

City of Carson City
Agenda Report

Item # 5B

Date Submitted: December 26, 2006

Agenda Date Requested: January 4, 2007

Time Requested: 15 minutes

To: Mayor and Supervisors

From: Public Works Department

Subject Title: Action to introduce on first reading, Bill # _____, an ordinance amending Title 12 (Water, Sewerage and Drainage), Chapter 12.01 (Water Connection Charges and Use Rates), Section 12.01.020 (Schedule of Rates) by increasing all rates 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and amending Section 12.01.030 (Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees) by increasing all charges and fees, except water connection charges remain the same, 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and other matters properly related thereto.

Staff Summary: The 2005 rate changes were based on \$30 million in capital improvements for the next 5 years and anticipated a 3 to 4% annual increase to cover the costs for Operations and Maintenance (O & M), increased supply, improved quality measures, and capital improvements.

The 2007 capital program for the next five years is in the range of \$41 million (this includes \$27 million in direct capital costs and \$14 million of indirect ongoing operational costs) and will require a 28% annual increase in rates implemented in two stages of 14%. That is reflective of an 11% increase in O & M, which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase for water system improvements; 4% increase to improve water quality; and 4% increase for other capital improvements.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to approve on first reading, Bill No. _____, an ordinance amending Title 12 (Water, Sewerage and Drainage), Chapter 12.01 (Water Connection Charges and Use Rates), Section 12.01.020 (Schedule of Rates) by increasing all rates 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and amending Section 12.01.030 (Schedule of Water Connection Charges, Lateral and Meter Box Sets, and Meter Set Fees) by increasing all charges and fees, except water connection charges remain the same, 14% effective on bills dated on or after February 1, 2007 and 14% effective on bills dated on or after July 1, 2007, and other matters properly related thereto.

Explanation for Recommended Board Action: To improve Carson City's water system summer reliability, the City must increase the ability to meet current and future peak summer demands. The City has been experiencing water demand in excess of growth demand for several years. In addition, the City must be prepared to comply with new regulations that impact the water system, such as arsenic reduction, enhanced treatment requirements, disinfection by-products rule, and radon. The

following major capital projects are under construction or planned in addition to a number of smaller projects.

1. To increase the water system's ability to meet current peak summer demands, the City is in the process of securing sites to increase production capacity by approximately 1,500 g.p.m. in years 2007 - 2011.

Costs are estimated at approximately \$5,515,000.

2. The City has to replace two existing storage reservoirs (one 3 million tank and one 400,000 gallon tank) and build a new 1.5 million gallon tank to correct some hydraulic and pressure problems within the existing system over the next five years..

Costs are estimated at approximately \$4,400,000.

3. Increasing transmission line sizes over the next five years for improved water flows (hydraulics) throughout Carson City's distribution system is planned for at several locations in the City including Curry St., Fairview Drive, Hwy 50, and Saliman Drive.

Costs are estimated at \$1,500,000.

4. There is a need to develop a more reliable pumping system and to increase a firmer summer water supply from the Marlette Water System. In addition to upgrading/replacing the Marlette Lake pump system, an additional water line from State Tanks above Lakeview to Ash Canyon or a treatment facility between Lakeview and Timberline Subdivisions to realize increased water yields during peak irrigation season is required. Costs are estimated at \$4,500,000 to \$10,000,000, which is financed by the State of Nevada, and is being charged to the City through the cost of water delivered. This has added an additional; \$700,000/year to the operations and maintenance operation.

5. Several projects will be required to comply with current and upcoming regulations which will impact the water system. The revised arsenic standard of 10 parts per billion is the regulation of concern that must be dealt with during the next two to three years.

This will require installation of two new production wells and abandoning two arsenic impacted production wells. In addition, installation of treatment facilities to reduce the arsenic concentration is required for the two highest production impacted wells.

Costs are estimated at \$3,150,000.

6. The City must provide for relocation of water lines as part of phase 2 of the Carson City Freeway project.

Costs are estimated at \$5,500,000.

The 2005 rate changes were based on \$30 million in capital improvements for the next 5 years and anticipated a 3 to 4% annual increase to cover the costs for Operations and Maintenance (O & M), increased supply, improved quality measures, and capital improvements.

