A meeting of the Carson City Utilities Advisory Committee was scheduled for 3:00 p.m. on Friday, January 3, 2003 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Ron Knecht
Vice Chairperson Glen Martel
John Degenkolb
Craig Mullet
Larry Osborne
James Polito
James Riggs
Jeffrey Smeath

STAFF: Tom Hoffert, Utilities Operations Manager
David Heath, Finance Director/Risk Manager
Nick Providenti, Accounting Manager
John Bonow, Consultant
Kathleen King, Recording Secretary

NOTE: A tape recording of these proceedings is on file in the Clerk-Recorder's Office and is available for review and inspection during regular business hours.

A. ROLL CALL AND DETERMINATION OF A QUORUM (1-0001) - Chairperson Knecht called the meeting to order at 3:04 p.m. Roll was called; a quorum was present. Member Langson was absent. Member Smeath arrived at 3:14 p.m. Member Osborne arrived at 3:21 p.m.

B. ACCEPTANCE OF CLERK'S MINUTES - December 12, 2002 (1-0014) - None.

C. PUBLIC COMMENTS (1-0018; 0075) - Phil Williamson inquired as to whether a bill distribution analysis had been completed in order to determine the impact of rates on various customers within a class. Mr. Bonow advised that the impact of any rate increase on any class of customer within the City can be quantified. For simplicity's sake, an average, high use, and low use customer was defined for each customer class. Mr. Williamson suggested that a wide range of impact can exist within each customer class. He requested a bill distribution analysis, information on the rates proposed for each class, and the revenue requirement being used to develop the rates. He inquired as to how fire flows were spread to the commercial class. At the request of Member Polito, Mr. Williamson clarified his request for a bill distribution analysis.

D. MODIFICATION OF AGENDA (1-0029) - None.

E. DISCLOSURES (1-0033) - Vice Chairperson Martel advised of having informed the Builders Association of Western Nevada Executive Officer of the methods and procedures being reviewed by the Committee. He will provide an update to the BAWN Board at the meeting scheduled for January 7th.

F. PUBLIC MEETING ITEMS:

F-1. PRESENTATION BY CONSULTANT AND DISCUSSION REGARDING FINAL WATER COMPUTER RATE MODELS (1-0049) - Mr. Bonow reviewed the direction provided at the last meeting. (1-0167) In response to a question, Mr. Bonow advised there would be no change in operating costs if all debt is financed. Similarly, billing charges and customer costs are the same regardless of how capital is funded. The meter charge is effectively the same in each scenario because the costs covered by the meter charge don't change. The consumption charge changes in response to how capital costs are funded. The meter charge is, in effect, calculated separately based on the cost allocation method and the consumption charges are based on the criteria defined. There is total required revenue for each class; there is meter charge and connection fee revenue that is credited against it; and the balance needs to be made up from rates. Where the average residential user was defined, calculating the consumption charge was relatively simple. A determination has to be made regarding the mixture of pay-as-you-go and debt which will allow the consumption charge to be set at a point that will have no impact. Mr. Bonow advised that the agenda materials represent summaries of the model outputs.

Mr. Bonow referred to the Summary of Rate Adjustment Analyses included in the agenda materials. He responded to questions regarding the method by which the average residential bill was determined. He referred to the 2001 Customer Account and Consumption Data by Month and provided background information on the same. He reviewed the totals for 2001 and the number of gallons consumed by the residential class on average per month. He reviewed the Average Consumption per Equivalent Residential Unit ("ERU") for 2001, and discussed the method for identifying an average customer. Mr. Bonow referred back to the Summary of Rate Adjustment Analyses and reviewed the same. He discussed the method by which the meter charge was determined. In response to a question, Mr. Bonow advised that the $8.10 figure represents today's meter charge. He responded to additional questions regarding the costs which were allocated to the meter charge, and advised that all costs were considered to ensure consistency with the budget and the capital planning process. He clarified that there was no limit to consideration of only those costs which would be covered by the meter charge; all costs were reviewed to ensure that the allocation being undertaken was consistent with the cost allocation method. The dollar decrease per adjustment by ERU is exactly the same for every class of customer.

