

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
APRIL 15, 2021
MINUTES**

CALL TO ORDER 9:10 a.m.

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

BOARD MEMBERS ABSENT None

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

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

Ed Uehling requested that the previous meeting minutes include his comment that the March SNWA meeting had been the best public meeting that he had ever attended. He also said that water use was trending up and that the Authority should be encouraging indoor water use to make up for any lost revenues due to the pandemic. He said the Authority borrows funds to pay for operating losses, despite representations by staff to the contrary.

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 March 18, 2021.***

FINAL ACTION: Director Gibson made a motion to approve the agenda for this meeting, and to approve the minutes from the regular meeting of March 18, 2021, including the suggested amendment to Mr. Uehling's comments. The motion was approved.

BUSINESS AGENDA

2. ***For Possible Action: Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, a Solar Energy Power Purchase Agreement between Boulder Flats Solar, LLC, and the Authority to purchase electrical power from a solar photovoltaic generation facility located on land leased from the City of Boulder City.***

Vice Chair Stewart asked what the relationship would be with the Colorado River Commission (CRC). John Entsminger, General Manager, said that the Authority would finance project construction with the CRC then operating the facilities.

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

3. ***For Possible Action: Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an agreement between Black & Veatch Corporation and the Authority to provide professional engineering design services for the Horizon Lateral Project for an amount not to exceed \$55,900,000.***

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

4. ***For Possible Action: Approve and authorize the General Manager to sign, in substantially the same form as attached hereto, an agreement between JVC Associates, Inc., dba JVC Architects, and the Authority to provide professional services for the design of the Horizon Lateral management office building for an amount not to exceed \$477,840.***

Mr. Entsminger said that given the size of the project and the amount of staff needed, it made the most financial sense to construct a building rather than rent and install temporary facilities. After the construction project is completed, the building would provide space for staff at the River Mountains Water Treatment Facility (RMWTF).

Director Gibson asked about a timeline for the building. Doa Ross, Deputy General Manager – Engineering, said that the Authority currently had staff operating at the RMWTF to handle pre-construction activities. She said that the building would take approximately 2-3 years to construct, which corresponded with when Horizon Lateral construction activities would ramp up.

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

5. ***For Information Only: Receive an overview and discuss the Fiscal Year 2021/22 Tentative Budget.***

Mr. Entsminger gave an overview of the Fiscal Year 2021/22 Tentative Budget. A copy of his presentation is attached to these minutes.

Chair Kirkpatrick asked what funds were designated for conservation projects. Mr. Entsminger said that most of the \$14.6 million in the budget for Water Resource Investment is for conservation. Chair Kirkpatrick said that she wanted to focus efforts this coming fiscal year to increase conservation awareness and provide assistance for older neighborhoods to convert to water smart landscaping.

Director Jones asked what changes to connection charge revenues were reflected in the budget. Mr. Entsminger said that although connection charge revenues have increased in the first quarter, it was unclear whether that trend would continue. If connection charge revenues surpass \$35.6 million, those additional revenues accrue to the debt stabilization fund, which can only be used for debt defeasance or one-time capital expenses. Director Jones asked if the debt stabilization fund could be used for conservation. Mr. Entsminger said that conservation measures that are capital projects could be funded by the debt stabilization fund.

Chair Kirkpatrick suggested that staff explore partnerships to make conservation projects, such as landscape conversions, simpler and more convenient for residents, especially seniors. Director Crear said that he supported making conservation easier for residents. He said that he would welcome the opportunity to be a part of the outreach to older neighborhoods. Chair Kirkpatrick said that this was an opportunity to help improve older neighborhoods and save water. Director Gibson said he supported the concept to use one-time dollars to do the types of projects as described by Chair Kirkpatrick and Director Crear. Director Jones said that this was also an opportunity to partner with small, minority and women-owned businesses.

Vice Chair Stewart said that the City of Henderson was committed to reducing water use and increasing conservation efforts within the City.

Director Lee asked for a hydrology update. Mr. Entsminger said that precipitation in the Colorado River Basin had been extremely low and could be worse than 2002, which had been the lowest precipitation year on record.

