



MAYOR  
*Geno Martini*

CITY COUNCIL  
*Julia Ratti, Ward I*  
*Ed Lawson, Ward II*  
*Ron Smith, Ward III*  
*Mike Carrigan, Ward IV*  
*Ron Schmitt, Ward V*

CITY ATTORNEY  
*Chet Adams*

## **SPARKS CITY COUNCIL UTILITY RATE WORKSHOP MINUTES**

**12:00 PM, Monday, December 02, 2013**

**Sparks City Hall, Lower Level, 431- Prater Way, Sparks, NV**

### **1. Call to Order** (Time: 12:05 p.m.)

The workshop of the Sparks City Council was called to order by Mayor Geno Martini at 12:00 p.m.

### **2. Roll Call** (Time: 12:07 p.m.)

Mayor Geno Martini, Council Members Ed Lawson, Ron Smith, Mike Carrigan, Ron Schmitt, Acting City Manager Steve Driscoll, and City Clerk Teresa Gardner PRESENT.

Absent: Council Member Julia Ratti, City Attorney Chet Adams

Staff Present: Jeff Cronk, Adam Mayberry, Neil Krutz, Armando Ornelas, Stacie Hemmerling, Jessica Easler, Nancy Munson, Janet Stout, Michael Drinkwater, Michelle Harper.

### Comments from the Public (Time 12:08 p.m.)

Pleasant Valley resident Don Kitts of Reno commented that the Rule of 76s indicates Reno's sewer rate will double within nine years and cautioned Sparks from making a wide-spread sewer rate increase decision. Mayor Martini noted Reno's and Sparks' sewer rates are independent of each other.

### **3. Presentation, discussion and possible direction on Utility Rate Study, including proposed sewer utility rate increases. FOR POSSIBLE ACTION)** (Time 12:09 p.m.)

City Engineer John Martini provided a slide presentation as outlined below:

#### **City of Sparks Utility Rate Study Workshop – December 2, 2013 Workshop Overview**

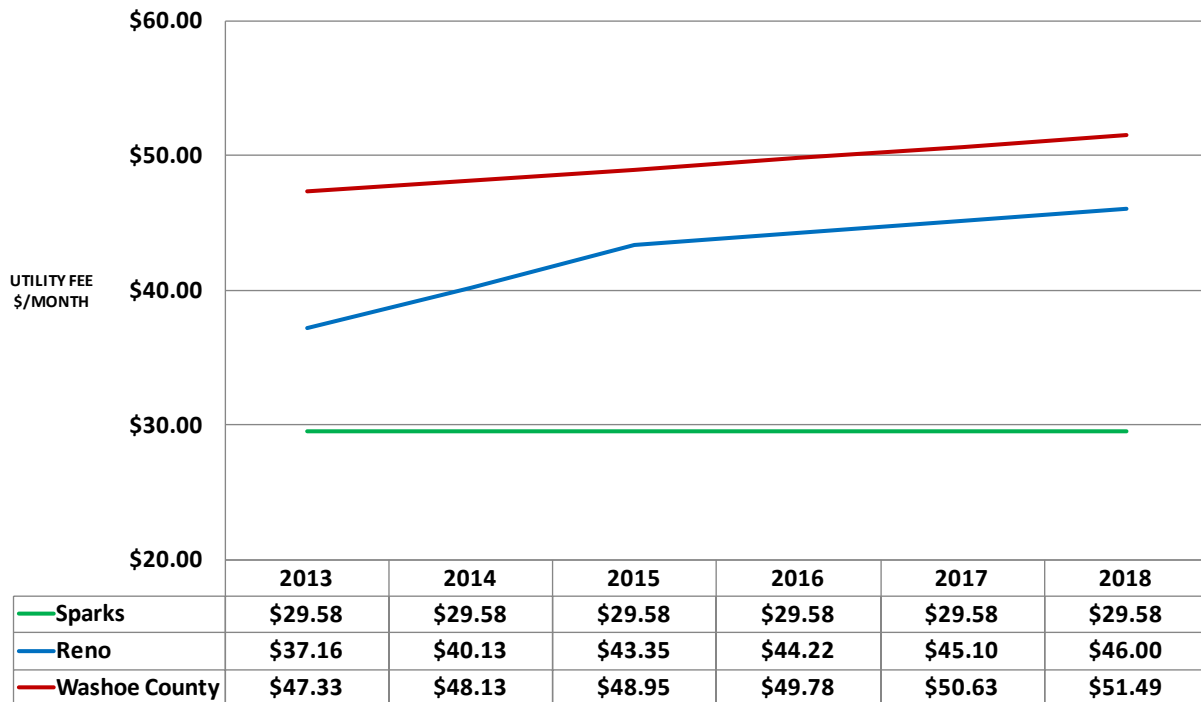
- Review of current sewer utility rates
- Review the findings of the FCS Utility Rate Study
- Introduction to the proposed AMERESCO Energy and Efficiency Project for TMWRF
- Review the results of current utility cash flow model for fiscal years 2014-2018
- Presentation of proposed sewer utility user rate increases (scenarios)

