

**City of Carson City
Agenda Report**

Date Submitted: August 10, 2015

Agenda Date Requested: August 20, 2015
Time Requested: 15 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 the water and sewer utility. (Darren Schulz, dschulz@carson.org)

Staff Summary: On May 7, 2015, the Board of Supervisors, directed staff to meet with the Builders Alliance and return to the Utility Financial Oversight Committee for recommendations. Staff and FCS Group met with both and are recommending changes to the connection fees for water and sewer.

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 the water and sewer utility.

Explanation for Recommended Board Action: The City imposes 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.

For the water utility, this includes updating:

- The proposed charge using a hybrid approach:
 - AWWA meter capacity equivalent ratios for all customers through 1" meters, except multifamily dwellings.
 - \$3,440 – 5/8" meter
 - \$8,600 – 1" meter
 - Multifamily - \$1,032 per unit (30% of the 5/8" meter charge)
 - Using maximum day flow for customers with 1 ½" meters and larger
 - \$6,219 per maximum day gallons per minute
- 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.

Once rates are fully implemented, the fees shall be adjusted annually for inflation based on the Engineering News Record's "Construction Cost Index". The annual adjustment shall not exceed 3%.

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: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material:

- FCS Group connection charge presentation

Prepared By: David Bruketta – Utility Manager

Reviewed By:

DM Bruhette Date: 8/11/15
 (Public Works Director)

Mike W... Date: 8/11/15
 (City Manager)

[Signature] Date: 8/11/2015
 (District Attorney)

Wang Paulson Date: 8/11/15
 (Finance Director)

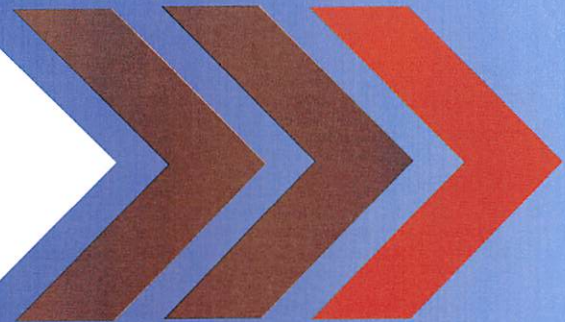
Board Action Taken:

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

(Vote Recorded By)



Carson City, Nevada



Water and Sewer Connection Charges

August 20, 2015





Agenda

- ◆ **Water Results**

- Proposed Schedule of Charges
- Comparison of Commercial Connection Charges
- Proposed Phase-In Strategy

- ◆ **Sewer Results**

- Proposed Schedule of Charges
- Comparison of Commercial Connection Charges
- Proposed Phase-In Strategy