The 2007 capital program for the next five years is in the range of \$41 million (this includes \$27 million in direct capital costs and \$14 million of indirect ongoing operational costs) and will require a 28% annual increase in rates implemented in two stages of 14%. That is reflective of an 11% increase in O & M, which includes power costs, chemicals, water sampling, wholesale water purchases and leases; 3% increase for supply improvements; 6% increase for water system

improvements; 4% increase to improve water quality; and 4% increase for other capital improvements.

The proposed ordinance provides for the necessary revenue requirement to operate, maintain, meet new water quality standards, replace and expand the water system.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 237 Business impact Statements

Fiscal Impact: After approval of second reading, will see an increase in revenues.

Explanation of Impact: Less debt financing will be required.

Funding Source: NA

Alternatives: Do Not Approve; Modify; Give additional direction to staff; Institute additional water conservation measures to reduce peak day water demands.

Supporting Material:

Prepared By: Ken Arnold, Public Works Operations Manager

Reviewed By: [Signature]
(Department Head)

Date: 12-21-06

Concurrences: [Signature]
(City Manager)

Date: 12-26-06

Melanie Boukatta
(District Attorney)

Date: 12-26-06

[Signature]
(Finance Director)

Date: 12/26/06

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

1	1"	[13.11]	<u>15.99</u>	[14.03]	<u>18.23</u>
2	1-1/2"	[20.91]	<u>25.50</u>	[22.37]	<u>29.07</u>
3	2"	[26.21]	<u>31.97</u>	[28.04]	<u>36.45</u>
4	3"	[39.33]	<u>47.97</u>	[42.08]	<u>54.69</u>
5	4"	[52.44]	<u>63.97</u>	[56.11]	<u>72.93</u>
6	6"	[78.63]	<u>95.91</u>	[84.13]	<u>109.34</u>
7	8"	[125.81]	<u>153.47</u>	[134.62]	<u>174.96</u>
8	10"	[201.30]	<u>245.54</u>	[215.39]	<u>279.92</u>

9 Monthly commodity charge:

10	First 5,000 gallons per month	\$[0.52]	<u>0.64</u> per 1,000 gallons (eff. [4/07/05] <u>2/01/07</u>)
11		[0.56]	<u>0.73</u> per 1,000 gallons (eff. [10/07/05] <u>7/01/07</u>)
12	Next 10,000 gallons per month	[\$0.78]	<u>0.95</u> per 1,000 gallons (eff. [4/07/05] <u>2/01/07</u>)
13		[0.83]	<u>1.08</u> per 1,000 gallons (eff. [10/07/05] <u>7/01/07</u>)
14	Next 35,000 gallons per month	[1.08]	<u>1.32</u> per 1,000 gallons (eff. [4/07/05] <u>2/01/07</u>)
15		[1.16]	<u>1.51</u> per 1,000 gallons (eff. [10/07/05] <u>7/01/07</u>)
16	Next 50,000 gallons per month	[1.69]	<u>2.06</u> per 1,000 gallons (eff. [4/07/05] <u>2/01/07</u>)
17		[1.81]	<u>2.35</u> per 1,000 gallons (eff. [10/07/05] <u>7/01/07</u>)
18	Over 100,000 gallons per month	[1.94]	<u>2.37</u> per 1,000 gallons (eff. [4/07/05] <u>2/01/07</u>)
19		[2.08]	<u>2.70</u> per 1,000 gallons (eff. [10/07/05] <u>7/01/07</u>)

21 WATER TRUCK WATER SERVICE

22 Applicability:

23 Applicable to all users who are permitted to take water from hydrants or standpipes,
 24 excluding city.

25 Commodity charge:

26 The charge shall be \$[16.85] 21.00 (eff. [4/07/05] 2/01/07) [18.00] 23.00 (eff.
 27 [10/07/05] 7/01/07) per month service charge plus a commodity rate equal to the

1 highest commodity charge for water service for each one thousand gallons.

2 FIRE FLOW TESTING

3 Applicability:

4 Applicable to all requests for fire flow information, as defined in this chapter.

5 Cost to perform fire flow testing: \$[48.15] 59.00 (eff. [4/07/05] 2/01/07) [51.50] 67.00
6 (eff. [10/07/05] 7/01/07) per test.

7 WATERLINE HOT TAP FEES

8 Applicability:

9 Applicable to water maintenance hot tap services for the tapping of water mains
10 ranging in size from four to twelve inches.

