

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Joseph J. Pomroy, P.E.
Director of Public Works

SUBJECT: Review, discuss and possibly set the date/time for April 11, 2018 at 6:00 p.m. for the public hearing on the proposed amendments to Sewer Ordinance #2 “An Ordinance Establishing Rates, Rules and Regulations for Sewer Service by the Incline Village General Improvement District” and Water Ordinance #4 “An Ordinance Establishing Rates, Rules and Regulations for Water Service by the Incline Village General Improvement District” that Includes the Utility Rate Increase

DATE: January 26, 2018

I. RECOMMENDATION

That the Board of Trustees makes a motion to set the date/time of April 11, 2018 at 6:00 p.m. for a public hearing for the proposed amendments to IVGID Sewer Ordinance No. 2, entitled “An Ordinance Establishing Rates, Rules and Regulations for Sewer Service by the Incline Village General Improvement District” and IVGID Water Ordinance No. 4, entitled “An Ordinance Establishing Rates, Rules and Regulations for Water Service by the Incline Village General Improvement District”

II. DISTRICT STRATEGIC PLAN

The Utility Rate Study supports Long Range Principle #2, Finance; The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management. Under Objectives for 2015-17, it specifically states, Prepare a five-year projection of financial results and performance measures for operations, capital improvement and debt service as a part of budget deliberations.

III. BACKGROUND

At the January 24, 2018 District Board of Trustees Meeting, Staff conducted a Utility Rate Study presentation that presented the next five years of operating and capital expenses and the projected revenue needs to provide sufficient and stable revenue during that time period. The Utility Rate Study from the January 24, 2018 Board of Trustees Meeting is posted on the IVGID website and the reader can review that document and listen to the presentation through the Livestream web services. The purpose of this memorandum is to set the date for the public hearing and to publish the Ordinance 2 and Ordinance 4 amendments for viewing by the public prior to the Hearing.

The proposed utility rate increase is to raise water rates by 3.4% and sewer rates by 2.7% for a total utility rate increase of 3.0%. The rates are currently scheduled for an average 3.2% increase per year for five years as detailed in the Five Year Utility Rate Study that presented to the Board on January 24, 2018.

The new water and sewer charges, connection fees and miscellaneous fee schedules are included as new Exhibits A, B and C and the old Exhibits A, B and C are watermarked with an "X". These are included in the Board Packet following this memo. There are no Ordinance language changes being proposed at this time. The full Ordinance will be published and available to the public a minimum of thirty days in advance of the Public Hearing and will be included in the April 11, 2018 Board Packet in its entirety.

District Staff will publish the required notices in compliance with NRS 318.199 and have documents available for viewing by the Public at the Administration Office, at the Public Works Office and posted on the IVGID website. Customers will also be notified through the PW News that is made available to every utility account.

IV. FINANCIAL IMPACT AND BUDGET

The proposed utility rate increase is to raise water rates by 3.4% and sewer rates by 2.7% for a total utility rate increase of 3.0%. The rates are currently scheduled for an average 3.2% increase per year for five years to meet the projections presented in this memo.

In 2017-18, total water and sewer revenues for Public Works are budgeted to be \$11.56 million and are proposed to be \$11.85 million in 2018-19 under this rate

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study. This is an increase in revenues of \$290,000 from increased commodity sales, additional users and from the rate increase.

The utility rates are calculated from a rate model that determines the revenue needs to meet operating and capital expenses while maintaining prudent reserves. Once the revenue target is established, the water and sewer rates are adjusted to generate that revenue in the most equitable way possible. The revenue is also balanced among the various rate components to pay for fixed, variable and capital components.

The reserve balance is a critical fund to be managed in Public Works. The amount of the bonding will be adjusted to insure the reserve fund remains at a prudent balance while also considering the costs of borrowing, the economic conditions in Nevada and the susceptibility of the funds. The contributions to the reserve will be \$2.9 million over the next five years.

V. BID RESULTS

Not applicable.