Water Results



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

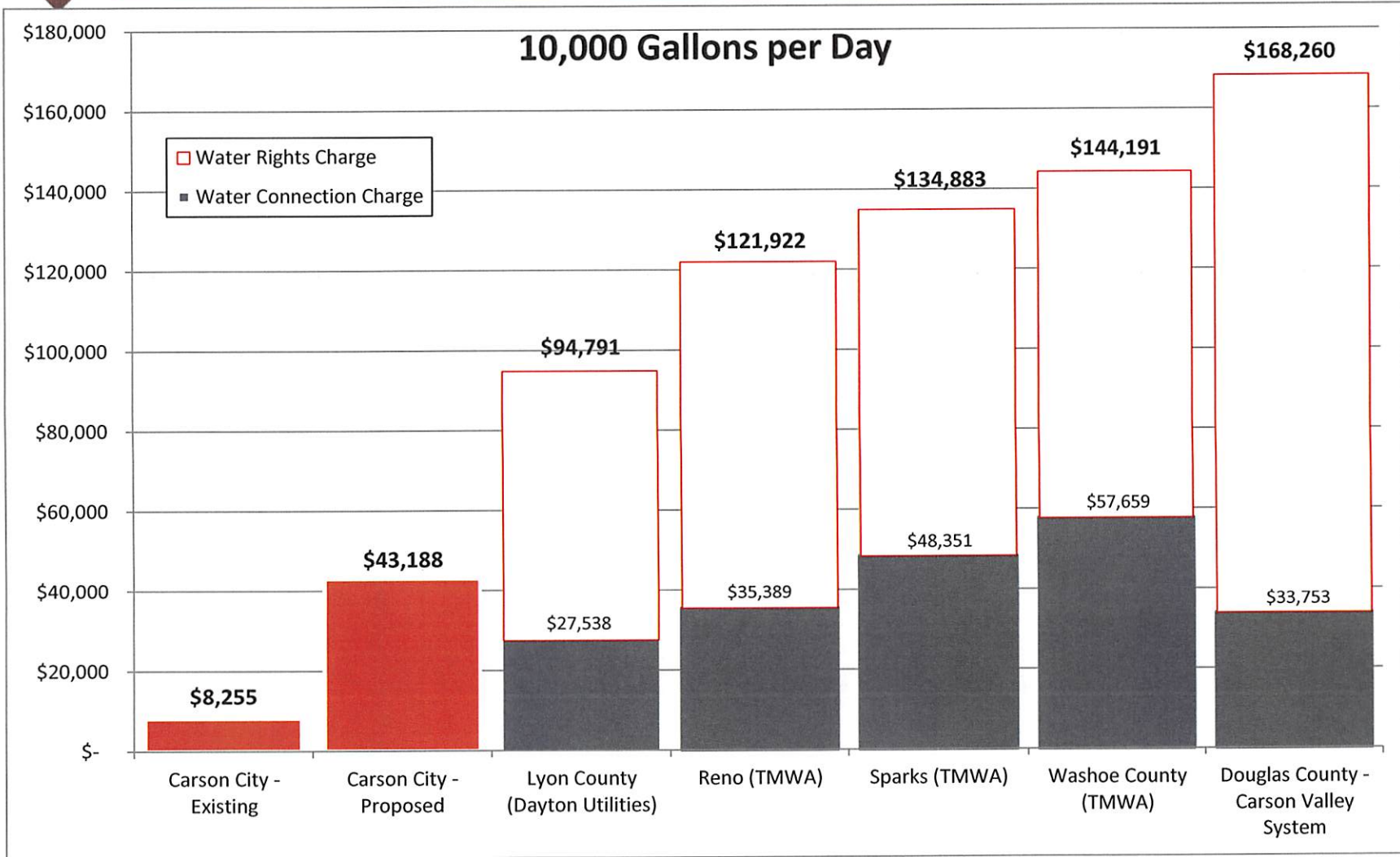


Water Customer Bill Assumptions

- ◆ **Current charge is \$454 per Water Equivalent Residential Customer (WERC)**
- ◆ **Calculated charge under proposed methodology is \$6,219 per maximum day gallons per minute (GPM)**
- ◆ **Commercial customer bill comparison assumes maximum day use equal to average day use**
- ◆ **Survey participant bills reflect currently adopted charges**
- ◆ **Carson City proposed bill shows full implementation level; phase-in strategy to follow**
- ◆ **Water rights:**
 - Assumes groundwater water rights
 - Lyon County assumed at \$6,000/ac-ft
 - TMWA calculated at \$7,720/ac-ft
 - Douglas County calculated at \$12,000/ac-ft

