



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, John Erwin, Scott Estes
DATE: 6 September 2014
SUBJECT: **Introduction and first reading of amendment to Rate Schedule WSF**

RECOMMENDATION

Staff recommends the Board move to refer for a second reading the proposed amendments to the TMWA Rules and Rate Schedules to facilitate the implementation of the pending merger with Washoe County.

Possible Motion: “I move to refer the proposed amendments to the TMWA Rate Schedule WSF for a second reading and possible adoption.”

INTRODUCTION

In preparation for the merger of Washoe County Community Services Department Water Utility (“WCWU”) and the South Truckee Meadows General Improvement District (“STMGID”), staff is recommending changes to TMWA’s existing rules and rates, by:

Agenda Item 6.c.i. Amending:

1. Table of Contents
2. Introduction to the Rules
3. Rule 1 Definitions
4. Rule 5 Water System Facilities
5. Rule 7 Dedication of Water Resources and Will-Serve Commitments
6. Rule 9 Service Area Boundaries – Retail
7. Rate Schedule Large Volume Service (LVS)
8. Rate Schedule Firm Standby Partial Requirements (FSPR)

Agenda Item 6.c.i Repealing:

Rule 10 Service Area Boundaries - Wholesale

Agenda Item 6.c.ii Amending:

1. Rate Schedule Water System Facility Charges (WSF)

Agenda Item 6.c.iii Adopting:

1. Rule 10 Mt Rose-Galena Fan Domestic Well Mitigation Program

Agenda Item 6.c.iv. Adopting:

1. Rate Schedule FRMSGID – Former South Truckee Meadows General Improvement District Rates and Charges

Agenda Item 6.c.v. Adopting:

1. Rate Schedule FRMWC – Former Washoe County Water Utility Rates and Charges

This Agenda item involves only Agenda Item 6.c.ii -- the proposed amendments to the TMWA Rate Schedule WSF.

The proposed amendments are subject to successful merger. Staff proposes that these changes be adopted now, but that they not become effective until the closing of the Merger, anticipated to occur December 31, 2014. Board review, pursuant to the tentative calendar presented below will lead to final approval of the revisions on October 15, 2014, with the revisions becoming effective with the actual close of merger, assumed to be January 1, 2015.

DISCUSSION

In preparation for the merger with Washoe County Community Services Department Water Utility (“Merger”), staff presents for Board consideration proposed revisions to the TMWA’s Rate Schedule WSF.

Public notices were filed on August 28, 2014. The proposed revisions were presented to the TMWA Standing Advisory Committee for review and comment on September 2, 2014. The SAC did not have comments at that time, but requested the proposed revisions be brought back to the SAC at its October meeting in the event the TMWA Board had revisions or direction for the SAC. Additional public workshops were held on September 10, 2014. Any comments, written or otherwise, that have been submitted by interested parties as of this writing will be attached.

A summary of the revisions proposed under this agenda item follows.

Merger Related Revisions to Rate Schedule WSF

TMWA is proposing amending Schedule WSF to implement applicable cost recovery mechanisms for Washoe County water systems after the close of merger. It is necessary to collect Facility Charges from new development to reimburse the utility for facility improvements required to meet the demands of new growth. The proposed amendments seek to i) rename “Feeder Main Area Unit Costs” as “Area Facility Unit Costs”; ii) add new Charge Areas in which the Area Facility Unit Costs will apply after the Merger, to capture service areas being added; iii) revising the table of Supply and Treatment Facility Unit Costs to set forth the amount of such costs that will apply to each new Charge Area; iv) revising the table of Storage Facility Unit Costs to set forth the amount of such costs that will apply to each new Charge Area.

The Builders Association of Northern Nevada (BANN) hired consultants to thoroughly review TMWA’s methodology and calculation of Facility Charges in 2006. With the correction of minor errors, the BANN consultants recommended acceptance of the TMWA revisions proposed at that time. TMWA continues to approach the calculation of developer fees utilizing the same methodology. Rule 5 describes what water facilities and Water System Facility Charges the developer will be responsible for. The method of calculating the Facility Charges is given in Rule 5, but Schedule WSF sets forth the actual amount of the applicable Facility Charge Unit Costs.

Schedule WSF only applies to developers seeking new or expanded water service, and does not affect the costs or rates to serve existing customers. Schedule WSF furthers prior Board direction that growth pays for growth.

Staff does not propose any change to the facility charges applicable to TMWA’s existing service area.

