

MEETING AGENDA

Southern Nevada Water Authority Integrated Resource Planning Advisory Committee 2020



Thursday, December 2, 2021

3:00 p.m.

**Colorado River Conference Rooms, Southern Nevada Water Authority
100 City Parkway, Seventh Floor, Las Vegas, Nevada**

All items on the agenda are for action by the Advisory Committee, unless otherwise indicated. Items may be taken out of order. The committee may combine two or more agenda items for consideration, and the committee may remove an item from the agenda or delay discussions relating to an agenda item at any time.

Visit our website at www.snwa.com for agenda postings, copies of supporting material and approved minutes. This meeting will be available to view live on www.snwa.com. Public comment can be provided in advance of the meeting and submitted to PublicComment@snwa.com. Public Comment received through December 1, 2021, will be included in the meeting's minutes.

CALL TO ORDER

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: This is a period devoted to comments by the general public pertaining to items on this agenda. If you wish to speak to the Advisory Committee about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less. No action may be taken upon a matter not listed on the posted agenda.

1. *For Possible Action:* Approve the meeting agenda and the minutes from the August 26, 2020 meeting.
2. *For Information Only:* Receive an annual update and review inflationary impacts to the approved IRPAC financial model.
3. *For Possible Action:* Consider changes to the approved rate model and water rate increases, as appropriate.

COMMENTS BY THE GENERAL PUBLIC

NO ACTION MAY BE TAKEN: At this time, the Advisory Committee will hear general comments from the public on matters under the jurisdiction of the Committee. Please limit your comments to three minutes or less. No action may be taken upon a matter not listed on the posted agenda.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:

City of Boulder City, City Hall
401 California Avenue
Boulder City, NV

City of North Las Vegas, City Hall
2250 Las Vegas Boulevard North
North Las Vegas, NV

City of Henderson, City Hall
240 S. Water Street
Henderson, NV

Clark County Government Center
500 S. Grand Central Parkway
Las Vegas, NV

Las Vegas Valley Water District
1001 S. Valley View Boulevard
Las Vegas, NV

Southern Nevada Water Authority
100 City Parkway
Las Vegas, NV

Clark County Water Reclamation District
5857 East Flamingo Road
Las Vegas, NV

City of Las Vegas, City Hall
495 South Main Street
Las Vegas, NV

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INTEGRATED RESOURCE PLANNING ADVISORY COMMITTEE 2020 MEETING SUMMARY

August 26, 2020, 11:00 a.m.

*Colorado River Conference Rooms, Southern Nevada Water Authority
100 City Parkway, 7th Floor, Las Vegas, Nevada*

IRPAC members present:	Ken Evans	Peter Guzman (via phone)
	Carol Jefferies (via phone)	Andy Maggi (via phone)
	Paul Moradkhan (via phone)	Bob Murnane
	Jonas Peterson (via phone)	Phil Ralston
	John Restrepo (via phone)	Virginia Valentine

IRPAC members absent: Tom Morley

Staff present:	John Entsminger	Dave Johnson
	Doa Ross	Katie Horn
	Jordan Bunker	

Others present:	Terry Murphy, Facilitator
	Guy Hobbs, Financial Consultant

PUBLIC COMMENT

Ed Uehling prepared information for the advisory committee, which is attached to these minutes. He expressed concerns about the increase of water rates and charges and the amount of SNWA's financial debt.

SUMMARY OF ACTIVITIES

The Southern Nevada Water Authority's (SNWA) Integrated Resource Planning Advisory Committee 2020 (IRPAC 2020) met on Wednesday, August 26, 2020. The meeting began at 11:00 a.m.

#1 Approve agenda and minutes from the August 19, 2020 meeting.

Ken Evans motioned to approve the agenda and minutes from the August 19th meeting. The agenda and minutes were approved.

#2 Review committee requested materials.

John Entsminger, SNWA General Manager, reminded the committee where they left off from the August 19 meeting and reviewed the 6-year phase-in approach, which would be implemented in January 2022. He presented 21 sample customer bills, which were requested by the committee at the prior meeting, and noted that these bills had been provided to committee members in advance for their review. These sample bills included both residential and commercial properties and the impact to those customer bills if implemented in 2022, compared to implementation in 2021. The committee members expressed appreciation for the sample bill modeling as it substantiated the group meeting together again and provided them information needed for their constituents. Ken Evans asked if the 2022 implementation still included the conservation-related recommendations as approved by the committee pre-pandemic. Mr. Entsminger confirmed that all other recommendations are still included as previously approved. After

reviewing the sample customer bills, he reviewed the impacts to Connection Charge, Commodity Charge and Infrastructure Charge.

