

SECTION 2

INTRODUCTION AND STRATEGIC PLAN

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SOUTHERN NEVADA WATER AUTHORITY®

FISCAL YEAR 2016-17
OPERATING AND CAPITAL BUDGET

Southern Nevada Water Authority
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Introduction

Purposes and Powers.

The Southern Nevada Water Authority (SNWA) is a political subdivision of the State of Nevada created on July 25, 1991, pursuant to Nevada Revised Statutes Chapter 277.080 to 277.180, inclusive, by a cooperative agreement among the Big Bend Water District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, the Clark County Water Reclamation District, and the Las Vegas Valley Water District (LVVWD). The Cooperative Agreement has been amended on November 17, 1994; January 1, 1996; February 18, 2010; and June 21, 2012.

The SNWA was created to secure additional supplies of water for Southern Nevada and to effectively manage existing supplies of water through the cooperative action of its member agencies. Because the SNWA is governed equally by a seven-member Board of Directors (SNWA Board) composed of one director from each member agency, and the SNWA operations are autonomous from its member agencies, its financial statements are not included in the financial statements of another entity.

The SNWA Board appoints a General Manager (GM). In January 1993, the LVVWD's GM was also appointed GM of the SNWA, and the LVVWD was named Operating Agent for the SNWA. The GM has two Deputy General Managers (DGM's), a Chief Financial Officer (CFO) and General Counsel overseeing the operations of the LVVWD and the SNWA. Collectively, the GM, DGM's, CFO and General

Counsel are known as Executive Management (EM).

Since October 1993, the LVVWD has been paying many expenses on behalf of the SNWA. The SNWA reimburses the LVVWD for those expenses, including the cost of the LVVWD employees allocated to the SNWA. The SNWA has no employees of its own.

The Board of the SNWA has the power to periodically assess the member agencies directly for operating and capital budgets and for the satisfaction of any liabilities imposed against the SNWA. Each member made an initial contribution to the SNWA for operating and administrative expenses in the amount of \$15,000. Assessments for additional funds needed by the SNWA, in accordance with operating and capital budgets, have been apportioned to member agencies on the basis of water deliveries to those agencies. Funding received by the SNWA from its member agencies for operations is recorded as operating revenue, while funding received for capital purchases is recorded as capital contributions. Member agencies who are not water purveyors, i.e., the City of Las Vegas and the Clark County Water Reclamation District, each contributes towards the SNWA operations for the fiscal year 2016-17.

Transfer Act.

Pursuant to the Transfer Act, Assembly Bill No. 542, approved June 28, 1995 by the Nevada Legislature, the assets of the Southern Nevada Water System (SNWS), as well as responsibility for operations of the system, were transferred from the Colorado River Commission (CRC) to the SNWA effective January 1, 1996. Along with the assets, the

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CRC transferred all books and records in its possession relating to the project and its facilities. In addition to the assets, all liabilities of the CRC related to the SNWS were to be transferred to the SNWA.

The transfer was a non-cash transaction. In order to affect the transfer, CRC prepared from its SNWS accounting records an unaudited trial balance as of January 1, 1996, which was given to the SNWA. To record the transfer, the SNWA posted the entire CRC trial balance to its General Ledger as of January 1, 1996. The accuracy of that trial balance was verified by the June 30, 1996, audits of both the SNWA and CRC. The CRC detail property listing was posted to the SNWA Property Ledger.

Intergovernmental Relationships.

In addition to its members, the SNWA also works with other agencies of state and federal government. The following outlines some of those intergovernmental relationships.

Major Water Purveyors. The SNWA diverts Colorado River water from Lake Mead, treats it to federal Clean Drinking Water Act standards, and delivers treated water to the facilities of water purveyors in the Las Vegas Valley and Boulder City. The major water purveyors and their percentage of total SNWA water deliveries are as follows: Boulder City (2.6 percent), Henderson (16 percent), North Las Vegas (11.2 percent), the LVVWD (69.9 percent) and others (0.3 percent).

Wastewater Treatment Agencies. Wastewater treatment agencies in the SNWA service area are the Cities of Las Vegas, Henderson, and Boulder City, and the Clark County Water Reclamation District.

Colorado River Commission. The CRC is an agency of the State of Nevada created in 1935 to acquire and hold in trust Nevada's right to water and power resources from Colorado River water apportioned among the seven Colorado River Basin states and Mexico. The seven member CRC Board is made up of four members appointed by the Governor (including the Chairperson) and three SNWA Board members.