The attached redline rule presents the proposed changes. Table 1 provides a comparison with existing Fees and Facility Charges under County ordinances with the total fees and facility charges proposed by TMWA following the Merger. Area Facility Charges are applied on a geographic basis and are based on the cost to expand the capacity of the water system in specific areas where growth is anticipated to occur. In addition to the new Area Facility Charges, TMWA Supply-Treatment Facility Charges will generally apply to growth occurring in County systems that are currently served with TMWA wholesale water supplies (Southeast Truckee Meadows, Horizon Hills and Spanish Springs). Because the cost of facilities to implement conjunctive use on the Thomas Creek/Whites Creek and Galena Creek/Mt. Rose fans will benefit both existing customers and growth, it is proposed that Areas 14 and 15 pay 50 percent of the TMWA Supply-Treatment Facility Charge. Growth in Lemmon Valley will continue to depend on local and imported groundwater resources and therefore, will not be subject to TMWA Supply-Treatment Facility Charges. New development that purchases resource capacity from the Fish Springs system (imported groundwater) will be subject to an additional facility cost component which pays for facilities to integrate that supply into the Lemmon Valley distribution system. Lastly, the Heppner Subdivision area located in the northern part of Lemmon Valley will pay a modified Area 13 Facility Charge (no storage costs) plus an additional fee of \$5,490 (not reflected in the Table) for on-site “subdivision” distribution facilities.

TMWA’s analysis used the total supply capacity available to an area from the combined water systems (TMWA and WC). This is a benefit to new business customers (and one of the significant benefits to

the consolidation) as it assumes that all available capacity from both systems will be used up and paid for by new development. In some cases, this resulted in lower overall connection fees in the merged utility than presently exist in Washoe County.

SCHEDULE WSF

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGESAPPLICABILITY

Pursuant to procedures set forth in Rule 5, Applicants for new Service or Modified Service to a Service Property(ies) are subject to Water System Facility (WSF) Charges. WSF Charges are based on the Maximum Day Demand estimated in gallons per minute (GPM) by the Authority to serve the Service Property(ies) multiplied by the following Unit Costs. WSF Charges will be assessed where applicable and as identified in the Water Service Agreement.

A. ~~A. Feeder Main~~Area Facility Unit Cost by Charge Area

<u>0</u>	<u>Charge Area</u>	<u>Amount</u>	
<u>0</u>	<u>Central Reno</u>	<u>\$0.00</u>	<u>per GPM</u>
1	South Truckee Meadows	\$958.00	per GPM
2	Sparks-East Reno	1,711.00	per GPM
2A	Sparks-Inside McCarran Blvd	856.00	per GPM
3	Northwest Reno – Northgate/Mogul	1,575.00	per GPM
4	Sparks – Pyramid/Spanish Springs	2,877.00	per GPM
5	Sparks – The Vistas	4,555.00	per GPM
6	Sun Valley-Sullivan Pump Zones	1,309.00	per GPM
7	Verdi (To be established)	<u>TBD</u>	per GPM
8	Sierra-North Virginia Pump System	4,168.00	per GPM
<u>8A</u>	<u>Horizon Hills</u>	<u>4,023.00</u>	<u>per GPM</u>
9	Lakeridge-Plumas Pump System	1,838.00	per GPM
10	Stead – Silver Lake	5,623.00	per GPM
<u>11</u>	<u>Southeast Truckee Meadows</u>	<u>2,828.00</u>	<u>per GPM</u>
<u>12</u>	<u>Spanish Springs</u>	<u>5,789.00</u>	<u>per GPM</u>
<u>13</u>	<u>Lemmon Valley</u>	<u>2,734.00</u>	<u>per GPM</u>
<u>13A</u>	<u>Heppner*</u>	<u>1,011.00</u>	<u>per GPM</u>
<u>13B</u>	<u>Fish Springs</u>	<u>4,237.00</u>	<u>per GPM</u>
<u>14</u>	<u>Thomas/Whites Creek</u>	<u>5,103.00</u>	<u>per GPM</u>
<u>15</u>	<u>Mt. Rose/Galena</u>	<u>4,038.00</u>	<u>per GPM</u>

Where ~~annexation of a Service Property into the Authority's retail service area is required and such a~~ Service Property is not located within an established ~~Feeder Main Unit Charge Area~~ described above, ~~Applicant may be subject, in lieu of Feeder Main Unit Costs, to~~ or where the Area Facility Unit Cost for that Charge Area has not been established, applicable Area Facility Unit Costs shall be determined by Authority on a case by case basis and may include charges for on-site and off-site improvements, including Oversizing Costs, to integrate new Water System Facilities or to connect to, expand, relocate or alter existing water Facilities, determined by the Authority as necessary to facilitate annexation of the Service Property into the Authority's Retail Service Area and/or development of the Charge Area or Charge Area Unit Cost to be established, as ~~stipulated set forth~~ in the Annexation Agreement or Water Service Agreement between Applicant and Authority.