NO ACTION REQUIRED

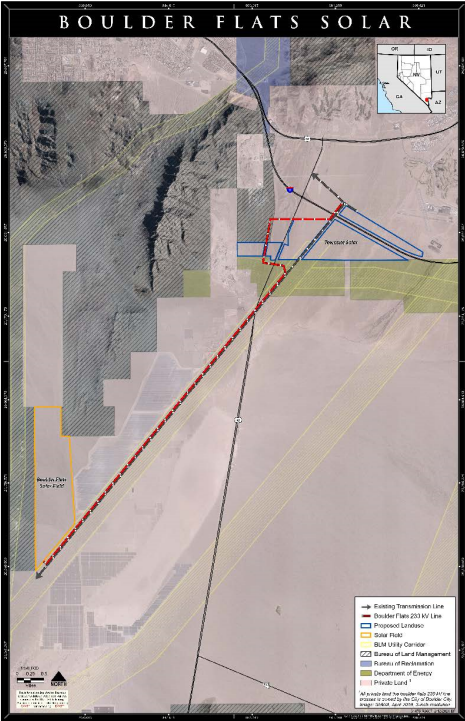
Public Comment

Ed Uehling said that the Authority is borrowing more than it needs to spend on capital projects. He said that the increased borrowing is to pay for operational losses. He also questioned the amount approved on the design for the Horizon Lateral management office.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 9:51 a.m.

Last September, the SNWA Board approved IRPAC’s recommended amendment to the Major Construction and Capital Plan that totals \$3.2 billion.	
Horizon Lateral	\$1,596.7 million
Garnet Valley Water System	129.8
Garnet Valley Wastewater System	120.0
Water Recycling Projects	26.0
Solar PV Project	20.8
Asset Management	<u>229.7</u>
Total MCCP Facility Projects	\$2,123.0
Future Water Supplies	587.7
Virgin & Muddy River Water	98.4
Minute 323	36.4
Arizona Water Banking	<u>5.5</u>
Total MCCP Water Supplies	\$728.0
Water Smart Landscaping	152.3
Resources/Conservation Contingency	<u>162.3</u>
TOTAL MCCP EXPENDITURES AS PROPOSED	\$3,165.6 million*
*in today's dollars	



The map displays the Boulder Flats Solar project area, highlighting the proposed transmission line expansion. It includes a legend for existing transmission lines, proposed lines, and various land management zones. An inset map shows the project location within the state of Arizona.

NEW CAPITAL PROJECT: LARGE SCALE SOLAR PV PROJECT

10-mile expansion to SNWA’s existing transmission system

When completed, the transmission expansion would interconnect a new solar photovoltaic system (Boulder Flats Solar) that can convey the full solar project output.

Resource Cost Comparison (\$/MWh)			
	2023	2047 (1% annual escalation)	2047 (2% annual escalation)
Hoover Power A	\$23.00	\$29.20	\$36.99
Hoover Power D (excluding transition costs)	\$29.70	\$37.71	\$47.77
Market Power (04-08-21)	\$53.37	\$67.77	\$85.84
SNWA Solar PPA (25-year fixed price)	\$24.14	\$24.14	\$24.14



FY 2021-22 BUDGET WORKSHOP



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2020-21 HIGHLIGHTS

- SNWA Board approved IRPAC's 22 recommendations regarding water resources, conservation, new facilities and water rates
- Amended the SNWA's Major Construction and Capital Plan and its approval will guide future capital efforts
- New conservation initiatives approved: septic conversion program, artificial turf incentive, etc.
- Implemented member agency interlocal agreements to ensure new facilities do not come at the expense of water resources
- Recognized as a global leader in innovation: Leading Utilities of the World and the L3PS project was awarded the Engineering News-Record (ENR) Southwest Best Project Award in the Water/Environment
- 2021 refunding activities will save \$53.0 million for a total cumulative savings of \$387.6 million since 2015



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WATER USE

- Water use is trending up
- Across the community, single-family residential customers are using more water than previously as compared to other sectors
- SNWA is developing and implementing new programs aimed to reduce water use throughout the community
- Ongoing investment in conservation programs and outreach is critical to reversing the upward water use trend



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CAPITAL PROJECT UPDATE

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HORIZON LATERAL

- Will improve existing water deliver system in southern portion of Las Vegas Valley.
- Projects includes new transmission lateral (31-37 miles in length) and supporting facilities.
- Feasibility study completed in January. Right of way applications were submitted to BLM in April.
- Pre-design phase will begin upon contract award (today's meeting).
- Design work estimated to be complete in 2023; construction scheduled to be completed in 2030.

