

# CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE

## Minutes of the November 4, 2019 Meeting

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A regular meeting of the Carson City Utility Finance Oversight Committee was scheduled for 1:30 p.m. on Monday, November 4, 2019 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Michael Bennett  
Vice Chairperson Randy Bowling  
Member Robert Johnston  
Member Bruce Scott  
Member Jeffrey Maples

**STAFF:** Darren Schulz, Public Works Department Director  
Andy Hummel, Wastewater Utility Manager  
Eddy Quaglieri, Water Utility Manager  
Todd Reese, Deputy District Attorney  
Pamala Ganger, Deputy Chief Financial Officer  
Danielle Howard, Public Meetings Clerk

**NOTE:** A recording of these proceedings, the commission's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are public record. These materials are on file in the Clerk-Recorder's Office, and available for review during regular business hours. An audio recording of this meeting is available on [www.Carson.org/minutes](http://www.Carson.org/minutes).

### CALL TO ORDER AND DETERMINATION OF A QUORUM

(1:30:08) – Chairperson Bennett called the meeting to order at 1:30 p.m. Roll was called, and a quorum was present.

### PUBLIC COMMENT

(1:30:25) – Chairperson Bennett entertained public comment. Member Scott brought to the Committee's attention the passing of former UFOC Chairperson Andrea "Ande" Engelman, calling it "an event in the community, and a person that we're going to miss."

(1:32:02) – Dana Whaley introduced himself and stated he was speaking on behalf of Campagni Auto Group, Carson City Toyota, Capital Ford, and himself personally regarding the potential sewer and drainage fee increases brought to his attention by the Executive Director of the Carson City Area Chamber of Commerce, Ronni Hannaman. Mr. Whaley stated that he felt the new hybrid rate approaches introduced in the previous Committee presentation were "more in line ... what all businesses in Carson City could accept."

**1. FOR POSSIBLE ACTION: APPROVAL OF THE MINUTES FROM THE AUGUST 14, 2019 MEETING.**

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(1:34:41) – Chairperson Bennett introduced the item and entertained corrections, changes, and/or a motion.

**(1:34:53) – MOTION: Member Scott moved to approve the August 14, 2019 meeting minutes as presented. The motion was seconded by Chairperson Bennett. Motion carried 4-0-1 with Member Johnston abstaining, as he was not present at that meeting.**

(1:35:35) – Vice Chairperson Bowling commented that, after having reviewed the minutes and the video recording of the previous meeting, the minutes were accurate; therefore, he voted to approve the minutes despite having been absent from the previous meeting.

## 2. PUBLIC MEETING ITEMS:

**2.A FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS A STORMWATER RATE STRUCTURE AND RATE INCREASE THAT WILL GENERATE ADDITIONAL REVENUE, UP TO AN ADDITIONAL \$1.4 MILLION, TO SUPPORT AN IMPROVED CITY-WIDE STORMWATER PROGRAM.**

(1:36:30) – Mr. Hummel presented a PowerPoint slideshow presentation on the stormwater program, incorporated into the record, which included the background of the program, an explanation of the existing rate structure, the basis for revenue requirement and rate increase, inequities in the existing rate structure, and the customer distribution by customer count.

(1:46:45) – Brent Farr of Farr West Engineering introduced himself to the Committee and reviewed what was presented to the public in the October 2, 2019 meeting with some updates. He specified two main goals for the rate work: “to increase the revenues to have a fully-functioning stormwater utility” and to “address some of the inequities that have existed in the existing structure.” Mr. Farr and Mr. Hummel provided five options for the rate structure referenced in the presentation.

(2:04:33) – Chairperson Bennett entertained questions from the Committee for Mr. Hummel and Mr. Farr.

(2:04:43) – Member Johnston inquired about different rates indicated in one of the slides, and Mr. Hummel clarified that the information was an update to the budget. Member Johnston inquired about “what percentage of the problem is created by impervious areas.” Mr. Farr explained that water quality issues and a need for storm drainage infrastructure posed as issues, although “elements of the program” would likely still exist.