* Charge Area 13A is subject to an additional charge of \$5,490.00 per lot for on-site distribution improvements.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10;
06/19/13

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES

B. Supply and Treatment Facility Unit Cost By Charge Area
~~4,163~~ per GPM

-\$

“Supply and Treatment Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance supply/treatment improvements identified in the Authority’s facility plan.

<u>Charge Area</u>	<u>Amount</u>	
<u>0</u> <u>Central Reno</u>	<u>\$4,163.00</u>	<u>per GPM</u>
<u>1</u> <u>South Truckee Meadows</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>2</u> <u>Sparks-East Reno</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>2A</u> <u>Sparks-Inside McCarran Blvd</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>3</u> <u>Northwest Reno – Northgate/Mogul</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>4</u> <u>Sparks – Pyramid/Spanish Springs</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>5</u> <u>Sparks – The Vistas</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>6</u> <u>Sun Valley-Sullivan Pump Zones</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>7</u> <u>Verdi</u>	<u>TBD</u>	<u>per GPM</u>
<u>8</u> <u>Sierra-North Virginia Pump System</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>8A</u> <u>Horizon Hills</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>9</u> <u>Lakeridge-Plumas Pump System</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>10</u> <u>Stead – Silver Lake</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>11</u> <u>Southeast Truckee Meadows</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>12</u> <u>Spanish Springs</u>	<u>4,163.00</u>	<u>per GPM</u>
<u>13</u> <u>Lemmon Valley</u>	<u>0.00</u>	<u>per GPM</u>
<u>13A</u> <u>Heppner</u>	<u>0.00</u>	<u>per GPM</u>
<u>13B</u> <u>Fish Springs</u>	<u>0.00</u>	<u>per GPM</u>
<u>14</u> <u>Thomas/Whites Creek</u>	<u>2,082.00</u>	<u>per GPM</u>
<u>15</u> <u>Mt. Rose/Galena</u>	<u>2,082.00</u>	<u>per GPM</u>

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10;
~~06/19/13~~

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES

C. Storage Facility Unit Cost By Charge Area
per-GPM

~~-\$ 933~~

“Storage Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance storage improvements identified in the Authority’s facility plan.

<u>Charge Area</u>	<u>Amount</u>	
<u>0</u> <u>Central Reno</u>	<u>\$933.00</u>	<u>per GPM</u>
<u>1</u> <u>South Truckee Meadows</u>	<u>933.00</u>	<u>per GPM</u>
<u>2</u> <u>Sparks-East Reno</u>	<u>933.00</u>	<u>per GPM</u>
<u>2A</u> <u>Sparks-Inside McCarran Blvd</u>	<u>933.00</u>	<u>per GPM</u>
<u>3</u> <u>Northwest Reno – Northgate/Mogul</u>	<u>933.00</u>	<u>per GPM</u>
<u>4</u> <u>Sparks – Pyramid/Spanish Springs</u>	<u>933.00</u>	<u>per GPM</u>
<u>5</u> <u>Sparks – The Vistas</u>	<u>933.00</u>	<u>per GPM</u>
<u>6</u> <u>Sun Valley-Sullivan Pump Zones</u>	<u>933.00</u>	<u>per GPM</u>
<u>7</u> <u>Verdi</u>	<u>TBD</u>	<u>per GPM</u>
<u>8</u> <u>Sierra-North Virginia Pump System</u>	<u>933.00</u>	<u>per GPM</u>
<u>8A</u> <u>Horizon Hills</u>	<u>0.00</u>	<u>per GPM</u>
<u>9</u> <u>Lakeridge-Plumas Pump System</u>	<u>933.00</u>	<u>per GPM</u>
<u>10</u> <u>Stead – Silver Lake</u>	<u>933.00</u>	<u>per GPM</u>
<u>11</u> <u>Southeast Truckee Meadows</u>	<u>0.00</u>	<u>per GPM</u>
<u>12</u> <u>Spanish Springs</u>	<u>0.00</u>	<u>per GPM</u>
<u>13</u> <u>Lemmon Valley</u>	<u>0.00</u>	<u>per GPM</u>
<u>13A</u> <u>Heppner</u>	<u>0.00</u>	<u>per GPM</u>
<u>13B</u> <u>Fish Springs</u>	<u>0.00</u>	<u>per GPM</u>
<u>14</u> <u>Thomas/Whites Creek</u>	<u>0.00</u>	<u>per GPM</u>
<u>15</u> <u>Mt. Rose/Galena</u>	<u>0.00</u>	<u>per GPM</u>

