



**Sun Valley General Improvement District
Tariff Rule 20 Review Committee
February 16, 2016**

Committee Members Present:

Dawn McCarthy	Member, Property Manager
Sandra Ainsworth	Member, SVGID Representative
Andy Gephardt	Member, TMWA Representative
Bennie Duncan	Member, Property Owner
Manual Ruiz	Member, Property Owner

Committee Members Not Present:

Don Jepson	Member, Washoe County Representative
Sheila Stark	Member, Property Owner

Staff Present:

Darrin Price	SVGID, General Manager
Jennifer Merritt	SVGID, Administrative Assistant
Maddy Shipman	SVGID, Legal Counsel

Other Members Present:

Margaret Reinhardt	Audience
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The meeting of the Sun Valley General Improvement District was called to order by Sandra Ainsworth at 3:05 pm in the Sun Valley District Administrative Building, 5000 Sun Valley Blvd., Sun Valley, NV.

Item# 1. Roll call and determination of a quorum.

Committee members present; Bennie Duncan, Manual Ruiz, Dawn McCarthy, Sandra Ainsworth, and Andy Gephardt were present, a quorum was present.

Item# 2. Public comments for items not on the agenda.

None

Item# 3. Motion to approve the agenda.

Sandra Ainsworth made a motion to approve the agenda. Dawn McCarthy seconded the motion. The motion carried unanimously.

Item# 4. Election of Chairperson.

Sandra Ainsworth nominated Andy Gephardt as Chairperson. Mr. Gephardt declined the nomination and nominated Ms. McCarthy as Chairperson.

Mr. Gephardt made a motion to approve Ms. McCarthy as Chairperson for the Sun Valley General Improvement District Tariff Rule 20 Review Committee. Sandra Ainsworth seconded the motion. The motion carried unanimously.

Item# 5. Discussion and action to approve a meeting schedule for the Sun Valley General Improvement District Review Committee.

Chairperson McCarthy inquired if the District Board set a schedule they would like for the committee to consider.

Mr. Price responded there is no time limit by the District Board. The committee can meet as many times as needed prior to providing a recommendation to the District Board. Mr. Price respectfully requested to consider the scheduling of meetings to allow for adequate time for District staff to gather data for the committee and properly post the agendas.

Discussion ensued regarding various schedules.

Mr. Gephardt made a motion to schedule the next Sun Valley General Improvement District Tariff Rule 20 Review committee meeting for March 8, 2016 at 3 pm. Ms. Ainsworth seconded the motion. The motion carried unanimously.

There were no public comments.

Item# 6. Discussion regarding the purpose and goals for the Sun Valley General Improvement District Tariff Rule 20 Review Subcommittee; regarding Service to Separate Premises and Multiple Units, and Resale of Water; and resources and/or materials needed to achieve goals.

Chairperson McCarthy inquired about getting a copy of the proposed tracked changes for Tariff Rule 20 regarding Services to Separate Premises and Multiple Units.

Mr. Price responded staff only provided the committee with a copy of the existing Board approved Tariff Rule 20. The purpose for today's meeting is to formally convene as a committee, decide on a meeting schedule and introduce Tariff Rule 20 to the committee. Once that had been done, the committee can make requests of District staff for various data for review and consideration. Staff did not provide any data at this time because they didn't want to steer the committee in anyway and so the committee can remain unbiased when making a recommendation to the District Board.

Mr. Gephardt inquired what the current issue with the existing tariff rule is.

Mr. Price gave a brief background of District's Tariff Rule 20. Tariff Rule 20 originally required the property owner to split multiple services to a single parcel. At some point in time the District Board approved to grandfather existing property owners with multiple services until the property sold and/or a change in ownership occurred, that they had to comply with Tariff Rule 20. He gave an example using a duplex; if the duplex was originally serviced by one service connection, the property owner would have to separate the services so that each unit of the duplex had its separate service connection. Some of the challenges are whoever is responsible for paying the water/sewer bill and they don't pay their bill, they get disconnected. By disconnecting the single service (prior to the separation of service) both units of the duplex are disconnected. Sometimes the service is in the property owners name and sometimes the services are only in one of tenant's name. The biggest challenge the