11 Waterline hot tap fees shall be:

12 Each hot tap, including tap machine, \$[428.00] 522.00 (eff. [4/07/05] 2/01/07)
13 one hour of work and related equipment [458.00] 595.00 (eff. [10/07/05] 7/01/07)

14 Man hours – Additional:

15 2-Man crew - per hour [61.50] 75.00 (eff. [4/07/05] 2/01/07)

16 Standby - 2 Man crew - per hour [66.00] 86.00 (eff. [10/07/05] 7/01/07)

17 Equipment hours – Additional: [61.50] 75.00 (eff. [4/07/05] 2/01/07)

18 Per piece of equipment [66.00] 86.00 (eff. [10/07/05] 7/01/07)

19 Mileage, round trip, to service [17.00] 21.00 (eff. [4/07/05] 2/01/07)
20 out-of-city customers– per mile [18.00] 23.00 (eff. [10/07/05] 7/01/07)
21 [0.40 (eff. 4/07/05)] The charge will be
22 based on the IRS standard milage rate
23 for business miles driven.

24 Return trip – Minimum fee per trip [123.00] 149.00 (eff. [4/07/05] 2/01/07)
25 (not including mileage and equipment) [131.00] 170.00 (eff. [10/07/05] 7/01/07)

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35 3. The directors of the utilities and finance departments shall conduct an annual
36 review of the water system contribution of users and user classes, the total costs of operation
37 and maintenance of the water system, the schedule of rates and the schedule of water
38 connection charges and tapping fees set forth in Section 12.01.030, and submit a report to
39 the board with the annual budget, but no later than April 1st each calendar year summarizing

1 the review and containing recommendations for rate adjustments as necessary to:

2 A. Maintain the proper proportionate distribution of operation and maintenance
3 costs among users and user classes;

4 B. Assure generation of sufficient revenue to pay the total operation and
5 maintenance costs necessary to the proper operation and maintenance (including
6 replacement) of the water system.

7 SECTION II:

8 That Section 12.01.030 of the Carson City Municipal Code is hereby amended as
9 follows:

10 12.01.030 Schedule of water connection charges, lateral and meter box sets, and
11 meter set fees.

12 1. The water connection charges are as follows:

13 A.

	<u>WERC</u>
14 Single-family residence	1
15 Duplex (each living unit)	1
16 Apartment (each living unit)	.5
17 Mobilehome—individual lot	1
18 Mobilehome park (each pad)	.5

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21 For the purpose of determining water connection charges, the water equivalent
22 residential customer value, or portion thereof, is based upon a fee of [four thousand two
23 hundred forty-six dollars (\$4,246.00) effective April 7, 2005;] four thousand five hundred
24 forty-three dollars (\$4,543.00) effective October 7, 2005 per one WERC for every
25 connection. For all other water connections not specified above, the connection charge is
26 based on the “total WERCs” of the proposed development. The utilities director or his/her
27 designee will assign a total WERC value to each development based on water usage

1 information provided to the city through completion and submittal of water usage
2 information data or from previously supplied data generated through the review of similar
3 or like uses and/or developments.

4 2. All fees for connection to the city water system will be collected at the time
5 application is made for water service, unless otherwise required by this chapter.

6 CITY INSTALLED SERVICE

7 Applicability:

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

<u>Lateral and Meter Size</u>	<u>City Installed Service</u>
5/8" x 3/4"	\$ [925.00] <u>1,127.00</u> (eff. [4/07/05] <u>2/01/07</u>) [989.00] <u>1,285.00</u> (eff. [10/07/05] <u>7/01/07</u>)
1"	[1,085.00] <u>1,324.00</u> (eff. [4/07/05] <u>2/01/07</u>) [1,161.00] <u>1,509.00</u> (eff. [10/07/05] <u>7/01/07</u>)
1-1/2"	[1,703.00] <u>2,077.00</u> (eff. [4/07/05] <u>2/01/07</u>) [1,822.00] <u>2,368.00</u> (eff. [10/07/05] <u>7/01/07</u>)
2"	[2,231.00] <u>2,721.00</u> (eff. [4/07/05] <u>2/01/07</u>) [2,387.00] <u>3,102.00</u> (eff. [10/07/05] <u>7/01/07</u>)
3"	[3,570.00] <u>4,355.00</u> (eff. [4/07/05] <u>2/01/07</u>) [3,820.00] <u>4,964.00</u> (eff. [10/07/05] <u>7/01/07</u>)
4"	[5,885.00] <u>7,179.00</u> (eff. [4/07/05] <u>2/01/07</u>) [6,297.00] <u>8,184.00</u> (eff. [10/07/05] <u>7/01/07</u>)
6"	[8,625.00] <u>10,521.00</u> (eff. [4/07/05] <u>2/01/07</u>)