**Current Sewer Utility Rates**

In 2008, the Sparks City Council approved an annual Sewer Utility User Fee Rate increase of 5% and approved the River Flood Fee. The Sewer Utility User Fee Rate increase ended on January 1, 2012. The current Sewer Utility Fee for a residential customer is:

Sewer fee / month =	\$15.85
Storm fee / month =	\$ 8.32
Flood fee / month =	\$ 5.41
Total customer bill / month =	\$29.58

**SEWER USER UTILITY RATES IN THE TRUCKEE MEADOWS (RESIDENTIAL)**



**FINDINGS FROM THE FCS UTILITY RATE STUDY / REVIEW**

**Sanitary Sewer**

- User Rates
  - Need to be adjusted to fund future expenses
    - Restricted cash balance negative in FY 2017
    - Recommended increase to user rates = 8.25% annually
- Connection Fees
  - No adjustments are recommended for FY14 – FY18
    - Since 2012, connection fees have indexed annually per Engineering News Record Construction Cost Index per SMC 13.24.
- Transfers to Effluent
  - Continue through FY18
    - Loss of D’Andrea revenues (use fees and capital financing)

**Storm Drain**

- User Rates
  - No adjustments are recommended for FY14 – FY18
    - Revenues from user rates are in line with expenses through FY18
- Connection Fees

**City Council Utility Rate Workshop - Page 3**  
**Monday, December 2, 2013**

- No adjustments are recommended for FY14 – FY18
  - Since 2012, connection fees have indexed annually per Engineering News Record Construction Cost Index per SMC 13.24.

**AMERESCO PROJECT**

- The AMERESCO Project is a performance contract for operational savings at TMWRF through:
  - Energy production
  - Nutrient recovery
  - System efficiency upgrades
- Energy Production
  - Solar Photovoltaic Installation (198kW)
  - Bio Gas Cogeneration (850kw)
    - Total construction costs - \$5,864,629
    - Projected annual savings = \$235,719
- Nutrient Recovery
  - Centrate Nutrient Recovery (Ostara)
    - Reduction in chemical costs (alum and methanol)
    - Reduction in landfill disposal costs (2,500 tons / year)
    - Production of approximately 560 tons of fertilizer per year
      - Total construction costs - \$6,619,715
      - Projected annual savings = \$675,985
- System Efficiency Upgrades
  - Dewatering system upgrade
    - Reduction in landfill disposal costs (12,000 tons / year)
    - Energy savings of 134 kW per year
  - Lighting system upgrades (1,588 fixtures)
    - Energy savings of 199 kW per year
    - Reduced facility maintenance costs
      - Total construction costs - \$6,495,375
      - Projected annual savings = \$231,388
- Other upgrades to be completed with AMERESCO contract
  - Dewatering rehabilitation - \$3,05,202
  - Digester dome rehabilitation - \$2,933,343
- These upgrades are needed in order to complete the dewatering and Centrate nutrient recovery efficiency upgrades and do not yield an annual savings. These costs have been previously included in the Capital Improves Plan for TMWRF. Upon approval of the AMERESCO Project, these costs will be moved from the TMWRF CIP to the AMERESCO contract.

