

601 N. Moapa Valley Boulevard * Post Office Box 257
Logandale, Nevada * 89021
Telephone (702) 397-6893 * Facsimile (702) 397-6894

To: Chairman Kelby Robison & MVWD Board of Directors
From: Joseph Davis, General Manager
Date: July 2, 2024
Subject: \$10 Debt Management Service Charge

Background:

During the March 14th Board of Directors meeting, Joseph Phillips with Sunrise Engineering gave a presentation on possible project funding options for the District's proposed Arrow Canyon well #3 as well as the Narrows and Warm Springs storage reservoirs.

During these discussions staff was instructed to compare current revenue with the proposed project revenue requirements. Staff performed various comparisons in WaterWorth and presented the two preferred scenarios at the April 9th meeting. The first option was for a \$5 debt management service charge and 8% rate increase and the second option with a \$10 debt management service charge with a 6% rate increase.

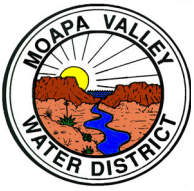
During discussion at the May 30th meeting, The Directors supported staff's recommendation of postponing the construction of the Warm Springs Reservoir and moving forward with the Narrows Reservoir and Arrow Canyon well #3 projects with a proposed \$10 debt management service charge with a 6% rate increase.

Staff is proposing to conduct a Business Impact Study to receive feedback from the business community of any perceived burdens or impacts the proposed \$10 debt management service charge would impose.

The last impact study required several months to complete

Staff Recommendation

Instruct staff to move forward with the proposed Business Impact Study



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NOTICE TO BUSINESSES WITHIN THE MOAPA VALLEY WATER DISTRICT SERVICE AREA OF A POTENTIAL \$10.00 MONTHLY DEBT MANAGEMENT SERVICE CHARGE July 27, 2024

The purpose of this notice is to formally advise businesses in the MVWD service area of a potential increases in culinary water charges. In evaluating the District's culinary rates, the District has considered, among other things, the expenses of providing water to customers including capital facility projects and basic operating and maintenance costs. In examining the culinary water charges, the District has considered its water rights, available sources of water, basic operating and maintenance cost, and related factors.

The mission of the Moapa Valley Water District (District) is to provide safe, reliable drinking water to the citizens and businesses in the MVWD service area. 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 culinary water 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 who 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 they can be optimized to achieve the District's goals.

In connection with the District's consideration of a possible implementation of a \$10.00 Debt Management Service Charge to the culinary water charges, the District will prepare a business impact statement and invites you and other businesses in MVWD's service area to submit data, documents, and other information to the District concerning whether you believe the increases would impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business. You will have 15 business days from the date of this notice to provide such information. Responses should address the following:

1. Would the implementation of a \$10.00 Debt Management Service Charge impose a direct and significant economic burden upon your business? Please explain.

2. Would the implementation of a \$10.00 Debt Management Service Charge restrict the formation, operation or expansion of your business? Please explain.

Please be specific and provide as much detail as possible in response to these questions. Following receipt of the responses, District staff will prepare a business impact statement. The District's Board of Directors will then review and consider the business impact statement at a public meeting and make a determination as to whether the addition of culinary water debt management service charges would impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business. At a subsequent meeting, the board will hold a public hearing and decide whether to approve or disapprove the implementation of a monthly \$10.00 Debt Management Service Charge. Below is a summary of the schedule:

August 19, 2024, Deadline for businesses to respond to this notice.

September 12, 2024, Public meeting to consider the business impact statement.

October 11, 2024, Public hearing and meeting to approve/disapprove implementation of the monthly \$10.00 Debt Management Service Charge

Responses should be mailed or delivered to the District at the following address and must be received on or before **August 19, 2024, at 4:30 p.m. (PST)**:

Moapa Valley Water District
P.O Box 257
Logandale Nevada, 89040

Moapa Valley Water District
601 N. Moapa Valley Blvd
Overton Nevada, 89040

Below is a summary of the changes to the District's culinary water service charges with the addition of the Debt Management Service Charge under consideration as different options that have been discussed in the District's public meetings. Also enclosed with this notice is a document entitled "EXHIBIT B Commercial Debt Service Charge Comparison" on the Average User (per meter size), which provides additional detail. The changes would entail setting the rates as shown with the implementation beginning in the January billing cycle.

The Implementation of the proposed commercial and residential debt management charge consists of the addition of a \$10.00 monthly debt service charge.

The Current and Proposed Monthly Culinary Water Charges (**Exhibit A**). And impacts of proposed changes to monthly Commercial Culinary Water Charges are shown separately (**Exhibit B**). The analysis was prepared using actual water usage numbers from calendar year 2023. The low use number is based on low water usage during the winter; the high use number is based on high water use during the summer.

EXHIBIT B
COMMERCIAL DEBT SERVICE CHARGE COMPARISON

AVERAGE MONTHLY WATER BILL				
Service Connection Size	2023 Average Winter Monthly Bill	Average Winter Monthly Bill with \$10 Debt Management Service Charge	2023 Average Summer Monthly Bill	Average Summer Monthly Bill with \$10 Debt Management Service Charge
3/4"	\$88.21	\$98.21	\$217.62	\$227.62
1"	\$256.57	\$266.57	\$1,050.58	\$1,060.58
1 1/2"	\$257.73	\$267.73	\$347.01	\$357.01
2"	\$276.72	\$286.72	\$1,125.02	\$1,135.02
3"	\$353.35	\$363.35	\$1,275.18	\$1,285.18
4"	\$1,317.67	\$1,327.67	\$2,225.03	\$2,235.03
6"	\$1,503.37	\$1,513.37	\$1,323.75	\$1,333.75

Current Winter & Summer Monthly Average Water Usage Charge

Average Increase to Winter & Summer Monthly Usage with Debt Management Service Charge = \$10.00