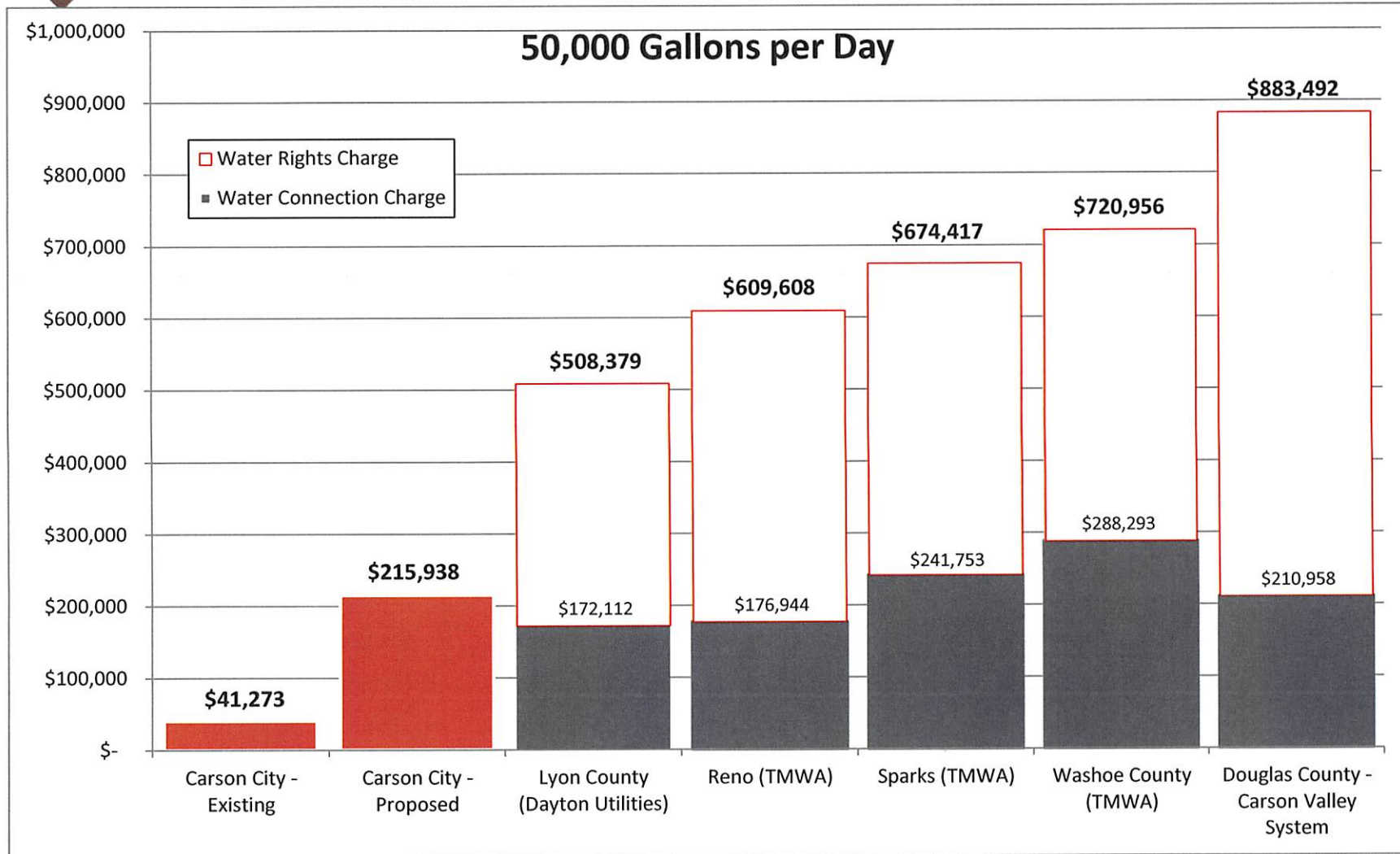


Water Commercial Customer Bill Comparison



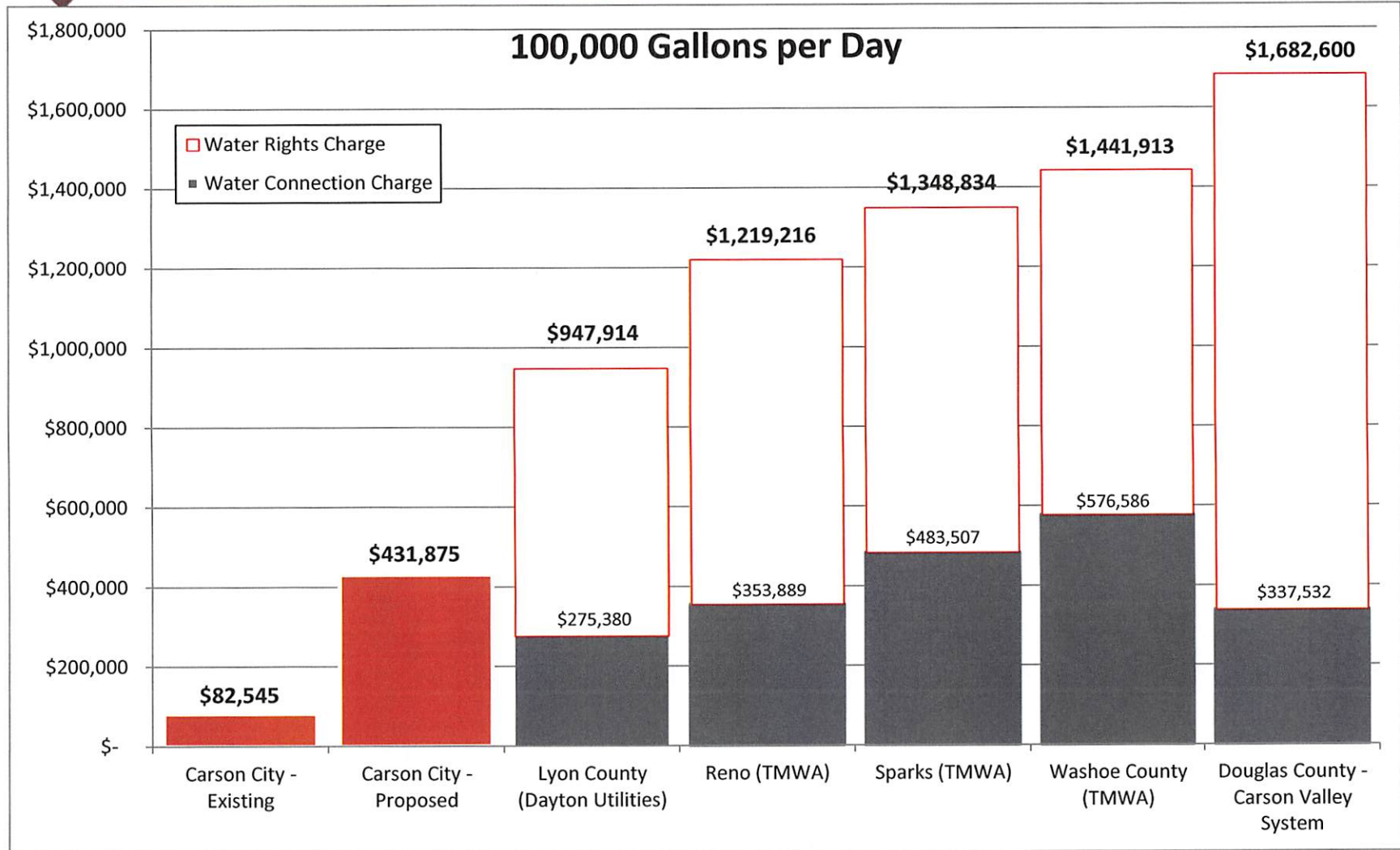


Water Commercial Customer Bill Comparison





Water Commercial Customer Bill Comparison





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	\$ 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

