

**City of Carson City  
Agenda Report**

**Date Submitted:** April 28, 2015

**Agenda Date Requested:** May 7, 2015  
**Time Requested:** 10 Minutes

**To:** Mayor and Supervisors

**From:** Public Works Department

**Subject Title:** For Possible Action: To accept the recommendations from the Utility Financial Oversight Committee from their March 24, 2015 meeting. (Darren Schulz)

**Staff Summary:** The Utility Financial Oversight Committee met on March 24, 2015 to review the Sewer, Water and Storm Water proposed budgets for Fiscal Year 2015/2016, to review domestic water supplementation of reclaimed water, and make recommendations to the Board of Supervisors.

**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 accept the report of the Utility Financial Oversight Committee from their March 24, 2015 meeting.

**Explanation for Recommended Board Action:** The Utility Financial Oversight Committee met on March 24, 2015 and had 4 possible action items on their agenda.

The first item (#6) was to recommend to the Board of Supervisors approval of the Sewer Fund budget for FY 2015/2016, recognizing it is consistent with the adopted financial policies using a phase approach to meeting the policies with the suggestion that after the 5-year rate implementation is complete that the system reinvestment reserve accumulation be funded at 100%. The Committee passed this recommendation on a vote of 5-0.

The second item (#7) was to recommend to the Board of Supervisors approval of the Water Fund budget for FY 2015/2016, recognizing it is consistent with the adopted financial policies using a phased approach to meeting the policies with the suggestion that after the 5-year rate implementation is complete that the system reinvestment reserve accumulation be funded at 100%. The Committee passed this recommendation on a vote of 5-0.

The third item (#8) was to recommend to the Board of Supervisors approval of the Storm Water Fund budget for FY 2015/2016. The Committee recognized it is not consistent with the adopted financial policies because the one-time rate increase was not developed to meet the financial policies. The Committee also understands that striking a balance between revenues and maximum services provided is difficult and involves policy. The Committee passed this recommendation on a vote of 5-0.

The fourth item (#9) was to recommend to the Board of Supervisors that Public Works continue to supplement the reclaimed water system with domestic water until the reclaimed water supply can meet the demands, transfer the cost of domestic water from the Sewer Fund to the Water Fund annually, and use the First Amendment to the Interlocal Agreement relating to water service between Douglas County and Carson City to determine the cost of the water. The Committee passed this recommendation on a vote of 5-0

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

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

**Supporting Material:**

- Water, Sewer and Stormwater presentation summary

Prepared By: David Bruketta – Utility Manager

**Reviewed By:**

  
 \_\_\_\_\_  
 (Public Works Director)

Date: 4/28/15

  
 \_\_\_\_\_  
 (City Manager)

Date: 4/28/15

  
 \_\_\_\_\_  
 (District Attorney)

Date: 4/28/15

  
 \_\_\_\_\_  
 (Finance Director)

Date: 4/28/15

**Board Action Taken:**

Motion: \_\_\_\_\_ 1: \_\_\_\_\_ Aye/Nay

2: \_\_\_\_\_

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(Vote Recorded By)

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# Carson City Budget Presentation FY 2016 – Sewer, Water and Stormwater Drainage Funds

**Nick Providenti**  
**Finance Director**



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# Sewer Fund

- Tentative Budget includes a 15% rate increase for capital projects effective July 1, 2015.
  - Salaries and benefits increased in FY 2016 due to merits and other benefit increases.
  - Services and supplies increased by \$454,541 in FY 2016.
    - Internal service charge / General Fund – increase of \$127,510.
    - Professional services – increase of \$195,000.
    - Effluent water – increase of \$100,000.
    - Sludge hauling – increase of \$32,000.
  - We included \$13,733,333 in capital outlay which will be funded through a combination of approved state revolving fund loans and cash from rates.
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## FISCAL SUMMARY FOR ENTERPRISE FUNDS

