

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

June 24, 2013, 3:30 p.m.

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

IRPAC Members Present	Tom Burns Yvanna Cancela Thalia Dondero Bob Ferraro Mike Forman Warren Hardy Katherine Jacobi Bob Kasner	Jennifer Lewis Otto Merida Bobbi Miracle Phil Ralston John Restrepo Scot Rutledge Danny Thompson Virginia Valentine
IRPAC Members Absent	Kirk Clausen Garry Goett Joyce Haldeman	Carol Jefferies David Scherer
Financial Subcommittee Present	Jay King Brian McAnallen Jarmilla McMillan-Arnold	Terry Murphy Gay Shoaff Joe Woody
Financial Subcommittee Absent	Tom Warden	
Staff Present:	Andy Belanger John Entsminger Kevin Fisher Rick Holmes Katie Horn	Scott Krantz Zane Marshall Alisa Mann Ron Zegers
Others Present:	Guy Hobbs Brian Thomas	Thomas Toepfer

**PUBLIC COMMENT**

There was no public comment.

**SUMMARY OF ACTIVITIES**

The Southern Nevada Water Authority's (SNWA) Integrated Resource Planning Advisory Committee (IRPAC) and member agency financial subcommittee (Financial Subcommittee) met on Monday, June 24, 2013. The meeting began at 3:42 p.m.

*Approve the summaries from the April 20, 2013 tour and the May 6, 2013 meeting.* There being no comments or questions, the meeting summaries were approved by the committee.

*Discuss timeline for SNWA Board recommendations.* The committee reviewed the following timeline needed to implement a new rate structure by January 1, 2014.

July	Technical Review Committee meetings
Aug. 7	IRPAC meeting
Aug. - Dec.	Public outreach and education
Sept. 4	IRPAC meeting - finalize funding recommendations report
Sept. 19	SNWA Board meeting - consider funding recommendations
Sept. 20	SNWA Purveyors issue Business Impact Statement notice.
Oct. 2	IRPAC Meeting - Begin discussions on resources
November	Purveyors set public hearings
December	Purveyors conduct public hearings
Jan. 1	Rate Implementation

Dave Ebersold, facilitator, noted that the following items remain open for committee discussion and consideration:

- Hybrid rate - division among fixed and variable rates
- Fireline charges
- Policy for fund balance variances
- Sales tax permanence
- Recommendations Report

*Discuss the rates subcommittee recommendations process.* The Financial Subcommittee agreed that it does not need to meet separately or in addition to the regularly-scheduled IRPAC meetings to finalize its recommendations and will support the committee's recommendations as a whole.

*Discuss membership of the Technical Review Committee and develop recommendations for the Southern Nevada Water Authority Board of Directors' consideration.* At its May 16, 2013 meeting, the SNWA Board of Directors directed IRPAC and the Financial Subcommittee to nominate five individuals to serve on a Technical Review Committee. The SNWA Board established that the Technical Review Committee be comprised of four individuals from the business or academic community with qualifying credentials or experience in economics and public and/or business finance; and one individual with experience with public water utilities and rate-making design. This committee member may be an employee or retired professional from a non-Nevada comparably-sized utility.

The purpose of the Technical Review Committee is to validate the financial assumptions used in the rate modeling. Items to be reviewed by the Technical Review Committee include:

- Sales Tax revenue growth rate
- Connection Charge revenue growth rate
- Water sales assumptions
- Price elasticity assumptions
- Operating expense growth rate
- Debt profile and future capital requirements

The committee agreed to nominate:

- Mike Alastuey
- Marcus Conklin
- Bob Kasner
- Paula Eylar-Lauzon
- John Restrepo

The committee also suggested an alternate, Alan Schlottmann, should any of the nominees not accept the nomination or be unable to serve.

The SNWA Board of Directors will appoint individuals to the Technical Review Committee on June 27, 2013.

*Review committee decisions made to date.* Mr. Ebersold reviewed the consensus reached by the committee thus far.

- The committee will not further consider fireline rates that increase proportionately.
- The committee will recommend a rate increase that includes both fixed and variable charges.
- The committee will recommend a rate increase that is phased-in.

