SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR METING
MARCH 20, 2014
MINUTES

CALL TO ORDER	9:03 a.m., SNWA Board Chambers, Southern Nevada Water Authority 100 City Parkway, Seventh Floor, Las Vegas, Nevada
BOARD MEMBERS PRESENT	Mary Beth Scow, Chair Bob Coffin Duncan McCoy Steve Sisolak Anita Wood
BOARD MEMBERS ABSENT	Sam Bateman, Vice Chair Susan Brager
STAFF PRESENT	John Entsminger, Greg Walch, Dave Johnson, Julie Wilcox, Marc Jensen
OTHERS PRESENT	Tom Minwegen, Clark County Water Reclamation District; Guy Hobbs, Hobbs, Ong & Associates

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

COMMENTS BY THE GENERAL PUBLIC

For complete comments, audio is available online at snwa.com

Ed Uehling, Las Vegas, clarified his statement made at a previous meeting for the minutes, and spoke about agenda item number 9 and requested his written comments be included with the minutes.

1. ***For Possible Action:*** **Approval of Agenda & Minutes**

FINAL ACTION: A motion was made by Director Brager to approve the agenda for this meeting, and the meeting minutes of January 16, 2014. The motion was approved.

2. ***For Possible Action:*** **Receive a presentation from the SNWA Youth Advisory Council and direct staff accordingly.**

NO ACTION TAKEN

3. ***For Possible Action:*** **Receive a report from General Counsel as to the results of the arbitration between the Authority and the Insurers on Lake Mead Intake No. 3.**

Greg Walch, General Counsel, gave a presentation on the results of the arbitration. A copy of his presentation is attached to these minutes. Director Sisolak asked about the fees that were incurred as a result of the arbitration; Mr. Walch noted that the SNWA incurred approximately $1 million in legal fees, which were not included in this arbitration award. Director Sisolak asked if the intake's existing insurance policy has been extended and if we plan to extend it again. Mr. Walch confirmed that it had been extended once, and he anticipates the need for an additional extension. Director Sisolak asked if there was any concern we would not be able to pursue an extension; Mr. Walch explained that the intake's insurer is among the only companies in the world who insure these types of projects and that the SNWA has maintained an amicable relationship with them.

NO ACTION NECESSARY

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

4. ***For Possible Action:*** **Approve the First Amendment to Contract No. 14581A, Intergovernmental Agreement for a Joint Study on Nitrosamines, between Denver Water and the Authority to extend the date of completion of work from November 30, 2013, to September 30, 2014.**

5. ***For Possible Action:*** **Approve Amendment No. 1 to the existing agreement between FTI Consulting, Inc., and the Authority for forensic accounting services.**

6. ***For Possible Action:*** **Approve Amendment No. 4 to the existing agreement between Woods & Aitken and the Authority to provide specialized legal services regarding complex construction issues.**

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

BUSINESS AGENDA

7. ***For Possible Action:*** **Approve an agreement between Carollo Engineers and the Authority for Water Research Foundation Study #4494, "Evaluation of Current and Alternative Strategies for Managing CECs in Water," and accept funds in the amount of $35,000 for the Authority's participation costs.**

Director Coffin asked for an update on treatment processes as a result of water quality and pharmaceuticals. Dave Johnson, Deputy General Manager of Engineering and Operations, noted the community's benefit of a good water source, the Colorado River. He noted the SNWA's involvement in a number of research projects to detect small concentrations of constituents. Tom Minwegen, General Manager of the Clark County Water Reclamation District, also discussed local wastewater purveyor efforts to treat and remove constituents from the wastewater.

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

8. ***For Possible Action:*** **Adopt the 2014 Las Vegas Wash Capital Improvements Plan.**

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

9. ***For Possible Action:*** **Approve a professional services agreement with Hobbs, Ong and Associates for services related to future issues presented to the Authority's Integrated Resource Planning Advisory Committee and for other general financial and debt management related services associated with the Authority's overall operations.**

Director Coffin asked Mr. Hobbs to clarify his relationship with the SNWA. Mr. Hobbs discussed the advisement his firm offers including the sale of bonds for capital projects and clarified that his firm does not create the need for financing, but structures bond sales to achieve the best result in the marketplace. His firm also supports a number of special projects including citizen advisory committees and rate studies. Director Wood asked how Mr. Hobbs and his associates separate his financing responsibilities from other special projects, including acting as a resource to citizen advisory committees. Mr. Hobbs stated that he and his firm have no involvement in the determination of the need to fund projects.

FINAL ACTION: A motion was made by Director Coffin to follow staff's recommendations, with Director Sisolak abstaining. The motion was approved.

10. ***For Possible Action:*** **Approve a new Sales Tax Allocation Resolution and Cooperative Agreement among the Authority and the wastewater agencies of the City of Henderson, the City of Las Vegas, the City of North Las Vegas, and the Clark County Water Reclamation District.**

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

11. ***For Possible Action:*** **Make an appointment to fill a vacancy on the Integrated Resource Planning Advisory Committee.**

Julie Wilcox, Deputy General Manager for Administration, noted that John Guedry was identified as a replacement by an outgoing member to fill a vacancy on the committee.

FINAL ACTION: A motion was made by Director Wood to appoint the individual noted by Ms. Wilcox. The motion was approved.

12. ***For Information Only:*** **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, the development of in-state water resources, and the status of the third intake project.**

Mr. Entsminger gave a presentation, which is attached to these minutes. Marc Jensen, director of SNWA Engineering, provided a brief update on Lake Mead Intake No. 3, which is also attached to these minutes.

NO ACTION NECESSARY.

Public Comment

Ed Uehling, Las Vegas, presented a letter he drafted for the Attorney General regarding his concerns about the Open Meeting Law and the Integrated Resource Planning Advisory Committee process. A copy of his letter is attached to the minutes.

Adjournment

There being no further business to come before the board, the meeting adjourned at 10:20 a.m.

APPROVED:

_____
Mary Beth Scow, Chair

_____
John J. Entsminger, 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, Las Vegas, Nevada.

Lake Mead Intake No. 3

ARBITRATION RESULTS

Jun. 2008
First blasts for access shafts

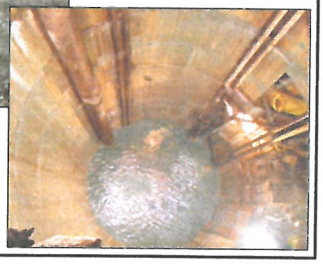
Mar. 2008
SNWA Board of Directors awards contract to Vegas Tunnel Constructors

Jun. 2010
First inflow event

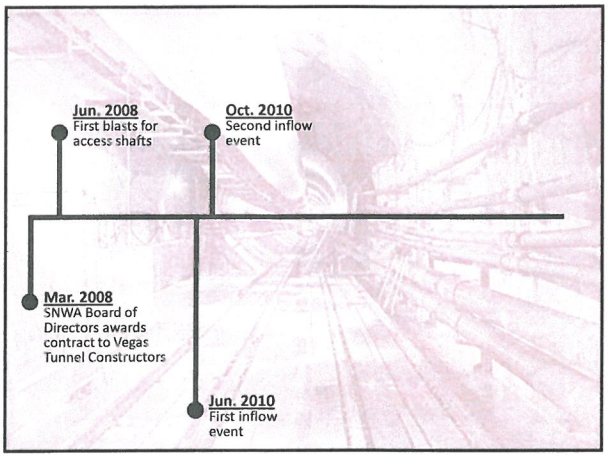
First Inflow Event: June 28, 2010

Water and debris fill Tunnel Boring Machine chamber and access shaft

Inflow continued for approximately four days and water allowed to rise in access shaft to minimize inflow pressure



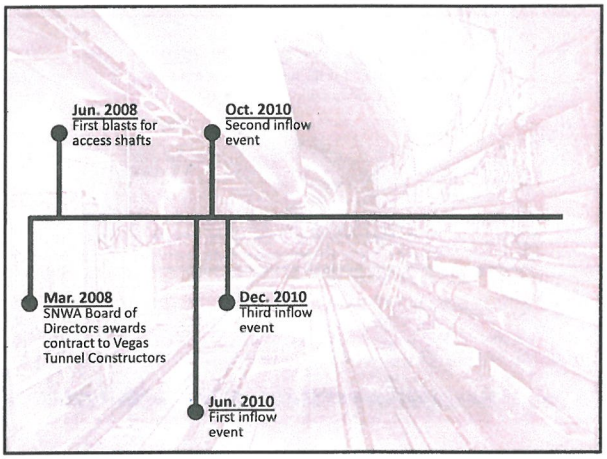
The contractor spent the next few months working to get the tunnel reinstated.



