

CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE

Minutes of the August 14, 2019 Meeting

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A regular meeting of the Carson City Utility Finance Oversight Committee was scheduled for 8:00 a.m. on Wednesday, August 14, 2019 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bennett
Member Jeffrey Maples
Member Bruce Scott

STAFF: Darren Schulz, Public Works Department Director
Andy Hummel, Wastewater Utility Manager
Eddy Quaglieri, Water Utility Manager
Todd Reese, 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.

CALL TO ORDER AND DETERMINATION OF A QUORUM (8:00:00) - Chairperson Bennett called the meeting to order at 8:00 a.m. Ms. King called the roll; a quorum was present. Vice Chairperson Bowling and Member Johnston were absent.

PUBLIC COMMENT (8:00:32) - Chairperson Bennett entertained public comment; however, none was forthcoming.

1. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 28, 2019 (8:01:04) - Chairperson Bennett introduced this item, and entertained a motion. **Member Scott moved to approve the minutes, as presented. Member Maples seconded the motion. Motion carried 3-0.**

2. PUBLIC MEETING ITEMS:

2(A) PRESENTATION AND DISCUSSION OF MANAGER AND CONSULTANT'S REPORT ON RATE STUDY PROGRESS (8:01:43) - Chairperson Bennett introduced this item. Mr. Hummel introduced Brent Farr and Alexa Kinsinger, of Farr West Engineering, and provided an overview of the presentation. Mr. Farr narrated a PowerPoint presentation which was displayed in the meeting room and copies of which were included in the agenda materials. Mr. Quaglieri, Mr. Farr, and Mr. Schulz responded to questions, and discussion took place, throughout the presentation.

Chairperson Bennett entertained discussion of the committee members. Member Scott pointed out that "a \$2 million budget is really not sufficient to meet the needs for storm drainage so ... we have to be ... cognizant of that fact. At the same time, ... if we're thinking that we need to grow the storm drain capability for operations, maintenance, and ... prevention, ... it needs to be ... a programmed ... process ... And so one of the things ... that comes out of this is some sort of a progressive phase-in of the process. ... you have to look at your numbers and not make the residential contribution too little. At the same time, ... you have to have the larger parcels given some kind of a process by which the kinds of increases in fees that they might be looking at, moderated or not, ... nobody can phase those kinds of numbers in over night. And ... a phasing process would be very helpful and ... an education process ... I think about the School

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District, for example. They're just inherently runoff-prone with their buildings and parking areas and, at the same time, they have budgets that are tighter than anybody's. So, it seems to me that anything we do going forward needs to be looked at in some kind of a phasing-in process but, at the same time, ... a five-year plan ... gives something to work for or plan for." Member Scott expressed the wish that "we were ... closer to more of a pure runoff calculation situation. We're not and, politically, we're not going to be able to get there. But ... we do have to, particularly with the larger generators, ... have them understand their contribution relative, for example, to a home just to put it in perspective for them."

Member Scott further suggested that "new construction, obviously, creates an initial impact on the system that wasn't there before." Mr. Farr advised "that concept is out there. There are communities that do that, obviously, so for a new connection, there'd be some kind of an impact just like there is for water or sewer." Discussion followed, and Member Scott suggested "we are being hit with things that relate to water quality of runoff and the sorts of regulatory issues that the City becomes responsible for."

Member Maples expressed agreement with Member Scott. "... depending on which methodology the City goes with, there could be some pretty significant impacts and having those come into effect over time ... might be the way to go so that it's not all at once. Personally, I think fair and equitable is really what you should be pushing for and that impervious method does seem to be ... the most equitable. Could be a tough pill to swallow, obviously, for some people so understand that there's got to be room for some compromise there as well."

Chairperson Bennett commended Members Scott's and Maples' comments, and suggested "two things that ... are pretty clear from the existing method. It's obvious that the residential side is, from the stormwater perspective, subsidizing the non-residential parcels. ... that's what I see. ... whatever we do going forward, ... while the bell curve approach is easier to implement, pretty straightforward ... mathematically to produce whatever that rate structure may be, I don't know if it's as defensible especially when you have two parcels, say a Wal-Mart or an undeveloped parcel and they're going to end up ... paying the same amount in runoff fees as one another. That doesn't make a lot of sense to me. So, I think you have to move toward the side of doing that impervious calculation as tedious as it may be. Perhaps there are ways that we could minimize the amount of effort, reduce the amount of effort such as some sort of equivalent residential unit as you compare it to a commercial site. But, again, going back to the term defensible, I think that's the only way we can do this that is going to make sense to the rate payers.

"... that said, and going back to my earlier point about the residential has been subsidizing, I think if we get to a situation where everybody is truly paying their fair share ..., you're going to have higher fees on those larger generators and that's going to translate to higher costs at either the restaurant or where you buy your car or get your groceries. ... we're all going to end up paying it one way or another anyway, as citizens, so I don't know if I'm so concerned about maybe absorbing a little of that in the residential side because it is so spread out. ... the difference between \$5 a month and \$5.50 a month is pretty minor when you compare that to a \$500 a month bill versus a \$1,500 a month bill especially when you're talking about the politics of trying to get this passed."

