

CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE

Minutes of the March 21, 2023 Meeting

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A regular meeting of the Carson City Utility Finance Oversight Committee was scheduled for 1:00 p.m. on Tuesday, March 21, 2023 in the Community Center Robert “Bob” Crowell Board Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Bob Johnston
Vice Chairperson Jim Bathgate
Member Cynthia Turiczek
Member Ron Knecht
Member Ronald Johns

STAFF: Darren Schulz, Public Works Department Director
Andy Hummel, Wastewater Utility Manager
Eddy Quagliari, Water Utility Manager
Jamie Stevensen, Accounting Manager
Pamala Ganger, Deputy Chief Financial Officer
Adam Tully, Deputy District Attorney
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.

1. CALL TO ORDER AND – UTILITY FINANCE OVERSIGHT COMMITTEE

(1:01:20) – Vice Chairperson Johnston called the meeting to order at 1:01 p.m.

2. ROLL CALL AND DETERMINATION OF A QUORUM.

(1:01:29) – Roll was called, and a quorum was present. Member Knecht arrived at the meeting at 1:02 p.m.

3. PUBLIC COMMENT

(1:01:56) – Vice Chairperson Johnston entertained public comments; however, none were forthcoming.

4. FOR POSSIBLE ACTION – APPROVAL OF MINUTES – APRIL 4, 2022

(1:03:09) – Vice Chairperson Johnston introduced the item and entertained a motion.

(1:03:16) – **MOTION: Member Bathgate moved to approve the April 4, 2022 meeting minutes as presented. Member Turiczek seconded the motion. The motion carried 5-0-0.**

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5. PUBLIC MEETING ITEMS:

5.A FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING ELECTING A CHAIRPERSON AND VICE-CHAIRPERSON FOR THE UTILITY FINANCE OVERSIGHT COMMITTEE ("UFOC").

(1:03:51) – Vice Chairperson Johnston introduced the item, and Mr. Hummel referenced the Staff Report, which is incorporated into the record. Vice Chairperson Johnston entertained nominations.

(1:05:33) – MOTION: Member Bathgate moved to nominate Bob Johnston to the position of UFOC Chair. Vice Chairperson Johnston entertained additional nominations for UFOC Chair; however, none were forthcoming. **Vice Chairperson Johnston seconded the motion. The motion carried 5-0-0.**

(1:06:59) – MOTION: Member Knecht moved to nominate Jim Bathgate to the position of UFOC Vice Chair. Member Turiczek seconded the motion. The motion carried 5-0-0.

5.B FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR ("FY") 2024 WASTEWATER FUND BUDGET, ITS COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND A RECOMMENDATION TO THE BOARD OF SUPERVISORS REGARDING THE TENTATIVE WASTEWATER FUND BUDGET FOR FY 2024.

(1:07:51) – Chairperson Johnston introduced the item. Ms. Stevenson acknowledged Carson City Fiscal Analyst Courtney Nicholas at the Carson City Public Works Department, as Ms. Nicholas was responsible for much of the preparation work for the budgets. Ms. Stevenson referenced the Slideshow on the tentative Carson City Wastewater Fund for fiscal year (FY) 2024, which is incorporated into the record. She stated that because there were some City employees who would be eligible for promotions and who would be receiving some certifications during the following year, there would be an addition in the amount of \$33,953 to the salaries and benefits expenses, so the total for the salaries and benefits increase would be \$232,770 instead of the \$191,691 indicated in the Slideshow.

(1:13:30) – Chairperson Johnston entertained Member questions, and Ms. Stevenson, Ms. Ganger, Mr. Schulz, and Mr. Hummel responded to clarifying questions. Ms. Stevenson had explained that the City was charging other funds across the City departments for rent to use the Wastewater Funds assets, such as the buildings. Member Knecht pointed out that there was an issue involving a large truck/snowplow being charged to other City departments, and he was concerned about the departments paying their cost while “nobody subsidizes one way or the other.” He brought to Staff’s attention how the Los Angeles Department of Water and Power started using higher water, sewer, utility, and enterprise charges to subsidize the general fund in order to avoid the need to raise taxes, which Member Knecht believed was “a real problem.” Regarding the reported auditing fees, Member Knecht commented that “\$20,000 a

