

## NOTICE BY THE CITY OF HENDERSON OF PROPOSED ESTABLISHMENT OF WEST HENDERSON PHASE 1 WATER BACKBONE INFRASTRUCTURE RATES

Planning and design of water backbone infrastructure for the West Henderson 2630 Pressure Zone (“2630 PZ”) and the 2760 Pressure Zone (“2760 PZ”), construction of that infrastructure, financing of that construction, and phasing of that construction are required to support water service to existing and future developments in the West Henderson area. This water backbone infrastructure will be constructed in phases.

The City of Henderson (“City”) has estimated the cost to plan, design, construct, and finance phase 1 of the water backbone infrastructure for the 2630 PZ and the 2760 PZ and proposes to establish four rates (collectively, the “WH Phase 1 Rates”) pursuant to its ratemaking authority under Article II, Section 2.280 of the Henderson City Charter, NRS 268.081, and NRS 268.083. The City will charge one or more of these rates to projects that the city determines will receive a benefit from the water backbone infrastructure planned, designed, constructed, and/or financed as part of phase 1 for the 2630 PZ and/or the 2760 PZ. This will facilitate orderly construction of permanent water service to existing and future developments within West Henderson. The WH Phase 1 Rates will be addressed in a new section that the City proposes adding to chapter 14.18 of the Henderson Municipal Code (HMC), specifically HMC 14.18.045 - West Henderson Phase 1 Water Backbone Infrastructure Rates.

Table 1 identifies the proposed WH Phase 1 Rates and their effective date. Table 2 provides the method of calculating the total Equivalent Dwelling Units (EDUs) based upon land use type. The City will make the following and other information available at <http://www.cityofhenderson.com/utility-services/notice-of-proposed-changes/WH-BIS>: a copy of this notice; legal description of the area in West Henderson that contains properties that could receive water service through the water backbone infrastructure that will be constructed for the 2630 PZ and the 2760 PZ as part of Phase 1; and a visual depiction of the 2630 PZ and 2760 PZ.

Table 1 - West Henderson Phase 1 Water Backbone Infrastructure Rates  
 Cost per Equivalent Dwelling Unit (\$/EDU)  
 Effective January 9, 2017

Infrastructure Phase and Pressure Zone	Total Estimated Phase 1 Infrastructure Cost <sup>(1)</sup> (\$M)	Total Estimated Phase 1 Financing Cost <sup>(2)</sup> (\$M)	Total Estimated Phase 1 Project Cost <sup>(3)</sup> (\$M)	Total Equivalent Dwelling Units <sup>(4)</sup> (EDU)	Rate Per EDU <sup>(5)</sup> (\$/EDU)
Phase 1A 2630 PZ	\$22.9M	\$5.1M	\$28.0M	8,903	\$3,151
Phase 1A 2760 PZ	\$38.5M	\$8.6M	\$47.1M	8,903	\$5,293
Phase 1B 2630 PZ <sup>(6)</sup>	\$4.1M	\$0.9M	\$5.0M	8,903	\$558
Phase 1B 2760 PZ <sup>(6)</sup>	\$7.9M	\$1.8M	\$9.7M	8,903	\$1,086
TOTAL	\$73.4M	\$16.4M	\$89.8M	35,612	

Notes:

(1) An estimated \$73.4M will be required to pay for the planning, design, and construction of Phase 1 of the water backbone infrastructure for the 2630 PZ and the 2760 PZ so that 8,903 EDUs are available in 2630 PZ and 8,903 EDUs are available in 2760 PZ as part of Phase 1. This infrastructure includes new reservoirs, pump stations, and pipelines that transfer water between reservoirs but does not include all water pipelines needed to transmit and distribute water to customers; developers/property owners will need to install connecting pipelines and other infrastructure in accordance with HMC Title 14. This \$73.4M benefits projects that will receive water service from one or both of these pressure zones and, as reflected on the table above, will be recovered through the assessment of the West Henderson Phase 1A 2630 PZ, Phase 1A 2760 PZ, Phase 1B 2630 PZ, and Phase 1B 2760 PZ rates. See also notes 5 and 6 below.

(2) Total estimated Phase 1 financing cost is based upon a two percent (2%) interest rate over a period of 20 years.