#3 Review committee recommendations and approve changes as appropriate.

Mr. Entsminger reviewed the funding recommendations with updated language citing the 2022 implementation option. Phil Ralston motioned to approve the new funding recommendations. The new recommendations were unanimously approved by all members present and on the phone.

Mr. Entsminger reviewed the next steps which include the following:

Sept. 8, 2020	<i>Begin Business Impact Statement public comment process</i>
Sept. 17, 2020	<i>SNWA Board meeting – consider recommendations report</i>
Oct. 15, 2020	<i>SNWA Board meeting - consider BIS and MCCP</i>
Nov. 19, 2020	<i>SNWA Board meeting – Public Hearing on rates</i>
2021	<i>Public Outreach</i>
January 1, 2022	<i>Recommended rate adjustments take effect</i>

Mr. Evans expressed appreciation for the consideration of the SNWA working with diverse companies and organizations and pledged his support in outreach efforts. Bob Murnane expressed appreciation for the additional analysis related to Connection Charges. Paul Moradkhan asked about the timeline of the business impact statement. Katie Horn, Management Services Manager, stated that the notification for the business impact statement would be sent to trades and businesses in early September and the public comment period would last into early October.

Mr. Entsminger stated that SNWA staff will assist the IRPAC members with outreach opportunities. He also thanked the committee for their participation and continued service to the community.

Ms. Murphy asked for public comment. Following public comment, she closed the meeting.

PUBLIC COMMENT

Ed Uehling stated that the approved recommendations are a waste of community resources. He expressed concern about the credibility of the business impact statement. He also mentioned that the sample customer model did not include churches or places of worship.

ADJOURNMENT

The meeting was adjourned at 11:23 a.m.

Public comment provided by Ed Uehling at August 26, 2020 IRPAC meeting

Southern Nevada Water Authority
Operating and Capital Budget
General Manager's Information Report
Fiscal Year Ending June 30, 2021

SNWA's fiscal years 2018-19, 2019-20 and 2020-21.



Budget Summary
(\$ in millions)

	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)	-4%
Infrastructure Charge	162.9	163.4	166.9	3.5	2%
Commodity Charge	69.6	71.8	66.8	(5.0)	-7%
Connection Charge	75.6	71.3	19.1	(52.2)	-73%
Reliability Surcharge	5.7	5.9	5.4	(0.4)	-7%
Sales Tax	68.0	67.6	44.7	(22.9)	-34%
Investment Income	31.0	8.8	7.2	(1.6)	-19%
Groundwater Management Fees	0.9	0.9	0.9	(0.0)	0%
LV Wash Program Fees	0.4	0.4	0.4	-	0%
Grant Proceeds	0.8	0.3	2.0	1.7	
Other Sources	8.2	5.5	6.8	1.3	24%
Subtotal	556.3	544.3	462.3	(82.0)	-15%
Debt Issuance Proceeds	-	-	-	-	
Total Sources	556.3	544.3	462.3	(82.0)	-15%
Uses					
Water Resource Investments	6.7	13.9	7.9	(6.0)	-43%
Energy	36.4	36.0	38.2	2.2	6%
Payroll & Related	82.5	88.5	97.5	9.0	10%
Operating Expenses	51.7	75.7	75.8	0.1	0%
Capital Expenditures	167.9	140.1	124.2	(15.9)	-11%
Debt Service	260.2	265.6	289.1	23.6	9%
Total Uses	605.3	619.8	632.8	13.0	2%
Total Net Surplus/(Deficit)	\$ (49.0)	\$ (75.5)	\$ (170.5)	\$ (95.0)	

combined \$300,000,000 loss
primarily attributable to projected impacts from the COVID-19 pandemic.

Sources.

