

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
MAY 21, 2020
MINUTES**

CALL TO ORDER 9:01 a.m., meeting conducted via teleconference and broadcasted via SNWA.com

BOARD MEMBERS PRESENT Marilyn Kirkpatrick, Chair
Dan Stewart, Vice Chair (via phone)
Claudia Bridges (via phone)
Cedric Crear (via phone)
Jim Gibson (via phone)
Justin Jones (via phone)
John Lee (via phone)

BOARD MEMBERS ABSENT None

STAFF PRESENT John Entsminger, Julie Wilcox (via phone), Dave Johnson (via phone), Greg Walch (via phone), Kevin Bethel (via phone), Colby Pellegrino (via phone)

OTHERS PRESENT None

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

COMMENTS BY THE GENERAL PUBLIC

For full public comment, visit snwa.com/apps/snwa-agendas/index.cfm

There were no comments provided in advance by the public.

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 meeting of April 16, 2020.

FINAL ACTION: Director Gibson made a motion to approve the agenda for this meeting, and to approve the minutes from the regular meeting of April 16, 2020. The motion was approved.

CONSENT AGENDA

2. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an amendment to the existing agreement between Parsons Corporation, dba Parsons Water & Infrastructure, and the Authority for program management services, which provides an agreement extension through June 30, 2022.
3. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an interlocal agreement between the Clark County Regional Flood Control District and the Authority to fund the development of a site-specific criteria for selenium in the Las Vegas Wash in an amount not to exceed \$100,000.
4. ***For Possible Action:*** Ratify the approval of a subcontract agreement between Hazen and Sawyer, P.C., and the Authority for the Investigation of Treatment Alternatives for Short-Chain PFAS Project and receive funds in the amount of \$70,000.
5. ***For Possible Action:*** approve and authorize the General Manager to sign, in substantially the same form as attached hereto, a grazing sublease agreement between the Nevada Department of Wildlife, Blue Diamond Oil Corporation and the Authority authorizing the Authority to graze cattle in the Steptoe Valley Wildlife Management Area for an amount not to exceed \$40,000 per season of use.
6. ***For Possible Action:*** adopt the 2020 Las Vegas Wash Capital Improvements Plan.

7. ***For Possible Action:*** Approve and authorize the Chair to sign, in substantially the same form as attached hereto, 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 2020/21 and approve the Authority's allocation of \$344,481.

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

BUSINESS AGENDA

8. ***For Possible Action:*** Approve and authorize the General Manager to sign an interlocal agreement between Clark County and the Authority to convert approximately 193,226 square feet of turf grass to drought tolerant landscaping at Lewis Family Park, provide an estimated rebate of \$284,839, and give Clark County an option to convert a maximum of 323,000 square feet of turf grass at Lewis Family Park during the same fiscal year through the Water Smart Landscapes Program for an amount not to exceed \$500,000.

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

9. ***For Possible Action:*** Conduct a Public Hearing on the Tentative Budget for the Authority and subsequently adopt a Final Budget for Fiscal Year 2020/21.

John Entsminger, General Manager, gave a summary presentation on the tentative budget for Fiscal Year 2020/21. A copy of his presentation is attached to these minutes.

After the presentation, Chair Kirkpatrick opened the public hearing. Ed Uehling said that revenues will be lower than what is budgeted due to lower water consumption by hotels. That will lead to additional borrowing or increases in water rates. He said other alternatives, such as selling SNWA-owned ranches, should be explored to make up the deficit.

As there were no other speakers wishing to comment, Chair Kirkpatrick closed the public hearing.

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

10. ***For Possible Action:*** Receive an update from staff on the Groundwater Project and direct staff accordingly.

Mr. Entsminger said that staff recommended moving the Groundwater Project to deferred status in the Authority's Water Resource Plan. The recommendation was based on three primary reasons: With the completion of the Low Lake Level Pumping Station in April 2020, the community had additional flexibility and access to Colorado River supplies; the community's conservation achievements had lowered demand despite population increases; and the Authority had established successful partnerships with other Colorado River states and users.

Director Jones said that the architects of the Groundwater Project were well-intentioned. They wanted to ensure Southern Nevada had access to sufficient water resources. However, given the community's current situation, the project did not make sense environmentally or economically. Since the Authority had pioneered other alternatives to the project, such as return-flow credits, additional infrastructure, and water conservation measures, the community could achieve water security without the need for the Groundwater Project.

