

**CARSON CITY CONSOLIDATED MUNICIPALITY  
NOTICE OF MEETING OF THE  
UTILITY FINANCE OVERSIGHT COMMITTEE**

**Day:** Monday  
**Date:** May 21, 2018  
**Time:** Beginning at 3:00 pm  
**Location:** Community Center, Sierra Room  
851 East William Street  
Carson City, Nevada

**AGENDA**

**Call to Order.**

**Roll Call and Determination of a Quorum.**

**Public Comment\*\***

The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of the Utility Finance Oversight Committee, including any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

**1. For Possible Action - Approval of meeting minutes.**

1.A For Possible Action: To approve the March 20, 2018 draft meeting minutes. (Darren Schulz, Dschulz@carson.org)

Staff Summary: Committee members will be provided the draft meeting minutes from the March 20, 2018 meeting and asked to review and approve.

[SR-approval of minutes.docx](#)

[03-20-18 minutes.pdf](#)

**2. Meeting Items:**

2.A For Discussion and Possible Action: To recommend the Board of Supervisors approve a proposal to refinance the series 2010A Water Bonds and issue up to \$7 million in new bonds for construction of the East/West Transmission Line Project. (Jason Link, jlink@carson.org)

Staff Summary: City staff are proposing to refinance the series 2010A Water Bonds and use the estimated savings from refinancing the Bonds to partially offset the cost of issuing new bonds for the East/West Transmission Line. The United States Environmental Protection Agency approved Carson City's request to refund the series 2010A Water Bonds. A condition of the refinance requires Carson City to reinvest the savings into a new water improvement project. City Staff and JNA Consulting Group will present an overview of the proposed plan.

[SR-Refinance 2010A Water Bond and Issue New Bonds \(2\).docx](#)

[Carson City Water Refinancing Presentation \(2018-05-09\).pdf](#)

[CIP 520 - Water Fund.pdf](#)

[Debt service changes.xlsx](#)

### **3. For Information Only: Future Agenda Items**

Discussion under this item is limited to the possible placement of new matters on future agendas only. The next meeting is tentatively scheduled for:

### **4. Public Comment\*\***

The public is invited at this time to comment on and discuss any topic that is relevant to or within the authority of the Utility Finance Oversight Committee, including any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

### **5. For Possible Action: To Adjourn.**

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#### **\*\*Public Comment**

It is Carson City's aspirational goal to provide for item-specific public comment as follows: in order for members of the public to participate in the public body's consideration of an agenda item, the public is strongly encouraged to comment on an agenda item when called for by the Chair during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken. The Chair also retains discretion to only provide for the Open Meeting Law's minimum public comment and not call for or allow additional individual-item public comment at the time of the body's consideration of the item when: 1) it is deemed necessary by the Chair to the orderly conduct of the meeting; 2) it involves an off-site non-action facility tour agenda item; or 3) it involves any person's or entity's due process appeal or hearing rights provided by statute or the Carson City Municipal Code.

#### **Agenda Management Notice**

Items on the agenda may be taken out of order; the Chair may combine two or more agenda items for consideration; and the Chair may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

**Notice to Persons with Disabilities**

The Utility Finance Oversight Committee is pleased to make reasonable accommodations for members of the public who wish to attend the meeting and need assistance. If arrangements for special assistance or reasonable accommodations at the meeting are needed, please notify the Public Works Department in writing at 3505 Butti Way, Carson City, NV 89701, or by calling (775) 887-2355 as soon as possible, but not less than 24 hours in advance of the meeting.

**For Further Information**

If you would like more information about an agenda item listed above or to request a copy of the supporting material for this meeting, please contact Karen Leet at [Kleet@carson.org](mailto:Kleet@carson.org) or call (775) 887-2355. A copy of this agenda and supporting materials for the meeting are also available at the Public Works Department located at 3505 Butti Way, Carson City, NV 89701, or at the City's website at <http://carson.org/government/meeting-information/agendas>.

**This notice and agenda has been posted at the following locations:**

- Community Center, 851 East William Street
- Public Safety Complex, 885 East Musser Street
- City Hall, 201 North Carson Street
- Carson City Library, 900 North Roop Street
- Business Resource & Innovation Center (BRIC), 108 East Proctor Street
- The Carson City website at <http://carson.org/government/meeting-information/agendas>



# STAFF REPORT

Item No. 1

Report To: Utility Finance Oversight Committee

Meeting Date: 05/21/2018

Staff Contact: Darren Schulz, Director of Public Works

Agenda Title: For Possible Action: To approve the March 20, 2018 draft meeting minutes. (Darren Schulz, Dschulz@carson.org)

Staff Summary: Committee members will be provided the draft meeting minutes from the March 20, 2018 meeting and asked to review and approve.

Agenda Action: Formal Action/Motion

Time Requested: 5 minutes

## Proposed Motion

Move to approve the March 20, 2018 draft meeting minutes.

