

MEMORANDUM

TO: Board of Trustees

THROUGH: Bobby Magee, District General Manager

FROM: Kate Nelson, Interim Director of Public Works

SUBJECT: Set the Date/Time of June 12, 2024 at 6:00 p.m. for the Public Hearing to Implement Amendments to the Sewer and Water rates, as well as Adjustments to the Fee Schedule and to Publish the Notice in Accordance with the NRS 318.199 (Requesting Staff Member: Interim Public Works Director Kate Nelson)

RELATED FY 2023 STRATEGIC PLAN BUDGET INITIATIVE(S):

LONG RANGE PRINCIPLE #3 - FINANCE

The District will ensure fiscal responsibility and sustainability of service capacities through prudent fiscal management and maintaining effective financial policies for internal controls, operating budgets, fund balances, capital improvement and debt management.

RELATED DISTRICT POLICIES, PRACTICES, RESOLUTIONS OR ORDINANCES

Ordinance No. 2 – Sewer Ordinance
Ordinance No. 4 – Water Ordinance

DATE: April 24, 2024

I. RECOMMENDATION

Authorize Staff to Schedule a Public Hearing on June 12, 2024, to Discuss and Approve the Proposed Amendments to the Sewer and Water Rates, as well as Adjustments to the Fee Schedule and to Publish the Notice in Accordance with NRS 318.199.

II. BACKGROUND

The District provides water and sewer utility services through its Utility Fund (Fund 200). These utility operations are supported through target annual revenues each year, collected from utility customers based on Board approved rate schedules.

In 2023, a comprehensive five-year rate study was conducted by HDR

Engineering, Inc. and the rates for FY 2023/24 (year 1 of the rate study) were adopted by the Board of Trustees at the June 14, 2023, Board Meeting (Item G.3 moved to G.4). Subsequently, at the January 10, 2024, Board meeting (Item G.4), the Board requested staff bring back the previously adopted rate study's rate chart for approval of the proposed year 2 rates.

Attached to this memorandum are the rate structure tables from the rate study. These tables provide detailed information on the proposed year 2 (FY 2025) rates.

Following is the current fee schedule and the proposed fee additions and adjustments:

Current Fee Schedule		Proposed Change
Sewage Drop-off at Treatment Plant	\$85/per 1,000 gal	No change
Backflow Inspections - up to 1 hr labor	\$75/ per device - Repairs at cost	No change
Plan Check Fees	\$100/hour	No change
Inspection Fees	\$100/hour	No change
Upgraded Meter, Register or Transponder	Billed at cost	No change
Service Calls - 1/2 hour minimum with equipment billed at cost	\$45/per half hour	No change
Tampering with Equipment	\$100 minimum Repairs at cost	No change
Water Waste Penalty	\$100	No change
Hydrant Meter Rental Charges	\$1,150/deposit \$45/month	\$1,500 Deposit \$45/month
1" Meter Rental Charges	\$225/deposit \$20/month	\$230/deposit \$20/month
3/4" Meter Rental Charges	\$110/deposit \$15/month	\$140/deposit \$15/month
Bulk Water for Construction	\$2.02/per 1,000 gal	\$2.15/per 1,000 gal
Violation of air-gap on truck fill-up	\$500	No change
Returned Check Fee	\$25	No change
Posting Service Charge	\$20	No change

Mainline Tapping, if performed by IVGID	Cost plus 15%	No change
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Staff proposes the following additional fees to be included in the fee schedule:

- **Household Hazardous Waste (HHW) Disposal Storage Shed Fee: \$1.23**

This fee is necessary to cover the costs of replacing the HHW storage shed, which was not previously included in the rate study. This additional fee would be in effect for one fiscal year only. Ensuring adequate funding for the HHW program is essential to maintain environmental safety standards, protect Lake Tahoe source waters, protect the Water Resource Recovery Facility, and fulfill the District's commitment to responsible waste management practices.

