

CLARK COUNTY WATER RECLAMATION DISTRICT
Business Impact Statement
District Resolution 24-001
(AMENDS THE DISTRICT'S SERVICE RULES)

Upon request, a copy of this Business Impact Statement can be obtained from the Clark County Water Reclamation District, at the following website:

www.cleanwaterteam.com

This Business Impact Statement was prepared pursuant to NRS 237.090 to address the impact of a proposed resolution, Resolution 24-001, which increases or otherwise modifies the District's fees, charges, and sewer service rates effective July 1, 2024.

1. 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.

A Citizens Advisory Committee (CAC) comprised of various business stakeholders was formed to study the District's finances and to make recommendations on rates and charges. Entities represented on the CAC are low and/or fixed income citizens, rural communities, Las Vegas Metro Chamber of Commerce, Latin Chamber of Commerce, Urban Chamber of Commerce, Nevada Resorts Association, Commercial Real Estate Development Association (NAIOP), Associated Builders and Contractors of Nevada, Southern Nevada Home Builders Association, and Real Estate and Environmental professionals. Each Committee member was to reach out to their membership regarding the recommendations.

A letter soliciting comments on business impact was sent to all CAC members, a notice was posted in the Las Vegas Review Journal and the proposed amendments to the Service Rules were placed on the District's website for other interested persons to view and provide comment.

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

Adverse effects: No comments regarding adverse effects were received.

Beneficial effects: Increasing the annual sewer service charge, augmented with addition debt through the issuance of municipal bonds, will fund at least the next five years of the District's capital improvement program and enable the District to design and complete repair/replacement/rehabilitation projects in both the collection and treatment systems, ensuring the safe, continuous operation of the District's facilities. Among these projects are capacity expansions to accommodate the additional wastewater flows from the community. The District expects to expend \$1.2B in the next 5 years. Many of the major projects have already commenced, and all are necessary investments in the community's infrastructure. The District has adopted the Engineering News Record index ("ENR") for Construction Cost, but the ENR index for Building Cost is more closely aligned with the District's capital improvement costs as a result of the type of construction and materials used by the District in the wastewater utility industry. The modification of the District's full-payment discount and annual account fee will simplify billing, making the District's fee structure more transparent, but with a net-zero effect to the customer.

Direct effects: The capital program will ensure reliable and safe wastewater collection and treatment systems with adequate capacity. The capital program includes oversizing funding, which will leverage District funds with developer-installed lines, providing additional collection system capacity. While all customers will pay the increased annual sewer service charge, the rate-and-debt hybrid approach means that the use of new bond financing will also require future customers to share in the costs of the infrastructure provided for their use. With the change to the ENR Building Cost index, connection fees to new customers and for new additional connections for existing customers will be adjusted each year based on an index that is more accurate to the District's construction cost changes. The annual account fee will now be distributed across each quarterly bill the District sends to a customer, thus resulting in a savings to the customer if the annual bill is paid in full. This process accounts for the full-payment discount currently made available to customers.

Indirect effects: Wastewater treatment is this community's most stable water resource in the form of return flow credits received for water treated and returned to Lake Mead for reuse. The funding of the District's capital program supports the stability of the return flow credits. The added accuracy in annual connection fee adjustment will allow for better budgeting and forecasting by the District, thereby strengthening the District's financial position.

3. The methods the local government 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.

Based upon the CAC review and recommendations, the District kept the sewer service charges low by adopting a rate-and-debt hybrid approach spread over a 5-year period. The change to the ENR Building Cost index is based on industry standards and historical trends and is properly aimed at improving the accuracy of rates and charges and keeping the District aligned with proven best practices. The modification of the District's account fees is anticipated to be a net zero effect to the customer.

4. The governing body's estimate of the annual cost to the local government for enforcement of the proposed rule.

There is no rule being enforced, but rather the change relates to an increase in sewer service fees and a modification of fees and charges. There will be no additional cost on the District in enforcing the proposed changes, but there may be a slight loss in revenue associated with the account fee modification (\$1M-\$2M loss).

5. The total annual amount expected to be collected if the proposed rule provides for a new fee or increases an existing fee.

The District expects to collect approximately \$150M in additional revenue over the 5-year period from fiscal year 2025 to fiscal year 2030. Because the ENR Building Cost index is reflective of measured actual increases to construction costs, the District is not assured of any increase to revenue. The modification of the District's account fees is anticipated to be either a net zero effect to the District, or a slight \$1M-\$2M loss in revenue to the District.

6. The local governments use of money generated by the new fee or increase in existing fee.

The annual sewer service charge covers the District's Operations and Maintenance, capital repair and replacement projects, and debt service. There is no additional revenue generated from the modification to the District's fees and charges.

7. When it is necessary for the proposed rule to include provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity.

None

8. The reasons for the conclusions regarding the impact of the proposed rule on businesses.

Stakeholders did not submit statements that there would be a significant impact on their business from the proposed amendments to the Service Rules. No comments were received through the Business Impact Process.

CERTIFICATION

I certify that, to the best of my knowledge or belief, the information contained in this business impact statement was prepared properly and is accurate.



Thomas A. Minwegen

General Manager

Date: March 19, 2024