

Sewer Connection Fee Business Impact Statement & Ordinance Introduction

Items D.1, D.2, D.3

January 11, 2023



C I T Y O F
RENO

Policy Actions Requested (D.1, D.2, D.3)

D.1 Acceptance of a Business Impact Statement

D.2 Determination that the proposed fee increase is in compliance with NRS and that funds will only be used for their intended purpose

D.3 Approval (or modification) of the proposed ordinance and motion to refer for adoption

~~Sewer User Fee~~

- Paid quarterly by utility users “residents”
- Is adjusted by CPI annually
- Pays for M&O, rehabilitation, and treatment

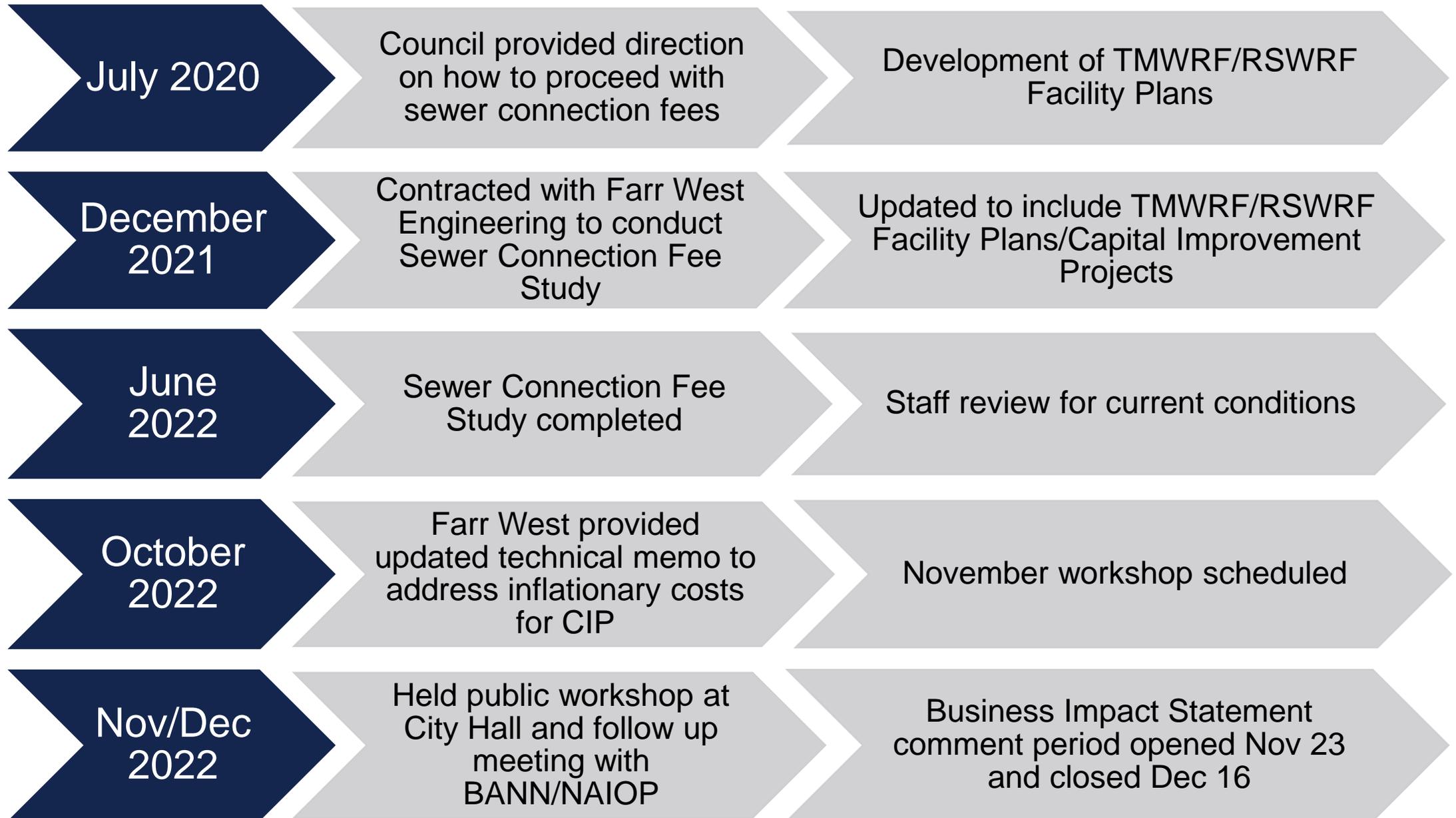
Sewer Connection Fee

- One time charge to connect to sewer for either a new or expanded use
- Pays for capacity/growth

