



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: June 2, 2016

Staff Contact: David Bruketta, Utility Manager

Agenda Title: For Possible Action: Action to introduce on first reading, Bill Number _____, an ordinance amending the Carson City Municipal Code Title 12 - Water, Sewerage and Drainage, Chapter 12.01 - Water Connection Charges and Use Rates, by amending section 12.01.010 - Definitions; to add maximum day gpm, and redefine a WERC and Total WERC as 425 gpd. Section - 12.01.030 Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees; to remove the existing water connection charges, add water connection charges phased in over five (5) years effective July 1, 2016 with clarifying language, add a connection charge index effective 7/1/2021. (David Bruketta, Dbruketta@carson.org)

Staff Summary: In October of 2009, the City reduced connection charges significantly in order to promote economic development. The current connection charges are artificially low and do not support the investment of infrastructure already paid for by existing customers. The revenues generated from the proposed ordinance are necessary to fund future capital and ensure compliance with fiscal policies.

Agenda Action: Formal Action/Motion

Time Requested: 10 minutes

Proposed Motion

Move to introduce on first reading, Bill Number _____, an ordinance amending the Carson City Municipal Code Title 12 - Water, Sewerage and Drainage, Chapter 12.01 - Water Connection Charges and Use Rates, by amending section 12.01.010 - Definitions; to add maximum day gpm, and redefine a WERC and Total WERC as 425 gpm. Section - 12.01.030 Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees; to remove the existing water connection charges, add water connection charges phased in over five (5) years effective July 1, 2016 with clarifying language, add a connection charge index effective 7/1/2021; and other matters properly related thereto.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

Background/Issues & Analysis

Starting in 2013, connection charges have been discussed and presented to the Utility Financial Oversight Committee (February 18, 2015, June 30, 2015 and February 29, 2016), the Nevada Builders Alliance (June 10, 2015) and the Board of Supervisors (April 18, 2013, June 20, 2013, May 7, 2015, August 20, 2015). At the August 20, 2015, Board of Supervisors meeting, staff was directed to initiate the process of changing the water and sewer connection fees effective July 1, 2016.

Applicable Statute, Code, Policy, Rule or Regulation

NA

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Increased revenue to the water utility fund, non-operating revenue / 520-0000-375.05-01 Commercial and 520-0000-375.05-02 Residential

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The total incremental revenue expected each fiscal year will vary based on factors such as the number of new connections, property type (single family, multifamily, commercial), meter size and/or estimated water use. After the five-year phase in and with continued economic growth, the revenue generated should be near pre-2009 amounts. Prior to the economic downturn and the lowering of the connection fees, annual revenues from connection fees were approximately \$1,000,000. Since the downturn and lowered connection fees, the average annual revenue has been approximately \$17,000 per year.

Alternatives

Not accept ordinance change and provide further direction to staff.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

ORDINANCE NO. _____

BILL NO. _____

AN ORDINANCE AMENDING TITLE 12 - WATER, SEWERAGE AND DRAINAGE, CHAPTER 12.01 - WATER CONNECTION CHARGES AND USE RATES, BY AMENDING SECTION 12.01.010 DEFINITIONS; TO ADD MAXIMUM DAY GPM, AND REDEFINE A WERC AS 425 GPD. SECTION 12.01.030 SCHEDULE OF WATER CONNECTION CHARGES, LATERAL AND METER BOX SETS, AND METER SET FEES; TO REMOVE THE EXISTING WATER CONNECTION CHARGES, ADD WATER CONNECTION CHARGES PHASED IN OVER FIVE (5) YEARS EFFECTIVE JULY 1, 2016 WITH CLARIFYING LANGUAGE, ADD A CONNECTION CHARGE INDEX EFFECTIVE 7/1/2021; AND OTHER MATTERS PROPERLY RELATED THERETO.

THE BOARD OF SUPERVISORS OF CARSON CITY DO ORDAIN:

Title 12 – WATER, SEWERAGE AND DRAINAGE

Chapter 12.01 - WATER CONNECTION CHARGES AND USE RATES

Sections: 12.01.010 - Definitions.

The following terms have the meaning ascribed to them in this section unless the context requires otherwise:

"Applicant" means the person, firm, association, corporation, or government agency applying for water service.

"Average month" means 30 days.

"Billing period" means the time interval between two consecutive actual or estimated meter readings that are made for billing purposes.

"Branch service" means a service that is not directly connected to a water main and has as its source of supply from another water service.

"Building permit" means the written authorization issued by Carson City allowing the initiation of construction of structures or the connection of any building, mobile home, structure, or vehicle with the Carson City water system.

"City" means Carson City, a consolidated municipality and its authorized employees.

"Commercial, commercial enterprise" means any establishment or business operating for profit, whether or not a profit is in fact realized, except as may be modified by this chapter.

"Connection charges" means the charge levied for the pro rata share of the physical water system.

"Customer" means the person in whose name service is rendered as evidenced by the signature on the application or contract for that service or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in his/her name regardless of the identity of the actual user of the service.

