

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

September 4, 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 Bob Ferraro Kirk Clausen Thalia Dondero Warren Hardy	Carol Jefferies Bob Kasner Bobbi Miracle Phil Ralston John Restrepo Virginia Valentine
IRPAC Members Absent	Mike Forman Joyce Haldeman Katherine Jacobi Garry Goett Jennifer Lewis	Otto Merida Scot Rutledge David Scherer Danny Thompson
Financial Subcommittee Present	Brian McAnallen Jarmilla McMillan-Arnold Gay Shoaff	Tom Warden Joe Woody
Financial Subcommittee Absent	Jay King	Terry Murphy
Staff Present:	Ken Albright Andy Belanger John Entsminger Kevin Fisher Rick Holmes Katie Horn	Alisa Mann Zane Marshall Frank Milligan Phil Speight Julie Wilcox Ron Zegers
Others Present:	Guy Hobbs Brian Thomas	Thomas Toepfer

PUBLIC COMMENT

Ed Uehling distributed materials to the committee and asked the committee not to approve the Recommendations Report.

SUMMARY OF ACTIVITIES

The Southern Nevada Water Authority's (SNWA) IRPAC and member agency Financial Subcommittee met on Wednesday, September 4, 2013. The meeting began at 3:39 p.m.

Approve the August 7, 2013 meeting summary. It was noted that "Lake Powell" was inadvertently referenced in the last paragraph on page two instead of "Lake Mead." There being no other comments or questions, the meeting summary, corrected as noted, was approved by the committee.

Discuss and finalize the Recommendations Report. Dave Ebersold, facilitator, advised that the draft Recommendations Report was previously issued to the committee. Comments from committee members have been received and incorporated into the draft version provided to the committee at this meeting. Virginia Valentine suggested that Recommendation #8 on page 13 be consolidated to read:

8. If funds in excess of the target fund balance remain in the New Expansion Debt Service fund (not including phased-in rate revenue), use the excess fund balance only for any of the following purposes:
 - To redeem outstanding bonds (thereby reducing outstanding debt and future debt service requirements) or to acquire capital assets that would otherwise need to be funded with borrowed money (thus avoiding additional debt and debt service), whichever is most financially efficient;
 - To moderate the impact of future rate increases; or
 - To reduce water rates.

The committee agreed to this change.

Mr. Ebersold noted some changes to the Recommendations Report that were made by staff:

- The last sentence of paragraph three on page three now reads: "Beginning in 2016, the SNWA's annual debt service payment increases approximately \$80 million from current levels." The words "from current levels" were added to clarify the statement.
- The first sentence of paragraph one on page nine now reads: "Each scenario was designed to achieve an average of \$60 million in additional annual revenue for the period 2016-2021."

Phil Ralston asked why the additional annual revenue changed from \$80 million to \$60 million. Guy Hobbs, Hobbs, Ong & Associates, explained that this change resulted from modifications made by the Technical Review Committee (TRC) to the rate model. John Restrepo noted that the average additional revenue needed is closer to \$62 million. The committee agreed to change the Recommendations Report to read: "Each scenario was designed to achieve an average of \$62 million in additional annual revenue for the period 2016-2021."

Bob Kasner noted that the TRC made two main changes to the rate model: the interest income calculation was increased and operating expenses were reduced. John Entsminger, SNWA Senior Deputy General Manager, explained that the original Hobbs, Ong rate model was run by taking the 2014 budget number for operating expenses and inflating it by four percent. Instead, the TRC took the actual labor costs for the years itemized in the Major Capital and Construction Plan (MCCP) and

reduced the expected operating expenses by \$2 million. This resulted in an overall reduction of \$4 million in operating costs in the revised rate model. Mr. Hobbs added that the additional annual revenue needed was also reduced from \$80 million to \$62 million because revenue estimates and the sales tax forecast were updated. There being no additional comments or questions, the committee agreed to approve the Recommendations Report. See Exhibit A for information related to committee member opinions related to whether the Recommendations Report was ready for approval.

Review outreach materials. Mr. Ebersold explained the next steps in the rate implementation process, in the event the SNWA Board adopts the committee's recommendations.

- Sep. 26 SNWA Board meeting to consider funding recommendations
- Oct. 3 SNWA Purveyors issue Business Impact Statements
- Oct 10 – 22 Public Workshops
- November Purveyors set public hearings
- December Purveyors conduct public hearings
- Jan. 1 Rate implementation

Mr. Entsminger reviewed a sample PowerPoint presentation that was prepared for use at upcoming speaking engagements. In summary, it contains background on the SNWA and IRPAC, an explanation of the decline in connection charges, and the committee's recommendations. Mr. Entsminger said the SNWA is hopeful that committee members will participate in the public workshops and he promised to provide a schedule. Mr. Entsminger noted that it's the SNWA's intention to get in front of as many groups as possible to discuss the proposed rate changes. Mr. Ebersold asked committee members to forward the names of stakeholder groups to Katie Horn for follow up.

Mr. Entsminger also advised the committee that a list of Frequently Asked Questions and a summary of the proposed rate increase are in committee notebooks and will be made available on the SNWA website for the public.

Discuss next phase of SNWA's Integrated Resource Planning process. Because committee members and staff will be heavily involved in public outreach during the next few months, Mr. Entsminger recommended that the committee adjourn during the outreach process. The committee agreed to reconvene in early 2014 for Phase 2 of the IRPAC process, which will focus on facilities and future resource planning.

Mr. Entsminger advised the committee that Phase 2 will require a significant time commitment and said that if any committee member is considering resigning before Phase 2, they should notify Katie Horn. Additionally, if any members of the financial subcommittee want to continue on in Phase 2, they should also notify Katie.

PUBLIC COMMENT

There was no public comment.

Mr. Entsminger and Mr. Ebersold thanked the committee for their time and dedication to the rate planning process.

ADJOURNMENT

The meeting was adjourned at 4:52 p.m.

Exhibit A

Mr. Ebersold asked the committee members if they agreed to approve the Recommendations Report. Following are the committee member preferences.

Committee Member	Accept the Recommendations Report
Brian McAnallen	Concur
Carol Jefferies	Concur
Bob Ferraro	Concur
Bob Kasner	Concur
Bobbi Miracle	Concur
Tom Burns	Concur
Warren Hardy	Concur
Tom Warden	Concur
Phil Ralston	Concur
Joe Woody	Concur
Kirk Clausen	Concur
John Restrepo	Concur
Virginia Valentine	Concur
Yvanna Cancela	Concur
Thalia Dondero	Concur
Jarmilla McMillan-Arnold	Concur
Gay Shoaff	Concur