(3) Total estimated Phase 1 project cost reflects the estimated total cost of the planning, design, construction, and financing of Phase 1 to be recovered by the City from projects that will receive water service from the 2630 PZ and/or the 2760 PZ.

(4) *Equivalent Dwelling Unit (EDU)* means “a measure of water demand equivalent to the amount of water [use] generated ... annually by an average single-family residential dwelling unit. One EDU is equivalent to 0.75 acre-feet of water per year.” For the purpose of calculating the total EDUs attributable to each project being assessed a rate, the EDU calculation in Table 2 applies.

(5) The Phase 1A 2630 PZ and Phase 1A 2760 PZ rates represent the estimated proportional cost benefit received by projects that use the first 8,903 EDUs in the 2630 PZ and the first 8,903 EDUs in the 2760 PZ from the Phase 1 water backbone infrastructure. The Phase 1B 2630 PZ and Phase 1B 2760 PZ rates represent the proportional cost benefit received by projects that will use the pipelines that transfer water between reservoirs that are installed as part of Phase 1; those pipelines are a small portion of the infrastructure needed to make available the second 8,903 EDUs in the 2630 PZ and the second 8,903 EDUs in the 2760 PZ.

(6) A portion of the pipelines that transfer water between reservoirs as part of Phase 1 will benefit future anticipated phases that must be completed to be able to support an additional 8,903 EDUs in the 2630 PZ and an additional 8,903 EDUs in the 2760 PZ. Accordingly, additional infrastructure that is not part of Phase 1, such as new reservoirs, pump stations, pipelines, and other infrastructure must be constructed by developers/property owners in accordance with HMC Title 14 to transmit and distribute water to customers to make 17,806 EDUs available in 2630 PZ and 17,806 EDUs available in 2760 PZ.

Table 2 - EDU Calculation Table	
Type of Development	EDU Calculation Factor
Low Density Single-Family Residential: RS-1 and RS-2	1.5 EDU/lot
Low Density Single-Family: RS-4, RS-6, RS-8, and RMH	1.0 EDU/lot
Medium-Density Residential: RM-10 and RM16	0.81 EDU/unit
Medium-Density Residential and High-Density Multifamily Residential: RH-24 and RH-36	0.51 EDU/unit
Commercial and Industrial <sup>(1)</sup>	0.78 gpm/EDU <sup>(2)</sup>
<p>Notes:</p> <p>(1) Commercial and Industrial includes all non-residential, mixed-use, and special-purpose districts, including, but not limited to, schools, churches, public facilities, recreational vehicle parks, convalescent/assisted living facilities, etc.</p> <p>(2) EDU calculation factor for Commercial and Industrial shall be based upon the total estimated maximum day demand for the project, in gallons per minute (gpm), based upon the formula of 1 EDU = 0.78 gpm. See example provided below.</p> <p>Example: Project A  Average day demand = 216,000 gallons = 150 gpm  Maximum day demand = 367,200 gallons = 255 gpm  Total EDUs = (255 gpm) x (1 EDU/0.78 gpm) = 327 EDUs</p>	

Interested persons, including trade associations and owners and officers of businesses that are likely to be affected, may submit data and arguments to the City as to whether the West Henderson Phase 1 Water Backbone Infrastructure Rates and new HMC 14.18.045:

1. Impose a direct and significant economic burden upon a business; or
2. Directly restrict the formation, operation or expansion of a business.

The deadline for the City to receive responses to this Notice is 5:00 pm Pacific time on Thursday, December 1, 2016. City staff will use the responses received by this deadline to prepare a Business Impact Statement that will be presented to the Henderson City Council at a regularly scheduled meeting.

Responses must be submitted in writing to City of Henderson, Department of Utility Services, using one of the contact methods below, and must arrive and be received by the City no later than 5:00 pm Pacific time on Thursday, December 1, 2016.

Comments via City of Henderson website:

<http://www.cityofhenderson.com/utility-services/notice-of-proposed-changes/WH-BIS>

Comments via mail or other delivery service:

City of Henderson  
Department of Utility Services  
240 Water Street  
PO Box 95050  
Henderson, Nevada 89009-5050  
ATTN: Vicki White, Utility Management Specialist MSC #124

Comments via Email: [vicki.white@cityofhenderson.com](mailto:vicki.white@cityofhenderson.com)