U.S. Bureau of Reclamation (Bureau). The Bureau is a division of the U.S. Department of the Interior. It is charged with the responsibility of managing the Colorado River for the benefit of the users with rights to Colorado River water. Any changes to laws governing the Colorado River benefiting Nevada will require the cooperation and approval of the federal government via the Bureau and all seven of the Colorado River Basin states.

Southern Nevada Water System. The SNWS is the regional water system diverting raw Colorado River water from Lake Mead, treats it to federal Clean Drinking Water Act standards, pumps it through the River Mountains, and delivers potable water to the facilities of the water purveyors in the Las Vegas Valley and Boulder City. The SNWS was built in two stages (1971-first stage, and 1983-second stage) by the federal government acting through the Bureau, and the State of Nevada acting through its CRC. The Bureau built the transmission facilities, which are referred to as the Robert B. Griffith Water Project. The CRC built the treatment facility, which is known as the Alfred Merritt Smith Water Treatment Facility. The SNWS was owned by CRC and operated under contract by the LVVWD. On January 1, 1996 the assets

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and liabilities of the SNWS as well as responsibility for operations were transferred from CRC to the SNWA. The LVVWD continues to operate the SNWS under contract with the SNWA. The projects in the SNWA's Major Construction and Capital Plan (MCCP) are expansions or improvements of the SNWS.

Robert B. Griffith Water Project Title Transfer. The SNWS was built in two stages by the State of Nevada acting through the CRC and the Bureau. CRC funded its portion by issuing State of Nevada general obligation bonds. The Bureau funded its portion from federal budget appropriations. After completion of each phase, the Bureau determined total reimbursable costs for constructing its portion of the SNWS and the CRC entered into a water delivery and repayment contract with the Bureau to repay those costs plus interest. The terms of the repayment contract required 50 annual payments at 3.25 percent interest. According to the terms of the repayment contract, the federal government would retain title to the facilities it built, even after the repayment contract was fully paid.

The role of the federal government in financing improvements of the SNWS has been declining. When the first phase of the SNWS was completed in 1971 at a total cost of \$62 million, 85 percent of that cost was provided by the federal government. After completion of the second phase in 1983, the ratio provided by the federal government had dropped to 71 percent. In 1995 the SNWA began work on its \$2.1 billion Capital Improvement Plan to expand and improve the SNWS. Because the Bureau was, and always would be, the owner of the facilities built with federal funding, the SNWA would always be

required to obtain Bureau approval to maintain, modify, or improve the federal facilities which are an integral, but increasingly smaller, part of the total system.

In July 2000, the U.S. Congress passed, and President Clinton signed, into law the Griffith Project Prepayment and Conveyance Act (Public Law 106-249), which directed the Secretary of the Interior to transfer title to the Robert E. Griffith Project to the SNWA, subject to prepayment of the Project's federal repayment obligation. According to guidelines published by the Office of Management and Budget, the price of the title transfer was set at \$121.2 million, plus accrued interest, less any principal payments made subsequent to September 30, 1999. This amount was derived by discounting future repayment contract payments at 6.08 percent, which was the yield on the 30-year Treasury bond as of September 30, 1999. On July 3, 2001 the SNWA transferred \$116.2 million to the Bureau to prepay the federal repayment contracts realizing a discount of approximately \$48.0 million. This discount amount was added to the Deferred Amount on Refunding and amortized over the life of the SNWA's 0601 Bond Issue, which provided the funds for this prepayment. Because the SNWA used proceeds of the 0601 Bond Issue with an interest rate of 5.31 percent to prepay the federal repayment contracts with an interest rate of 3.25 percent, the cash flow saving to the SNWA is approximately \$13 million on a nominal basis and \$9 million on a present value basis. The 0601 Bond has since been refunded / restructured into several other issues.

