

**CLARK COUNTY WATER RECLAMATION DISTRICT WASTEWATER RATES AND CHARGES CITIZENS
ADVISORY COMMITTEE**

MINUTES

March 23, 2022, 11:00 a.m.

Virtual Meeting via Microsoft Teams

Committee Members Present:

Julie Cleaver	Cliff Marshall
Andres Estrada	Paul Moradkhan
Warren Hardy	Lisa Ortega
Gene Houston	John Restrepo
Jennifer Lewis	Georgie Rucker
Dawn Christensen on behalf of Virginia Valentine	

Staff Present:

Tom Minwegen	David Stoft
Shawn Mollus	Dan Fischer
Charles Ocansey	Brenda Pappas
Brett Borek	Corey Synagogue
Mike Pierson	Kim Adler
Jasmine Cook	Jolene Bradley

Others Present:

Terry Murphy CCWRD Chair, Tick Segerblom	Guy Hobbs
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Call to Order, and Roll Call – The meeting was called to order by Terry Murphy at 11:10am. Terry introduced herself and invited the committee members and staff to introduce themselves.

Opening Remarks – None made.

Public Comment – There were no persons wishing to speak.

Approval of Agenda – Warren Hardy made a motion to approve the agenda. The agenda was unanimously approved by the committee.

Receive Update on Revenues and Capital Improvement Program – David Stoft began with a recap of the 2018-19 Meetings. Coming out of those meetings the CAC agreed that a rate change was necessary. As a result, the District increased its Annual Sewer Service Charge and Connection Fee. The District will also initiate a credit card convenience fee within the next 12 months.

An overview of the District's Finances of the most recent fiscal year-end (FY21/22) was provided. Items discussed, Revenue, O&M Expenses, Debt Service and Net Revenue available for the CIP program. Forecasted spend on CIP over the next 15-years was presented. Tom Minwegen pointed out that the debt service is based on existing debt that the organization has to support its CIP program.

A 5-year Forecast outlined how the District's expenses off-set the revenues. The Forecast highlights that somewhere in FY 24/25 and FY 25/26 the District is likely going to have a bond issuance in order to fund the CIP program. That will then change the Debt Service Calculations. At this time, the District doesn't know the amount of bonds needed.

Cliff Marshall asked when the District is projected to pay off the current bonds. Brett Borek replied 2039. Guy Hobbs further clarified that the District has a series of different bonds. Some were received in 2015 so they will have a longer term to pay off. A couple State Revolving Funds (SRF) will be paid off in the next five years. There will most likely be a bond issuance in 2025 for roughly \$275M. This can change if more of the capital program is discharged before that, then the bond issuance can be downsized. The District is watching things like interest rates and cost of capital.

Cliff Marshall asked if the new bonds are there to replace old bonds. Guy Hobbs advised it will be new money bonds for new capital projects. The District is not replacing old issuance with new issuance.

Warren Hardy asked where we are on refinancing in light of what's happening in the market right now. Guy Hobbs advised we run refinance opportunities twice a year.

David Stoft proceeds with a Capital Improvement Program (CIP) Update. Noting, the biggest driver of the bond issuance is the CIP program. The CIP Major Goals are the same presented in 2018/2019. Tom Minwegen reminds the members that the District is a very capital-intensive organization. The District is all about infrastructure and constantly reinvesting in its infrastructure to be able to serve the customers.

David Stoft compared the CIP 5-year Projected vs. Actual. The actual spend was less than projected five years ago. Shawn Mollus explained the cause for the delays and challenges faced with the pandemic.

David Stoft goes into more detail about the FY 21/22 CIP projections over the next 15 years and compares them against the FY 17/18 projections. He noted there is about a \$200M difference between the two (2) 15-year CIP programs.

Warren Hardy asked if this was the reason, we delayed the fees. He noted it was the right thing to do and on behalf of the industry thanked the District. David Stoft confirmed that the delay in the rate was because the District noticed it could push some projects out.

David Stoft outlined the District's CIP Historic & 10-year Projections. In FY 18/19 the District's capacity expansion at Flamingo Water Resource Center was driving the numbers. Since then, the District has completed 29 CIP projects. Plant expansion projects are now one of the District's most active CIP efforts.

