

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
MAY 31, 2018
MINUTES**

CALL TO ORDER 11:12 a.m., Board Chambers, Southern Nevada Water Authority,
100 City Parkway, Seventh Floor, Las Vegas, Nevada

BOARD MEMBERS PRESENT Marilyn Kirkpatrick, Chair
Bob Coffin, Vice Chair
Peggy Leavitt
John Lee
John Marz (by telephone)
Steve Sisolak

BOARD MEMBERS ABSENT Jim Gibson

STAFF PRESENT John Entsminger, Julie Wilcox, Dave Johnson, Greg Walch, Brian Thomas

OTHERS PRESENT

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

There were no speakers.

ITEM NO.

1. ***For Possible Action: Approve agenda with the inclusion of tabled and/or reconsidered items, emergency items and/or deletion of items, and approve the minutes from the regular meetings of March 15, 2018, and April 19, 2018.***

FINAL ACTION: A motion was made by Director Sisolak to approve the agenda for this meeting and to approve the minutes from the regular meetings of March 15, 2018, and April 19, 2018. The motion was approved.

2. ***For Possible Action: Approve an increase of the Wholesale Delivery Charge to \$313 per acre-foot for treated water and \$238 per acre-foot for untreated water effective July 1, 2018, an additional increase of \$10 per acre-foot for treated water and \$6 per acre-foot for untreated water effective July 1, 2019, and annual adjustments of both rates thereafter in accordance with the Consumer Price Index.***

Director Sisolak asked if the proposed increase after 2019 was tied to a specific Consumer Price Index. John Entsminger, General Manager, said that the potential increase was tied to the All Urban Consumer Price Index - Pacific Cities Class A, which indexes cities with populations of more than one million people.

FINAL ACTION: Vice Chair Coffin made a motion to approve staff's recommendation. The motion was approved.

3. ***For Possible Action: Conduct a Public Hearing on the Tentative Budget for the Southern Nevada Water Authority and subsequently adopt a Final Budget for Fiscal Year 2018/19.***

John Entsminger, General Manager, gave a summary presentation on the tentative budget for Fiscal Year 2018/19. A copy of his presentation is attached to these minutes.

After the presentation, Chair Kirkpatrick opened the public hearing. As there were no speakers, she closed the public hearing.

FINAL ACTION: Director Sisolak made a motion to approve staff's recommendation. The motion was approved.

CONSENT AGENDA

4. ***For Possible Action:*** Approve an assistance agreement, in substantially the same form as that attached hereto, between the Bureau of Reclamation and the Authority to accept grant funding in the amount of \$88,599 for Lake Mead drought modeling to inform future drinking water treatment needs, with the Authority providing up to \$132,397 of in-kind contributions.
5. ***For Possible Action:*** Approve and authorize the General Manager to execute the first amendment to the existing lease agreement between Molasky Center Sign Company, LLC, and the Authority to extend the lease term for two sign locations on the Molasky Corporate Center building through 2022, in the amount of \$7,000 per month, and authorize an increase not to exceed 2 percent for each lease year.
6. ***For Possible Action:*** Approve and authorize the General Manager to sign a fiscal partnership and sponsorship agreement between the Water Education Foundation and the Authority to support funding development for the Colorado River Traveling Exhibition and associated education programs.
7. ***For Possible Action:*** Approve two resolutions authorizing the submission of two grant proposals to the Bureau of Reclamation's WaterSMART: Water and Energy Efficiency Grant Program, requesting \$300,000 and \$1,000,000, respectively; if either proposal is accepted, the Authority's matching contribution would be \$3,000,000 or \$10,000,000, respectively.
8. ***For Possible Action:*** Approve and authorize the Chair to sign an interlocal agreement among the City of Henderson, the City of Las Vegas, the City of North Las Vegas, Clark County, the Clark County Regional Flood Control District, the Clark County Water Reclamation District and the Authority to establish funding allocations and the budget for Las Vegas Wash activities in Fiscal Year 2018/19 and to approve the Authority's allocation of \$293,818.
9. ***For Possible Action:*** Approve and authorize the General Manager to sign an amendment to the existing agreement between CH2M HILL Engineers, Inc., and the Authority for miscellaneous civil, electrical, mechanical and control systems projects for an increase not to exceed \$300,000 annually.
10. ***For Possible Action:*** Approve the Southern Nevada Smart Community Vision document.

FINAL ACTION: Director Leavitt made a motion to approve staff's recommendations. The motion was approved.

BUSINESS AGENDA

11. ***For Possible Action:*** Adopt the 2018 Las Vegas Wash Capital Improvements Plan.

FINAL ACTION: Director Leavitt made a motion to approve staff's recommendation. The motion was approved.

12. ***For Possible Action:*** Ratify the General Counsel's intervention in Federal Energy Regulatory Commission Docket EL18-102-000 involving possible revisions to NV Energy's transmission rates to reflect the recent change in the federal corporate income tax rate.

FINAL ACTION: Vice Chair Coffin made a motion to approve staff's recommendation. The motion was approved.

13. ***For Possible Action:*** Award a contract to provide on-call operation and maintenance support services to MMC, Inc., for the amount of \$1,414,000, authorize a change order contingency amount not to exceed \$86,000, authorize renewal for four additional one-year periods, and authorize the General Manager to sign the construction agreement.

FINAL ACTION: Director Leavitt made a motion to approve staff's recommendation. The motion was approved.

14. ***For Possible Action:*** Approve the Agreement Establishing Programmatic Funding for Colorado River Basin Weather Modification, in substantially the same form as that attached hereto, among California's Six Agency Committee, Central Arizona Water Conservation District, Colorado Water Conservation Board, Utah Division of Water Resources, Wyoming Water Development Office, the New Mexico Interstate Stream Commission and the Authority for an amount not to exceed \$4,000,000 over the next eight years.

Vice Chair Coffin asked if staff anticipated any resistance from mid-west States to the partners' weather modification efforts. Mr. Entsminger said that staff did not anticipate resistance as there was no scientific evidence linking any adverse weather patterns to cloud-seeding efforts.

FINAL ACTION: Vice Chair Coffin made a motion to approve staff's recommendation. The motion was approved.

15. ***For Possible Action:*** Receive a conservation update; authorize conservation program rebate increases to 1) the Authority's Water Smart Landscapes Program for an amount not to exceed \$3 per square foot for the first 10,000 square feet of turf removed and \$1.50 per square foot thereafter, and an amount not to exceed \$3 per square foot for up to 2,500 square feet for well users; and 2) the Authority's Water Efficient Technologies program for amounts not to exceed \$45 per 1,000 gallons of annual consumptive use reduction and \$15 per 1,000 gallons of annual non-consumptive use reduction; authorize the General Manager to adjust rebates in the future not to exceed cumulative inflation beginning June 2018; and authorize the General Manager or his designee to execute any ministerial documents necessary to effectuate related transactions.

Colby Pellegrino, Director of Water Resources, gave a presentation on the status of the Authority's Water Smart Landscapes (WSL) and Water Efficient Technologies (WET) programs. A copy of her presentation is attached to these minutes.

Chair Kirkpatrick asked if staff included schools, parks and municipal properties in its assessment of potential areas for turf removal. Ms. Pellegrino said that the 200 million square feet of turf that staff estimated could be converted to water smart landscaping did not include parks, schools or residential backyards. The WSL program targeted residential front yards and turf at commercial facilities.

Director Sisolak suggested that staff contact commercial properties with estimates of the money the properties could save by converting to water smart landscaping. Ms. Pellegrino said that staff would contact the property owners.

Mr. Entsminger said that the proposed modifications to the Authority's conservation programs were to reinvigorate the program in the face of rising water consumption in Southern Nevada. He also said that staff will work with property managers and developers to encourage additional water conservation.

Chair Kirkpatrick recommended that staff work with the municipalities and public works departments on development and use standards that would help the community to continue to develop in a sustainable, water smart manner. Director Lee and Vice Chair Coffin said that they would like their respective jurisdictions to also work with staff on potential water saving efforts.

The Board discussed rebate limits for individual landscape conversion projects. Following the Board's discussion, Mr. Entsminger suggested that the Board approve the WSL turf conversion incentive increases as proposed while keeping the per project maximum annual rebate at \$300,000.

FINAL ACTION: Director Leavitt made a motion to approve staff's recommendations as proposed and increase conservation incentives for the WET and WSL programs but maintain a per project rebate limit of \$300,000 for the WSL program. The motion was approved.

16. ***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 Plan, activities on the Colorado River, the development of in-state water resources, and the status of construction activities near Lake Mead.

Mr. Entsminger said that severe drought conditions continued to persist in the Colorado River Basin. The Authority's construction activities on the Low Lake Level Pump Station were continuing on schedule, including a recent successful test of the high-lift pumps.

NO ACTION REQUIRED

Public Comment


There were no speakers.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 12:23 p.m.



2017-18 HIGHLIGHTS & ACHIEVEMENTS



- In March, S&P raised SNWA's credit rating to AA from AA-, with a stable outlook.
- Low Lake Level Pumping Station (L3PS) construction continues on schedule
- Final weir under construction in the upper Las Vegas Wash
- Implemented mandatory Sundays Off within watering schedule across all jurisdictions
- Partnered with other Colorado River Basin States and the country of Mexico to execute Minute 323
- Opened the Warm Springs Natural Area to the public

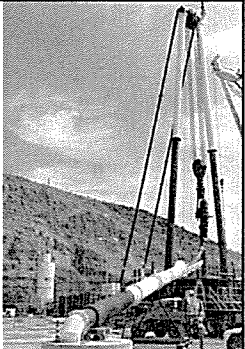
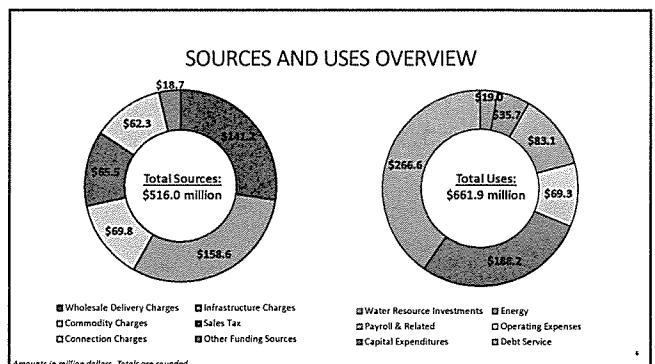
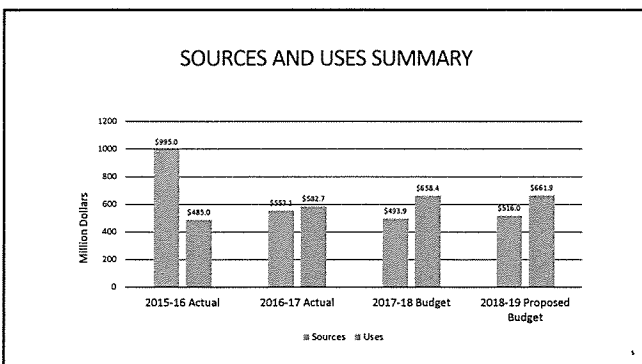
Warm Springs Natural Area

2018-19 INITIATIVES

- Update the SNWA Conservation Plan and conservation programs to achieve further savings
- Continue construction of L3PS
- Move the Eastern Nevada Transmission Project forward
- Continue water storage and banking efforts
- Engage with Colorado River Basin partners to address declining reservoir levels

The 2018-19 Budget includes \$188.5 million for capital expenditures, a decrease of approximately \$25 million from last year's budget.

The decrease is largely due to weir construction in the upper Las Vegas Wash nearing completion, which is expected at the end of 2018.

SOURCES OF FUNDS

Sources	Actual 2016-17	Budget 2017-18	Proposed Budget 2018-19	Budget-to- Budget Variance
Wholesale Delivery Charge	\$ 130.1	\$ 130.8	\$ 141.2	\$ 10.4
Infrastructure Charge	132.5	149.1	158.6	9.5
Commodity Charge	65.4	68.5	69.8	1.3
Connection Charge	57.0	63.3	62.3	(1.0)
Reliability Surcharge	5.3	5.3	5.6	0.3
Sales Tax	60.9	62.3	65.5	3.2
Investment Income	4.9	3.8	5.9	2.0
Groundwater Management Fees	0.9	0.9	0.9	(0.0)
LV Wash Program Fees	0.4	0.4	0.4	(0.0)
Grant Proceeds	1.4	4.7	0.4	(4.3)
Other Revenues	94.4	4.7	5.4	0.7
Subtotal	\$ 553.1	\$ 493.9	\$ 516.0	\$ 22.1
Debt Issuance Proceeds	-	-	-	-
Total Sources	\$ 553.1	\$ 493.9	\$ 516.0	\$ 22.1

Amounts in million dollars. Totals are rounded.