Sewer Fund

Sewer Connection Fee History

- Current connection fees are a uniform rate for all sewershed areas in the amount of \$6,376 for SFH's; \$5,445 for MFH's
- Connection fees were last increased in 2014
- Connection fees do not have an annual CPI adjustment
- Average median home price in 2014 was \$240,000
- Current median home price is \$550,000



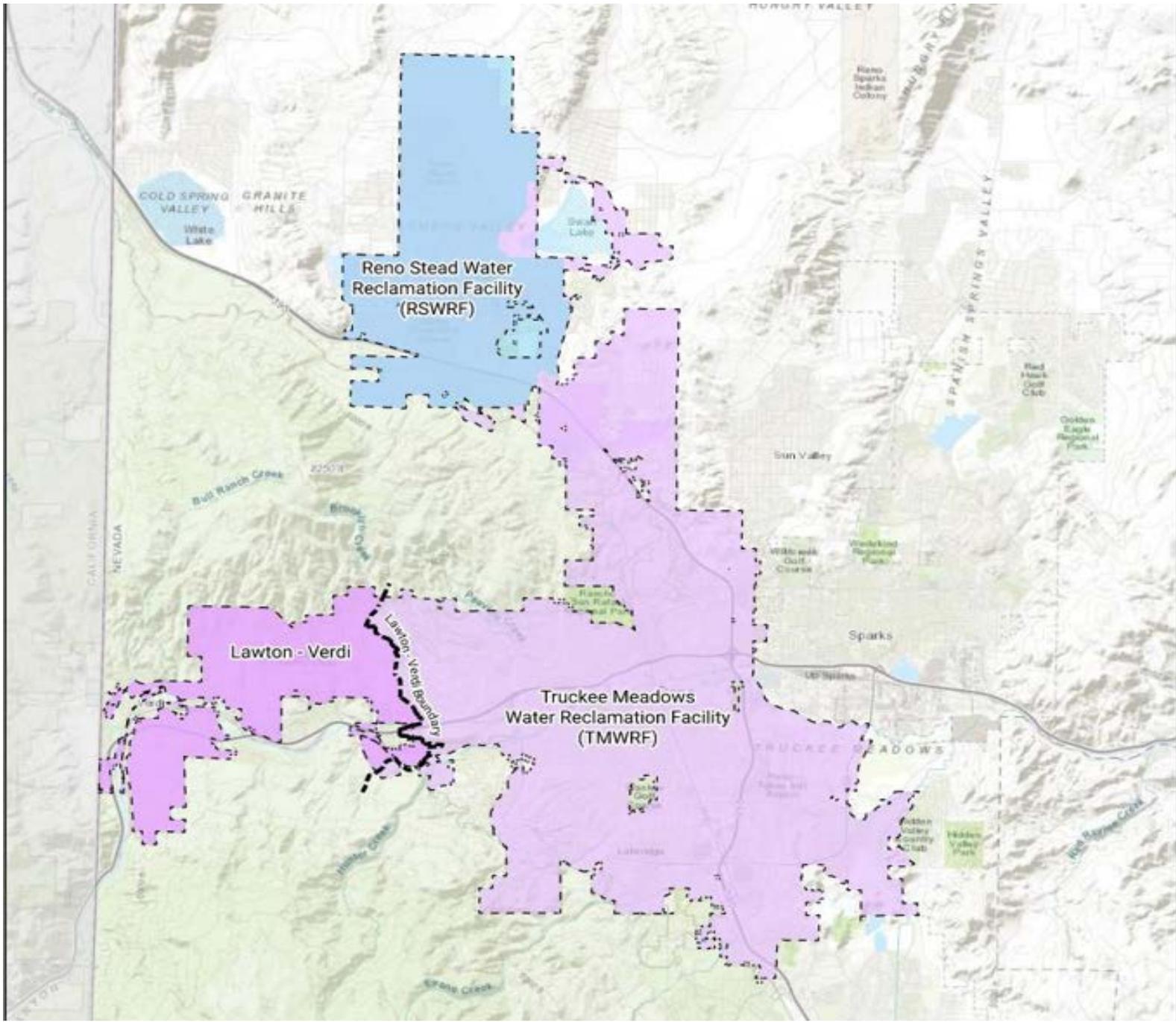
Public Outreach & Business Impact Statement

- Sent 600 mailers for public workshop and business impact statement comment period
- Business Impact Statement comment period – Nov. 23rd-Dec 16th
- December 12th BANN/NAIOP meeting
- Information available at www.Reno.Gov/UtilityServices
- Feedback



The Proposed Sewer Connection Fee Ordinance Amendment

- Establishes new sewer connection fee rates for residential, industrial and commercial uses
- Establishes fees by service area (TMWRF, TMWRF – Lawton/Verdi, RSWRF)
- Provides for an annual CPI adjustment
- Includes two new fees:
 - “micro unit” under multi-family residential dwelling
 - single family residential dwelling greater than 31 fixture units



Future of TMWRF

- Focus on efficiency and new technology improvements
- Ensure we are able to meet Truckee River discharge permit requirements



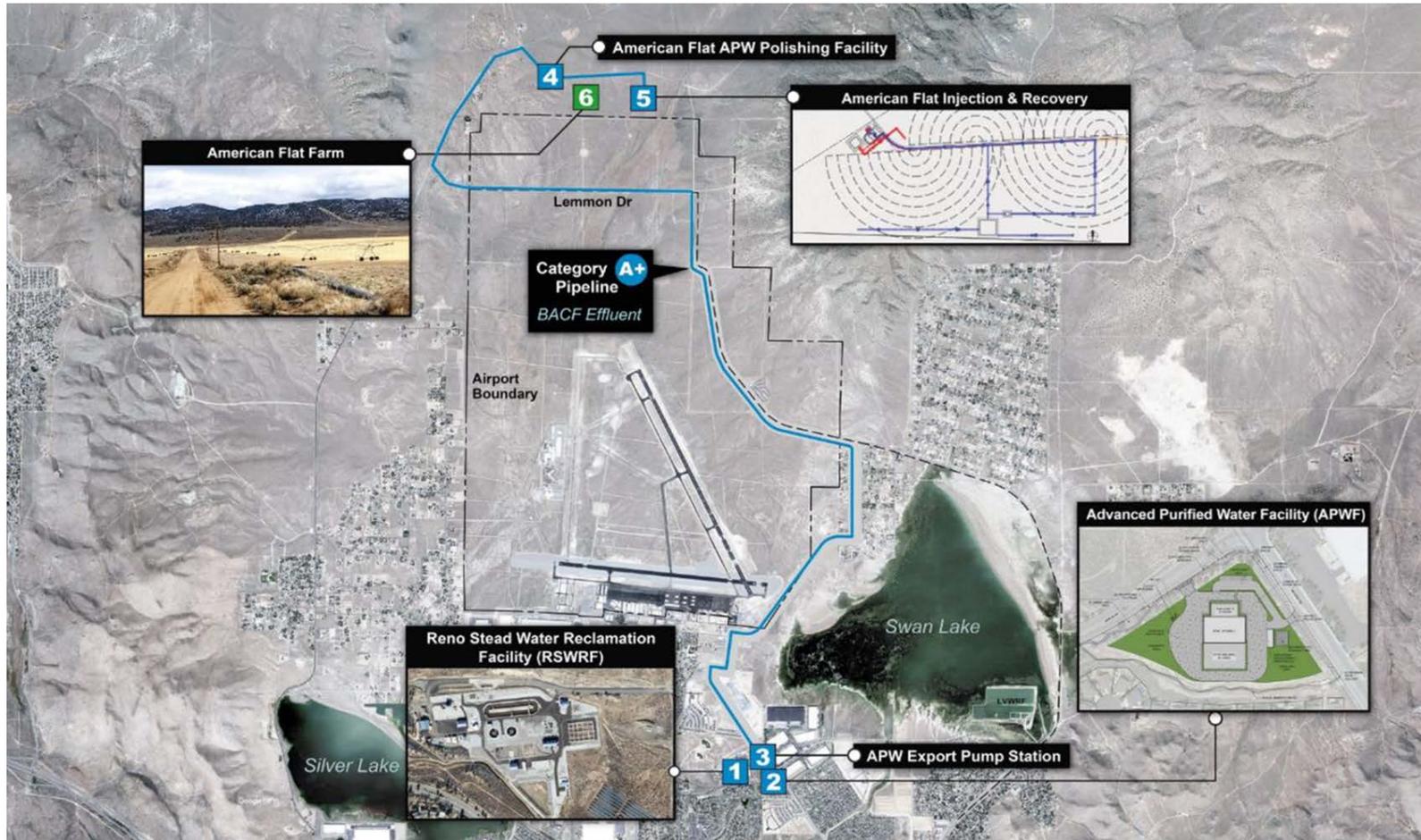
TMWRF Capacity

Truckee Meadows Water Reclamation Facility	
Permitted Capacity	44.58 MGD
Current Sewer Flow	29 MGD
Current Treatment Capacity	34 MGD
Capacity needed by 2032 based on growth projections	37 MGD

TMWRF Projected Sewer Flows



Future of RSWRF



- Expansion of physical plant to meet growth demands
- Advanced Purified Water Facility to create a sustainable water resource
- Effluent management in a closed basin

How is the connection fee calculated?



The total cost of all capital improvement projects related to increased capacity of sewer system

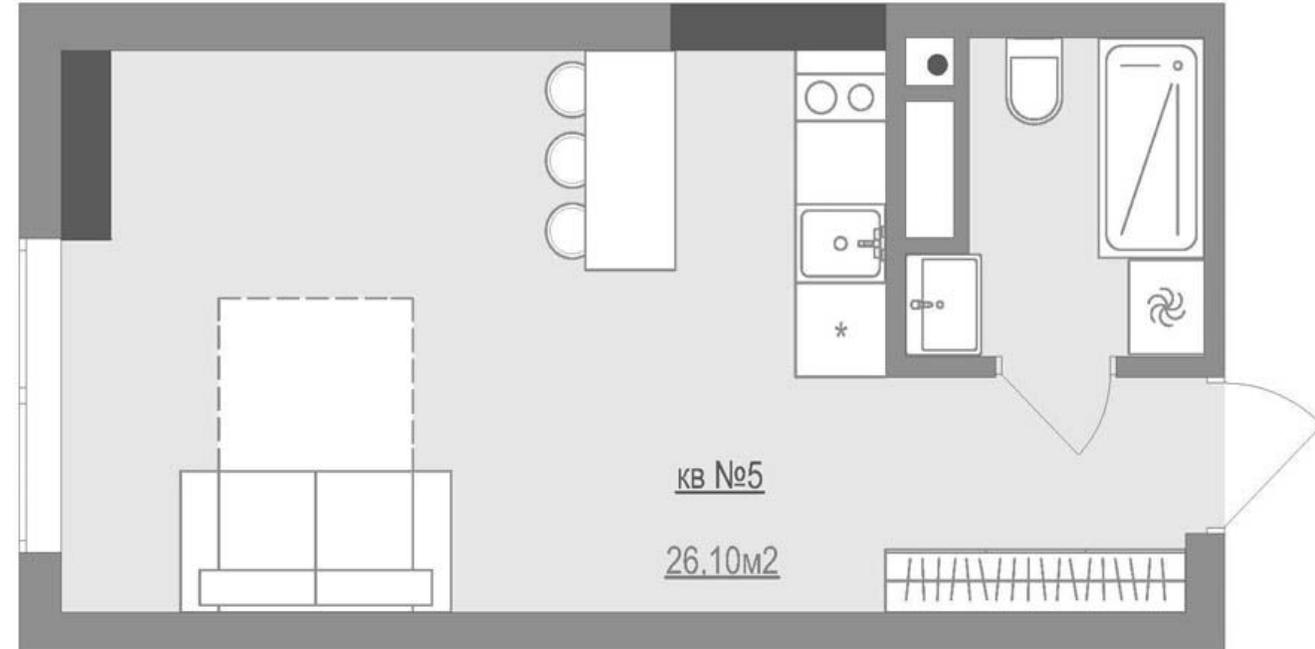
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Amount of remaining capacity + future capacity created