District has with multiple units; the District has a set amount of water supply that it purchases from Truckee Meadows Water Authority and owns a set amount of capacity at the Truckee Meadows Water Reclamation Facility which is also known as the sewer treatment plant. The District purchased a certain amount of capacity at the plant based on Washoe County Development Code at that time; District staff counted every parcel within the District's existing boundary with consideration of full build out, including future growth. At that time, the District counted for one unit to be served per each 1/3 acre parcel based on the Washoe County Development Code. The moment that a guest cottage and/or detached accessory dwelling is added to a 1/3 acre parcel, takes away from the District's capacity at the sewer treatment plant. He also stated that the District requires for each new development to pay a water and sewer facility connection fee, this is the buy in to the District's existing infrastructure (pump stations, water tanks, and sewer collection system and treatment plant). By installing a detached accessory dwelling and/or guest cottage, that unit is not buying into the District's infrastructure like everyone else. This is challenging because Washoe County allows for additional units on a 1/3 acre that have not been accounted for by the District. Mr. Price also stated through researching Nevada Law it doesn't allow for individuals to purchase water from a water purveyor and resale it if that individual is not a public water purveyor. In this case when the property owner has the service in its name and does not adequately collect the billed amount for water (example water bill from purveyor to property owner is \$30 and the property owner collects \$100 per month additional in rent for water), it is consider reselling of water and this is sometimes a problem in Sun Valley, mainly in mobile home parks.

Ms. McCarthy responded resale of water is not always the case, as a property manager if she rents a home for \$850 per month that includes water that is not reselling the water, because she disclosed the rent amount includes water as an amenity.

Ms. Shipman suggested that without using names or addresses, Mr. Price should give an example of what took place last year that raised the question for the Board to form a review committee.

Mr. Price stated last year there was a property that sold that had two units on one parcel. Per the District Tariff Rule 20, it was disclosed to the property seller and buyer that they would need to separate the services.

Ms. McCarthy stated that particular situation did not apply to the District's Rule 20 because subsection 4 states "Guest Buildings, Attached Accessory Dwellings and Detached Accessory Dwellings shall not be separately metered." She believes that the District Board is considering whether or not to change the word "dwellings" to "structures". She inquired what will be the benefit to the District by having multiple services separated on any particular property. From her knowledge, those properties with multiple units are charged a multiple unit fee and are being charged more than if they were only one dwelling. The owner of the properties are responsible for the water/sewer bills and is not charging the tenants for water/sewer.

Mr. Gephardt requested clarification, the property owner is not itemizing out the tenant for water, they are charging for water/sewer somehow in the form of rent.

Ms. McCarthy responded that is correct. Again, she inquired what the benefit to separate the services is.

Mr. Price responded he doesn't know if he can answer Ms. McCarthy's question completely, but District staff does encounter multiple units in the tenant's name. He inquired with committee member Mr. Ruiz and Mr. Duncan how they currently handle water/sewer services for their multiple units.

Mr. Ruiz responded services for his units are in his name and he pays for both water and sewer in addition to the multiple unit charge.

Mr. Duncan also responded services for his units are in his name and he pays for both water and sewer in addition to the multiple unit charge. He stated his guest cottage was permitted in 1982 by Washoe County and he paid a onetime \$2,500 cottage permit fee. He was responsible for the construction fees to supply water and sewer to the guest cottage using existing service lines from the main dwelling.

Mr. Price stated the District wanted Washoe County's participation with the review committee to help inform everyone Washoe County requirements for additional units. He stated sometimes the County will approve a second dwelling on a parcel without notifying the District.

Mr. Duncan stated when the District performed its sewer capacity study his second unit would have already been accounted for. He also stated he has been paying his multiple unit charge for at least 20 years.

Mr. Price stated most likely Mr. Duncan's second unit would have been accounted for if it was setup during the study. He stated for clarification the multiple unit charge is for additional operation and maintenance, because the water and sewer system is now being taxed twice when there should only be one unit (this is separate from the District's water/sewer facility fee).

Ms. McCarthy stated she would like to know how to handle a property that is considered grandfathered.

Mr. Price stated the proposed changes were exactly related how to handle grandfathered properties. The Board was very cognoscente that there would be a financial impact to the property owners. At that point in time, the Board determined to grandfather existing property owners with multiple units. Letters were sent to property owners notifying them of the District's tariff rule regarding multiple services stating that they were grandfathered in. However, the moment the property changes hands, the property owner would have to comply with Tariff Rule 20.

Mr. Ruiz stated his desire is to leave his property and multiple units to his daughters in the future.

Ms. Shipman inquired if the changing of ownership from parent to child triggers anything.

Mr. Price responded if there is a change in landownership, Washoe County would notify the District and then it would trigger the impact of the Tariff Rule 20.

Ms. McCarthy stated Washoe County recognizes a grandfather clause in a lot of different areas. When a property changes ownership, Washoe County doesn't require the removal of

the additional units, but the District does. She understands the impact fees to the District, but she doesn't understand why the District has a problem with keeping additional units. She gave an example; how is it any different from having another unit versus her adding a bedroom and bathroom onto her existing house.

