

SOUTHERN NEVADA WATER AUTHORITY BOARD OF DIRECTORS MEETING

2012-01-19

APPROVED MINUTES

Call to Order

09:00 AM

●
Molasky Corporate Center, Southern Nevada Water Authority Board
Chambers,
100 City Parkway, Suite 700 (7th floor)
Las Vegas, Nevada

DIRECTORS PRESENT

Shari Buck Chair, Mary Beth Scow Vice Chair, Sam Bateman, Bob Coffin, Tom Collins, Duncan McCoy, Steve Sisolak

DIRECTORS ABSENT

STAFF PRESENT

Pat Mulroy, John Entsminger, Phil Speight, Rick Holmes, Brian Chally, Bill Fox, Scott Krantz, Marc Jensen

OTHERS PRESENT

ITEM NO.

Unless otherwise indicated, all members present voted in the affirmative.

COMMENTS BY THE GENERAL PUBLIC

John Hiatt spoke regarding water rates and the Authority's cost structure.

Launce Rake, Sierra Club and Nevada Conservation League, suggested evaluating the Authority's cost structure and making conservation a priority.

Howard Watts, Progressive Leadership Alliance of Nevada, commented on the General Managers evaluation process and encouraged the Board to move forward.

Brian McAnallen, Las Vegas Chamber of Commerce, spoke regarding the Authority's rate structure and expressed the Chambers support of the need for additional water revenue to maintain a reliable water delivery system for the future.

1. Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Director Collins to approve the agenda for this meeting and the minutes of the regular meeting of November 30, 2011. The motion was approved.

BUSINESS AGENDA

2. Receive and discuss the report made by Hobbs, Ong and Associates, "Rate Analysis Report for Southern Nevada Water Authority," consider recommendations, and direct staff accordingly, including, but not limited to, adoption and implementation of rates.

Pat Mulroy, General Manager, described the Authority's dependency on connection charges to maintain a reliable water supply. She said that due to the current economic conditions and a significant decline in connection charge revenue, the Authority needed additional revenue to meet capital and debt service obligations.

Guy Hobbs, Hobbs, Ong and Associates, gave a presentation on the need for additional revenue, the major forecast drivers and assumptions associated with the rate analysis, future revenue requirements and expenditures, rate alternatives and potential customer impact. A copy of his presentation is attached to these minutes.

Director Collins asked if outlying service areas such as Sandy Valley, Blue Diamond, Searchlight, Kyle Canyon and Indian Springs would be affected by the rate study. Mrs. Mulroy responded that only North Las Vegas, Henderson and the Las Vegas Valley Water District service area would be affected. Boulder City has a repayment agreement with the Authority in order to cover infrastructure costs, so Boulder City residents would be unaffected as well. She said that there would be a subsequent agreement between Boulder City and the Authority for costs not covered by existing agreements.

Director Sisolak asked if staff had considered requesting that the quarter-cent sales tax be increased to a half-cent sales tax. Mrs. Mulroy responded that this study was restricted to only those revenue sources that are currently available. Mr. Sisolak then asked why Henderson and North Las Vegas use only 3/4-inch meters and not 5/8-inch meters. Mrs. Mulroy responded that the Las Vegas Valley Water District was the only purveyor with 5/8-inch meters, and that staff would research why Henderson and North Las Vegas did not allow 5/8-inch meters.

Director Sisolak suggested that the Board eliminate the "b" options of rate options 2 and 3 to make the proposals easier to understand.

Director Coffin expressed concern of how the proposed rates would affect customers with 1-inch meters, and asked what the reasoning was behind the installation of 1-inch meters at a property. Mrs. Mulroy responded that installation of 1-inch meters was usually based on lot size but it ultimately depended on the builder.

The Board also discussed the public workshops that would take place within the North Las Vegas, Henderson and Las Vegas Valley Water District service areas, how they would be advertised and what type of information would be available.