Second Inflow Event: October 27, 2010

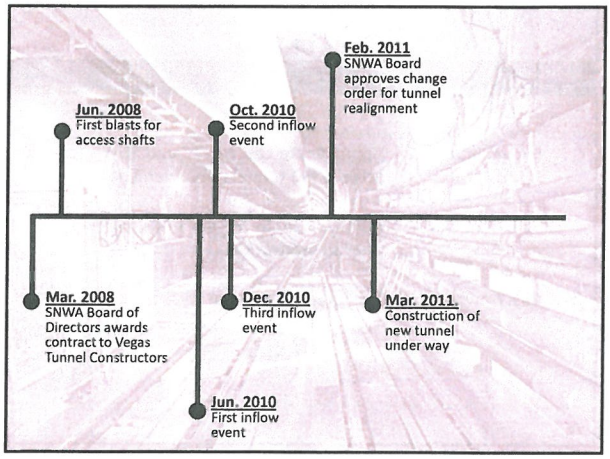
400 cubic yards of material and significant water flow into tunnel

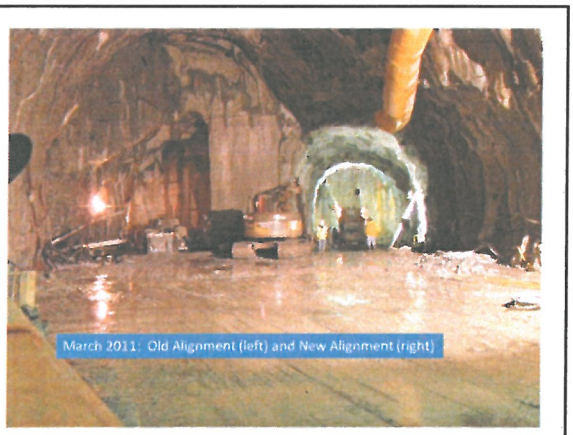
Buried excavator machine, October 2010



Third Inflow Event: December 31, 2010

Rock and debris causes material and water to flow into tunnel




March 2011: Old Alignment (left) and New Alignment (right)

May 31, 2011: Full Reinstatement of Tunnel Achieved

The Dispute

By the numbers

$46 million:	Approximate cost to VTC and SNWA to achieve full tunnel reinstatement
$14.27 million:	Amount paid by builder's risk insurers prior to arbitration
$31.7 million:	The disputed amount

ARBITRATION PROCESS

Stated Basis for Insurers' Rejection of Claim

- Change Order #16 was a cap on recovery (limiting exposure by several $million)
- SNWA could only recover costs to repair old alignment, OR costs to construct replacement alignment, but not both
- Access shaft was not damaged (implicating a coverage limit that would have reduced exposure by several $million)
- Differing site conditions were not covered
- Certain construction actions taken during realignment were a betterment not covered by the policy
- (On any amount owing) – SNWA was using the incorrect interest rate for pre-judgment interest

ARBITRATION PROCESS

By the numbers

- 8+ months of discovery
- Deposed 18 witnesses, including 9 experts
- 33,500 documents exchanged
- 10 days of arbitration hearings
  (Mar. 18, 2013, through Apr. 3, 2013)
- 9+ months (and several hundred pages) of post hearing briefing

ARBITRATION PROCESS

Final Award – January 24, 2014

On the Principal Claim	$30,482,273.0 (of the $31.7 million claimed)
Prejudgment interest	$3,899,241.78
Costs and expert fees	$680,618.00
Post-Award interest	$24,471.30
Pre-Arbitration insurance payments	$14,266,487.83
TOTAL RECOVERY:	**$49,353,091.91**