- **Waste Management Bad Debt Fee: \$25.00**

Fee for customers for whom the District incurs bad debt for their Waste Management past due account over 120 days, as stipulated in the Waste Management franchise contract. This fee will cover the administrative costs associated with paying off the debt to Waste Management for the customer and subsequently collecting payment from that customer.

- **Compliance Appointment No-Show Fee: \$20.00**

Fee for customers who fail to attend compliance appointments (i.e. Backflow and inspections). This fee will cover administrative costs incurred due to scheduling, preparing and showing up for appointments that are not honored without sufficient notice.

Staff proposes the following adjustments to the fee schedule:

- **Bulk Water for Construction: \$2.15 /per 1,000 gal**

This adjustment will match the water use cost for all other customers.

- **Hydrant Meter Rental Charges: \$1,500 deposit / \$45 per month**

This adjustment is necessary to cover the latest cost of hydrant meters, ensuring that rental fees accurately reflect the expenses associated with their replacement.

- **1” Meter Rental Charges:** \$230 deposit / \$20 per month

This adjustment is necessary to cover the latest cost of meters, ensuring that rental fees accurately reflect the expenses associated with their replacement.

- **¾” Meter Rental Charges:** \$140 deposit / \$15 per month

This adjustment is necessary to cover the latest cost of meters, ensuring that rental fees accurately reflect the expenses associated with their replacement.

Schedule

The timeline for the proposed rate and fee schedule adoption is as follows:

Utility Rate Implementation Schedule	Date
Set Date of Public Hearing to Adopt New Utility Rates and Fee Schedule	April 24, 2024
Publish Notice of Public Hearing in Newspaper	May 9, 2024
Conduct Public Hearing and Adopt New Utility Rates and Fee Schedule	June 12, 2024
New Utility Rates and Fee Schedule Become Effective – Pending Approval	June 19, 2024

III. BID RESULTS

There are no bid results associated with this Memorandum.

IV. FINANCIAL IMPACT AND BUDGET

The water and sewer utility rates are recommended to increase to provide a combined revenue of approximately \$16.3 million (FY 2024/25) which is collected from the District’s water and sewer customers via monthly utility bills. Although the public works department generates revenue from various sources, it is important to note that the revenue mentioned here is solely derived from rates.

V. ALTERNATIVES

Not Applicable

VI. COMMENTS

The applicable Nevada Revised Statute for this Memorandum is 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.

VII. BUSINESS IMPACT/BENEFIT

This item is not a “rule” within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

VIII. ATTACHMENTS

- 1. Attachment 1 - 2023 Rate Study - IVGID Water Rate Structure Chart
- 2. Attachment 2 - 2023 Rate Study - IVGID Sewer Rate Structure Chart

IX. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES

Attachment 1 – IVGID Water Rate Structure Chart

Source: Incline Village General Improvement District 2023 Water Sewer Rate Study (Pg. 92)