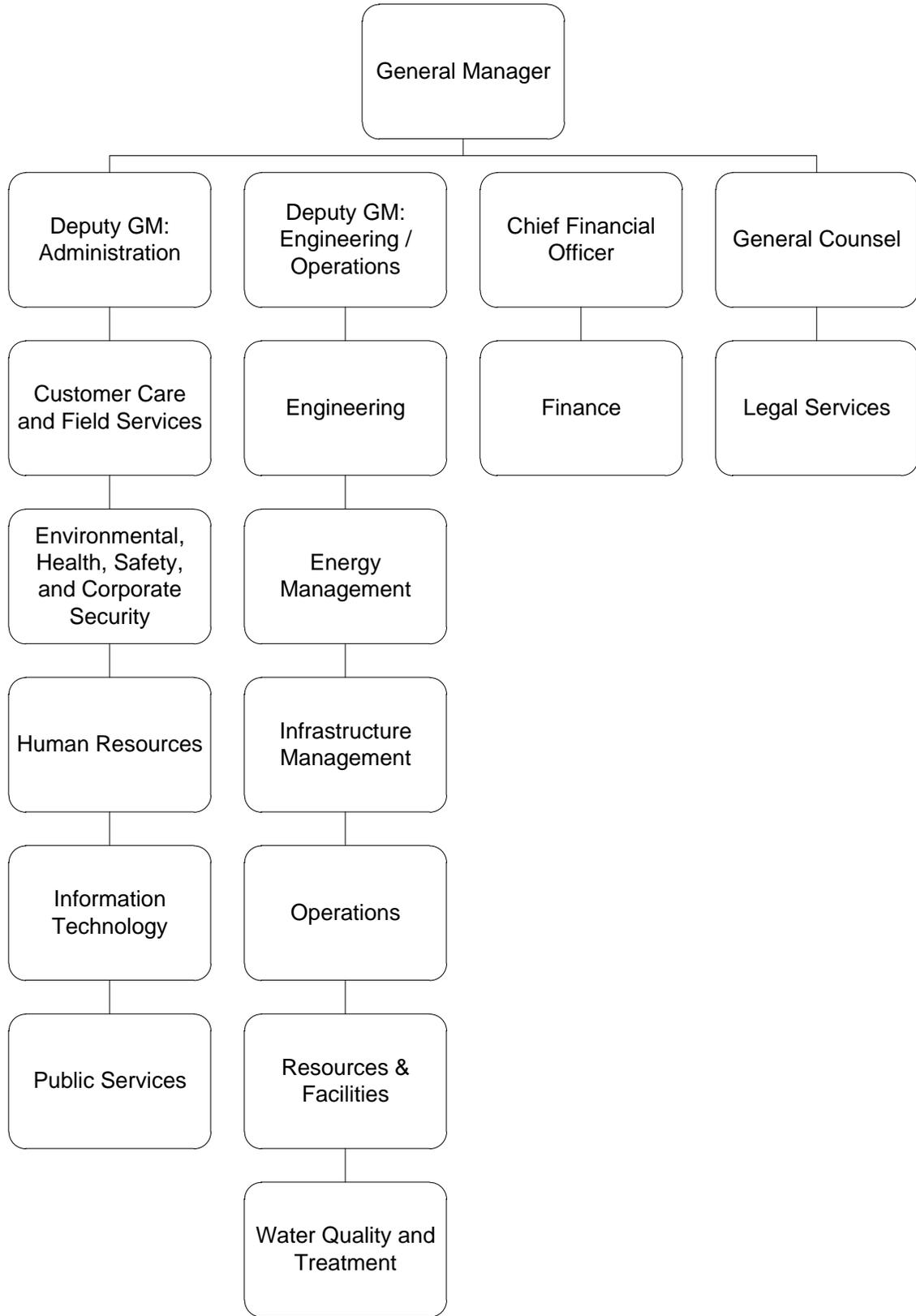
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Organizational Structure.

The LVVWD operates the SNWA under contract; however the two entities are legally separate. The LVVWD pays substantially all expenses on behalf of the SNWA, including the cost of employees allocated to the SNWA

and is reimbursed monthly for these costs. SNWA has no employees of its own. The organizational chart shows the SNWA organization and how the different departments are arranged. For a further breakdown per department, please see Section 5, Department Budgets.

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Financial Structure and Controls.

Proprietary Fund Type - Enterprise Fund. The SNWA's operations are accounted for as a single Enterprise Fund. A fund is a fiscal and accounting entity with a set of self-balancing accounts comprising its assets, liabilities, fund equity, revenues, and expenses. Enterprise Fund operations are presented using the full accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when payments for such revenues or expenditures are actually made. In this regard, the SNWA operations are accounted for in a manner similar to a private business enterprise, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis are financed or recovered primarily through user charges, and its financial measurement focus is on determination of net income, financial position, and cash flows.

Capital and Debt Service Accounting. Capital and Debt Service finances are accounted for separately within the overall structure of the enterprise fund. Bond issuance resolutions require that the balance of bond proceeds be maintained in restricted acquisition and construction accounts until they are expended. Assets restricted for specific purposes (e.g. additions to plant or repayment of bonds) and liabilities payable from such assets are accounted for separately until disposition. Earnings on these assets are also considered restricted.

Internal Controls. In developing the SNWA's accounting system, consideration focused on the adequacy of internal accounting controls. Internal accounting controls are designed to

provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. All internal control evaluations occur within the above framework. The SNWA's internal accounting controls safeguard assets and provide reasonable assurance of proper recording of financial transactions. The SNWA will continue to identify ways in which it can strengthen its control procedures.