VI. ALTERNATIVES

Not set a date for the public hearing and keep Ordinance 2 and Ordinance 4 the same and not increase water and sewer rates. This will have a long term negative impact on the assets and financial health of the District. Water and sewer systems have regulatory oversight so the District must meet operation and infrastructure standards regardless of available funds.

VII. COMMENTS

The applicable Nevada Revised Statute is as follows.

NRS 318.199 Rates, tolls and charges for sewerage or water services or products: Schedules; public hearings; adoption of resolution; action to set aside resolution.

1. The board of trustees of any district organized or reorganized under this chapter and authorized to furnish sanitary sewer facilities pursuant to NRS 318.140 or to furnish water facilities pursuant to NRS 318.144 shall

establish schedules showing all rates, tolls or charges for services performed or products furnished.

2. Whenever the board of trustees proposes to change any individual or joint rate, toll, charge, service or product, or any individual or joint practice which will affect any rate, toll, charge, service or product, the board of trustees shall hold public hearings after 30 days' notice has been given to all users of the service or product within the district.
3. Notice shall be given by publication in a newspaper published in the county and if no such newspaper is published, then a newspaper published in this state which has a general circulation in the county. The notice shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear and the type used in the headline of such notice shall not be smaller than 18 point.
4. All users of the service or product shall be afforded a reasonable opportunity to submit data, views or arguments orally or in writing at the place, date and time specified in the notice, or at any subsequent place or time to which the hearing may be adjourned.
5. If, after public hearing, the board of trustees determines that the proposed action is required, the board shall adopt a resolution establishing the new or changed rates, tolls, charges, services to be performed or products to be furnished.
6. Within 30 days immediately following the effective date of such resolution, any person who has protested it may commence an action in any court of competent jurisdiction to set aside the resolution.
7. Within 30 days after the effective date of the resolution, the secretary of the district shall file a copy of the new schedules in the office of the district. The schedules shall be made available to any user of the service or product.

(Added to NRS by 1977, 541)

VIII. BUSINESS IMPACT

This item is a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, but it does not impose a direct and significant economic burden on a business, or

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January 26, 2018

directly restrict the formation, operation or expansion of a business, and therefore does not require a Business Impact Statement.



ORDINANCE NO. 2

SEWER ORDINANCE

AN ORDINANCE ESTABLISHING RATES, RULES AND REGULATIONS FOR SEWER SERVICE BY THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

As Proposed for Adoption on April 11, 2018
Resolution No. XXXX



EXHIBIT A
Schedule of Sewer Service Charges

Monthly sewer charges are the summation of the following components:

1. Fixed Charge = \$17.55 X CAF ⁽¹⁾ X number of units.
2. Administrative / Customer Service Account Charge = \$3.65 per account.
3. Capital Improvement Charge = \$30.25 X CAF ⁽¹⁾ X number of units.
4. Variable Cost ⁽²⁾ = \$3.00 per 1,000 gallons of water use.[billed as sewer use charges]

⁽¹⁾ **Capacity Adjustment Factor:**

Service Size for Billing Purposes	CAF
All Residential Customers	1.0
¾"	1.0
1"	1.67
1.5"	3.33
2"	5.33
3"	10.00
4"	16.67
6"	33.33
8"	53.33
10"	76.65

⁽²⁾ **Residential Variable Cost:**

Variable sewer costs for residential customers are based on monthly water use (see #4, above) as follows: During the non-irrigation months (December through April), the variable sewer cost is calculated using the metered water use value. During irrigation billing months (May through November), the variable sewer cost shall be the lesser of the metered water use value or the non-irrigation months' average metered water use. The non-irrigation months' average shall not be set at a value less than 3,000 gallons.

