

**City of Carson City
Agenda Report**

Date Submitted: April 7, 2015

Agenda Date Requested: April 16, 2015

Time Requested: 30 Minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: For Possible Action: To direct staff to initiate the process of changing connection fees for water and sewer pursuant to recommendations from the Utility Financial Oversight Committee and FCS Group.

Staff Summary: On February 18, 2015 the Utility Financial Oversight Committee reviewed a presentation from FCS Group and had discussion with staff and the public regarding connection fees for water and sewer utilities. The Committee reviewed three (3) scenarios using different customer base definitions for water, and updated sewer equivalent residential customer definitions for sewer and made recommendations to the Board of Supervisors. (Darren Schulz)

Type of Action Requested: (check one)

- Resolution Ordinance
 Formal Action/Motion Other (Information only)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to direct staff to initiate the process of changing connection fees for water and sewer pursuant to recommendations from the Utility Financial Oversight Committee and FCS Group.

Explanation for Recommended Board Action: The City imposes capital connection charges on new development or redevelopment as a condition of connecting to the water and sewer systems, or when increasing capacity of an existing connection. The purpose of the connection charge is to mitigate the impact of growth on the utility system and to compensate for investments already made to provide available capacity to service future growth. There are no statutory guidelines in Nevada for the calculation of connection charges so the rate consultant used a conservative approach based on west coast legal interpretations to recommend charges for Carson City. The Utility Financial Oversight Committee made the following recommendations to the connection fees as related to the water and sewer utility.

For the water utility, this includes updating:

- The Water Equivalent Residential Customer (WERC) definition to 425 gallons per day,
- The numbers of WERC's for each customer class,
- The proposed charge per WERC using a hybrid approach:
 - Using AWWA meter capacity equivalent ratios for all customers through 1" meters, except multifamily dwellings.
 - Multifamily, through 1" meter, shall be charged 30% of the 5/8" meter size times the number of unity,
 - Using maximum day flow for customers with 1 1/2" meters and larger,
- All proposed charges shall be phased in evenly over 5 years, beginning July 1, 2016.

For the sewer utility, this includes updating:

- The Sewer Equivalent Residential Customer (SERC) definition to 200 gallons per day,
- The number of SERC's for each customer class,
- The proposed charge per SERC to \$4,493,
- All proposed charges shall be phased in evenly over 5 years, beginning July 1, 2016.

In addition, FCS Group recommended that once rates are fully implemented, the fees should be adjusted annually for inflation based on the Engineering News Record's "Construction Cost Index".

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: Increasing connection charges would positively benefit the water and sewer utility funds.

Explanation of Impact: NA

Funding Source: N/A

Alternatives: N/A

Supporting Material:

- FCS Group connection charge summary

Prepared By: David Bruketta – Utility Manager

Reviewed By:

DM Bruketta
(Public Works Director)

Date: 4/8/15

Nicholas Williams
(City Manager)

Date: 4/8/15

Joseph L. Williams
(District Attorney)

Date: 4/8/15

Michael Abramo
(Finance Director)

Date: 4/8/15

Board Action Taken:

Motion: _____ 1: _____ Aye/Nay

2: _____

(Vote Recorded By)



Carson City, Nevada



Water and Sewer Connection Charges

April 16, 2015



Agenda

- ◆ **Water utility**

- Recommended action
- Proposed schedule
- Phase-in strategy

- ◆ **Sewer utility**

- Recommended action
- Proposed schedule
- Phase-in strategy



Recommended Action: Water

- ◆ **Adopt the hybrid schedule of connection charges.**
 - Meter capacity equivalents for all customers through 1” meters, except multifamily
 - Multifamily through 1” meters charged 30% of smallest meter size charge per dwelling unit
 - Customers with a 1 ½” meter or larger charged on maximum day gallons per minute
- ◆ **Adopt a phase-in strategy:**
 - 5-year phase in
 - 3-year phase in
- ◆ **Once rates are fully implemented, adjust the fees annually for inflation based on the Engineering News Record’s “Construction Cost Index”**



