



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** November 5, 2020

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: Discussion and possible action regarding a tiered residential stormwater user fee for the stormwater utility and creation of a utility rate fee schedule for the water, wastewater, and stormwater utilities. (Darren Schulz, DSchulz@carson.org and Andy Hummel, AHummel@carson.org)

Staff Summary: Farr West Engineering conducted a study of the water, wastewater, and stormwater rates and the stormwater rate structure. On August 6, 2020, the results of the stormwater study were presented to the Board of Supervisors ("Board"), which directed staff to proceed with the process of revising the stormwater rate structure and updating the stormwater user rates. After further discussion, staff has prepared an optional residential tiered stormwater rate structure and a utility rate fee schedule for the Board's consideration. After consideration of the presentation, the Board may direct staff to include the proposed options in the rate change process.

Agenda Action: Formal Action / Motion **Time Requested:** 30 minutes

Proposed Motion

I move to direct staff to include a tiered residential stormwater rate structure and a utility rate fee schedule when developing the proposal to change user fees for the water, wastewater, and stormwater utilities.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

February 7, 2019 – The Board approved a contract with Farr West Engineering to study and update the water, wastewater, and stormwater user rates and the stormwater rate structure.

August 5, 2019 – The stormwater rates and rate structure options were presented to the Utility Finance Oversight Committee (UFOC).

October 2, 2019 – A public meeting was held to obtain public feedback on the stormwater rates and rate structure options.

November 4, 2019 – The stormwater rates and rate structure options were presented to the UFOC and the rates and rate structure were refined.

January 13, 2020 – Water and wastewater user rates were presented to the UFOC, and the UFOC recommended presenting the rates to the Board with the UFOC's recommendations. The stormwater rates and rate structure options were presented to the UFOC and the rates and rate structure were refined.

March 5, 2020 – Water and wastewater user rates were presented to the Board, which directed staff to proceed with the water and wastewater rate change process.

May 20, 2020 – The stormwater rates and rate structure options were presented to the UFOC, and the UFOC recommended presenting the rates and rate structure to the Board with the UFOC’s recommendations.

August 6, 2020 – The stormwater rates and rate structure were presented to the Board, which directed staff to proceed with the stormwater rate change process.

Background/Issues & Analysis

The previous water, wastewater, and stormwater presentations to the Board contemplated the rates and rate structures being amended in the Carson City Municipal Code (CCMC). In addition, the stormwater rate structure approved at the August 6, 2020 Board meeting included a flat-rate residential stormwater rate. Based on comments received at the August 6, 2020 meeting, and based on individual discussions after that meeting, staff has developed additional options addressing these facets of the rate increase for the Board's consideration.

The first option to be considered is a tiered residential rate structure for stormwater. This tiered residential rate is based on the square footage of a residence with differentiation between single and multi-story structures and has been designed to generate a similar revenue stream as the previously presented flat-rate structure. Structure size was used as a surrogate for impervious areas to represent areas of the parcel which would generate stormwater runoff.

The second option to be considered is a utility rate fee schedule that brings the fees outside of the CCMC, but which would be referenced by and incorporated into the CCMC. Utilization of a utility rate fee schedule will consolidate utility rates and fees into a single document while also simplifying future rate revisions as the CCMC will not require amendment. (Changing rate structures would require CCMC amendments.) Future rate revisions will still require an evaluation, review, and approval process through the UFOC and Board, and would require a Business Impact Statement to be prepared pursuant to Nevada Revised Statutes ("NRS"). A proposed utility rate fee schedule, including both the stormwater residential flat rate and tiered rate fee structures, has been prepared and is attached to this staff report.

The next steps to change the rates for the water and wastewater utilities and the rate and rate structure for the stormwater utility will be to present a Business Impact Statement and First and Second Readings of an ordinance to amend Title 12 of the CCMC. The amendments will include the tiered stormwater rate structure and the utility rate fee schedule if the Board directs staff to move forward with these proposals.

Applicable Statute, Code, Policy, Rule or Regulation

N/A

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Stormwater Fund - 5053702

Is it currently budgeted? No

Explanation of Fiscal Impact: The fiscal impact of a tiered residential rate structure, if approved, is estimated to be an additional \$57,499 of revenue annually. There is no fiscal impact to removing rates from CCMC and placing them in a Utility Rate Fee Schedule.