**AMERESCO Summary**

- Total project costs = \$24,968,889
  - Sparks share = \$8,049,267
- Projected annual savings = \$1,143,092
  - These savings are guaranteed by AMERESCO over the life of the contract (15 years)
- Simple Payback Method = 21.8 years

**City Council Utility Rate Workshop - Page 4**  
**Monday, December 2, 2013**

**Sewer Enterprise Fund Cash Flow Model**  
**FY14 through FY18 with AMERESCO Project (base case no rate increase)**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>14,292,141</b>	<b>6,759,326</b>	<b>4,776,958</b>	<b>3,450,280</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	11,112,972	11,668,621	12,252,052	12,864,654
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>16,506,516</b>	<b>16,101,750</b>	<b>16,807,165</b>	<b>17,477,177</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating - TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	581,369	467,369	443,369	503,369	479,369
CIP-TMWRF	2,165,710	3,282,818	3,751,218	1,594,093	2,354,266	2,309,284
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
<b>Ameresco CIP Project</b>	<b>-</b>	<b>2,883,550</b>	<b>4,578,600</b>	<b>587,117</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>17,642,652</b>	<b>22,368,531</b>	<b>24,039,331</b>	<b>18,084,117</b>	<b>18,133,843</b>	<b>17,794,283</b>
Net Changes in Cash	(2,772,425)	(6,670,210)	(7,532,815)	(1,982,368)	(1,326,678)	(317,105)
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>14,292,141</b>	<b>6,759,326</b>	<b>4,776,958</b>	<b>3,450,280</b>	<b>3,133,175</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>11,923,313</b>	<b>4,455,983</b>	<b>2,443,761</b>	<b>1,116,794</b>	<b>798,478</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$16.64	\$17.47	\$18.35	\$19.27
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$30.37	\$31.20	\$32.08	\$33.00
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$0.79	\$0.83	\$0.87	\$0.92
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	2.7%	2.8%	3.0%	3.1%

**Sewer Enterprise Fund Cash Flow Model**  
**FY14 through FY18 without AMERESCO Project (base case no rate increase)**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>15,523,198</b>	<b>8,867,900</b>	<b>6,398,480</b>	<b>4,286,382</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>15,977,327</b>	<b>15,016,912</b>	<b>15,138,896</b>	<b>15,196,306</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating - TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	581,369	467,369	443,369	503,369	479,369
CIP-TMWRF	2,165,710	2,051,761	2,344,511	996,308	1,471,416	1,443,303
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
<b>Ameresco CIP Project</b>	<b>-</b>	<b>2,883,550</b>	<b>4,578,600</b>	<b>587,117</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>17,642,652</b>	<b>21,137,475</b>	<b>22,632,625</b>	<b>17,486,333</b>	<b>17,250,994</b>	<b>16,928,301</b>
Net Changes in Cash	(2,772,425)	(5,439,154)	(6,655,298)	(2,469,421)	(2,112,098)	(1,731,995)
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>15,523,198</b>	<b>8,867,900</b>	<b>6,398,480</b>	<b>4,286,382</b>	<b>2,554,387</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>13,154,369</b>	<b>6,564,557</b>	<b>4,065,282</b>	<b>1,952,896</b>	<b>219,690</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%

**City Council Utility Rate Workshop - Page 5**  
**Monday, December 2, 2013**

**Scenario: with AMERESCO / Sewer user rate increase = 0**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>15,523,198</b>	<b>8,867,900</b>	<b>6,398,480</b>	<b>4,286,382</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>15,977,327</b>	<b>15,016,912</b>	<b>15,138,896</b>	<b>15,196,306</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating – TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	581,369	467,369	443,369	503,369	479,369
CIP-TMWRF	2,165,710	2,051,761	2,344,511	996,308	1,471,416	1,443,303
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
Ameresco CIP Project	-	2,883,550	4,578,600	587,117	-	-
<b>Total Expenses</b>	<b>17,642,652</b>	<b>21,137,475</b>	<b>22,632,625</b>	<b>17,486,333</b>	<b>17,250,994</b>	<b>16,928,301</b>
Net Changes in Cash	(2,772,425)	(5,439,154)	(6,655,298)	(2,469,421)	(2,112,098)	(1,731,995)
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>15,523,198</b>	<b>8,867,900</b>	<b>6,398,480</b>	<b>4,286,382</b>	<b>2,554,387</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>13,154,369</b>	<b>6,564,557</b>	<b>4,065,282</b>	<b>1,952,896</b>	<b>219,690</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%

