City of Carson City Agenda Report

item # 9F

Date Submitted: February 22, 2008

Agenda Date Requested: March 6, 2008
Time Requested: 15 minutes

To:

Mayor and Supervisors

From: Public Works Department

Subject Title: Action to find that the proposed ordinance amending Title 12. Water, Sewerage and Drainage, Chapter 12.03, Sewer Connection Charges and Use Rates, Section 12.03.020, Schedule of Rates, by increasing all rates twelve percent effective April 1, 2008, and an additional twelve percent effective July 1, 2008, and other matters properly related thereto, does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the NRS 237.080 and 237.090 have been met.

Staff Summary: The sewer rates have not been increased since June 2003 which saw a 9.1% increase. Prior to that there was a 10% decrease in 1993, an 11% increase in 1991 and a 6% decrease in 1988. Staff did not bring a rate change last year as the components of the capital program were in flux given the issues with NDEP relating to Brunswick Reservoir.

On January 17, 2008, the Board was also informed that the city was about to go out for bids for the first phase of construction of wastewater treatment facility upgrades including an additional clarifier, reconstruction of the North Lift pumping facility, aerated treatment pond improvements, influent piping modifications, RAS pump improvements and headworks improvements. Total project costs were estimated at over \$8 million. This project has now been put on hold. Due to the severe decline in connection fees this past year, staff is recommending a 12% increase as of April 1 and an additional 12% increase as of July 1, 2008. The 12% rate increase requested is principally for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 12% increase is also for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. This increase will bring the Sewer Fund a little above the break even point for continued operations and debt service. Staff anticipates that an additional increase next year will be required to move forward with capital improvements to the Waste Water Reclamation Plant if the economy does not improve.

Type of Action Requested: () Resolution (XXX) Formal Action/Motion	(check one) () Ordinance () Other (Specify	/)	
Does This Action Require A Busin	ess Impact Statement:	(XXX) Yes () No

Recommended Board Action: I move to find that the proposed ordinance amending Title 12. Water, Sewerage and Drainage, Chapter 12.03, Sewer Connection Charges and Use Rates, Section 12.03.020, Schedule of Rates, by increasing all rates ten percent effective March 7, 2008, and an additional ten percent effective July 1, 2008, and other matters properly related thereto, does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the NRS 237.080 and 237.090 have been met.

Explanation for Recommended Board Action: The proposed ordinance amending Chapter 12.03 of the Carson City Municipal Code regarding an increase to all sewer charges, fees and use rates, excluding connection fees, has been presented to the Carson City Area Chamber of Commerce, Builder's Association of Western Nevada (BAWN), Manufacturing Association, Industrial Association and to the general public through newspaper advertisements. To date no objections have been received. A copy of the Business Impact Statement along with the appeal petition form is available at the public counter of the Public Works Department, 3505 Butti Way, Carson City, Nevada.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 237 regarding business impact statements.

Fiscal Impact: None

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Make the finding that the proposed ordinance does not impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business.

Supporting Material:

Prepared By: Ken Arnold, Public Works Operation	ns Mana		
(City Manager) (District Attorney) (Finance Director)) 	· -	2/26/08 2/26/08 26-08
Board Action Taken: Motion:	1)		Aye/Nay
	2)		
(Vote Recorded By)			-

BUSINESS IMPACT STATEMENT

The following business impact statement was prepared pursuant to NRS 237.080 to address the proposed impact of an Ordinance amending Title 12, Water, Sewerage and Drainage, Chapter 12.03, Sewer Connection Charges and Use Rates, Section 12.03.020, Schedule of Rates. by increasing all rates twelve percent effective April 7, 2008 and an additional twelve percent effective July 1, 2008, and other matters properly related thereto. The proposed increase of rates reflected in Chapter 12.03 provide for the necessary revenue requirements to operate and maintain the sewer system and meet debt service obligations. More specifically, the changes provide for an across the board 12% increase effective April 1, 2008 and an additional 12% effective July 1, 2008 to the monthly rates for each property and septic haulers.

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The proposed ordinance amending Chapter 12.03 of the Carson City Municipal Code regarding an increase to all sewer rates has been presented to the Carson City Area Chamber of Commerce, Builders Association of Western Nevada (BAWN), Manufacturing & Industrial Association and to the public through newspaper advertisements.

Objections to the increase in sewer charges, fees and use rates have been received to date. A copy of this Business Impact Statement is available at the Carson City Public Works Department at 3505 Butti Way, Carson City, Nevada 89701.

- 2. The estimated economic effect of the proposed rule on businesses including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:
 - a. Adverse effects:

The proposed rate increases all sewer rates a total of 24% during calendar year 2008. 12% goes into effect on bills dated on or after April 1, 2008 and the next 12% July 1, 2008.

b. Beneficial effects:

The proposed rate ordinance keeps the rate structure the same and applies a 12% increase effective on bills dated on or after April 1, 2008 to all charges, fees and use rates and an additional 12% increase effective on bills dated on or after July 1, 2008 so that all users more or less are impacted the same. The 12% rate increase requested is principally for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 12% increase is also for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals.

c. Direct effects:

The approval of this ordinance will increase fees. The additional revenue will go directly to and provide for the necessary revenue requirements to proceed with the 2008, operations and maintenance, and current debt service obligations, which will require a 24% annual increase in rates implemented in two stages of 12% and 12%. The 12% rate increase requested is principally for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 12% increase is also for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. Due to the steep decline in connection fees, the FY 2008/2009 capital improvement program will need to be postponed despite the total 24% increase as proposed.

d. Indirect effects:

The passing of this ordinance is sure to have indirect effects, however at this time, those effects can not be quantified.