Debt Administration. It is the general intent of the SNWA that rates and charges are adequate to provide for all costs, and reliance on property taxes is to be avoided. Ad valorem taxes have never been needed to support the SNWA's operations or debt service. For a full discussion of debt objectives and guidelines see section 7, Debt Management Policy.

The State of Nevada operates a Municipal Bond Bank Program, which is designed to assist municipalities in undertaking local projects for the protection and preservation of the property and natural resources of the state. In May 1997, the SNWA was authorized to sell bonds directly to the state bond bank. Additionally the SNWA issues bonds through the Clark County bond bank and through the LVVWD. As a result of legislation approved by the 1999 Legislature, Clark County established a bond bank to assist municipalities within Clark County. The LVVWD issues short-term

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or variable rate debt for the SNWA in addition to standard debt issues.

The State of Nevada general obligation debt is rated "Aa2" by Moody's and "AA" by Standard & Poor's. Clark County's general obligation debt is rated "Aa1" by Moody's and "AA" by Standard and Poor's. The LVVWD's general obligation debt is rated "Aa1" by Moody's and "AA" by Standard & Poor's. It is expected that the SNWA will still utilize the state and county bond banks and the LVVWD to issue debt. The SNWA obtained the credit rating primarily at the request of parties who wished to enter into long term purchased power agreements with the SNWA and needed an evaluation of the SNWA's credit worthiness.

As of June 30, 2016, the SNWA has \$3.662 billion in outstanding general obligation debt, of which \$23.4 million is debt the State of Nevada sold for the SNWA, \$2.466 billion is debt the LVVWD has sold for the SNWA, and \$1.16 billion is debt the SNWA sold through the Clark County Bond Bank. All debt is backed by a pledge of the SNWA's revenues. All applicable bond covenants such as ratios of net income to debt service, sinking funds, and insurance coverage have been met or exceeded. Additionally, SNWA has two loans from the State of Nevada Revolving Fund totaling \$6.6 million.

Cash Management. Funds not immediately required for paying operating or capital expenditures are invested in U.S. Government and agency securities and other money market instruments. Nothing in the Cooperative Agreement creating the SNWA or the Facilities and Operations Agreement governing the SNWA's relationship with its

purveyor members dictates permitted investments. Also, there is no applicable Nevada law. However, the SNWA chooses to comply with Nevada Revised Statutes (NRS) 355.170, which governs permitted investments for counties, cities, and school districts in Nevada. NRS 355.170 limits investments to obligations of the federal government and its agencies, commercial bank certificates of deposit, obligations of state and local governments rated A or above, bankers' acceptances, repurchase agreements, and money market mutual funds. All investments are held by a commercial bank's trust department in the name of the SNWA and are insured or collateralized with securities held by a third party in the name of the SNWA.

Risk Management. The SNWA employs a multifaceted approach to risk management, which includes the transfer, elimination, avoidance, reduction and/or assumption of risk of loss. The SNWA also purchases risk insurance (including terrorism insurance) from the commercial insurance market on real and personal property, including earthquake and flood, with common policy restrictions, covering direct physical loss of or damage to buildings, fixtures, equipment, boilers, machinery and supplies. The blanket limit of liability under the property insurance program is \$500 million per occurrence with a deductible of \$1 million per occurrence. The program also includes earthquake coverage (\$100 million limit) and flood coverage (\$50 million limit) each having a \$100,000 deductible. The SNWA self-insures the first \$1 million for its automobile and general liability exposure and purchases \$30 million of excess liability insurance. The SNWA also purchases

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employee fidelity insurance in the amount of \$3 million, with a \$25,000 deductible per occurrence.

In contracts, the SNWA obtains indemnification and hold-harmless agreements, and requires that contractors name the SNWA as an additional insured under the indemnitor's insurance coverage, usually \$1 million to \$10 million for commercial general and auto liability insurance. The SNWA provides builders risk insurance for all construction projects with a blanket limit of \$100 million per contract, or higher as needed, with a \$50,000 deductible per claim, except earthquake and flood where the deductible is \$500,000 per claim.

Capital Project Structure and Controls.

Identification of Capital Project Need. Capital projects for the SNWA are proposed in response to identified needs for improvements to the facilities providing for delivery of community water supplies to the members of the SNWA. These improvements may be either 1) new facilities to expand or enhance capabilities or 2) repair, upgrade or replace existing facilities no longer functioning as required.