The 2020-21 Budget Plan's total sources of funds are projected to be \$462.3 million, or a 15 percent decrease compared to the 2019-20 Adopted Budget Plan. The decrease is

The Wholesale Delivery Charge and Connection Charge are budgeted to decrease \$6.5 million and \$52.2 million respectively, as compared to the 2019-20 Adopted Budget

ANNUAL UPDATE & FINANCIAL MODEL REVIEW

12.02.2021



RESOURCES UPDATE

DROUGHT MONITOR

Drought Impact Types:

~ Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

Yellow D0 Abnormally Dry

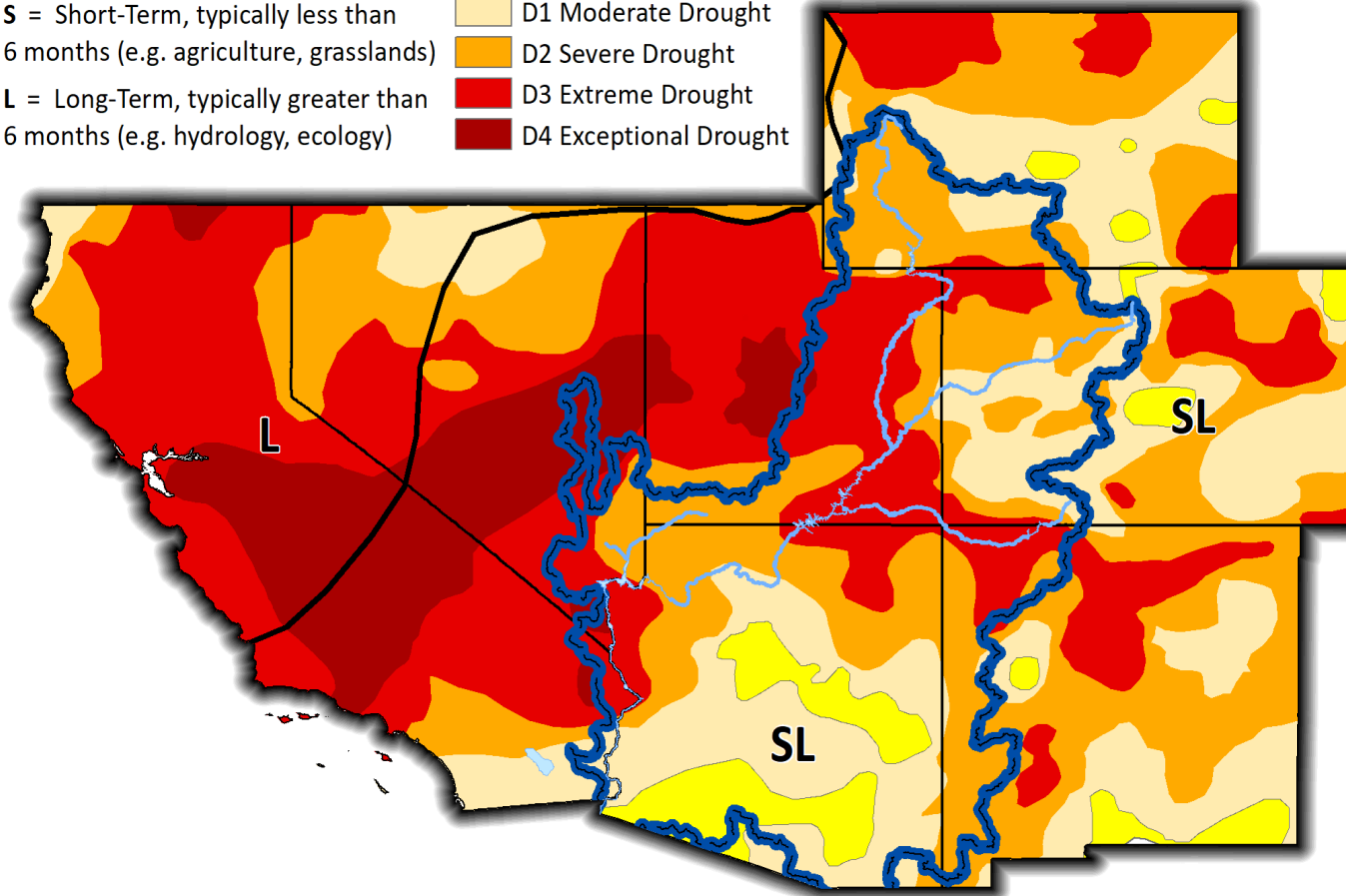
Light Orange D1 Moderate Drought

Orange D2 Severe Drought

Red D3 Extreme Drought

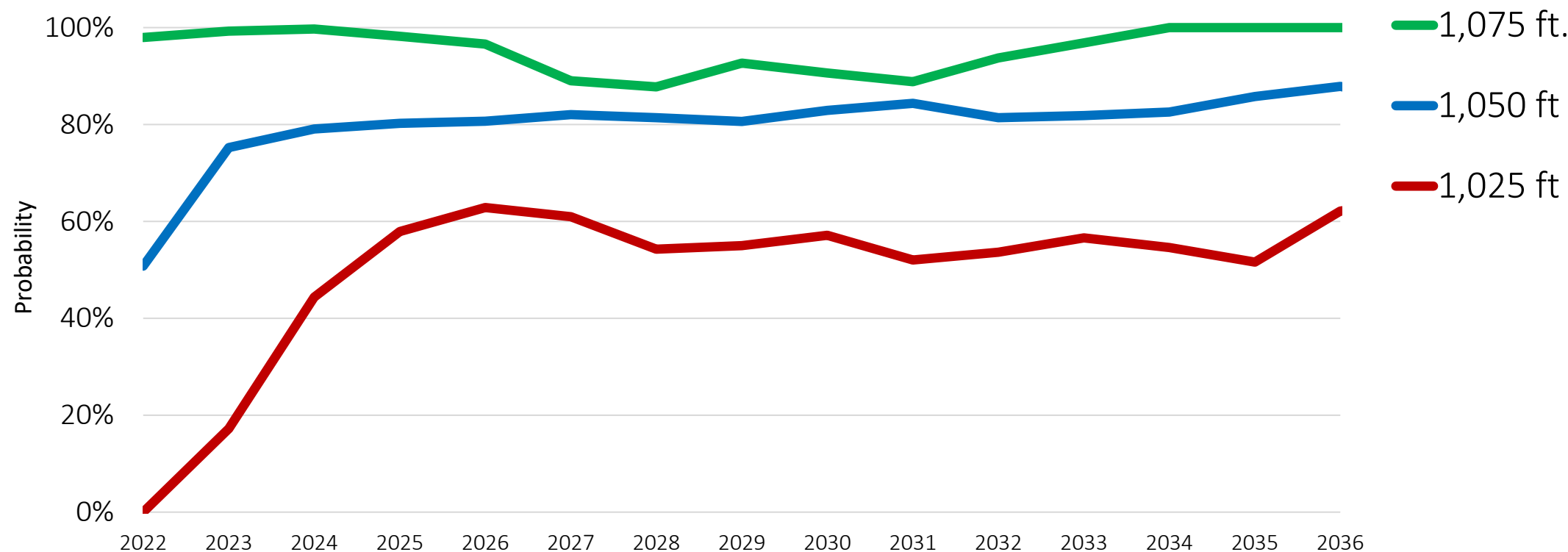
Dark Red D4 Exceptional Drought

November 30, 2021



LAKE MEAD ELEVATION PROBABILITIES

Lake Mead’s elevations will remain below 1,075 in the coming year and could fall below 1,050 feet as early as 2023.



SHORTAGE

The federal government declared a shortage on the Colorado River for 2022.

In a First, U.S. Declares Shortage on Colorado River, Forcing Water Cuts



Lake Mead, top left, and Boulder City, Nev., in July. The last time the lake was anywhere near full was two decades ago. Patrick T. Fallon/Agence France-Presse — Getty Images

LAKE MEAD SHORTAGE LEVELS

Lake Mead Elevation	Shortage Reduction	Available
1,090+ feet	0	300,000 AFY
1,075 – 1,090 feet	-8,000 AF	292,000 AFY
1,050 – 1,075 feet	-21,000 AF	279,000 AFY
1,045 – 1,050 feet	-25,000 AF	275,000 AFY
1,025 – 1,045 feet	-27,000 AF	273,000 AFY
< 1,025 feet	-30,000 AF	270,000 AFY

CONSERVATION INITIATIVES

Continue to drive down water use:

- **Convert non-functional turf**
- **Make new development as efficient as possible**
- **Ensure all wastewater is returned to Lake Mead**
- **Watering schedule compliance**
- **Address water waste**





