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MOAPA VALLEY WATER DISTRICT BUSINESS IMPACT STATEMENT

RE: POTENTIAL INCREASES IN SERVICE CONNECTION MONTHLY BASE RATES and WATER VOLUME TIER CHARGES

District Board Meeting to Evaluate Business Impact Statement: December 6, 2019
District Board Meeting to Consider Adoption of Proposed Increases: January 9, 2019

The following business impact statement was prepared by staff of the Moapa Valley Water District as designee of the District's Board of Directors in accordance with NRS 237.090 to address the proposed impact of increases to the District's service connection base rates and culinary water volume tier charges

The business impact statement is based on information prepared and compiled by District staff. Unfortunately there were no responses to the notice of the potential increases that was mailed out on October 16, from Moapa Valley businesses

The District's board of directors will evaluate the Business Impact Statement at a public meeting on December 6, 2019, and may adopt the findings of the Impact Statement at a public meeting on January 9, 2019. A copy of this Business Impact Statement is on file and available at the District's office located at 601 N. Moapa Valley Blvd Overton Nevada, 89040.

The Increases Under Consideration

The mission of the Moapa Valley Water District (District) is to provide safe, reliable drinking water to the citizens and businesses of the Moapa Valley. The District is funded primarily by its customers' water use, the associated payment of water bills and related charges. The District does not rely on property taxes or grants from governmental entities to augment its budget. Over the past several months, the District has examined its service connection base rates and culinary water volume tier charges.

The District was formed in 1983 and rate increases, historically, have been relatively few. However, in recent years the District has experienced an ever increasing burden of local, state and federal regulatory requirements and unfunded mandates. In an effort to prevent imposing large increases all at once on rate payers, the District has more recently explored adjusting rates and charges in small increments on an annual basis and these matters have been discussed in the District's public meetings over the past several months. The District has also engaged experts with experience in setting water rates that have assisted in developing rate

options that would be financially sustainable for the District while also affordable and equitable for rate payers. WaterWorth, one of the primary tools the District has used in this effort, has helped the District understand how water rates are performing now and how can they can be optimized to achieve the District's goals.

Specifics of the potential increases are set forth in the points below

1- The Monthly Service Connection Base Rate for commercial and residential connections would increase by 7.585% (Exhibit A)

2- The creation of a 1" residential service connection base rate of \$47.99

3- Decreasing the current ¾" commercial service connection base rate of \$46.82 to \$40.00 and current 1" commercial service connection base rate of \$56.17 to \$47.99

4- The elimination of the current commercial and residential water volume tier charges (Exhibit B)

5- The implementation of the proposed commercial and residential water volume tier charges consisting of 3 tiers. Up to 6,000 gallons, Next 12,000 gallons and over 18,000 gallons (Exhibit B)

6- Exhibit C shows the effect on the average monthly volume usage charge for a low month usage and a high month usage

Solicited Comment from Affected Businesses

On October 16, 2019, the District mailed a formal written notice to local businesses entitled, "Notice to Moapa Valley Businesses of Potential Increases to service connection monthly base rates and water volume tier charges" which included a description of the increases under consideration. The businesses were invited to respond and submit data, documents, and other information to the District concerning whether the businesses believed the potential increases would impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business. The Notice stated that responses were to be submitted to the District by 4:30 PM, PDT on November 12, 2019

Responses from Businesses

None of the businesses responded to the District's October 16, 2019 mailing of the formal written "Notice to Moapa Valley Businesses of Potential Increases to service connection monthly base rates and water volume tier charges"

Determination of Economic Burden

After carefully evaluating all the available information, District's staff has reached the following conclusions:

Will the proposed increase impose a direct and significant economic burden on businesses? NO

Will the proposed increases directly restrict the formation, operation or expansion of businesses? NO

Adverse Effects

The approval of the proposed service connection monthly base rate and water volume tier charges will increase the monthly service connection base rate for large size service connections 1 1/2" through 6" by 7.585% however; the increase in water volume tier charges per service connection will vary with water consumption and conservation.

Beneficial Effects

The approval of the proposed service connection monthly base rate increase and water volume tier charges will add roughly \$319,900 dollars per year and improve the District's financial condition and help cover day to day maintenance and operational expenses.

Direct Effects

The approval of the service connection monthly base rate and water volume tier charge will directly increase monthly bills paid for water service and will result in additional revenues for operation and maintenance costs.

Indirect Effects

The approval of the service connection monthly base rate and water volume tier charge is sure to have indirect effects; however at this time those effects cannot be quantified

Methods Considered to Reduce Impacts

As mentioned, The District was created in 1983 and rate increases have historically been relatively few. However, the burden of local, state and federal regulatory requirements and unfunded mandates have caused the District's maintenance and operational costs to increase exorbitantly from these requirements.

During the preparation for the impact statement, the analysis showed that the monthly service connection base rate for 3/4' and 1" commercial rates could be reduced by roughly 17% to bring equality to the small commercial monthly meter base rates.

Estimated Implementation Costs

The District does not expect the proposed increases to materially increase the District's expenses or administrative costs as the associated implementation tasks would be absorbed as part of the current staff responsibilities.

Total Estimated Increase from Commercial & Residential

The total fiscal year annual amount the District expects to collect from the increase in monthly service connection base rate.