**Scenario: with AMERESCO / Sewer user rate increase = 15%**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>12,114,910</b>	<b>3,612,142</b>	<b>2,525,157</b>	<b>3,279,945</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	12,171,350	13,997,053	16,096,611	18,511,103
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>17,564,894</b>	<b>18,430,182</b>	<b>20,651,724</b>	<b>23,123,626</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating – TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	1,937,895	1,557,895	1,477,895	1,677,895	1,597,895
CIP-TMWRF	2,165,710	4,103,522	4,689,022	1,992,616	2,942,832	2,886,605
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
Ameresco CIP Project	-	2,883,550.0	4,578,600.0	587,117.0	-	-
<b>Total Expenses</b>	<b>17,642,652</b>	<b>24,545,762</b>	<b>26,067,662</b>	<b>19,517,167</b>	<b>19,896,936</b>	<b>19,490,130</b>
Net Changes in Cash	(2,772,425)	(8,847,441)	(8,502,768)	(1,086,985)	754,788	3,633,496
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>12,114,910</b>	<b>3,612,142</b>	<b>2,525,157</b>	<b>3,279,945</b>	<b>6,913,441</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>9,746,082</b>	<b>1,308,799</b>	<b>191,960</b>	<b>946,459</b>	<b>4,578,744</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$18.23	\$20.96	\$24.11	\$27.72
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$31.96	\$34.69	\$37.84	\$41.45
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$2.38	\$2.73	\$3.14	\$3.62
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	8.0%	9.2%	10.6%	12.2%

**City Council Utility Rate Workshop - Page 6**  
**Monday, December 2, 2013**

**Scenario: with AMERESCO / Sewer user rate increase = 8.25%**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>14,292,141</b>	<b>6,759,326</b>	<b>4,776,958</b>	<b>3,450,280</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	11,112,972	11,668,621	12,252,052	12,864,654
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>16,506,516</b>	<b>16,101,750</b>	<b>16,807,165</b>	<b>17,477,177</b>
<b>Expenses</b>						
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Operating - TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
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Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
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<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>14,292,141</b>	<b>6,759,326</b>	<b>4,776,958</b>	<b>3,450,280</b>	<b>3,133,175</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>11,923,313</b>	<b>4,455,983</b>	<b>2,443,761</b>	<b>1,116,794</b>	<b>798,478</b>

Sewer Fee \$/Month	\$15.85	\$15.85	\$16.64	\$17.47	\$18.35	\$19.27
Storm Fee \$/Month	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
Flood Fee \$/Month	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	<b>\$29.58</b>	<b>\$29.58</b>	<b>\$30.37</b>	<b>\$31.20</b>	<b>\$32.08</b>	<b>\$33.00</b>
Year over Year Increase \$	\$0.00	\$0.00	\$0.79	\$0.83	\$0.87	\$0.92
% Increase (2013 Basis)	\$0.00	0.0%	2.7%	2.8%	3.0%	3.1%

**Scenario: with AMERESCO / Sewer user rate increase = 5%**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>13,277,647</b>	<b>4,995,211</b>	<b>3,200,053</b>	<b>2,290,287</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	11,456,945	12,402,143	13,425,320	14,532,909
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>16,850,489</b>	<b>16,835,272</b>	<b>17,980,433</b>	<b>19,145,432</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating - TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	775,158	623,158	591,158	671,158	639,158
CIP-TMWRF	2,165,710	4,103,522	4,689,022	1,992,616	2,942,832	2,886,605
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Tranfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
Ameresco CIP Project	-	2,883,550	4,578,600	587,117	-	-
<b>Total Expenses</b>	<b>17,642,652</b>	<b>23,383,025</b>	<b>25,132,925</b>	<b>18,630,430</b>	<b>18,890,199</b>	<b>18,531,393</b>
Net Changes in Cash	(2,772,425)	(7,684,704)	(8,282,436)	(1,795,158)	(909,766)	614,039
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>13,277,647</b>	<b>4,995,211</b>	<b>3,200,053</b>	<b>2,290,287</b>	<b>2,904,326</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>10,908,819</b>	<b>2,691,868</b>	<b>866,856</b>	<b>(43,199)</b>	<b>569,628</b>