Sewer Results



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

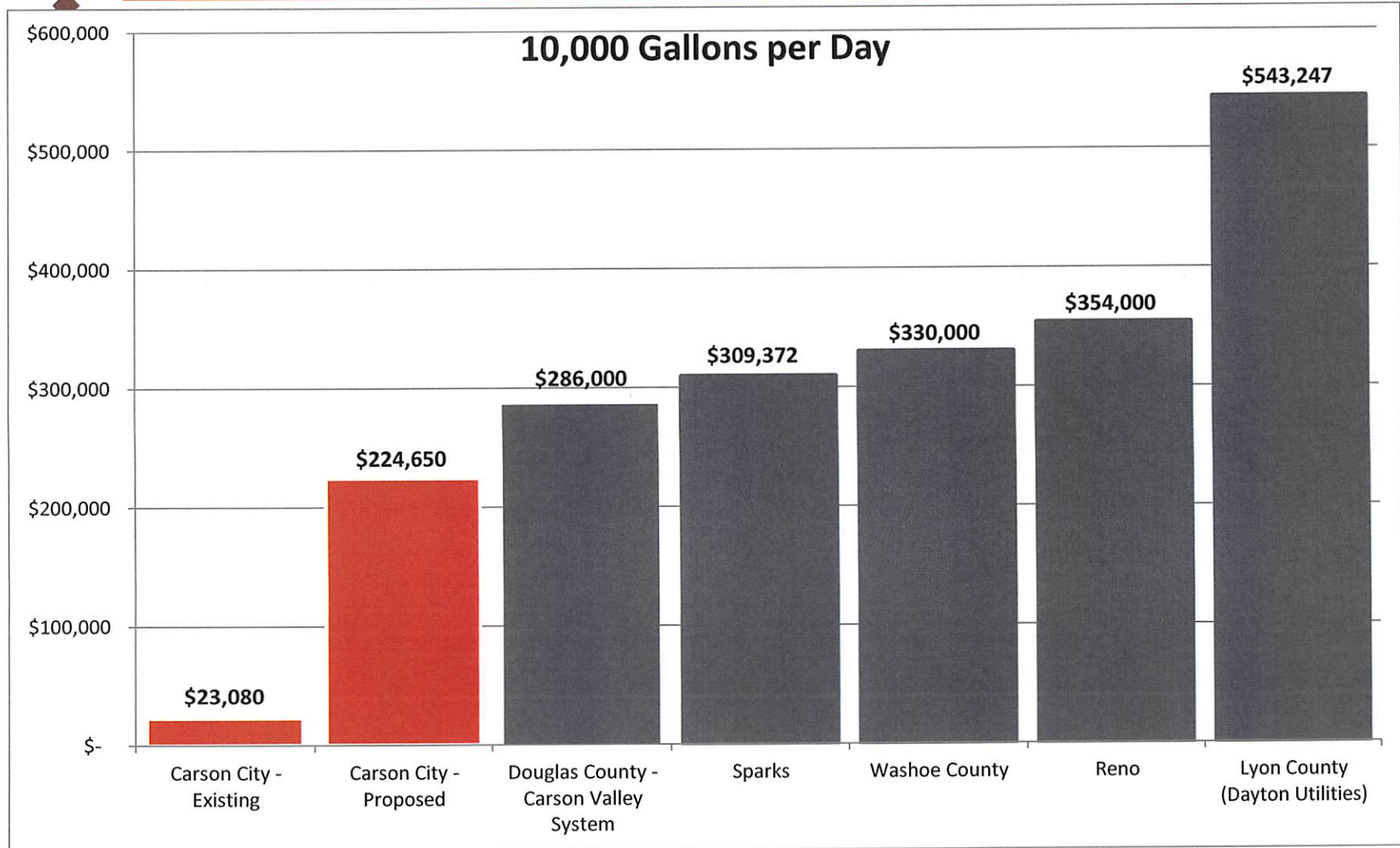


Sewer Customer Bill Assumptions

- ◆ **Current charge is \$577 per Sewer Equivalent Residential Customer (SERC)**
- ◆ **Calculated charge under proposed methodology is \$4,493 per SERC**
- ◆ **Survey participant bills reflect currently adopted charges**
- ◆ **Carson City proposed bill shows full implementation level; phase-in strategy to follow**

