

Item #9E

**City of Carson City
Agenda Report**

Date Submitted: January 25, 2008

Agenda Date Requested: February 7, 2008

Time Requested: 15 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: Action to approve the Implementation Plan to Provide Financial Stability to the Sewer Fund for Fiscal Year 2007/08 and direct staff to proceed with an amendment to Carson City Municipal Code Chapter 12.03, Section 020, providing a 12% sewer rate increase as of April 1, 2008, and an additional 12% rate increase as of July 1, 2008. The first reading to be scheduled for February 21, 2008.

Staff Summary: Staff recommends the adoption of Implementation Plan to Provide Financial Stability to the Sewer Fund for Fiscal Year 2007/08 and an amendment to Carson City Municipal Code Chapter 12.01, providing a 12% sewer rate increase as of April 1, 2008, and an additional 12% rate increase as of July 1, 2008. An additional increase in rates may be necessary as of July 1, 2009, if economics do not improve, to continue the capital improvement program.

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: I move to approve the Implementation Plan to Provide Financial Stability to the Sewer Fund for Fiscal Year 2007/08 and direct staff to proceed with an amendment to Carson City Municipal Code Chapter 12.03, Section 020, providing a 12% sewer rate increase as of April 1, 2008, and an additional 12% rate increase as of July 1, 2008. The first reading to be scheduled for February 21, 2008.

Explanation for Recommended Board Action:

On January 17, 2008, the Board was informed that 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.

On January 17, 2008, the Board was also informed that the city was 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 were estimated at over \$8 million. This project has now been put on hold. The 10% rate increase requested was 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. However, due to the severe decline in connection fees this past year, staff is now recommending a 12% increase

as of April 1 and an additional 12% increase as of July 1, 2008. This increase will bring the Sewer Fund a little above the break even point for continued operations and debt service. Staff anticipates that an additional increase next year will be required to move forward with capital improvements to the Waste Water Reclamation Plant if the economy does not improve.

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

Fiscal Impact: NA

Explanation of Impact: NA

Funding Source: NA

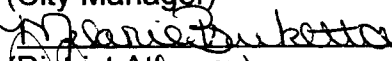
Alternatives: Direct Staff.

Supporting Material: NA

Prepared By: Ken Arnold, Public Works Operations Manager

Reviewed By:  Date: 1/29/08
(Department Head)

Concurrences:  Date: 1-29-08
(City Manager)

 Date: 1-29-08
(District Attorney)

 Date: 1-29-08
(Finance Director)

Board Action Taken:

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

(Vote Recorded By)