Mr. Price responded and agreed that Washoe County Codes are different from the Districts Tariff Rules. The difference between additional units versus an additional bathroom again falls back on to the District's capacity. The District has a set amount of water they can purchase from Truckee Meadows Water Authority. The District has an allotted amount of water that can be used for each service. When determining the amount of water rights needed for a commercial development it is based off fixture count. The moment someone uses more than their allotted amount of water rights the District can require that property owner to dedicate additional water rights to the District for the additional water demand.

Mr. Gephardt requested for clarification, the concern is a single parcel with multiple dwellings. When NV Energy handled electricity and water they didn't care about water as much because every duplex/apartment was metered for electricity separately. When Truckee Meadows Water Authority separated from NV Energy they no longer had the ability to use the electricity meter. Truckee Meadows Water Authority was responsible for separately metering water services for duplexes and single lots with multiple dwellings (mother-in law quarters used and/or rented out). Truckee Meadows Water Authority sent a letter to the property owner with multiple units that they are the responsible party for the water service. Truckee Meadows Water Authority would not allow the tenant to sign up for service because of the complications; if tenant in house A pays promptly and tenant in house B doesn't pay promptly, Truckee Meadows Water Authority would have to shut off water to both units because one person not paying. He stated Truckee Meadows Water Authority has the same issue as the District and it is a big expense to separate services. He stated any property with duplexes, condos, and mobile home parks that are currently service by one service; Truckee Meadows Water Authority requires the service to be in the property owners name until services can be individually metered.

Some discussion ensued on the separation of services at the Sun Valley Shopping Center when it changed hands from father to son.

Mr. Price stated the District recognizes the financial impacts on the property owners to separate the services and the District has worked with those who have complied this far and will continue to work with those that still need to comply.

Mr. Gephardt inquired if he had 13 units on one parcel, regardless what type of dwelling (mobile home, house, or mother-in law quarters) what is the difference if there is one water line with one meter being charged appropriately for the 13 units.

Mr. Price stated he is representing the District and is trying to be unbiased to the situation. Tariff Rule 20 was established prior to him becoming the General Manager, as the current General Manager he is only making sure that the District complies with its tariff rules. He responded to Mr. Gephardt's inquiry, the District allows for tenants to sign up for service. He gave an example when a tenant came in stating they were required to sign up for service but they didn't want to because the multiple unit on the property used more water than they did and they didn't want to pay for both dwellings. He also stated prior to Truckee Meadows Water Authority, the District had a contract with Sierra Pacific that revolved around a water

right amount. Since then, the District now has a contract with Truckee Meadows Water Authority based around a GPM (gallons per minute) that is still tied to a water dedication. With multiple units, no water rights were ever dedicated to the District or dedicated to Truckee Meadows Water Authority for a lease back to provide water to the multiple units. Not only did the multiple unit not have to pay the facility fees, they also didn't dedicate water rights for the additional use. The questions come up a lot, if the property is being billed and paying for its consumptions then how is that any different. He stated the difference is the second unit was never accounted for in the master plan for water and sewer.

Ms. Ainsworth stated for informational purposes, she believes Tariff Rule 20 was established because the money borrowed to provide water and sewer, EPA or some other organization required that each dwelling had its individual service/meter. This in return proved that that unit paid their buy in into the District's water/sewer system for the money that was given to the District. Majority of the District's infrastructure was financed with bonds and grants. She stated she is not sure exactly what is left if any of the bonds and grants at this time.

Additional discussion ensued on the history of the District's formation and financial responsibility. Mr. Price stated this biggest concern the District has is the additional units being setup legally/illegally that greatly impacts the District's set amount of capacity at the sewer treatment plant.

Ms. McCarthy inquired what is the buy in to the District's water and sewer infrastructure for an additional unit on a single parcel.

Mr. Price responded the sewer facility fee is \$6,340 per connections and water facility fee is \$11,244 per connection, there are additional construction charges for the District to tap the main(s) and run services to the property line. The property owner is then responsible to have the service lines installed from property line to the additional unit.

Ms. McCarthy inquired if Washoe County approves an additional unit to be added to a single parcel, is the property owner required to pay the facility fees.

Mr. Price responded if Washoe County approved for an additional legal unit per the definition, the property owner does not have to put in the individual service lines. The property owner would need to provide proof of the legal unit.

Ms. McCarthy stated she is confused because she thought that is why the committee was formed, how to deal with existing properties with multiple units when they change ownership.

Mr. Price responded the review committee was established to review the existing Tariff Rule 20. If it is a legal unit per the definition, the property owner does not have to separate services, but the property owner including new property owner, must provide proof to the District that the additional unit is legal and approved by Washoe County. If the additional unit cannot be confirmed that it is a legal unit approved by the County, then the property owner has to comply with Tariff Rule 20. He stated that the committee can come up with additional language to be incorporated with Tariff Rule 20 that spells out what is considered proof of legal unit and what is considered grandfathered, including doing away with the policy if that was the recommendation of the review committee.