FINAL ACTION: A motion was made by Director Sisolak to present options 1, 2a and 3a in a series of town hall public meetings, provide opportunity for public comment, ask Hobbs Ong to begin preparation of the resolution for reserve payment refunding, advertise the rates process in an SNWA publication and bring the Business Impact Statement back to the Board at its next meeting. The motion was approved.

3. Approve a project funding agreement between the WateReuse Research Foundation and the Authority to conduct research on the "Formation of Nitrosamines and Perfluorochemicals during Ozonation in Water Reuse Applications," accept funds in the amount of \$149,987 from the WateReuse Research Foundation, and \$240,500 from

participating entities in the form of in-kind services, which includes the Authority's in-kind contribution of \$35,000.

FINAL ACTION: A motion was made by Director McCoy to follow staff's recommendation. The motion was approved.

4. Approve amendment No. 003 to the existing agreement between the U.S. Department of the Interior, Bureau of Reclamation and the Authority for sharing of costs for equipment rental, materials and subcontractor services in the Las Vegas Wash for an amount not to exceed \$1,500,000.

FINAL ACTION: A motion was made by Vice Chair Scow to follow staff's recommendation. The motion was approved.

5. Approve two resolutions authorizing the submission of grant proposals to the Bureau of Reclamation WaterSMART: Water and Energy Efficiency Grants.

FINAL ACTION: A motion was made by Vice Chair Scow to follow staff's recommendation. The motion was approved.

6. Accept the Authority's Comprehensive Annual Financial Report for the period ending June 30, 2011, as presented by the Authority's external auditors, Piercy Bowler Taylor and Kern.

Director Sisolak asked Richard Bowler, Piercy Bowler Taylor and Kern, if there were any significant weaknesses or findings. Mr. Bowler replied that there was one finding concerning an internal control and that it had been rectified by staff. Mr. Bowler also reported that the audit had been completed and a report including the opinion and internal control was distributed to the Board.

Director Coffin asked what the material significance of the internal control finding was. Mr. Bowler responded that the weakness was insignificant and has been rectified. Bill Fox, Chief Financial Officer, stated that the material weakness had to do with the recording of assets on the Authority's books, and that certain construction-related assets had been represented as "construction in progress," when in reality the projects had been completed. He said that staff had made the correction.

FINAL ACTION: A motion was made by Vice Chair Scow to follow staff's recommendation. The motion was approved.

7. Discuss the collateral requirement in the Energy Purchase Agreement and retain the requirement, waive the requirement, or take other appropriate action.

Scott Krantz, Director of Energy Management, gave a presentation on the Authority's power delivery obligations to and long-term contracts with member agencies, the volatility of energy prices and the requirement that member agencies each post a certain amount of collateral to the Authority so that the Authority is protected. A copy of his presentation is attached to these minutes.

FINAL ACTION: A motion was made by Director Sisolak to retain the requirement. The motion was approved.

8. Establish a process for annual evaluations of the General Manager.

Mrs. Mulroy suggested that, at a meeting of a Committee of the Whole, she provide a description

of the goals that the Board has set and how the organization has performed against those goals and objectives.

FINAL ACTION: A motion was made by Vice Chair Scow to follow staff's recommendation. The motion was approved.

9. Receive an update from staff on water resources including, but not limited to, drought conditions in the Colorado River Basin, the results of the implementation of the Authority's Water Resource and Conservation Plans, activities on the Colorado River, and on the development of in-state water resources.

John Entsminger, Senior Deputy General Manager, provided the Board with an update. A copy of his presentation is included with these minutes.

Marc Jensen, Director of Engineering, also provided the Board with an update on the progress of Intake No. 3. A copy of his presentation is included with these minutes.

Director Sisolak read a letter from County Commissioner Chris Giunchigliani regarding the Authority's infrastructure surcharge implementation process. A copy of the letter is included with these minutes.

NO ACTION REQUIRED

Public Comment

There were no members of the public wishing to speak.

Adjournment

There being no further business to come before the board, the meeting adjourned at 11:33 a.m.

APPROVED:

Shari Buck, Chair

Patricia Mulroy, General Manager

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard.