

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
NOVEMBER 19, 2020
MINUTES**

CALL TO ORDER 9:02 a.m.

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

BOARD MEMBERS ABSENT None

STAFF PRESENT John Entsminger, Dave Johnson, Colby Pellegrino, Doa Ross, Kevin Bethel
and Greg Walch

OTHERS PRESENT Bill Nelson, BDO

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

Tom Brady, City of North Las Vegas, spoke concerning water conservation.

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 October 15, 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 October 15, 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, Amendment No. 1 to the existing agreement between the Alliance for Water Efficiency and the Authority for a multi-agency study of building cooling technologies for an increase of \$25,000, resulting in a total amount not to exceed \$125,000, and extend the completion date by six months.
3. ***For Possible Action:*** Adopt the Annual Operating Plan for the Southern Nevada Water System.
4. ***For Possible Action:*** Approve and authorize the General Manager to execute an agreement, in substantially the same form as attached hereto, between the Authority and Wilmer Cutler Pickering Hale & Dorr, LLP, for the provision of specialized legal services to address emerging Colorado River matters, for an amount not to exceed \$500,000 per fiscal year.
5. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an agreement between CDM Smith Inc., and the Authority to provide professional services for evaluation of the ozone treatment systems at both the Alfred Merritt Smith and River Mountains Water Treatment Facilities for an amount not to exceed \$500,000.
6. ***For Possible Action:*** Award a bid for ten new pumping units at two pump stations to Torishima Pump Mfg. Co. LTD dba Torishima Service Solutions of MI, LLC, for an amount not to exceed \$620,000 and authorize the General Manager to sign the purchase agreement.

7. ***For Possible Action:*** Approve an agreement between the City of Henderson and the Authority to convert turfgrass at four parks totaling approximately 118,937 square feet for an estimated rebate \$234,693, with an option to convert up to 323,333 square feet of turfgrass through the Water Smart Landscapes Program for an amount not to exceed \$500,000 per park.

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

BUSINESS AGENDA

8. ***For Possible Action:*** Accept the Authority's Comprehensive Annual Financial Report, including the corresponding Independent Auditors' Report on Financial Statements and Other Supplementary Information for the fiscal year ended June 30, 2020, and authorize its submission to the Nevada Department of Taxation.

Bill Nelson, BDO, reviewed the annual financial report and auditor's report.

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

9. ***For Possible Action:*** Approve the amended Major Construction and Capital Plan.

Doa Ross, Deputy General Manager, Engineering, gave a presentation on the Major Construction and Capital Plan. A copy of her presentation is attached to these minutes.

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

Items 10 – 12 were taken in one motion.

10. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an interlocal agreement between the City of Henderson and the Authority that sets forth conservation, water use and construction terms associated with development of the Horizon Lateral project, and to sign any ministerial documents necessary to effectuate the transaction.
11. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an interlocal agreement between the Las Vegas Valley Water District and the Authority that sets forth conservation, water use and construction terms associated with development outside the Las Vegas Hydrographic Basin.
12. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an interlocal agreement between the City of North Las Vegas and the Authority that sets forth conservation, water use and construction terms associated with development of the Garnet Valley water and wastewater projects, and to sign any ministerial documents necessary to effectuate the transaction.

Colby Pellegrino, Deputy General Manager, Resources, gave a presentation on the interlocal agreements and 2020 Water Resource Plan. A copy of her presentation is attached to these minutes.

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

13. ***For Possible Action:*** Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an agreement between Parsons Corporation dba Parsons Water & Infrastructure, Inc., and the Authority for Program Management Services for various Authority projects for an amount not to exceed \$7,000,000 per year for three years.

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

14. ***For Possible Action:*** Approve, adopt and authorize the Chair to sign a resolution approving an expansion of the Authority's Project Labor Agreement to cover certain projects awarded by the Authority relating to the 2020 amended Major Construction and Capital Plan and the Lower Las Vegas Wash Stabilization Plan.

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

15. *For Possible Action: Adopt the 2020 Water Resource Plan.*

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

16. *For Possible Action: Adopt the 2020 Water Budget.*

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

17. *For Possible Action: Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an interlocal agreement between The Metropolitan Water District of Southern California and the Authority for initial environmental and engineering services needed for development of the Regional Recycled Water Program as a future water source for the Authority for an amount not to exceed \$6,000,000.*

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

18. *For Possible Action: Conduct a Public Hearing to consider and adopt increases to the Authority's Connection Charge, Commodity Charge and Infrastructure Charge.*

John Entsminger, General Manager, gave a presentation regarding the proposed increases. A copy of his presentation is attached to these minutes.