Typical monthly single-family residential sewer service charges with no metered water use:

CHARGE	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Base rate (#1)	\$17.30	\$14.85	\$15.20	\$15.81	\$16.52	\$17.55
Capital rate (#3)	18.81	23.80	27.68	28.79	29.86	\$30.25
Administrative fee (#2)	3.20	3.20	3.25	3.35	3.45	\$3.65
Total Sewer:	\$39.31	\$41.85	\$46.13	\$47.95	\$49.83	\$51.45



EXHIBIT A
Schedule of Sewer Service Charges

Monthly sewer charges are the summation of the following components:

1. Fixed Charge = \$18.30 X CAF ⁽¹⁾ X number of units.
2. Administrative / Customer Service Account Charge = \$3.76 per account.
3. Capital Improvement Charge = \$30.70 X CAF ⁽¹⁾ X number of units.
4. Variable Cost ⁽²⁾ = \$3.10 per 1,000 gallons of water use.[billed as sewer use charges]

⁽¹⁾ **Capacity Adjustment Factor:**

Service Size for Billing Purposes	CAF
All Residential Customers	1.0
¾"	1.0
1"	1.67
1.5"	3.33
2"	5.33
3"	10.00
4"	16.67
6"	33.33
8"	53.33
10"	76.65

⁽²⁾ **Residential Variable Cost:**

Variable sewer costs for residential customers are based on monthly water use (see #4, above) as follows: During the non-irrigation months (December through April), the variable sewer cost is calculated using the metered water use value. During irrigation billing months (May through November), the variable sewer cost shall be the lesser of the metered water use value or the non-irrigation months' average metered water use. The non-irrigation months' average shall not be set at a value less than 3,000 gallons.

Typical monthly single-family residential sewer service charges with no metered water use:

CHARGE	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Base rate (#1)	\$14.85	\$15.20	\$15.81	\$16.52	\$17.55	\$18.30
Capital rate (#3)	23.80	27.68	28.79	29.86	\$30.25	\$30.70
Administrative fee (#2)	3.20	3.25	3.35	3.45	\$3.65	\$3.76
Total Sewer:	\$41.85	\$46.13	\$47.95	\$49.83	\$51.45	\$52.76



EXHIBIT B
Schedule of Sewer Connection Charges
According to Water Meter Service Size

Water Service Size for Billing Purposes	Sewer Connection Charge	Sewer Retroactive Capital Improvement Charge	Sewer Charge Total
¾ inch	\$2,930	\$1,760	\$4,690
1 inch	\$4,890	\$2,940	\$7,830
1 ½ inch	\$9,750	\$5,860	\$15,610
2 inch	\$15,610	\$9,380	\$24,990
3 inch	\$29,280	\$17,600	\$46,880
4 inch	\$48,830	\$29,340	\$78,170
6 inch	\$97,620	\$58,640	\$156,260
8 inch	\$156,190	\$93,840	\$250,030
10 inch	\$224,490	\$134,870	\$359,360



EXHIBIT B
Schedule of Sewer Connection Charges
According to Water Meter Service Size

Water Service Size for Billing Purposes	Sewer Connection Charge	Sewer Retroactive Capital Improvement Charge	Sewer Charge Total
¾ inch	\$3,080	\$1,850	\$4,930
1 inch	\$5,140	\$3,090	\$8,230
1 ½ inch	\$10,240	\$6,150	\$16,390
2 inch	\$16,400	\$9,850	\$26,250
3 inch	\$30,770	\$18,480	\$49,250
4 inch	\$51,290	\$30,810	\$82,100
6 inch	\$102,540	\$61,590	\$164,130
8 inch	\$164,070	\$98,550	\$262,620
10 inch	\$235,810	\$141,650	\$377,460



EXHIBIT C
Miscellaneous Fee Schedule

Plan Check Fee	\$85.00/hour
Inspections	\$85.00/hour
Service Calls	\$40.00 per half hour (half hour minimum) with equipment billed at cost.
Sewage Drop-off at Treatment Plant	\$50.00/1,000 gallons
Administrative charge for check or fund transfer not honored by bank	\$25.00/each
Posting Service Charge	\$20.00/each



EXHIBIT C
Miscellaneous Fee Schedule

Plan Check Fee	\$85.00/hour
Inspections	\$85.00/hour
Service Calls	\$40.00 per half hour (half hour minimum) with equipment billed at cost.
Sewage Drop-off at Treatment Plant	\$50.00/1,000 gallons
Administrative charge for check or fund transfer not honored by bank	\$25.00/each
Posting Service Charge	\$20.00/each



