

SOUTHERN NEVADA WATER AUTHORITY BOARD OF DIRECTORS MEETING

2012-02-29

APPROVED MINUTES

Call to Order

09:00 AM

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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

OTHERS PRESENT

Guy Hobbs, Hobbs Ong & Associates

ITEM NO.

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

COMMENTS BY THE GENERAL PUBLIC

None

1. Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Director Sisolak to approve the agenda for this meeting and the minutes of the regular meeting of January 19, 2012. The motion was approved.

2. Conduct a Public Hearing and subsequently adopt one of the three rate modification options as provided in the "Rate Analysis Report for the Southern Nevada Water Authority" prepared by Hobbs, Ong and Associates.

Pat Mulroy, General Manager, described the Authority's dependency on connection charges to construct adequate facilities 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. She also explained the measures the Authority has taken to reduce expenses before considering a rate increase, the three rate options

currently being considered and the public outreach that has taken place to educate the community on the need for a rate process. A copy of her presentation is included with these minutes.

Director Sisolak said that he had been contacted by numerous businesses that expressed concern regarding the fireline meters that are large in size and seldom used and that he had asked staff to develop an option that provided more parity. As a result, staff developed a scenario under which businesses and other entities with large fireline meters would pay 35 percent of their surcharge for their fireline as opposed to 40 percent. He proposed amending option number 2 to reflect this change in fireline rates.

Chair Buck opened the public hearing.

Danny Thompson, Nevada AFL-CIO, spoke in support of option 2.

Joyce Hardemann, Clark County School District, did not express an option preference but asked that School District impact be minimized.

Brian McAnallen, Las Vegas Chamber of Commerce, spoke in support of a modified option 2 by increasing the \$5 residential increase to approximately \$10 so that businesses are not so heavily impacted.

Mike Shohet, NAIOP Commercial Real Estate Development Association, did not express an option preference but encouraged the Board to keep conservation in mind.

Forest Darby, Las Vegas, NV, spoke in support of option 2.

Anthony Rogers, Building, Construction and Trades Council, spoke in support of option 2.

Brenda Lovato, Institute of Real Estate Management, spoke in support of option 1.

John Ramos, Harsch Investment Properties, did not express an option preference and suggested postponing the decision until September 2012.

Shawn Fellows, Greater Las Vegas Association of Realtors, spoke in support of option 1.

Tom Thomas, Thomas & Mack Company, spoke in support of option 1.

Launce Rake, Sierra Club, spoke in support of option 1.

Lou Salazar, Plumbers and Pipefitters Local 525, favored any option that would impact senior citizens the least.

Suzette Lagrange, Colliers International, spoke in favor of option 1, but suggested delaying the decision for 2-6 months and beginning discussions with all stakeholders to find a more equitable solution.

Darren Enns, Southern Nevada Building and Construction Trades Council, spoke in support of option 2.

Ron Smith, Nevada Restaurants Association, spoke in support of option 1.

Bob Potter, Las Vegas, NV, expressed interest in knowing of the sacrifices SNWA has made to help mitigate the rate increase.

Virginia Valentine, Nevada Resort Association, spoke in support of option 2 as well as the increase

on fire meters.

Rod Martin, Majestic Realty, spoke on the increases that would be incurred on commercial firelines compared to those of other cities.

Ed Uehling, Las Vegas, NV, talked about the financial deficiencies and debt that SNWA has incurred over the past several years.

Following the comments, Chair Buck closed the public hearing. Discussion took place between the Board and staff regarding the cause of the immediate need for additional funding.

Guy Hobbs, Hobbs Ong and Associates, explained the cost and risk associated with potentially delaying a rate increase, which included a rapid drawdown of the organization's reserves resulting in a dangerously low fund balance and credit risk.

Vice-chair Scow asked if a comparison of business rates among western cities was available. Ms. Mulroy responded that a Black & Veatch study had been used to make this comparison for 2-inch meters among various cities. A copy of the comparison is included within these minutes. Ms Scow also asked about the conservation message included within each rate option. Ms. Mulroy responded that the rates are still largely consumption-driven and referred to the rate option comparison included within these minutes.

Director Sisolak stated that the public needed to be educated on the difference between the Authority and its retail purveyors. He also expressed the necessity to continue to look at cost-reducing options for the Authority, such as the lease on the Molasky building, the potential of leasing empty space, and putting a hold on non-critical capital projects. He also directed staff to form an integrated stakeholder committee to discuss rates going into the future. Lastly he requested that excess revenue be placed in a rate stabilization fund.

Director Bateman expressed the necessity for ongoing education efforts to occur in each jurisdiction regarding water rates, and that the formation of a stakeholder committee is necessary. He also spoke in support of option 2.

Director McCoy explained that, due to Boulder City's unique agreement with the Authority, it would pay an infrastructure bill to the Authority and that the Boulder City Council would determine how to secure those funds. He also stated his support for option 2.

Director Coffin clarified that this money would be used to pay for infrastructure and not payroll or anything else that would continue beyond the construction of critical infrastructure. He also expressed his support for option 2.

Director Collins said that option 2 fairly addresses the Authority's revenue needs as well as the needs of the community given current economic conditions.

FINAL ACTION: A motion was made by Director Bateman to adopt rate option number 2, including the amended fireline rate, the formation of an integrated resource planning committee to discuss future rates, and the development of a rate stabilization fund. The motion was approved.

CONSENT AGENDA

Items 4-6 are routine and can be taken in one motion unless a Director requests that an item be taken separately.

A motion was made by Vice Chair Scow to follow staffs recommendations. The motion was approved.

BUSINESS AGENDA

7. Authorize Milestone Paving and Grading, Inc., to withdraw their bid and award Contract No. 090G 25 C6, Equip Northern Resources Irrigation Wells, to Mesquite General Contracting, Inc., in the amount of \$1,103,000, authorize a change order contingency amount not to exceed \$110,000 and authorize the execution of the contract agreement or take other action deemed appropriate.

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

8. Renew the interlocal contract authorizing the General Manager of the Las Vegas Valley Water District to serve as General Manager of the Authority, utilizing the staff and resources of the District to manage the affairs of the Authority.

FINAL ACTION: A motion was made by Director Collins to renew the contract. 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.

NO ACTION REQUIRED

Public Comment

None

Adjournment

There being no further business to come before the board, the meeting adjourned at 11:49 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.