(2:07:14) – Vice Chairperson Bowling inquired about undeveloped properties in regards to stormwater fees, as the municipal code referenced in the presentation stated that stormwater rates are based on each parcel of developed property. Mr. Farr responded with how research into accommodating for consistency or a change in policy may be necessary. Chairperson Bennett questioned how “they would go about billing [undeveloped properties] for storm water,” to which Mr. Schulz could not provide an immediate answer but assured an answer would eventually be provided.

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(2:09:56) – Vice Chairperson Bowling asked “if an undeveloped parcel is zoned commercial ... number one ... can that happen, and number two, if it does happen, is that undeveloped commercially zoned parcel being charged the commercial stormwater rate?” Mr. Hummel confirmed that “the potential is there.” Discussion ensued regarding land use being a factor in determining rates of stormwater billing. Mr. Farr confirmed that in some instances, land use is “something you want to look at” in determining the stormwater rate, although he said that the current model is not based off of that.

(2:13:55) – Vice Chairperson Bowling inquired about the difference between manufacturing and commercial properties in terms of rate structure and suggested combining the two into a single category, and Mr. Farr stated “that could be done” since there were no major differences in regards to combining the categories. Conversation ensued between Vice Chairperson Bowling and Mr. Farr that led to Vice Chairperson Bowling concluding that the impervious approach was the most equitable approach, and that “it looks as though all we’re doing now is to make it more palpable for the public,” referring to the 91 percent of rate payers in the presentation.

(2:17:54) – Member Maples voiced approval for the grouped impervious area approach, as it seemed to him “something we could work with for sure.” After some discussion with Mr. Farr, Mr. Farr confirmed that the “amount of subsidizing that the residential customer’s doing is reduced under [the grouped impervious area approach].”

(2:20:26) – Chairperson Bennett explained how he did not know if the goal of being “entirely equitable” was necessary, with “some level of equality” being something to “strive for.” He noted that, based on Vice Chairperson Bowling’s point, the impervious approach and grouped impervious area approach appeared to be the most equitable and to meet the goals of the Board of Supervisors. He also recognized the effort that would go into administering the process since it would “not really [add] a whole lot of value to the process” as well as influence the commercial or the manufacturer to “end up coming back out of the residents’ pockets.” He stated that he liked the idea of adding agricultural land and open space, noting Vice Chairperson Bowling pointing out how they may be helping in most storm events, but also recognizing that they do generate runoff, which “is an area where we need to be able to provide some improvements for and some maintenance on.” Chairperson Bennett was in favor of combining the categories of commercial and manufacturing properties.

(2:22:33) – Chairperson Bennett stated that it was “striking” to him how “we’re ending at this \$3.2 million number, which I think is great for probably year one, but what does it look like at year two, ... and for year three, year four, and so on, and I haven’t seen any discussion on indexing. I’m not sure if it’s been thought about in the rates study, but I think it’s something that we need to consider; whether we’re indexing to some known value or just recognizing that we need to have regular revisits” for what the utility rates need to be. Mr. Farr responded with how he and Mr. Hummel developed a financial model to ensure that the \$3.2 million value was a “good number,” which he assured will “work just fine” with the Capital Improvement Plan (CIP).

(2:24:19) – Chairperson Bennett entertained public comment.

(2:24:39) – Vice President of Special Projects and General Counsel of Western Nevada College, Mark Ghan, introduced himself and stated how he was “not prepared to tell [the Committee] which of these proposals would affect us” regarding the 200 acres of land, approximately fifty-five of which are

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developed, but stated he would be submitting a letter after analysis of this factor, as a couple of the proposals “look frightening to us.”