Potential New Connection Fees

Multi Family “Micro Unit”

- Assist in addressing affordable and diverse housing needs
- 15 fixture units or less
- 600 square feet or less

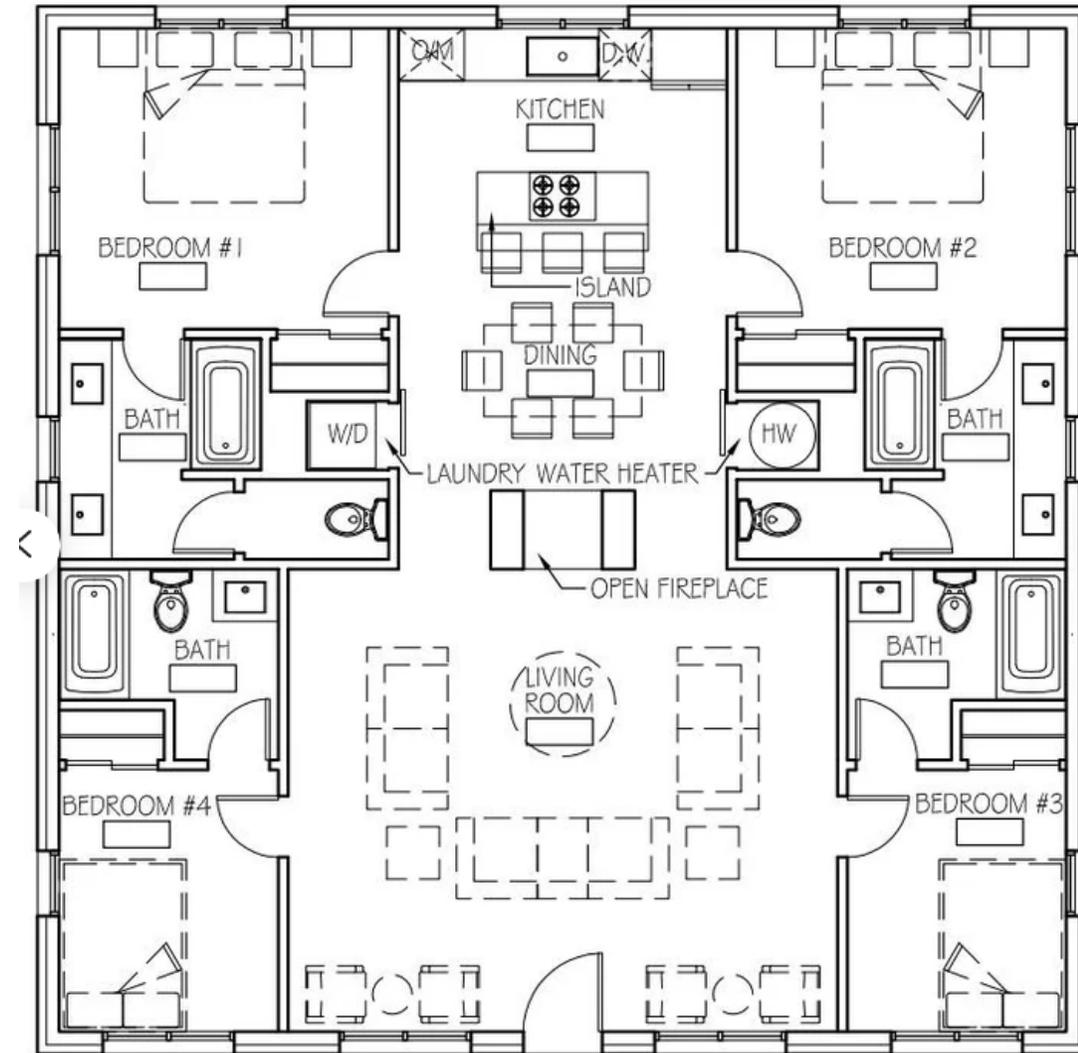


Toilet	4
Shower/bath	2
Bathroom sink	1
Kitchen sink	2
Dishwasher	2
Small Laundry	4
Total	15