<b>Department Name: Sewer Fund</b>					
<b>Department Number: 510 and 515</b>					
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>% Change</b>	<b>\$ Change</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Budget</b>	<b>Budget</b>
<b>REVENUE</b>					
<b>Charges for Services</b>	\$ 8,391,386	\$ 9,821,207	\$ 11,278,188	<b>14.84%</b>	\$ 1,456,981
<b>Non-Operating Income</b>	50,808	19,232	19,500	<b>1.39%</b>	268
<b>Connection Fees</b>	33,851	40,000	40,000	<b>0.00%</b>	-
<b>Grant Revenue</b>	456	344,210	1,550	<b>-99.55%</b>	(342,660)
<b>TOTAL</b>	<b>\$ 8,476,501</b>	<b>\$ 10,224,649</b>	<b>\$ 11,339,238</b>	<b>10.90%</b>	<b>\$ 1,114,589</b>
<b>EXPENDITURE</b>					
<b>Salary</b>	\$ 1,502,853	\$ 1,460,876	\$ 1,539,775	<b>5.40%</b>	\$ 78,899
<b>Benefits</b>	673,508	655,827	716,384	<b>9.23%</b>	60,557
<b>Service &amp; Supplies</b>	3,135,984	3,511,079	3,965,620	<b>12.95%</b>	454,541
<b>Depreciation</b>	3,229,468	3,500,000	3,500,000	<b>0.00%</b>	-
<b>Bond Interest</b>	440,618	479,787	685,182	<b>42.81%</b>	205,395
<b>Other</b>	176,053	1,500	151,000	<b>9966.67%</b>	149,500
<b>Transfers Out</b>	12,519	-	-	<b>0.00%</b>	-
<b>TOTAL</b>	<b>\$ 9,171,003</b>	<b>\$ 9,609,069</b>	<b>\$ 10,557,961</b>	<b>9.87%</b>	<b>\$ 948,892</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (694,502)</b>	<b>\$ 615,580</b>	<b>\$ 781,277</b>	<b>26.92%</b>	<b>\$ 165,697</b>
<b>Bond Proceeds</b>	\$ 120,562	\$ 5,324,323	\$ 16,703,333	<b>213.72%</b>	\$ 11,379,010
<b>Capital Outlay</b>	\$ 2,451,098	\$ 6,206,976	\$ 13,733,333	<b>121.26%</b>	\$ 7,526,357
<b>Bond Principal Payments</b>	\$ 2,095,994	\$ 1,966,850	\$ 2,024,234	<b>2.92%</b>	\$ 57,384
<b>Cash Balance - June 30</b>	\$ 996,924	\$ 2,319,202	\$ 7,608,066		
<b>FTE</b>	<b>21.95</b>	<b>23.75</b>	<b>22.75</b>		

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# Water Fund

- Tentative Budget includes a 6.5% rate increase for capital projects effective July 1, 2015.
  - Salaries and benefits increased in FY 2016 due to merits and transfers.
  - Services and supplies increased by \$974,065 in FY 2016.
    - Water purchase / State / usage – increase of \$126,784.
    - Water meters & services – increase of \$635,000.
    - Building repair & maintenance – increase of \$30,000.
    - Internal service charge / General Fund – increase of \$178,708.
  - We included \$3,700,000 in capital outlay which will be funded through a combination of an approved state revolving fund loan and cash from rates.
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## FISCAL SUMMARY FOR ENTERPRISE FUNDS

