



BUSINESS IMPACT STATEMENT
for
RESOLUTION 23-001
SCHEDULE OF FEES

The following business impact statement was prepared pursuant to NRS 237.090 to address the proposed impact of the increase to sewer fees and rates as charged by Minden Gardnerville Sanitation District (see Attached Exhibit A, Proposed Schedule of Fees)

- 1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response, and an explanation of the manner in which other interested persons may obtain a copy of the summary [NRS 237.090(1)(a)].**

NRS 318.199 grants districts providing sanitary sewer services the authority to establish schedules showing all rates, tolls or charges for services performed or products furnished. MGSD is also subject to the business impact statutes when rates are proposed to increase, as outlined under NRS 237.090.

The proposed rate changes as shown in Exhibit A were mailed to all 268 MGSD commercial account owners, including churches, schools, and government offices, and an additional 18 were emailed to accounts that have an email address on file. In addition, notice was sent to the Carson Valley Chamber of Commerce, and all construction companies with active construction projects in the District (Lennar Homes, Tim Lewis Homes, Monte Vista Minden LLC, Carter Hill Homes, and Kim Posnien). The District Manager also conducted verbal interviews with the Carson Valley Chamber of Commerce, one of the local motel owners, and a local residential developer. A total of 24 written and verbal responses were received, with 15 stating there would be no significant impact to their business or expansion of business, while 9 stated there would be significant impact to either their business or expansion of business. Two mailings were returned with no forwarding address indicated, and no email address on file.

Copies of this business impact statement may be obtained by contacting MGSD's administrative office at (775) 782-3546, or by visiting our website at www.mgsdistrict.org

The most common response to all 3 questions was that MGSD should have been increasing rates in smaller increments every 1 to 2 years over the past 10 years.

With respect to whether the increases would impose any direct and significant impact to their business, the most frequent comment was that increases should be limited to a much smaller amount, some saying 2-5% while others felt 5-8% would be appropriate. Other comments received were:

- It is a small budgetary burden, but not significant;
- MGSD is not the only vendor to increase costs of products or services;
- All rate increases result in a loss of profit and employee raises or retention;
- Rate increases put further stress on those businesses still recovering from the loss of revenue during COVID shutdowns;
- The proposed rate increase will directly impact business and property values.

In regard to whether the proposed fees would directly restrict the formation, operation, or expansion of any business in Minden or Gardnerville, one commenter felt that the sewer fees would not be the reason a business chose not to expand to Minden or Gardnerville, since the proposed fees are lower than the fees charged by other agencies in the surrounding area. Another comment received stated that any increase makes staying in business harder, preventing them from expanding.

The overwhelming majority of the responses to alternative proposals to consider was to increase fees every 1 to 2 years, rather than one large increase less frequently. Other responses included the following:

- Find wasteful expenditures and manage those;
- Use creative infrastructure ideas that build for the future but don't kill on costs or taxes;
- Developers should shoulder the burden of all or a greater portion of the cost increases;
- Sell reclaimed water, and research methods of effluent treatment;
- Look for ways to reduce energy costs, including development of solar arrays;
- Optimizing staff resources



2. **The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects:**

Adverse effects:

The current monthly sewer use fee is \$13.99 per edu, with a daily rate of \$0.46. The first-year increase is proposed to be \$22.39 per month per edu, a total of \$8.40 per month which is an increase of 60%. The proposed fee for subsequent years are as follows:

2025 - 25% increase to \$27.98 per month
2026 – 15% increase to \$32.18 per month
2027 – 10% increase to \$35.40 per month
2028 – 5% increase to \$37.17 per month
2029 – 5% increase to \$39.03 per month

While the 2024 rate would create financial increase to small business budgets, the rate is lower when compared to other agencies in the area.

Beneficial effects:

MGSD operates as an enterprise fund. A fee increase is needed to adequately fund the operations and capital equipment expenses to ensure continued public health and safety. The District is experiencing significant increases in operations costs due to increasing prices of new equipment, infrastructure, labor, and supplies.

Direct effects:

The increase will result in increased financial burden to all MGSD customers, as well as potential residential and non-residential developers, as well as to community-wide public health and safety.

Indirect effects:

Businesses may have to increase the prices of their goods, products, or services which may be passed on to the community as a whole. Residential developers may increase housing prices due to increased capacity costs and the addition of a minimum monthly charge.



3. **The following constitutes a description of the methods MGSD considered to reduce the impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used:**

Reduction in the first-year increase was discussed among staff, but it was determined that this reduction would require a larger increase to the rates in 3 to 4 years. This alternative is not recommended by staff.

Business owners can request the District Manager perform a re-evaluation of the edu's charged to the business account. Temporary billing suspensions and reductions are also available for vacant units. These policies are currently in use.

In addition, the District has implemented reductions to energy and heating costs with the construction of the co-generation and heat loop system. The District also provides treated effluent to local ranches who are assessed an annual fee for their effluent use pursuant to contracts currently in effect. Solar arrays have been considered, but due to the existing closed system loop enabling a reduction in energy costs, this alternative was not considered to be cost effective.

Staff resources have been utilized in capital as well as repair and maintenance projects, saving the District hundreds of thousands of dollars over the past 5 years. The District is fortunate to employ individuals who have vast skillsets that can be utilized to offset construction costs. Historically, MGSD has maintained a smaller staff than other treatment facilities of comparable size.

4. **MGSD estimates the annual cost to the District for enforcement of the rule is:**

Other than implementation of the new rates into the accounting software, it is not anticipated that the enforcement of the proposed rates would result in additional cost to the District.



5. **The proposed rule provides for a new fee or increases in the existing fee, and the total annual amount expected to be collected is:**

The anticipated revenue from the user fees is as follows:

YEAR	PROJECTED TOTAL REVENUE
CURRENT	\$1,624, 448
2024	\$1,991,962
2025	\$2,835,321
2026	\$3,770,646
2027	\$4,111,812
2028	\$4,799,597
2029	\$4,684,224

Additional income from new development fees is difficult to estimate, but based on the amount of capacity sold over the past year, it is anticipated that revenue collected from capacity fees would be \$572,000.

6. **The money generated by the new fee or increase in existing fee will be used by MGSD to:**

Fees charged by MGSD fall under three categories:

- User fees – Sewer use fees charged to existing customers for the purpose of funding operational costs, improvement and rehabilitation projects, and future equipment and maintenance needs as outlined in the Master Plan
- New Development fees – fees paid by new customers as a result of new construction or tenant improvements for the purpose of growth’s impact on the wastewater system and needed plant expansion as outlined in the Master Plan
- Administrative fees – one-time fees charged to a specific customer to pay for the impact of that customer to the District (e.g., a lien fee filed as a result of non-payment by customers to directly reimburse the District’s costs for recording fees and staff time).



7. **If applicable, the proposed rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains when such duplicative or more stringent provisions are necessary.**

The proposed changes are not duplicative or more stringent than existing federal, state or local standards. These fees are comparable to other sewer providers in the region.

Objection to adopted rule: petition; procedure

A business that is aggrieved by a resolution or ordinance adopted by the Board of Trustees may object to all or part of the resolution or ordinance by filing a petition with the Minden Gardnerville Sanitation District within 30 days after the date on which the rule was adopted. Any petition must be based on the following grounds:

- The Minden Gardnerville Sanitation District failed to prepare a business impact statement; or
- The business impact statement prepared did not consider or significantly underestimated the economic effect of the rule on business.

After receiving a petition filed by an aggrieved business, the Board of Trustees of the Minden Gardnerville Sanitation District shall determine whether the petition has merit.

If the Board of Trustees determines that the petition has merit, the Board may take action to amend the rule to which the business objected.

If the Board of Trustees finds that the petition does not have merit, the Board will take no action to amend the ordinance, resolution or regulation and such ordinance, resolution or regulation will remain in effect.

Conclusion (complete after Board approval of Business Impact Statement): 9/5/23
Regular Board Meeting: The Board accepted the Business Impact Statement and scheduled the Public Hearing for the October 3rd regular board meeting.



District Manager Certification (as required under NRS 237.090(2)):

I, Peter V. Baratti, as District Manager for the Minden Gardnerville Sanitation 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.



Peter V. Baratti
District Manager