	<i>Present Rates</i>	<i>Proposed</i>				
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Meter Fee						
3/4"	\$15.10	\$17.30	\$18.75	\$20.10	\$20.10	\$21.00
1"	25.22	28.89	31.31	33.57	33.57	35.07
1 1/2"	50.28	57.61	62.44	66.93	66.93	69.93
2"	80.48	92.21	99.94	107.13	107.13	111.93
3"	151.00	173.00	187.50	201.00	201.00	210.00
4"	251.72	288.39	312.56	335.07	335.07	350.07
6"	503.28	576.61	624.94	669.93	669.93	699.93
8"	805.28	922.61	999.94	1,071.93	1,071.93	1,119.93
10"	1,157.72	1,326.39	1,437.56	1,541.07	1,541.07	1,610.07
Capital Improvement Fee						
3/4"	\$15.10	\$15.10	\$18.23	\$20.92	\$24.85	\$23.35
1"	25.22	25.22	30.44	34.93	41.50	38.99
1 1/2"	50.28	50.28	60.70	69.66	82.76	77.74
2"	80.48	80.48	97.16	111.50	132.47	124.44
3"	151.00	151.00	182.29	209.19	248.53	233.46
4"	251.72	251.72	303.88	348.72	414.30	389.19
6"	503.28	503.28	607.59	697.22	828.35	778.14
8"	805.28	805.28	972.18	1,115.60	1,325.41	1,245.07
10"	1,157.42	1,157.72	1,397.65	1,603.84	1,905.48	1,789.97
Admin Fee	\$4.23	\$4.44	\$4.66	\$4.90	\$5.14	\$5.40
Defensible Space	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05
Residential and Commercial Water Use						
Tier 1	\$1.95	\$2.15	\$2.15	\$2.22	\$2.22	\$2.29
Tier 2	3.12	3.44	3.44	3.55	3.55	3.66
Tier 3	3.64	4.01	4.01	4.14	4.14	4.27
Irrigation Water Use						
Tier 1	\$2.00	\$2.65	\$2.90	\$3.15	\$3.15	\$3.25
Tier 2	3.20	4.24	4.64	5.04	5.04	5.20
Tier 3	3.73	4.94	5.41	5.87	5.87	6.06

06/01/23

**Incline Village General Improvement District
Sewer Rate Study
Rate Structure - Alt 1**

	<i>Present</i>	<i>Proposed</i>				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential						
Base Charge	\$25.10	\$32.25	\$36.50	\$40.00	\$42.25	\$44.25
Capital Improvement	31.45	31.45	31.45	31.45	31.45	31.45
Admin Fee	4.23	4.44	4.66	4.90	5.14	5.40
Multi-Family						
Base Charge	\$25.10	\$32.25	\$36.50	\$40.00	\$42.25	\$44.25
Capital Improvement	31.45	31.45	31.45	31.45	31.45	31.45
Admin Fee	4.23	4.44	4.66	4.90	5.14	5.40
Commercial						
<i>Base Charge</i>						
3/4"	\$25.10	\$32.25	\$36.50	\$40.00	\$42.25	\$44.25
1"	41.92	53.86	60.96	66.80	70.56	73.90
1 1/2"	83.58	107.39	121.55	133.20	140.69	147.35
2"	133.78	171.89	194.55	213.20	225.19	235.85
3"	251.00	322.50	365.00	400.00	422.50	442.50
4"	418.42	537.61	608.46	666.80	704.31	737.65
6"	836.58	1,074.89	1,216.55	1,333.20	1,408.19	1,474.85
8"	1,338.58	1,719.89	1,946.55	2,133.20	2,253.19	2,359.85
10"	1,923.92	2,472.61	2,798.46	3,066.80	3,239.31	3,392.65
<i>Capital Improvement</i>						
3/4"	\$31.45	\$31.45	\$31.45	\$31.45	\$31.45	\$31.45
1"	52.52	52.52	52.52	52.52	52.52	52.52
1 1/2"	104.73	104.73	104.73	104.73	104.73	104.73
2"	167.63	167.63	167.63	167.63	167.63	167.63
3"	314.50	314.50	314.50	314.50	314.50	314.50
4"	524.27	524.27	524.27	524.27	524.27	524.27
6"	1,048.23	1,048.23	1,048.23	1,048.23	1,048.23	1,048.23
8"	1,677.23	1,677.23	1,677.23	1,677.23	1,677.23	1,677.23
10"	2,410.64	2,411.27	2,411.27	2,411.27	2,411.27	2,411.27
<i>Admin Fee</i>	\$4.23	\$4.44	\$4.66	\$4.90	\$5.14	\$5.40
Sewer Use						
Residential	\$4.00	\$4.75	\$5.37	\$5.88	\$6.00	\$6.22
Multi-Family	4.00	4.75	5.37	5.88	6.00	6.22
Commercial	4.70	5.60	6.35	6.95	7.10	7.37