

BREAK: At 7:25 p.m. a five minute recess was taken. When the meeting reconvened at 7:30 the entire Board was present.

Mr. Berkich explained the retention of a consultant who was working on the water billing process and requested clear direction on any rates so that the water rates could be adopted and completed while the consultant is here. Board discussion indicated this was not desirable in view of the previously stated hearing process.

Board discussion with staff ensued on the goals and objectives of the study, specifically the proposal to decrease commercial rates while increasing residential rates. Legal concerns and case law were noted. Supervisor Swirczek explained his feeling that there were unique conditions within the City and State which supported having higher commercial rates. His explanation compared the property taxes and noted the WNDD survey which indicated the water rates were considered acceptable by the commercial/industrial users and the commercial/industrial user's ability to pass the water costs on to its clientele. Mayor Teixeira expressed his concerns about the present low commercial hookup charges. Ms. Timian-Palmer explained that the water fees could also be adjusted after one year's experience and the 25 percent water rights reserve. Mr. Guastello's and staff's position on the effort required to provide service for residential versus commercial users was based upon the fluctuation in usage occurring due to summer irrigation demands. Supervisor Swirczek's feeling that the rates did not need to be changed were discussed at length. Comments expanded on his reasons for feeling that the commercial cost of water could be passed on to its clientele which made them different from residential users. Ms. Walker outlined the considerations used to equalize the rates. As this would heavily impact the residential users, staff proposed a five year phasing plan. The Public Service Commission (PSC) has used a program whereby commercial rates are frozen at a level until the residential rates reach that rate through the inflation process. Supervisor Bennett stressed that the decision to charge the same amount to deliver water to either the commercial or residential user was a policy issue which the Board should address. Legal precedence was explained. Supervisor Tatro requested guidelines on the Board's ability to establish the rate structure, copies of PSC's guidelines for different customer classes, a synopsis of all legal issues as well as any other issue determinable including the cost of service to support the recommended change, and procedures utilized by PSC to resolve any conflicts which may arise. Mr. Berkich explained that a PSC analyst had reviewed the proposal and indicated that while there are other methodologies used throughout the country, the Base Extra Methodology as utilized by staff was defensible. (2-1295) Supervisor Swirczek reiterated his feeling that when the City took over the service from Southwest Gas, its uniqueness had been considered in the original rate structure and should be continued. He cited the rates assessed at the golf course to support his position.

(2-1369) Mike Johnson expressed his concern about page B-2 of the usage rate blocks whereby Option 3 merely doubled the usage fee rather than the current increase from 31 cents to \$1.24. He felt this indicated a lack of conservation and the need to consider the type of users utilizing the different usage rate blocks. He suggested that the rate increase for a user needing 10,000 gallons rates of \$.43 to \$.93 should be more in line with the commercial user's rate for 100,000 gallons of \$1.24 to \$1.44.

(2-1510) Dwight Millard expressed his concern about the rates used on page B-4 and the methodology utilized in establishing a service charge of \$6.20 and commercial charge of \$10.79 for a 5/8 meter, whereas, the two inch commercial was twice the residential charge. Likewise, the residential consumption charges jumped 48 percent while the commercial remains stable. The present proposal indicates an increase is not needed this year and the residential users would be increased next year. He urged the Board to establish firm reasons for any increases. He, too, acknowledged the point that residential fluctuations had a greater impact on the utility than commercial users.

(2-1651) Chamber of Commerce Executive Director Larry Osborne felt that the entire purpose of the study had been to establish a fair and equitable rate for the water/sewer systems. Businesses supported paying their fair share, however, needed defensible rationale for the rate. They were willing to meet with anyone and discuss the rate.

(2-1715) Builders Association Representative Edd Furgerson expressed his feeling that the hookup fees needed to be

reconsidered. He suggested the total connection fees and water acquisition monies be added together and divided by the number of meters on the system. This amount then would establish the rate of \$2618 for future connections. The Builders Association would not support any funding for users from the connection fees.

(2-1815) Gary Hunter explained his role on the consultant retention committee. He, too, did not feel that the study had achieved the original goal. The benefits he felt the City had received and various methodology factors used in establishing rates were explained. He suggested split rates for residential and commercial users, that the usage rate blocks be divided into two blocks of 0 to 35, 40, or 50,000 gallons and from that point on, and that a separate enterprise water acquisition and sale fund should be established. Each suggestion was explained. He also noted that when water is used to irrigate, it recharges the groundwater table and suggested credit for it be received. Staff explained that effluent is used for irrigation and recharge also.

(2-2110) Jim Crompton expressed his concern that conservation measures needed to be adopted which were not indicated in a two or three tiered fee structure.

Supervisor Swirczek then expounded on his concern that the City's uniqueness had not been considered in the residential rates.

(2-2275) Pete Livermore expressed his feeling that the community welfare was more important than indicated by delivery and its related cost. The differing circumstances between residential and commercial users was unique and should be considered.

(2-2322) Greg Smith expressed his reservation to comment on the matter until additional information is received.

Mayor Teixeira noted the need to address inequities and that the study had provided information on some of the imbalances as well as procedures with which to repair them. He did not feel, however, that any action taken by the Board would be a panacea but would be done in the best interest of the City at the time action is taken. Discussion noted that the matter would be returned for further discussion in November.

(2-2500) In response to the Mr. Waiton's question the Board and Mr. Berkich explained that the City is not in the business to make a profit from the water and sewer utilities.

Supervisor Fettic moved to adjourn. Supervisor Tatro seconded the motion. Motion carried 5-0. Mayor Teixeira adjourned the meeting at 5:50 p.m.

The Minutes of the Special October 25, 1990, Carson City Board of Supervisors meeting

ARE SO APPROVED ON____November_29__, 1990.

_____/s/_____
Marv Teixeira, Mayor

ATTEST:

_____/s/_____
Alan Glover, Clerk-Recorder