## Board's Strategic Goal

N/A

## Previous Action

N/A

## Background/Issues & Analysis

N/a

## Applicable Statute, Code, Policy, Rule or Regulation

N/a

## Financial Information

Is there a fiscal impact?  Yes  No

If yes, account name/number:

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact:

## Alternatives

**Committee Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

**CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE**

**Minutes of the March 20, 2018 Meeting**

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**DRAFT**

A regular meeting of the Carson City Utility Finance Oversight Committee was scheduled for 1:00 p.m. on Tuesday, March 20, 2018 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

**PRESENT:** Chairperson Andrea Engleman  
Vice Chairperson Mike Bennett  
Member Randy Bowling  
Member Bruce Scott  
Member Mike Spell

**STAFF:** Darren Schulz, Public Works Department Director  
David Bruketta, Utility Manager  
Jason Link, Chief Financial Officer  
Pamala Ganger, Accounting Manager  
Dan Yu, Deputy District Attorney  
Kathleen King, Chief Deputy Clerk

**NOTE:** A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

**CALL TO ORDER AND DETERMINATION OF A QUORUM (1:01:44)** - Chairperson Engleman called the meeting to order at 1:01 p.m. Ms. King called the roll; a quorum was present.

**PUBLIC COMMENT (1:02:03)** - Chairperson Engleman entertained public comment; however, none was forthcoming.

**1. POSSIBLE ACTION ON APPROVAL OF MINUTES - January 29, 2018 (1:02:11)** - Chairperson Engleman entertained suggested revisions to the minutes and, when none were forthcoming, a motion. **Member Bowling moved to approve the minutes. Member Scott seconded the motion. Motion carried 5-0.**

**2. MODIFICATIONS TO THE AGENDA (1:02:38)** - Chairperson Engleman entertained modifications to the agenda; however, none were forthcoming.

**3. PUBLIC MEETING ITEMS:**

**3(A) POSSIBLE ACTION TO RECOMMEND THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE SEWER FUND BUDGET FOR FISCAL YEAR 2019, AND ACKNOWLEDGE THAT IT IS IN COMPLIANCE WITH THE ADOPTED FINANCIAL POLICIES (1:02:50)** - Chairperson Engleman introduced this item, and Mr. Spell provided an update on the Citywide financial policies and, specifically, how they represent the enterprise funds. At Chairperson Engleman's request, City staff introduced themselves for the record. Mr. Link reviewed the agenda materials and narrated a PowerPoint presentation, which was displayed in the meeting room and which had been distributed to the committee members, staff, and made available to the public prior to the start of the meeting. Mr. Link, Mr. Bruketta, and Ms. Ganger responded to questions of clarification throughout the presentation.

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Chairperson Engleman entertained a motion. **Member Scott moved to recommend to the Board of Supervisors the approval of the tentative sewer fund budget for FY 2019, and acknowledge that it is in compliance with the adopted financial policies. Vice Chairperson Bennett seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

**3(B) POSSIBLE ACTION TO RECOMMEND THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE WATER FUND BUDGET FOR FISCAL YEAR 2019, AND ACKNOWLEDGE THAT IT IS NOT IN COMPLIANCE WITH THE ADOPTED FINANCIAL POLICIES (1:26:14)** - Chairperson Engleman introduced this item, and Mr. Link reviewed the agenda materials in conjunction with a PowerPoint presentation which was displayed in the meeting room. Mr. Link and Mr. Schulz responded to questions of clarification throughout the presentation.

Member Scott commented that the “revenues are woefully short of the needs ... and the situation in water is in a difficult position that I would hope could be addressed in a more comprehensive way by the Board or provide direction to the staff to do so going forward. The sewer fund is in better shape.” **Member Scott moved to recommend the Board of Supervisors approve the tentative water fund budget for FY 2019, and acknowledge that it is not in compliance with the adopted financial policies. Member Spell seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.**

**3(C) POSSIBLE ACTION TO RECOMMEND THE BOARD OF SUPERVISORS APPROVE THE TENTATIVE STORM WATER FUND BUDGET FOR FISCAL YEAR 2019, AND ACKNOWLEDGE THAT IT IS NOT IN COMPLIANCE WITH THE ADOPTED FINANCIAL POLICIES (1:37:21)** - Chairperson Engleman introduced this item, and Mr. Link reviewed the agenda materials in conjunction with a displayed PowerPoint presentation. Chairperson Engleman entertained questions or comments of the committee members and, when none were forthcoming, a motion. **Member Spell moved to recommend to the Board of Supervisors approval of the tentative stormwater fund budget for FY 2019, and acknowledge that it is not in compliance with adopted financial policies. Vice Chairperson Bennett seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 5-0.** Member Spell thanked the Finance Department staff on a “very easy-to-follow” presentation package. Member Bowling echoed Member Spell’s compliment.

