

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the October 19, 2016 Meeting

Page 1

A regular meeting of the Carson City Utility Financial Oversight Committee was scheduled for 1:00 p.m. on Wednesday, October 19, 2016 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Andrea Engleman
Vice Chairperson Michael Bennett
Member Randy Bowling
Member Bruce Scott
Member Michael Spell

STAFF: Darren Schulz, Public Works Department Director
David Bruketta, Utility Manager
Sheri Russell, Deputy Chief Financial Officer
Pamala Ganger, Accounting Manager
J. Daniel Yu, 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 Clerk, 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 (1:03:08) - Chairperson Engleman called the meeting to order at 1:03 p.m. Ms. King called the roll; a quorum was present. At Chairperson Engleman's request, City staff introduced themselves for the record.

3. PUBLIC COMMENT (1:03:54) - Chairperson Engleman entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - September 26, 2016 (1:03:56) - Chairperson Engleman introduced this item, and entertained suggested revisions. When no suggested revisions were forthcoming, she entertained a motion to approve the minutes. **Member Scott so moved. Member Spell seconded the motion. Motion carried 5-0.**

5. AGENDA ITEMS:

5(A) POSSIBLE ACTION TO APPROVE AND RECOMMEND TO THE BOARD OF SUPERVISORS THE ADOPTION OF A RESOLUTION TO AMEND RESOLUTION 2013-R-45A, FORMALLY ESTABLISHING THE CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE (1:04:32) - Chairperson Engleman introduced this item. Mr. Yu provided a detailed review of the proposed resolution which was included in the agenda materials. Chairperson Engleman entertained questions or comments, and extensive discussion took place, between the committee members and City staff, with regard to the proposed language of the resolution.

In response to a question, Mr. Schulz advised that Mr. Yu worked closely with Public Works Department staff to develop the proposed language, and "we're agreeable to it." Additional discussion took place to clarify the language of paragraph 3(a). Chairperson Engleman entertained additional questions or comments of the committee members and, when none were forthcoming, public comments and comments of the Finance Department staff. When no additional comments were forthcoming, Chairperson Engleman entertained a motion. **Vice Chairperson Bennett moved to approve and recommend to the Board of**

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the October 19, 2016 Meeting

Page 2

Supervisors the adoption of a resolution to amend Resolution 2013-R-45A, formally establishing the Carson City Utility Finance Oversight Committee, including modifications suggested by counsel. Member Scott seconded the motion. Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

5(B) POSSIBLE ACTION TO REVIEW THE DOMESTIC WATER SUPPLEMENTATION OF THE RECLAIMED WATER SUPPLY AT THE STEWART POND RESERVOIR AND THE TRANSFER OF FUNDS FROM THE SEWER FUND TO THE WATER FUND, FOR THE COST OF SUPPLEMENTATION FOR CALENDAR YEAR 2016, WITH POSSIBLE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (1:45:34) - Chairperson Engleman introduced and provided background information on this item. Member Scott suggested “the question for discussion is at what rate should the sewer fund be charged for the potable water that's being provided to make up the increment of reclaimed water needed that isn't generated by the sewer treatment facility. So, it's just a basic question. Is ... the rate that Carson City pays for Town of Minden water the proper rate for that or should it be at a different rate in terms of the inter-enterprise fund charges?” Vice Chairperson Bennett inquired as to whether “the water that comes from Minden that we pay for at that Minden rate is what's being used to supplement the sewer fund. Probably not. It gets mixed when it hits the system. But ... absolutely the water fund should not go into deficit because of having to provide water to the sewer fund.”

Mr. Schulz explained, “When we started the supplementation, we looked at ways to make our effluent system work with the minimal impact to everything. The conclusion we came to was to supplement down at Stewart Ponds, which all of that water goes to the prison farm. And, by doing that, it required very little work on our part to put in the infrastructure needed to take water from our potable system and put it into an effluent system. So, we've done that. Once we did that, then we had to have the conversation ... as to how much do we charge for that water. And, up to this date, we have just charged the wholesale rate that we pay Douglas County for water coming out of Douglas County. So, it comes out of Douglas County, crosses our county line in a 24-inch main, proceeds half a mile, and then there's a pipeline off of it that goes to Stewart Ponds. So it comes into our City for a very short time before it's ... deposited to Stewart Ponds. So the discussion is that wholesale rate, currently \$0.77 per thousand, ... the appropriate amount of money to be charging for that water. And should there be some other charges put on top of \$0.77 that relate to Carson City managing the water system and, if so, what should those charges be? ... that's what's been talked about to us that should be considered and we're happy to consider it. We have not done so up to this time in terms of bringing a suggestion back to this committee as to what that might be or what would be fair and equitable.”