Sewer Fee \$/Month	\$15.85	\$15.85	\$17.16	\$18.57	\$20.11	\$21.76
Storm Fee \$/Month	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
Flood Fee \$/Month	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	<b>\$29.58</b>	<b>\$29.58</b>	<b>\$30.89</b>	<b>\$32.30</b>	<b>\$33.84</b>	<b>\$35.49</b>
Year over Year Increase \$	\$0.00	\$0.00	\$1.31	\$1.42	\$1.53	\$1.66
% Increase (2013 Basis)	\$0.00	0.0%	4.4%	4.8%	5.2%	5.6%

**City Council Utility Rate Workshop - Page 7**  
**Monday, December 2, 2013**

**Scenario: without AMERESCO / Sewer user rate increase = 0**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>13,778,167</b>	<b>8,763,154</b>	<b>6,291,936</b>	<b>4,375,433</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	11,456,945	12,402,143	13,425,320	14,532,909
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital- Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>16,850,489</b>	<b>16,835,272</b>	<b>17,980,433</b>	<b>19,145,432</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating – TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	1,937,895	1,557,895	1,477,895	1,677,895	1,597,895
CIP-TMWRF	2,165,710	5,323,815	5,065,462	2,369,056	2,942,832	2,886,605
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
Ameresco CIP Project	-	-	-	-	-	-
<b>Total Expenses</b>	<b>17,642,652</b>	<b>22,882,505</b>	<b>21,865,502</b>	<b>19,306,490</b>	<b>19,896,936</b>	<b>19,490,130</b>
Net Changes in Cash	(2,772,425)	(7,184,184)	(5,015,013)	(2,471,218)	(1,916,503)	(344,698)
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>13,778,167</b>	<b>8,763,154</b>	<b>6,291,936</b>	<b>4,375,433</b>	<b>4,030,735</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>11,409,339</b>	<b>6,459,811</b>	<b>3,958,739</b>	<b>2,041,947</b>	<b>1,696,037</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$17.16	\$18.57	\$20.11	\$21.76
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$30.89	\$32.30	\$33.84	\$35.49
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$1.31	\$1.42	\$1.53	\$1.66
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	4.4%	4.8%	5.2%	5.6%

**Scenario: without AMERESCO / Sewer user rate increase = 8.25%**

	FY13 Actuals (Unaudited)	FY14	FY15	FY16	FY17	FY18
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>15,933,266</b>	<b>11,895,437</b>	<b>8,995,743</b>	<b>5,853,655</b>
<b>Revenues</b>						
Operating User Fees	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783	10,583,783
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922
Capital- Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>15,977,327</b>	<b>15,016,912</b>	<b>15,138,896</b>	<b>15,196,306</b>
<b>Expenses</b>						
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352
Operating – TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558
CIP - Sparks Sewer	515,032	581,369	467,369	443,369	503,369	479,369
CIP-TMWRF	2,165,710	4,525,243	4,305,643	2,013,698	2,501,407	2,453,614
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888
Ameresco CIP Project	-	-	-	-	-	-
<b>Total Expenses</b>	<b>17,642,652</b>	<b>20,727,406</b>	<b>20,015,156</b>	<b>17,916,605</b>	<b>18,280,985</b>	<b>17,938,613</b>
Net Changes in Cash	(2,772,425)	(5,029,085)	(4,037,829)	(2,899,693)	(3,142,089)	(2,742,307)
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>15,933,266</b>	<b>11,895,437</b>	<b>8,995,743</b>	<b>5,853,655</b>	<b>3,111,348</b>
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>13,564,438</b>	<b>9,592,094</b>	<b>6,662,546</b>	<b>3,520,169</b>	<b>776,651</b>

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85	\$15.85
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58	\$29.58
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%