Cliff Marshall asked if the District is near capacity now. David Stoft stated that certain portions of the plant are at capacity. We know we'd better start these projects now to anticipate the capacity we will need 15 years from now.

Cliff Marshall said he thinks the best selling point the District has to justify a rate increase is to say we're near capacity. Tom Minwegen stated the District is required to at least start to plan when we're within 15% of our capacity. Daily seasonal flows are averaging anywhere from 103mg – 114mg. Capacity currently is about 120mg.

Warren Hardy asked if we are where we need to be on new facilities and replacement. Terry Murphy advised they'd be getting to that.

David Stoft discussed the CIP 15-year projection showing the District is spending equal amounts on rehab and replacing existing infrastructure, as expanding capacity. Warren Hardy asked if we're seeing surprises or about where we thought we'd be three (3) years ago when we first started talking about this. David Stoft replied there is no huge change in what we thought we were going to spend on the CIP program.

Cliff Marshall asked when doing rehab and replacement is the District getting minimal increases in efficiencies or big increases in efficiencies. David Stoft responded that the District's biggest metric is probably dependability. We need to make sure the collection system is holding sewage and delivering it to the plant. Tom Minwegen mentioned the District's condition assessment program that assesses our collection pipe.

Discuss Proposed Service Rules Updates - Terry Murphy advised the members that these items are for possible action.

- Reclaimed water sales

Cliff Marshall asked if the reclaimed water is potable. David Stoft stated it is not.

Jennifer Lewis asked what the dollar magnitude is to the Water Reclamation for the number of people using the reclaimed water. Tom Minwegen stated an estimated \$500,000 in sales on an annual basis. Lisa Ortega asked who the main users of the recycled water are. David Stoft replies the District has a mix between landscape and industrial use. Tom Minwegen emphasizes it's about generating return flow credits to the community. The District must maintain the pipes and the money generated by reclaimed water sales does not provide enough revenue to maintain. Warren Hardy agrees the rate should have been increased years ago.

- Administrative Fee for Alternative Sanitary Sewer Application

Alternatives such as commercial shell-only development agreements (SODA) and temporary capacity agreements.

Paul Moradkhan asked how many customers the District is seeing with those agreements. Brenda Pappas stated 40 since January and between 175-200 agreements last year. Jennifer Lewis asked if the fee is project related or building related. David Stoft advised it depends on how the projects are presented to the District that will determine if more than one SODA agreement is necessary. Tom Minwegen informs the members this is the first administrative fee the District is going to charge. There are no inspection fees and/or application fees. Warren Hardy asked how the District came to determine the cost of the fee. David Stoft replied staff time was calculated.

Dawn Christensen asked what the timeline is for the recommendations. Terry Murphy advised mid-May in order to take it the board in June.

John Restrepo stated compelling arguments were made in support of the administrative fee and they should be included in the slide presentation. David Stoft agreed to supplement the slides and bring back this recommendation on the next agenda.

Emerging Issues –

- Septic Conversion Program

The conversion seeks return flow credits and water quality. Cliff Marshall asked what the costs are. Shawn Mollus stated the circumstances drive the price. Tom Minwegen advises this can become a funding burden for the organization. Over 18,000 septic systems are estimated to be within the local valley. An estimated 8-12,000 are in the District's jurisdiction.

- Zoning Changes: Capacity and Planning Concerns
- Stadium District Assessment

The existing infrastructure is near capacity around the Stadium District. Warren Hardy suggested consideration of a Special Improvement District for improvements in the area. The District is also experiencing zoning and capacity issues in other areas of the valley, particularly in the Southwest where growth is rapid. As zoning changes, infrastructure has to be added.

- Affordable Housing

The program estimates there will be 86,000 affordable housing units with a 75% reduction in connection charge to the District. That equals a \$195M loss of connection fees which supports the CIP program.

Public Comment - There were no persons wishing to speak.

Adjournment – The meeting was adjourned at 12:57 P.M. The next meeting is on March 30, 2022 at 11:00 a.m., and will be held virtually.