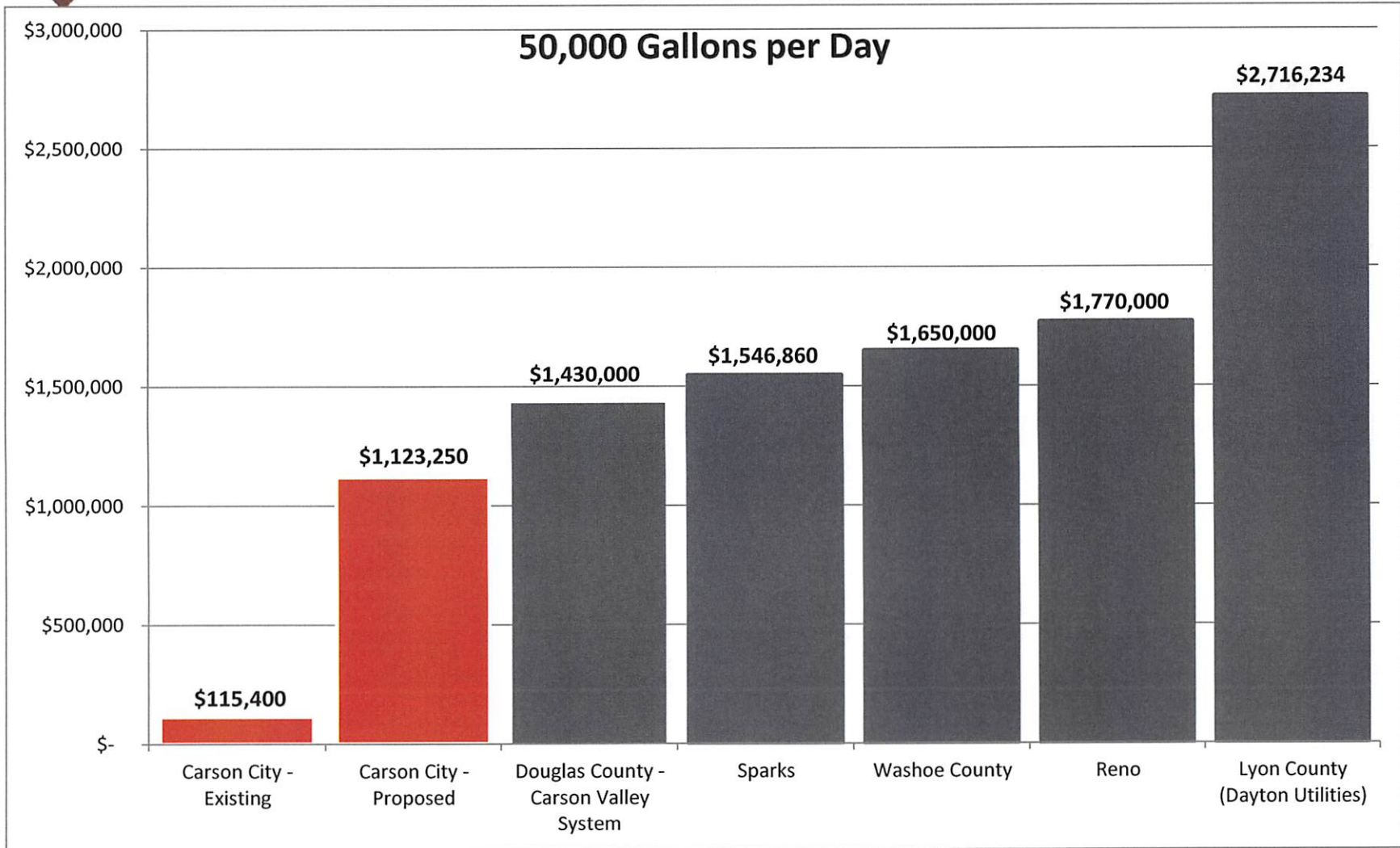


Sewer Commercial Customer Bill Comparison



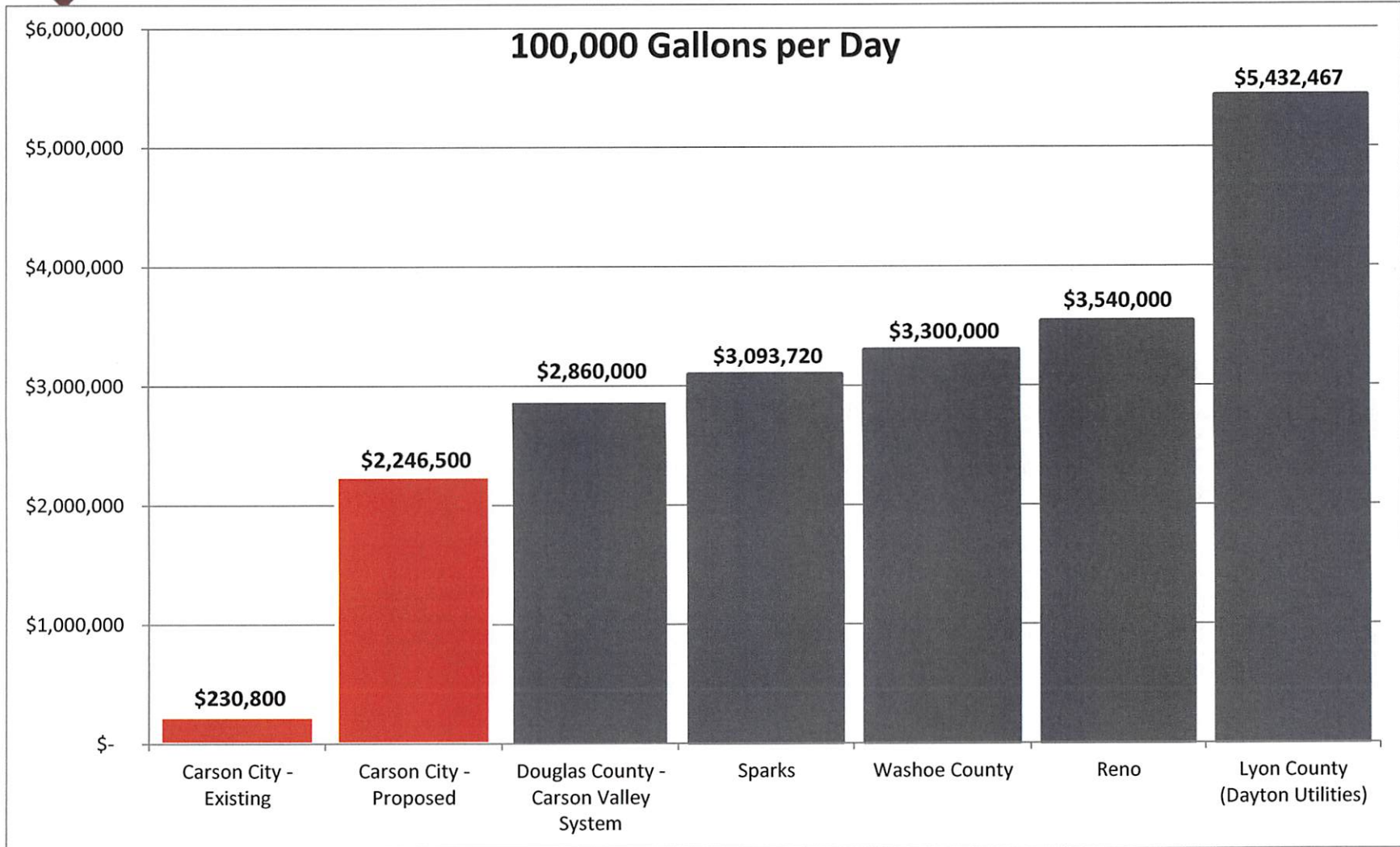


Sewer Commercial Customer Bill Comparison





Sewer Commercial Customer Bill Comparison