**City Council Utility Rate Workshop - Page 8**  
**Monday, December 2, 2013**

**Scenario: without AMERESCO / Sewer user rate increase = 5%**

	<b>FY13 Actuals (Unaudited)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	
<b>Beginning Cash, Total</b>	<b>23,734,776</b>	<b>20,962,351</b>	<b>14,359,536</b>	<b>9,467,918</b>	<b>6,706,546</b>	<b>4,120,144</b>	
<b>Revenues</b>							
Operating User Fees	10,583,783	10,583,783	11,112,972	11,668,621	12,252,052	12,864,654	
Other Operating (Sun Valley Agreement, Misc)	1,601,264	1,793,701	1,688,142	1,732,395	1,777,974	1,824,922	
Capital - Connection Charges	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	1,576,980	
Capital-Sun Valley	1,108,200	1,743,857	2,128,422	1,123,754	1,200,159	1,210,621	
<b>Total Revenue</b>	<b>14,870,227</b>	<b>15,698,321</b>	<b>16,506,516</b>	<b>16,101,750</b>	<b>16,807,165</b>	<b>17,477,177</b>	
<b>Expenses</b>							
Operating - Sparks Sewer	3,629,680	3,752,882	4,278,352	4,278,352	4,278,352	4,278,352	
Operating - TMWRF	7,139,093	6,835,039	5,911,200	6,092,816	6,279,881	6,472,558	
CIP - Sparks Sewer	515,032	1,356,527	1,090,527	1,034,527	1,174,527	1,118,527	70%
CIP-TMWRF	2,165,710	5,323,815	5,065,462	2,369,056	2,942,832	2,886,605	100%
Debt Service- Sewer	3,825,597	3,822,450	3,822,451	3,822,451	3,637,140	3,451,832	
Transfers to Effluent	367,540	1,210,424	1,230,142	1,265,920	1,080,836	802,888	
<b>Ameresco CIP Project</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Total Expenses</b>	<b>17,642,652</b>	<b>22,301,137</b>	<b>21,398,134</b>	<b>18,863,122</b>	<b>19,393,568</b>	<b>19,010,762</b>	
<b>Net Changes in Cash</b>	<b>(2,772,425)</b>	<b>(6,602,816)</b>	<b>(4,891,617)</b>	<b>(2,761,372)</b>	<b>(2,586,403)</b>	<b>(1,533,584)</b>	
<b>Ending Cash, Total</b>	<b>20,962,351</b>	<b>14,359,536</b>	<b>9,467,918</b>	<b>6,706,546</b>	<b>4,120,144</b>	<b>2,586,560</b>	
Less: Restricted Cash -- 60 Days of Operating Exp's	(2,399,075)	(2,368,828)	(2,303,343)	(2,333,198)	(2,333,486)	(2,334,697)	
<b>Unrestricted Ending Cash</b>	<b>18,563,276</b>	<b>11,990,707</b>	<b>7,164,575</b>	<b>4,373,349</b>	<b>1,786,658</b>	<b>251,862</b>	

<b>Sewer Fee \$/Month</b>	\$15.85	\$15.85	\$16.64	\$17.47	\$18.35	\$19.27
<b>Storm Fee \$/Month</b>	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32	\$8.32
<b>Flood Fee \$/Month</b>	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41	\$5.41
<b>Total Customer Bill</b>	\$29.58	\$29.58	\$30.37	\$31.20	\$32.08	\$33.00
<b>Year over Year Increase \$</b>	\$0.00	\$0.00	\$0.79	\$0.83	\$0.87	\$0.92
<b>% Increase (2013 Basis)</b>	\$0.00	0.0%	2.7%	2.8%	3.0%	3.1%