He stated that this meeting's goals include:

- Discuss how the hybrid rate should be divided among variable and fixed rates.
- Make a decision regarding fireline rates.
- Discuss rate examples and appropriate next steps.

*Discuss and add or remove rate examples from further consideration.* Guy Hobbs of Hobbs, Ong & Associates advised the committee that the rate model has been updated to reflect current meter counts for the local water purveyors; a sales tax growth estimate of 4 percent (instead of 3.5 percent); and a phase-in date of January 1, 2014 (in place of the previous assumption of July 1, 2013).

Following a lengthy discussion about reliability, water scarcity, fairness, and revenue variability the committee reached a consensus to recommend meeting the necessary funding requirements by an equal distribution of Commodity Charge and Infrastructure Charge revenues. See Exhibit A for information related to committee member rate scenario preferences.

The committee reached a consensus and agreed to recommend that the fireline charges do not increase and the infrastructure charge for fire meters remain fixed at its current dollar amount (17.5 percent of the current fire meter charge). See Exhibit B for information related to committee member fireline charge preferences.

Mr. Ebersold said the committee will discuss the draft policy for fund balance variances, the sunset issue on the sales tax, and finalize the committee's recommendations at its next meeting in August.

*Discuss policies for fund balance variances.*

The committee discussed a draft policy for fund balance variances. Phil Ralston asked that at the August meeting the committee consider isolating connection charges from the fund balance and only use them to pay down existing principal debt.

John Restrepo asked if rates could be reduced once the current debt is paid off. Mr. Hobbs said that if there were no other changes to the debt profile—and all other factors were held constant/no more debt was incurred over the 30-year life of the bonds—then the reserves in the fund balance would pay off each of the maturities and the required revenues would be reduced. Brian Thomas added that it is likely that additional infrastructure will be required and additional debt will be incurred over the next 30 years.

The committee will discuss this item at length at the next meeting.

There will be no meeting in July. The next IRPAC meeting is scheduled for August 7, 2013.

**PUBLIC COMMENT**

There was no public comment.

**ADJOURNMENT**

The meeting was adjourned at 6:34 p.m.

## Exhibit A

Virginia Valentine proposed the rate structure be divided by 50 percent Commodity and 50 percent Infrastructure. Following are the results of the discussion on this issue.

Committee Member	Vote
Jay King	Yes
Gay Shoaff	Yes
Katherine Jacobi	Yes
Mike Forman	Yes
Thalia Dondero	Yes
Jarmilla McMillan-Arnold	Yes
Yvanna Cancela	Yes
Virginia Valentine	Yes
Otto Merida	Yes
John Restrepo	Yes*
Terri Murphy	Yes
Bob Ferraro	Yes
Joe Woody	Yes
Phil Ralston	No***
Jennifer Lewis	Yes
Warren Hardy	Yes*
Danny Thompson	Yes
Bob Kasner	Yes**
Bobbi Miracle	Yes
Tom Burns	Yes
Brian McAnallen	Yes

- \* Noted a preference for 60 percent Commodity Charge and 40 percent Infrastructure Charge, but could live with 50/50.
- \*\* Noted a preference for 75 percent Commodity Charge and 25 percent Infrastructure Charge, but could live with to 50/50.
- \*\*\* Phil Ralston did not agree to 50 percent Commodity Charge and 50 percent Infrastructure Charge. He preferred a 75 percent Commodity Charge and a 25 percent Infrastructure Charge.

## Exhibit B

The committee was asked to reach consensus on keeping the firelines at the current dollar amount. Following are the results of the discussion on this issue.

<b>Committee Member</b>	<b>Vote</b>
Jay King	No increase
Gay Shoaff	No increase
Katherine Jacobi	No increase
Mike Forman	No increase
Thalia Dondero	No increase
Jarmilla McMillan-Arnold	No increase
Yvanna Cancela	No increase
Virginia Valentine	No increase
Otto Merida	No increase
John Restrepo	No increase
Terri Murphy	No increase
Bob Ferraro	No increase
Joe Woody	No increase
Phil Ralston	No increase
Jennifer Lewis	No increase
Warren Hardy	No increase
Danny Thompson	No increase
Bob Kasner	No increase
Bobbi Miracle	No increase
Tom Burns	No increase
Brian McAnallen	No increase