Identification of proposed new facilities to meet expanding water delivery requirements is accomplished through a process involving continuing assessment of current and projected future community water demands. The SNWA works with its purveyor members to establish both short-range and long-range projections of future water demands. These water demands are compared to the capacities of the existing SNWA water

facilities. Where facility capacities are insufficient to meet projected demands, the SNWA undertakes efforts to plan potential new facilities to address the projected shortfall. New facilities may also be proposed to enhance the reliability of the water delivery facilities, or to enhance the quality of the water provided to the community.

Identification of existing facilities requiring repair, upgrade or replacement comes about through continuous monitoring and assessment of facility performance. To the extent possible, major repair, upgrade or replacement projects are identified in time to allow for planning and scheduling of the projects to minimize costs and interruptions to operations of other facilities.

The SNWA meets periodically with its purveyor members to discuss water demand projections, compare those projections to existing system capacities, review operational issues, define an annual operating plan, discuss progress on approved capital projects under design and construction, and consider proposals for new capital projects. Proposals for new capital projects are presented to the Southern Nevada Water System Work Group (Work Group), a formal advisory committee composed of representatives of the SNWA and the SNWA Purveyor Members. Upon endorsement by the Work Group, new projects are incorporated into amendments to the SNWA's capital plans and are presented to the SNWA Board for approval. If the amended capital plan requires an increase in the total cost of the plan, then the amended capital plan must also be approved by the governing body of each Purveyor Member.

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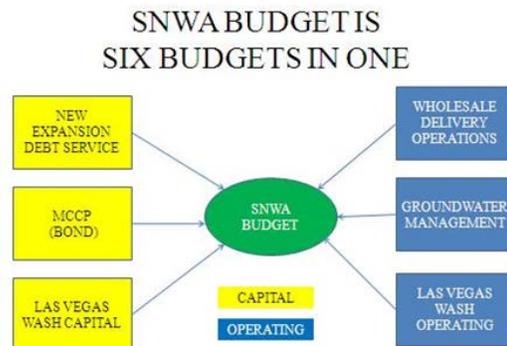
Execution of Capital Plan. After approval of the capital plan by the SNWA Board, the Engineering department assembles a staging plan for each project and develops specifications to be used as criteria during the competitive bidding process. Major construction portions are then let to an open competitive bidding process. All bids are reviewed and the lowest qualifying bid is presented to the Board for their approval. At the approval date, the Finance department (Finance) and the Engineering department encumber the total amount of the contract. Change orders are submitted to the SNWA Board as needed with full explanations as to why the change is necessary.

The Engineering department issues capital plans annually. The most recent capital plans can be viewed in Section 6 of this 2016-17 Budget Plan document. The capital plan reflects all capital projects, their projected start and end dates, their projected costs, the gross amount of expended or encumbered funds per project, projected future cash requirements, and the budget variance of each project. Finance also tracks expenditures and encumbrances for capital projects and plans future debt service issues on these calculations.

Upon completion of a project, the Engineering department presents a summary of the project to the SNWA Board for their review and approval. The project is then moved from construction work in progress to property, plant and equipment by Finance.

Budget Controls and Process

Basis of Accounting. The SNWA's audited Comprehensive Annual Financial Report (CAFR) is presented on the full accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when payments are actually made. However, the budget is presented on a modified cash basis. In addition, the budget is broken into sub funds of the single proprietary fund, which shows beginning balance, sources of funds, uses of funds, and ending balance. The SNWA is an enterprise fund; the sub funds are an internal cost control aiding management in insuring revenues and expenses for major projects are properly matched. The SNWA maintains six separate sub funds. Three track the financial activity of SNWA's capital programs while the other three track day-to-day operations.



Sub fund balances are reconciled to the audited CAFR. For budget preparation and presentation, the Las Vegas Wash Capital and Las Vegas Wash Operating sub funds are combined into one sub fund for simplification purposes.

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Budgetary Controls. By State statutes, the SNWA's budget is approved annually, following a public hearing by the SNWA Board, and a copy is submitted to the State Department of Taxation. Budgetary controls are established at the levels of total estimated operating and non-operating expenses. A utility, or other enterprise, is a self-supporting operation of a commercial nature, and the demand for service largely determines the appropriate level of revenues and expenditures. Depending upon the timing and level of the demand for services, expenditures will vary.

The SNWA is encouraged, but is not required by law, to adopt a balanced budget. A balanced budget is defined as a budget where sources of funds are equal to, or exceed, uses of funds. Throughout the budget process, the SNWA examines projected financial needs and determines whether or not rates, fees and charges should be adjusted to make funds available for those needs.