(2:25:33) Shelly Aldean, property owner and Director of the Southgate Shopping Center, introduced herself to the Committee and explained “when we developed the property back in the early 1990s, we were required to dedicate over 1.6 acres of general commercial property for a detention basin,” and “based on an average storm, the contribution of that storm to the detention basin, ... we are retaining nearly 100 percent of that water due to the elevated nature of that outlet.” She suggested that credit be given to property owners that have functional detention basins, as “nobody likes to travel across flooded streets,” and explained that there did not seem to be any credit given to detention basins “built expressly for the purpose of retaining and infiltrating water on sight” when conversing with Staff. She recommended giving Staff “a bit of flexibility” with the system that is decided on in order for them to “entertain situations where there are extenuating circumstances ... to deal with issues on a case-by-case basis.” She concluded her comment by recognizing the Committee’s and Staff’s efforts and stating “even though I believe we’ve done a great job in infiltrating our water ... we are prepared to pay something.”

(2:30:03) – Chairperson Bennett entertained further public comment; however, none was forthcoming. Member Scott pointed out the significance in “who benefits from a storm drain utility, ... improvements, and mitigation effects of what that utility might do” as well as where one is located in Carson City, which he stated he believes is part of the reason he does “not see absolute equity in impervious surfaces.” He also recognized the manufacturing and commercial entities’ roles in the community and was in favor of what was stated in regards to detention basins and indexing “in a carefully and well-thought-out way.”

(2:35:22) – Chairperson Bennett entertained discussion of the Committee members after Mr. Schulz provided a brief explanation on timing for presenting a resolution to the Board of Supervisors and clarification from Mr. Hummel. Discussion ensued among the Committee members on thoughts and preferences in rate structure approaches, and Mr. Farr responded to clarifying questions. General consensus was generated on the tweak existing rate structure and the grouped impervious approach options. Chairperson Bennett entertained a motion. Mr. Reese informed Chairperson Bennett that unless the motion pertained to making a recommendation to the Board of Supervisors, neither a motion or action were necessary. Chairperson Bennett entertained a motion to “table the agenda item so staff could come back with a further refined option.”

**(2:50:31) – MOTION: Member Scott moved to table the agenda item with the request that Staff “refine and bring back or provide for comment to the Committee adjustments or changes reflecting the comments ... heard today.” The motion was seconded by Vice Chairperson Bowling. Motion carried 5-0-0.**

### **2.B PRESENTATION OF FY19 FINANCIAL REVIEW, REGARDING UPDATES ON REVENUES AND EXPENDITURES FOR THE WASTEWATER, WATER AND STORMWATER FUNDS.**

(2:51:35) – Chairperson Bennett introduced the item, and Ms. Ganger presented the review, which is incorporated into the record. Ms. Ganger and Mr. Schulz responded to clarifying questions from the

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Committee members during the presentation.

**2.C FOR INFORMATION ONLY: PRESENTATION AND DISCUSSION OF MANAGER'S REPORT ON PERSONNEL, PROJECTS AND PLANNING.**

(3:03:34) – Chairperson Bennett introduced the item, and Mr. Quaglieri presented his report, incorporated into the record, which included changes in staffing and an update on projects. Mr. Quaglieri and Mr. Schulz responded to clarifying questions from the Committee members. Mr. Hummel presented his report, which also included changes in staffing and an update on projects.

**3. FUTURE AGENDA ITEMS**

(3:20:07) – Chairperson Bennett introduced the item and discussion took place regarding the future Committee meeting date with consensus in meeting next on January 13<sup>th</sup>, 2020. Mr. Schulz provided an overview of the upcoming agenda items, including discussion on water and sewage.

**4. PUBLIC COMMENTS**

(3:24:38) – There were no public comments.

**5. FOR POSSIBLE ACTION: ADJOURNMENT**

**(3:24:49) – Chairperson Bennett adjourned the meeting at 3:24 p.m.**

The Minutes of the November 4, 2019 Carson City Utility Finance Oversight Committee meeting are so approved this 13th day of January, 2020.