FY 21/22 Budget: \$62,900,000

Total Project: \$ 1.6 billion

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GARNET VALLEY WATER AND WASTEWATER SYSTEM

Three main projects:

- Water Distribution System
- Water Transmission System
- Wastewater Transmission System

Water Distribution System: ~14,000 feet of 16-inch iron pipeline

- Construction scheduled to begin in early 2022; completion scheduled by end of 2022.

Water Transmission System: ~16 miles of pipeline, two pumping stations, forebays, a reservoir and other facilities

- An RFQ has been advertised for design phase services; with Board approval slated for summer 2021.

Wastewater System: Sewer lift stations, 8 miles of force mains, 43 miles of gravity sewers

- RFQ advertised; Board approval slated for summer 2021

FY 21/22 Budget: \$6,800,000

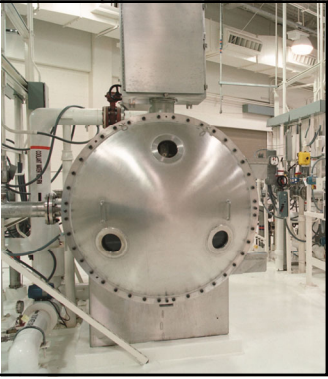
Total Project: \$250 million

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OZONE EQUIPMENT UPGRADE

- The ozone systems at River Mountains and Alfred Merritt Smith treatment facilities are under evaluation as they are both nearing the end of their 20-year life cycle
- A full assessment will be completed by a consultant who has completed similar assessments for other large utilities
- Evaluation expected to be complete by December 2021

FY 21/22 Budget: \$1,600,000
Total Project: \$38,500,000




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SOLAR PHOTOVOLTAIC PROJECT

- 10-mile expansion to SNWA's existing transmission system, interconnecting a new solar PV system that can convey up to 130 megawatts
- Project will help SNWA meet Nevada's Renewable Portfolio Standard
- Power Purchase Agreement is finalized (today's Board agenda)
- Scheduled to be online in 2023

FY 21/22 Budget: \$10,000,000
Total Project: \$20,800,000



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LOWER LAS VEGAS WASH

Planning and permitting activities are underway

Cooperative Management Agreement between SNWA and Park Service approved in October 2020

Engineering and construction agreements expected to be considered by SNWA Board in May 2021

Construction estimated to be completed in 2029

FY 21/22 Budget: \$6,000,000
Total Project: \$122,515,000



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2021-22 BUDGET OVERVIEW

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2021-22 BUDGET OVERVIEW

- An increase in funding sources is largely driven by debt issuance proceeds
- Sales tax projections reflect post-pandemic recovery
- Water resource investments are up 84 percent, reflecting IRPAC recommendations
- Payroll and operating expenses remain flat
- Capital expenses up 40 percent, reflecting increasing work efforts on major construction activities
- SNWA Reserves remain healthy and stable

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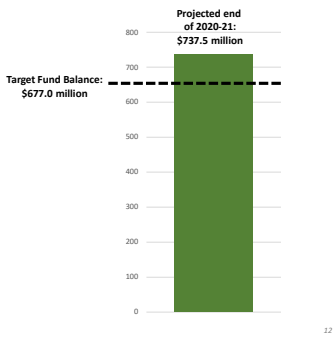
RESERVES TARGET

Reserve Policy Elements:

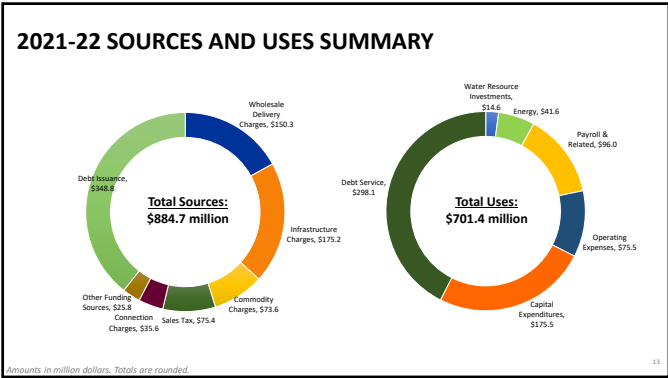
- Maintain 180 days of operating and maintenance expenses
- Fund one year of maximum annual debt service
- Fund one year of average annual capital expenditures
- Fund 1 percent of depreciable assets