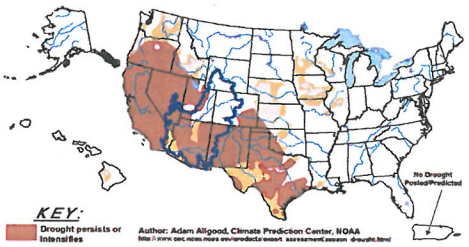
SOUTHERN NEVADA WATER AUTHORITY

Update on Drought Conditions and Water Use

March 20, 2014

Seasonal Drought Outlook

(Valid February – May, 2014)



KEY:

- Drought persists or intensifies
- Drought remains but improves
- Drought removal likely
- Drought development likely

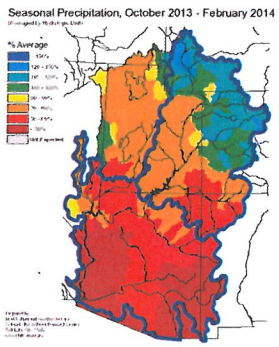
Author: Adam Allgood, Climate Prediction Center, NOAA

Source: National Oceanic Atmospheric Administration and the U.S. Department of Commerce

Colorado River Basin Conditions

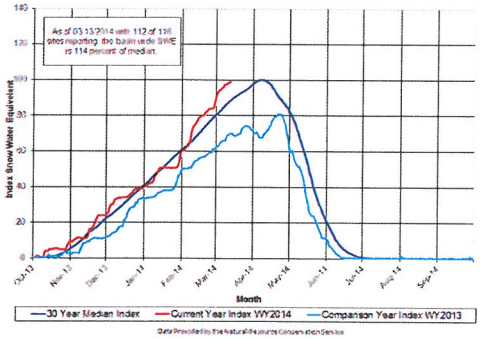
- **February inflow to Lake Powell:** 84% of average
- **Snow Pack:** 113% of average
- **Water Year 2014 Precipitation:** 103% of average
- **Forecasted Water Year 2014 Inflow to Lake Powell:** 105% of average

Seasonal Precipitation, October 2013 - February 2014



Upper Colorado River Basin Snow Accumulation

Upper Colorado River Basin Snotel Tracking
Aggregate of 116 Snotel Sites above Lake Powell

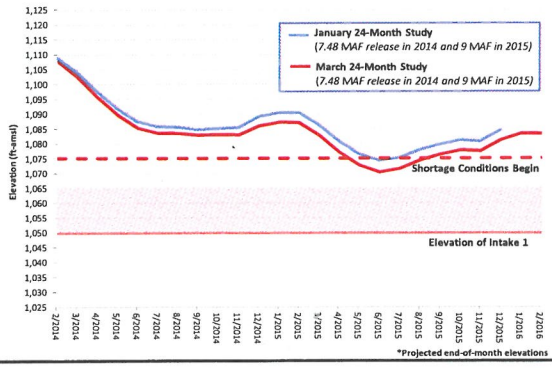


Precipitation and Inflow Forecast – Lake Powell

Month	2013 Water Year Actual Precipitation	2013 Water Year Inflows Forecast	2014 Water Year Actual Precipitation	2014 Water Year Inflows Forecast
Jan	72%	61%	96%	93%
Feb	78%	54%	102%	96%
Mar	76%	49%	103%	105%
Apr	78%	42%		
May	80%	45%		
Jun	77%	44%		
Jul	80%	41%		
Aug	81%	40%		
Sept	90%	46%		
Actual	91%	47%		

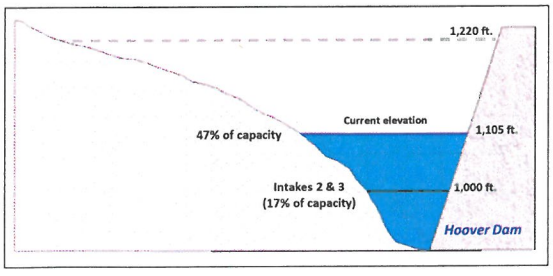
Source: Bureau of Reclamation, Lower Colorado Water Supply Reports

Lake Mead Elevation Projections*

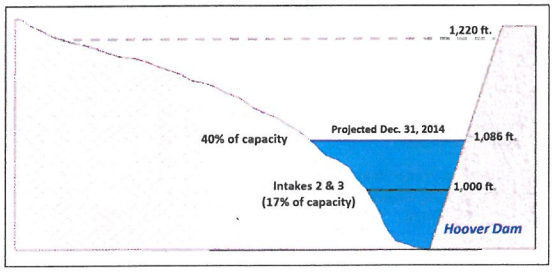


*Projected end-of-month elevations

Current Lake Mead Elevation



Projected Lake Mead Elevation



SNWA Water Use

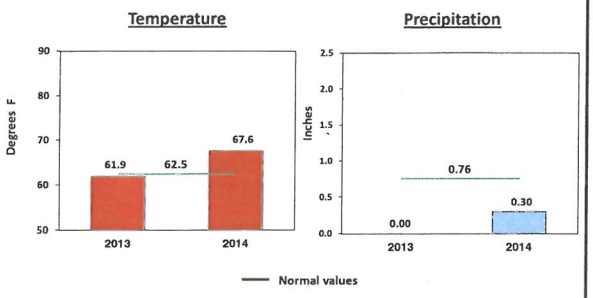
Winter 2013-14: Warmest Ever in Las Vegas

Average Temperature for the meteorological winter (Dec. 1 – Feb 28) was 52.3 degrees.

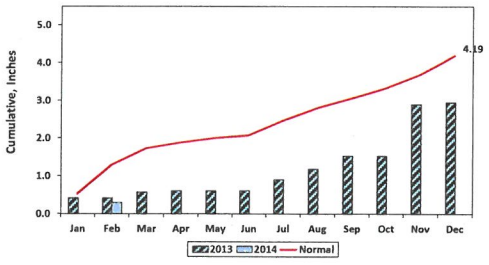
Broke previous record for warmest meteorological winter. (52 degrees, set in winter of 1980-81).

Official records for Las Vegas date back to January 1937.

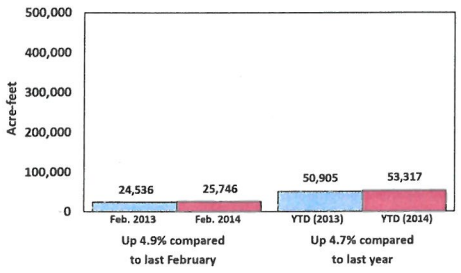
Weather Comparison (February 2014)