Budgetary controls are established at various levels to have effective control over the necessary expenditures. These levels always include departments and divisions and, in some instances, sections. Most disbursements are made through the issuance of purchase orders. The purchasing division in Finance administers purchases of new furniture, vehicles, and communication equipment. Computer equipment purchases are administered under the authority of the Director of the Information Technology department (IT). Finance prepares and distributes monthly and quarterly budget variance reports, and division managers can electronically access their budget information

using the Oracle Financial System. Division managers are accountable for variances between the budgeted and actual expenditures. The staffing is controlled by the Human Resources department (HR).

Budget Process. The SNWA's budget process starts in November of each year, and proceeds with a series of meetings with the department directors. Financial analysis is done to project the revenues under current rate structures. Wholesale Delivery Charge revenue projections are based on the estimated water the SNWA is planning to deliver in the coming year. The budget reflects the strategies and goals adopted by the SNWA.

Budget staff disseminates current and historical information to managers to assist them in preparation of future budgets within budgeting guidelines. The budget process consists of three major phases. The first phase includes preparing new requests for capital and staff positions for the new fiscal year. The second phase consists of preparing department operating budgets, including payroll and related expenditures. Estimating payroll and related expenditures are based on current approved positions and factors based on historical adjustments throughout the year. The third phase involves department directors, managers and supervisors meeting with EM to justify expenditure requests. After all of the departments' budgets have been reviewed and approved by EM, the budget is consolidated and an initial proposed budget document is submitted to the Nevada State Department of Taxation by April 15. The state then reviews the proposed budget and issues a notice of compliance or non-compliance with the statutory laws of the State of Nevada.

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On the third Thursday in May, the SNWA's Board conducts a public hearing to allow the public an opportunity to discuss the proposed budget. During the public hearing, the GM requests final approval from the Board. The approved final budget document is filed with the State of Nevada. Once approved and filed, departments are provided copies of their budgets. The approved budget is implemented on July 1, the first day of the new fiscal year.

Budget Augmentation. Nevada State law (NRS 354.493) defines budget augmentation as a procedure for increasing appropriations of a fund with the express intent of employing unbudgeted resources to carry out the purpose for the increased appropriations. To augment the budget, the SNWA Board must adopt a resolution providing for an augmentation at a regular meeting of the SNWA Board by majority vote of all members. Budget augmentation becomes effective when an executed copy of the resolution for augmentation is delivered to the State Department of Taxation.

FISCAL YEAR 2016-17 BUDGET CALENDAR

	All Departments	Financial Services	Executive Management	Human Resources
Dec	<p>Tue Dec 15 – Mon Jan 18 Departments coordinate with Human Resources to determine appropriate position classifications, salary/pay rates, and number of temporary positions</p>	<p>Tue Dec 15 Send Budget instructions and calendar to departments</p> <p>Tue Dec 15 Send operating expense template and begin assisting departments</p> <p>Tue Dec 15 Assigned analysts & departments begin coordinating budget process and schedule</p>		<p>Tue Dec 1 Distribute organization charts to departments. Changes to org charts due to Human Resources by Tuesday, January 19, 2016</p> <p>Mon Dec 21 Distribute list of existing intern, temporary and summer hire positions to departments. Renewal or elimination of any of those positions due to Human Resources by Tuesday, January 19, 2016</p>
Jan	<p>Tue Jan 19 Submit any changes on organization charts to Human Resources</p> <p>Tue Jan 19 Submit final requests for interns, temporary and summer hire positions to Human Resources</p> <p>Mon Jan 25 Submit final 2016-17 operating capital requests and operating expense budgets to Financial Services</p>	<p>Mon Jan 4 Begin coordinating with departments incurring intercompany and overtime payroll costs</p> <p>Mon Jan 25 Submit major data processing and equipment requests to Information Technology and Fleet Services for review and coordination</p>		<p>Mon Jan 25 Send lists of existing intern, temporary and summer hire position renewals to Financial Services</p>