Mr. Bonow advised that there is no sprinkler charge based on the Committee's decision to spread the cost of fire protection system wide. The adjustment is in effect 100% and the allocation is now borne by the system as a whole. With regard to consumption charges, Mr. Bonow cautioned the Committee to recognize that the scenario is for all capital to be funded only from current year rates. Given the large capital costs, the consumption charge for the first year would be over a 100% increase per thousand gallons for the residential customer and similar changes for the other customer classes. Subsidies notwithstanding, every customer class would be affected by the large capital cost requirements if there were no additional borrowing to smooth the impacts of those costs.

Mr. Bonow referred to the Connection Fee/ERU line item and advised that the figure was based on the consultants' methodology of the book value adjusted by the Regional Engineering News Record Inflator for the number of ERUs in each class of service or as a total for the system. Mr. Bonow explained the reason for the difference in the figure from the materials presented during the last meeting. He emphasized that the figure is based on the agreed-upon calculation methodology.

Mr. Bonow responded to questions regarding the figures reflected in the "Change in Avg. Res. Monthly Bill" line item for the "No Avg. Res. TOTAL BILL Increase" table. In response to a further question, he advised that the target for the decrease is a five-year average so the 2008 figure is reflected as 0.00%. The target for holding the average residential customer bill adjustment to either 0.00% to 5.00% was based on what it would be five years from now if there was an average increase in each of the intervening five years. Mr. Bonow responded to additional questions regarding anticipated changes to the average residential customer bill in the first five years. In response to a further question, Mr. Bonow clarified that the average residential customer bill will be irregular relative to today and in the intervening five years. On average and in 2008, the total bill, if the consumption stays the same relative to the test year, will be a 0.00% increase. Year over year, the City will have to ensure enough revenue so the bills can go up or down but the bottom line still makes sense. Mr. Bonow pointed out that even though the meter charge decreases by 36%, the annual consumption charge over the next five years will increase 5.75% over the next five years. The total bill will be unchanged because, relatively speaking, the meter charge is a fairly substantial component of even an average residential customer's bill. Mr. Bonow reviewed the figures reflected in the "5% Increase in Avg. Residential Bill" table.

Mr. Bonow responded to questions regarding the average residential bill as related to the methods for funding capital. He advised that the focus is how much debt financing is needed to get the resulting costs to fit within the revenues that the two scenarios generate. In response to a further question, Mr. Bonow reviewed the Capital Funding Characteristics for Each Rate Scenario tables included in the agenda materials. He advised that some of the repair/replacement costs are "front-end loaded" so the projects need to fit within the revenue constraints. He acknowledged that regardless of where the debt financed funding is allocated - repair/replacement or expansion - the financial impact to the enterprise is the same. Discussion took place regarding consumption versus meter charge impacts to various customers. In response to a question, Mr. Heath advised that the City has enough working capital reserved to get through the first few years. He acknowledged that the Finance Department has five-year cash flow projections. Mr. Bonow advised that he has the "bottom line impact" given all the assumptions, together with fund balances, based on the increases. In response to a question, Mr. Bonow advised that given the cost allocation methodology between fixed and consumption based charges, there has been a reallocation. There is also a need for reallocation between customer classes. He noted that this was presumed before and validated throughout the exercise based on the consumption impacts to the size of the system and the resulting cost allocations. Because fewer revenues will be allocated from the meter charge, the system will be more susceptible to usage changes and those resulting revenues. There is the ability to manage the capital funding approach to result in a certain bill for a particular class or subclass of customer. Mr. Bonow advised that the only latitude he took in the calculations was which projects to debt finance. Everything else is rigidly defined to be consistent with the cost allocation methodology. Discussion took place regarding potential outcomes from the four scenarios and the possibility of a conservation-based rate. Mr. Bonow acknowledged no change in consumption was reflected in the consumption-based rates or total bill.