USES OF FUNDS

Uses	Actual 2016-17	Budget 2017-18	Proposed Budget 2018-19	Budget-to- Budget Variance
Water Resource Investments	\$ 3.5	\$ 12.1	\$ 19.0	\$ 6.9
Energy	36.6	37.0	35.7	(1.3)
Payroll & Related	69.8	77.2	83.1	5.9
Operating Expenses	41.4	54.5	69.3	14.8
Capital Expenditures	166.4	213.7	188.2	(25.5)
Debt Service	265.0	264.0	266.6	2.7
Total Uses	\$ 582.7	\$ 658.4	\$ 661.9	\$ 3.6

Amounts in million dollars. Totals are rounded.

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Uses				
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Operating Expenses	41.4	54.5	69.3	14.8
Capital Expenditures	166.4	213.7	188.2	(25.5)
Debt Service	265.0	264.0	266.6	2.7
Total Uses	\$ 582.7	\$ 658.4	\$ 661.9	\$ 3.6
Total Net Surplus/(Deficit)	\$ (29.6)	\$ (164.5)	\$ (146.0)	

SNWA Budget Summary

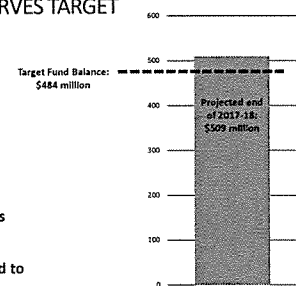
Amounts in million dollars. Totals are rounded.

RESERVES TARGET

Reserve Policy Elements:

- Maintain 180 Days Operating and Maintenance
- Fund one year of maximum annual debt service
- Fund one year of average annual capital expenditures
- Fund 1 percent of depreciable assets

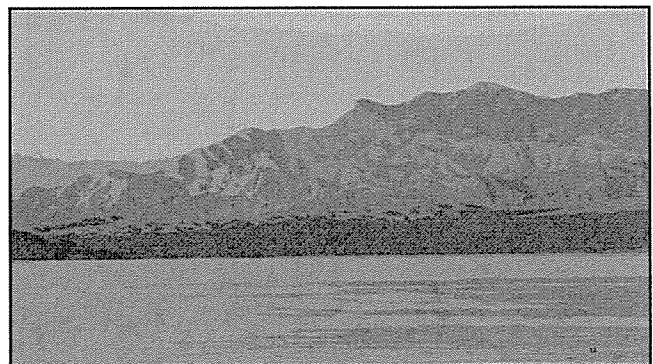
The Rate Stabilization Fund is projected to be \$188 million at the end of 2017-18.



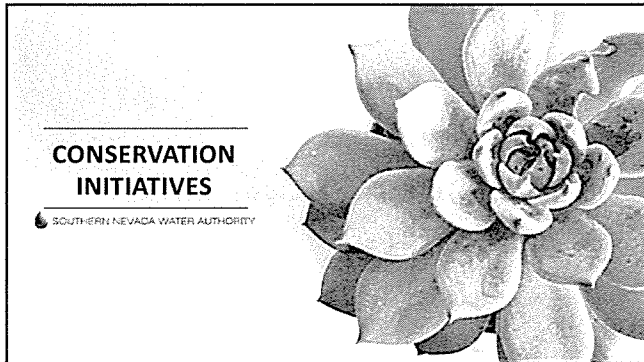
2018-19 BUDGET SUMMARY

- Total revenues are up \$22.1 million (approximately 4%)
- Total uses are up \$3.6 million (Less than 1%)
- Budget supports increased investments in conservation and water resource management activities for drought protection
- Healthy reserves will be used to fund capital in upcoming years, likely eliminating the need to issue debt for the next three years