**4. STAFF UPDATES - DISCUSSION REGARDING THE DIRECTOR’S REPORT; OVERVIEW OF THE PROPOSED PUBLIC WORKS DEPARTMENT REORGANIZATION (1:43:23)** - Chairperson Engleman introduced this item. Mr. Schulz reviewed the agenda materials, and responded to questions of clarification. In response to a further question, Mr. Schulz explained the difference between the FTEs within the Public Works Department divisions and “what’s actually in the budget ... The reason for that is because there are a number of people in Public Works that are charged to multiple different funds ... water, sewer, stormwater, land fill. They’re not all just within that fund. That’s the difference.” As an example, Mr. Schulz discussed the environmental division which reports to Mr. Bruketta. “... that group works on land fill, water, wastewater, and stormwater. So those individuals, they’re going to be shown in [Mr. Bruketta’s] group because that’s where they answer but their time is spent across the divisions.”

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In response to a further question, Mr. Schulz discussed the timing and process associated with the proposed reorganization. He anticipates the changes and the reorganization will be effective as of July 1<sup>st</sup>. He advised of no anticipation that the matter would be returned to this committee. In response to a further question, Mr. Schulz reviewed the responsibilities of Control Systems Operations Manager James Jacklett and Transportation Manager Lucia Maloney. Mr. Schulz responded to questions of clarification regarding the changes anticipated as part of the reorganization.

Member Bowling commended the proposed reorganization with a caution that “your span of control starts to get pretty broad with seven different sections.” Mr. Schulz acknowledged the point, and advised that he had read about and studied “many, many other organizations. ... we discussed it, at length, with the senior management team in Public Works to figure out what’s best.” Mr. Schulz expressed a preference for less breadth but suggested that a deputy director will help.

Member Scott expressed the opinion that “taking the opportunity now for reorganization is a good step. With half of the FTEs essentially answering [to] ... one division head now, that leaves you with an imbalanced kind of situation, particularly if you have a change or a retirement.” Member Scott expressed the further opinion, “it’s hard to figure which goes to where but it looks to me like the break down here is pretty clean and pretty reasonable given the divisions you’ll be creating and the personnel and their backgrounds who will be involved in the process.” Member Scott assumed that the increase in costs to the water budget are “kind of the equivalent of a true-up in terms of where the people really are who are going to be contributing to those divisions and how their costs should be allocated which, to me, for this committee is another eye-opener in terms of probably a more realistic allocation of where the costs should be applied. ... It’s a tough one. ... In my mind, the reorganization makes a lot of sense. I think Randy’s comment is good and you acknowledged that. ... having a deputy ... can help tremendously in ... managing the same overall operation and having it a little more clearly defined is going to facilitate management ... particularly with a deputy to assist you.”

Chairperson Engleman expressed agreement “with much of what the committee has said,” and discussed a brief history of Mr. Schulz’s tenure with the City, starting as the Public Works Department Deputy Director. Chairperson Engleman expressed concern “about a deputy who’s not being trained to ... step into your shoes if you should get another job or if you should leave ... but instead may retire himself. ... Secondly, I’m concerned also about the amount of money that we’re spending on Marathon employees; employees which I thought were people that were used on a short-term basis; that we would hire people who would come in for three months, for instance, in the summer.” Chairperson Engleman discussed concerns over former City employees working continuously for the City since their retirement, through Marathon contracts.

Mr. Schulz advised that Public Works Department Operations Manager Curtis Horton had worked for the City for 32 years. Mr. Horton recently notified Mr. Schulz that he would like to retire. Mr. Schulz stated, “That scared me. That scared all of us. If you ask any of the senior management team in Public Works, they will say they are scared of Curtis walking out the door right now. He has enough knowledge in his head over 32 years that, when that leaves, ... will create an exceptional hole.” Mr. Schulz explained that the proposed reorganization included his idea of Mr. Horton filling the deputy director role “on a short-term basis.” When he broached the subject with Mr. Horton, he committed to slightly longer than one year but wants to retire after that. Mr. Schulz acknowledged “... it doesn’t get me where I want to be, in terms of a director and a deputy working together spreading the load, as fast ...” He explained that the vast majority



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of the Public Works Department's senior managers have been with the City for five years or less. "They need knowledge of how we do things and what's buried there and what happened 20 years ago. ... my thought process was what a better situation ... to be able to have Curtis here, start up this new organization. For instance, Fleet [Management] is being moved to the Transportation Manager. The Transportation Manager has never done Fleet before. ... the individual is very intelligent and I'm comfortable she's going to learn it but there's that period of time that it takes to get up to speed. What better than to have the current manager there working with you two offices away? ... And if you look at division by division, Transportation, Water, Wastewater, Operations, this individual has been involved in all of those 32 years. ... that's how I came to that conclusion that that made the most sense. ... it was my idea. It wasn't his and I convinced him that, if this goes forward, that he could stay and help me out and he really does want what's best for Carson City. He believes in the organization. ... It would be temporary. What happens when this individual does, in fact, retire, I don't know. I'll get there when we get there and, once we get this through, then I'll start working on that next step but, ideally, that's how I looked at it."