FY20 (with partial year implementation)

Commercial	\$1,045
Residential	<u>\$43,430</u>
	\$44,475 Total

FY21

Commercial	\$2,511
Residential	<u>\$104,236</u>
	\$106,747

The total fiscal year annual amount the District expects to collect from the increase of the water volume tier rate. The volume amounts and associated revenue increase will depend on water usage.

Commercial and Residential Combined

FY20	\$88,814 (with partial year implementation)
FY21	\$213,153

Funds collected will be used to pay the District's regular operating and maintenance expenses

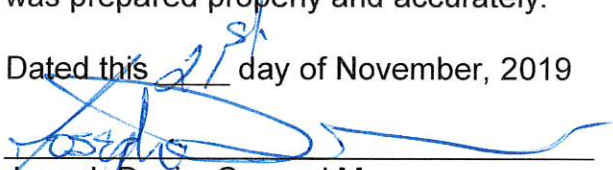
Conclusion

Overall, if the proposed increases are approved, the District's staff believes the impacts will be minimal and will not impose a direct and significant economic burden or directly restrict the formation, operation, or expansion of local businesses.

CERTIFICATION OF BUSINESS IMPACT STATEMENT (NRS 237.090(2))

I, Joseph Davis, General Manager for the Moapa Valley Water District, hereby certify that to the best of my knowledge and belief the information contained in this Business Impact Statement was prepared properly and accurately.

Dated this 21st day of November, 2019



Joseph Davis, General Manager
Moapa Valley Water District

OBJECTION PROCESS

1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the General Manager of the Moapa Valley Water District at 601 N. Moapa Valley Blvd. Overton, Nevada 89040 or by mail at P.O Box 257 Logandale, Nevada 89021.
2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:
 - (a) The governing body failed to prepare a business impact statement as required pursuant to Chapter 237 of NRS; or
 - (b) The business impact statement prepared by the governing body did not consider or significantly underestimated the economic effect of the ordinance or rule on the business.
3. Upon receipt of the petition, the General Manager will forward a copy to the local government's attorney.
4. Staff will consider the merits of the petition and forward a recommendation to the governing body.
5. The governing body will determine if the petition has merit and direct staff accordingly.
6. A sample petition is shown in **Exhibit D**

EXHIBIT A

Current VS Proposed Commercial Base Rate Changes Per Meter Size

<i>CLASS</i>	<i>CURRENT MONTHLY RATE</i>	<i>PROPOSED MONTHLY RATE</i>	<i>DESCRIPTION</i>
<i>C1</i>	<i>\$46.82</i>	<i>***\$40.00</i>	<i>3/4" service</i>
<i>C1</i>	<i>\$56.17</i>	<i>***\$47.99</i>	<i>1" service</i>
<i>C2</i>	<i>\$99.14</i>	<i>\$106.63</i>	<i>1 ½" meter service</i>
<i>C3</i>	<i>\$141.83</i>	<i>\$152.55</i>	<i>2" meter service</i>
<i>C4</i>	<i>\$251.99</i>	<i>\$271.04</i>	<i>3" meter service</i>
<i>C5</i>	<i>\$386.94</i>	<i>\$416.19</i>	<i>4" meter service</i>
<i>C6</i>	<i>\$722.93</i>	<i>\$777.58</i>	<i>6" meter service</i>

***Base Rate Decreased

EXHIBIT C

MONTHLY WATER VOLUME USAGE CHARGE				
Service Connection Size	2019 Low Month Average	Low Month Average Increase	2019 High Month Average	High Month Average Increase
3/4"	\$75.98	\$5.17	\$120.56	\$9.39
1"	\$39.70	\$2.58	\$89.34	\$11.19
1 1/2"	\$77.96	\$9.87	\$107.66	\$12.92
2"	\$44.24	\$3.07	\$524.10	\$58.67
3"	\$98.82	\$14.31	\$211.36	\$38.34
4"	\$89.31	\$12.29	\$254.29	\$47.51
6"	\$233.80	\$31.00	\$5,034.45	\$786.09

Current Winter & Summer Monthly Average Water Usage Charge

EXHIBIT D

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278, 278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the General Manager of the Moapa Valley Water District at 601 N. Moapa Valley Blvd. Overton, Nevada 89040 or by mail at P.O Box 257 Logandale, Nevada 89021, within thirty (30) days after the date on which the Rule was adopted.

Petitioner's name: *(Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name):* _____

Petitioner's type of business: _____

Petitioner's business location: _____

_____, _____, _____
City County State

Petitioner's mailing address: (If different from above): _____

Petitioner's telephone number: (_____) _____ - _____

Petitioner is objecting to the following: _____
(Identify the Rule to which petitioner is objecting and state whether it is an ordinance, resolution, regulation or other instrument. Please give number if known.)

The basis of the petitioner's objection is as follows:

____ The governing body failed to prepare a business impact statement; or

____ The business impact statement did not consider or significantly underestimated the economic effect of the adopted Rule.

The nature of the impact of the above rule on the petitioner's business is as follows: (Attach additional sheets if necessary): _____

By signing below, the signor of this petition certifies he is a duly authorize representative of the business identified above and has been authorized by that business to file this petition on behalf of the business.

Business Name

By: _____

Title of Signor: _____