Large Single Family Residential Dwelling

- Ensures larger homes with more impact to facility pay fair share
- Standard SFR = 31 fixture units
- > 31 fixture units to be charged per additional fixture unit

SFR with up to 31 fixture units	\$12,002 (TMWRF area)
11 additional fixture units @ \$554	\$6,094
Total cost for 42 fixture units SFR in TMWRF area	\$18,096



Proposed TMWRF Connection Fee

Single Family Dwelling up to 31 fixture units	\$ 12,002
Multi-Family Dwelling	\$ 10,250
Micro-unit Dwelling (< 600 sf)	\$ 8,310
Mobile Home Estates or Subdivisions (per space)	\$ 12,002
Mobile Home Parks (per space)	\$ 12,002
Res. Dwelling Unit Shared Kitchen or Rooming House Kitchen	\$ 4,275
Rooming House (per room rental)	\$ 3,842
Commercial Fixture Unit Fee	\$ 554

Proposed RSWRF Connection Fee

Single Family Dwelling up to 31 fixture units	\$ 11,906
Multi-Family Dwelling	\$ 10,168
Micro-unit Dwelling (< 600 sf)	\$ 8,235
Mobile Home Estates or Subdivisions (per space)	\$ 11,906
Mobile Home Parks (per space)	\$ 11,906
Res. Dwelling Unit Shared Kitchen or Rooming House Kitchen	\$ 4,241
Rooming House (per room rental)	\$ 3,811
Commercial Fixture Unit Fee	\$ 549

Proposed Lawton/Verdi Connection Fee

Single Family Dwelling up to 31 fixture units	\$ 14,594
Multi-Family Dwelling	\$ 12,463
Micro-unit Dwelling (< 600 sf)	\$ 10,095
Mobile Home Estates or Subdivisions (per space)	\$ 14,594
Mobile Home Parks (per space)	\$ 14,594
Res. Dwelling Unit Shared Kitchen or Rooming House Kitchen	\$ 5,198
Rooming House (per room rental)	\$ 4,672
Commercial Fixture Unit Fee	\$ 673

Proposed System-Wide Connection Fee

Single Family Dwelling up to 31 fixture units	\$ 12,407
Multi-Family Dwelling	\$ 10,596
Micro-unit Dwelling (< 600 sf)	\$ 8,595
Mobile Home Estates or Subdivisions (per space)	\$ 12,407
Mobile Home Parks (per space)	\$ 12,407
Res. Dwelling Unit Shared Kitchen or Rooming House Kitchen	\$ 4,419
Rooming House (per room rental)	\$ 3,972
Commercial Fixture Unit Fee	\$ 573

Why area specific rate?

- Aligns with Master Plan policies - 2.3B Cost of Growth, 2.4B Growth Capacity, 2.4D Water and Wastewater Operations and Planning
- Each area is paying for their own costs of getting their flows to the treatment plant
- Other sewer sheds aren't subsidizing one area

Stepped up fee projected revenue

Step up fee schedule revenue predictions	FY 23*	FY 24	FY 25	FY 26	FY 27
TMWRF					
Single Family	\$9,500	\$9,500	\$11,000	\$12,500	\$13,467
Multi-Family	\$8,113	\$8,113	\$9,394	\$10,675	\$11,500
Commercial	\$439	\$439	\$508	\$578	\$622
Lawton - Verdi					
Single Family	\$12,092	\$12,092	\$13,592	\$15,092	\$16,299
Multi-Family	\$10,327	\$10,327	\$11,608	\$12,889	\$13,918
Commercial	\$559	\$559	\$628	\$698	\$753
RSWRF					
Single Family	\$9,424	\$9,424	\$10,912	\$12,400	\$13,188
Multi-Family	\$8,048	\$8,048	\$9,319	\$10,589	\$11,262
Commercial	\$435	\$435	\$504	\$572	\$609
Revenue (TMWRF)	\$7,196,963	\$17,272,710	\$19,999,980	\$22,727,250	\$24,484,819
Revenue (RSWRF)	\$2,855,755	\$6,909,065	\$7,935,970	\$9,018,148	\$9,590,975
Total Revenue	\$10,052,717	\$24,181,775	\$27,935,950	\$31,745,398	\$34,075,794

