

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE**

**Minutes of the March 25, 2014 Meeting**

**Page 1**

A regular meeting of the Carson City Utility Financial Oversight Committee was scheduled for 1:30 p.m. on Tuesday, March 25, 2014 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Andrea Engleman  
Vice Chairperson Mark Turner  
Member Mike Bennett  
Member Randy Bowling  
Member Bruce Scott

**STAFF:** Andy Burnham, Deputy Public Works Director  
Nick Providenti, Finance Department Director  
David Bruketta, Utility Manager  
Sherri Russell, Accounting Manager  
Joseph Ward, Senior Deputy District Attorney  
Kathleen King, Deputy Clerk / Recording Secretary

**NOTE:** A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the recording secretary, during the meeting, are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

**1 - 2. CALL TO ORDER AND ROLL CALL (1:27:33)** - Chairperson Engleman called the meeting to order at 1:27 p.m. Roll was called; a quorum was present. At Chairperson Engleman's request, City staff introduced themselves for the record.

**3. PUBLIC COMMENT (1:28:19)** - Chairperson Engleman entertained public comment. (1:28:28) Don Wilson, 1846 Divot Road, referenced comments from a previous meeting. He inquired as to "the plan ... for repairing or rehabbing our sewer system." Chairperson Engleman advised that agenda item 8(A) would likely address Mr. Wilson's question.

(1:30:56) Peggy Wilson expressed strong opposition to the possibility of the City purchasing the Empire Ranch Golf Course. Chairperson Engleman described the purview of the committee as providing "oversight of the expenditure of the new fees for water and sewer."

(1:33:00) Art Winston, 1975 Empire Ranch Road, described the success of the South Tahoe Public Utility District. He suggested that repairing the current facility "is a much more viable way to solve the problem long-term than buying Empire Ranch Golf Course."

(1:35:52) Anna Winston, 1975 Empire Ranch Road, expressed concern over the possibility of the City purchasing the Empire Ranch Golf Course. Chairperson Engleman again reviewed the purview of the committee.

(1:38:23) Don Wilson advised that Supervisor Bonkowski had informed those in attendance, at a meeting held on March 12<sup>th</sup> at Empire Ranch Golf Course, that "they have no intention of buying any more golf courses." In response to a question, Chairperson Engleman advised that the committee has not communicated with the Board of Supervisors regarding the possible purchase of the Empire Ranch Golf

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE**

**Minutes of the March 25, 2014 Meeting**

**Page 2**

Course. Mr. Winston expressed concern that “the citizens of Empire Ranch Golf Course community are being told one thing by one group representing the City and something else by another group that's representing the City.”

**4. POSSIBLE ACTION ON ADOPTION OF AGENDA (1:40:35) -** Chairperson Engleman entertained modifications to the agenda and, when none were forthcoming, a motion to adopt the agenda. **Member Scott so moved. Vice Chairperson Turner seconded the motion. Motion carried 5-0.**

**5. POSSIBLE ACTION ON APPROVAL OF MINUTES - February 18, 2014 (1:41:07) -** Chairperson Engleman entertained suggested revisions to the minutes and, when none were forthcoming, a motion. **Vice Chairperson Turner moved to approve the minutes. Member Bennett seconded the motion. Motion carried 4-0-1, Member Bowling abstaining.**

**6. POSSIBLE ACTION TO REVIEW CONNECTION FEES FOR THE WATER AND SEWER UTILITIES WITH POSSIBLE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (1:41:48) -** Chairperson Engleman introduced this item, and Member Scott provided background information. Mr. Burnham reviewed the agenda materials. Chairperson Engleman invited Mark Rotter to the dais. (1:45:06) Mr. Rotter provided background information on his experience with the “meter-size based rate that can cause some problems in a couple different instances ... the flow-based rate is a much cleaner approach from the standpoint of ... economic development.” Mr. Rotter provided examples, and expressed a preference for estimating flow rates for commercial uses based on fixture units. “... then it's just a relationship to the equivalent residential unit.”

Member Scott suggested considering a recommendation to the Board of Supervisors “that they seriously consider reinstating a connection fee.” He expressed a preference for the Board of Supervisors to reconsider the recommendations in the staff report, which lists the figures provided by the rate consultant. Extensive discussion followed.

