



November 1, 2016

For Release to: Douglas County Commissioners
Carson Valley Chamber of Commerce
Sierra Nevada Association of Realtors
Town of Minden
Town of Gardnerville
The Record Courier
Members of the Public

From: MGSD Board of Trustees:
Raymond G. Wilson, Chairman
Barbara S. Smallwood, Vice-Chairman/Secretary
Robert L. Allgeier, Treasurer
Mark R. Dudley, Trustee
Michael B. King, Trustee

Subject: MGSD Cost Narrative

There seems to be a misunderstanding among many people in the community with regard to the costs of connection fees and monthly service charges of MGSD compared with other facilities for the collection and treatment of sewage within Douglas County. The Board of Trustees of the Minden-Gardnerville Sanitation District is concerned with rumors, public statements by officials, and other comments which are inaccurate and untrue.

The Minden-Gardnerville Sanitation District (MGSD) would like to provide factual information for the benefit of the public and others who may not be fully informed, to accurately put issues of development costs, connection fees, and monthly service charges in context with regard to sewer service in our Douglas County area.

When and What Fees are Charged by Sewer Providers

When a development is proposed for residential, multi-family, commercial-industrial, or other use, a connection and/or capacity fee is charged by all sewer service providers for the connection, collection, and treatment capacity required to service that particular development. Different fees are charged by different sewer districts, based on their costs,

overhead, debt service, and setting aside money for future expansion, rehabilitation, or other major capital expenses. Monthly service charges are typically used to pay the operating costs of the sewer entity.

When Capital Expenses Impact Operating Costs

In many cases operating costs include debt service for money that has been borrowed to make necessary improvements when sufficient capital reserves were not available. Monthly service charges can be substantially reduced if sufficient capital reserves are available to pay for major plant expansion or other larger capital improvements.

For many years, MGSD has set aside monies from capacity fees in order to build reserves to pay for improvements at the treatment plant and related infrastructure.

MGSD's Policy for Capital Funding

The Board of Trustees has established capacity and connection fees to provide for the costs of plant expansion, rehabilitation, and upgrading to meet State and Federal Standards. This places the burden of these costs on new development, protecting existing MGSD customers from having to pay for the costs of borrowing money to provide new treatment capacity.

MGSD was created to handle the sewage from the Towns of Minden and Gardnerville. In addition, by contract with the Gardnerville Ranchos General Improvement District, MGSD receives and treats sewage from the Ranchos. By setting rates for capacity charges which provide reserves to fund necessary capital improvements before those improvements were needed, **MGSD has been able to fund all its capital improvements for capacity increases without borrowing** for over twenty-five years, while continuously maintaining available capacity for all service applications. While MGSD did accept a zero-interest demonstration loan to install cogeneration facilities, resulting in reduced operating costs, these cogeneration facilities have no impact on treatment capacity of the District.

The Result of MGSD's Plan-Ahead Strategy

The fees and charges of the Minden-Gardnerville Sanitation District reflect a careful, consistent, and steady effort to manage costs and expenses while maintaining a high level of efficiency and productivity. Planning ahead and carefully executing plans for delivery of sewer services within the MGSD service area has resulted in some of the most reasonable and economical fees for sewer service anywhere within the State of Nevada.



Although MGSD has been criticized for having high connection fees, through prudent long-range planning and consistent execution, the Minden-Gardnerville Sanitation District actually has fees which are lower than those of Douglas County and many other sewer purveyors.

Comparison of Fees

A comparison of fees charged by Douglas County for North Valley and North County service areas, together with monthly charges for various example developments is shown in the following tables. Connection and capacity fee charges are established in the MGSD Ordinance based on Equivalent Dwelling Units (EDUs). Douglas County’s fees, as outlined in Douglas County Code 20.D.060, are similarly based so fees and costs can be accurately compared.

