

**City of Carson City
Agenda Report**

Date Submitted: July 22, 2011

Agenda Date Requested: August 4, 2011
Time Requested: 5 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: For Possible Action; Action to find that the proposed ordinance amending Title 12, Water, Sewerage and Drainage, Chapter 12.01, Water Connection Charges and Use Rates, Section 12.01.020, Schedule of Rates, by increasing rates 5% effective on bills dated on or after September 1, 2011; amending Section 12.01.030, Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees, by increasing charges and fees 5% on bills dated on or after September 1, 2011; amending 12.01.057, Right-of-Way Toll by increasing from 1% to 2% on bills dated on or after September 1, 2011, and other matters properly relating thereto, does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met. (Andy Burnham)

Staff Summary: Staff gave notice to the public on July 13, 2011, through the Nevada Appeal, in addition to providing the proposed ordinance revisions and Business Impact Statement to the Builder's Association of Western Nevada, Manufacturer's Association, and the Chamber of Commerce.

Type of Action Requested: (check one)
☐ Resolution ☐ Ordinance
☒ Formal Action/Motion ☐ Other (Specify)

Does This Action Require A Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: I move to find that the proposed ordinance amending Title 12, Water, Sewerage and Drainage, Chapter 12.01, Water Connection Charges and Use Rates, Section 12.01.020, Schedule of Rates, by increasing rates 5% effective on bills dated on or after September 1, 2011; amending Section 12.01.030, Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees, by increasing charges and fees 5% on bills dated on or after September 1, 2011; amending 12.01.057, Right-of-Way Toll by increasing from 1% to 2% on bills dated on or after September 1, 2011, and other matters properly relating thereto, does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met.

Explanation for Recommended Board Action: The proposed ordinance amending Chapter 12.01 of the Carson City Municipal Code regarding an increase to water charges, fees and use rates has been presented to the Carson City Area Chamber of Commerce, Builders Association of Western Nevada (BAWN), Manufacturing Association, Industrial Association and to the general public through newspaper advertisements. To date no objections have been received. A copy of the Business Impact Statement along with the appeal petition form is available at the public counter of the Public Works Department, 3505 Butti Way, Carson City, Nevada.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 237 regarding business impact statements.

Fiscal Impact: None

Explanation of Impact: N/A

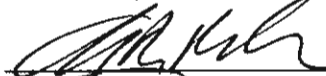
Funding Source: N/A

Alternatives: Make the finding that the proposed ordinance does not impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business.

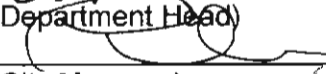
Supporting Material:

Prepared By: Ken Arnold, Environmental Manager

Reviewed By:


(Department Head)

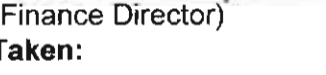
Date: 7/26/11


(City Manager)

Date: 7/26/11


(District Attorney)

Date: 7/26/11


(Finance Director)

Date: 7/26/11

Board Action Taken:

Motion: _____

1) _____
2) _____

Aye/Nay

(Vote Recorded By)

BUSINESS IMPACT STATEMENT

WATER RATES 2011

The following business impact statement was prepared pursuant to NRS 237.090 to address the proposed impact an ordinance amending Title 12, Water, Sewerage and Drainage, Chapter 12.01, Water Connection Charges and Use Rates, Section 12.01.020, Schedule of Rates, by increasing rates 5% effective on bills dated on or after September 1, 2011; amending Section 12.01.030, Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees, by increasing charges and fees 5% on bills dated on or after September 1, 2011; amending Section 12.01.057, Right-of-Way Toll by increasing from 1% to 2% on bills dated on or after September 1, 2011, and other matters properly relating thereto. The changes to Chapter 12.01 of Carson City Municipal Code provide for 4% for capital program debt service and a 1% increase in operations maintenance (O & M) and the revenue from the increase in the Right-of-Way Toll goes to the General Fund.