1 [9,229.00] 11,994.00 (eff. [10/07/05] 7/01/07)

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3 CITY INSTALLED DUAL PIT SETTER

4 Applicability:

5 The city will install water service to supply two separate customers through a dual
6 pit setter connected to an adjacent and acceptable main waterline by a one-inch (1") service
7 lateral. This service will include all connectors, trenching, backfill and resurfacing necessary
8 to accomplish the installation to supply the two (2) adjoining customers, parcels or
9 developments. The fee for this installation is [nine hundred seventy-four dollars (\$974.00)
10 effective April 7, 2005; one thousand forty-two dollars (\$1,042.00) effective October 7,
11 2005] one thousand one hundred eighty-eight dollars (\$1,188.00) effective February 1, 2007;
12 one thousand three hundred fifty-four dollars (\$1,354.00) effective July 1, 2007. Each five-
13 eighths-inch (5/8") by three-fourths-inch (3/4") water meter furnished and installed in the
14 dual pit will cost an additional [two hundred forty-six dollars (\$246.00) effective April 7,
15 2005; two hundred sixty-three dollars (\$263.00) effective October 7, 2005] three hundred
16 dollars (\$300.00) effective February 1, 2007; three hundred forty-two dollars (\$342.00)
17 effective July 1, 2007.

18
19 CUSTOMER INSTALL SERVICE

20 Applicability:

21 All connections to the city water system by persons other than city will be performed
22 by persons properly licensed by the state of Nevada and Carson City to accomplish the type
23 of work contemplated, and all work performed and all materials placed will be in accordance
24 with the Carson City Code of Standard Specifications for Public Works Constructions. Prior
25 to placement of a customer installed service, the applicable meter and meter set fee under the
26 following schedule must be remitted. Under this fee schedule, no other work will be
27 performed and no materials other than the prescribed water meter if requested by the

customer, will be furnished by Carson City.

<u>Meter Size</u>	<u>Contractor Installed Service Effective</u>	<u>4/07/05</u>	<u>2/01/07</u>	<u>10/07/05</u>	<u>7/01/07</u>
5/8" x 3/4"		[\$246.00]	<u>300.00</u>	[263.00]	<u>342.00</u>
1"		[294.00]	<u>359.00</u>	[315.00]	<u>409.00</u>
1-1/2"		[400.00]	<u>488.00</u>	[428.00]	<u>556.00</u>
2"		[492.00]	<u>600.00</u>	[526.00]	<u>684.00</u>
3"		[1,415.00]	<u>1,726.00</u>	[1,514.00]	<u>1,968.00</u>
4"		[2,401.00]	<u>2,929.00</u>	[2,569.00]	<u>3,339.00</u>
6"		[4,454.00]	<u>5,433.00</u>	[4,766.00]	<u>6,194.00</u>

3. The applicable meter and meter set fees described above include one (1) trip by the utilities 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 [fifty-three dollars (\$53.00) effective April 7, 2005; fifty-seven dollars (\$57.00) effective October 7, 2005] sixty-five dollars (\$65.00) effective February 1, 2007; seventy-four dollars (\$74.00) effective July 1, 2007 fee on the building permit for each return trip, extenuating circumstances as approved by the utilities director or designee may be cause for exemption of this requirement.

4. 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.

SECTION III:

That no other provisions of Title 12 of the Carson City Municipal Code are affected by this ordinance.

PROPOSED on _____, 2007

PROPOSED by Supervisor _____

PASSED on _____, 2007

VOTES: AYES: Supervisors

NAYES: Supervisors

ABSENT: Supervisors

Marv Texeira, Mayor

ATTEST:

ALAN GLOVER, Clerk-Recorder

This ordinance shall be in force and effect from and
after the ___ day of the month of _____ of the year 2007.

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