**Summary of Rate Increase Scenarios with AMERESCO Project**

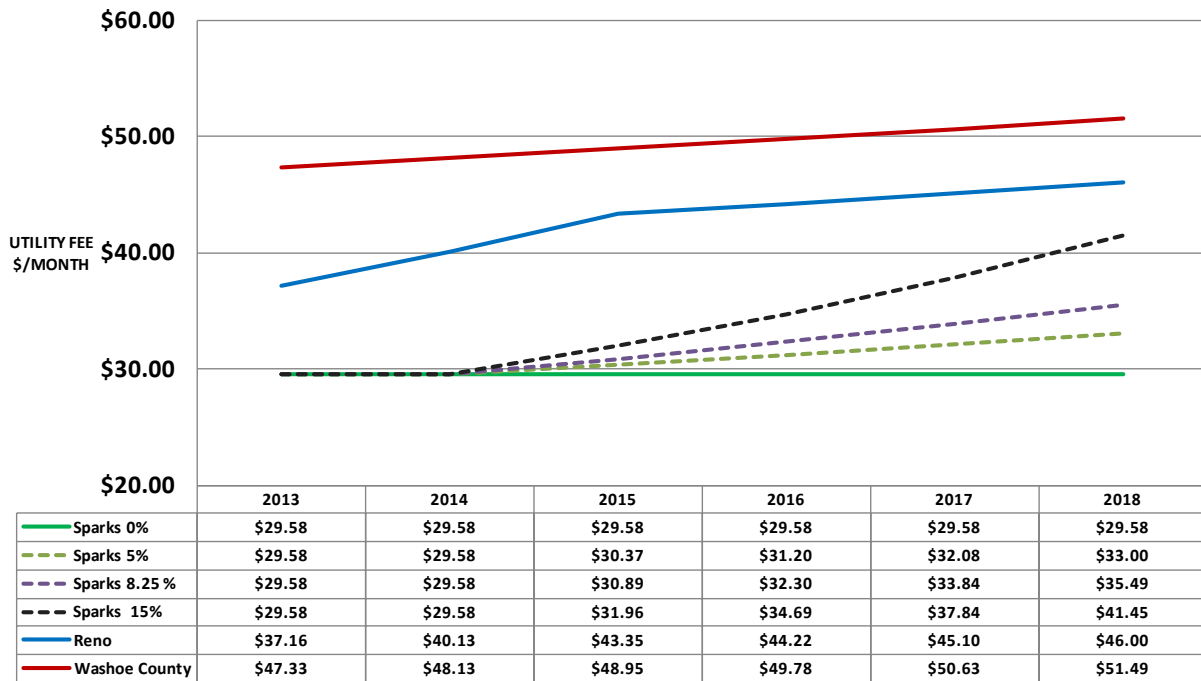
- No sewer user rate increase:
  - Defer 70% of sewer line CIP
  - Defer 50% of TMWRF CIP
- 15% sewer user rate increase:
  - All CIP fully funded
- 8.25% sewer user rate increase:
  - Defer 60% of sewer line CIP
  - TMWRF CIP fully funded
- 5% sewer user rate increase:
  - Defer 70% of sewer line CIP
  - Defer 20% of TMWRF CIP

**Summary of Rate Increase Scenarios without AMERESCO Project**

- No sewer user rate increase:
  - Defer 70% of sewer line CIP
  - Defer 15% of TMWRF CIP
- 8.25% sewer user rate increase:
  - All CIP fully funded
- 5% sewer user rate increase:
  - Defer 30% of sewer line CIP
  - TMWRF CIP fully funded



Options for Future Sparks Sewer Utility User Rates



Questions / Answers / Comments :

- John Martini confirmed there was no sewer rate increase in 2013.
- 8.25% proposed increase is only for the sanitary sewer rate; it is not for the storm or flood fee portions.
- The Reno City Council has seen a similar presentation; Reno has not made any decision as yet, but Reno staff has indicated support of this plan. A recommendation will be brought to the Joint Coordinating Committee in January
- Council Member Schmitt asked what AMERESCO will gain from this project? What is their fee? John Martini will investigate and respond.
- Fertilizer production can be a stand-alone project; lighting/LEDs can stand alone, as can the solar photovoltaic. The gas generation and the dewatering improvements should be done together.
- Council Member Ron Schmitt said in 2009 the city had a sewer bond to replace lines, with the intent of having hook-up fees pay the debt and Council Member Schmitt claimed money from the general fund was diverted to pay for the sewer bond because there was not enough funds from hook-up fees. Council Member Carrigan said at that time there was an option to pay the debt either from connection fees or through the CIP and Council directed staff to use connection fees to pay the debt service. Unfortunately, when the economy declined, the lines bond debt service had to be paid for by using sewer fees.
- Financial Services Director Jeff Cronk explained that when the city sells bonds, it pledges the net revenue, (the total revenue less operating expenses.) The only bonds that have been paid were those issued for the sewer which is a general obligation debt. If we had no sewer

revenue the city would pay those sewer funds from the general fund, as a general obligation of the city.

