JOINT MEETING OF THE
INTEGRATED RESOURCE PLANNING ADVISORY COMMITTEE
AND FINANCIAL SUBCOMMITTEE
MEETING SUMMARY

October 24, 2012, 4:00 p.m.

Colorado River Conference Rooms, Southern Nevada Water Authority
100 City Parkway, Seventh Floor, Las Vegas, Nevada

IRPAC Members Present	Tom Burns Kirk Clausen Thalia Dondero Bob Ferraro Mike Forman Joyce Haldeman Warren Hardy Carol Jefferies Bob Kasner Jennifer Lewis	Otto Merida Bobbi Miracle Phil Ralston John Restrepo Scot Rutledge David Scherer D. Taylor Danny Thompson Virginia Valentine
IRPAC Members Absent	Garry Goett	Katherine Jacobi
Financial Subcommittee Present	Brian McAnallen Jarmilla McMillan-Arnold Jay King	Terry Murphy Launce Rake Gay Shoaff
Staff Present:	Pat Mulroy Phil Speight Bill Fox Marc Jensen	Julie Wilcox Andy Belanger Katie Horn

PUBLIC COMMENT
There was no public comment.

SUMMARY OF ACTIVITIES
The Southern Nevada Water Authority's (SNWA's) Integrated Resource Planning Advisory Committee (IRPAC) and the newly-appointed member agency financial subcommittee (Financial Subcommittee) met on Wednesday, October 24, 2012. The meeting began at approximately 4:06 p.m. A list of attendees is provided in Attachment A.

Review meeting ground rules: Facilitator, Dave Ebersold, introduced himself and noted that the Financial Subcommittee was in attendance. The Financial Subcommittee consists of members appointed by the Las Vegas Valley Water District (LVVWD) and the City of North Las Vegas. Mr. Ebersold led introductions around the table and then explained that since June of this year, IRPAC members have been meeting and learning about existing resources and facilities. With the Financial Subcommittee in attendance, the committee will now begin examining the issue of rates. Following the discussion on rates and charges, IRPAC members will continue to discuss Southern Nevada's future resources and facility needs.

Approve the October 3, 2012 meeting summary: Scot Rutledge said he felt the October 3 meeting summary did not acknowledge that indoor conservation can stretch a water supply even though it does not extend it. Mike Forman noted that he had a different recollection of the conversation. He stated that, because of return-flow credits, indoor conservation does not stretch Southern Nevada's water supply since all of the water used indoors is returned to Lake Mead. He added that indoor conservation does not add any water to the supply or allow any more people to use it. Mr. Rutledge stated that an extended conversation on indoor conservation should be scheduled for a future meeting since it was one of many topics at the October 3 meeting. The committee approved the meeting summary as provided.

Receive and discuss a presentation on the regional water system, the differences between regional water wholesalers and local municipal purveyors, and the SNWA funding sources. Pat Mulroy, SNWA General Manager, explained that today's presentation constitutes the first of a two-part series on the unique roles of the wholesale and retail water agencies. Today's presentation will focus on the SNWA as the regional water provider. Part two, scheduled for November 14, 2012, will include presentations on local rates from the LVVWD and the cities of North Las Vegas and Henderson.

Ms. Mulroy explained that the SNWA, Southern Nevada's regional water provider, is a not-for-profit, public agency that collects revenues for capital expenses and to fund operations. No money collected by the SNWA is diverted to any other government, tax purpose or function, and instead is used exclusively to support SNWA operations.

SNWA's customers include Boulder City, the City of North Las Vegas, the City of Henderson, the LVVWD, and Nellis Air Force Base. The SNWA manages water treatment, deliveries and processes for the benefit of the entire Southern Nevada water system, but it does not directly serve residents or businesses.

Local purveyors are the retailers, and they manage water treatment, deliveries and processes on a local scale, for the benefit of their customers, which include residents and businesses.

Ms. Mulroy described the responsibilities of the wholesale water provider versus the retail water agency, as outlined below:

<u>SNWA Regional Responsibilities</u>:

- Manage existing resources.
- Develop and secure new supplies.
- Protect existing water rights.
- Protect and manage environmental resources.
- Secure power supplies.
- Develop regional conservation programs.
- Construct regional facilities.
- Enter into state and national resource-sharing agreements.

- Asset management.
- Work with federal partners to develop treatment guidelines.