Alternatives

The Board may direct staff to proceed with other options.

Attachments:

[BOS Nov 5 2020 Utility Rate Adjustments Additional Proposals_Final.pdf](#)

[Carson City Public Works Utility Rate Schedule Final Version.pdf](#)

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)



**BOARD OF SUPERVISORS
NOVEMBER 5, 2020**

Stormwater Rate Adjustment - Tiered Residential Rate Option

- 1) Stormwater Residential Rates
current direction and option to tier residential
- 2) Ordinance
edits to include a separate fee schedule

Overview

- ▶ Stormwater Rates and Structure were approved by the Board of Supervisors to begin the process of implementation on August 6, 2020
- ▶ Residential Rate was based on flat rate:
 - 3-year phase in schedule approved
 - Upon phase in, residential rate of \$9.34/residence would generate approximately \$1.8 million annually
- ▶ Currently rates for Water, Wastewater, and Stormwater Utilities are included within ordinance (CCMC Title 12)
- ▶ Feedback received indicated preference to consider tiered residential rates and revise ordinance to reference a Utility Rate Fee Schedule

Residential Tiered Rates Option

Customer Class	Effective 1/1/21	Effective 1/1/22	Effective 1/1/23	Percentage of Residential Customers	Revenue at Phase-In
August 6, 2020 Approval - Flat Rate Residential					
Single Family Residential	\$6.91	\$8.12	\$9.34	100%	\$1,792,271
Proposed Single Family Residential by residence square footage					
Single Story less than 1600; Multi- Story less than 2400	\$6.29	\$6.90	\$7.50	61%	\$879,930
Single Story 1600 to 2400; Multi- Story 2400 to 3600	\$7.96	\$10.23	\$12.50	31%	\$743,400
Single Story greater than 2400; Multi-Story greater than 3600	\$8.79	\$11.90	\$15.00	8%	\$226,440
				Total	\$1,849,770

Stormwater Rates All Properties

Customer Class	Effective 1/1/21	Effective 1/1/22	Effective 1/1/23	Effective 1/1/24
August 6, 2020 Approval - Flat Rate Residential				
Single Family Residential	\$6.91	\$8.12	\$9.34	\$9.34
Proposed Single Family Residential by residence square footage				
Single Story less than 1600; Multi-Story less than 2400	\$6.29	\$6.90	\$7.50	\$7.50
Single Story 1600 to 2400; Multi-Story 2400 to 3600	\$7.96	\$10.23	\$12.50	\$12.50
Single Story greater than 2400; Multi-Story greater than 3600	\$8.79	\$11.90	\$15.00	\$15.00
August 6, 2020 Approval - Grouped Impervious Area Properties				
Small - less than 0.25 acre	\$30.00	\$30.00	\$30.00	\$30.00
Medium - 0.25 to 0.99 acre	\$45.00	\$60.00	\$60.00	\$60.00
Large - 1 to 4.99 acre	\$60.00	\$90.00	\$120.00	\$120.00
Very Large – 5 acres and larger	\$60.00	\$120.00	\$180.00	\$240.00

Fee Schedule Option

- ▶ Utility Rate Fee Schedule created as stand-alone document
- ▶ Carson City Municipal Code Title 12 revised to reference Utility Rate Fee Schedule
- ▶ Simplifies documents for customer, one single document lists all Utility Rates and Fees
- ▶ Process for future rate revisions would remain the same, however Ordinance would not require updating

For Direction:

- ▶ Request direction to:
 - Bring forward Tiered Residential Rates for stormwater
 - Develop a Utility Rate Fee Schedule to be referenced in the Ordinance
- ▶ Tiered Residential Rates and Utility Rate Fee Schedule were included in Business Impact Statement process as options

Questions and Discussion



**Carson City Public Works
Utility Rate Schedule
Effective: _____, 2020**

1.0 PURPOSE:

The following utility rate schedules establish the utility rates for the water, wastewater, and stormwater utilities for single family residential, multifamily residential, commercial, industrial/manufacturing, and large commercial customer classifications, and fees charged to any person or customer utilizing the specified services provided by Carson City. The following rates are found and declared to be reasonable and just, taking into consideration: the cost and value of the systems; the cost of maintaining and operating the systems; the necessary allowances for depreciation; the amount necessary for the retirement of all bonds and other securities payable from revenues of the systems; the interest accruing on all such securities; and necessary and appropriate reserves.