- Mayor Martini clarified there was no wrong doing with the money used to pay the bond.
- Council Member Ron Smith said he is in favor of an 8.25% increase; he is undecided on whether or not to use AMERESCO.
- Mayor Geno Martini said he is in favor of the AMERESCO Project to help make the plant more efficient, especially in terms of energy savings. Mayor Martini is also in favor of the 8.25% increase. Mayor Martini said he believes the upcoming generations are in favor of using “green” technology.
- In answer to a query from Council Member Carrigan, John Martini said 7% will get the city 100% of the CIP for the lines and 100% TMWRF, non-AMERESCO, unrestricted cash balance. In that scenario, the sewer rate would go from \$15.85 to \$20.78 for a total bill of \$34.51; a 4.61% increase of the total bill by FY18. Council Member Carrigan is concerned about the AMERESCO payback being over 20 years.
- Deputy City Manager for Community Services Neil Krutz suggested Council support the 8.25% increase and allow staff to determine what parts of AMERESCO could be implemented while managing the CIP.
- Council Member Schmitt asked when the first bond will be paid off. Financial Services Director Jeff Cronk said under the current bond structure the first bond will be paid off in 2020. There is approximately \$900,000 that will be paid off in 2015/2016. Mr. Cronk said if the Council chose pay-as-you-go funding, the city could save \$5-\$6M. Mr. Schmitt said the numbers need to be better defined and encouraged a shorter payback.
- Council Member Carrigan asked about flood fees and what is owed for bonds. Deputy City Manager for Community Services Neil Krutz said there are no bonds for flood fees. With the \$9.1M award and funds from the flood project, the city has about \$17M. The funding source for flood control was discussed.
- Council Member Lawson said the City of Sparks is currently 38% less than the county; 20% lower than City of Reno. If Sparks raised the sewer bill 15% the city would still be 20% lower than the county and 10% lower than Reno. Mr. Lawson said he is concerned the plant may have a massive failure, which would be significantly worsened if the city has no bonding capability or a back-up plan.
- Council Member Schmitt asked why Reno’s fees are higher and Mr. Krutz said they are putting quite a bit of money into their lines. Council Member Schmitt also asked why the plant cost is increasing above the inflationary rate. Staff discussed the age and condition of the plant.
- John Martini asked for Council’s opinion on AMERESCO and direction on the rate increase. Staff would like to do the first reading on rate increases on January 13, 2014 and the second reading and public hearing on January 27, 2014. Rates would go up in the new fiscal year, on July 1, 2014.

- Deputy City Manager for Community Services Neil Krutz said if AMERESCO is spread out to four years, there will be additional flexibility.
- Council Member Smith said he is in favor of a 8.25% increase, including AMERESCO, and spread over four years.
- Council Member Lawson believes the payback on AMERESCO is too long.
- Mayor Geno Martini said the Council wants to keep 100% CIP; not 40%.
- John Martini said having 100% for CIP, with AMERESCO spread out, cannot be done with an increase of 8.25%.
- Council Member Carrigan said he then prefers 8.25%, without AMERESCO.
- Council Member Smith confirmed that 8.25 would give the city 100% on CIPs, but without the AMERESCO Project.
- John Martini said he is requesting the flexibility to participate in the AMERESCO Project with an 8.25% increase. With that, the city cannot keep the 100% CIP. Staff would like the flexibility to manage situations and do the AMERESCO as well.
- Council Member Carrigan said he believes it is more important to keep 100% of TMWRF and allow the flexibility needed to care for the city's own sewer lines. Mr. Carrigan said it needs to be clear that two fees are being held level, there will likely be an 8% increase in sewer fees, with approximately a 5% increase overall. Various methods of fees used to pay bonds was discussed.
- Neil Krutz said he prefers an 8.25 percent increase with flexibility.
- Council Member Carrigan said he prefers an 8.25 percent increase without flexibility.
- Council Member Lawson said he would like more information about the AMERESCO technology and wants to see a project with a ten year or less payback.

John Martini said he will prepare a first reading of an amendment to Title 13 to raise the base rate fees 8.25% beginning the first day of FY15 (July 1, 2014); the amendment will include alternatives addressing the freedom to work or not work with AMERESCO. Council Member Carrigan said the amendment should focus on the CIP. Mr. Krutz added that at the January 13, 2014 meeting he will provide a status update of where we stand with AMERESCO.

#### **4. Comments from the public - None**

**4.1 Comments from City Council and City Manager** (Time: 1:33p.m.) – None

**4.1 Comments from the Public** (Time: 1:33 p.m.) – None

**Adjournment** (Time: 1:33 p.m.)