Chair Kirkpatrick opened the public hearing. There were no speakers; therefore, Chair Kirkpatrick closed the public hearing.

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

Public Comment

Director Lee thanked the Board for its leadership and efforts to secure the community's water future. He said that he looked forward to continuing to work with staff to help diversify the community's economy by developing needed infrastructure for business expansion.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 9:44 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.



1

IRPAC RECOMMENDATIONS

- In September, the SNWA Board of Directors approved 22 recommendations made by the Integrated Resources Planning Advisory Committee (IRPAC 2020).
- These recommendations outlined the resources, facilities, conservation initiatives and funding strategies needed to support Southern Nevada over the long term.
- While some of these recommendations are ready to activate in the near term, many require additional time for research, coordination and implementation.

2

IRPAC RECOMMENDATIONS

Item 2: Building Cooling Technologies study

- Evaluate changes necessary to reduce current and future consumptive water losses associated with evaporative cooling technology

Item 7: Henderson turf conversions

- Reduce existing non-functional turf acreage by 50 percent by 2035

Item 9: Major Construction and Capital Plan (MCCP)

- Include candidate projects presented to IRPAC 2020 in the SNWA's MCCP

Item 10-12: Member Agency Interlocals

- Require out-of-valley development to return wastewater to Lake Mead and embed the principles of the SNWA's Out-of-Valley Water Use Policy within municipal codes and service rules
- Embed the principles of the SNWA's Non-Functional Turf Resolution in municipal codes and service rules

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IRPAC RECOMMENDATIONS

Item 15: SNWA Resource Plan

- Pursue emerging water resource opportunities with Colorado River partners to increase Nevada's water supplies

Item 17: Metropolitan Water District of So. California agreement

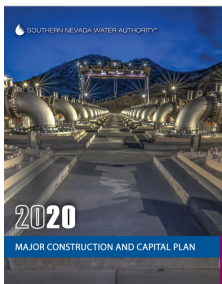
- Pursue emerging water resource opportunities with Colorado River partners to increase Nevada's water supplies

Item 18: Public Hearing for SNWA Rates

- Fund the MCCP with a combination of debt capital and pay-go to manage unrestricted reserve balances at adequate levels consistent with the Reserve Policy
- Implement a six-year annual increase to SNWA charges effective January 2022
- Implement an indexed rate component to the SNWA Infrastructure and Commodity Charge annually, effective 2028
- Implement an indexed rate component to the SNWA Connection Charge annually

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MAJOR CONSTRUCTION AND CAPITAL PLAN



- Includes the IRPAC-recommended projects
- Outlines the efforts needed to meet the community's demands into the future
- Includes major asset management efforts, including SCADA upgrades and upgrades to critical in-valley facilities
- Planning document only - approval of projects contained within document will require separate Board actions
- Total Plan: \$3.166 billion

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MCCP KEY PROJECTS

- Horizon Lateral (\$1,596.7 million)
- Garnet Valley Water and Wastewater Systems (\$249.8 million)
- Solar photovoltaic project (\$20.8 million)
- Future Colorado River resource acquisitions (\$587.7 million)
- Water Smart Landscape Program rebates (\$152.3 million)
- Water resource contingency (\$188.3 million)
- Ozone equipment upgrade (\$38.5 million)
- In-valley maintenance shop (\$20 million)
- River Mountains Water Treatment Facility Microbiology Research Lab expansion (\$16 million)

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MCCP IMPLEMENTATION

Implementation of the MCCP will require support and additional resources:

Item No. 13: PARSONS PROJECT MANAGEMENT AGREEMENT

Provides onsite personnel and technical support for the projects outlined within the MCCP, including the Horizon Lateral

Item No. 14: PROJECT LABOR AGREEMENT (PLA)

The PLA to be amended to support the new projects within the MCCP and the Lower Las Vegas Wash project

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MCCP IMPLEMENTATION

Implementation of the MCCP cannot come at the expense of Southern Nevada's sustainable future.