Mr. Schulz provided an overview of the hourly employees at Public Works, some of whom are from Marathon and ManPower staffing and some of whom are City employees. "To kind of address some of the questions that came up, we have an individual on the list who is the manager of our construction project ... at the Wastewater Reclamation Facility. ... the way we looked at this a number of years ago was, when you take a project that's worth \$40 million-plus and ... you get the money you need to do this improvement, who's going to manage that project? I can't take somebody that has a list of duties that they're doing and say, 'Stop doing everything you're doing. I want you to go manage this project.' ... I didn't have that option and I don't want to hire somebody full time because it's a project. It's going to stop. ... What do I do with that individual that I have here that I no longer have work for? So you have two options. You can either hire somebody on a contract basis, hourly, or you can hire a consultant to provide that person for you to manage the project. So, we cross that bridge all the time with many different projects; whether it's inspections, material testing, that's always something that we're looking at.

"So, for instance, for the Wastewater Reclamation Facility, and for the individual that's listed there, Jim Morris, we brought him in as an hourly employee to manage that project for the City, as a City employee, with the idea that when that project is done, he goes away. So I either had that option to do that or I had the option of hiring a consultant to do that. And so ... in anticipation of questions, we reached out to some consultants and I got an hourly rate for that individual and their expertise and it's right around \$220 an hour. So ... I could do that but I'm not sure we like that direction either. So that's how those types of decisions get made is what's best for the City in terms of that.

"In regards to ... the past Public Works Director, ... as this Department moves forward, the various funds, the various utilities, the various divisions, from time-to-time, there's things that come up that need to be researched and, generally, a white paper needs to be written. ... When questions like that come in, we look around, who has time to do that right now? Who doesn't? So then your options, again, are do you hire a consultant to do a little study for you or do you look at an hourly employee to do a little study for you? In this case, the previous Public Works Director comes with a lot of knowledge of Carson City and Public Works. So when I have a little study that needs to be done, rather than hiring somebody, spending time and money to get them up to speed, do the report, put them out the door, I can get there much quicker, much cheaper with this individual. So, he's worked on a number of different projects. He was the one who did our land fill master plan over the last year. So, we looked at hiring a consultant to do that, got some rough numbers of what it could cost, looked and said, 'Hey, what if we do it in-house with this person

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individually, hourly, and ... this is about 30% of the cost.’ So those are decisions that I’m making and using moving forward.” In response to a question, Mr. Schulz advised that the former Public Works Department Director averages 12 to 15 hours every two weeks. Mr. Schulz responded to additional questions of clarification and discussion followed.

Vice Chairperson Bennett suggested that taking “the Marathon discussion out of context, it’s alarming.” He advised that he works as a consultant and confirmed the accuracy of Mr. Schulz’s statements. “The person of the caliber that would be managing, at least in my firm, a \$40 million construction project, we’re billing him at quite a high rate. ... I think it’s the right thing to do. Again, out of context, there’s some questions, there’s some eyebrows that would raise but when you look at what it’s doing for the City, the benefit it’s adding, ... it’s absolutely the right thing to do.”

Member Bowling expressed agreement with Vice Chairperson Bennett’s description of consultant billing rates. “If you bring in a consulting firm, you’ve got overhead that you have to pay for in addition to maybe a skill set that might be more than a specific project may need. But still, it’s going to be not as economical as the current arrangement. Another comment, ... I think the concept of building your new organization and having somebody with 32 years’ experience stay on for an additional year so that that individual can mentor the section heads, ... there’s a lot of merit to it. I would offer, as a suggestion, lay out a plan ahead of time as to what the mentoring is going to be so you don’t get to the twelfth month” and wish you had more time. Member Bowling expressed overall agreement with everything Mr. Schulz had presented.

In response to a comment, Mr. Schulz clarified that “the year time frame” associated with Mr. Horton’s promotion to deputy director “is loose. Nobody is signing a contract. The year time frame is loose but that’s approximately what we’re looking at. No, my anticipation is not to reorganize ... in the next year or two or three.” In response to a question, Mr. Schulz explained “the reason that water is taking a hit of over \$100,000 is because I am establishing a water manager that just oversees water which we’re currently not doing and I don’t think that’s a good thing. I think we need to get out in front of some of these initiatives that are coming with regards to water and just get a better hold of it. It’s a very, very valuable asset but there’s a lot of things we could be doing, looking into the future, that we’re currently not really doing very well and I’m looking forward to accomplishing that.” Chairperson Engleman entertained additional committee member questions or comments; however, none were forthcoming.

**5. MEMBERS’ ANNOUNCEMENTS AND REQUESTS FOR INFORMATION (2:23:15) -** Chairperson Engleman entertained announcements or requests for information; however, none were forthcoming.

**5(A) DISCUSSION REGARDING A LIST OF CURRENT CONTRACTS AND STAFFING HIRED THROUGH TEMPORARY STAFFING AGENCIES THAT IMPACT THE WATER, SEWER, AND STORM WATER FUNDS -** Previously covered.

**6. DISCUSSION ONLY REGARDING FUTURE AGENDA ITEMS**

**7. PUBLIC COMMENT (2:23:21) -** Chairperson Engleman entertained public comment; however, none was forthcoming.

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**8. ACTION TO ADJOURN (2:23:27)** - Vice Chairperson Bennett moved to adjourn the meeting at 2:23 p.m. Member Scott seconded the motion. Motion carried.

The Minutes of the March 20, 2018 Carson City Utility Finance Oversight Committee are so approved this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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ANDREA ENGLEMAN, Chair



# STAFF REPORT

Item No. 2

Report To: Utility Financial Oversight Committee

Meeting Date: 05/21/2018

Staff Contact: Jason Link, Chief Financial Officer

**Agenda Title:** For Discussion and Possible Action: To recommend the Board of Supervisors approve a proposal to refinance the series 2010A Water Bonds and issue up to \$7 million in new bonds for construction of the East/West Transmission Line Project. (Jason Link, [jlink@carson.org](mailto:jlink@carson.org))

**Staff Summary:** City staff are proposing to refinance the series 2010A Water Bonds and use the estimated savings from refinancing the Bonds to partially offset the cost of issuing new bonds for the East/West Transmission Line. The United States Environmental Protection Agency approved Carson City's request to refund the series 2010A Water Bonds. A condition of the refinance requires Carson City to reinvest the savings into a new water improvement project. City Staff and JNA Consulting Group will present an overview of the proposed plan.

**Agenda Action:** Formal Action/Motion

**Time Requested:** 30 minutes

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## Proposed Motion

Move to recommend the Board of Supervisors approve the proposal to refinance the series 2010A Water Bonds and issue up to \$7 million in new bonds for construction of the East/West Transmission Line Project.

## Board's Strategic Goal

Economic Development

## Previous Action

03/20/2018 - The Utility Finance Oversight Committee approved a motion to recommend the Board of Supervisors approve the tentative Water Fund budget for fiscal year 2019 and acknowledge that it is not in compliance with the adopted financial policies. The capital improvement plan for fiscal years 2019 to 2023 for the Water Fund was also presented and discussed by the Utility Finance Oversight Committee.  
04/19/2018 - The Board of Supervisors approved the tentative Water Fund budget for fiscal year 2019 and the capital improvement plan for fiscal years 2019 to 2023.

## Background/Issues & Analysis

In spring 2016, City staff requested the Nevada Division of Environmental Protection through the State Revolving Funds (SRF), refinance the 2010A Water Bonds (Bonds). The Bonds were issued to finance the acquisition of water rights from the Town of Minden. The SRF initially declined the request, pending the City obtain a waiver from the United States Environmental Protection Agency (EPA), allowing the Bonds to be refinanced. The Bonds were financed through the Build America Bonds program which had various restrictions.

In spring 2017, City staff requested a waiver from the EPA to refinance the Bonds. In February 2018, the EPA granted the waiver. However, as a condition of the waiver, the savings from the refinancing of the Bonds must be reinvested into a new water improvement project.

City staff propose the estimated savings from refinancing the Bonds be used to partially offset the cost of issuing new bonds for the East/West Transmission Line, thereby fulfilling the EPA's requirements.

The East/West Transmission Line is a planned expenditure in fiscal years 2019 and 2020 capital improvement plan previously approved by the Board of Supervisors (\$1,050,000 and \$6,000,000 in fiscal years 2019 and 2020, respectively).

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 350 and 244A

Financial Information

Is there a fiscal impact?  Yes  No

If yes, account name/number:

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact:

Alternatives

Do not approve a recommendation that the Board of Supervisors approve Carson City's proposal to refinance the series 2010A Water Bonds and issue up to \$7 million in new bonds for construction of the East/West Transmission Line Project.

**Committee Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

# Carson City, Nevada



## Water Refinancing Presentation

May 2018





# Refinancing Overview

- In Spring 2016, city staff requested that SRF consider refinancing its 2010A Bonds through the Revolving Fund
- Due to the project funded by the 2010A Bonds (Minden water rights acquisition), SRF initially declined
- In early 2017, SRF requested a waiver from EPA to refinance the 2010A Bonds
- In February 2018, EPA granted the waiver
  - The waiver requires Carson City to reinvest the savings from refinancing the 2010A Bonds into a new water improvement project
- Staff propose the savings be used to partially offset the cost of borrowing for the east/west transmission line (fulfilling EPA requirements)





# Outstanding Water Bonds

<b>Bond</b>	<b>Amount Outstanding</b>	<b>Effective Rate</b>	<b>Prepayment Feature</b>
2009 SRF Bond	\$2,113,513	0.00%	Anytime*
2010A Bonds	10,100,000	4.33	05/20 @ par
2010B Bonds	3,365,000	4.42	05/20 @ par
2010E SRF Bond	16,980,775	2.53	Anytime*
2012A Bond	11,835,000	4.11	05/22 @ par
2014A SRF Bond	5,585,766	2.79	Anytime*
2014C Bond	<u>4,610,000</u>	2.53	Anytime
<b>TOTAL</b>	<b>\$54,590,054</b>	<b>3.52</b>	