Retail Water Agencies/Local Responsibilities:

- Maintain thousands of customer accounts.
- Deliver water to homes and businesses.
- Turn on/off service.
- Provide customer service.
- Enforce water waste ordinances.
- Install and read water meters.
- Review construction plans for future development within jurisdiction.
- Manage individual groundwater rights.
- Manage power costs.
- Local water and wastewater treatment.
- Meet water quality regulations.

Tom Burns asked who owns a water pipe that runs in front of a city resident's house. Ms. Mulroy responded that the retail supplier owns the pipe.

Thalia Dondero asked if well water will be included in this discussion. Ms. Mulroy said yes.

Phil Ralston asked about the SNWA "securing power supplies" and the local retailers "managing power costs," and asked what the power is related to. Ms. Mulroy replied that the SNWA is the single largest power consumer in the State of Nevada. She explained that the SNWA runs its own power book and is no longer a customer of NV Energy. The SNWA procures its own long-term contracts for energy. Additionally, the SNWA is part owner of a local power plant and has contracts for hydropower. Under state law, the Silver State Energy Association (SSEA) or the SNWA can provide power to its member agencies, which it does.

Ms. Mulroy stated that between 1995 and 2008, the SNWA completed a $2.4 billion Capital Improvements Program, which added major components to the regional water system. The regional water system includes facilities that the SNWA inherited from the Colorado River Commission and the Bureau of Reclamation.

- Intake No. 1 was originally built by the federal government and the State of Nevada in 1971.
- Phase 1 of the Alfred Merritt Smith Water Treatment Facility was completed in 1971. Since that time, the SNWA has invested more than $200 million in expansion and upgrades.
- Intake No. 2 was completed in 2002. More than $400 million was spent for design, construction and expansion. Intake No. 2 was constructed to accommodate growth in the region.
- Intake No. 3 is expected to be completed in 2014. The total budget for the project is $816 million. Intake No. 3 is being built to protect Southern Nevada from declining lake levels.
- The River Mountains Water Treatment Facility was completed in 2002. The SNWA has expended more than $450 million in design, construction and expansion costs.

- The SNWA Water Quality Laboratory was completed in 2007 at a cost of $42 million. This laboratory enables the SNWA to meet and exceed federal water quality standards.
- 28 pumping stations were built at an approximate cost of $30 million each.
- 38 reservoirs were constructed at an approximate cost of $25 million each.
- Approximately 163 miles of lateral pipeline has been constructed in Southern Nevada.
    - East Valley Lateral - $111 million
    - South Valley Lateral - $160 million
    - West Valley Lateral - $40 million
    - North Valley Lateral - $91 million

The SNWA built a regional system in an integrated way that treats the majority of Southern Nevada as one large urban area with one large transmission system.

Kirk Clausen asked if the SNWA leveraged the infrastructure that existed in 1971. Ms. Mulroy responded yes, and she explained that the SNWA started trading capacities up through the system. For example, the LVVWD started taking capacity off of Henderson's northern laterals and North Las Vegas took it off the District, which allowed a phased system.

The SNWA incurred debt in the amount of $3.459 billion to pay for the necessary infrastructure.

- River Mountains Treatment Facility - $1.353 billion
- Intake No. 3 - $742 million
- Water Resource Acquisition - $565 million
- Alfred Merritt Smith Treatment Facility - $291 million
- Other MCCP - $357 million
- Power Generation - $151 million

Phil Ralston asked if the SNWA's debt total includes everything since the SNWA assumed management of the regional system. Ms. Mulroy responded yes.

Ms. Mulroy continued the presentation by describing the SNWA's revenue sources:

- Wholesale delivery charges
- Connection charges
- Voter-approved sales tax revenue
- Reliability surcharge
- Commodity charge
- Southern Nevada Public Lands Management Act (SNPLMA) funds
- Other revenues

Because the SNWA serves different entities in different ways, and to avoid one entity subsidizing another, the SNWA created sub-funds. Sub-funds allow each entity to participate (or not participate) in specific activities of the SNWA, and those activities are paid for through a unique revenue stream.

SNWA sub-funds include: Las Vegas Wash; Groundwater Management; Wholesale Delivery Operations; Major Construction and Capital; and New Expansion Debt Service.

The Las Vegas Wash - The SNWA built a series of weir structures to restore wetlands, stop erosion, and control the flow of stormwater and wastewater through the Wash into Lake Mead. These revenues are generated from sales tax, Las Vegas Wash Program fees and federal grants.