Water Proposed Schedule

Meter Size	Meter Equivalency Factors [a]	Proposed Charge
Customers up through 1" meters:		
5/8-inch	1.00	\$ 3,440
1-inch	2.50	\$ 8,600
Multifamily per unit [b]:		\$ 1,032
Customers 1 1/2" meters or larger:		
Charge per maximum day GPM [c]		\$ 6,219

[a] AWWA meter capacity equivalent ratios

[b] Alternative multifamily option: 30% of 5/8" meter charge per unit

[c] Estimated water use in maximum day gallons per minute



Water Phase-In Strategy

- ◆ **Committee recommendation: Begin implementation 7/1/16, 5-year phase-in**

Meter Size	Year 1 7/1/2015	Year 2 7/1/2016	Year 3 7/1/2017	Year 4 7/1/2018	Year 5 7/1/2019	Year 6 7/1/2020
Customers up through 1" meters:						
5/8-inch	\$ 454	\$ 1,051	\$ 1,648	\$ 2,246	\$ 2,843	\$ 3,440
1-inch	\$ 454	\$ 2,083	\$ 3,712	\$ 5,342	\$ 6,971	\$ 8,600
Multifamily per unit [b]:	\$ 227	\$ 388	\$ 549	\$ 710	\$ 871	\$ 1,032
Customers 1 1/2" meters or larger:						
Charge per maximum day GPM [c]	Existing Rate	\$ 1,244	\$ 2,488	\$ 3,731	\$ 4,975.26	\$ 6,219

[a] AWWA meter capacity equivalent ratios

[b] Alternative multifamily option: 30% of 5/8" meter charge per unit

[c] Estimated water use in maximum day gallons per minute

Note: Year 1 (FY 2015/16) maintains existing rates; 5 year phase in begins in year 2



Recommended Action: Sewer

- ◆ **Adopt the schedule of sewer connection charges with updated SERC factors.**
 - SERC value updated from 250 gpd to 200 gpd
 - SERC factors updated by customer class

- ◆ **Adopt a phase-in strategy:**
 - 5-year phase in
 - 3-year phase in

- ◆ **Once rates are fully implemented, adjust the fees annually for inflation based on the Engineering News Record’s “Construction Cost Index”**

SERC = Sewer Equivalent Residential Customer



Sewer Proposed Schedule

Customer Class	Existing SERC [a]	Existing Charge	Proposed SERC [b]	Proposed Charge
Single Family Residence	1.00	\$ 577	1.00	\$ 4,493
Duplex (each living unit)	1.00	577	0.75	3,370
Apartment (each living unit)	0.50	289	0.65	2,920
Mobile Home Individual lot	1.00	577	1.00	4,493
Mobile Home Park (each pad)	0.50	289	0.65	2,920
All others, per SERC	1.00	577	1.00	4,493

[a] One existing SERC is equal to 250 gallons per day

[b] One proposed SERC is equal to 200 gallons per day

SERC = Sewer Equivalent Residential Customer; gpd = gallons per day



Sewer Phase-In Strategy

- ◆ **Committee recommendation: Begin implementation 7/1/16, 5-year phase-in**

Customer Class	Year 1 7/1/2015	Year 2 7/1/2016	Year 3 7/1/2017	Year 4 7/1/2018	Year 5 7/1/2019	Year 6 7/1/2020
Single Family Residence	\$ 577	\$ 1,360	\$ 2,143	\$ 2,926	\$ 3,710	\$ 4,493
Duplex (each living unit)	577	1,136	1,694	2,253	2,811	3,370
Apartment (each living unit)	289	815	1,341	1,868	2,394	2,920
Mobile Home Individual lot	577	1,360	2,143	2,926	3,710	4,493
Mobile Home Park (each pad)	289	815	1,341	1,868	2,394	2,920
All others, per SERC	577	1,360	2,143	2,926	3,710	4,493

SERC = Sewer Equivalent Residential Customer

Note: Year 1 (FY 2015/16) maintains existing rates; 5 year phase in begins in year 2

Contact FCS GROUP:
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