CAPITAL PROJECT UPDATE

MCCP UPDATE

Project	Budget	Status	Estimated Start of Construction	Estimated Completion
Large Scale Solar PV Project	\$20 M	50% Design	2022	2023
Garnet Valley Wastewater System	\$120 M	10% Design	2025	2027
Garnet Valley Water System	\$120 M	10% Design	2025	2028
Horizon Lateral	\$1,596.7 M	18% Design	2024	2030
Stage II Reliability Upgrades	\$61 M	20% Design	2025	2027
Ozone Equipment Upgrade	\$38.5 M	85% Design	2023	2025
AMSWTF Filter Improvements	\$20.7 M	Completed Oct. 2021	-	-
In-Valley Maintenance Shop	\$20 M	10% Design	2023	2025
RMWTF Microbiology Research Lab Expansion	\$16 M	10% Design	2024	2026
Lower LV Wash Stabilization	\$122 M	20% Design	2022	2027



FINANCIAL UPDATE

APPROVED RATE INCREASE (AUG. 2020)

		6 YEAR PHASE-IN STARTING 2022						INDEXING
		2022	2023	2024	2025	2026	2027	2028 ➡
Connection Charge (ENR*) <i>Last increased in 2008</i>	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%	Prior Sept ENR
	Total	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	3.0%
*ENR = Engineering News Record								
Commodity Charge (CPI) <i>Last increased in 2017</i>	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%	Prior Sept CPI
	Total	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	2.5%
Infrastructure Charge (ENR) <i>Last increased in 2018</i>	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%	Prior Sept ENR
	Total	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	3.0%

PROJECTED v. ACTUAL INFLATION

IRPAC-Approved Inflation	Actual Inflation	Model Adjusted 25-Yr Annualized Average Inflation
ENR: 3.0% CPI: 2.5%	ENR: 8.4% CPI: 5.0%	ENR: 3.2% CPI: 2.6%

Engineering News Record (ENR): SNWA Connection Charges and Infrastructure Charges
Consumer Price Index (CPI): SNWA Commodity Charges

EXPENSE IMPACTS - MCCP

Inflationary increases will affect estimated project costs.

Horizon Lateral	\$1,596.7	
Garnet Valley Water System	129.8	
Garnet Valley Wastewater System	120.0	
Boulder City Wastewater System	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
Operating Capital		176.7
Capital Equipment		50.0
Lower Las Vegas Wash		<u>122.5</u>
TOTAL CAPITAL		\$3,514.8 million*

**in 2020 dollars*

EXPENSE IMPACTS - MCCP

Inflationary increases will affect estimated project costs.

	Capital Total	Inflation Added	Impact
All Capital	\$3,514,800,000	5.2%	\$182,769,600
MCCP Only	\$3,165,600,000	5.2%	\$164,611,200

Inflation Added = Actual Inflation (8.4%) – estimated average inflation (3.2%)

REVENUE IMPACTS

Inflationary increases will affect generated revenue.

10-Year Impacts

	2020- 21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Sources											
Infrastructure Charge	-	\$3,071,341	\$11,554,042	\$11,854,268	\$12,167,559	\$12,453,795	\$12,733,365	\$13,103,477	\$13,661,618	\$14,230,923	104,830,390
Commodity Charge	-	770,143	2,131,419	2,074,200	2,639,416	3,045,958	3,354,032	3,632,135	4,177,445	4,659,864	26,484,612
Connection Charge	-	462,708	1,665,566	2,427,984	3,000,944	2,879,232	2,789,521	2,588,751	2,454,571	2,363,831	20,633,107
Total	-	4,304,192	15,351,028	16,356,452	17,807,919	18,378,984	18,876,918	19,324,363	20,293,633	21,254,619	151,948,108

PROPOSED INCREASE SCHEDULE – MARCH 2022

		6 YEAR PHASE-IN STARTING 2022						INDEXING
		2022	2023	2024	2025	2026	2027	2028 ➡
Connection Charge (ENR) <i>Last increased in 2008</i>	Catch-Up Inflation	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	0.0%
	Current Year Inflation	8.4%	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR
	Total	14.9%	TBD	TBD	TBD	TBD	TBD	TBD
Commodity Charge (CPI) <i>Last increased in 2017</i>	Catch-Up Inflation	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	0.0%
	Current Year Inflation	5.0%	Prior Sept CPI	Prior Sept CPI	Prior Sept CPI	Prior Sept CPI	Prior Sept CPI	Prior Sept CPI
	Total	7.3%	TBD	TBD	TBD	TBD	TBD	TBD
Infrastructure Charge (ENR) <i>Last increased in 2018</i>	Catch-Up Inflation	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	0.0%
	Current Year Inflation	8.4%	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR	Prior Sept ENR
	Total	10.0%	TBD	TBD	TBD	TBD	TBD	TBD