Target Fund Balance: \$677.0 million

Projected end of 2020-21: \$737.5 million



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2021-22 SOURCES OF FUNDS

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Variance \$
Sources				
Wholesale Delivery Charge	\$ 146.0	\$ 142.0	\$ 150.3	\$ 8.3
Infrastructure Charge	167.5	166.9	175.2	8.3
Commodity Charge	67.4	66.8	73.6	6.8
Connection Charge	79.3	19.1	35.6	16.5
Reliability Surcharge	5.5	5.4	6.0	0.6
Sales Tax	65.5	44.7	75.4	30.7
Investment Income	31.4	7.2	9.8	2.6
Other Sources	28.4	10.1	10.0	(0.2)
Subtotal	590.9	462.3	535.9	73.7
Debt Issuance Proceeds	-	-	348.8	348.8
Total Sources	590.9	462.3	884.7	422.5

Amounts in million dollars. Totals are rounded.

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2021-22 USES OF FUNDS

	Actual 2019-20	Budget 2020-21	Budget 2021-22	Variance \$
Uses				
Water Resource Investments	\$ 4.2	\$ 7.9	\$ 14.6	\$ 6.7
Energy	37.8	38.2	41.6	3.4
Payroll & Related	85.2	97.5	96.0	(1.5)
Operating Expenses	54.5	75.8	75.5	(0.3)
Capital Expenditures	81.4	124.2	175.5	51.4
Debt Service	293.8	289.1	298.1	9.0
Total Uses	\$ 557.0	\$ 632.8	\$ 701.4	\$ 68.6

Amounts in million dollars. Totals are rounded.

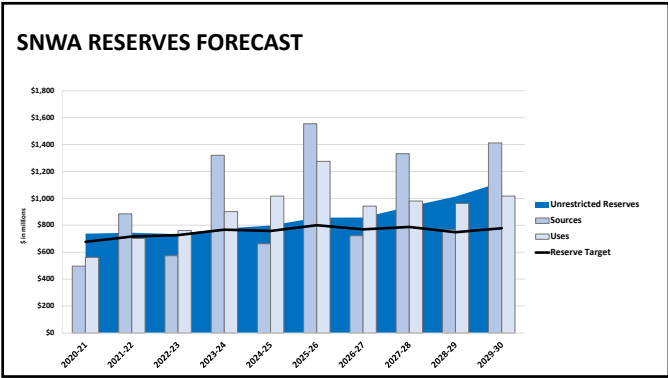
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2021-22 BUDGET

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Subtotal	590.9	462.3	535.9	73.7
Debt Issuance Proceeds	-	-	348.8	348.8
Total Sources	590.9	462.3	884.7	422.5
Uses				
Water Resource Investments	4.2	7.9	14.6	6.7
Energy	37.8	38.2	41.6	3.4
Payroll & Related	85.2	97.5	96.0	(1.5)
Operating Expenses	54.5	75.8	75.5	(0.3)
Capital Expenditures	81.4	124.2	175.5	51.4
Debt Service	293.8	289.1	298.1	9.0
Total Uses	557.0	632.8	701.4	68.6
Total Net Surplus/(Deficit)¹	\$ 33.9	\$ (170.5)	\$ 183.3	\$ 353.8

¹ Any amount of Net Surplus is used to fund reserves while Net Deficit amounts are funded through the use of reserve balances. Amounts in million dollars. Totals are rounded.

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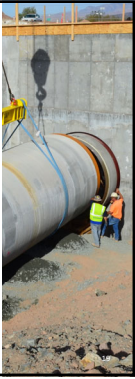
- 2021-22 BUDGET SUMMARY
- The budget reflects IRPAC recommended initiatives and programs
 - SNWA sources are projected to return to more typical “post pandemic” levels
 - SNWA Reserves remain healthy and stable
 - Conservation remains a top priority
 - The organization is positioned to withstand ongoing impacts from COVID-19

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2021-22 SNWA INITIATIVES

Continue progress on IRPAC-recommended initiatives:

- Construction activities on SNWA's major facilities
- Implement conservation-related initiatives and programs to reduce water use
- Partner with Basin States on new Colorado River resources



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