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	All Departments	Financial Services	Executive Management	Human Resources
<p>Feb</p>	<p>Mon Feb 1 Receive narrative instructions</p>	<p>Mon Feb 1 Send budget narrative instructions to departments</p> <p>Mon Feb 8 Send summaries and detail of operating expense & capital expenditure budgets to departments</p> <p>Mon Feb 8 Begin assisting departments in preparation for the Senior Management Team (SMT) budget meeting presentations</p>	<p>Mon Feb 29 Budget overview briefing with Executive Management (E-team)</p> <p>Thu Mar 10 Department proposed budget meetings with SMT</p>	
	<p>Tue Mar 22 Budget narratives due to Financial Services</p>	<p>Mon Feb 1 Receive final 2016-17 department capital requests and any changes/comments from IT/Fleet Services</p> <p>Mon Feb 29 Budget overview briefing with Executive Management (E-team)</p> <p>Thu Mar 10 Department proposed budget meetings with SMT</p>	<p>Mon Feb 29 Budget overview briefing with Executive Management (E-team)</p> <p>Thu Mar 10 Department proposed budget meetings with SMT</p> <p>Thu Mar 10 – Mon Mar 21 Executive Management makes final budget decisions</p>	
		<p>Thu Apr 7 Complete proposed draft budgets for Budget Workshops with Boards of Directors</p> <p>Thu Apr 14 File Preliminary Budgets with the Nevada State Department of Taxation</p>	<p>Thu Apr 21 Board of Directors Budget Workshops for SNWA</p> <p>Mon Apr 25 Board of Directors Budget Workshops for LVVWD (including BBWD & Coyote Springs)</p>	

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All Departments	Financial Services	Executive Management	Human Resources
 <p>May</p>	<p>Thu May 5 LVVWD, BBWD, and Coyote Springs Public hearing notice published in LVRJ</p> <p>Tue May 10 SNWA Public hearing notice published in LVRJ</p> <p>Thu May 26 Send adopted budgets to the Nevada State Department of Taxation</p>	<p>Mon May 16 LVVWD Board of Directors conducts public hearings on proposed budgets of LVVWD, Big Bend, and Coyote Springs for possible adoption</p> <p>Thu May 19 SNWA Board of Directors conducts a public hearing on the proposed budget for possible adoption</p>	
<p>Jun</p>	<p>Wed Jun 1 Send Adopted budgets to directors and managers</p> <p>Thu Jun 23 Publish LVVWD, SNWA, BBWD & Coyote Springs annual summary fiscal reports in LVRJ</p>		
<p>Jul</p>			
<p>Aug</p>	<p>Thu Aug 4 Submit proof of publication of fiscal reports to the Nevada State Department of Taxation</p> <p>Thu Aug 11 Submit Budget Award Application to the GFOA</p>		

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Southern Nevada Water Authority Strategic Plan

Strategic Plan Background.

The SNWA's Strategic Plan represents the latest iteration in the SNWA's long-standing commitment to self-assessment, continuous improvement, and comprehensive planning. The Strategic Plan provides future direction for the SNWA, both in its role as a local water purveyor and in its operational and management support of the SNWA.

To respond to a variety of rapidly changing factors impacting the SNWA, senior management and employees of the SNWA, with policy guidance from the SNWA Board, completed a comprehensive Strategic Plan in 1993. The SNWA's Strategic Plan identified forces influencing decision-making and formulated goals and strategies to guide the SNWA in responding to the challenges, and evolve into a dynamic, responsive and effective organization. In 1997, the SNWA revised its original plan to reflect its evolving role in supporting and managing the SNWA, as well as meeting demands as a local water purveyor. In fiscal year 2003-04, senior management and staff completed a review and updated the goals and strategies of the SNWA's Strategic Plan, and a revised plan with new goals and strategies was presented to and adopted by the SNWA Board. At the same time, staff initiated strategic planning meetings with the SNWA member agencies, resulting in the identification of goals to guide the future of the SNWA, and provide a foundation for common understanding between the SNWA and the member agencies.

In fall 2012, the Senior Management Team began meeting to update the strategic plan. This strategic planning process allows the SNWA and the member agencies to continue to respond to current economic conditions, plan for future needs and implement changes to ensure efficient and effective operations. The revised strategic plan was finalized and the organization-wide implementation launched in 2013.

Strategic Plan and 2016-17 Budget Plan Preparation.

The SNWA's Strategic Plan serves as a guide in the development of the SNWA's annual Budget Plan. The Strategic Plan is used to guide and focus operational objectives and subsequently budget plan investments for the upcoming year. In section 5 of the 2016-17 Budget Plan, each department has established objectives for the upcoming year according to the relevant and existing Strategic Plan goal it is designed to address.

The SNWA has a long-standing commitment to self-assessment, continuous improvement, customer service and comprehensive planning, and has undergone several strategic planning initiatives over the past two decades to ensure the organization has a framework for action and is prepared to address dynamic environmental and economic challenges. The Strategic Plan developed in 2013 addresses the challenges of the current economic climate, organizational realignment and operational needs.