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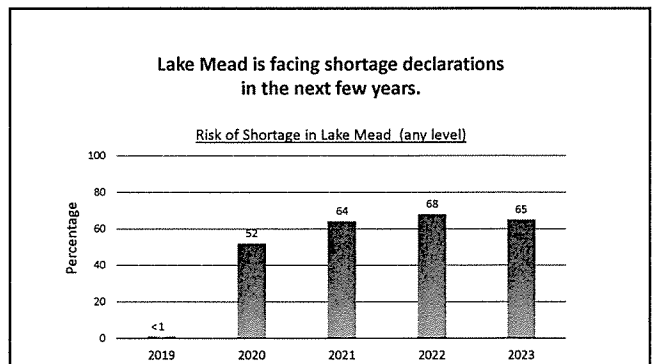
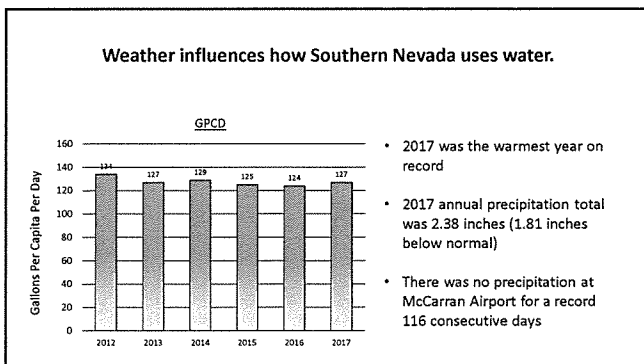
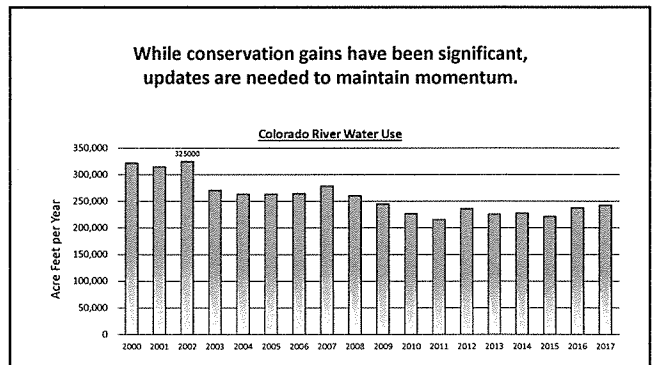
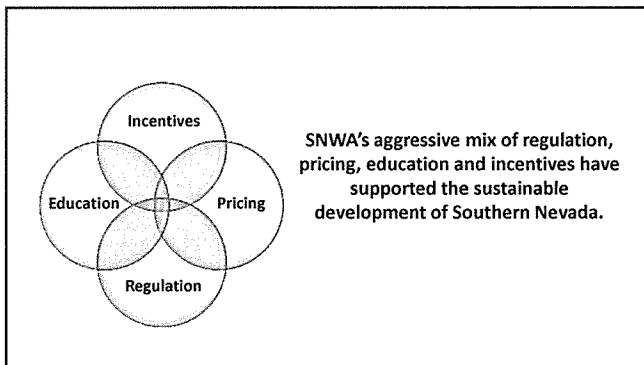
SNWA's conservation program remains one of the most comprehensive water conservation programs in the nation.

"What Nevada has done to conserve water may serve as example for California."
April 27, 2015. Las Vegas Review Journal

"Learning from Sin City: How Las Vegas saves so much water."
Aug. 27, 2015. Desert Sun

"Southern Nevada Water Authority goes high-tech on water conservation."
May 9, 2016. Las Vegas Business Press

"Water Conservation, brought to you by Las Vegas."
Sept. 22, 2015. Outside Online



SNWA's conservation achievements have helped buffer impacts of shortage declarations.

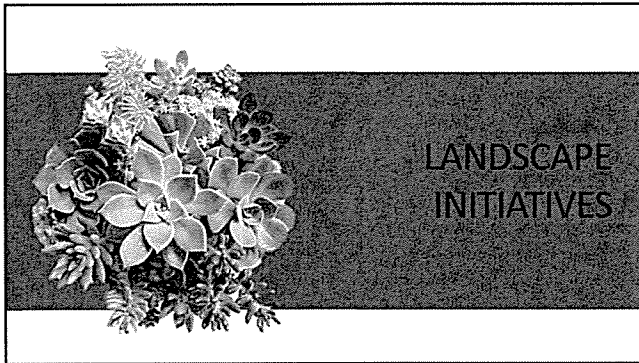
Allocation	Shortage 1,075 ft.	Shortage 1,050 ft.	Shortage 1,025 ft.	Current Use
300,000	287,000	283,000	280,000	243,000

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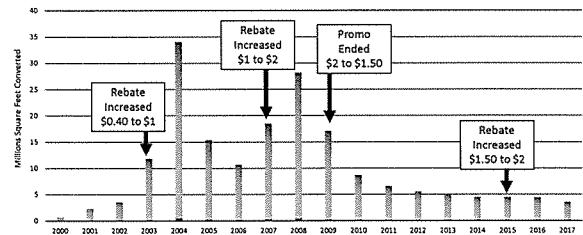
Program enhancements are needed to maintain progress.