Mr. Farr and Mr. Hummel responded to a question regarding the possibility of not charging vacant lots. In response to a further question, Mr. Schulz explained that variances have been granted on a case-by-case basis. "We're trying to limit that ... now that we've become aware of it, but there are little things in there where things got moved around or bumped to this category or that to help the situation. But we haven't

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done any of those in the last five years. But we also haven't gone back and corrected any ... done previous to that."

Following discussion, Mr. Schulz advised that the next steps would be to "take this to a public [workshop] ... to get feedback from the public and then, ultimately, we would come back again to this committee and ask for a recommendation of the analysis to the Board of Supervisors. ... today, are these three ideas the ones we should be pursuing with the tweaks that you have mentioned? Should we be putting more analysis into these three ideas, floating it out to the public, and then ultimately bringing it back here with more formal data?"

Mr. Scott commended Chairperson Bennett's comments, and expressed the hope that "we could provide a strong incentive for low-impact development for ... properties to do what they can to reduce runoff and to maintain their site because, generally speaking, that has the effect of engaging a little bit more the property owner in the process of trying to monitor a controlled runoff. With what we saw today, I think Mike's comments are accurate in my mind. The bell-curve approach is a way to look at it and ... it's a reasonable way to look at it but ... it's harder to explain and it's harder to defend. To me, the explanation of the perfect world would be runoff based on impervious area for everybody. That's not practical. The imperfect world that we're in is substantially different than that and marrying those is some kind of a process to get ... there potentially in steps. Although, ... maybe the initial one alternative is to get there at once ... and maybe ... that's a \$2 million budget with the idea that that budget needs to increase five percent a year for five years on an across-the-board basis. ... that could be a possibility that we didn't have here today but might be ... a little more easily explained and potentially more palatable from a ... perspective, particularly, of the larger folks. They're going to argue that they generate a lot of taxes, they generate a lot of revenues and they do. And so maybe some less-than-perfectly proportional approach makes a lot of sense. ... the bell curve, to me, is a little harder to justify but it's a practical way of segmenting it in coming forward.

"I do also think that the process needs to recognize that there are going to be inequities out there and the ability of the City staff to make adjustments based on legitimate technical grounds should be recognized so that it becomes just an internal process and not ... you're going to have to go to the Board [of Supervisors] to get a variance ..."

Chairperson Bennett commended Member Scott's comments, and expressed the opinion that the bell curve is not the right approach. "I think ... it should be based more on an actual impact to the system and it's also not reasonable to assume it's going to be straight down the line of exactly what you generate is going to be based on exactly what you pay. That's not a reasonable approach either so it's some sort of hybrid."

Member Maples commended the direction of all three studies, and expressed agreement that "the bell curve ... isn't all that great but, for public comment, you might want to keep it in there just to see ... how the public reacts to it. Member Maples expressed agreement that the other method to consider, impervious surfaces, and "make it as equitable as possible ... fits well."

In conjunction with a displayed slide, discussion took place regarding an impervious area calculation. Member Scott expressed the opinion that "in the long term ... it doesn't make sense to lower any rates for residential. ... you have to have the residential base. That's, by far, the largest number of contributors in terms of the number of rate payers that are contributing to the revenue side. ... a gradual increase on that

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end is reasonably understandable from their perspective.” Mr. Farr responded to questions of clarification in conjunction with displayed slides. Chairperson Bennett entertained additional questions or comments and, when none were forthcoming, thanked Mr. Farr for his presentation.

2(B) PRESENTATION AND DISCUSSION OF MANAGER’S REPORT ON PERSONNEL, PROJECTS, AND PLANNING (9:04:32) - Chairperson Bennett introduced this item, and Mr. Hummel presented his report, which included changes in staffing and an update on projects. Mr. Quaglieri presented his report, which also included changes in staffing and an update on projects.

3. FUTURE AGENDA ITEMS (9:20:31) - Chairperson Bennett introduced this item, and discussion took place regarding the next committee meeting. Following discussion, consensus of the committee was to cancel the September 24th meeting. Mr. Schulz advised that staff would contact the committee members about a possible meeting in October or to plan on the November 18th meeting. Mr. Schulz provided an overview of the tentative agenda for the next meeting, and a brief discussion followed.

4. PUBLIC COMMENT (9:24:11) - Chairperson Bennett entertained public comment; however, none was forthcoming.

5. ACTION TO ADJOURN (9:24:16) - Upon motion by Member Scott, Chairperson Bennett adjourned the meeting at 9:24 a.m.

The Minutes of the August 14, 2019 Carson City Utility Finance Oversight Committee meeting are so approved this 4th day of November, 2019.

MICHAEL BENNETT, Chair