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The proposed ordinances amending Chapter 12.01 of the Carson City Municipal Code regarding an increase to all water charges, fees and use rates has been presented to the Carson City Area Chamber of Commerce, Manufacturing & Industrial Association and to the public through newspaper advertisements.

_____ objections to the increase in water charges, fees and use rates have been received to date. A copy of this Business Impact Statement is available at the Carson City Public Works Department at 3505 Butti Way, Carson City, Nevada 89701.

2. The estimated economic effect of the proposed rule on businesses including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

- a. Adverse effects:

The proposed rate increases water charges, fees and use rates an average of 5% for monthly service and commodity charges and increases the right-of-way toll from 1% to 2% during calendar year 2011. The increase goes into effect on bills dated on or after September 1, 2011.

- b. Beneficial effects:

The proposed rate ordinance keeps the rate structure the same and applies a 5% increase effective on bills dated on or after September 1, 2011 and increasing the Right-of-Way Toll from 1% to 2% on bills dated on or after September 1, 2011, so that all users more or less are impacted the same. The increased revenue will be used for capital program debt service (4%) and O & M (1%). Revenue from the increase in Right-of-Way Toll from 1% to 2% goes to the General Fund.

- c. Direct effects:

The approval of either ordinance revision will increase fees. The proposed rate increase is necessary to meet capital program debt service (4%) and to provide for increased

operations and maintenance costs (1%) which include power costs, chemicals, and water sampling costs. Revenue from the increase in Right-of-Way Toll from 1% to 2% goes to the General Fund.

d. Indirect effects:

The passing of this ordinance is sure to have indirect effects, however at this time, those effects cannot be quantified.

3. The following constitutes a description of the methods that the governing body of the local government considered to reduce the impact of the proposed ordinances on businesses and a statement regarding whether any, and if so which, of these methods were used:

The first year (2011) of the current five year capital program debt service will require a 4% increase in rates and a 1% increase for operations and maintenance. Revenue from the increase in Right-of-Way Toll from 1% to 2% goes to the General Fund.

The City is continuing to evaluate several water conservation programs, options and measures that could reduce future capital requirements, thereby minimizing future rate adjustments. However, numerous EPA regulations are presenting challenges to the Water Division. These include the lowering of the standards for arsenic and uranium and the new Disinfection By-Product Rule (DBR). All of these issues require the City to either blend or treat. A \$3 million treatment plant for arsenic was completed late 2009. This addresses only two out of nine wells that are impacted by arsenic. The uranium issue is by far the most expensive and inhibits the full use of eight wells on the west side of Carson City. Due to this Carson City was faced with two management options to provide for current and future water demands; construct and operate a uranium treatment plant, which does not provide new water or import water for blending and future water demands through a regional intertie system.

The regional water system and intertie is the only true option. The regional project will result in the interconnection of the Minden water system, the North Douglas County water system, the Indian Hills General Improvement water system, the Carson City water system and the Lyon County (Dayton) water system. Minden will supply up to 12,000 gallons per minute of water to the regional system. The project cost for Phase I is approximately \$13 million with Carson City's share at approximately \$8 million. Phase I of the project began summer of 2010 and will be completed in fall of 2011.

Carson City will acquire capability for up to 4,500 gallons per minute of water delivery from the project which compared to current peak summer demands of 17,000 gallons per minute is quite substantial and will provide for needed reserves for our water system. The City has purchased 1,250 acre-feet of water rights from the Town of Minden for \$10 million and together with almost 2,000 acre-feet of water currently owned by Carson City within the Carson Valley Groundwater Basin the Carson City water system will have access to 3,250 acre-feet of new water.

This project will allow the city to forgo having to construct a Uranium Treatment Plant because the new water brought into the system will be able to blend with the uranium water to meet the federal standards. Currently the city has 8 water wells which are impacted by uranium along with Ash Creek. This project will avoid approximately \$40 million in construction costs for the Uranium Treatment Plant and forgo \$1.4 million a year in operation and disposal cost for the plant. No new water would be available with this scenario.