FINAL ACTION: Director Jones made a motion to: (1) withdraw any pending Groundwater Project applications for importation of water to Southern Nevada; (2) reconvey federal right-of-way N-78803 to the Bureau of Land Management; (3) withdraw from the federal stipulations concerning Spring, Dry Lake, Delamar and Cave Valleys; (4) write-off and impair for accounting purposes expenses related to the Groundwater Project, other than those assets related to the northern ranch and ranch operations, from inception (1989) to present, of approximately \$330.2 million through end of April 2020, and include the impairment in the subsequent filing of the Quarterly Economic Survey submitted to the State Department of Taxation; and (5) take other actions as appropriate to place the Groundwater Project into deferred status in the Authority's Water Resource Plan. The motion was approved.

Public Comment

Ed Uehling, Las Vegas, spoke concerning the Groundwater Project. He said that tiered water rates had more impact on water conservation than the Authority's other conservation programs. He said that the tiers should have been increased more instead of implementing water waste investigations and turf conversions. Mr. Uehling also submitted written comments for the record, which are attached to these minutes.

Gary Perea, White Pine County, spoke concerning the Groundwater Project. He said that water issues should be addressed by the state as a whole instead of region by region.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 9:33 a.m.

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.

2020-21 Budget Hearing



1

2019-20 HIGHLIGHTS

- Completed the Low Lake Level Pumping Station on schedule and under budget
- Approved a new regional Conservation Plan that outlines the tools and programs needed to meet the regional water conservation goal
- Implemented new conservation programs aimed at making outdoor turf more efficient: replacing cool-season turf at parks and athletic fields at schools
- Helped secure sales tax funding for water and wastewater infrastructure for the future
- Completed an advisory committee process that considered long-term water planning efforts and will make recommendations to SNWA Board in the future
- Continued responsibilities to safely treat and deliver water to municipalities throughout the Covid-19 pandemic

2

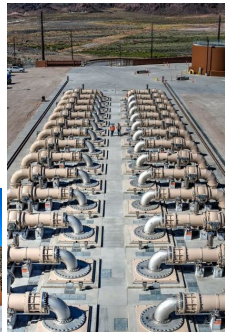
CAPITAL HIGHLIGHTS: LOW LAKE LEVEL PUMPING STATION

PROJECT OVERVIEW:

SUMMARY: New pumping station at Lake Mead designed to operate at low lake elevations and pump water from Intake 3 to the treatment plants. Provides operational flexibility when lake elevations are below 1,000 feet.

COST: \$650 million

COMPLETION: April 2020



3

CAPITAL HIGHLIGHTS: RIVER MOUNTAINS WATER TREATMENT SODIUM HYPOCHLORITE REPLACEMENT

PROJECT OVERVIEW:

SUMMARY: Aging sodium hypochlorite system replaced; new bulk dilution system allows for increased operational flexibility. Each new onsite Sodium Hypochlorite generator capable of producing 2,000 pounds of equivalent chlorine per day.

COST: \$6.7 million

COMPLETION: May 2020



4

CAPITAL HIGHLIGHTS: ALFRED MERRITT SMITH FILTER BED REHABILITATION

PROJECT OVERVIEW:

SUMMARY: Replaced filter media with additional depth, additional gullet wall heights and new motor-operated valves. Increases treatment reliability for the AMS treatment facility.

COST: \$26.5 million

COMPLETION: November 2021



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2020-21 BUDGET OVERVIEW

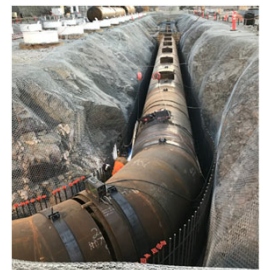
The SNWA submitted a *Tentative Budget* by April 15 – before the impacts of COVID-19 were more apparent

The SNWA prepared a *Proposed Final Budget* in response to the COVID-19, which projects declines in revenues compared to the *Tentative Budget*

Capital and debt payments represent more than 65% of the budget

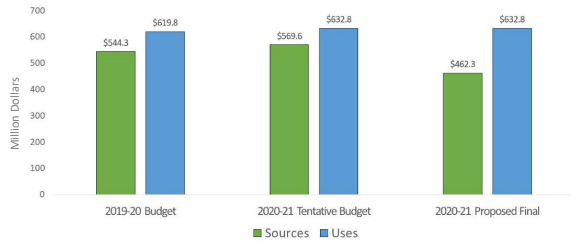
The 2020-21 Proposed Budget drivers include:

- Increased energy costs
- Completion of L3PS
- Reduced water resource spending



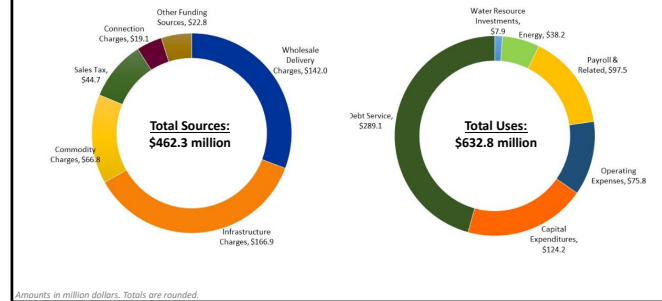
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SOURCES AND USES OVERVIEW



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2020-21 SOURCES AND USES SUMMARY



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SOURCES OF FUNDS

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Budget-to- Budget Variance (\$)
Sources				
Wholesale Delivery Charge	\$ 133.3	\$ 148.5	\$ 142.0	\$ (6.5)
Infrastructure Charge	162.9	163.4	166.9	3.5
Commodity Charge	69.6	71.8	66.8	(5.0)
Connection Charge	75.6	71.3	19.1	(52.2)
Reliability Surcharge	5.7	5.9	5.4	(0.4)
Sales Tax	68.0	67.6	44.7	(22.9)
Investment Income	31.0	8.8	7.2	(1.6)
Groundwater Management Fees	0.9	0.9	0.9	(0.0)
LV Wash Program Fees	0.4	0.4	0.4	-
Grant Proceeds	0.8	0.3	2.0	1.7
Other Sources	8.2	5.5	6.8	1.3
Subtotal	556.3	544.3	462.3	(82.0)
Debt Issuance Proceeds	-	-	-	-
Total Sources	556.3	544.3	462.3	(82.0)

Amounts in million dollars. Totals are rounded.

9

USES OF FUNDS

	Actual 2018-19	Budget 2019-20	Proposed Budget 2020-21	Budget-to- Budget Variance
Water Resource Investments	\$ 6.7	\$ 13.9	\$ 7.9	\$ (6.0)
Energy	36.4	36.0	38.2	2.2
Payroll & Related	82.5	88.5	97.5	9.0
Operating Expenses	51.7	75.7	75.8	0.1
Capital Expenditures	167.9	140.1	124.2	(15.9)
Debt Service	260.2	265.6	289.1	23.6
TOTAL USES	\$ 605.3	\$ 619.8	\$ 632.8	\$ 13.0

Amounts in million dollars. Totals are rounded.

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SNWA Budget Summary

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Budget-to-Budget Variance (\$)
Sources				
Wholesale Delivery Charge	\$ 133.3	\$ 148.5	\$ 142.0	\$ (6.5)
Infrastructure Charge	162.9	163.4	166.9	3.5
Commodity Charge	69.6	71.8	66.8	(5.0)
Connection Charge	75.6	71.3	19.1	(52.2)
Reliability Surcharge	5.7	5.9	5.4	(0.4)
Sales Tax	68.0	67.6	44.7	(22.9)
Investment Income	31.0	8.8	7.2	(1.6)
Groundwater Management Fees	0.9	0.9	0.9	(0.0)
LV Wash Program Fees	0.4	0.4	0.4	-
Grant Proceeds	0.8	0.3	2.0	1.7
Other Sources	8.2	5.5	6.8	1.3
Subtotal	556.3	544.3	462.3	(82.0)
Debt Issuance Proceeds	-	-	-	-
Total Sources	556.3	544.3	462.3	(82.0)
Uses				
Water Resource Investments	6.7	13.9	7.9	(6.0)
Energy	36.4	36.0	38.2	2.2
Payroll & Related	82.5	88.5	97.5	9.0
Operating Expenses	51.7	75.7	75.8	0.1
Capital Expenditures	167.9	140.1	124.2	(15.9)
Debt Service	260.2	265.6	289.1	23.6
Total Uses	605.3	619.8	632.8	13.0
Total Net Surplus/(Deficit)	\$ (49.0)	\$ (75.5)	\$ (170.5)	\$ (95.0)

Amounts in million dollars. Totals are rounded.