Key Goals to Enhancing the Conservation Program:

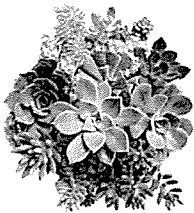
- Invest in programs that are working to **reduce consumptive use**
- Increase participation
- Keep incentives compelling
- Pilot new programs



Landscape conversions have declined in recent years.



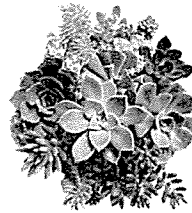
LANDSCAPE INITIATIVES



Water Smart Landscaping Program:

	Current	Proposed
Rebate	\$2 per sq. ft. for first tier \$1 thereafter	\$3 per sq. ft. for first tier \$1.50 thereafter
First tier	5,000 sq. ft.	10,000 sq. ft.
Annual Conversion Limit	\$300,000	None (pending funding availability)

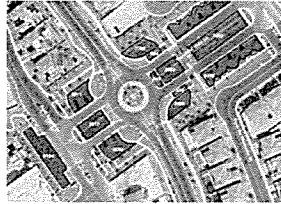
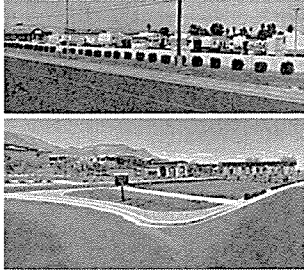
LANDSCAPE INITIATIVES



Other efforts:

- Pilot landscape conversion program from cool-season to warm-season grasses on areas where turf is appropriate
(Program limited to municipalities/public spaces)
- Incentives to convert bubblers to drip irrigation
- Converting median and streetscape turf to water efficient landscaping

LANDSCAPE INITIATIVES



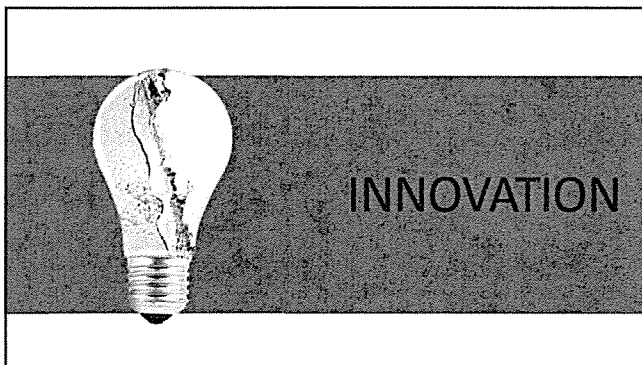
LANDSCAPE INITIATIVES

Reducing streetscape and median turf

- Water use is only aesthetic
- Inconsistent with existing conservation signals

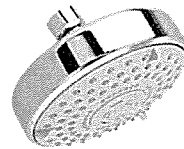
Next Steps

- Targeted outreach to HOAs and municipal planning agencies
- Converting ornamental turf saves water, is easier to maintain and reduces overspray (and damage) to nearby hard surfaces
- Prevent future installations within the community



WATER EFFICIENT TECHNOLOGIES

The Water Efficient Technologies (WET) Program incentivizes commercial/multi-family properties to install water efficient devices



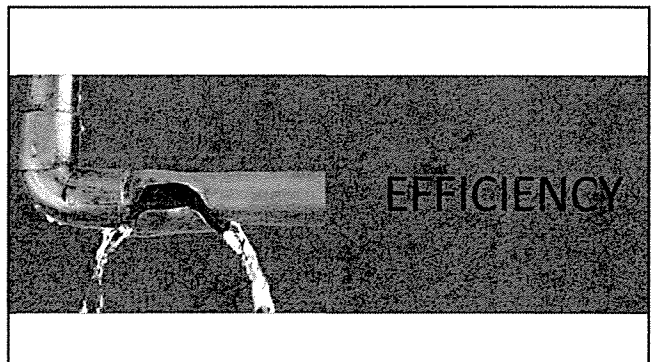
Water Efficient Technologies Program:

	Current	Proposed
Consumptive Use Reductions Rebate	\$25	\$45
Non-Consumptive Use Reductions Rebate	\$8	\$15
Rebate Ceiling	\$50,000	\$100,000

OTHER INITIATIVES



- Pilot rebate programs for customers who install smart home water devices at their home



EFFICIENCY-RELATED INITIATIVES



- Target high residential water consumers with comprehensive water efficiency audit program
- Strengthen water waste enforcement activities

QUESTIONS