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

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

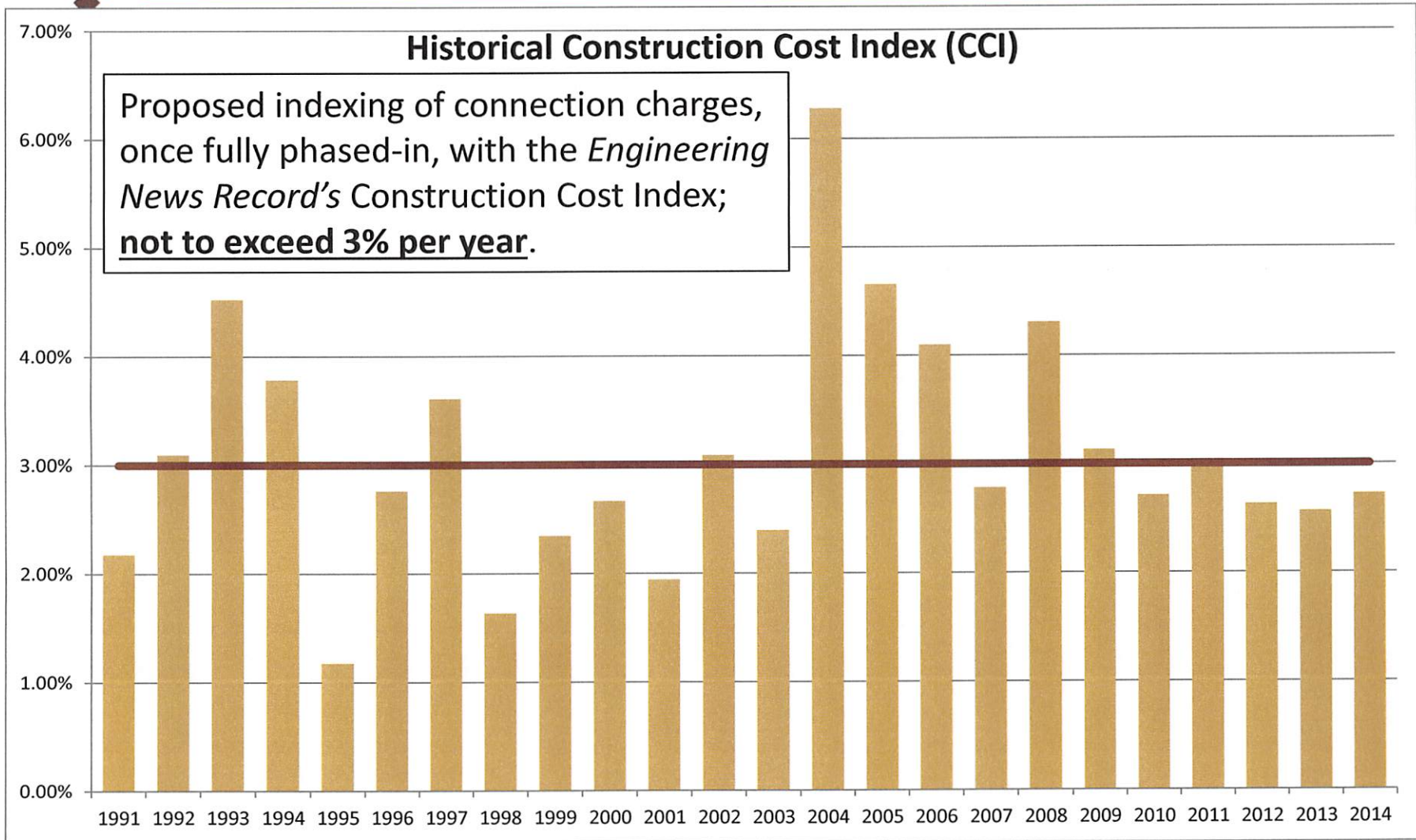
[b] One proposed SERC is equal to 200 gallons per day

SERC = Sewer Equivalent Residential Customer

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



Construction Cost Index



Contact FCS GROUP:
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