\* Requires pre-approval from State/SRF







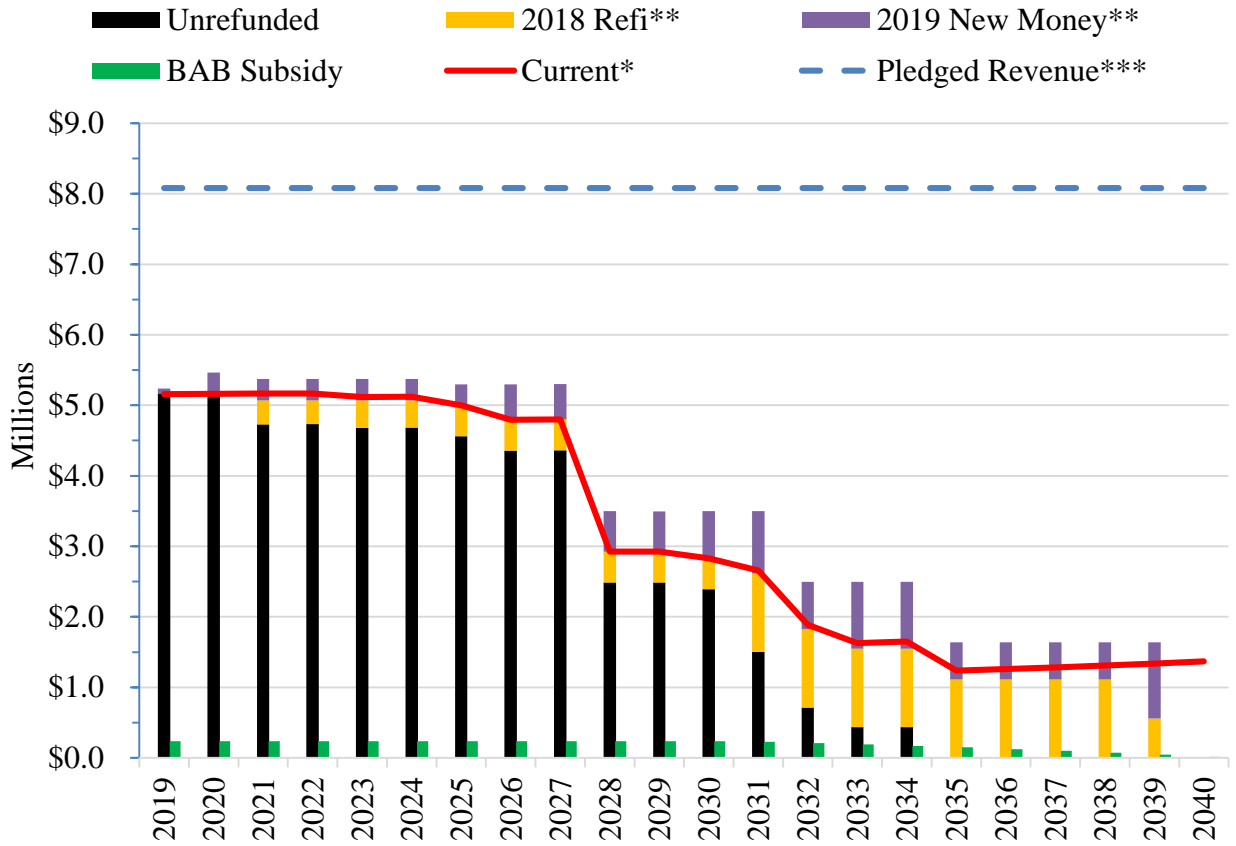
# Refinancing Proposal

- Refinance all 2010A Bonds through the SRF
- Savings will be structured in order to maximize early debt service reduction to create room for the east/west transmission line project (see following page)
  - East/west transmission line cost estimated at \$7.9 million
  - \$7.0 million to be funded with bonds and \$0.9 million from water fund cash
- Refinancing savings are estimated at \$3.3 million

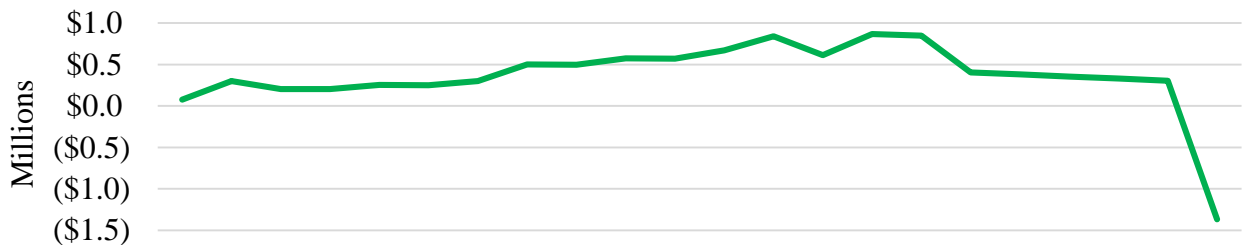




# Debt Service Analysis



## Total Debt Service Change\*\*



**Net debt service change:**  
**\$7,979,072**

\* Net of federal subsidy received

\*\* Subject to change

\*\*\* FY19 Water Fund Tentative Budget (consists primarily of operating income excl. depreciation)