BOARD APPROVALS: The larger projects will require different approvals at the Board level, ensuring there are "off ramps" in the event the community's needs change

FUNDING STRATEGY: A sustainable funding strategy will protect the community from rate shock

INTERLOCAL AGREEMENTS: Ensures that IRPAC's recommendations regarding conservation and sustainability are implemented before projects are constructed

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INTERLOCAL AGREEMENTS

Interlocal agreements with SNWA's member agencies will help formalize IRPAC's conservation recommendations before funds are spent on the larger MCCP construction projects.

- SNWA and City of Henderson (Item No. 10)
- SNWA and Las Vegas Valley Water District (Item No. 11)
- SNWA and City of North Las Vegas (Item No. 12)

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INTERLOCAL AGREEMENTS

ADOPTION OF CONSERVATION MEASURES:

- Adoption of SNWA's Non-Functional Turf resolution into codes/ordinances
- Turf limited to only parks/schools in areas outside the Las Vegas Valley

OUT-OF-VALLEY RESTRICTIONS:

- Any SNWA-delivered water will make its way back to Lake Mead via wastewater system

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INTERLOCAL AGREEMENTS, cont.

IMPLEMENTATION OF CONSERVATION MEASURES:

- Increase customer compliance with watering schedules and water waste restrictions
- Share data as it relates to water waste, enforcement, ordinances/codes and other water efficiency efforts
- Amend development agreements to include up-to-date water efficiency measures, when possible

OTHER ITEMS:

- Rights-of-way coordination

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INTERLOCAL AGREEMENTS – North Las Vegas

GARNET VALLEY WATER PLANNING:

- Supports groundwater use of up to 900 acre-feet per year (AFY)
- Limits all Garnet Valley users to 2,900 AFY during interim
- Future pumping will be limited to 2,000 AFY
- Work together to create a Groundwater Use Plan

OTHER ITEMS:

- Protection of Moapa dace

12

SNWA WATER RESOURCE PLAN

The SNWA is required to review its water resource plan annually.

Key Changes:

- Extended planning horizon through 2071.
- Updated demand range based on new population forecast.
- Incorporated IRPAC recommendations related to water resources and water conservation.
- Updated for the latest Colorado River water supply outlook.
- Updated the composition, priority and timing of future resource options.
- Updated and expanded planning scenarios to reflect shortage declarations/supply impacts under variable hydrology (average, dry, extremely dry and climate change) and the timing of future resource options.



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SNWA WATER RESOURCE PLAN

SNWA's Water Resource Portfolio includes a diverse set of resource options that will be used to reliably meet the community's current and future water resource needs.

Permanent Resources	Temporary Resources	Future Resources
Colorado River (SNWA)	Southern Nevada Groundwater Bank	Transfers and Exchanges – Permanent Future Supply Desalinization & Colorado River Partnerships
Nevada Unused Colorado River (Non-SNWA)	Interstate Bank (Arizona)	Transfers and Exchanges – Virgin River/Colorado River Augmentation
Tributary Conservation ICS	Interstate Bank (California)	Garnet & Hidden Valleys Groundwater
Las Vegas Valley Groundwater Rights	Intentionally Created Surplus (Lake Mead storage)	Tikaboo & Three Lakes Valley Groundwater

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SNWA WATER RESOURCE PLAN

Nevada's combined obligation under the Interim Guidelines and the DCP ranges from 8,000 to 30,000 AFY.

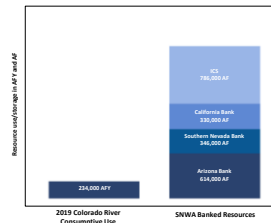
LAKE MEAD WATER LEVEL (FT)	SHORTAGE AMOUNT (AFY)	DCP CONTRIBUTION (AFY)	TOTAL (AFY)
ABOVE 1,090	0	0	0
AT OR BELOW 1,090	0	8,000	8,000
AT OR BELOW 1,075	13,000	8,000	21,000
BELOW 1,050	17,000	8,000	25,000
AT OR BELOW 1,045	17,000	10,000	27,000
BELOW 1,025	20,000	10,000	30,000

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15

SNWA WATER RESOURCE PLAN

Southern Nevada has stored 2.1 million acre-feet of water. This is nearly nine times Nevada's 2019 consumptive Colorado River water use.

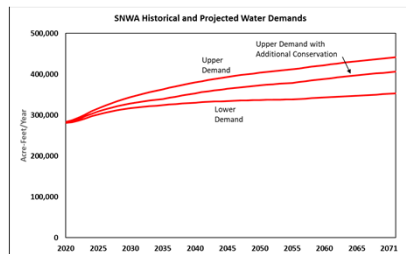


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SNWA WATER RESOURCE PLAN

The SNWA considered three water demand projections as part of the 2020 plan update.