PROPOSED IMPLEMENTATION TIMELINE

If IRPAC recommends the proposed changes, the new rates would be considered as follows:

Dec. 13, 2021	Open Business Impact Statement (BIS) public comment period
Jan. 20, 2022	SNWA Board considers BIS
Feb. 17, 2022	SNWA Board considers IRPAC recommendations and holds rates hearing
March 1, 2022	New rates implemented

SAMPLE CUSTOMER RATES

Customer	Consumption (1,000 gallons)	2022 Approved	2022 Proposed
Single Family Residential (5/8" meter; typical usage)	8	\$44.18	\$45.04
Single Family Residential (5/8" meter; high usage)	21	98.42	99.54
Single Family Residential (1" meter; typical usage)	22	110.97	113.26
Single Family Residential (1" meter; high usage)	77	379.19	382.58
Mobile Home Park (Boulder Cascade)	1,651	5,061.13	5,153.33
High Rise Residential (Queensridge Place)	3,288	15,776.54	15,978.39
Office Park (Desert Canyon)	216	1,872.80	1,882.74
Resort and Hotel (Bellagio)	30,532	134,576.15	135,455.82
Restaurant (Lawry's)	339	2,176.54	2,192.31
Retail Complex (Fashion Show Mall)	6,672	30,247.14	30,549.43
School (Palo Verde High School)	2,726	13,138.63	13,249.67

Customer	Consumption (1,000 gallons)	2022 Approved	2022 Proposed
Municipal Park (All-American Sports Park)	1,959	\$9,588.38	\$9,696.73
Hospital (Sunrise Hospital)	6,201	30,068.99	30,306.46
Locals Hotel (Palace Station)	6,645	32,891.97	33,326.10
Shopping Center (Renaissance West)	1,887	9,991.62	10,206.82
Industrial (Brady Linen)	9,970	46,342.77	46,699.41
Apartment Complex (Bridges on Tropicana)	2,938	15,710.19	15,792.73
Warehouse (Baldwin Motorsports)	22	572.77	575.98
Strip Mall (Large) (Extra Space Management, Inc)	1,854	11,167.98	11,299.13
Strip Mall (Small) (SW Marketplace Station)	1,104	6,603.43	6,652.52
University (UNLV)	25,623	119,365.52	120,501.20



DISCUSSION

RECOMMENDATION 18

2020 Approved

Implement a six-year annual increase to SNWA charges effective January 2021 to:

1. Phase in an inflationary catch up, and
2. Adjust for subsequent annual inflation within the six year period:
 - Increase the Connection Charge by 9.5% annually for six years effective Mar. 2022
 - Increase the Infrastructure Charge by 4.6% annually for six years effective Jan. 2022
 - Increase the Commodity Charge by 4.8% annually for six years effective Jan. 2022

Proposed

Implement an increase to SNWA charges effective **March 1, 2022**:

1. Maintain the previously-approved inflationary catch up through **2027**, and
2. Update the previously-approved annual inflation rate with actual rates for 2022:
 - Increase the current Connection Charge by **14.9%**
 - Increase the current Infrastructure Charge by **10.0%**
 - Increase the current Commodity Charge by **7.3%**

RECOMMENDATION 19

2020 Approved

Implement an indexed rate component to the SNWA Infrastructure and Commodity charges annually, effective January 2028, and limit future increases to a floor of 1.5% and a ceiling of 4.5% each year.

- Infrastructure Charge in accordance with Engineering News Record (ENR) index
- Commodity Charge in accordance with the Consumer Price Index (CPI)

Proposed

Implement an indexed rate component to the SNWA Infrastructure and Commodity charges annually, effective January 2023, and limit future increases to a floor of 1.5% and a ceiling of X.X% each year.

- Infrastructure Charge in accordance with Engineering News Record (ENR) index
- Commodity Charge in accordance with the Consumer Price Index (CPI)

TIMELINE

Dec. 2, 2021	IRPAC Reconvene; Receive recommendations
Dec. 13, 2021	Open Business Impact Statement (BIS) public comment period (if IRPAC recommendation requires rate updates)
Jan. 20, 2022	SNWA Board considers BIS
Feb. 17, 2022	SNWA Board considers IRPAC recommendations and holds rates hearing, if appropriate
March 1, 2022	New rates implemented, if approved