Phil Ralston asked how the sub-fund menu approach impacts a sub-fund like Las Vegas Wash. Ms. Mulroy explained that the Las Vegas Wash sub-fund is a great example of how entities can pick and choose what they participate in. She noted that Boulder City does not pay into it because they do not discharge wastewater into the Las Vegas Wash. She further explained that Las Vegas Wash Program fees are paid by wastewater agencies.

Groundwater Management - This sub-fund collects revenue from Las Vegas Valley well users to fund Groundwater Program activities such as the permanent recharge program; well conversion program; plugging and abandonment program; and conservation programs.

Wholesale Delivery Operations - Wholesale delivery charges primarily pay for the SNWA's day-to-day operations (labor, materials, treatment, chemicals, etc.). The charge is embedded in local water rates. This sub-fund sets the SNWA apart from other wholesale water agencies. For example, the Metropolitan Water District of Southern California (Met) derives all of its revenues from its wholesale delivery charge, which is approximately $920 per acre-foot. The SNWA's wholesale delivery charge is $293 per acre-foot.

The SNWA does not utilize Met's approach to the Wholesale Delivery Charge due to Boulder City. Boulder City saw itself as a no-growth/slow-growth community and did not want to fund regional facilities that the city would not benefit from. Therefore, the only debt factored into the wholesale delivery charge is the original 1971 facilities debt because those facilities benefit Boulder City as well as the rest of the valley.

Mr. Ralston asked Ms. Mulroy to confirm that the Wholesale Delivery Operations sub-fund pays for the 1971 debt. Ms. Mulroy acknowledged it does and added that it also pays for all the regional operational costs. Mr. Ralston then asked if capital and maintenance of the new system is included in this sub-fund. Ms. Mulroy explained that maintenance is included as part of the overall system cost.

Ms. Mulroy continued by explaining that when the drought began and the threat of losing the upper intake became an issue, Boulder City needed the flexibility of pulling water from Intake No. 2 and Intake No. 3. As a result, the SNWA and Boulder City negotiated two agreements wherein Boulder City pays their proportionate share of the two intakes.

Major Construction and Capital Plan (MCCP) - The MCCP sub-fund is the recipient of the proceeds from SNWA bond sales. In return, this sub-fund provides funding to build SNWA infrastructure, secure water resources, and secure power resources.

John Restrepo asked if securing water resources included the investments the SNWA made in Northern Nevada. Ms. Mulroy responded yes.

New Expansion Debt Service - The New Expansion Debt Service sub-fund pays for some administrative costs, but is predominately used to pay off debt. The sources of this fund come from SNPLMA, connection charges, commodity charges, reliability charges, sales tax, and infrastructure surcharges. These charges do not exist in Boulder City or Nellis Air Force Base; they only exist in North Las Vegas, Henderson and the LVVWD's service area.

Thalia Dondero asked about the quality of the water. Ms. Mulroy explained that costs related to water quality are in the wholesale delivery charge.

Mr. Ralston asked if SNPLMA is a consistent or recurring source of funding. Ms. Mulroy explained that it is not.

The presentation continued with Ms. Mulroy describing each of the revenue sources:

SNPLMA - When the Southern Nevada Public Lands Management Act was enacted, the SNWA received ten percent from every federal land sale in Southern Nevada. It is a volatile source as it is only available when the land is sold. Therefore, the SNWA does not model it as a revenue source in its budget.

Mr. Restrepo asked what the SNWA collected in SNPLMA funding during the 2006 peak. Ms. Mulroy responded approximately $138 million was collected. Mr. Restrepo asked if any money remains in SNPLMA. Ms. Mulroy explained that the SNWA has received all of its allocations from federal land sales in Southern Nevada. Whatever might be left in SNPLMA has to go for open space development in Southern Nevada through an award process.

Terry Murphy asked if any of the available SNPLMA funding is related to water. Ms. Mulroy responded no, and noted SNPLMA funding is allocated for parks, trails and natural areas.

Connection Charge - The 1994 IRPAC recommended that "growth pays for growth," and connection charges were implemented in 1995 to fund capital projects. As a result, connection charges are determined by meter size, land use and customer type.

Mr. Ralston asked if connection charges ever decreased as a result of the downturn in the economy. Ms. Mulroy responded no.