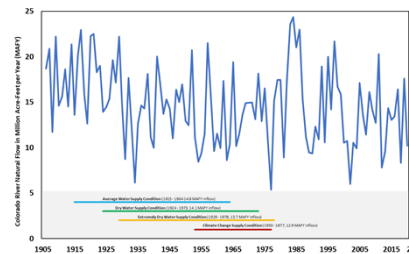


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17

SNWA WATER RESOURCE PLAN

SNWA also considered four water supply conditions (average, dry, extremely dry and climate change).

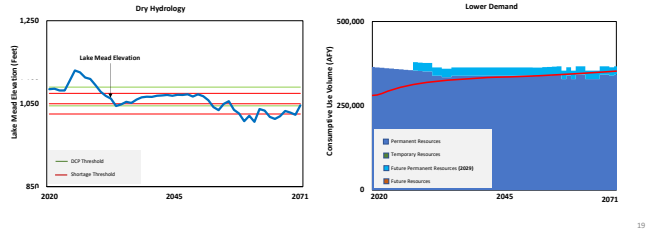


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SNWA WATER RESOURCE PLAN

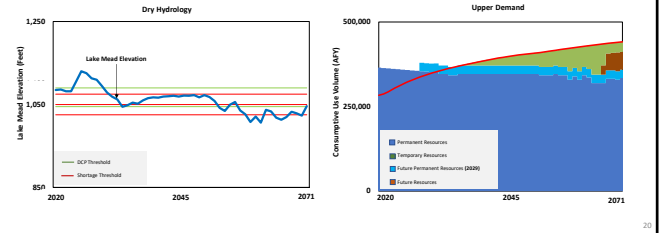
Dry Hydrology Scenarios (14.1 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

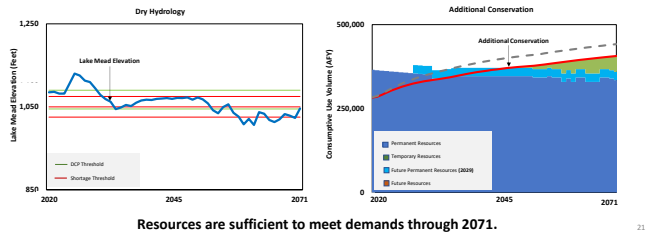
Dry Hydrology Scenarios (14.1 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

Dry Hydrology Scenarios (14.1 Million AFY Natural Flow)

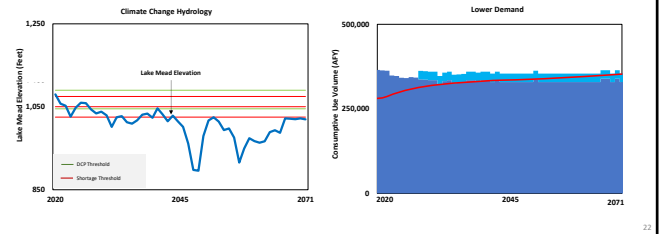


Resources are sufficient to meet demands through 2071.

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SNWA WATER RESOURCE PLAN

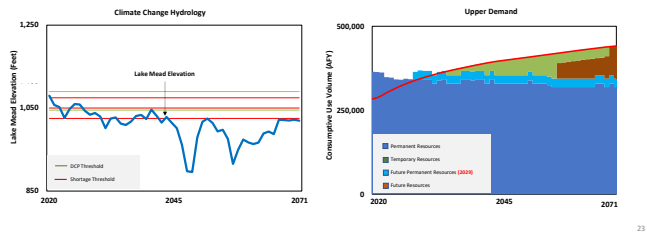
Climate Change Hydrology (12.9 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

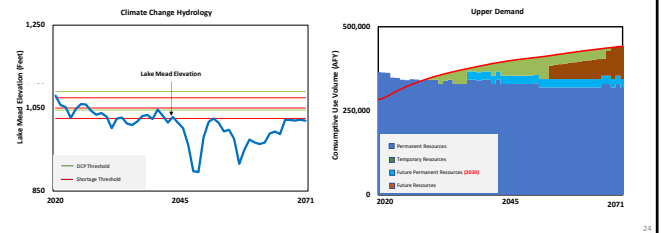
Climate Change Hydrology (12.9 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

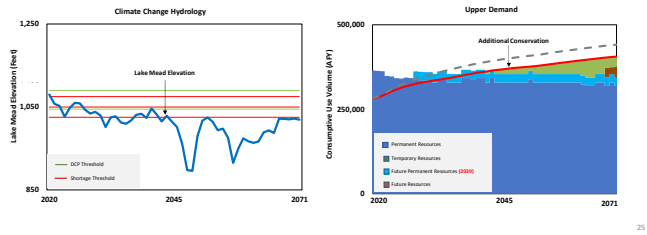
Climate Change Hydrology (12.9 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

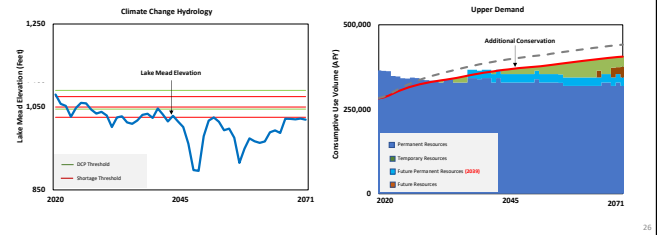
Climate Change Hydrology (12.9 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

Climate Change Hydrology (12.9 Million AFY Natural Flow)



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SNWA WATER RESOURCE PLAN

Achieving our current conservation goal and additional conservation
Targets will require significant effort across the entire SNWA service area.

The Plan incorporates IRPAC recommendations to:

- Target the reduction of non-functional turf and limit turf installation in new development.
- Limit cool-season turf installation in public spaces and expedite conversion in public facilities.
- Enhance landscape watering compliance through implementation of smart controller technology.
- Speed customer leak repairs through implementation of advanced metering infrastructure.
- Reduce consumptive water losses associated with evaporative cooling
- Encourage efficient development and discourage consumptive water use for new large water users.
- Maintain and improve the existing water loss rate among wholesale and retail purveyors.



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METROPOLITAN WATER DISTRICT AGREEMENT

Metropolitan Water District's

Regional Recycled Water Program:

- 168,000 AFY when fully built
- March 2020: SNWA Letter of Intent
- Supported by IRPAC



Funding Agreement for Initial Environmental and Engineering Services

- SNWA can contribute up to \$6 million
- Supports the program's initial environmental compliance and engineering services
- Amount will be credited to SNWA's overall program funding participation
- If recycling program does not move forward, SNWA is refunded contribution

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SOUTHERN NEVADA
WATER AUTHORITY®

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PUBLIC HEARING November 19, 2020

IRPAC TIMELINE

October 2019 – August 2020:

IRPAC meets to consider Southern Nevada's long term water resource and facility needs to develop recommendations for SNWA Board

September 2020:

SNWA Board of Directors adopts IRPAC's 22 recommendations

October 2020:

SNWA Board approves Business Impact Statement

November 2020:

Public Hearing

FUNDING THE MCCP

The committee evaluated how to fund the MCCP using revenue derived from Connection Charge fees and SNWA charges on customer water bills with the following recommendations:

- Rates have not kept pace with inflation. Catch the existing charges up with inflation and phase in over 6 years
- Maintain inflationary increases. Annually adjust the charges with inflation
- Collar the inflationary increases on water bill charges. Limit increases to 1.5% - 4.5%
- Maintain reserves. Fund the Capital Plan with a mix of debt and pay-go to maintain reserves at adequate levels consistent with the Reserve Policy
- Connection Charge revenue. Use Connection Charge revenues to fund pay-go capital or debt service, but exclude it from funding recurring operating expenses

PUBLIC HEARING

Approval of Agenda Item No. 18 will implement the following:

- A six-year fixed rate increase to the SNWA Commodity Charge, SNWA Infrastructure Charge and SNWA Connection Fee to catch rates up with inflation
- Delaying rate increases to begin until 2022
 - SNWA Commodity Charge and Infrastructure Charge: January 2022
 - SNWA Connection Fee: March 2022
- Following the six-year phase-in, rate increases would be tied to inflationary indexes
 - Collared between 1.5% and 4.5%
 - Rates would not be adjusted if the five-year forecast unrestricted reserve balance is projected to be greater than 150% of targeted reserve balances