Mr. Bonow reviewed the Water Utility Summary of Rate Adjustment Analyses from the aspect of the commercial customer. He advised that requiring rates to increase according to calculations and preventing them from increasing will result in lower revenues, require utilization of fund balances, and the possibility of a deficit situation. Requiring a rate decrease in the near term, according to calculations, and in fact decreasing rates, will raise a question when rates need to be increased. Mr. Bonow advised that, because of the five-year averaging, average commercial customers could actually see a 13% decrease in their total bill from year one to year five. Over the next five years, a rate increase would be required. To make the change from the first five-year period to second five-year period less dramatic, Mr. Bonow suggested decreasing less in the near term to avoid a larger increase further out. He clarified he was speaking of consumption charges which translate into bills for the commercial customer because of the much higher impact of consumption rates.

Mr. Bonow distributed a Calculation of Weighted Average Rate Increases (FY 2004-2013) showing four scenarios over a ten-year time period. He reviewed the figures reflected in the "No Avg. Res. TOTAL BILL Increase" and the "5% Increase in Avg. Residential BILL" scenarios. He advised that the Weighted Average was true and not nominal, and clarified that the figures reflected consumption charge increases not bill increases. He responded to questions and discussion took place regarding the effect of the rate increases for residential and commercial customers over the two five-year periods reflected. In response to an additional question, Mr. Bonow advised that interest on debt relates to both meter and consumption charges depending upon the underlying project financed.

Mr. Bonow reviewed the Carson City Water Consumption 2001 Maximum/Minimum Monthly Use and Maximum/Average Monthly by Customer Class graphs included in the agenda materials. He explained that the average has been defined as the base instead of the minimum. He advised that the 2002 figures are incomplete, and he provided a brief overview of the same. He further advised that the 2002 figures do not impact the calculations because 2001 is the test year.

Mr. Bonow referred to the "No Avg. Res. TOTAL BILL Increase" Scenario included in the agenda materials, and reviewed the Comparison of Typical Water Bills for "high use," "average use," and "low use" residential and commercial customers. He noted that the high end user is more affected by increases in consumption rates than by the offsetting decrease in meter charge because consumption charges are such a large component of the bill. Discussion took place regarding differences between the residential and commercial customer bills. Mr. Bonow emphasized that he only managed the funding of capital decisions through the five-year period. He did not address it beyond five years because the fifth year was to be the point in time when the 0% or 5% average residential increase would be in effect on the total bill. He advised that some of the "lumpiness" could be eliminated by continuing to manage the capital funding process beyond five years. The method by which each customer class absorbs costs associated with capital has the most dramatic impact on every customer class. Mr. Bonow advised that the same tool used to target the 0% or 5% scenarios is available for the succeeding five years and throughout the remaining term of the 20-year capital projection.

Mr. Bonow responded to questions regarding the capabilities and user friendliness of the model. In response to a further question, Mr. Bonow advised that three and ten year scenarios can be available for the public workshop and the Board of Supervisors presentation. Member Polito referred to the objectives of the study to present one scenario that preserved the existing subsidy, and one that eliminated it. He objected to a move toward presenting elimination of subsidies over a time period less than five years. Member Riggs agreed with Member Polito's comments and referred to the Board of Supervisors' direction that changes should take place gradually. Vice Chairperson Martel clarified that his suggestion was to have the three and ten year scenarios available in addition to the scenarios previously agreed upon. He agreed with Member Riggs that the five-year plan will meet the Board of Supervisors' criteria. Mr. Bonow commented that once a cost allocation methodology is defined, the subsidy of how costs are allocated is eliminated. There are two ways to preserve the subsidy. One is by violating the cost allocation methodology and keeping costs "misallocated" between the classes. The other is to override the model's calculation of rates and allow the user to define rates so that a revenue subsidy can be preserved between classes. Mr. Bonow referred to the Calculation of Weighted Average Rate Increases and advised that the model freely calculates each year, without constraint, where rates would have to increase or decrease if capital projects were funded on a pay-as-you-go basis. He advised that as the models are finalized, the pleasure of the Committee can be accommodated.