Ms. Mulroy explained that the assumption in 1995 was that connection charges would pay for 57 percent of the SNWA's capital expenses and resource demands. Ms. Mulroy referenced a graphic depicting the 1997 Modeled Connection Charge Revenue. She explained that if the economy had not improved in the next several years - and absent the third intake - the SNWA could have stretched the funds it had collected in the New Expansion Debt Service reserve account. However, Intake No. 3, which is not growth-related, affected the fund. Ms. Mulroy then showed another graphic illustrating how connection charges reached a high of $188 million in 2007 and a low of $3.2 million in 2010. Connection charges were not a reliable source of revenue, as anticipated.

Commodity Charge - Enacted in 1995, the regional commodity charge is collected by purveyor members and passed through to the SNWA. The rate is the same, regardless of customer class. The current charge is $.30 per thousand gallons.

Mr. Ralston asked if the commodity charge is a straight $.30 per thousand gallons no matter the user. Ms. Mulroy confirmed that it is.

Kirk Clausen asked if Nellis Air Force Base also pays this charge. Ms. Mulroy said no; the Base pays a modified wholesale delivery charge.

Reliability Surcharge - The 1994 IRPAC recognized that commercial businesses have the greatest need for reliability. As a result, residential customers pay a reliability surcharge of one-quarter of one percent (.25 percent) of their entire bill. The Nevada Legislature capped the residential reliability surcharge at .25 percent. A commercial customer pays ten times that amount (or 2.5 percent) of their entire bill, which has a statutory limit of 5 percent.

Mr. Ralston asked if all users in the commercial class, such as any business outside a home, pays the 2.5 percent reliability surcharge. Ms. Mulroy responded yes.

Mike Forman then asked if that applies to apartment buildings. Ms. Mulroy explained that apartment buildings are considered residential.

Sales Tax - The 1994 IRPAC also recommended that tourists pay their share of capital improvements through a sales tax. In 1998, 72 percent of Clark County voters supported an advisory question to increase the sales tax to provide for water and wastewater improvements. The Clark County Water and Wastewater Infrastructure Sales Tax went into effect in April 1999.

Clark County was the only Nevada county that had a sunset clause attached to its infrastructure sales tax. The quarter-cent sales tax is scheduled to sunset in 2025 or when $2.3 billion is collected, whichever is first. The tax's sunset clause could have negatively impacted the SNWA's bond rating when it went to sell bonds for the third intake. As a result, the Nevada Legislature passed Senate Bill 432 in 2011. SB432 permitted the removal of the sunset clause by a 2/3 majority vote of the Clark County Board of Commissioners. To date, the County Commission has not voted to remove the cap. SB 432 also permits 40-year financing on large-scale water infrastructure bonds.

Proceeds from the quarter-cent sales tax are shared among the SNWA, rural counties, the Las Vegas Wash and wastewater projects in Southern Nevada:

- Rural areas in Clark County - 3.3 percent.
- Las Vegas Wash capital improvements - 4 percent
- Water and wastewater capital improvements - 92.7 percent.

Mr. Ralston noted that the sales tax rate went from 7 percent to 7.25 percent, and asked if the quarter-cent is what funds rural areas, Las Vegas Wash and SNWA. Ms. Mulroy reiterated that the SNWA receives a portion of the revenues from the quarter-cent sales tax, with the remainder going to other entities.

In 2007, annual sales tax collections were at a high of $51.5 million. In 2012, collections were at $43.2 million.

Infrastructure Surcharge - The SNWA Board approved an Infrastructure Surcharge in February 2012 to replace lost revenue from SNWA connection charges. It is a uniform charge based on meter size and customer class.

Gay Shoaff asked if this charge is in place for three years. Ms. Mulroy stated it is in place for three years or until the committee comes up with another recommendation. Ms. Mulroy further explained that in July 2012, the SNWA Board approved a 50 percent credit to commercial fire-lines to offset impacts of the charge on non-profits and small businesses.

Other Revenues - Other Revenues include interest income, ranch income, grant proceeds and recharge sales. Recharge sales result when the SNWA sells water to North Las Vegas, Henderson and LVVWD, which is then recharged into the ground.

Bob Kasner asked what the projections are for the infrastructure surcharge. Ms. Mulroy advised that the committee will address the infrastructure surcharge at a future meeting.

Mr. Ralston asked if a matrix exists that identifies meter size and customer class. Ms. Mulroy confirmed that such a matrix exists and advised that Guy Hobbs will provide it at a future meeting.

Mr. Clausen asked if the SNWA knows the average impact of the infrastructure surcharge to each of the classes. Ms. Mulroy explained that the data doesn't exist by class because of different usage patterns.