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year on that kind of audit does not strike me as problematic”; however, he hoped that the City was changing auditors every three to five years, and Ms. Stevenson confirmed that the City would go out to bid every two to three years. Referencing the City’s cash flow management of the wastewater fund and the “various lumpy costs and revenues coming in,” Member Knecht recommended considering how the City could “avoid having ratepayers essentially act as the financiers instead of ratepayers,” and he inquired about suggestions for how the City could manage the year-to-year and month-to-month cash flow. He also believed that the City should be looking for less ratepayer from equity funding and more debt funding. In response to Member Knecht’s input, Ms. Ganger mentioned that some of the large “spikes” in cash flow were the result of bond monies that the City received and had not spent yet, and she clarified that the City had been attempting to balance the capital needs between the debt and the rates. Mr. Schulz added that the “lumpiness” related to the “capital side of things” due to projects.

(2:07:48) – When no further questions were forthcoming, Chairperson Johnston entertained a motion.

(2:08:47) – MOTION: Member Knecht moved to acknowledge that the tentative Wastewater Fund Budget for FY 2024 is in compliance with the adopted financial policies and to recommend that the Board of Supervisors approve the tentative Wastewater Fund Budget for FY 2024. Member Turiczek seconded the motion. The motion carried 5-0-0.

5.C FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR (“FY”) 2024 WATER FUND BUDGET, ITS COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND A RECOMMENDATION TO THE BOARD OF SUPERVISORS REGARDING THE TENTATIVE WATER FUND BUDGET FOR FY 2024.

(2:10:37) – Chairperson Johnston introduced the item. Ms. Stevenson referenced the Slideshow regarding the tentative Carson City Water Fund Budget for FY 2024, which is incorporated into the record. She stated that \$50,986 would be added to the salaries and benefits expenses due to expected promotions and new certifications for employees, which resulted in the total salaries and benefits increase being \$182,941 instead of the \$124,828 indicated in the Slideshow.

(2:14:12) – Chairperson Johnston entertained Member questions, and Ms. Stevenson, Mr. Quaglieri, and Mr. Schulz responded to clarifying questions. In response to Member Knecht’s question regarding the Douglas County water purchase agreement, Mr. Quaglieri confirmed that the City had a perpetual contract with the Town of Minden that included a 10-year clause in the event that anyone wishes to negate the contract, and Mr. Schulz added that force majeure provisions were included in the contract.

(2:21:39) – Chairperson Johnston entertained further questions and, when none were forthcoming, a motion.

(2:21:49) – Member Turiczek moved to acknowledge that the tentative Water Fund Budget for FY

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2024 is in compliance with the adopted financial policies and to recommend that the Board of Supervisors approve the tentative Water Fund Budget for FY 2024. Member Johns seconded the motion. The motion carried 5-0-0.

5.D FOR POSSIBLE ACTION: DISCUSSION AND POSSIBLE ACTION REGARDING THE TENTATIVE FISCAL YEAR (“FY”) 2024 STORMWATER UTILITY FUND BUDGET, ITS COMPLIANCE WITH ADOPTED FINANCIAL POLICIES, AND A RECOMMENDATION TO THE BOARD OF SUPERVISORS REGARDING THE TENTATIVE STORMWATER UTILITY FUND BUDGET FOR FY 2024.

(2:22:21) – Chairperson Johnston introduced the item. Ms. Stevenson referenced the Slideshow regarding the tentative Carson City Stormwater Utility Fund Budget for FY 2024, which is incorporated into the record. She noted that there was an additional \$7,124 added to the salaries and benefits expenses for employees earning certifications during the following year, which resulted in a total salaries and benefits increase of \$61,195 instead of the \$54,071 indicated in the Slideshow.

(2:24:57) – Chairperson Johnston entertained Member questions, and Mr. Hummel responded to clarifying questions. When no further questions were forthcoming, Chairperson Johnston entertained a motion.

(2:26:54) – MOTION: Member Turiczek moved to acknowledge that the tentative Stormwater Utility Fund Budget for FY 2024 is in compliance with the adopted financial policies and to recommend that the Board of Supervisors approve the tentative Stormwater Utility Fund Budget for FY 2024. Member Knecht seconded the motion. The motion carried 5-0-0.