Anticipating a question regarding the commodity/demand method of cost allocation, Mr. Bonow advised that, based on generally accepted approaches to commodity/demand versus base/extra capacity, the costs that go into the base are all commodity costs and that portion of the demand costs that equate to average use. Comparing the two, "shoe horning" commodity/demand costs into base/extra capacity costs is as follows: Take all commodity costs and put them into the base and take whatever component of the demand costs are related to average use of the system and put them into the base. That's the fundamental difference in terms of cost allocation. Because more costs would be allocated to the base or, conversely, fewer costs in commodity with the commodity/demand method, there would be a slight shifting of the cost allocation away from commercial to residential. Mr. Bonow reviewed estimated figures for the weighted average increase over the 20-year capital program for residential and commercial customers. Commodity/demand would result in a slightly higher required annual increase on average for residential customers which would provide the opportunity to have a slightly greater annual decrease for commercial customers. Mr. Bonow commented that using either cost allocation method gets fairly close to the same rates within a small margin of error, approximately 0.3% per year for residential customers. He acknowledged that the cost allocation method chosen by the Committee favors residential customers on the margin, and clarified that the method favors entities with more demand costs.

In response to a question, Mr. Bonow reviewed the Required Rate Adjustments for Select Customer Classes graph included in the agenda materials. He referred to the Rate Calculations for the Commercial Customer Class and reviewed the rates for each tier of use from 2003 to 2012 and from 2013 to 2023. He advised he would be providing the Committee with information regarding the large fluctuations in rate adjustments for the commercial customer class.

Mr. Bonow advised that the State is a "major unknown" because it is under a separate contract which specifies $.85 per thousand gallons regardless of the amount of use. To be consistent, Mr. Bonow used the same cost allocation methodology and engineered a change to rate adjustments for the State as for all other customer classes depending upon the scenario. A determination will have to made regarding whether or not this is feasible given the contractual relationship. Mr. Bonow referred to the Rate Calculations for the State Customer Class and reviewed the average annual increase over the next five years, which translates to $200-$270,000. The amount of revenue from the increase in 2003/2004 would be approximately $80,000. Mr. Bonow noted that this is a relatively small component of overall revenue but if it is not available, fund balances will have to be used or costs will have to be distributed to the other classes. In response to a question, Mr. Hoffert advised that 12 years remain in a 15-year contract with renewable options and clauses for revision based on criteria such as the current process. He advised of conversations with the State Building and Grounds Director on other issues related to costs incurred by the State, and informed him of needed discussions over this issue in the near future along with State issues regarding water sales to the City. Mr. Bonow emphasized that this scenario is a "snapshot in time" and beyond the control of the consultants to engineer. He reiterated that without an adjustment to the State's contract, approximately $80,000 in revenue requirements will need to be "made up somewhere else."

Member Polito noted that between 2008 and 2009, the base continues to increase and the excess capacity begins to decrease for all customer classes. He inquired as to whether this has to do with the residential customer class bearing a greater burden of the extra capacity costs. In response to a question, Mr. Bonow suggested the "flip flop" has more to do with the nature of capital costs, whether base or extra capacity. Many of the extra capacity costs seem to be focused in the near term, decrease in 2009, and then begin to increase again through succeeding years. Mr. Bonow advised that this would also partially explain the "flip flopping" of commercial rate adjustments in 2008/2009. In response to a further question, Mr. Bonow advised that each project is described as either being all base, all extra capacity, all customer costs, or some combination thereof.