# Revised Water Bonds

<b>Bond</b>	<b>Amount Outstanding</b>	<b>Effective Rate</b>
2009 SRF Bond	\$2,113,513	0.00%
2010B Bonds	3,365,000	4.42
2010E SRF Bond	16,980,775	2.53
2012A Bond	11,835,000	4.11
2014A SRF Bond	5,585,766	2.79
2014C Bond	4,610,000	2.53
2018B Bonds	10,217,000	2.43*
2019 Bonds	<u>7,000,000</u>	4.30*
<b>TOTAL</b>	<b>\$61,707,054</b>	

	<b>Current</b>	<b>Proposed</b>
Max Debt Service	\$5,169,062	\$5,465,535
Rev. Utilization %	63.984	67.654

\* Preliminary, subject to change

Note: Excludes the 2010A Bonds to be redeemed on May 1, 2020.





# What are the Benefits?

- SRF's offer to refinance the 2010 Bonds reduces future debt service cost by over \$3.3 million\*
  - Present value of these savings is \$2.1 million\*
  - Savings without SRF assistance are unlikely
- Construction cost inflation risk on the east/west transmission line is minimized
  - Project originally estimated at \$5 million in 2009.
  - Absent this bonding proposal, project not expected to be completed without a water rate increase.
- Annual pay-go capacity is still substantial (> \$2.5 million )
  - Pay-go capacity jumps significantly in FY28
  - Next refinancing opportunity in FY22

\* Preliminary, subject to change

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# What is the Request?

- Recommend staff's proposal to refinance the 2010A Bonds through SRF
- Recommend staff's proposal to issue up to \$7 million in bonds for the east/west transmission line
  - First steps to be taken in Summer 2018
  - Bonds expected to be issued in early 2019





# Calendar

Date	Action
Today	Staff directed to proceed
June 20	State Board for Financing Water Projects approves refinancing request
July 5	Introduction of refunding bond ordinance
July 19	Refunding bond ordinance approved; City begins issuance process for east/west transmission line bonds
Early August	Refunding bond closes
Mid-August	Carson City Debt Management Commission considers proposed transmission line bonds
Late 2018	Transmission line bond ordinance approved
January 2019	Transmission line bonds issued
2019	Transmission line construction begins



Department	Description	FY2018	B	FY2019	FY2020	FY2021	FY2022	FY2023	5 Yr Total	FY2024-38	20 Yr Total	Notes
Water	Fuel Facility	-		-	-	-	-	60,000	60,000	-	60,000	keep for future possibility
	Supply (per 2015 MP)	-		-	-	-	-	-	-	26,000,000	26,000,000	
	Storage (per 2015 MP)	-		-	-	-	-	-	-	3,750,000	3,750,000	
	Booster Stations (per 2015 MP)	-		-	-	-	-	-	-	2,560,000	2,560,000	
	Pressure Reducing Stations (per 2015 MP)	-		-	100,000	-	-	-	100,000	1,270,000	1,370,000	
	Vehicle Replacement	158,000		83,000	610,000	610,000	220,000	380,000	1,903,000	-	1,903,000	
	Equipment	20,185		400,000	400,000	400,000	400,000	400,000	2,000,000	6,000,000	8,000,000	
	Quill Treatment Plant Rehabilitation	-		150,000	-	-	250,000	250,000	650,000	14,000,000	14,650,000	
	Downtown Streetscape Proj	1,674,845		-	-	-	-	-	-	-	-	
	Well Rehabilitation Program	300,000		750,000	600,000	600,000	2,000,000	2,000,000	5,950,000	30,000,000	35,950,000	
	Tank Maintenance Program	100,000		-	-	-	450,000	450,000	900,000	2,000,000	2,900,000	FY2018 Goni Canyon
	Communications-Fiber-SCADA	30,000		30,000	30,000	30,000	75,000	75,000	240,000	-	240,000	
	Prison Hill Booster	453,000		-	-	-	-	-	-	-	-	
	Water Line Replacement/Rehabilitation Program	-		230,000	-	-	-	-	230,000	-	230,000	S. Carson Street
	Water Line Replacement/Rehabilitation Program	-		-	-	-	-	-	-	-	-	Curry Street
	Water Line Replacement/Rehabilitation Program	-		-	541,200	-	-	-	541,200	-	541,200	Sherman-Airport to Kit Sierra
	Water Line Replacement/Rehabilitation Program	-		-	-	233,200	-	-	233,200	-	233,200	Viking Way
	Water Line Replacement/Rehabilitation Program	-		-	-	268,400	-	-	268,400	-	268,400	Lukens Ln Sherman to Nye
	Water Line Replacement/Rehabilitation Program	-		-	-	300,000	300,000	300,000	900,000	30,000,000	30,900,000	Future Water Main Replacement Projects
	Anderson Water Service	-		40,000	-	-	-	-	40,000	-	40,000	
	Nye Lane	-		250,000	-	-	-	-	250,000	-	250,000	
	E/W Transmission Main - Phillips to Ormsby	-		1,050,000	2,100,000	-	-	-	3,150,000	-	3,150,000	
	E/W Transmission Main - Ormsby to Quill	-		-	3,900,000	-	-	-	3,900,000	-	3,900,000	
	Local 1 Booster	-		-	-	151,000	604,000	-	755,000	-	755,000	
	Emergency Generator Program	50,000		100,000	-	-	200,000	-	300,000	1,000,000	1,300,000	250,000 rollforward from FY2017
	Replace Pumps/Motors Program	100,000		50,000	150,000	150,000	150,000	150,000	650,000	2,250,000	2,900,000	
	Facility Improvements	100,000		80,000	100,000	100,000	175,000	175,000	630,000	750,000	1,380,000	
	HMGF Emergency Generator - City Match	-		269,000	-	-	-	-	269,000	-	269,000	
<b>Total</b>		<b>2,986,030</b>		<b>3,482,000</b>	<b>8,531,200</b>	<b>2,842,600</b>	<b>4,824,000</b>	<b>4,240,000</b>	<b>23,919,800</b>	<b>119,580,000</b>	<b>143,499,800</b>	
		-		-	-	-	-	-	-	-	-	