Additional discussion ensued regarding how the District notified property owners of changes to facility fees and changes to rule regarding multiple services. Recommendations were made to consider having presentations by prior employees and prior legal to also help educate the review committee the history of Tariff Rule 20.

Additional discussion ensued if Tariff Rule 20 regarding multiple units was regarding legal additional units and illegal additional units and what is consider grandfathered and at what point is something no longer grandfathered and how it impacts the sale of a property.

Mr. Gephardt gave an example of how Truckee Meadows Water Authority uses the change of ownership for an existing property. For Truckee Meadows Water Authority commercial backflow is a big problem with getting customers to comply because of the expense. When the property owner comes to them with improvement plans or when the property is used for a different purpose and/or sold, Truckee Meadows Water Authority at that time requires the property owner to comply and install proper backflow per code.

Ms. Ainsworth recalls the District chose to work with the existing property owners with multiple units because the Board recognized the potential hardship it would be to separate the service. That is why the Board grandfathered them. As long as they remained the property owner they did not have to separate the services immediately, they could do it at a later date when it was more feasible for the owner or at the time the property sold. She recalls any unit being used as a rental unit required to be separated.

Mr. Price stated he wished Washoe County was able to attend the committee meeting because he is under the impression that the property owner has to pay an annual fee for some of the additional units.

Ms. McCarthy stated there are annul fees associated with Special Use Permits.

Mr. Duncan stated for his property he pays property tax for each trailer and feels he is being taxed twice by Washoe County.

Mr. Gephardt stated he assumes that the District's usage fees and facility fees are based on existing customers and total build out. If there is not a deficit currently then the issue/concern is easy to correct going forward, based on the District having limited capacity at the sewer treatment plant. He stated if the existing multiple units are currently creating an issue with the District's capacity at the sewer treatment plant, then that is a little different if they were. He agrees cleaning up the language will help the District going forward in the future.

Mr. Price responded the multiple units currently are not creating a deficit with the District's sewer capacity at the treatment plant. The concern is how many more multiple units in the future that will create that deficit.

After further discussion Mr. Gephardt requested the following data from Mr. Price; history of tariff rule 20 including existing proposed changes from December 2015, total District sewer counts and any other data Mr. Price referenced. Ms. Ainsworth seconded the motion.

During discussion audience member Ms. Reinhardt commented she believes the committee is working at a disadvantage because the committee has not seen the proposed changes

that were presented to the Board of Trustees. She stated currently Tariff Rule 20 does not require the separation of services for guest buildings or detached accessory dwellings, the proposed changes would require separation of services for properties with multiple services. The cost to separate services is a financial burden on the property owner(s). If the intent is to only address illegal units then she does not think the rule needs to be changed. She stated Washoe County only requires a Special Use Permit for someone to have a guest building and/or a detached accessory dwelling, Washoe County does not require units to be individually metered. Washoe County also has a Nonconformance rule that covers the grandfather rule; the grandfather rule stays with the property and not the owner. She hopes to provide the committee with additional information at the next meeting during her presentation.

Ms. Shipman stated her interpretation of Tariff Rule 20 is to require a separation of service lines upon the change in ownership of property for an independent living dwelling. The current rule does not address anything about legal units versus illegal units. The exception is covered under subsection 4 of rule 20; guest buildings, attached and detached accessory dwellings. A guest building is intended to be used for guests, not as a rental. Accessory means incidental to the primary use of the property which would not include a full time rental. She believes that the rule was written to include guest buildings and/or detached accessory dwellings to be used for temporary guests or mother in-law quarters therefore those would not need to be separately metered. She stated the review committee can recommend to the Board of Trustees whether or not services should be separated.

Mr. Gephardt commented Truckee Meadows Water Authority enforces their rules upon the change in property owners regardless if it was passed on to a family member. Since the merger with South Truckee Meadows General Improvement District, their change is triggered when there is a change in transfer tax and that doesn't necessarily change when passing on to another family member.

After further discussion the motion carried unanimously.

Item# 7. Public Comments.

None

Item# 8. Committee Comments.

None

Item# 9. Future Agenda Items.

Darrin Price reported the following items will be on the next agenda;

- Presentation by Ms. Reinhardt.
- Review of tariff rule 20 history and other various data

Item# 10. Adjournment.

Ms. Ainsworth made a motion to adjourn at 4:23 pm. Chairperson McCarthy seconded the motion. The motion carried unanimously.

Approved by the SVGID Tariff Rule #20 Review Subcommittee on March 8, 2016.
Minutes Prepared by: Jennifer Merritt, Administrative Assistant