

CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE

Minutes of the May 4, 2020 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, May 4, 2020 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bennett via WebEx
Vice Chairperson Randy Bowling via WebEx
Member Robert Johnston
Member Bruce Scott via WebEx

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

CALL TO ORDER AND DETERMINATION OF A QUORUM

(1:36:15) – Chairperson Bennett called the meeting to order at 1:36 p.m. Roll was called, and a quorum was present. Member Scott joined the meeting via WebEx at 2:22 p.m.

PUBLIC COMMENT

(1:38:02) – Chairperson Bennett entertained public comments; however, none were forthcoming.

1. FOR POSSIBLE ACTION: APPROVAL OF THE MINUTES FROM THE JANUARY 13, 2020 MEETING.

(1:38:48) – Chairperson Bennett introduced the item and entertained corrections, changes, and/or a motion. Vice Chairperson Bowling clarified that the abbreviation FCS referenced in the sixth paragraph of page #2 referred to Financial Consulting Solutions. He pointed out in the third paragraph of page #4 that the word “curating” should be replaced with “curing.” He also wished to change the second sentence under Future Agenda Items to read “Vice Chairperson Bowling requested agendaizing the process of how projects on the CIP are selected.”

(1:41:30) – **MOTION:** Member Johnston moved to approve the January 13, 2020 meeting minutes as corrected. Vice Chairperson Bowling seconded the motion. Motion carried 3-0-0.

2. PUBLIC MEETING ITEMS:

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2.A FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING ELECTING A CHAIRPERSON AND VICE-CHAIRPERSON FOR THE UTILITY FINANCE OVERSIGHT COMMITTEE.

(1:42:01) – Chairperson Bennett introduced the item and entertained Member discussion. Vice Chairperson Bowling believed that it would be beneficial in regards to succession planning to elect a Chair and Vice Chairperson whose term will go beyond January 2021, since Chairperson Bennett's, Vice Chairperson Bowling's, and Member Scotts's terms will be ending in January 2021.

(1:46:25) – Mr. Reese added that the City has an aspirational goal of limiting Chair and Vice Chairperson to serving no more than two years in any one position, though the Committee may decide if continuity in any one position would be beneficial.

(1:48:50) – MOTION: Vice Chairperson Bowling moved to elect Michael Bennett as Chairperson for the UFOC for a one-year term and to elect Robert Johnston as Vice Chairperson for the UFOC for a one-year term. Chairperson Bennett seconded the motion. Motion carried 3-0-0.

2.B FOR INFORMATION ONLY: PRESENTATION AND DISCUSSION REGARDING THE BOARD OF SUPERVISORS' COMMENTS AND DECISION REGARDING THE RECOMMENDED ANNUAL WATER AND WASTEWATER RATE INCREASES.

(1:49:40) – Chairperson Bennett introduced the item. Farr West Engineering Project Designer Alexa Kinsinger introduced herself, referenced the Staff Report and presented a PowerPoint Slide Show regarding the presentation to the Board of Supervisors (BOS) on the water and wastewater rate adjustments recommended by the UFOC and Farr West Engineering, both of which are incorporated into the record.

(2:05:24) – Chairperson Bennett entertained Member questions, and Ms. Kinsinger and Mr. Schulz responded to clarifying questions. In response to Vice Chairperson Johnston's question, Mr. Hummel stated that the rate effective date for the water and wastewater rates was delayed from July 1, 2020 to around October 1, 2020 in order to get the Business Impact Statement finished beforehand.

(2:12:42) – Chairperson Bennett entertained public comments; however, none were forthcoming.

2.C 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.

(2:13:48) – Chairperson Bennett introduced the item. Farr West Engineering Principal Engineer and President Brent Farr introduced himself and referenced the Staff Report and presented a PowerPoint Slide Show that included the stormwater rate recommendations for the Committee to consider, both of which are incorporated into the record.

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(2:25:35) – Chairperson Bennett entertained Member questions and comments, and Mr. Farr, Mr. Schulz, and Mr. Hummel responded to clarifying questions. In response to Vice Chairperson Johnston, Mr. Farr stated that the customer credit would apply to anyone with a stormwater detention facility, and Mr. Hummel added that the customer classes depend on the infrastructure available and the capacity downstream for the customer sites.

(2:33:00) – Member Scott inquired about if a credit for one month of billing would be enough of an incentive for someone to maintain, for example, a pond for stormwater detention. Mr. Hummel stated that it was a starting point, although Staff was also open to other suggestions for a larger credit. Mr. Schulz commented that those with such detention facilities already were supposed to maintain them even without the credit, and the issue was that the City does not have an inspection or reinforcement program to enforce maintenance.