"Customer's service line": See "Yard line."

"Date of presentation" means the date upon which a bill or notice is mailed (as postmarked) or delivered to the customer by the City.

"Department" means the Carson City Utilities Department.

"Director" means the Public Works Director or his/her designee.

"House piping" means all piping and fittings installed within a house, structure, building, mobile home, up to and including the last fitting inside or outside the wall.

"Main extension" means the extension or replacement of water distribution mains and necessary facilities beyond existing service facilities up to but not including the mains within a development. Exception: Where the City has required service through the development for future developments, the City will specifically identify such mains.

"Maximum day GPM" means water use as measured in maximum day gallons per minute.

"Metered service" means service for which charges are computed on the basis of measured quantities of water.

"Minimum charge": See "Service charge."

"Permanent service" means service which, in the opinion of the City, is of a permanent and established character. The use of water may be continuous, intermittent, or seasonal in nature.

"Permit" means the permit issued by the City for the connection of a parcel or facility to the City's water system.

"Person" means an individual, partnership, corporation, governmental agency, or other organization operating as a single business entity.

"Point of delivery" means the point where pipes owned, leased, or under license by a customer contact the City water system, notwithstanding the fact that metering may take place beyond (i.e., on the customer's side of) that point.

"Private fire protection service": See "Service classification."

"Quasi-residential" means a commercial enterprise which is conducted in a residential zone as a secondary use to a primary residential use, provided:

1. Both the primary and the secondary use are contained within the same structure; and
2. The secondary use is an allowable use within the list of permitted uses for the underlying land use zone. Specifically prohibited from this classification are motels, hotels, boardinghouses, nursing homes, and all residential uses located on any parcel of land classified as commercial or industrial on the current land use map for Carson City.

"Service charge" means the amount the customer must pay the City for the availability of each metered water service, irrespective of whether any water is used. The meter size shall determine the service charge for each service.

"Service classification" means the terms as defined below:

1. Commercial service: The service to customers engaged in selling, warehousing, or distributing a commodity, in some business activity, or in a profession, or in some form of economic or social activity (office, stores, clubs, motels, hotels, boardinghouses, churches, etc.) or for governmental activities or for service provided to a builder or developer during the construction phase of any structure(s), and for the purposes that do not come under another classification of service.
2. Industrial/manufacturing service: The service to customers engaged in industrial or manufacturing processes with greater than a two-inch meter size, using greater than 3.5 million gallons of water per month on average.
3. Large commercial service: The service to customers with greater than a 2-inch meter size, using greater than 3.5 million gallons of water per month on average, who are not included in the industrial/manufacturing designation.
4. Single family residential service: Service to a customer supplied for residential purposes in a single-family dwelling, duplex, mobile home, or quasi-residential uses as defined above.
5. Multifamily residential service: Service to a customer supplied for residential purposes in a master metered building with three or more dwelling units.
6. Private fire protection service: Service to customers supplied for fire protection of specific facilities.

"Service connection" means the point of connection of the customer's piping with the City's facilities (i.e., meter or service pipe).

"Service pipe/lateral" means the connection between the City's mains and the service connection, including all of the pipe, fittings, and valves necessary to make the connection.

"Tapping fee" means the calculated average cost incurred by Carson City in making the physical connection between the customer's service line and the water system, including both direct and indirect costs.

"Temporary service" means service to premises where it is known in advance that the service will be of limited duration.

"Total WERCs" means a value calculated by dividing the average daily total water consumption by the WERC quantity of ~~550~~ 425 gallons per day. [Note: this is not used in connection charges or rates; only used in 12.01.210 Main Extensions]

"Water equivalent residential customer (WERC)" means the average daily water usage of a residential unit and is based on a quantity of ~~550~~ 425 gallons per day.

"Yard line" means all piping between the building or structure and service connections.

(Ord. 2008-8 § 1, 2008: Ord. 1999-14 § 2, 1999: Ord. 1993-44 § 1, 1993: Ord. 1991-67 § 1, 1991: Ord. 1991-12 § 1, 1991: Ord. 1990-29 § 1, 1990: Ord. 1982-8 § 2 (part), 1982).

(Ord. No. 2013-25, § I, 9-19-2013)

12.01.030 - Schedule of water connection charges, lateral and meter box sets, and meter set fees.

