

CARSON CITY UTILITIES FINANCIAL OVERSIGHT COMMITTEE

Minutes of the June 3, 2014 Meeting

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A meeting of the Carson City Utilities Financial Oversight Committee was scheduled for 9:00 a.m. on Tuesday, June 3, 2014 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

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

STAFF: Darren Schulz, Public Works Department Director
Nick Providenti, Finance Department Director
David Bruketta, Utility Manager
Joseph Ward, Senior Deputy District Attorney
Kathleen King, Chief Deputy Clerk

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 (9:00:30) - Chairperson Engleman called the meeting to order at 9:00 a.m. Roll was called; a quorum was present. Member Bennett was absent.

3. PUBLIC COMMENT (9:01:02) - Chairperson Engleman entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION TO ADOPT THE AGENDA (9:01:52) - Chairperson Engleman entertained modifications to the agenda; however, none were forthcoming.

5. POSSIBLE ACTION ON APPROVAL OF MINUTES - March 25, 2014 (9:01:20) - Chairperson Engleman introduced this item, and entertained a motion. Vice Chairperson Turner moved to approve the minutes. Member Scott seconded the motion. Motion carried 4-0.

6. POSSIBLE ACTION TO REVIEW A REPORT FROM MANHARD CONSULTING, LTD., REGARDING EFFLUENT AVAILABILITY AND THE USE OF DOMESTIC WATER FOR AUGMENTING IRRIGATION DEMANDS (9:02:09) - Chairperson Engleman provided background information on the purpose of the committee. (9:03:08) Mark Rotter, of Manhard Consulting, Ltd., introduced himself, for the record, and provided background information on this item. In conjunction with displayed slides, Mr. Rotter reviewed the Reclaimed Water Analysis which was included in the agenda materials. He responded to questions of clarification, and discussion took place, throughout the presentation.

In response to a question, Mr. Schulz explained the method by which Option 1, as outlined in the Reclaimed Water Analysis, would be funded. Vice Chairperson Turner explained the detriments to the reclaimed users represented by Option 2, and discussion followed. In response to a question, Mr. Schulz advised that "of the overall rate hike, probably ... two to three percent ... went towards operations. The rest went to capital. So there's a very small percentage of that increase that goes into operations."

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Based on the discussion, Member Scott expressed the opinion that “the concept of, in any way, changing the rules on the Prison Farm or the golf courses right now financially is a major step.” He suggested eliminating, from any recommendation to the Board of Supervisors, the idea of charging for the upcoming year. “... there are so many variables and it can be done within the framework of what we have reviewed and recommended approval on.” Mr. Schulz acknowledged that the capital budget would not be affected.

Member Bowling commended Mr. Rotter and the Manhard Consulting staff on the Reclaimed Water Analysis. Member Bowling suggested considering future renegotiation of agreements. He acknowledged the limited options for this year, but suggested that the number of variables in the future may need to be accommodated differently. He agreed with Member Scott's comments in that “the risk of moving ahead ... should be shared not shifted.” He expressed the opinion that the reclaimed wastewater users should be made whole for this year, “and not pull the rug out from underneath them.” Vice Chairperson Turner suggested considering whether the Prison Farm and the golf courses are providing a service to Carson City. “What would we do with our wastewater if these facilities were not available to accept it and what would the costs be ...? Is the City getting a good deal by discharging our wastewater onto private property and public property?”

Chairperson Engleman entertained public comment. (10:22:45) Mr. Schulz responded to Dwight Millard's questions regarding the range of annual augmentation cost reflected in Option 1, and the funding mechanism for the augmentation. Mr. Millard suggested that the committee “should be concerned ... that the rate payer is paying \$2.40 and golf courses are paying \$0.60 or the Wastewater Treatment Plant is paying \$0.60 for the same water to apply it to growth.” He expressed “respect” for the committee members and staff comments, but disagreement “on the infiltration.” Based on his construction experience in Carson City, he expressed the opinion “we have much more infiltration in a wet year than we're taking credit for. The decrease in the amount of effluent going through the plant is too significant just to be Mission Industries and the Prison. ... The problem ... with infiltration is that, in a wet year when you're infiltrating 500-acre-feet that's going through ... the Wastewater Treatment Plant is fine, but in the year when the water table drops below the pipe, ... you're losing 500-acre-feet. So the swing is not just what's infiltrating; it's what's being lost in those transmission lines during a time that we have a dry year.” Mr. Millard requested “some methodology ... other than putting a plug in the sewer line to see if, in fact, ... 20,000 gallons of water” from one point ends up in another point. He expressed the opinion that “if you go to the west side or the sides of Carson where the lines have not been improved and put a plug in it, you might be able to leave that plug in it for a year because ... the water is seeping out through the system that we have ...” He suggested that “as soon as we go back to wet years, ... the amount of effluent available is going to go way back up.” He expressed the opinion that “the short-term solution is the introduction of potable water into the system now and not major other types of things to create problems that, in the future, will just exasperate the problem. Now, you've got too much effluent.” He expressed agreement with introducing potable water, but suggested looking at the infiltration and the water table measurements. He expressed the further opinion that “we shouldn't be augmenting to pull a reservoir up to a nice start position next year.”

