



Recommending Committee Minutes

1. Call to Order

Minutes:

COUNCILMAN KNUDSEN called the meeting to order at 10:04 a.m.

PRESENT: COUNCILMEMBERS FIORE and KNUDSEN

EXCUSED: COUNCILMAN ANTHONY

ALSO PRESENT: CHIEF OPERATIONS AND DEVELOPMENT OFFICER TOM PERRIGO, CHIEF DEPUTY CITY ATTORNEY VAL STEED, CITY CLERK LUANN D. HOLMES, and DEPUTY CITY CLERK ASHLEY FOSTER

2. Announcement Regarding: Compliance with Open Meeting Law

Minutes:

ANNOUNCEMENT MADE: This meeting has been properly noticed and posted at the following locations in accordance with the noticing standards as outlined in NRS 241.020: City Hall, 495 South Main Street, 1st Floor; The City of Las Vegas website – www.lasvegasnevada.gov; and The Nevada Public Notice website – notice.nv.gov.

3. Bill No. 2022-17 - ABEYANCE ITEM - For possible action - Amends LVMC 19.18.020 to expand the definition of "regional mall" for purposes of distance requirements. Sponsored by: Councilwoman Michele Fiore

Minutes:

COUNCILMAN KNUDSEN declared the Public Hearing open.

PETER LOWENSTEIN, Deputy Planning Director, said this item proposes an additional definition to Regional Mall and is for commercial areas that meet the following: contain open spaces and plazas for a minimum gross floor area of 200,000 square feet; has various tenants of different uses; is located on 25 continuous gross acres; and must include a minimum of one anchor tenant with 100,000 square feet. He noted that there were discussions about additional amendments but thought additional time was needed to work out the language.

COUNCILWOMAN FIORE wished to move forward with the amendment and informed MR. LOWENSTEIN that anything built on or after July 1, 2022, can qualify for the definition. CHIEF DEPUTY CITY ATTORNEY VAL STEED read Subsection 2 of the proposed First Amendment, which was not submitted as backup.

COUNCILMAN KNUDSEN declared the Public Hearing closed and announced after the vote that this bill will be eligible for adoption at the September 7, 2022 City Council Meeting.

Motion made by Michele Fiore to Approve as Do Pass as a First Amendment

Passed For: 2; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Michele Fiore, Brian Knudsen; Excused-Stavros Anthony;

4. Bill No. 2022-20 - For possible action - Updates LVMC 14.04.030 and 14.04.210 to implement increases in sewer service charges and sewer connection fees, including subsequent four percent annual fee increases and annual Consumer Price Index increases through calendar year 2032. Proposed by: Jorge Cervantes, City Manager

Minutes:

COUNCILMAN KNUDSEN declared the Public Hearing open.

Through the use of a PowerPoint presentation, a copy of which was submitted for the record, EXECUTIVE DIRECTOR OF INFRASTRUCTURE MIKE JANSSEN spoke on the Bill, noting a previous presentation was given to the Councilmembers regarding the City's sewer utility program. He indicated a rate study is conducted every 10 years, and this particular one was largely completed by FCS GROUP, a consultant of the City, in 2020. The study shows a need for a four-percent-per-year rate increase in addition to CPI (consumer price index). He noted the current rates have not increased above CPI since 2005, and during 2010-2012, there was no increase at all. The increase needs are largely due to growth and are also driven by the City's need to complete capital improvement projects (CIP) that relate to sewer collection and sewer treatment.

He spoke about how the sewer utility is viewed as an unknown utility because it is out of sight; however, it is an important utility for the community. Staff is frequently asked about the last time the City increased rates higher than inflation. MR. JANSSEN shared a graph with the City's 30-year rate history, noting there was no rate increase from 1993 to 2003. Because of community growth during this time, the City ran out of capacity quickly. As a result, there was a two-year rate spike in 2004 and 2005, where sewer rates increased by 43 percent. He pointed out that the Great Recession occurred in 2010, 2011, and 2012, and the City had the authority, under the City code, to raise the rates according to CPI; however, it was ultimately decided at that time to not raise rates at all. In 2011, a study was conducted, and staff anticipated presenting it to the Council in 2021. That study recommended a three percent increase, but a decision was made to stay with the five-year rolling average CPI, which at the time was 1.5 percent per year. Staff has continued using this amount since 2013.

He stated that the development of 34,000 new residential units along the outer edges of the city is driving the need for a sewer rate increase. He pointed out that the largest areas include Summerlin West, Kyle Canyon Gateway, Skye Canyon, and Sunstone as well as the upper Las Vegas Wash project. MR. JANSSEN emphasized that these projects alone amount to seven to 20 million gallons of sewer capacity each day. There is also a need to rely on the City's sewer interceptors, which were highlighted in red on the PowerPoint. He noted the current interceptors were built in 1962 and 1965 and need additional relief.

MR. JANSSEN explained that if some of the capital improvement projects are deferred, it might cause the City the inability to meet growth demands and may cause higher operating expenses when lower-cost sewer relining jobs are no longer feasible. Lastly, the sewer program is regulated by the EPA (United States Environmental Protection Agency) and the NDEP (Nevada Division of Environmental Protection). He noted the City has permits to run its sewer utility, and if there is an overflow of sewage, the City will be issued a fine for the violation.

He showed a PowerPoint slide detailing the City's sewer fund's financial structure, stating that the Sewer Service Rate Revenue is collected from ratepayers for providing services. Next, there is Non-Operating Revenue, which is made up of tax allocations from the Southern Nevada Water Authority (SNWA) to be used towards potable water and sewer collections systems. It is known as the SNWA Infrastructure Fund, and in Fiscal Year 2023, the City anticipates receiving approximately \$8 million from that fund. Revenue is also received from interest earnings and connection charges. Lastly, part of the Non-Operating Revenue is a loan made through the Sewer Fund to the RDA (Redevelopment Agency), which the RDA is paying back approximately \$1.5 million per year.

The next PowerPoint slide MR. JANSSEN displayed provided information about where those funds are allocated in terms of current costs. He explained that the blue line reflects the anticipated revenue if sewer connection and service fees are kept at the CPI rate. Starting in 2023, there will not be enough revenue to complete capital improvement projects. The blue dashed line reflects an annual increase in rates according to CPI plus four percent. The revenue from this increase would be adequate enough to cover the operational costs, and the CIP investment, as well as the debt associated with capital improvement projects. He noted provisions to the Las Vegas Municipal Code adjust CPI each year. He shared another slide of the types of funds received and how they are being used for capital projects, pointing out that 50 percent of obligations rely

on debt proceeds. For the next 10 years, the City's Capital Improvement Plan is approximately \$605 million dollars and includes projects that staff believes need to be invested in to ensure there are no sanitary sewer overflows (SSO) and there is the capacity to connect. He discussed a few of the major projects proposed, which are listed in the PowerPoint.

MR. JANSSEN asserted that the City must be a choice place for development and to live, and must be competitive with the rest of its Valley neighbors. He displayed a chart, reviewing service rates across the region. In 2021, the average annual fee that a single-family resident paid for sewer service was \$504. He pointed out the City's 2022 fee was \$270 and stated that staff proposed raising this fee to \$289, which is competitively priced when compared nationally and locally. Staff proposed changing the connection fee to CPI plus four percent. He shared a headline from the San Diego Union-Tribune reporting an increase in chemical costs, which if this becomes a reality, the City's chemical costs will also increase.

Lastly, MR. JANSSEN discussed the involvement of a blue-ribbon panel, listing those who were involved on behalf of the community. A series of meetings were held to discuss the basic rate setting and historical context, talk about different scenarios for forecasting the revenues that are needed, answer basic questions, solidify staff's recommendation, and seek the blue-ribbon panel's opinion. The rate increase plan received unanimous support from the members of the blue-ribbon panel.

MR. JANSSEN reiterated staff's recommendation to increase the sewer rate and connection fees from CPI to CPI plus four percent. The policy change will be for a 10-year period with a five-year review. He reviewed some of the steps and timeline of the proposed ordinance found in the PowerPoint.

COUNCILMAN KNUDSEN wondered how sewer fees are established for residences. MR. JANSSEN said the equivalent rate unit (ERU) is a nationally accepted standard to calculate approximately how much sewer flow will come into a line. It also considers each fixture within a residence, which has certain a projected value, that is within a home. The ERU is also calculated for each developer obtaining their permit from the Department of Building and Safety.

COUNCILMAN KNUDSEN asked MR. JANSSEN to speak on how the Sewer Enterprise Fund is different than the General Fund. MR. JANSSEN said the Sewer Enterprise Fund is restricted and proceeds cannot be diverted. All items are specific to the program and permitting requirements of the EPA, NDEP, and local entities to run a sewer facility.

The Councilman wondered about the potential repercussions or implications of no rate increase. MR. JANSSEN said there will be an inability to meet growth demands. Secondly, operating costs will increase. To combat this, staff tries to keep operating costs as low as possible by conducting the right maintenance at the right time. Lastly, he noted the City has stayed out of trouble with the EPA and NDEP by trying to catch problems before they become an SSO.

COUNCILMAN KNUDSEN asked if the five-year review will come back to the Council. CHIEF DEPUTY CITY ATTORNEY VAL STEED said it is difficult to write such a request into an ordinance but suggested that the Council make this request through direction to staff.

COUNCILWOMAN FIORE acknowledged that staff worked on this update for many years; however, because of the current inflation and cost increases, she thought this might be a better conversation to have in January of 2023. She could not support a rate increase at this time.

COUNCILMAN KNUDSEN declared the Public Hearing closed.

Motion made by Brian Knudsen to Forward with no recommendation to the September 7, 2022 City Council Meeting

Passed For: 2; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Michele Fiore, Brian Knudsen; Excused-Stavros Anthony;

5. Bill No. 2022-21 - For possible action - Adopts the 2021 International Wildland-Urban Interface Code, together with amendments thereto. Proposed by: Kevin McOsker, Director of Building and Safety

Minutes:

COUNCILMAN KNUDSEN declared the Public Hearing open.

MICHAEL CUNNINGHAM, Deputy Building and Safety Director, said this proposal is to adopt the 2021 International Wildland-Urban Interface Code. In the last legislative cycle, this code was added to an NRS (Nevada Revised Statutes) section that allows the City to keep its definition of a high-rise at 75 feet. In order to stay in compliance, staff proposed to adopt this code. He noted the code requires a map that defines an interface area; however, because there was an amendment from the Fire Department, which states that a community risk assessment did not identify any wildland areas, a map is no longer required.

COUNCILMAN KNUDSEN believed this code will make it easier to develop in the City than in Clark County because of the 75-foot requirement. MR. CUNNINGHAM confirmed this was correct, stating that it allows the City to identify high-rises at 75 feet and keep those that have already been constructed. Henderson has a similar amendment, and this code will allow some mid-rise developments to come into the City's jurisdiction.

COUNCILMAN KNUDSEN declared the Public Hearing closed and announced after the vote that this bill will be eligible for adoption at the August 17, 2022 City Council Meeting.

Motion made by Brian Knudsen to Approve as Do Pass

Passed For: 2; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

For-Michele Fiore, Brian Knudsen; Excused-Stavros Anthony;

- 6. Citizens Participation: Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the Committee. No subject may be acted upon by the Committee unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come to the podium and give your name and correct spelling for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:

None.

- 7. Adjournment

Minutes:

The meeting was adjourned at 10:44 a.m.

Respectfully submitted:

Ashley Foster, CMC, Deputy City Clerk

THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS
IN ACCORDANCE WITH THE NOTICING STANDARDS AS OUTLINED IN NRS 241.020:

The City of Las Vegas website – www.lasvegasnevada.gov

The Nevada Public Notice website – notice.nv.gov

City Hall, 495 South Main Street, 1st Floor