Additionally, the new water introduced to the City water system will allow staff to operate the Carson City system in a more efficient manner and not utilize more expensively produced water which staff estimates will save several hundred thousand dollars per year in operations costs which will help off-set some of the increased capital costs for the project. In order to utilize the new Minden water there will be several large diameter water lines and a booster pumping station within the city that need to be constructed in addition to the connection to Douglas County. Costs are estimated to be approximately \$14 million.

As opposed to the Marlette water system improvements which are also planned for implementation in the long-term future, the regional intertie project brings significantly more water (3250 ac-ft vs. 1000-2000 ac-ft) in a very short timeframe of two years, and at significantly lower costs. In addition the Marlette water is weather dependent; in times of drought the amount will be severely restricted. The Marlette improvements are estimated to cost approximately \$48 million and will take three to five years to permit, and more than five years to construct because of the high elevation and short construction period. Hopefully, a significant portion of these costs may come from federal grants and possible sale of hydroelectric power which is part of the project.

4. The governing body estimates that the annual cost to the local government for enforcement of the proposed ordinance is:

There should be no increase in costs, as the City already has a billing operation in place and they deal with rates and customer charges everyday. If there is any cost impact it would be very small.

5. The proposed ordinance increases the existing water fees and the total annual amount expected to be collected is:

Annual total of monthly charges: \$12,162,072 ; Other charges \$203,558.

Right-of-Way Toll Annual total of monthly charges: \$123,656.

Revenue from the proposed rate increase of 5% is necessary to continue the capital program debt service (4%) and to provide for increased operations and maintenance costs (1%) which include power costs, chemicals, and water sampling costs. Revenue from the increase in Right-of-Way Toll from 1% to 2% goes to the General Fund.

6. The proposed ordinance includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains why such duplicative or more stringent provisions are necessary.

There are none. The proposed ordinance provides for the necessary revenue requirements to operate, maintain, meet new water quality standards, replace and expand the water system. It is not duplicative, or more stringent than existing federal, state or local standards.

OBJECTION PROCESS

1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the clerk/secretary of the local government at 201 North Carson Street, Ste. 1, Carson City, NV 89701.
2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:
 - a. The governing body failed to prepare a business impact statement as required pursuant to NRS Chapter 237; or
 - b. The business impact statement prepared by the governing body did not consider or significantly underestimate the economic effect of the ordinance or rule on business.
3. Upon receipt of the petition, the clerk/secretary will forward a copy to the local government's attorney, the department/agency that generated the Rule and the local government's manager/chief executive.
4. Staff will consider the merits of the petition and forward a recommendation to the governing body.
5. The governing body will determine if the petition has merit and direct staff accordingly.
6. A sample petition is attached.

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278, 278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the clerk/secretary of the local government at **201 North Carson Street, Ste. 1, Carson City, NV 89701**, within 30 days after the date on which the Rule was adopted.

Petitioner's name (Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name):

Petitioner's type of business:

Petitioner's business location:

_____, _____, _____
City Street County State

Petitioner's mailing address (If different from above):

Petitioner's phone number: (____) _____ - _____

Petitioner is objecting to the following:

(Identify the Rule to which Petitioner is objecting and state whether it is an ordinance, resolution, regulation or other instrument. Please give number if known.)

The basis of Petitioner's objection is as follows:

_____ The governing body failed to prepare a business impact statement; or
_____ The business impact statement did not consider or significantly underestimate the economic effect of the adopted Rule.

The nature of the impact of the above Rule on Petitioner's business is as follows (Attach additional sheets if necessary.):

By signing below, the signor of this Petition certifies it as a duly authorized representative of the business identified above and has been authorized by that Business to file this Petition on behalf of the business.

Business Name

By:

Title of Signor: