

**BIG BEND WATER DISTRICT
CITIZEN ADVISORY COMMITTEE
MEETING SUMMARY**

September 14, 2017, 1:00 p.m.

Laughlin Regional Government Center
101 Civic Way, Laughlin, Nevada

Committee Members Present:	Kathy Ochs	Sean Hammond
	Fred Doten	Bruce Henry
	Danny Laughlin	
	Frank Pilj	

Committee Members on the Phone:	Deborah Murray
	Carrie Larson

Committee Members Absent:	Pamela Tyler
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Staff Present:	Brian Thomas
	Chaunsey Chau-Duong

Others Present:	Lewis Michaelson, Guy Hobbs, Matt Chorpening
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PUBLIC COMMENT

There were no persons wishing to speak.

SUMMARY OF ACTIVITIES

The Big Bend Water District (BBWD) Citizens Advisory Committee met on Thursday, September 14, 2017. The meeting began at 1:04 p.m.

Fred Doten made a motion to approve the August 29, 2017 meeting summary. Danny Laughlin seconded the motion and the summary was unanimously approved.

Lewis Michaelson began the meeting by discussing the meeting's agenda and stated that the goal of the meeting was to review the prior meeting's rate models as well as introduce a new rate model for the committee's consideration. In addition, he stated that the group would review recommendations that would be sent to the Big Bend Water District Board of Trustees and noted that at the end of the meeting, Brian Thomas would touch upon the outreach aspects for rates as well. Lastly, Lewis stated that a BBWD Recommendations Report which would encompass all the recommendations proposed would be sent to the committee for review after the meeting.

Lewis then reviewed the committee's preference to issue bonds, implement four years of consecutive rate increases followed by CPI-based increases thereafter, and also reiterated the committee's consensus not to access the Fort Mohave Valley Development Fund to pay for the BBWD's capital needs. Lastly,

Lewis mentioned the committee's discussion about service charges and noted the committee's desire to discuss it in more detail.

Lewis then turned the time over to Brian Thomas, Las Vegas Valley Water District (LVVWD) Chief Financial Officer, to review two previous rate scenarios discussed at the last meeting and presented a new hybrid scenario for consideration. Brian gave a brief summary of the two previous scenarios called Scenario 1B and 5A. Each scenario assumes issuing debt, four years of consecutive rate increases followed by CPI-based increases thereafter and \$800,000 in additional funding. The difference between the two scenarios is that 1B reflects a 9.4 percent increase to both the service charge and tiered rate, while 5A reflects a 33.9 percent increase to the service charge and a 6.1 percent increase to the tiered rate.

Brian emphasized that by issuing debt, the BBWD would apply for State Revolving Fund loans which would have low interest rates that are paid back over 20 years. He noted that the current interest rate is 2.5 percent, but that the BBWD uses 4 percent in its calculation of debt issuance to be conservative on the matter. Brian further mentioned that no matter which rate scenario was selected, the overall total increase would be 9.4 percent.

Brian then discussed the new hybrid scenario, which was created to address the concerns he heard about placing too much emphasis on the service charge. He noted that the capital program was evaluated again and estimated that 70-80 percent of the cost is associated with actual water deliveries. The other part was associated with water quality and he stated that those costs are passed along as a commodity charge. Brian explained that staff tried to simplify the third scenario by adding an annual \$2.00 service charge increase to 5/8 and 3/4 inch meters and larger meters would increase proportionally for four years. Bruce Henry asked if that charge would be for single family residential and Brian affirmed that it was. Lewis inquired whether the cost for larger meters would be proportionally higher and Brian responded that it would. Brian then explained that the tier rates for Scenario 9A would increase higher than for 5A, but that the service charge would increase slower due to an expanding base.

After describing all three scenarios Brian transitioned into describing the customer impact of each scenario. He explained each scenario's impact to a single family residential and asked members to look at the monthly bill in 2021 to see the difference between all scenarios. Brian noted that in Scenario 1B, a single-family home's bill increases slower because costs are spread out across the board. He then asked the committee to compare Scenario 1B with Scenario 5A and 9A where the monthly bill goes up to nearly \$47.00 and \$41.00 respectively.

Brian then discussed the impact of all three scenarios to non-profits and explained how the bills for non-profits are impacted similarly to that of single family residential customers since the ratio for service charges and tier rates are similar to that of a single family residential.

Brian also discussed the impact of all three rates to a small business and stated that small businesses have similar kinds of ratios as the previous entities discussed; however, Brian explained that there is more of a split between service charge and tier rates for them. Again, Brian reiterated that Scenario 1B would have the lowest bill. Brian then discussed parks which are high-volume water users but have a smaller fixed charged component in a bill. In his example, Brian pointed out that Scenario 5A would be

more beneficial to parks since more of the costs is placed on the service charge and that the tiered water rates would increase slower.

Brian then reviewed sample monthly bills for gaming resorts and stated that they are high water users, and therefore, have a ratio similar to parks. He reiterated that the more the rate increase is placed on a fixed charge, the lower the percentage increase overall on their total bill. Lastly, Brain discussed multi-family residential units which have a similar pattern to a park and gaming resorts.

After going through the customer impacts, Brian inquired whether there were any questions. Sean Hammond commented that Brian’s explanation provided more clarification on the impact of a higher service charge to a single family residential customer. Sean also stated that he was trying to look at the rate models not just from a resort industry perspective, but from a residential perspective and it was his opinion that a higher service charge would impact residential and non-profit customers more.

Lewis then went around the room and asked each committee member their opinion about each scenario. Sean, Frank Pilj and Carrie Larson stated that they were in favor of Scenario 1B. Sean noted that Scenario 1B seemed more stable and more beneficial for single family residents. Frank initially explained his preference for Scenario 1A as he did not want the BBWD to issues bonds and consequently incur debt; however, he stated that if the consensus was to issue bonds, then his preference was 1B. Additionally, Carrie noted that under Scenario 1B, single family residents would be impacted slightly less. She also mentioned that the committee recommendations report should state that rates would be reviewed 10 years after the CPI increases. That timeframe was later changed to 5 years.

Danny Laughlin and Bruce Henry explained that they were in favor of both Scenario 1B and 9A and Fred Doten, Kathy Ochs and Deborah Murray stated their preference for Scenario 9A. Bruce noted that he was leaning towards Scenario 1B because it looked better for residential customers. Fred explained that 9A would be more beneficial because a fixed rate forecasts costs better. Kathy explained that 9A seemed more consistent for residents and businesses for budgeting since there is a controlled variable (service charge). She also mentioned that 9A would be a good scenario for growth and development in the town. Deborah reiterated her support of 9A for the reasons Kathy stated and mentioned that the 9A would better for the multi-family units.

Seeing that the vote was split, Lewis went around the room once again to tally the vote. During the second inquiry, six committee members maintained their previous preferences with Danny changing his preference to Scenario 1B and Bruce changing his to Scenario 9A. As a result, the final vote was as follows:

Scenario 1B	Scenario 9A
Sean Hammond	Fred Doten
Fank Pilj	Kathy Ochs
Carrie Larson	Deborah Murray
Danny Laughlin	Bruce Henry

Due to the split vote, Lewis provided two options for committee members. One option was to present Scenario 1B and 9A to the Laughlin Town Advisory Board (LTAB) and have them make a recommendation. The other option proposed was to have staff create another rate model scenario. Sean

responded that he was in favor of sending the two scenarios to the LTAB for their review and explained that the committee did its job by evaluating all the scenarios given and ultimately narrowing it down to two. The rest of the committee members affirmed Sean's statement and collectively agreed to send the two options to the LTAB for review. Lewis inquired whether any of the committee members had a strong preference for one scenario over the other, and the committee responded that both options were favorable and that there was not a strong preference for one option over the other.

Lewis then turned to the draft recommendation report and went through some initial draft recommendations.

1. Whenever available, pursue grant funding to offset the cost of the capital program and report grant activities annually.

Lewis stated that emphasis should be made to Laughlin's status as a rural designation by the federal government and Sean and Kathy responded that the BBWD should also give an annual report of the type of grants applied for and utilized by the BBWD.

2. Fund capital costs that are not grant-funded with low interest State Revolving Fund Loans.

Lewis affirmed that this would be in the recommendations report and inquired whether there were any questions. They were none.

3. Do not access funds in the Fort Mohave Valley Development Fund to fund capital needs.

Lewis asked whether the committee was comfortable with this recommendation and Bruce and Frank expressed their strong support for this recommendation. No other committee members had any opposition to this recommendation.

4. Implement the rate increase over four years. After the first four years of implementation, increase the water rates annually by an amount equal to the increase in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers.

Brian affirmed that regardless of which rate scenario selected, the overall increase would be 9.4 percent over 4 years. In addition, Lewis reiterated that in January 2022, the increase in water rates would be correlated by the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W). Kathy and Carrie suggested the need to review rate increases tied to the CPI-W every five years.

5. If grant funding is secured that exceeds \$800,000, evaluate revenue needs and adjust rates accordingly.

Brian stated that if the BBWD were able to receive grant funding or other alternative sources of funding that the BBWD would review rates and adjust them accordingly.

Brian then discussed the next steps after the CAC meetings and talked about the rate adoption schedule. He noted that a recommendations report would be drafted and that the report would explain the need for

the rate increase and also encompass the committee's discussion and decision about the matter. He noted that the draft report would be sent to committee members so that they would be able to provide comments and feedback. Brian also explained that a presentation of the recommendations would also be provided to the LTAB and that a Business Impact Statement (BIS) would be conducted. Lastly, Brian stated that in November, the Big Bend Water District Board of Trustees would consider the BIS and then subsequently in December, the Board of Trustees would consider the committee's recommendations and hold a public hearing on the rate increase. If the rate increases are approved, the effective date would be January 1, 2018.

Brian also explained outreach activities that would be spearheaded by the BBWD to inform the public about the new rate increase. He mentioned that direct mail pieces would be sent out, a public workshop would be conducted and that the BBWD would make changes to its website and social media to try to inform residents about the new rates.

At the conclusion of the meeting, Sean asked whether the committee's attendance at the next LTAB meeting was a requirement and Brian responded that while attendance from committee members is not mandatory, it would be appreciated. Brian then thanked the committee for their work and participation and Lewis asked if there were any questions. Seeing none, Lewis concluded the meeting.

ADJOURNMENT

The meeting concluded at approximately 2:08 p.m.

Big Bend Water District
Citizens Advisory Committee
Sign-in Sheet

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