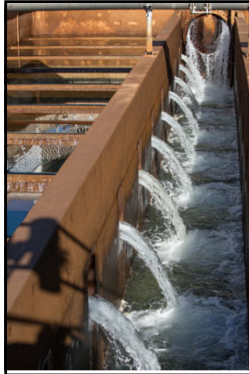
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2020-21 BUDGET SUMMARY

- The SNWA maintains its ability to respond to threats to supplies (drought and climate change) and demands (system expansion)
- SNWA Reserves and prudent management of expenditures will help support the organization through this period of uncertainty
- The organization is deferring capital and reducing operating costs
- No new debt issuances

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2020-21 INITIATIVES

- Manage budget and spending to mitigate Covid-19 impacts
- Continue conservation initiatives to drive down demands
- Consider IRPAC 2020 recommendations
- Bring forward new Major Construction and Capital Plan
- Begin efforts to mitigate erosion in Lower Las Vegas Wash

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26May2020

To: Marilyn Kirkpatrick, Chairperson SNWA Board
From: Ed Uehling
Re: Item 9 (2020-21 Budget) of 21May2020 SNWA Board of Directors meeting for inclusion in the meeting minutes and distribution to all members of the Board

First of all, thank you for assuring me and the other hapless customers of SNWA that there will be no more borrowing, invention of new categories of categories for which customers would be charged and no rate increases.

Since its creation SNWA has used the second-most valuable natural resource of the State (i.e., a virtually unlimited supply of water in the middle of the desert) to serve EXCLUSIVELY the interests of its managers and employeesⁱ. The burden of this obscene giveaway h the DIRECT detriment of the interests of their customers and of the people and institutions of Clark County (and even, if it had not been stopped by the courts, a large and very poor area of the State nearly the size of Clark Countyⁱⁱ would have been left even more barren and more poor—all in the service of these “Public” “Servants”.

I know that you and the other members and all the past members of this Board believe every word uttered by Mr. Entsminger, however, by doing so, you are harming the people of Southern Nevada. Mr. E glibly glossed over the attached pages of the budget in a manner that totally misled you and the other board members.

Just look at the figures and you will see that SNWA is, BY MR. ENTSMINGER’S OWN FIGURES, \$75.5 million in the red for the year ending next month and \$170.5M PLANNED deficit for next fiscal year. That is a total of 246 million dollars in the red.

But that is only the beginning:

1. Even though the figures would have been readily available to him, Mr. Entsminger did not factor the real income for March and April into his report. You said that water consumption—and presumably, therefore, water income—has actually increased in spite of all the resorts being closed down. The fact that Mr. Entsminger did not use figures, which would have made his report slightly less horrible, is evidence to me and any non-interested observer that your assertion may be inaccurate.
2. As the background information for this item asserts, the activities of SNWA and LVVWD are inexorably intertwined. The budget of the LVVWD, which you as Chairperson of that board approved two days earlier (19May and also attached herewith), calls for a final deficit of \$100 million 35 days from now and an additional deficit of \$57.6M for FY2021—a “grand” total of \$157.6M IN THE RED.
3. Worse, besides the obvious facts that the budgets understate the REAL deficits, it must be noted that LVVWD already borrowed \$100M a month ago and actually INCLUDED THAT AMOUNT IN NEXT YEAR’S BUDGET AS IF IT WERE INCOME!! That means that the real operating deficit for the LVVWD for these two years will be a. minimum of \$257.6M.

4. That means that SNWA/LVVWD have combined PLANNED deficits in the 2 years your Boards are dealing with exceeding ONE HALF BILLION DOLLARS (\$503.6M to be exact). The real figure could be much higher.
5. There are many other factors including the \$330M write-off of the disastrous Groundwater Plan (where is that calculated in the budgets?) and the effects of Governor Sisolak's Shutdown Orders, which should have been factored into the FY2021 budget.
6. And then there's the most disgraceful and disgusting action of all: these incompetent managers awarded themselves and their staff \$10 million in raises!!!

If half a billion-dollar deficit (by an already price-gouging "business" operation that is based on free unlimited water in the middle of the thirstiest desert on the North American continent) does not make the case for an immediate management overhaul, nothing will. Fortunately for this Board, there are two painless paths for you 1) to avoid being blamed for the past SNWA Boards' and employees' incompetence and greed AND 2) disappear the half billion dollar hole those people created for you to solve. These are:

- Operate Clark County's water service as a business by encouraging more indoor use (create \$70M+/year), discouraging outdoor use through pricing (create \$10-20M/yr.), requiring employees, particularly upper management, to pass an 8th grade math test and cutting a number of SNWA's most prized programs such as a) its lawn "uglification" devastating many neighborhoods, b) its Water Gestapo targeted for major expansion by IRPAC, c) its public MISinformation barrage and d) gold-plated salary and retirement insult to its customers (save \$20-40M/year).
- Sell the entire existing operation to an experienced international water company under very strict conditions including a \$200,000,000/year contribution to Clark County's infrastructure needs, while eliminating the absurd sales tax rip-off (\$20 M added to County GDP). I can't imagine that SEVERAL reputable companies wouldn't jump at the opportunity to make billions as our city regains its deserved growth model (the one I witnessed in the 1950's) to become the largest city in America within 50 years.