2.0 WATER RATE SCHEDULES

The following rates are calculated as provided in sections 12.01.020 and 12.01.030 of the Carson City Municipal Code (CCMC).

A. Monthly Base Rate

A.1. Single Family Residential, Commercial, Industrial/Manufacturing and Large Commercial

Meter Size	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
5/8 inch	\$28.21	\$29.06	\$29.93	\$30.83	\$31.75
1 inch	42.93	44.22	45.55	46.92	48.33
1½ inch	64.09	66.01	67.99	70.03	72.13
2 inch	79.73	82.12	84.58	87.12	89.73
3 inch	116.53	120.03	123.63	127.34	131.16

4 inch	153.34	157.94	162.68	167.56	172.59
6 inch	226.94	233.75	240.76	247.98	255.42
10 inch	564.28	581.21	598.65	616.61	635.11

A.2. Multifamily Residential

Multifamily (per unit)	\$9.99	\$10.29	\$10.60	\$10.92	\$11.25
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A.3. Rate Increases. Beginning on July 1, 2025, each rate in section 2.0(A) will be adjusted annually on July 1 of each year based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U) for the west urban area, as published by the Bureau of Labor Statistics. The adjustment is based on the CPI-U index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.

B. Monthly Commodity Rate

B.1. Single Family Residential

		Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	0–5	\$1.81	\$1.86	\$1.92	\$1.98	\$2.04
	6–30	\$3.16	\$3.25	\$3.35	\$3.45	\$3.55
	Over 30	\$5.06	\$5.21	\$5.37	\$5.53	\$5.70

B.2. Multifamily Residential

	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	\$2.05	\$2.11	\$2.17	\$2.24	\$2.31

B.3. Commercial

	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10

B.4. Industrial/Manufacturing

	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	\$3.82	\$3.93	\$4.05	\$4.17	\$4.30

B.5. Large Commercial

	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	\$3.82	\$3.93	\$4.05	\$4.17	\$4.30

B.6. Rate Increases. Beginning on July 1, 2025, each rate in section 2.0(B) will be adjusted annually on July 1 of each year based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U) for the west urban area, as published by the Bureau of Labor Statistics. The adjustment is based on the CPI-U index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.

C. Water Truck Service

Monthly Service Rate				\$27.30	
Commodity Rate (Equal to the Monthly Commodity Rate for Commercial Service. Beginning on July 1, 2025, this rate is subject to the rate increase in section 2.0(B)(6).)					
	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Volume Charge per 1,000 gallons	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10

D. Fire Flow Testing

Cost to perform fire flow testing:	\$79.80
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E. Waterline Hot Tap Fees

Each hot tap, including tap machine, one hour of work and related equipment	\$724.50
Man hours additional:	
2-man crew—per hour	\$105.00
Standby—2-man crew—Per hour	\$105.00
Equipment hours additional:	
Per piece of equipment	\$27.30
Mileage, round trip, to service out-of-city customers—per mile	The charge will be based on the IRS standard mileage rate for business miles driven
Return trip—minimum fee per trip (not including mileage and equipment)	\$210.00

F. Water Connection Charge

F.1. Fees

Meter Size	Effective 7/1/2020
Meters up to 1 inch:	
5/8 inch	\$3,440.00
1 inch	\$8,600.00
Meters 1 ½ inch or larger:	
Charge per gallon per minute (GPM)	\$6,219.00
Multifamily	
Multifamily per unit:	\$1,032.00

F.2. Fee Increases. Beginning on July 1, 2021, the connection charges will be adjusted annually on July 1 of each year based on the increase of the Engineering News Record's Construction Cost Index. The adjustment is based on the index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.

G. Lateral and Meter Box Sets and Meter Set Fees

G.1. City Installed Service

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

G.2. City Installed Dual Pit Setter

Fee	\$1,627.50
Additional fee for each 5/8 inch water meter	\$409.50

G.3. Customer Installed Service

Meter Size	Customer Installed Service
5/8 inch	\$409.50
1 inch	\$493.50
1.5 inch	\$661.50
2 inch	\$819.00
3 inch	\$2,341.50
4 inch	\$3,990.00
6 inch	\$7,350.00

G.4. Additional Trips to Set a Water Meter

First trip	Free
Second and subsequent trips	\$89.25

3.0 WASTEWATER RATE SCHEDULES

The following rates are calculated as provided in CCMC 12.03.020 and 12.03.030.