Annual Precipitation



SNWA Total Water Use

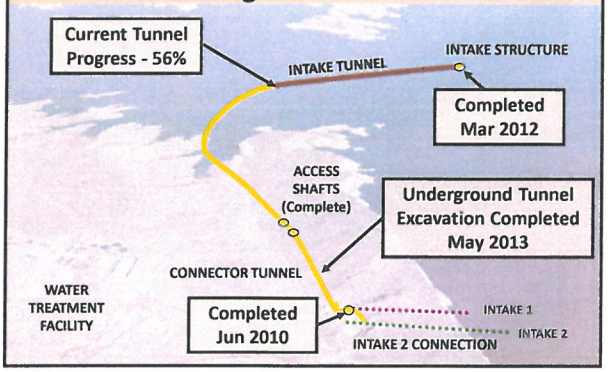


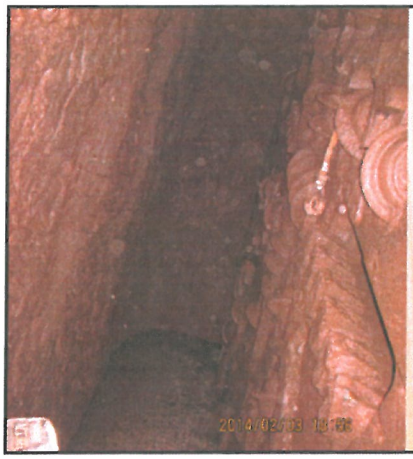
LAKE MEAD INTAKE NO. 3

SNWA Board of Directors
Progress Report

20 March 2014

Lake Mead Intake No. 3 Current Progress – March 2014



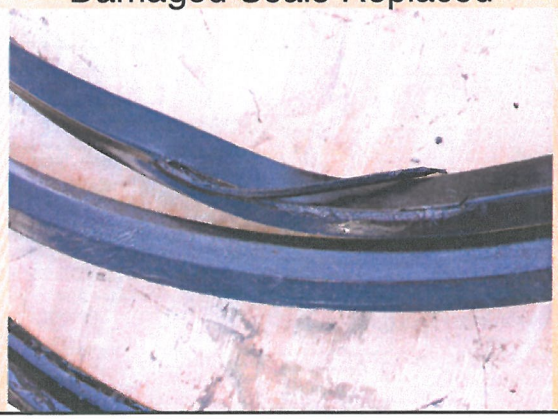


Jan 16
TBM Main Bearing Seal Leakage Identified

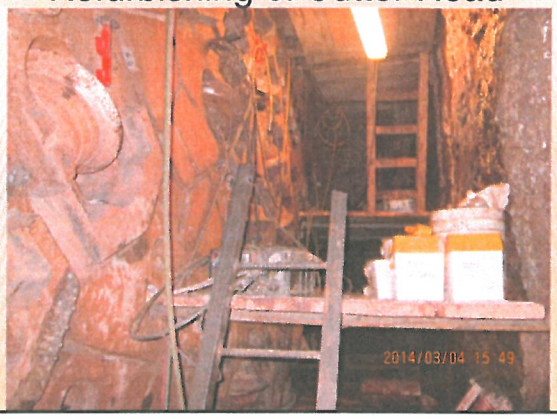
Feb 4
Niche Excavated

Cutter Head Moved Forward 4 Ft

Damaged Seals Replaced

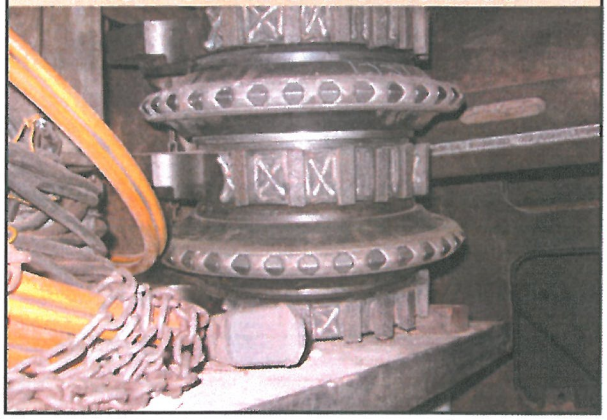


Refurbishing of Cutter Head

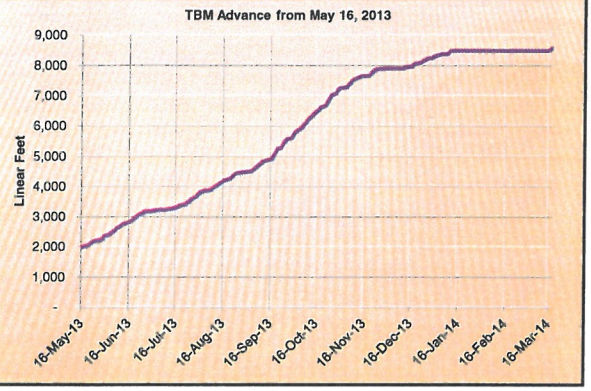


Wearing Surfaces Reconditioned

New Cutter Disks Installed



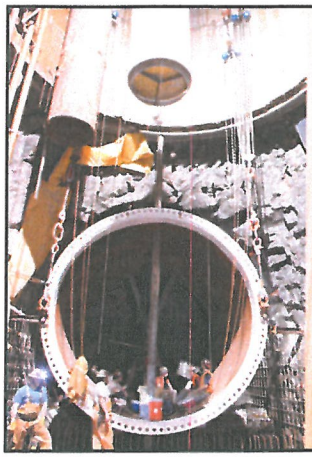
Current Tunnel Excavation Status



Intake No. 1 Underwater Rock Slide

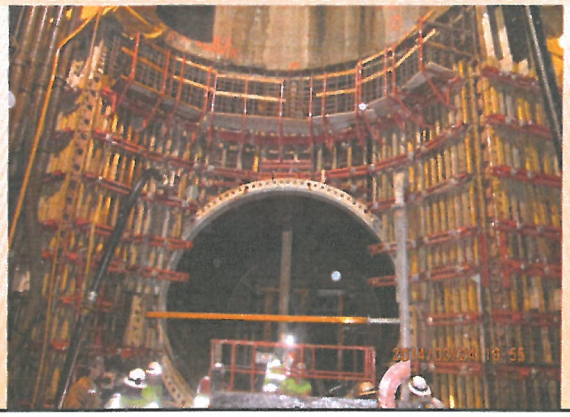
Intake No. 1 Dewatering Successful

Connection Shaft Excavation

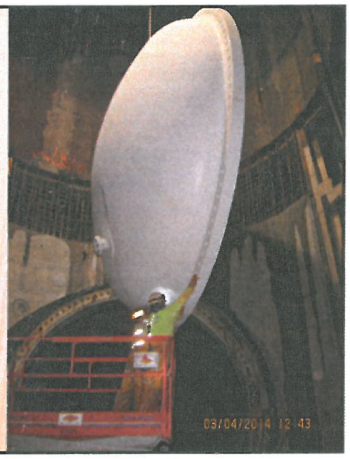


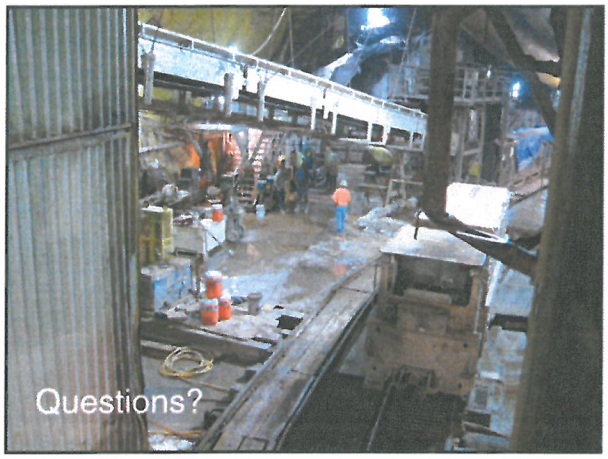
Flanged Pipe Sleeve to Allow Connection to a Future Intake Pumping Station No. 3

Forms for Concrete Encasement



Successful Test Fit of Bulkhead to Pipe Flange





March 20, 2014

Catherine Cortez Masto, Attorney General
State of Nevada
Carson City, Nevada

Re: Repetitive violations by Southern Nevada Water Authority of NRS 241.020 (Meetings to be open and public)

Dear Attorney General Masto:

Obviously my pleas to Southern Nevada Water Authority to provide backup information for the meetings of its Integrated Resource Planning Advisory Committee (IRPAC) have fallen on deaf ears. The "Notice of Meeting" for March 26, 2014 (attached) states, "There are no backup materials for this meeting".

Without question, SNWA possesses backup materials for three of the four agenda items: #1 (Meeting summaries for September 4, 2013 and February 26, 2014) and #2 (agreements and contracts that govern the Colorado River). It is likely that for Item 3 (activities taken by Basin States in response to drought) will be presented in a power point; certainly this information is already known by SNWA. The whole purpose of NRS 241.020 is to provide timely and complete information to the public. Subsection 8 of NRS 241.020 prescribes only one valid reason for failing to providing backup information to a person requesting notice by electronic mail: "inability... as a result of technical problems". I request notice by electronic mail, yet invariably find no backup materials.

I understand the self interest of SNWA to control the IRPAC, which is composed of hand-picked (by SNWA) citizen volunteers, and would guess that the excuse, which SNWA will provide to anyone inquiring about this gap in "openness", will be as follows: backup materials are withheld from IRPAC members themselves until their actual meeting, as permitted by subsections (5) and (6) and can also be withheld from the public until then or, per subsection 7, up to 24 hours after the meeting.

This modus operandi of SNWA makes it impossible for anyone to prepare for IRPAC meetings and misleads its members and the public. Even worse, the SNWA moderator coerces IRPAC members into making snap decisions based on highly complex issues with slanted information. For example, in a discussion lasting fewer than 10 minutes last year, the moderator, together with SNWA's consultant, who was contracted by SNWA for the specific purpose of gaining consensus for a rate increase of $106,000,000, maneuvered the members of IRPAC into 1) accepting the existing rates by which low-income customers subsidize wealthy customers, 2) ratifying the previous year's rate increase of $78,000,000, wherein one percent of SNWA customers were targeted with an increase 33 times that of resort hotels, golf courses, etc., and 3) continuing a policy of charging users, who recycle water, more than those consumers who consume or waste water the first time they use it. This

pair not only failed to draw attention to any of these anomalies (all of which contradict SNWA's stated code of ethical behavior), but they intentionally withheld information about alternatives and provided no backup materials prior to the meeting. Worse, SNWA has, since that time and cynically, ascribed BOTH increases (2012 and 2013) to "the Citizens' Committee"!