NOTE: The following map depicts only approximate boundaries of the ~~Feeder Main~~ Charge Areas ~~are depicted by number on the included map. Please note that b~~ Because the Authority’s distribution system undergoes frequent modification, ~~Feeder Main~~ Charge Area boundaries are subject to frequent adjustment and the exact boundaries of the Charge Areas shall be maintained by and may be adjusted from time to time by the General Manager of the Authority. The Authority attempts to keep a current map posted on its website, at www.tmwa.com; however, this map may not show sufficient detail to depict Charge Areas precisely. Pursuant to Rule 5 the Authority will determine the ~~Feeder Main~~ Charge Area and associated ~~Feeder Main~~ Area Facility charges to serve the Applicant’s Service Property(ies) at the time of application based on the most current Charge Area boundary information maintained by the General Manager of the Authority.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10;
06/19/13

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WSF – WATER SYSTEM FACILITY CHARGES

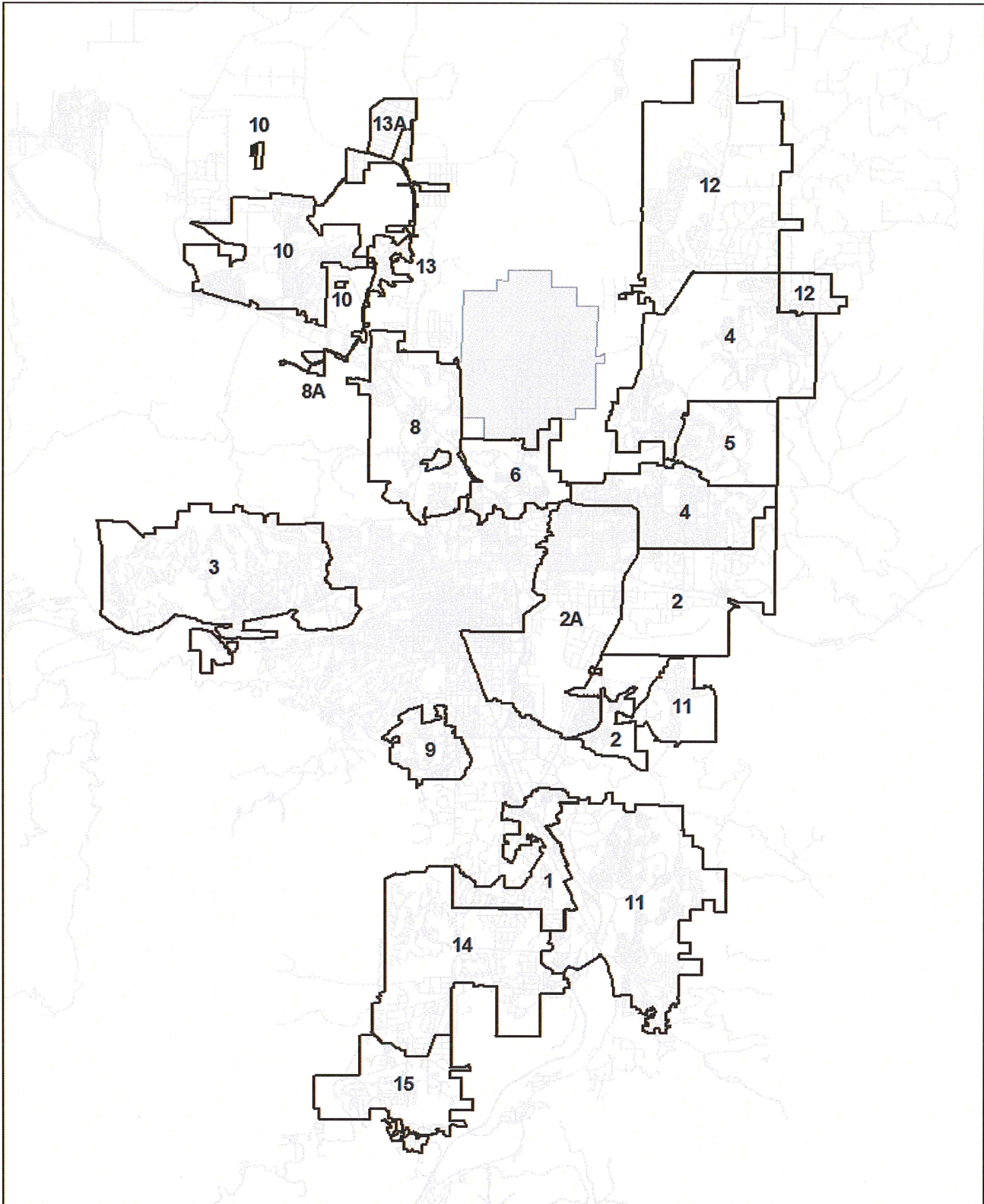


TABLE 1

TABLE 1. COMPARISON OF EXISTING COUNTY CONNECTION FEES TO TMWA PROPOSED FEES

	Area 8A <u>Horizon Hills</u> ⁵	Area 11 <u>SETM</u> ⁴	Area 12 <u>Span. Sprgs</u> ⁶	Area 13 <u>Lem. Valley</u> ⁵	Area 13A <u>Heppner</u> ¹	Area 13B <u>Fish Springs</u> ²	Area 14 <u>Thom./White</u> ³	Area 15 <u>Rose/Galena</u> ³
New Area Fee	\$4,023	\$2,828	\$2,912	\$2,734	\$1,011	\$1,503	\$5,103	\$4,038
Other Area Fees			\$2,877			\$2,734		
Total - Area Fees	\$4,023	\$2,828	\$5,789	\$2,734	\$1,011	\$4,237	\$5,103	\$4,038
TMWA Supply-Treatment Fee	\$4,163	\$4,163	\$4,163	\$0	\$0	\$0	\$2,082	\$2,082