5.E FOR DISCUSSION ONLY: DISCUSSION AND PRESENTATION CONCERNING PERSONNEL, PROJECTS AND PLANNING RELATED TO CARSON CITY UTILITIES.

(2:27:36) – Chairperson Johnston introduced the item. Referencing a Slideshow, Mr. Quaglieri highlighted the following items during his report regarding the Water Division of the Carson City Public Works Department:

- Mr. Quaglieri noted that the year was “very wet” and referred to an image showing how many inches of water were in the snowpack in the hills.
- Carson City was currently no longer experiencing a drought, though the City typically is experiencing some form of drought with some “wet periods.”
- Referencing an overview of the City’s water system, Mr. Quaglieri noted over 350 miles of pipeline, 16 separate pressure zones, 13 booster pump stations, 16 storage tanks, and 60 pressure regulating valves (PRVs).
- The City was at roughly 75 percent groundwater to 25 percent surface water system.
- The City had one arsenic treatment plant for the two groundwater wells, and the Division utilized

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“blending” throughout the City to treat for arsenic, manganese, and uranium, as doing so was the cheapest method to treat the water.

- Surface water was composed of water from Ash Canyon, King’s Canyon, and the Marlette Lake Water System. Additionally, the City had two river induction wells in Riverview Park, labeled Well #21 and Well #25, to use as producers and used Carson River Rights to account for the groundwater pumping.
- The City had interconnection with the Town of Minden and Douglas County through the transmission vein as well as an emergency connection with Lyon County. The Town of Minden produced roughly five million of gallons per day (MGD) through the interconnection.
- During the calendar year 2022, the City’s water system demands were reported at 17.5 MGD for peak day demands and 5.8 MGD for average winter demands, with water loss reported at 3 percent.
- There were three water rehabilitations completed for Wells #24 and #53, and the rehabilitation for Well #48 was underway.
- Epoxy drop pipe was being added to the wells, and the Division was changing from oil cooled bearings on the drive shafts to water cooled on the vertical turbined pumps.
- The Division completed a Paradise View Pressure Regulating Station preventative replacement.
- The Prison Hill Booster Pump Station would be replacing two subgrade booster pump stations in the southeast of the City, as the above-ground Booster Pump Station would be easier to maintain and access as well as safer.
- Well #38 suffered from nitrate levels, so the Division was building a new flush to waste line to the Prison Farm to offset the nitrates with well water in order to treat the well and decrease the nitrate levels.
- The Quill Water Treatment Plant (WTP) Upgrade project was approaching 90 percent design review, and the Division has chosen Trojan UV, which had gone out to bid. The package filtration system was also out for bid, and the Division was preparing to solicit the electrical and motor control centers (MMC). The current plant, which was over 30 years old, was rated for 4.5 MGD but could only produce one MGD due to water quality standards and degradation of surface water sources. The current plant was not able to treat most of the City’s surface water sources with the current filtration process, and the turbidity was limited to six nephelometric turbidity units (NTUs). As a result of the current plant’s limitations, 20 to 40 percent of the raw water was being treated from what could be treated.
- Because the Division needed to be in compliance with the new Revised Lead and Copper Rule, the Division was working on a database that would identify material type for City/public water laterals, for which the due date was October 2024.
- The Division was updating its Carson City Source Water Protection Plan with Resource Concepts, Inc. (RCI).
- The Division was updating the Water Model with Atkins prior to the Water Resources Plan

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Update.

- The Division obtained 25 advanced metering infrastructure (AMI) meter transponders, which the Division was testing to possibly purchase more.
- The Division was continuing to follow the Well Rehab Program, which was recently completed, as well as the Tank Rehab Program.
- Regarding the Division's staffing, Tom Grundy retired on March 1, 2023; Joe Reyna filled the position as the Division's Water Operations Supervisor; James Estes filled the position as the Department's Production Foreman; and the Division was interviewing applicants for the new Production Operator 1, 2, and 3 positions.

Mr. Quaglieri responded to clarifying questions.

