

item # 9B

**City of Carson City
Agenda Report**

Date Submitted: December 26, 2007

Agenda Date Requested: January 3, 2008

Time Requested: 15 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: Presentation by Public Works staff of proposed rate changes for Sewer, Effluent, Stormwater, and Water utilities. No action required.

Staff Summary: Staff will present recommended rate changes in sewer, effluent, stormwater, and water rates for each of the utilities. Proposed ordinances to implement the recommended rate changes will be brought forward at the February 7, 2008 Board of Supervisors meeting for approval. Staff will be recommending a rate increase of 10% for sewer followed by annual 5% increases thereafter. For Reclaimed Water, staff is proposing reducing the adopted rate from \$0.21/1000 gal to \$0.10/1000 gal and setting the time for the rate to take effect. For stormwater an increase of 5% annually will be recommended, and for water an increase of 6% annually is proposed. Staff will provide an overview of the need for the increases.

Type of Action Requested: (check one)
☐ Resolution ☐ Ordinance
☐ Formal Action/Motion ☒ Other (No action)

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

Recommended Board Action: Presentation by Public Works staff of proposed rate changes for Sewer, Effluent, Stormwater, and Water utilities. No action required.

Explanation for Recommended Board Action: The Board directed staff in January 2007 to return annually with recommendations for utility rate adjustments. In accordance with this directive staff has reviewed the following rates and recommends the rate adjustments as follows:

Sewer: The sewer rates have not been increased since June 2003 which saw a 9.1% increase. Prior to that there was a 10% decrease in 1993, an 11% increase in 1991 and a 6% decrease in 1988. Staff did not bring a rate change last year as the components of the capital program were in flux given the issues with NDEP relating to Brunswick Reservoir.

The city is about to go out for bids for the first phase of construction of wastewater treatment facility upgrades including an additional clarifier, reconstruction of the North Lift pumping facility, aerated treatment pond improvements, influent piping modifications, RAS pump improvements and headworks improvements. Total project costs are estimated at over \$8 million. The 10% rate increase requested is to principally support the capital program (8%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 5% increase is related to support continuation of the capital program.

Effluent: The effluent rate of \$0.21/1000 gallons was adopted in 1996, but has never been implemented due to agreements with effluent users that have provided that the rate is to be implemented to all users at the same time. The rate deferment is now terminated since the

agreements have now expired so it is time to begin charging the rate. Staff is proposing phasing in the rate beginning with \$0.10/1000 gal and increasing over time.

Stormwater: The Stormwater rates were established in 2003 and raised in 2005. The 5% increase proposed is to provide for inflation resulting in increased O & M costs for fuel, labor, etc

Water: As the Board is aware last year water rates were increased 14% for March and 14% again in July. The rates were principally to support a capital program for the next five years in the range of \$41 million. The proposed rate increase of 6% was predicted last year to continue the capital program (4%) and to provide for increased operations and maintenance costs (2%) which include power costs, chemicals, and water sampling costs. Issues from last year that were requested to be reviewed were seasonal rates and rate averaging. The City already has seasonal rates in that winter is low due to consumption and summer high- it makes no sense to artificially manipulate the rates, and averaging is not encouraged by the state since there is no incentive or reason to conserve water, the state is pushing hard for tiered rates as Carson City has.

Applicable Statue, Code, Policy, Rule or Regulation: NA

Fiscal Impact: NA.

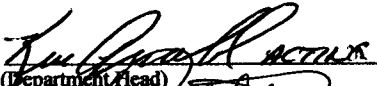
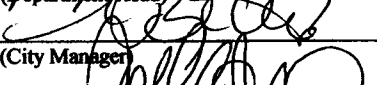
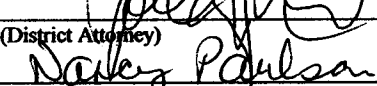
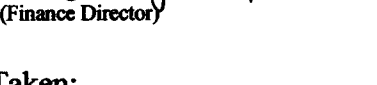
Explanation of Impact: NA

Funding Source: NA

Alternatives: Give additional direction to staff.

Supporting Material:

Prepared By: Ken Arnold, Public Works Operations Manager

Reviewed By:		Date:	12/26/07
	(Department Head)		
Concurrences:		Date:	12/26/07
	(City Manager)		
		Date:	12/26/07
	(District Attorney)		
		Date:	12/26/07
	(Finance Director)		

Board Action Taken:

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

(Vote Recorded By)