3. The following constitutes a description of the methods that the governing body of the local government considered to reduce the impact of the proposed ordinance on businesses and a statement regarding whether any, and if so which, of these methods were used:

The sewer rates have not been increased since June 2003 which saw a 9.1% increase. Prior to that there was a 10% decrease in 1993, an 11% increase in 1991 and a 6% decrease in 1988. Staff did not bring a rate change last year as the components of the capital program were in flux given the issues with NDEP relating to Brunswick Reservoir.

The City was about to go out for bids for the first phase of construction of wastewater treatment facility upgrades including an additional clarifier, reconstruction of the North Lift pumping facility, aerated treatment pond improvements, influent piping modifications, RAS pump improvements and headworks improvements. Total project costs are estimated at over \$8 million. However this needs to be postponed for FY 2008/2009. The 12% rate increase requested is principally for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 12% increase is also for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals.

In order to minimize the impact, the rate increase is being phased-in, 12% is proposed to become effective April 1, 2008 followed by 12% effective July 1, 2008.

The City is continuing to evaluate options and measures that could reduce future capital requirements, thereby minimizing future rate adjustments. However, major improvements to the Waste Water Reclamation Plant must be done in the near future.

4. The governing body estimates that the annual cost to the local government for enforcement of the proposed ordinance is:

There should be no increase in costs, as the City already has a billing operation in place and they deal with rates and customer charges everyday. If there is any cost impact it would be very small.

5. The proposed ordinance increases the existing sewer fees and the total annual amount expected to be collected is:

Annual total of monthly charges \$6,278,560; Other charges \$60,000

The additional revenue will go directly to and provide for the necessary revenue requirements to proceed with the 2008, operations and maintenance, and the five year capital program, which will require a 24% annual increase in rates implemented in two stages of 12% and 12%. The 12% rate increase requested is principally for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals. The following 12% increase is also for debt service (10%) and to cover increased operations and maintenance costs (2%) such as fuel, electricity, and chemicals.

6. The proposed ordinance includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains why such duplicative or more stringent provisions are necessary.

There are none. The proposed ordinance provides for the necessary revenue requirements to operate, maintain, meet quality standards, replace and expand the sewer system and treatment facilities. It is not duplicative, or more stringent than existing federal, state or local standards.

OBJECTION PROCESS

- 1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the clerk/secretary of the local government at the Northgate Complex, 2621 Northgate Lane, Suite 56, Carson City, NV 89706.
- 2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:
 - a. The governing body failed to prepare a business impact statement as required pursuant to NRS Chapter 237; or
 - b. The business impact statement prepared by the governing body did not consider or significantly underestimated the economic effect of the ordinance or rule on business.
- 3. Upon receipt of the petition, the clerk/secretary will forward a copy to the local government's attorney, the department/agency that generated the Rule and the local government's manager/chief executive.
- 4. Staff will consider the merits of the petition and forward a recommendation to the governing body.
- 5. The governing body will determine if the petition has merit and direct staff accordingly.
- 6. A sample petition is attached.

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278,278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the clerk/secretary of the local government at 2621 Northgate Lane, Suite #56, Carson City, Nevada 89706, within 30 days after the date on which the Rule was adopted.

Petitioner's name (Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name):

Petitioner's type of business:		
Petitioner's business location:	Street	
City	County	, State
Petitioner's mailing address (If different	from above):	
Petitioner's phone number: ()		
Petitioner is objecting to the following:		
(Identify the Rule to which Petitioner is objinstrument. Please give number if known)	ecting and state whether it is an ordina	nce, resolution, regulation or othe
The basis of Petitioner's objection is as a	follows:	
	led to prepare a business impact statement did not consider or signification	
The nature of the impact of the above Ruif necessary):	ule on Petitioner's business is as fol	llows (Attach additional sheets
By signing below, the signor of this Peti identified above and has been authorized	•	•
	Business Name	
	By:	
	Title of Signor:	

Supervisor's Meeting Statement February 21, 2008

Good Morning Mr. Mayor and Carson City Supervisors. I'm Cheri Glockner, Director of Development, for Carson Tahoe Regional Healthcare. I'm here today in opposition of the 6% increase in water rates being proposed today.

Carson Tahoe Regional Medical Center and Sierra Surgery Hospital, both located on the Carson Tahoe Medical Campus, are listed among the top users of water in the city. At the risk of stating the obvious, water usage in a healthcare setting is critical to meeting the mission of our organization. In our industry we simply do not have the luxury of curbing the use of water to save on costs.

Carson Tahoe Regional Healthcare would like to go on record asking the city to consider the consequences of a 6% increase along with the March 7 proposed 24% increase in sewer fees. These increases cause operational costs to rise which in turn cause patient care costs to rise. The correlation of rising healthcare costs to rising utility costs is undeniable. Patients will eventually bear the burden of rising costs related to these increases. We ask that you give thoughtful consideration to the trickle down effect these fee increases will have on our community.

Thank you for your time.