Chairperson Engleman entertained a motion. **Member Scott moved to recommend to the Board of Supervisors that they reconsider connection fee rates for both water and sewer; that they consider the existing development community and projects that have received tentative map approval or some kind of approval process ongoing, but that we feel, as a committee, that it's a reasonable consideration on their part to revisit the connection fee issue. Member Bennett seconded the motion.**

Chairperson Engleman entertained public comment. (1:58:07) Builders Association of Western Nevada Executive Officer Sheena Shrum provided background information on BAWN's involvement in the “connection fee discussion” since 2007. She cautioned against “just picking a number ... that seems rational” in consideration of the methodology for calculating the fees. She offered BAWN's assistance in reviewing the fee calculation “so that we come up with a number that does actually support what the infrastructure costs are going to be.” She advised that the issue of connection fees has been “debated and discussed at least three times in the past three years with the Board of Supervisors.” In consideration of deferred maintenance, she expressed opposition to increasing connection fees “when there's no need for new construction.” She expressed the understanding that the committee's action constitutes a recommendation to the Board of Supervisors, but reiterated “it's been beaten several times in the last several years.” She discouraged the committee from forwarding the recommendation to the Board of Supervisors.

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE**

**Minutes of the March 25, 2014 Meeting**

**Page 3**

Chairperson Engleman entertained committee member discussion. Vice Chairperson Turner reiterated the belief that the pending action is not necessary “at this time.” He expressed the opinion that “the economic recovery ... taking place in Carson City ..., especially with regards to housing, is very fragile right now and ... it cannot tolerate a lot of instability or changes.” Chairperson Engleman entertained additional committee member discussion and, when none was forthcoming, called for a vote on the pending motion.

<b>RESULT:</b>	<b>Approved [4 - 1]</b>
<b>MOVER:</b>	<b>Member Bruce Scott</b>
<b>SECOND:</b>	<b>Member Mike Bennett</b>
<b>AYES:</b>	<b>Members Scott, Bennett, Bowling, and Chair Engleman</b>
<b>NAYS:</b>	<b>Vice Chair Mark Turner</b>
<b>ABSENT:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>None</b>

**7. REVIEW AND DISCUSSION OF THE PROPOSED BUDGET FOR THE WATER FUND AND ITS COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (2:04:39) -**

Chairperson Engleman introduced this item, and Mr. Burnham provided an overview of the presentation. Mr. Providenti narrated a PowerPoint presentation of the proposed budget, copies of which were included in the agenda materials. He and Mr. Burnham responded to questions of clarification, and discussion took place, throughout the presentation. In response to a question, Mr. Ward advised of the requirement for “a nexus between the source of the funds and the potential purchase with such funds.” Mr. Providenti and Mr. Burnham responded to additional questions of clarification regarding the depreciation figures reflected in the presentation.

Chairperson Engleman entertained additional questions or comments of the committee members and public comments. (2:34:13) At Dwight Millard's request, Mr. Burnham and Mr. Providenti provided additional clarification of the depreciation figures.

Chairperson Engleman entertained additional public comment and, when none was forthcoming, a motion. **Member Scott moved to recommend the approval of the water budget for FY 2014 / 2015, as consistent with the financial goals adopted, recognizing the phased approach to meeting the goals as developed as part of the rate program; the phased approach being the five-year phase. Vice Chairperson Turner seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote.

<b>RESULT:</b>	<b>Approved [5 - 0]</b>
<b>MOVER:</b>	<b>Member Bruce Scott</b>
<b>SECOND:</b>	<b>Vice Chair Mark Turner</b>
<b>AYES:</b>	<b>Member Scott, Vice Chair Turner, Members Bennett, Bowling, Chair Engleman</b>
<b>NAYS:</b>	<b>None</b>
<b>ABSENT:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>None</b>

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE**

**Minutes of the March 25, 2014 Meeting**

**Page 4**

**8(A) REVIEW AND DISCUSSION OF THE PROPOSED BUDGET FOR THE SEWER FUND AND ITS COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (2:38:53) -**

Chairperson Engleman introduced this item, and Mr. Providenti narrated a PowerPoint presentation of the proposed budget. He and Mr. Burnham responded to questions of clarification, and discussion ensued, throughout the presentation. (2:49:43) Utility Manager David Bruketta reviewed the five-year capital plan which was included in the agenda materials. Mr. Bruketta, Mr. Providenti, and Mr. Burnham responded to corresponding questions of clarification.