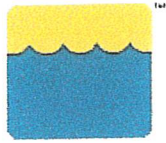
I know that I have used extreme terms herein to described the acts of your predecessors and the consistent management policies of SNWA since its inception, but I consider them necessary given the ignoring of my dozens of letters and writings since 1990 and my dozens of discounted, even ridiculed, appearances at water meetings. My only focus in these and in this communication has been the inhuman obscenity and financial unsustainability of those people's actions to which the tone and words of this letter cannot possibly compare. These "public servants" have done and are doing real damage to all but a handful of Clark County and Nevada citizens of Clark County. I just talk and write; they ACT with a vengeance against the people of this County.

ⁱ As if paying the highest utility-worker wages in the country (median compensation approximately \$120,000/yr. and 3-10 times the median lifetime earnings of its customers), the SNWA isn't sufficient insult to its customers, the SNWA adds the injury of favoring and employing too many people, who happen to be friends of the past and present leadership, judging from the sea of white faces populating its bi-monthly meetings—very much unlike its customer base.

ⁱⁱ This literally would have been the effect of the central Nevada water project. It cost the hapless customers \$330,000,000, which Pat Mulroy, John Entsminger and their 3000 sycophant “employees” should have to pay for from their gold-plated salaries, pensions and other benefits.

Attachments: Budgets for SNWA and LVVWD

Las Vegas Valley Water District
Operating and Capital Budget
General Manager's Information Report
Fiscal Year Ending June 30, 2021



Budget Summary
(\$ in millions)

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Budget-to-Budget Variance	
				\$	%
Sources					
Tiered Consumption	\$ 270.6	\$ 300.5	\$ 276.7	\$ (23.8)	-8%
Service Charge	70.6	73.6	76.9	3.3	5%
Backflow Charge	11.9	11.9	12.2	0.3	2%
Reclaimed Water	7.0	7.5	6.9	(0.6)	-8%
Other Water Bill Charges	8.3	7.6	9.7	2.1	27%
Facilities Connection Charge	18.2	16.7	4.3	(12.4)	-74%
Application & Inspection Fees	3.1	2.8	0.7	(2.1)	-74%
Investment Income	19.0	4.7	6.0	1.3	28%
Springs Preserve	3.0	3.1	3.1	0.0	1%
Other Sources	2.8	-	-	-	
Subtotal	414.5	428.4	396.5	(31.9)	-7%
Debt Issuance Proceeds	7.6	3.7	100.0	96.3	
LVVWD Sources	422.1	432.1	496.5	64.4	15%
Uses					
Purchased Water	91.5	100.9	97.1	(3.8)	-4%
Energy	9.1	10.1	10.0	(0.0)	0%
Payroll & Related	129.9	150.0	155.8	5.8	4%
Operating Expenses	40.5	67.4	67.3	(0.1)	0%
Capital Expenditures	87.4	133.4	147.6	14.3	11%
Debt Service	68.4	70.5	76.3	5.9	8%
LVVWD Uses	426.7	532.1	554.1	22.0	4%
LVVWD Net Surplus/(Deficit)	\$ (4.6)	\$ (100.0)	\$ (57.6)	\$ 42.4	
SNWA Charges					
Infrastructure Charge	\$ 117.0	\$ 115.8	\$ 120.3	\$ 4.4	4%
Commodity Charge	49.8	51.3	47.8	(3.5)	-7%
Connection Charge	46.5	43.5	11.1	(32.4)	-74%
Reliability Surcharge	4.1	4.2	3.9	(0.3)	-7%
SNWA Charges	\$ 217.3	\$ 214.9	\$ 183.1	\$ (31.8)	-15%
Total Sources	\$ 639.5	\$ 647.0	\$ 679.6	\$ 32.6	5%
Total Uses	644.0	747.0	737.2	(9.8)	-1%
Total Net Surplus/(Deficit)	\$ (4.6)	\$ (100.0)	\$ (57.6)	\$ 42.4	

Sources.

The 2020-21 Budget Plan's total sources of funds are projected to be \$679.6 million, or a

5 percent increase as compared to the 2019-20 Adopted Budget Plan. The increase is largely due to the LVVWD's planned \$100 million new money debt issuance.