Next, Ms. Mulroy began the discussion of SNWA expenses ($499 million).

- Debt Service - $149.3 million
- Capital Expenditures - $176.5 million
- Payroll - $68.6 million
- Operating - $62.4 million
- Energy - $42.5 million

Debt Service - The SNWA pays debt service on the projects it has built since 1996, including the River Mountains Water Treatment Plant; Alfred Merritt Smith Treatment Plant; water resource acquisitions; Intake No. 3; power generation (Silverhawk); other capital projects such as pumping stations, reservoirs, major laterals and Intake No. 2; upgrades, repairs and replacement of existing facilities; Las Vegas Wash activities, hydrologic studies, preliminary facility planning and environmental analysis for the Groundwater Project; desalination studies; and Water Smart Landscaping rebates.

Mr. Rutledge asked how much the SNWA has spent on hydrologic studies, facility planning and environmental analysis related to the Groundwater Project. Ms. Mulroy said she would get the information for a future meeting.

Mr. Ferraro asked if there has been any deferred facility maintenance. Ms. Mulroy stated that maintenance is contained in the wholesale delivery charge and would be covered in more detail at a future meeting. She added that the quagga mussels are costing a lot of money to mitigate.

Payroll - Ms. Mulroy explained that the SNWA has no employees of its own. Through an agreement, the LVVWD acts as the operator agent for the SNWA. As a result, all SNWA employees are employed by the LVVWD. Many departments such as Finance, Human Resources and Information Technology are shared among the two organizations, which saves money.

Mr. Ralston asked if the departments exclusive to the SNWA are technically comprised of LVVWD employees. Ms. Mulroy confirmed they are, but they allocate 100 percent of their time to SNWA projects.

Operating - Operating costs include water chemicals, data processing, vehicles, water treatment equipment, conservation rebate programs, Northern resource property expenses, materials, research and studies, and security.

Energy - The SNWA's Energy Management department maintains a five-year portfolio of future energy contracts. Its role is to procure resources, such as renewables, to reduce overall costs and maintain a sustainable resource. Managing its own power portfolio has saved the organization more than $56 million.

Ms. Mulroy explained that capital costs and debt service make up more than two-thirds of the SNWA's funding obligations. As a result of the economic downturn, the SNWA made significant cuts in expenditures, deferred projects, and modified funding strategies to balance the budget and reduce impacts to rate payers. The SNWA saved more than $56 million by:

- Reducing workforce expenditures by $26 million.
- Reducing staff by more than 225 employees.
- Offering an early retirement option.
- Implementing a voluntary furlough program.

Mr. Restrepo asked of the 225 employees who were let go, how many were full-time employees. Ms. Mulroy said they were all full-time contract employees. Mr. Restrepo asked if they worked for the private sector. Ms. Mulroy explained that the SNWA paid their full costs, which made them more expensive. Mr. Restrepo asked why the SNWA utilized contract employees. Ms. Mulroy explained that those employees were mostly engineers hired to design facilities. Once those projects were completed, the SNWA would not need their services any longer. When the downturn in the economy occurred, the SNWA replaced them with LVVWD engineers. Mr. Restrepo asked if in-house employees took any pay cuts during the downturn. Ms. Mulroy stated that senior management salaries were frozen.

Mr. Forman asked if the early retirement option included any of the 225 employees. Ms. Mulroy explained the 225 employees did not include any employees who took advantage of the early retirement program.

Ms. Mulroy continued by explaining that the greatest savings ($395 million) came from deferring projects that were no longer required in the near future, such as desalination development; Intake No. 3 pumping station; and Intake No. 3 discharge pipeline. Additionally, the SNWA restructured the following for additional cost savings:

- The Water Smart Landscape Program - financing this program deferred approximately $57 million.
- Arizona Water Banking Agreement - renegotiating the agreement with Arizona resulted in approximately $125 million in cash relief through 2014.
- Virgin and Muddy River Leases - renegotiating leases saved approximately $4.73 million.
- Debt Refinancing - refinancing activity provided approximately $103 million in cash-flow relief. An additional $191 million in cash-flow relief will be realized in future years.

The SNWA expects to experience annual shortfalls in revenue beginning in 2016 if the current funding structure remains unchanged. As of July 31, 2012, the SNWA's outstanding debt is $3.459 billion, and the debt service will spike in 2016 to approximately $254.8 million. As discussions ensue about the existing infrastructure charge, the committees need to consider the 2016 debt spike.