A. Monthly Rate

A.1. Rates

Customer Class	Effective 1/1/21	Effective 7/1/21	Effective 7/1/22	Effective 7/1/23	Effective 7/1/24
Flat Rates (per unit)					
Single Family Residential	\$41.87	\$43.34	\$44.86	\$46.43	\$48.06
Multifamily Residential	\$28.13	\$29.11	\$30.13	\$31.18	\$32.27
Metered Rates					
Low-Strength Commercial					
Base Charge	\$41.87	\$43.34	\$44.86	\$46.43	\$48.06
Volume Charge (per 1,000 gallons)	\$7.02	\$7.27	\$7.52	\$7.78	\$8.05
High-Strength Commercial					
Base Charge	\$41.87	\$43.34	\$44.86	\$46.43	\$48.06
Volume Charge (per 1,000 gallons)	\$12.40	\$12.83	\$13.28	\$13.74	\$14.22

A.2. Rate Increases. Beginning on July 1, 2025, each rate in section 3.0(A) will be adjusted annually on July 1 of each year based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U) for the west urban area, as published by the Bureau of Labor Statistics. The adjustment is based on the CPI-U index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.

B. Connection and Hook-up Charges

B.1. Determination of Sewer Equivalent Residential Customer (SERC)

	SERC
Single-family residence	1.0
Duplex (each living unit)	0.75
Apartment (each living unit)	0.65
Mobile home—Individual lot	1.0
Mobile park—(Each pad)	0.65

B.2. Charge Per SERC

	Effective 7/1/2020
Charge per SERC:	\$4,493

B.3. SERC Fee Increase. Beginning on July 1, 2021, the charge per SERC will be adjusted annually on July 1 of each year based on the increase of the Engineering News Record's Construction Cost Index. The adjustment is based on the index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.

4.0 STORMWATER RATE SCHEDULES

The following rates are calculated as provided in CCMC 12.17.040.

A. Monthly Rate

(One of the following two rate schedules, which differ only as to the single family residential rates, is proposed to be adopted by the Board of Supervisors.)

Customer Class	Effective 1/1/21	Effective 1/1/22	Effective 1/1/23	Effective 1/1/24
Flat Rates (per parcel)				
Single Family Residential	\$6.91	\$8.12	\$9.34	\$9.34
Grouped Impervious Area Properties Rates				
Small – less than 0.25 acre	\$30.00	\$30.00	\$30.00	\$30.00
Medium – 0.25 to 0.99 acre	\$45.00	\$60.00	\$60.00	\$60.00
Large – 1 to 4.99 acres	\$60.00	\$90.00	\$120.00	\$120.00
Very Large – 5 acres and larger	\$60.00	\$120.00	\$180.00	\$240.00

OR

Customer Class	Effective 1/1/21	Effective 1/1/22	Effective 1/1/23	Effective 1/1/24
Single Family Residential by residence square footage				
Single Story less than 1600; Multi-Story less than 2400	\$6.29	\$6.90	\$7.50	\$7.50
Single Story 1600 to 2400; Multi-Story 2400 to 3600	\$7.96	\$10.23	\$12.50	\$12.50
Single Story greater than 2400; Multi-Story greater than 3600	\$8.79	\$11.90	\$15.00	\$15.00
Grouped Impervious Area Properties Rates				
Small – less than 0.25 acre	\$30.00	\$30.00	\$30.00	\$30.00
Medium – 0.25 to 0.99 acre	\$45.00	\$60.00	\$60.00	\$60.00
Large – 1 to 4.99 acres	\$60.00	\$90.00	\$120.00	\$120.00
Very Large – 5 acres and larger	\$60.00	\$120.00	\$180.00	\$240.00

B. Rate Increases.

Beginning on July 1, 2025, each rate in section 4.0(A) will be adjusted annually on July 1 of each year based on the increase of the Consumer Price Index-All Urban Consumers (CPI-U) for the west urban area, as published by the Bureau of Labor Statistics. The adjustment is based on the CPI-U index published in December of the preceding year, with a minimum increase of zero percent and a cap of a three percent increase per year.