ORDINANCE NO. 4

WATER ORDINANCE

**AN ORDINANCE ESTABLISHING RATES, RULES
AND REGULATIONS FOR WATER SERVICE BY THE
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

As Proposed for Adoption on April 11, 2018
Resolution No. XXXX



EXHIBIT A
Schedule of Water Service Charges

Monthly water charges are the summation of the following components:

1. Fixed Charge = \$10.65 X CAF⁽¹⁾ X number of units.
2. Administrative / Customer Service Account Charge = \$3.65 per account.
3. Capital Improvement Charge = \$14.47 X CAF⁽¹⁾ X number of units
4. Variable Cost = \$1.45 per 1,000 gallons of water use. [billed as water use charges]
5. Excess water charge⁽²⁾
 - a. First Tier: Additional Cost = \$0.95 per 1,000 gallons for all water use greater than 20,000 gallons X CAF⁽¹⁾ X number of units, in addition to the Variable Cost (#4), above.
 - b. Second Tier: Additional Cost = \$1.26 per 1,000 gallons for all water use greater than 60,000 gallons X CAF⁽¹⁾ X number of units, in addition to Variable Cost (#4) and First Tier Cost (#6a), above.
6. Defensible Space Fee = \$1.05 X number of units.
 - a. The defensible space fee is to pay 50% of the IVGID share of costs for fuels treatment on IVGID lands that will enhance the protective boundary from destructive wildfire that could threaten the communities of Incline Village and Crystal Bay. The other 50% share of this cost is paid by the IVGID Recreation Facility Fee.

⁽¹⁾ Capacity Adjustment Factor:

Service Size for Billing Purposes	CAF
All Residential Customers	1.0
¾"	1.0
1"	1.67
1.5"	3.33
2"	5.33
3"	10.00
4"	16.67
6"	33.33
8"	53.33
10"	76.65

⁽²⁾ Designated Public Service Recreation irrigation accounts are not assessed excess water charges.

Typical monthly single-family residential water service charges with no metered water use:

Charge	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Water Base Rate (#1)	\$10.78	\$9.50	\$9.55	\$9.74	\$10.00	\$10.65
Capital Rate (#3)	12.59	13.28	13.69	13.96	14.36	14.47
Administrative Fee (#2)	3.20	3.20	3.25	3.35	3.45	3.65
Defensible Space (#6)	1.05	1.05	1.05	1.05	1.05	1.05
Total Water:	\$27.62	\$27.03	\$27.54	\$28.10	\$28.86	\$29.82



EXHIBIT A
Schedule of Water Service Charges

Monthly water charges are the summation of the following components:

1. Fixed Charge = \$11.23 X CAF⁽¹⁾ X number of units.
2. Administrative / Customer Service Account Charge = \$3.76 per account.
3. Capital Improvement Charge = \$14.80 X CAF⁽¹⁾ X number of units
4. Variable Cost = \$1.50 per 1,000 gallons of water use. [billed as water use charges]
5. Excess water charge⁽²⁾
 - a. First Tier: Additional Cost = \$0.93 per 1,000 gallons for all water use greater than 20,000 gallons X CAF⁽¹⁾ X number of units, in addition to the Variable Cost (#4), above.
 - b. Second Tier: Additional Cost = \$1.30 per 1,000 gallons for all water use greater than 60,000 gallons X CAF⁽¹⁾ X number of units, in addition to Variable Cost (#4) and First Tier Cost (#6a), above.
6. Defensible Space Fee = \$1.05 X number of units.
 - a. The defensible space fee is to pay 50% of the IVGID share of costs for fuels treatment on IVGID lands that will enhance the protective boundary from destructive wildfire that could threaten the communities of Incline Village and Crystal Bay. The other 50% share of this cost is paid by the IVGID Recreation Facility Fee.

⁽¹⁾ **Capacity Adjustment Factor:**

Service Size for Billing Purposes	CAF
All Residential Customers	1.0
¾"	1.0
1"	1.67
1.5"	3.33
2"	5.33
3"	10.00
4"	16.67
6"	33.33
8"	53.33
10"	76.65

⁽²⁾ **Designated Public Service Recreation** irrigation accounts are not assessed excess water charges.