In the first illustration, Table A is for a proposed sports bar in Minden with a requested capacity of 28.9 EDUs. The total capacity and connection fee charges for MGSD come to \$118,490. This same facility, located in the North Valley portion of the Douglas County sewer service area would have connection and capacity charges of \$172,172. The North County portion of Douglas County’s sewer service area would have a cost of \$204,490 for the same facilities and capacity needs.

**TABLE A
 Proposed Sports Bar**

28.9 EDUs – MGSD

28.6 EDUs – Douglas County *

MGSD 28.9 EDUs	Capacity fee 28.9 @ \$3,800 = Connection fee 28.9 @300 =	\$109,820 8,670
Total		\$118,490
Douglas County North Valley 28.6 EDUs	Capacity fee 28.6 @ \$6,020 = Connection fee (included in Capacity)	<u>\$172,172</u>
Total		\$172,172
Douglas County North County 28.6 EDUs	Capacity fee 28.6 @ \$7,150 = Connection fee (included in Capacity)	\$204,490
Total		\$204,490

*Douglas County does not charge for a dumpster pad drain (0.3 EDUs)



The second illustration, Table B, is for connection and capacity charges to serve a typical retail store which has public restrooms, a dumpster pad, and is open less than 16 hours per day.

TABLE B
Retail Store with Public Restrooms

3.3 EDUs -MGSD

3.0 EDUs – Douglas County *

MGSD (3.3 EDUs)	Capacity fee 3.3 @ \$3,800 = Connection fee 3.3 @ \$ 300 =	\$12,540 990
Total		\$13,530
Douglas County North Valley (3.0 EDUs)	Capacity fee 3.0 @ \$6,020 = Connection fee (included in Capacity)	\$18,060
Total		\$18,060
Douglas County North County (3.0 EDUs)	Capacity fee 3.0 @ \$7,150 = Connection fee (included in Capacity)	\$21,450
Total		\$21,450

*Douglas County does not charge for a dumpster pad drain

A third comparison is shown in Table C. This shows the cost for a single family residence in each of the service areas.

TABLE C
Single Family Residence

MGSD – 1 EDU

Douglas County – 1 EDU

MGSD	Capacity fee = Connection fee =	\$3,800 275
Total		\$4,075
Douglas County	Capacity fee = Connection fee (included)	\$6,020
Total		\$6,020



Although there is a lower cost for capacity and connection fees charged by MGSD when compared with Douglas County, the real long-term savings come in the lower monthly service charges.

For the sports bar proposed in Minden, the monthly MGSD service charges would be dramatically lower than the comparable service charges in the Douglas County, North Valley, or North County areas. A comparison of one-year, five-year, and 10-year service charge costs at current billing rates is shown in Table D. Changes in monthly costs occur over time, but the comparison of the existing service charges is dramatic in demonstrating the significantly lower cost to a business for sewer service within the MGSD service area. This table compares monthly costs for each of three development examples shown in Tables A, B and C.

**TABLE D
Comparison of Monthly User Fees**

Sports Bar

MGSD	28.9 EDUs @ \$14.00/month = \$ 404.60/mo	
Douglas County	28.6 EDUs @ \$65.49/month = \$1,873.01/mo	
	MGSD	DOUGLAS COUNTY
1 year	\$ 4,855	\$ 22,476
5 years	\$24,275	\$112,380
10 years	\$48,550	\$224,760

Retail Store

MGSD	3.3 EDUs @\$14.00/month =\$ 46.20/mo	
Douglas County	3.0 EDUs @ \$65.49/month = \$196.47/mo	
	MGSD	DOUGLAS COUNTY
1 year	\$ 554	\$ 2,358
5 years	\$2,772	\$11,790
10 years	\$5,544	\$23,580

Single Family Residence

MGSD	1 EDU @ \$14.00/month	
Douglas County	1 EDU @65.49/month	
	MGSD	DOUGLAS COUNTY
1 year	\$ 168	\$ 786
5 years	\$ 840	\$3,930
10 years	\$1,680	\$7,860