<b>Department Name: Water</b>					
<b>Department Number: 520</b>					
	2013-14 Actual	2014-15 Estimated	2015-16 Proposed	% Change Budget	\$ Change Budget
<b>REVENUE</b>					
<b>Charges for Services</b>	\$ 13,007,403	\$ 13,779,479	\$ 14,968,903	8.63%	\$ 1,189,424
<b>Non-Operating Income</b>	84,512	15,691	15,500	-1.22%	(191)
<b>Connection Fees</b>	24,055	23,168	123,168	431.63%	100,000
<b>Grant Revenue</b>	723,021	998,564	591,578	-40.76%	(406,986)
<b>TOTAL</b>	<b>\$ 13,838,991</b>	<b>\$ 14,816,902</b>	<b>\$ 15,699,149</b>	<b>5.95%</b>	<b>\$ 882,247</b>
<b>EXPENDITURE</b>					
<b>Salary</b>	\$ 1,545,589	\$ 1,596,166	\$ 1,690,002	5.88%	\$ 93,836
<b>Benefits</b>	797,966	794,566	855,796	7.71%	61,230
<b>Service &amp; Supplies</b>	5,242,077	5,334,666	6,308,731	18.26%	974,065
<b>Depreciation</b>	3,025,758	3,500,000	3,500,000	0.00%	-
<b>Bond Interest</b>	2,207,134	2,151,556	2,169,931	0.85%	18,375
<b>Other</b>	59,552	61,813	2,000	-96.76%	(59,813)
<b>TOTAL</b>	<b>\$ 12,878,076</b>	<b>\$ 13,438,767</b>	<b>\$ 14,526,460</b>	<b>8.09%</b>	<b>\$ 1,087,693</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 960,915</b>	<b>\$ 1,378,135</b>	<b>\$ 1,172,689</b>	<b>-14.91%</b>	<b>\$ (205,446)</b>
<b>Bond Proceeds</b>	\$ 2,742,917	\$ 4,131,000	\$ 2,300,000	-44.32%	\$ (1,831,000)
<b>Capital Outlay</b>	\$ 4,074,933	\$ 5,631,223	\$ 3,700,000	-34.29%	\$ (1,931,223)
<b>Bond Principal Payments</b>	\$ 2,373,287	\$ 3,028,588	\$ 3,218,666	6.28%	\$ 190,078
<b>Cash Balance - June 30</b>	\$ 3,662,807	\$ 4,080,111	\$ 4,208,912		
<b>FTE</b>	<b>23.70</b>	<b>25.00</b>	<b>26.00</b>		

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# Stormwater Drainage Fund

- Tentative Budget assumes a .50% increase in charges for services based on growth.
  - Services and supplies increased by \$93,211 in FY 2016 mainly due to an increase of \$22,000 in professional services and \$64,371 for the General Fund internal service charge.
  - We have included \$533,000 in capital outlay and which will be funded from the approved state revolving fund loan.
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## FISCAL SUMMARY FOR ENTERPRISE FUNDS

Department Name: Stormwater Drainage Fund					
Department Number: 505-3702					
	2013-2014	2014-15	2015-16	% Change	\$ Change
	Actual	Estimated	Proposed	Budget	Budget
<b>REVENUE</b>					
Charges for Services	\$ 1,333,434	\$ 1,394,958	\$ 1,401,933	0.50%	\$ 6,975
Intergovernmental	80,123	-	-	0.00%	-
Non-Operating Income	597	500	500	0.00%	-
<b>TOTAL</b>	<b>\$ 1,414,154</b>	<b>\$ 1,395,458</b>	<b>\$ 1,402,433</b>	<b>0.50%</b>	<b>\$ 6,975</b>
<b>EXPENDITURE</b>					
Salary	\$ 182,335	\$ 132,580	\$ 138,064	4.14%	\$ 5,484
Benefits	77,879	65,184	69,820	7.11%	4,636
Service & Supplies	574,146	446,798	540,009	20.86%	93,211
Depreciation	267,687	268,500	246,000	-8.38%	(22,500)
Bond Interest	180,262	116,956	133,215	13.90%	16,259
Other	14,399	56,189	1,000	-98.22%	(55,189)
Operating Transfers Out	1,307	-	-	0.00%	-
<b>TOTAL</b>	<b>\$ 1,298,015</b>	<b>\$ 1,086,207</b>	<b>\$ 1,128,108</b>	<b>3.86%</b>	<b>\$ 41,901</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 116,139</b>	<b>\$ 309,251</b>	<b>\$ 274,325</b>	<b>-11.29%</b>	<b>\$ (34,926)</b>
Bond Proceeds	\$ -	\$ 580,000	\$ 533,000	-8.10%	\$ (47,000)
Capital Outlay	\$ 250,583	\$ 667,200	\$ 533,000	-20.11%	\$ (134,200)
Bond Principal Payments	\$ 365,800	\$ 400,500	\$ 427,900	6.84%	\$ 27,400
Cash Balance - June 30	\$ 669	\$ 99,101	\$ 200,745		
FTE	2.80	2.30	2.30		