Typical monthly single-family residential water service charges with no metered water use:

Charge	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Water Base Rate (#1)	\$9.50	\$9.55	\$9.74	\$10.00	\$10.65	\$11.23
Capital Rate (#3)	13.28	13.69	13.96	14.36	14.47	14.80
Administrative Fee (#2)	3.20	3.25	3.35	3.45	3.65	3.76
Defensible Space (#6)	1.05	1.05	1.05	1.05	1.05	1.05
Total Water:	\$27.03	\$27.54	\$28.10	\$28.86	\$29.82	\$30.84



EXHIBIT B
Schedule of Water Connection Charges
According to Water Meter Service Size

Water Service Size for Billing Purposes	Water Connection Charge	Water Retroactive Capital Improvement Charge	Water Charge Total
¾ inch	\$1,460	\$1,670	\$3,130
1 inch	\$2,440	\$2,780	\$5,220
1 ½ inch	\$4,860	\$5,550	\$10,410
2 inch	\$7,770	\$8,880	\$16,650
3 inch	\$14,580	\$16,670	\$31,250
4 inch	\$24,320	\$27,790	\$52,110
6 inch	\$48,620	\$55,560	\$104,180
8 inch	\$77,780	\$88,900	\$166,680
10 inch	\$111,800	\$127,770	\$239,570



EXHIBIT B
Schedule of Water Connection Charges
According to Water Meter Service Size

Water Service Size for Billing Purposes	Water Connection Charge	Water Retroactive Capital Improvement Charge	Water Charge Total
¾ inch	\$1,530	\$1,750	\$3,280
1 inch	\$2,560	\$2,930	\$5,490
1 ½ inch	\$5,100	\$5,840	\$10,940
2 inch	\$8,170	\$9,350	\$17,520
3 inch	\$15,330	\$17,540	\$32,870
4 inch	\$25,560	\$29,230	\$54,790
6 inch	\$51,090	\$58,440	\$109,530
8 inch	\$81,750	\$93,510	\$175,260
10 inch	\$117,500	\$134,410	\$251,910



EXHIBIT C
Miscellaneous Fee Schedule

Backflow Inspections	\$60.00 each device, up to 1 hour. \$60.00 each additional labor hour. Repair parts at cost.		
Inspections	\$85.00/hour		
Plan Checking	\$85.00/hour		
Meter Charges	1" Meter		\$330.00
	1-1/2" Meter		\$500.00
	2" Meter		\$610.00
Service Calls	\$40.00 per half hour (half hour minimum) with equipment billed at cost.		
Tampering with equipment	\$100.00 minimum. Will include cost of repair or replacement of equipment, if required.		
Water Waste Penalty	\$100.00		
Mainline Tapping if performed by IVGID	Cost plus 15%		
Temporary Service Meter Rental Charges	Hydrant Meter	\$1,000/deposit	\$40.00/mo.
	1.5" Meter	\$100/deposit	\$20.00/mo.
	3/4" Meter	\$100/deposit	\$15.00/mo.
Bulk Water for Construction	\$1.45/1000 gallons		
Violation of air-gap requirement on water truck or other equipment	\$500.00		
Administrative charge for checks or electronic fund transfers not honored by bank	\$25.00/each		
Posting Service Charge	\$20.00/each		



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	1-1/2" Meter		\$500.00
	2" Meter		\$610.00
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Water Waste Penalty	\$100.00		
Mainline Tapping if performed by IVGID	Cost plus 15%		
Temporary Service Meter Rental Charges	Hydrant Meter	\$1,000/deposit	\$40.00/mo.
	1.5" Meter	\$100/deposit	\$20.00/mo.
	3/4" Meter	\$100/deposit	\$15.00/mo.
Bulk Water for Construction	\$1.50/1000 gallons		
Violation of air-gap requirement on water truck or other equipment	\$500.00		
Administrative charge for checks or electronic fund transfers not honored by bank	\$25.00/each		
Posting Service Charge	\$20.00/each		