(2:58:00) – Mr. Hummel highlighted the following items during his report regarding the Carson City Wastewater Division of the Public Works Department:

- Concerning the City's wastewater system, Mr. Hummel noted 236 feet of pipeline, five sewage lift stations, and one Water Resource Recovery Facility (WRRF).
- The City's wastewater system treated approximately 5 million gallons per day.
- The treated effluent water was stored at the Brunswick Reservoir for irrigation usage, with a maximum of approximately 50 percent of that storage being used currently. The four sites in the City that used the water stored at the Brunswick Reservoir for irrigation were "the Prison Farm," Empire Golf Course, Eagle Valley Golf Course, and Silver Oak Golf Course.
- The City received a small amount of flows from Douglas County's Clear Creek Golf Course.
- Referencing an overview of the City's wastewater treatment, Mr. Hummel indicated that the average daily flow was 4.89 MGD in 2020, 4.77 MGD in 2022, and 6.3 to date in 2023; the peak day flow was 5.91 MGD in 2020, 7.36 MGD in 2022, and 9.66 MGD to date in 2023; and the total volume treated was 1788 million gallons (MG) in 2020 and 1740 in 2022. The wastewater was treated to Class B standard, which was suitable for irrigation usage with minimal human contact. The WRRF was permitted for flow rates of 6.9 MGD average and 9.5 MGD for peak day flows. The flow rates were influenced by growth, soil moisture, and water rates.
- For rapid assessment in determining blockage level, the Division has been using a sonar technology, and blockages are prioritized by the sewer crews for cleaning and inspecting.
- A consultant was assisting in breaking down the individual processes of the WRRF's standard operation procedures (SOP) as well as digitizing the SOP for quick response (QR) coding.
- The Division performed modeling on the collection system in order to monitor capacity.
- Several pipeline replacement projects were in progress, including for Nevada Street, Eagle Station and Silver State, Cured In Place Pipe (CIPP), Williams Street, and the southeast City area Septic to Sewer.
- The ongoing WRRF projects included electrical upgrades, revitalizing the odor scrubber and

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repairing floors in the Dewatering Building, rebuilding Screw Pump #4, installing a vent in the secondary effluent drain line, and effluent mainline air/vac valve replacements.

(3:11:07) – Mr. Hummel responded to clarifying questions prior to highlighting the following items during his report regarding the Public Works’ Stormwater Management Program:

- The Program generated approximately \$3 million a year in revenue, which Mr. Hummel commented was “a vast improvement over where we were just a couple years ago.”
- A large portion of the Program was Permit Compliance.
- Staffing for the Program included Stormwater Program Manager Brianna Greenlaw, the Assistant Program Manager, and two Storm Drain Technicians. A third Storm Drain Technician would be added to staffing during the upcoming year.
- Program capital projects included the Williams Street storm drainage improvements and the purchase of a replacement vector.
- A Utility Rate Study was completed in 2020, with which Staff reviewed the User Fees of all three utilities, and the utilities were adjusted over a four-year timeframe. The first increase took place on July 1, 2021, and the final increase would take place on July 1, 2024. User Fees would be adjusted by the previous calendar year Consumer Price Index (CPI), with a limit of 0 to 3 percent, starting on July 1, 2025 and continuing through the subsequent years.
- The Water and Wastewater Connection Fees were largely set in 2013 and adjust annually by the previous calendar year Engineering News-Record-Construction Cost Index (ENR-CCI).
- The Stormwater User Fees methodology was revamped into a more equitable methodology.

Mr. Hummel also responded to clarifying questions related to the Stormwater Management Program.

6. NON-ACTION ITEMS:

- FUTURE AGENDA ITEMS

(3:24:43) – Chairperson Johnston introduced the item and entertained requests for future agenda items; however, none were forthcoming.

- STATUS REPORTS AND COMMENTS FROM STAFF OR MEMBERS OF THE COMMITTEE

(3:25:10) – Mr. Hummel informed those interested that a Public Works Open House would be organized for May 20, 2023 for Public Works Week.

PUBLIC COMMENTS

(3:26:20) – Chairperson Johnston entertained public comments; however, none were forthcoming.

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8. FOR POSSIBLE ACTION: TO ADJOURN

(3:26:38) – Chairperson Johnston adjourned the meeting at 3:26 p.m.

The Minutes of the March 21, 2023 Carson City Utility Finance Oversight Committee meeting are so approved this 2nd day of April 2024.