Total Connection Fee	\$8,186	\$6,991	\$9,952	\$2,734	\$1,011	\$4,237	\$7,185	\$6,120
Existing Connection Fee	\$12,998	\$14,905	\$11,910	\$4,667	\$3,790	N/A	\$7,929	\$8,040

Notes:

1. Heppner will also pay a per LOT fee for local "subdivision" improvements (currently \$5,490)
2. Growth dedicating Fish Springs resources will also pay the current Lemmon Valley Area Fee (currently \$2,734 included above).
3. Areas 14 & 15 will also pay 50% of the TMWA Supply-Treatment Fee to reflect the benefit of the conjunctive use facilities (currently \$2,082 included above).
4. The SE Truckee Meadows (SETM) includes Hidden Valley, Double Diamond & STMGID East and pays TMWA Supply-Treatment Fee (currently \$4,163 included above).
5. Lemmon Valley and Horizon Hills are separate Facility Areas. Area 8A will also pay TMWA Supply-Treatment Fee (currently \$4,163 included above).
6. Spanish Springs will also pay TMWA Area 4 (currently \$2,877) and Supply-Treatment (currently \$4,163) Fees, which are included above.
7. All Facility Charges are in \$\$ Per GPM of Max Day Demand unless noted otherwise.

Reference Only

<u>TMWA Facility Charges</u>	TMWA <u>Area 1</u>	TMWA <u>Area 2</u>	TMWA <u>Area 3</u>	TMWA <u>Area 4</u>	TMWA <u>Area 5</u>	TMWA <u>Area 6</u>	TMWA <u>Area 8</u>	TMWA <u>Area 9</u>	TMWA <u>Area 10</u>
TMWA Area Fee	\$958	\$1,711	\$1,575	\$2,877	\$4,555	\$1,309	\$4,168	\$1,838	\$5,623
TMWA Supply-Treatment Fee	\$4,163	\$4,163	\$4,163	\$4,163	\$4,163	\$4,163	\$4,163	\$4,163	\$4,163
TMWA Storage Fee	\$933	\$933	\$933	\$933	\$933	\$933	\$933	\$933	\$933
Total Connection Fees	\$6,054	\$6,807	\$6,671	\$7,973	\$9,651	\$6,405	\$9,264	\$6,934	\$10,719