Chairperson Engleman entertained additional committee member questions or comments and public comments. (2:59:38) Don Wilson expressed concern over the amount of funding allocated to the five-year capital plan and the lack of specificity relative to upgrading the sewer system. In response, Mr. Bruketta advised of approximately four presentations before the Board of Supervisors over the past eighteen months, with “at-length discussions; a lot more detail.” He expressed understanding for Mr. Wilson's concerns and acknowledged the subject presentation is “a wrap-up version” of the previous presentations. He offered to provide the detail to Mr. Wilson, and reiterated it had been part of many other public presentations. In response to an additional question, he provided background information on the condition assessment plan developed with Consultant Carollo Engineers.

Chairperson Engleman entertained a motion. **Member Scott moved to recommend approval of the sewer budget for FY 2014/2015 which is consistent with the financial goals, as adopted, recognizing the phased approach to meeting the goals developed as part of the rate program. Vice Chairperson Turner seconded the motion.**

<b>RESULT:</b>	<b>Approved [5 - 0]</b>
<b>MOVER:</b>	<b>Member Bruce Scott</b>
<b>SECOND:</b>	<b>Vice Chair Mark Turner</b>
<b>AYES:</b>	<b>Member Scott, Vice Chair Turner, Members Bennett, Bowling, Chair Engleman</b>
<b>NAYS:</b>	<b>None</b>
<b>ABSENT:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>None</b>

**8(B) REVIEW AND DISCUSSION OF THE POSSIBLE USE OF SEWER FUNDS FOR PURCHASE OF THE EMPIRE RANCH GOLF COURSE, WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (3:13:47) -**

Chairperson Engleman introduced and provided background information on this item. She entertained committee member comments. Member Bennett disclosed that he is a resident of Empire Ranch Estates, and advised that he has conducted considerable research into the subject matter. He agreed with Mr. Bruketta's earlier statement that “for us to get the water to a level that we could treat it would cost in the hundreds of millions of dollars, not the \$35 million that they had mentioned in their capital plan. When you look at trying to move that water somewhere else, you're talking in the \$3 to \$4 to \$5 million range.” “As a rate payer and a property owner,” Member Bennett expressed a preference for the golf course to remain or, in the alternative, “some sort of open space.” He expressed understanding for the City's need to retain the ability to dispose of effluent water. He expressed support for a solution that “saves a huge amount of money; a huge amount of time.”

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE**

**Minutes of the March 25, 2014 Meeting**

**Page 5**

Chairperson Engleman clarified her preference that “the new fees ... should not be used” to purchase the Empire Ranch Golf Course. In response to a question, Mr. Burnham advised “there are no funds that were anticipated in the capital program or that are proposed in the budget for purchase of the Empire Ranch Golf Course. Doesn't mean the Board couldn't change their direction ..., but we, as staff, ... had not anticipated a purchase of the golf course.” Discussion followed.

Chairperson Engleman entertained public comment. (3:23:55) In response to a question, Chairperson Engleman informed Anna Winston that the Board of Supervisors has the authority to decide to purchase the Empire Ranch Golf Course. She suggested that Ms. Winston contact her ward supervisor.

**9. REVIEW AND DISCUSSION OF THE PROPOSED BUDGET FOR THE STORMWATER FUND WITH POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS** (3:25:41) - Chairperson Engleman introduced this item, and Mr. Providenti reviewed the agenda materials. Mr. Providenti and Mr. Burnham responded to questions of clarification.

Chairperson Engleman entertained additional questions or comments and, when none were forthcoming, a motion. **Member Bennett moved to recommend approval of the stormwater budget for fiscal year 2014 / 2015. Member Scott seconded the motion.** Chairperson Engleman entertained committee member discussion and public comment. When no discussion or comment was forthcoming, she called for a vote on the pending motion.

<b>RESULT:</b>	<b>Approved [5 - 0]</b>
<b>MOVER:</b>	<b>Member Michael Bennett</b>
<b>SECOND:</b>	<b>Member Bruce Scott</b>
<b>AYES:</b>	<b>Members Bennett, Scott, Bowling, Vice Chair Turner, Chair Engleman</b>
<b>NAYS:</b>	<b>None</b>
<b>ABSENT:</b>	<b>None</b>
<b>ABSTAIN:</b>	<b>None</b>

**10. PUBLIC COMMENT** (3:29:53) - Mr. Ward noted there were no other citizens present in the meeting room.

**11. ACTION TO ADJOURN** (3:30:33) - Chairperson Engleman adjourned the meeting at 3:30 p.m.

The Minutes of the March 25, 2014 Carson City Utility Financial Oversight Committee are so approved this 3<sup>rd</sup> day of June, 2014.

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ANDREA ENGLEMAN, Chair