In response to a question, Mr. Schulz advised of “an increment of time that we spend, as a utility ... fund in terms of water on top of that \$0.77. David [Bruketta] and I don't think it's a lot but there is a number there and ... we just haven't developed that number. But, if that's something that ... is a recommendation and you think you would like us to do that, we can do that and then bring it back to you as to what that number might be and how we came up with it.”

Chairperson Engleman entertained questions or comments of the committee members. Vice Chairperson Bennett requested the Public Works Department staff's confident assurance “that the water fund is not going into deficit by providing that transfer to the sewer fund. ... we're talking about a very small amount of money relative to the size of the enterprise fund. ... I mean, it's \$44,000, is that right?” In reference to the October 5, 2016 memo included in the agenda materials, Mr. Bruketta explained “we started the supplementation in June. We ... just ended it in October and the cumulative amount was \$44,134 total. So

CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE

Minutes of the October 19, 2016 Meeting

Page 3

that amount would be transferred from the sewer fund to cover the cost to the water fund.” Vice Chairperson Bennett stated, “as long as we can say that we've made a good effort in making sure that the water fund doesn't go into deficit, I'm satisfied. I don't think it's worth chasing the pennies around.” Chairperson Engleman acknowledged this year's relatively insignificant amount, but suggested “if we can come up with something that adds a little bit to it ..., that just is good for the water fund ... Any amount we can get into the water fund ... is good for the overall program.” Vice Chairperson Bennett agreed, but cautioned against the sewer fund subsidizing the water fund. “They need to be able to stand on their own.” Chairperson Engleman agreed, and clarified she was “only looking at where the sewer fund was using water.” In response to a question referencing a recent newspaper article, Mr. Bruketta advised of no surplus in the sewer fund.

In reference to the October 5, 2016 memo, Member Scott pointed out that the domestic water supplementation at Stewart Ponds is decreasing. He noted the increase in the cost per thousand gallons. “... clearly, the quantity that we're talking about here, at least at this point, is a declining number.” Member Scott suggested that the question may be “worth exploring but ... it's easiest to pick ... the wholesale number. If we want to try to analyze and develop an overhead increment to add to that, I think you simply open the door to all kinds of discussion and it puts us in the position, potentially, of more micromanaging than overlooking.” Member Scott suggested “the wholesale rate is probably as good as any. The sewer fund owes the water fund a favor when the time comes and we can talk about that ... at that point in time.” Chairperson Engleman and Member Bowling agreed. Member Bowling suggested “we're facing a situation where we're going to spend a dollar to save a dime,” and expressed the opinion that it's not worth it.

In reference to Member Scott's comments, Mr. Schulz advised that the decreasing supplementation has everything to do with the re-users and Mr. Bruketta's work with them. Chairperson Engleman entertained additional questions or comments; however, none were forthcoming.

6. FUTURE AGENDA ITEMS (1:59:44) - Chairperson Engleman advised of the anticipation that the resolution which was the subject of item 5(A) will be submitted to the Board of Supervisors in November or December.

7. PUBLIC COMMENT (1:59:38) - Chairperson Engleman entertained public comment; however, none was forthcoming. (2:01:22) Mr. Bruketta provided a report on the effects of the storm event which occurred over the past weekend. A brief discussion ensued and, in response to a question, Mr. Bruketta advised that Public Works Department staff is in the process of review following the storm event. (2:07:53) Chairperson Engleman called again for public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (2:08:12) - Chairperson Engleman entertained a motion to adjourn. **Vice Chairperson Bennett so moved. Member Scott seconded the motion. Motion carried 5-0.**

The Minutes of the October 19, 2016 Carson City Utility Financial Oversight Committee are so approved this 30th day of January, 2017.

ANDREA ENGLEMAN, Chair