1. The water connection charges are as follows:

	WERC
Single family residence	1.0
Duplex (each living unit)	1.0
Apartment (each living unit)	0.5
Mobilehome individual lot	1.0
Mobilehome park (each pad)	0.5

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~~For the purpose of determining water connection charges, the water equivalent residential customer value, or portion thereof, is based upon a fee of \$454.00 per one WERC for every connection. For all other water connections not specified above, the connection charge is based on the "total WERCs" of the proposed development (Example: 1,250 gallons per day divided by 550 gallons per WERC equals 2.27 WERCs; 2.27 WERCs times \$454.00 per WERC equals \$1,030.58). The public works director or designee will assign a total WERC value to each development based on water usage information provided to the city through completion and submittal of water usage information data or from previously supplied data generated through the review of similar or like uses and/or developments.~~

Meter Size	<u>Effective</u> 7/1/2016	<u>Effective</u> 7/1/2017	<u>Effective</u> 7/1/2018	<u>Effective</u> 7/1/2019	<u>Effective</u> 7/1/2020
Meters up to 1":					
5/8"	<u>\$1,051</u>	<u>\$1,648</u>	<u>\$2,246</u>	<u>\$2,843</u>	<u>\$3,440</u>
1"	<u>\$2,083</u>	<u>\$3,712</u>	<u>\$5,342</u>	<u>\$6,971</u>	<u>\$8,600</u>
Meters 1 1/2" or larger:					

<u>Charge per maximum day</u>					
<u>GPM:</u>	<u>\$1,244</u>	<u>\$2,488</u>	<u>\$3,731</u>	<u>\$4,975</u>	<u>\$6,219</u>
<u>Multifamily</u>					
<u>Multifamily per unit:</u>	<u>\$388</u>	<u>\$549</u>	<u>\$710</u>	<u>\$871</u>	<u>\$1,032</u>

On 7/1/2021, the connection charges will be increased annually based on the *Engineering News Record's* Construction Cost Index, with a cap of three percent (3%) per year.

All developments, other than multifamily residential, will be charged based on meter size. Multifamily residential developments will be charged based on the number of proposed units. Customers using meters 1 ½" or larger will be charged based on an estimated maximum day water use in gallons per minute which will be determined by the Public Works Director or his or her designee, based on water usage information provided to the City through the completion and submittal of water usage information data or from previously supplied data generated by the review of similar uses or developments.

2. All fees for connection to the City water system shall be collected prior to the issuance of a building permit for construction, unless otherwise required by this chapter.

CITY INSTALLED SERVICE

Applicability: All connections to the City water system by the City will include all piping, connectors, trenching, backfill and resurfacing necessary to install a service lateral and make its connection to an adjacent and acceptable main waterline. The City will also furnish, install and connect a water meter box or pit setter to the service lateral, and furnish and install a radio frequency water meter of the size ordered by the customer, in accordance with the following fee schedule:

Lateral and Meter Size	City Installed Service
5/8"	\$1,522.50
1"	\$1,785.00
1½"	\$2,835.00
2"	\$3,675.00
3"	\$5,880.00
4"	\$9,754.45
6"	\$14,280.00

CITY INSTALLED DUAL PIT SETTER

Applicability: The City will install water service to supply two (2) separate customers through a dual pit setter connected to an adjacent and acceptable main waterline by a 1-inch service lateral. This service will include all connectors, trenching, backfill and resurfacing necessary to accomplish the installation to supply the two (2) adjoining customers, parcels or developments. The fee for this installation is \$1,627.50. Each 5/8-inch water meter furnished and installed in the dual pit setter will cost an additional \$409.50.

CUSTOMER INSTALLED SERVICE

Applicability: All connections to the City water system by persons other than City will be performed by persons properly licensed by the State of Nevada and Carson City to accomplish the type of work contemplated, and all work performed and all materials placed will be in accordance with the Carson City Code of Standard Specifications for Public Works Construction. Prior to placement of a customer installed service, the applicable meter and meter set fee under the following schedule must be remitted. Under this fee schedule, no other work will be performed and no materials other than the prescribed water meter if requested by the customer will be furnished by Carson City.

Meter Size	Contractor Installed Service
5/8"	\$409.50
1"	\$493.50
1½"	\$661.50
2"	\$819.00
3"	\$2,341.50
4"	\$3,990.00
6"	\$7,350.00

4. The applicable meter and meter set fees described above include one (1) trip by the Public Works Department to set the meter. If additional trips are required as a result of failure by the customer to complete all requirements of the permit for installation of the water service, the customer will be assessed a fee of \$85.00; \$89.25 (eff. 10/01/11) on the building permit

for each return trip, extenuating circumstances as approved by the Public Works Director or designee may be cause for exemption of this requirement.

5. The connection charges described above do not apply for service under "private fire protection" provided no other service or connections are made to that line.

(Ord. 2008-8 § 3, 2008: Ord. 2007-3 § 2, 2007: Ord. 2005-6 § 2, 2005: Ord. 2003-11 § 2, 2003: Ord. 1997-61 § 1, 1997: Ord. 1997-52 § 1, 1997: Ord. 1996-12 § 1, 1996: Ord. 1994-60 § 1, 1994: Ord. 1993-44 § 3, 1993: Ord. 1991-12 § 3, 1991: Ord. 1990-27 § 1, 1990: Ord. 1988-16 § 2, 1988: Ord. 1986-42 § 2, 1986: Ord. 1982-8 § 2 (part), 1982).

(Ord. No. 2009-9, § II, 6-18-2009; Ord. No. 2009-23, § I, 10-1-2009; Ord. No. 2010-6, § II, 6-3-2010; Ord. No. 2011-12, § II, 9-1-2011; Ord. No. 2013-25, § I, 9-19-2013)