



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** December 3, 2020

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: Discussion and possible action regarding a proposed Utility Rate Schedule to become effective on January 1, 2021, for Carson City water, wastewater and storm water utility rates and fees, to increase the existing water rates by 3% and the wastewater rates by 3.5% and to raise the storm water rates based on the square footage of structures on single-family properties and the impervious area for all other properties, as provided in the Rate Schedule. (Darren Schulz, DSchulz@carson.org; Andy Hummel, AHummel@carson.org and Eddy Quaglieri, EQuaglieri@carson.org)

Staff Summary: This item, if approved and adopted, will establish the Utility Rate Schedule which increases the water service charge by 3.0% on January 1, 2021, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024; increases the wastewater service charge by 3.5% on January 1, 2021, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024; and restructures storm water rates and increases the storm water service charges on January 1, 2021, January 1, 2022, January 1, 2023, and January 1, 2024.

Agenda Action: Formal Action / Motion **Time Requested:** 15 minutes

Proposed Motion

I move to approve the Utility Rate Schedule to be effective January 1, 2021.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

On February 7, 2019, the Board of Supervisors approved a contract with Farr West Engineering to do a refresh update of the water, wastewater, and storm water rates.

On January 13, 2020, the Utility Finance Oversight Committee (UFOC) was presented with the results and recommendations of the water and wastewater study. The UFOC recommended proceeding to the Board of Supervisors with the results and recommendations.

On March 5, 2020, the Board of Supervisors was presented with the results and recommendations of the study. The Board approved proceeding with the process to implement a 5-year water and wastewater user rate increase to support water and wastewater fund expenses.

On May 20, 2020, the UFOC was presented with the results and recommendations of the storm water study. The UFOC recommended proceeding to the Board of Supervisors with the results and recommendations.

On August 6, 2020, the Board of Supervisors was presented with the results and recommendations of the storm water study. The Board approved proceeding with the process to implement a revised rate structure and 4-year storm water user rate increase to support storm water fund expenses.

On September 24, 2020, certified mailers were sent to the Carson City Area Chamber of Commerce and the Nevada Builders Alliance.

On November 5, 2020, the Board of Supervisors was presented with recommendations to incorporate a Tiered Single Family Residential storm water rate and a Utility Rate Schedule. The Board approved proceeding with a Tiered Single Family Residential storm water rate and a Utility Rate Schedule in the Ordinance revisions.

On November 19, 2020, the Board of Supervisors was presented with the Business Impact Statement and the First Reading of the Ordinance; both were approved.

Background/Issues & Analysis

Water and Wastewater:

Carson City undertook a comprehensive rate study in 2013 for the water and wastewater utilities which resulted in significant changes to the rate structures, customer class allocations and a 5-year rate increase program. This previous rate increase program concluded with final increases occurring July 1, 2017.

In 2019, Farr West Engineering conducted an update study, which includes reviewing and analyzing current rate and customer class data, operational and maintenance costs, projected Capital Improvement Plan (CIP) expenditures, projected rate of increases for the various cost and growth categories, and current policy objectives to update the City's current rate model and provide rate recommendations for the upcoming 5-year period. Farr West Engineering recommended increasing water rates by 3% per year, and increasing wastewater rates by 3.5% per year, beginning in Fiscal Year (FY) 2021 and continuing through FY 2025. The Board of Supervisors previously directed staff to proceed with the recommended rate increases and to remove the rates from the CCMC and place them in a Rate Schedule that is more easily found and understood by the public.

Storm water:

Storm water rates are currently applied against each parcel of developed real property based on the zoning classification of the property. In 2017, an initial increase of 30 percent was implemented, with direction given to perform a study to review the rate structure and program needs. Farr West Engineering conducted a study to review and analyze current rate and customer class data, operational and maintenance costs, projected CIP expenditures, projected rate of increases for the various rate structure methodologies proposed, and current policy objectives to update the City's current rate structure.

The current storm water rates generate approximately \$1.8 million in annual revenue to support minimal operating and maintenance, debt service, and minimal capital improvements. An additional revenue need of \$1.4 million was identified to support operating and maintenance and capital improvements city-wide. Several alternative rate structures were developed by Farr West Engineering to address inequities in the current rate structure, each with different administrative and rate impacts. These rate structures were reviewed and evaluated by the UFOC through an interactive process.

The rate structures evaluated included maintaining the current structure and raising the rates; modifying the existing rate structure by adding parcel size categories; setting a custom rate for each parcel based on the impervious area of the parcel; and establishing grouped impervious area rates into which parcels would be placed.

The UFOC recommended the following:

1. Implement a new rate structure based on grouped impervious area of parcels
2. Phase in the new storm water rates over a 4-year period
3. Implement a storm water credit system to provide a credit for submitting an inspection report of a customer's on-site storm water facilities
4. Index storm water rates to the CPI beginning July 1, 2024 after phase-in
5. Provide up to \$10,000 of funding annually to the Utility Rate Payer Assistance Program
6. Conduct rate refreshes every 5 years to ensure rates are meeting the operating and capital needs of the storm water utility

The Utility Rate Schedule:

On March 5 and August 6, 2020, respectively, the Board of Supervisors directed staff to proceed with the water and wastewater rate changes, and the storm water rate and rate structure change. On November 5, 2020, the Board of Supervisors directed that the rate changes include a tiered single-family residential storm water rate based on the square footage of the residence and that the rates be moved into the Utility Rate Schedule so that the rates are easier to access and understand.

On November 19, 2020, the Board of Supervisors approved the Business Impact Statement and First Reading of the ordinance with minor revisions. This Utility Rate Schedule and the ordinance in the accompanying agenda item are the culmination of the water, wastewater, and storm water studies and rate adjustment process.

This Utility Rate Schedule:

- increases the water service charge by 3.0% on January 1, 2021, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024;
- increases the wastewater service charge by 3.5% on January 1, 2021, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024; and
- increases the storm water service charges on January 1, 2021, January 1, 2022, January 1, 2023, and January 1, 2024.

If adopted, the Utility Rate Schedule will implement changes to the water, wastewater, and storm water rates starting in January 2021.

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapter 244; Title 12 of the Carson City Municipal Code.

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Water Fund - Charges for Services Revenue / 5208580

Wastewater Fund - Charges for Services Revenue / 5108080

Stormwater Fund - Charges for Services Revenue / 5057580

Is it currently budgeted? No

Explanation of Fiscal Impact: The Utility Rate Schedule would increase water charges by 3.0% and wastewater by 3.5% on January 1, 2021, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2024. Once phased in, water revenue is estimated to be increased by \$2,629,019 annually and wastewater revenue is

estimated to be increased by \$2,861,279 annually. The restructuring and increase of storm water rates is estimated to increase annual funding by \$1,345,365 once fully implemented.

Alternatives

Do not adopt the Utility Rate Schedule as proposed and provide other direction to staff.

Attachments:

[Carson City Public Works Utility Rate Schedule v4_amh_ter \(clean\).pdf](#)

Board Action Taken:

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

(Vote Recorded By)



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 all 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

	1000s of Gallons	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
1½ 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

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.