For the past decade, Southern Nevada has weathered unprecedented drought conditions on the Colorado River and, more recently, has survived the devastating effects

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of a historic economic downturn. The recession impacts included a change in the community's business environment, a decrease in water sales and sales tax revenue, and a significant decrease in the SNWA connection charges. During this period of economic uncertainty, organizational structure and budgetary issues have been closely evaluated to ensure the organization's focus meets current community needs. The strategic plan represents a roadmap for the next three to five years which realigns the organization's focus on enhancing service levels, improving asset management, providing rate stability and streamlining the organization to meet current and future community needs.

The strategic planning process developed a "blueprint" to increase communication, emphasize accountability, and continue to cut costs and eliminate duplication in a manner representative of the organization's commitment to internal efficiency and exemplary customer service. The plan also establishes goals to facilitate these objectives.

The strategic planning process involved management and employees in all departments through a comprehensive exercise to: assess the organizations and their current environment; review and clarify the organizational vision, mission and values; and develop goals and strategies to support these objectives. By involving all levels of employees in the development of measures, milestones and standards of excellence, and incorporating their input into the strategic plan, the entire workforce has had the opportunity to engage in the implementation

of the new Strategic Plan. Additionally, each workgroup has the ability to monitor its own progress through an online administrative tool.

As a result of this strategic planning process, a new vision and mission were developed:

VISION

**To be a global leader in service,
innovation and stewardship**

MISSION

**Provide world class water service in a
sustainable, adaptive and responsible
manner to our customers through
reliable, cost-effective systems**

GOALS

- Assure quality water through reliable and highly efficient systems.
- Deliver an outstanding customer service experience.
- Anticipate and adapt to changing climatic conditions while demonstrating stewardship of our environment.
- Develop innovative and sustainable solutions through research and technology.
- Ensure organizational efficiency and manage financial resources to provide maximum customer value.
- Strengthen and uphold a culture of service, excellence and accountability.

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Strategic Plan Strategies.

In order to implement the goals of the Strategic Plan, the LVVWD prepared the following strategies:

Assure quality water through reliable and highly efficient systems.

- Provide a high quality drinking water supply and delivery system that is sustainable and promotes the vitality and prosperity of the community.
- Maintain high levels of reliability through application of a sufficiently funded asset management program.
- Sustain operational continuity with a sufficiently staffed, well-trained and skilled workforce.
- Continually improve operating efficiencies by benchmarking to leading industry standards.
- Ensure a high quality of local and regional water resources through comprehensive water quality and watershed management.

Deliver an outstanding customer service experience.

- Assess customer satisfaction, establish benchmarks and determine where improvements are required.
- Continuously improve service processes and practices based on customer assessments.
- Utilize appropriate technology to simplify and improve the customer experience.
- Provide necessary training and development to ensure a quality customer

service experience.

- Communicate with and receive continuous feedback from employees on organizational policy changes and improvements.
- Monitor other organizations/industries to identify innovations, best practices and ways to improve the customer experience.

Anticipate and adapt to changing climatic conditions while demonstrating stewardship of our environment.

- Enhance understanding of climate change impacts among ourselves and our stakeholders.
- Develop and implement adaptation plans to reduce or mitigate impacts of climate change on water and environmental resources.
- Conduct long-term water resources and facilities planning to ensure adequate resources are available when needed.
- Develop and implement proactive stewardship for environmental resources to ensure access to current and future water supplies.
- Champion innovative water efficiency initiatives to maximize beneficial use of resources.
- Incorporate sustainable best practices into organization initiatives and inspire positive change.

Develop innovative and sustainable solutions through research and technology.

- Identify, prioritize and implement sustainable and cost-effective solutions to organizational challenges.

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- Promote a culture that is innovative and creative, and makes effective use of technology.
- Allocate the resources necessary to advance research, technology and other innovations.
- Develop and strengthen partnerships on a global basis to leverage resources and advance innovation.

Ensure organizational efficiency and manage financial resources to provide maximum customer value.

- Increase customer communication so there is a better understanding of the value of our products and services.
- Ensure predictable rates that are aligned with community expectations.
- Seek out and deploy worldwide best practices to minimize costs.
- Establish and utilize benchmarks to explore new opportunities for improved efficiencies.
- Formulate risk assessments and develop alternatives for expenditure decisions.

Strengthen and uphold a culture of service, excellence and accountability.

- Improve the consistency and openness of communication to ensure employees are engaged and well informed.
- Increase the effectiveness of professional development by providing additional diverse learning opportunities.
- Hold ourselves accountable for delivering quality products and services to our customers, each other and the environment.
- Identify, monitor and measure key performance areas of the organization, openly sharing results and taking appropriate action.
- Provide and seek timely feedback on individual, team and departmental performance to enhance collaboration, accountability and excellence.