(10:29:45) Carson City Municipal Golf Corporation President Steve MacIntyre expressed support for Option 1 in the Reclaimed Water Analysis. He advised that water usage was decreased at Eagle Valley Golf Course, upon request. “We've eliminated 90 heads already. ... it's at an expense and it'll be an expense to turn them back on when things get better.” He suggested that “if we do this for three or four years, like they've recommended, it'll give ... a chance to find out exactly how much water we do use.” Mr. MacIntyre

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commended the committee for considering the matter, and assured that everything possible is being done at Eagle Valley Golf Course to eliminate wasted water.

Chairperson Engleman entertained additional public comment; however, none was forthcoming. Mr. Schulz acknowledged that the recommended action, as outlined in the staff report, will not impact the capital account for this year. He further acknowledged that the capital account would be impacted if augmentation continued for an additional year.

In response to previous comments, Mr. Rotter provided additional clarification of the Reservoir Loss Estimates outlined in the Reclaimed Water Analysis. He agreed “there's no question that infiltration is part of this.” He advised that some work has been done to measure infiltration. Discussion followed, and Mr. Schulz emphasized that “less than 10 years ago, we were here trying to figure out what we're going to do with all of this excess water. Today, we're here, we don't have enough. ... So, moving forward, it's very much a moving target ...”

Chairperson Engleman expressed concern over keeping promises to the rate payers that the increases would be used for the wastewater treatment plant. Member Scott expressed agreement with an interim step, and the opinion that “next year's a whole new ballgame ...” In response to a question, Mr. Schulz advised that a legal analysis is underway.

Chairperson Engleman entertained a motion. **Vice Chairperson Turner moved to recommend to the Board of Supervisors continued use of domestic water for augmenting effluent shortfalls with costs to be paid utilizing wastewater operation funds for this year, and we can look at this again next year to see if continued action along these lines is appropriate.** In response to a comment, **Vice Chairperson Turner modified his motion to indicate utilizing wastewater operation funds through FY 2015. Member Scott seconded the motion.** Chairperson Engleman entertained discussion on the motion. Mr. Schulz acknowledged that the cost will be allocated from the wastewater operations account. Chairperson Engleman entertained public comment. (10:42:30) In response to a question, Mr. Schulz advised Dwight Millard that the rate will be between \$0.60 and \$1.00 per thousand. The time frames are yet to be determined. Mr. Schulz explained that the rate can be as low as \$0.60 per thousand and can increase as high as \$1.50 per thousand. Public Works Department staff will have to determine the actual cost of water used at each location. Mr. Schulz acknowledged that the payment will be allocated from the wastewater fund to the water fund. He further acknowledged that the rate will be based upon the cost of the water at the point of introduction. Chairperson Engleman entertained additional public comment and, when none was forthcoming, called for a vote on the pending motion.

RESULT:	Approved [4 - 0]
MOVER:	Vice Chair Mark Turner
SECOND:	Member Bruce Scott
AYES:	Vice Chair Turner, Members Scott, Bowling, Chair Engleman
NAYS:	None
ABSENT:	Member Michael Bennett
ABSTAIN:	None

7. **PUBLIC COMMENT (10:44:34)** - At Chairperson Engleman's request, City Manager Nick Marano greeted the committee members and thanked them for their service.

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8. ACTION TO ADJOURN (10:45:07) - Member Scott moved to adjourn the meeting at 10:45 a.m. Vice Chairperson Turner seconded the motion. Motion carried 4-0.

The Minutes of the June 3, 2014 Carson City Utilities Financial Oversight Committee are so approved this _____ day of _____, 2015.

ANDREA ENGLEMAN, Chair