Fiscal Year	Water System Pledged Rev. <sup>1</sup>	Current Debt Service <sup>2</sup>	Post-Refunding Debt Service	East-West Debt Service	Revised Debt Service	Net Change	Debt Service as % of Pledged Rev	
							Current	Revised
2019	\$8,078,631	\$5,162,205	\$5,162,205	\$76,200	\$5,238,405	\$76,200	63.900%	64.843%
2020	8,078,631	5,163,897	5,163,897	301,450	5,465,347	301,450	63.920%	67.652%
2021	8,078,631	5,168,034	5,069,913	301,450	5,371,363	203,329	63.972%	66.489%
2022	8,078,631	5,169,062	5,069,497	301,450	5,370,947	201,884	63.984%	66.483%
2023	8,078,631	5,117,509	5,068,475	301,450	5,369,925	252,417	63.346%	66.471%
2024	8,078,631	5,122,752	5,070,271	301,450	5,371,721	248,969	63.411%	66.493%
2025	8,078,631	4,997,689	4,997,414	301,450	5,298,864	301,175	61.863%	65.591%
2026	8,078,631	4,795,920	4,794,784	502,350	5,297,134	501,214	59.365%	65.570%
2027	8,078,631	4,800,220	4,799,124	499,050	5,298,174	497,954	59.419%	65.583%
2028	8,078,631	2,924,420	2,923,227	573,950	3,497,177	572,758	36.199%	43.289%
2029	8,078,631	2,925,020	2,924,607	571,950	3,496,557	571,537	36.207%	43.282%
2030	8,078,631	2,828,428	2,827,658	670,350	3,498,008	669,581	35.011%	43.300%
2031	8,078,631	2,659,084	2,626,470	868,725	3,495,195	836,111	32.915%	43.265%
2032	8,078,631	1,884,136	1,834,554	660,975	2,495,529	611,393	23.322%	30.890%
2033	8,078,631	1,628,552	1,559,693	938,950	2,498,643	870,091	20.159%	30.929%
2034	8,078,631	1,650,879	1,559,637	937,550	2,497,187	846,308	20.435%	30.911%
2035	8,078,631	1,235,407	1,123,786	538,050	1,661,836	426,429	15.292%	20.571%
2036	8,078,631	1,257,429	1,124,527	540,094	1,664,621	407,192	15.565%	20.605%
2037	8,078,631	1,281,528	1,124,624	535,863	1,660,486	378,958	15.863%	20.554%
2038	8,078,631	1,307,487	1,124,075	535,888	1,659,963	352,476	16.185%	20.548%
2039	8,078,631	1,335,090	561,882	1,097,844	1,659,726	324,635	16.526%	20.545%
2040	8,078,631	<u>1,369,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,369,013)</u>	16.946%	0.000%
		\$69,783,759	\$66,510,318	\$11,356,487	\$77,866,806	\$8,083,047		

<sup>1</sup> Consists primarily of operating revenues less operating expenses (excl. depreciation). Based on FY2018-19 tentative budget.

<sup>2</sup> Net of originally scheduled BAB subsidy receipts.



venues