At the November 14 meeting, the committees will discuss the local system and rates. The December 5 meeting will be dedicated to bond financing and a discussion on debt restructuring.

David Scherer asked if the $254.8 million can be lowered if the bond payments are extended out further through refinancing. Ms. Mulroy said yes and noted that Mr. Hobbs will address this in depth at the December 5 meeting.

Mr. Kasner noted that the SNWA's financial statements show that the debt service requirements in 2013, 2014 and 2015 of about $200 million. However, one of the slides shown reflects the debt service at $149 million. Ms. Mulroy explained that the difference comes from the debt in the wholesale delivery charge, which is not at issue.

Ms. Mulroy then revisited the topic of salaries. She explained that the SNWA has a workforce of highly-qualified professionals such as microbiologists, chemists, hydrologists, and engineers. Ms. Mulroy noted that if there are going to be discussions surrounding salaries, then the committees need to evaluate what these types of professionals are earning in the private sector and what the comparables are at similarly large sophisticated water systems.

Warren Hardy added that he doesn't want to see the committees get too far into the weeds regarding salaries. He believes the salary discussion has been thoroughly vetted.

Mr. Restrepo noted that he was curious about how the economic downturn impacted SNWA salaries in comparison to similar positions in the private sector. Ms. Mulroy explained that even though business went away in the private sector, Southern Nevada residents and visitors still needed water. Additionally, challenges associated with the drought and water quality are becoming more pronounced. She stated that the last people she would want to lose right now are the chemists and microbiologists. Mr. Restrepo agreed. He further said it would be interesting to discuss, later on, how revenue sources are allocated and how other Southwest communities establish their revenue mix. Ms. Mulroy responded that the SNWA's sister agencies in the West all use their wholesale delivery charge. She explained that the SNWA is careful not to cause the issues like the ones in Southern California where San Diego and the Metropolitan Water District are in court constantly over rates. Other agencies are now looking to the SNWA, because they need to find other ways of approaching it. The SNWA's wholesale delivery charge is only $293, San Diego's is $789, and the Metropolitan Water District's is $933. Mr. Restrepo stated that is why the sales tax discussion is so important; because sales taxes have been relatively reliable. He thinks that perhaps sales taxes would be a way to mitigate some fluctuations. Ms. Mulroy agreed and reiterated that one of the things the committees will have to determine is whether or not they should recommend that the County Commission remove the sunset clause from the sales tax.

Mr. Restrepo then asked if the SNWA's 1997 funding model was updated after 1997. Ms. Mulroy responded yes. Mr. Restrepo noted it will be interesting to see how the assumptions changed over time.

Carol Jefferies asked when the 1971 debt expires. Ms. Mulroy said the 1971 debt is in the wholesale delivery charge, and she promised that the committee would discuss this more at a future meeting.

Mr. Hardy asked if Ms. Mulroy would agree that, but for the Boulder City situation, the SNWA would probably have the same reliance on the wholesale delivery charge as other agencies do. He went on to state that perhaps the SNWA stumbled upon a funding mechanism that is better than a straight wholesale delivery charge. Ms. Mulroy agreed, stating that the SNWA has none of the acrimony with its member agencies.

Mr. Kasner asked if the committee will get into the projected revenue for the infrastructure surcharge later on. Ms. Mulroy responded yes.

Launce Rake asked what the SNWA's total debt is. Ms. Mulroy responded $3.4 billion.

There were no further questions or comments from the committee relative to Ms. Mulroy's presentation.

Mr. Ebersold said that before the committees start talking about the rate structure, they should consider the attributes of a rate structure. The committee made the following list of potential attributes:

- Fair
- Equitable
- Legal
- Stable/predictable
- Responsible
- Transparent
- Effective/sufficient (provide enough money)
- Simple to administer
- Encourage conservation
- It should take into account the primary economic drivers for the region
- It should address the economic environment at any given time
- It should consider the environment

- It should encourage economic development consistent with the water supply
- It must be scalable
- Understandable
- Rates should be comparable to other cities
- Financeable

Mr. Ebersold promised that the committee would evolve this list more at a future meeting.

Mr. Scherer asked if the committee could be provided with rates from comparable cities. Ms. Mulroy responded yes.

PUBLIC COMMENT
There was no public comment.

ADJOURNMENT
The meeting was adjourned at 5:46 p.m.