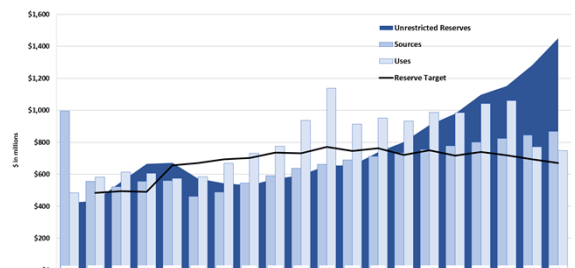
RECOMMENDED INCREASES

		6 YEAR PHASE-IN STARTING 2022						INDEXING
		2022	2023	2024	2025	2026	2027	2028 →
Connection Charge (ENR) Last increased in 2008	Catch-Up Inflation	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	0.0%
	Current Year Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%*
	Total	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	3.0%*
Commodity Charge (CPI) Last increased in 2017	Catch-Up Inflation	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	0.0%
	Current Year Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%*
	Total	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	2.5%*
Infrastructure Charge (ENR) Last increased in 2012	Catch-Up Inflation	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	0.0%
	Current Year Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%*
	Total	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	3.0%*

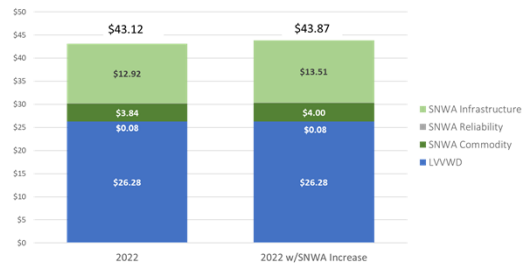
*Estimated amount of inflationary increase used for modeling purposes, actual amount to be determined by indexes
ENR: Engineering News-Record – Construction Cost Index, 20 city average
CPI: Consumer Price Index, all items for Urban Consumers (CPI-U) – West Side Class A

IRPAC SCENARIO – ECONOMIC RESPONSE

90%/10% funding; Rate Increases implemented 2022



SAMPLE CUSTOMER: TYPICAL SINGLE FAMILY RESIDENTIAL



SAMPLE CUSTOMER IMPACT

Type	Current 2020	2021	2022	2023	2024	2025	2026	2027	2028
Single Family Residential 5/8" - Typical Use	41.88	42.49	43.87	45.28	46.79	48.40	50.09	51.82	53.23
2022 Phase-In									
Mobile Home - Boulder Cascade	4,808.29	4,874.16	5,023.65	5,175.63	5,345.27	5,535.69	5,728.04	5,925.19	6,085.06
2022 Phase-In									
High Rise - Queenridge	15,024.51	15,261.20	15,680.11	16,104.69	16,544.55	17,040.21	17,649.58	18,065.84	18,503.56
2022 Phase-In									
Office Park - Desert Canyon	1,820.48	1,838.74	1,866.15	1,893.79	1,921.92	1,954.24	1,987.07	2,020.19	2,049.23
2022 Phase-In									
Resort and Hotel - Bellagio	127,312.22	130,055.16	133,640.72	137,236.76	140,855.52	145,091.96	149,348.22	153,617.01	157,487.40
2022 Phase-In									
Restaurant - Flamingo	2,094.69	2,123.17	2,166.17	2,209.51	2,253.67	2,304.35	2,355.85	2,407.80	2,453.32
2022 Phase-In									
School - Polo Verde	12,485.93	12,719.18	13,055.44	13,393.93	13,737.42	14,134.14	14,536.06	14,940.67	15,298.78
2022 Phase-In									
Municipal Park - All American	9,109.44	9,249.83	9,528.70	9,790.37	10,058.09	10,363.27	10,674.38	10,988.88	11,260.36
2022 Phase-In									
Hospital - Sunrise	28,499.70	29,071.78	29,865.16	30,667.24	31,477.17	32,409.43	33,353.64	34,303.36	35,152.30
2022 Phase-In									
Industrial - Brady Linen	43,917.21	44,826.18	46,035.56	47,248.22	48,411.67	49,557.06	51,413.63	52,880.80	54,192.00
2022 Phase-In									

CUSTOMER IMPACTS

- If approved, a typical residential customer will see an increase of 75 cents on their monthly water bill in 2022. No increases in 2021.
- Increases affect both fixed and volumetric charges to maintain revenue reliability and conservation signals
- Avoids rate shock
- Helps businesses plan for future increases
- Allows time for economy to stabilize before increases implemented

