



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: June 11, 2019

**DATE:** May 10, 2019

**TO:** Board of County Commissioners

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**SUBJECT:** Recommendation to approve the Resolution to augment the Utilities Fund in the amount of [\$1,837,572] to increase fiscal year 2019 budget authority for the write-off of construction in progress related to the Pleasant Valley Interceptor Project; and direct the Comptroller to make the necessary budget amendments. (All Commission Districts.)

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### **SUMMARY**

This item seeks to approve a Resolution to augment the Community Services Department Utilities Fund in the amount of \$1,837,572 to increase fiscal year 2019 budget authority for the write-off of construction in progress (CIP) related to the Pleasant Valley Interceptor (PVI) Project. This is a house-keeping item related to previous project costs that are no longer of value due to a change in approach from a prior agreement with Sierra Reflection and St. James residential developments that has expired. The new agreement outlines a project specific approach to the PVI that's acceptable to both Washoe County and Washoe County residents.

Over 90% of these prior costs were incurred between fiscal years 2003 – 2009 and the write-off will not affect the fund's cash balance.

Developers are responsible for funding past and future PVI costs and rate payers are not subject to costs associated with the PVI project. Funding for the PVI project comes from sewer connection fees and related developer surcharges.

There is sufficient net position within the fund, but additional authority is needed to increase appropriations to cover the expense.

Washoe County Strategic Objective supported by this item: Stewardship of our community.

**AGENDA ITEM # \_\_\_\_\_**

### **PREVIOUS ACTION**

On May 22, 2018, the Board of County Commissioners (Board) approved the Fiscal Year 2019 Final Washoe County Budget.

On January 26, 2016, the Board approved a Sanitary Sewer Infrastructure Dedication Agreement between Washoe County, St. James's Village, Inc. and World Properties, Inc., for the development, construction and subsequent dedication of Sanitary Sewer Infrastructure for the St. James's Village and Sierra Reflections residential developments located in the South Truckee Meadows.

The Board previously approved various contracts related to prior PVI planning, design and easement acquisition activities.

### **BACKGROUND**

The Utilities Fund is an enterprise fund that accounts for the planning, construction and operations of County-owned sewer and reclaimed water systems. Nevada Revised Statute 354.598005 and Nevada Administrative Code 354.481 set the requirements for budgetary augmentations in an enterprise fund. Accordingly, budget may be amended so long as expenses do not cause a deficit in the equity balance (net position) of the fund.

In this case, the Utilities Fund's unrestricted net position as of July 1, 2018 is \$88,545,262. Additional budget authority in the amount of \$1,837,572 is requested from the unrestricted net position to cover the write-off of previous CIP costs related to the PVI Project that are no longer of value due to a change in approach from a prior agreement with Sierra Reflection and St. James residential developments that has expired. The new agreement outlines a project specific approach to the PVI that's acceptable to both Washoe County and Washoe County residents.

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### **FISCAL IMPACT**

If approved, the additional \$1,837,572 from the Utilities Fund (566) unrestricted net position will result in the following increase to budget authority for fiscal year 2019:

<b>Cost Object</b>	<b>G/L Account</b>	<b>Amount</b>
<b>Source of Funds:</b>		
Utilities Fund - Unrestricted Net Position		\$1,837,572
<b>Expenses:</b>		
668600 – South Truckee Meadows New Sewer Construction	711514 – CIP Write-off	\$1,837,572

The CIP write-off is a noncash transaction, so it does not affect the fund's cash balance.

**RECOMMENDATION**

It is recommended that the Board of County Commissioners approve the Resolution to augment the Utilities Fund in the amount of [\$1,837,572] to increase fiscal year 2019 budget authority for the write-off of construction in progress related to the Pleasant Valley Interceptor Project; and direct the Comptroller to make the necessary budget amendments.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be:  
"Move to approve the Resolution to augment the Utilities Fund in the amount of [\$1,837,572] to increase fiscal year 2019 budget authority for the write-off of construction in progress related to the Pleasant Valley Interceptor Project; and direct the Comptroller to make the necessary budget amendments."