(2:38:07) – Member Bowling was in favor of the Grouped Impervious Rate Method, as he believed it is close to something that is reasonable to the extent that the Committee can be fair and equitable. He believed that the stormwater rate phase-in approach is appropriate for addressing the flooding problems and, relating to the stormwater credit system approach, some form of credit needs to be incorporated. In response to Member Bowling’s question, Mr. Schulz stated that he did not feel very comfortable without a rate refresh every five years forward regarding whether the rates are meeting the operating and capital needs of the stormwater utility, even with the plan in place, because he believed that the Committee needs to revisit the data and the Committee’s assumptions concerning stormwater to see how they are tracking.

(2:50:02) – Chairperson Bennett agreed with Member Bowling’s comments on the Grouped Impervious Rate Method and the stormwater rate phase-in approach. In response to Chairperson Bennett’s question, Mr. Farr confirmed that, because Staff have done well in adjusting their budget to the revenue that they do have, Staff are able to meet their financial policies as they go along despite the impact of phasing in the restructure. Mr. Farr informed Chairperson Bennett that the worst case for the revenues generated in the stormwater fund would be \$127,000 on an annual basis if all of the nonresidential accounts had a detention facility and qualified for the rebate, which would be close to four percent of the total projected revenue of \$3.2 million. He added that not every nonresidential parcel has a detention basin. He also stated that, assuming half of the nonresidential parcels did have a detention facility and that half of those applied for the credit, then the annual impact would be approximately \$32,000 of the total revenue, which would be approximately one percent. Chairperson Bennett commented that he could support the stormwater credit due to its minimal impact to the system. He was not in favor of the index stormwater rates because he believed that “it allows for the utility to put their rate structure on autopilot,” and he believed that all of the utilities need to take an active role in managing their rate structure.

(3:02:35) – Vice Chairperson Johnston agreed with Member Bowling’s comment on the Grouped Impervious Rate Method, and he was concerned about the stormwater rate phase-in approach due to stormwater being less understood by the City’s ratepayers, although he was in favor of planning to avoid possible floods. He believed that the stormwater credit system approach was a good compromise, and he was comfortable with the index stormwater rates to consumer price index (CPI) if it is paired with the five-year rate refresh.

(3:04:15) – Member Scott preferred for the CPI to be “baked into the system, but not irretrievably.” He was comfortable with all of the other stormwater rate recommendations from the presentation.

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(3:06:49) – Chairperson Bennett entertained a motion.

(3:07:09) – MOTION: Vice Chairperson Johnston moved to recommend to the Board of Supervisors the six stormwater rate recommendations. Member Bowling seconded the motion. Chairperson Bennett entertained further discussion and, when none was forthcoming, called for a vote. **Motion carried 4-0-0.**

2.D FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2021 WASTEWATER FUND BUDGET'S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE WASTEWATER FUND BUDGET FOR FISCAL YEAR 2021.

(3:08:29) – Chairperson Bennett introduced the item. Carson City Deputy Chief Financial Officer Pamala Ganger introduced herself and referenced the Staff Report as well as presented a PowerPoint Slide Show and the accompanying documents, all of which are incorporated into the record.

(3:14:52) – Chairperson Bennett entertained Member questions, and Ms. Ganger, Mr. Hummel, and Mr. Schulz responded to clarifying questions.

(3:22:44) – Chairperson Bennett entertained a motion.

(3:23:08) – MOTION: Member Scott moved to acknowledge that the Wastewater Fund budget for fiscal year 2021 is in compliance with the adopted financial policies, and to recommend that the Board of Supervisors approve the Wastewater Fund budget for fiscal year 2021. Vice Chairperson Johnston seconded the motion. Chairperson Bennett entertained further discussion and, when none was forthcoming, called for a vote. **Motion carried 4-0-0.**

2.E FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2021 WATER FUND BUDGET'S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE WATER FUND BUDGET FOR FISCAL YEAR 2021.

(3:23:49) – Chairperson Bennett introduced the item. Ms. Ganger referenced the Staff Report as well as presented a PowerPoint Slideshow and the accompanying documents, all of which are incorporated into the record.

(3:29:11) – Chairperson Bennett entertained Member questions. In response to Member Scott's question, Mr. Schulz explained that what Staff would be trying to do in fiscal year 2021 is purchase new software to manage the asset management program, and he informed that a tentative selection had been made after having reviewed six different software that provide that service. He stated that the cost of purchasing that software that will then assist in overseeing the asset management is what was referenced in the presentation for water and wastewater.