(1-2550) Mr. Williamson inquired as to how the proposed commercial rates represented compare with other communities. Chairperson Knecht advised that the Committee reviewed a comparison of rates between Carson City and neighboring communities, and recalled that both residential and commercial rates were lower in Carson City. Mr. Williamson referred to the relationship of residential and commercial commodity rates in 2008, compared the cost of 50,000 gallons for each customer class, and suggested the difference in fees will be difficult to propose. Chairperson Knecht acknowledged the concern of comparing costs with other communities at present and in the future, if all the proposed changes are implemented. Mr. Williamson commented that his questions related to the potential for accuracy of the model which can be affected by many factors. He suggested that fire flow is a substantial cost to the system and that to spread the cost over all classes may create, over time, a subsidy from the residential to commercial customer class. Member Polito advised that this issue was discussed extensively earlier in the process. He indicated his concerns were allayed because fire flow costs have been included in the commodity charge. Since the larger commercial establishments use greater amounts of the commodity, they would bear a greater portion of the fire protection charges. With respect to the accuracy of the model, Member Polito advised that the peak and sizing of the system has a lot to do with the summer irrigation demand created by residential customers. The model chosen reflects that by assigning the costs to the extra capacity component. Because residential customers contribute to the size of the system in the summer, they pay a greater amount for the high level use. Mr. Bonow advised that the focus has been on allocation of costs between customer classes, not the impacts of the particular adjustment in any rate on types of customers within the classes. The first hurdle in the model is to ensure that each customer class is generating its appropriate amount of revenue based on costs allocated to it. Mr. Bonow explained that this is as much a function of the cost allocation methodology as the fact that the same tiered rates for each customer class don't exist today. So the same tiered rates can be engineered back to the same per thousand gallons, but that is considering the different usage patterns within the class not so much the class as a whole. Mr. Bonow acknowledged that there are different rates per thousand gallons because that is where they are today, so starting at that point, the revenue of the class as a whole has to be engineered.

Mr. Williamson advised of having reviewed the numbers and the large shifts in costs, and suggested "there's something wrong." He inquired as to whether the costs of providing fire protection were actually calculated. Mr. Bonow advised that fire protection costs were provided by staff and incorporated into many of the earlier discussions in terms of costs for pressure maintenance, etc. He indicated there was no exhaustive discussion of the costs for every type of connection, whether sprinkler or public hydrant, but advised that the model can accommodate fire protection costs as a separate class of customer from the beginning. The direction of the Committee, after extensive discussion, was to spread the fire protection costs among the remaining classes. Mr. Bonow acknowledged that fire protection costs were very modest as a total.

Mr. Williamson referred to the cash flow information and suggested that big reductions in customer charges can lead to big cash flow problems because of decreased usage in the winter months. He referred to the Calculation of Weighted Average Rate Increases, and suggested that it violates a Bond Brite principle of good rate design which is rate stability. He commented that it appears as if rates are set to be reduced, and expressed the opinion that it is not a good idea to lower rates and then increase them in the magnitudes proposed. He inquired as to when revenues begin increasing, and Member Polito advised that the source is the increase in connection charges and the high end users in each customer class. Chairperson Knecht acknowledged that there is no revenue increase from customer bills on a net basis. Member Degenkolb commented that fire flow requirements for capacity always exceed domestic requirements. Member Smeath provided an overview of the discussions which took place regarding fire protection costs. Chairperson Knecht advised that fire protection costs are not linear in the capacity. Mr. Williamson suggested that costs should be allocated in a cost study.

F-2. DISCUSSION AND ACTION TO APPROVE FINAL WATER COMPUTER RATE MODELS WITH PROPOSED RATES AND FORWARD TO BOARD OF SUPERVISORS (1-2930) **-** Mr. Bonow recommended trying to manage, particularly on the commercial side, the average near term decreases so that the required adjustments are evened out, understanding that part of the even-ing out may be facilitated by a different approach to funding capital after the fifth year. He suggested viewing the adjustments as minimum changes. Any increase over the amount or less of a decrease would add to fund balance, and potentially eliminate a higher variability from month to month and from year to year on revenues due to the changing nature of the revenues to more consumption based. Chairperson Knecht expressed his understanding of the recommendation, as follows: a general policy for rates with a first-year implementation effect because staff would be expected to bring the matter back each year with the new data as it is recorded and incorporated into the model. If, in fact, the capital spending and all other inputs are realized in real time, then the staff would bring each year what is shown in the model. To the extent that what is actually realized in terms of spending, inflation, changes in consumption, etc. varies from what is input to the model, then staff will present the same policy but with slightly modified numbers.