* Assumes 5 months at new rate



Projected Revenue Loss with Stepped Up Fee Increase

	FY 23*	FY 24	FY 25	FY 26	FY 27
Total delayed Revenue	\$2,647,226	\$6,223,892	\$3,381,648	\$512,061	\$12,764,827

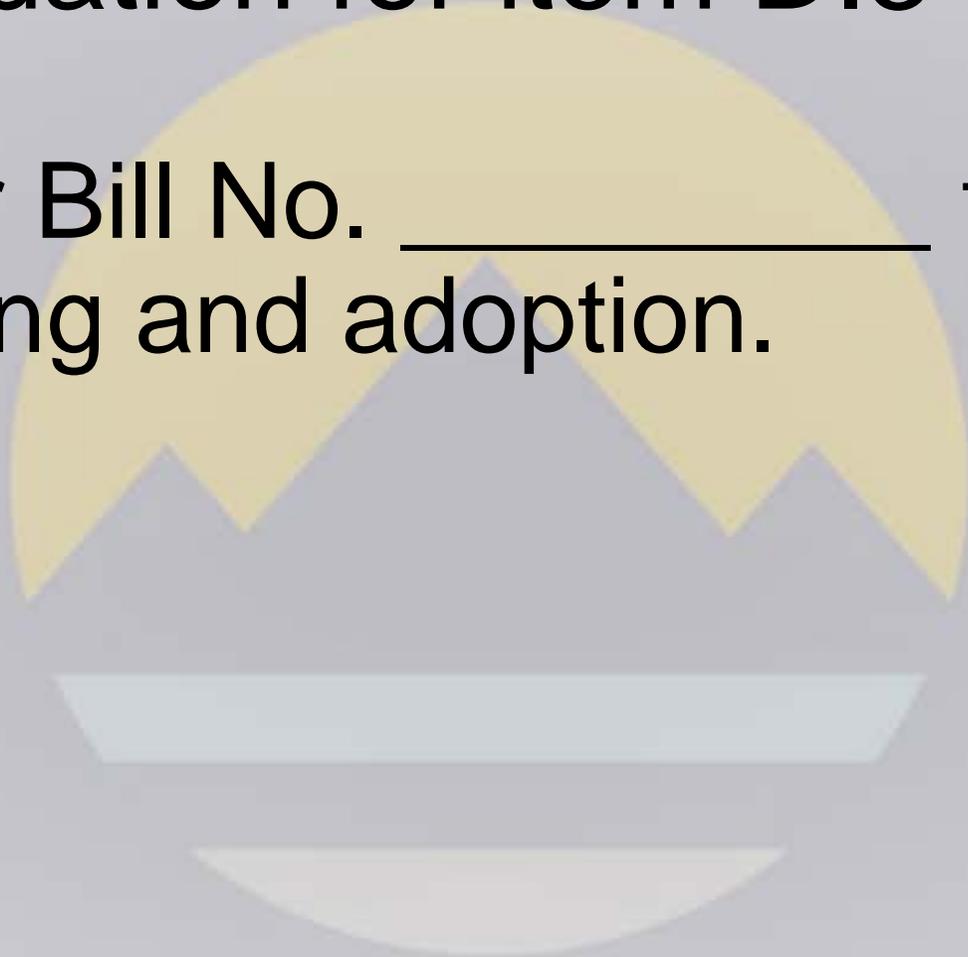
* Assumes 5 months at new rate

Recommendation for item D.1

Move to accept the Business Impact Statement and find that in compliance with NRS 237.080, a Business Impact Statement was prepared and in accordance thereto, the Reno City Council hereby finds that this Ordinance does not impose a direct and significant economic burden upon a business nor directly restrict the formation or expansion of a business.

Recommendation for item D.2

Determine that in compliance with NRS 354.613, the Reno City Council hereby finds that fee increase is not prohibited by law; the fee increase is necessary for the continuation or expansion of the purpose for which the enterprise fund was created; and that the fees that are deposited in the sewer enterprise fund to be used solely the purpose for which the fees are collected.



Recommendation for item D.3

Move to refer Bill No. _____ for a second reading and adoption.