. Chairperson Bennett entertained additional questions or comments and, when none were forthcoming, thanked Mr. Hummel for his presentation.

(2:23:16) Water Utility Manager Eddy Quaglieri presented his report, and responded to questions of clarification. At Mr. Schulz's request, Mr. Quaglieri provided a status report on the east / west transmission main project. In addition, he explained that a contractor working on a sewer main project near Curry and Ann Streets hit a water main yesterday. "... the transmission main, which is near there, transported that cloudy water farther out than we would have expected so we're tracking that. We've sent out a lot of notices, code reds, taking a lot of customer calls. It's looking like it's clearing up right now. We just didn't expect it to be over ... a full 24 hours. Usually, they clear up in a few hours. It just happened to be, with the transmission main being close and it feeding that area, it moved that water throughout the City pretty quickly." Mr. Schulz further explained that the cloudy water condition is due to minerals within the pipes being stirred up, "not exterior getting into the pipes. ... just want to be clear about that. There's nothing harmful about the water. It's cloudy but it's not harmful to the health of anybody."

Member Scott expressed appreciation for the report on Well #3. "I think the redundancy and the benefit of redrilling the wells, and I see in the capital improvement requests that there's a multi-year request for wells and I think that's really important. If we can sustain that and hopefully keep it funded, that'll be real helpful." Mr. Quaglieri acknowledged that Storey County utilizes the Marlette / Hobart system. "That's their only source of water. They're such a small portion of the side stream of that whole source. They rely on it. They have a different treatment system up there that can handle the water that's produced from those reservoirs and that's what's different from our treatment plant." Mr. Quaglieri responded to additional questions of clarification. Chairperson Bennett entertained additional questions or comments of the committee members and the public; however, none were forthcoming.

**3. FUTURE AGENDA ITEMS (2:40:21)** - Chairperson Bennett introduced this item, and entertained requests for future agenda items. In response to a question, Mr. Schulz reviewed the tentative agenda for the May 28<sup>th</sup> meeting. Chairperson Bennett read into the record the committee's upcoming meeting schedule, as follows: 1:00 p.m., May 28<sup>th</sup>; 1:00 p.m., September 24<sup>th</sup>; and 1:00 p.m., November 18<sup>th</sup>. Mr. Schulz suggested additional meetings may need to be scheduled, between May and September, due to the rate refresh process.

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**4. PUBLIC COMMENT (2:42:48)** - Chairperson Bennett introduced this item. Ms. Russell clarified an earlier comment; that it was former committee Chairperson Andrea Engleman who had donated \$1,000 to the Utility Ratepayer Assistance Program. Ms. Russell expressed appreciation to Ms. Engleman. Chairperson Bennett also thanked Ms. Engleman for the generous donation and for her service to the committee. In response to a previous question, Mr. Reese provided statistical information from the federal poverty guidelines. Chairperson Bennett advised of having received written communication from Martin Snodgrass. Mr. Reese read the same into the record. Member Scott suggested referring Mr. Snodgrass' letter to the rate consultant. Chairperson Bennett entertained public comment; however, none was forthcoming.

**5. ACTION ON ADJOURNMENT (2:46:00)** - Chairperson Bennett entertained a motion to adjourn. Vice Chairperson Bowling so moved. Member Scott seconded the motion. Motion carried.

The Minutes of the March 26, 2019 Carson City Utility Financial Oversight Committee meeting are so approved this 28<sup>th</sup> day of May, 2019.

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MICHAEL BENNETT, Chair