Even though the members of IRPAC were handpicked by SNWA for their propensity to say, "YES", to anything proposed by SNWA, not all of the members of the Committee qualify as shills for SNWA. That belief, combined with the extremely high intelligence level of the group, convinces me that, had they received advance information of the subject matter (i.e., supporting materials), a more robust discussion with a different decision may have ensued.

Finally, it is important to note that SNWA covers up its failure to provide backup materials by posting, after the fact, the materials that were actually presented at the meeting. These can be found under the column "Supporting Materials" for prior meetings on the SNWA website. Contrary to the impression created, none of the materials were made available to IRPAC members or the public prior to the meeting—EVEN THOUGH THESE MATERIALS WERE CLEARLY PREPARED BEFORE THE MEETING. NRS requires that backup materials be posted concurrently with the agenda itself.

I request that you:

1. Point out to SNWA the spirit and intent of NRS 241.020 that backup materials be provided to the IRPAC members and the public at the time the meetings of the former are posted.
2. Require proper notice (i.e., with backup materials) for the March 26 IRPAC meeting.
3. Require all future meeting notices of SNWA and SNWA-related activities include posting of backup materials at the time of meeting notification as encouraged by NRS 241.020 (5 and 6).

By making these changes you will 1) ensure more consideration of the weighty decisions, which IRPAC is expected to make, 2) prevent use of IRPAC by SNWA as a rubber stamp, 3) promote more accurate input from the public, 4) improve the standing of SNWA in the eyes of the public. Your attention to this matter is greatly appreciated.

Sincerely,

Ed Uehling
Email evu2@cox.net
Cell 702-808-6000

CC: Members of the Board of Directors of SNWA and members of IRPAC

NOTICE OF MEETING

Southern Nevada Water Authority
Integrated Resource Planning Advisory Committee

Wednesday, March 26, 2014
4:00 p.m.
Colorado River Conference Rooms, Southern Nevada Water Authority
100 City Parkway, Seventh Floor, Las Vegas, Nevada

There are no backup materials for this meeting.

March 20, 2014

Mary Beth Scow, Chair
Southern Nevada Water Authority
Las Vegas, NV

Re: Request for correction of Minutes of January 26, 2014 meeting

Dear Chairwoman Scow:

As you heard me state earlier this month at the meeting of the Las Vegas Valley Water District, over which you also preside, I appreciate the conscientious attempt of the new administration to make a clear description in the minutes of the comments by persons, such as myself, who may disagree with the direction of the SNWA and LVVWD. I just want to point out a slight misinterpretation of my comments at the January SNWA meeting:

The minutes, as written, state that I proposed appointing as new General Manager (Item #10) an "individual" from an agency, such as the City of North Las Vegas. In fact, I suggested that SNWA contract with the City of North Las Vegas itself to run SNWA. I further elaborated, as reasons for this suggestion, the fact that water operations of the City of North Las Vegas have contributed $200 million to the City general fund, while SNWA has received billions in charges to customers and spent every penny on itself (while borrowing additional billions). In my comments I attributed this contrast in performance and results to the fact that NLV pays only 20% of its revenues for employee costs versus the 40% that SNWA pays.

I further specified in my comments a possible contributory example of SNWA's profligacy in personnel spending, citing the fact that this relatively tiny agency employs one-third of all the public information officers of ALL the public agencies in the entire state of Nevada and its 17 counties and countless local agencies combined!

This brings me to my second request, that SNWA adhere more strictly to the requirements of NRS 241.035 (1)(d) that the "written minutes include the substance of remarks made by any member of the general public who addresses the public body...".

Thanking you in advance for making this correction to the minutes and requesting that you attach this letter to the minutes of this meeting, I am

Sincerely yours,

Ed Uehling
Email evu2@cox.net
Cell 808-6000