In response to a question, Mr. Bonow suggested that it should be clearly communicated to the Board of Supervisors that if the model indicates a certain rate and a different recommendation is made which has an effect of an increase in fund balance, the fund balance should not be used for discretionary spending. It is deliberately being built to lessen future rate shock. Chairperson Knecht commented that one net effect of the study has been a determination of a lot of financial leeway for the City which shouldn't be abused to use the water and sewer utility as a cash cow for other purposes. He indicated that this is an element he expects to incorporate into the recommendation. Member Polito agreed that the fund balance should not be used for purposes other than the water utility, and pointed out that the overages should specifically be credited to the commercial customer class.

Member Riggs inquired as to restrictions for use of fund balances. Mr. Bonow advised that the fund balance has two primary reserve components, one is operations and maintenance and the other is an internal debt service reserve which is equal to six months of the outstanding annual debt service requirement. Those two components consume approximately 2/3 of the existing fund balance. Mr. Heath advised that the sewer utility as a $2.4 million EPA emergency replacement reserve associated with federal dollars allocated to the City. Mr. Bonow advised that of the total fund balance in the water utility, only $600-$700,000 is discretionary above the minimum reserve. In response to a further question, Mr. Bonow advised that there is nothing to constrain use of the fund balance. He suggested this amplifies the point that there are a number of policies which will guide the ongoing nature of the utilities as they have been guided to date. In response to a question, Mr. Hoffert discussed statutory restrictions on enterprise funds. He advised that utilities, as an enterprise fund, are to be kept whole and the funds are to be used to run the utility. He offered to provide the statutory citations to the Committee members. Member Riggs expressed a concern that the money be retained within the enterprise fund. Mr. Heath suggested also considering reducing debt leverage if funds are built up. Mr. Bonow acknowledged that the requirement to maintain debt ratings, coverages, etc. has been incorporated into the model. He advised that the model can go to any coverage level beyond the 1x coverage. At some point, however, there is a break where even though there may be sufficient coverage, the aggregate amount of debt may be unpalatable to a credit rating agency. He acknowledged that debt is a useful tool, but at some point needs to be managed.

Discussion took place regarding the action to be taken. Member Osborne expressed a preference to present the scenario prepared by Mr. Bonow to the Board of Supervisors. **Member Osborne moved to accept the final water computer rate models, as presented by Mr. Bonow, with proposed rates, particularly in the no average residential total bill scenario.** Chairperson Knecht commented on the motion. **Vice Chairperson Martel seconded the motion.** Mr. Bonow clarified that the rates were calculated based on constraints as defined by the Committee. **Member Osborne clarified his motion to indicate proposed rates, as presented by the consultant at the direction of the Committee.** Member Polito suggested changing the motion to indicate that the Committee approves the computer model and recommends rate adjustments that don't increase the average residential commodity charge by more than 7.32% nor decrease the commercial by 13.95% to provide the flexibility to the Board of Supervisors to make whatever types of funding decisions they choose. He suggested this approach would provide the Board more discretion to give guidance to the Committee in adopting a final model. Member Polito acknowledged he was suggesting an amendment to forward the two brackets rather than the one scenario. Member Riggs "seconded" the suggestion. Member Osborne advised that he had not agreed to any amendment to his motion, and discussion took place with regard to the same. **Member Osborne amended his motion to include the brackets that the Committee would send forward to the Board of Supervisors to include a residential increase of no more than 7.32% and a commercial reduction of no more than 13.95%.** Vice Chairperson Martel discussed the reason for supporting the first motion, and expressed the opinion that the Committee is "missing the boat" in not forwarding a recommendation to the Board. He advised he would not support the amendment. **Member Polito moved to adopt the computer rate model, which is the computer model and set of spreadsheets as populated by the particular input values and allocation factors used, and to recommend a rate structure to the Board of Supervisors such that residential rates increase by no more than 7.32% and commercial rates reduce by no more than 13.95%. Member Riggs seconded the motion**, and commented that the recommendation will provide the Board of Supervisors the option of building reserves to offset future debt. Member Osborne advised that he did not interpret Member Polito's motion as an amendment but as a separate motion. Member Polito clarified that his suggestion was offered as discussion to begin with. Chairperson Knecht explained his ruling to interpret Member Polito's proposal as an amendment to the original motion. Member Osborne reiterated that he did not view Member Polito's subsequent motion as an amendment to the original motion, and pointed out that the original motion was still pending. Member Degenkolb expressed opposition to Member Polito's motion, and a preference for forwarding a specific recommendation to the Board of Supervisors. Member Polito commented that the Committee's charge was to develop a rate making method, which is the computer model. He expressed the opinion that the Committee fulfills its initial charge by adopting a method and a range of rates rather than a particular level of rates. Mr. Hoffert expressed a concern that Member Polito's motion circumvents the original motion, and discussion took place with regard to the same. Chairperson Knecht called for vote on the "amendment to the original motion" by show of hands; **amendment failed 2-6.** Chairperson Knecht called for a vote on the original motion by show of hands; **motion carried 6-2.**

(2-0312) In response to a question, Mr. Osborne clarified that his motion included connection fees, meter charges, and all consumption charges for all classes of service. Mr. Bonow reviewed the percentage increases and decreases on the water rate model for all customer classes based on the cost allocation methodology.

F-3. PRESENTATION BY CONSULTANT AND DISCUSSION REGARDING SEWER COMPUTER RATE MODELS (2-0038) **-** Mr. Bonow advised that the information necessary to translate data from master accounts for the water utility to individual accounts for the sewer utility was not available in time for this meeting. He suggested it would be unfruitful to attempt to discuss this item and item F-4 at this time. In response to a question, Mr. Bonow discussed the method for estimating and charging certain commercial customers based on determinations other than water flow. He anticipated having the information available for the next regular meeting. Discussion took place regarding the revised work/meeting schedule. Vice Chairperson Martel advised he would be unable to attend the January 24th meeting due to a previous engagement.

F-4. DISCUSSION AND ACTION TO APPROVE FINAL SEWER COMPUTER RATE MODELS WITH PROPOSED RATES AND FORWARD TO BOARD OF SUPERVISORS - Deferred.

F-5. DISCUSSION ON PRESENTATION MATERIAL FOR JANUARY 30, 2003 PUBLIC WORKSHOP (2-0147) **-** Mr. Hoffert suggested including the following items in the public workshop presentation: (1) How and why the cost allocation method was chosen; (2) The four scenarios; (3) An explanation of elimination of the fire service/fire hydrant charge; (4) The rate change policy; and (5)An explanation of the subsidy. Chairperson Knecht requested the Committee members to add to Mr. Hoffert's list and that it be provided to the Committee members in final form. Vice Chairperson Martel inquired as to the public workshop format, and suggested using display boards with basic facts and figures. Member Polito suggested including information regarding the federal mandates, and noting that some of them are unfunded. Chairperson Knecht suggested including a comparison of Carson City utility rates with neighboring communities, both currently and once the changes are implemented. Vice Chairperson Martel requested Mr. Hoffert to include a comparison of connection fees between communities. Member Polito suggested including a PowerPoint presentation, and discussion took place with regard to the same. Member Osborne expressed a preference for an informal, one-on-one format. Discussion took place regarding anticipated time frames for the public workshop and the Board of Supervisors presentation. In response to a question, Mr. Hoffert advised that a PowerPoint presentation will most likely be developed for the Board of Supervisors. The public workshop will be preparatory to the Board presentation. Mr. Hoffert responded to questions regarding advertisement of the public workshop.

G. ADJOURNMENT (2-0356) **-** Vice Chairperson Martel moved to adjourn the meeting at 6:32 p.m. Member Smeath seconded the motion. Motion carried 8-0.

Respectfully submitted this 15th day of April, 2003.

ALAN GLOVER, Clerk-Recorder

By: ______________________________
Kathleen M. King, Deputy Clerk/Recording Secretary
to the Carson City Utilities Advisory Committee