(3:31:47) – In response to Chairperson Bennett's question, Ms. Ganger confirmed that the debt to equity ratio would be impacted if the Committee were to bond for financing the Quill Water Treatment Plant.

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(3:32:52) – Chairperson Bennett entertained a motion.

(3:32:59) – MOTION: Member Bowling moved to acknowledge that the Water Fund budget for fiscal year 2021 is in compliance with the adopted financial policies, and to recommend that the Board of Supervisors approve the Water Fund budget for fiscal year 2021. Member Scott seconded the motion. Chairperson Bennett entertained further discussion and, when none was forthcoming, called for a vote. **Motion carried 4-0-0.**

2.F FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2021 STORMWATER UTILITY FUND BUDGET'S COMPLIANCE WITH ADOPTED FINANCIAL POLICIES AND RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE THE STORMWATER UTILITY FUND BUDGET FOR FISCAL YEAR 2021.

(3:33:55) – Chairperson Bennett introduced the item. Ms. Ganger referenced the Staff Report as well as presented a PowerPoint Slide Show and the accompanying documents, all of which are incorporated into the record.

(3:37:54) – Chairperson Bennett entertained Committee questions. Chairperson Bennett appreciated that the City was meeting the financial policy goals on the Stormwater Fund but pointed out that it was with an “abbreviated” capital improvement program (CIP) for the coming years. He stated that he looked forward to seeing how that CIP could be expanded while continuing to meet the Committee’s policy objectives. He entertained a motion.

(3:38:09) – MOTION: Member Bowling moved to acknowledge that the Stormwater Utility Fund budget for fiscal year 2021 is in compliance with the adopted financial policies, and to recommend that the Board of Supervisors approve the Stormwater Utility Fund Budget for fiscal year 2021. Vice Chairperson Johnston seconded the motion. Chairperson Bennett entertained further discussion and, when none was forthcoming, called for a vote. **Motion carried 4-0-0.**

2.G FOR INFORMATION ONLY: PRESENTATION AND DISCUSSION OF MANAGER’S REPORT ON PERSONNEL, PROJECTS AND PLANNING.

(3:40:02) – Chairperson Bennett introduced the item. Mr. Quaglieri presented his report, which included the announcement that the Carson City Public Works Water Division was fully staffed. Concerning current construction projects, he informed that the East West Transmission Main was almost finished, and Staff were waiting on the Ormsby Booster Station due to needing some modifications. He highlighted the water lowering associated with storm drain piping and tie-ins to existing piping from the new piping concerning the South Carson Street Project. He informed that the Fairview Road Project should begin in June 2020 and the Oregon Street Project in coordination with the South Carson Street Project should begin in mid-May 2020. Mr. Quaglieri pointed out that the Airport Road project for water and sewer line replacements was also in progress. Concerning future projects going to bid, he highlighted the Sherman Lane and Viking Way Water Main Replacement Project, the Well 3B Equipping Project, the Prison Hill Booster Pump Station, and possibly replacing the road to Quill Water Treatment Plant. He also stated that two well rehabilitations would be in progress over the summer.

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(3:44:30) – Mr. Hummel announced that three new employees were added to the Carson City Public Works Wastewater Division, which meant the Wastewater Division was fully staffed. He informed that Carson City Sewer Crew Foreman Todd Mitchell’s retirement had also been announced. He stated that the Reuse Master Plan was in the data gathering and review phase. Mr. Hummel noted that the Airport Road rehabilitation was a “big one for the sewer side” and that the closed-circuit television (CCTV) closed caption video recording of the sewer pipeline project was going well and nearly completed. He informed that the Riverview Lift Station would be going out for bid soon.

3. FUTURE AGENDA ITEMS

(3:47:15) – Chairperson Bennett introduced the item. Mr. Schulz noted that Staff did not have any specific items to agendize in the near future and recommended scheduling a fall meeting. Chairperson Bennett wished to agendize a walkthrough of the process of how CIP projects make it to the list.

(3:49:47) – Member Scott commented that it may be beneficial to the Committee to see the impact to the utilities after the next three or four months of social distancing and impacted income.

4. PUBLIC COMMENTS

(3:50:58) – Chairperson Bennett entertained public comments; however, none were forthcoming.

5. FOR POSSIBLE ACTION: ADJOURNMENT

(3:51:42) – Chairperson Bennett adjourned the meeting at 3:51 p.m.

The Minutes of the May 4, 2020 Carson City Utility Finance Oversight Committee meeting are so approved this 6th day of April, 2021.