

Julie Cleaver asked about splash pads. Tom Minwegen stated that water used in splash pads goes back to the sewer. Georgie Rucker asked about washing your car at your home. Tom Minwegen answered that the wash water goes into the storm drain and into the Las Vegas Wash/Lake Mead untreated. Georgie Rucker asked about draining your pool. Tom Minwegen answered that the ordinances require you to drain the pool water into your sewer clean out.

VI. Receive a presentation about the Water Reclamation District's Operations, Maintenance and Capital Projects.

Rick Donahue introduced himself and spoke about the Collection System Services O&M budget. Rick Donahue walked through the components of his budget. Rick Donahue stated there are 79 employees in Collection System Services, all but 3 are in the field. His staffing budget is \$8.4 Million a year. Rick Donahue stated he has 103 vehicles in the Collection System fleet, that drive approximately 415,000 miles/year. The value of the vehicles is \$8.1M. Rick Donahue discussed that he spends \$1.7M on odor and corrosion control a year. Rick Donahue stated the electrical costs for the lift stations and odor and corrosion control is \$210K a year. Rick Donahue talked about different technology his staff uses to conduct their duties. Rick Donahue spoke about asset management and reliability centered maintenance, how the District cleans and inspects the collection system, how some repairs can be made in-house with trenchless technology, but how some repairs must be made through a Capital project. Julie Cleaver asked how long the repairs last. Rick Donahue answered 50-60 years, we use fiberglass and stainless-steel materials. Julie Cleaver asked how many stints are put in before you need to replace the pipe. Rick Donahue answered that they will only put in a few stints in a 450-foot section. Dan Fischer spoke about what it costs to operate and maintain the wastewater facilities. There is a focus on maintenance of the facilities. There are 139 people, 129 of those are in the field of in the lab. Use a lot of electricity. Bulk of utility cost is electricity and then sludge hauling. Dan Fischer stated we have contract with Colorado River Commission for power. Dan Fischer talked about asset management and reliability centered maintenance, both predictive and preventative maintenance. Spend money on capital side, with rehab and replacement and for capacity. We will need to start capacity improvements at the Flamingo Water Resource Center soon. Virginia Valentine asked if the utility budget was just for the main facility, or for all plants. Dan Fischer answered that it is for all the District's facilities. Virginia Valentine asked if the arrangement with CRC would change if Question 3 passes. Shawn Mollus stated we have contracts with CRC and Hoover Power. There are 5-year purchase agreements. Virginia Valentine asked when you look at capacity, are you assuming that treatment is at the same level it currently is. Dan Fischer answered yes. Virginia Valentine asked if you run risk of additional costs with new/additional technologies. Dan Fischer answered yes. Warren Hardy stated we need to understand what effect Question 3 will have on the District. Virginia Valentine is trying to understand if the CRC agreement is outside of the impact of Question 3. Cliff Marshall asked when the 5-year pricing agreement will end. Dan Fischer stated that we will have to get that information to the committee. Warren Hardy stated he is impressed by how efficient the Flamingo Water Resource Center was run. Warren

Hardy indicated he is surprised that the staffing level was high. Dan Fischer stated there is a need for maintenance staff as well as lab staff. Julie Cleaver asked if the budget includes items for R&D. Dan Fischer stated it is indirectly, through memberships with trade organizations, as well as pilot projects with SNWA, but not a direct spend. Warren Hardy appreciated how the District does Cost Benefit Analysis before going to latest and greatest technology. Justin Harrison asked when the Flamingo plant will be out of capacity. Dan Fischer stated we have 5-7 years to get the expansion completed. Justin Harrison asked at what point do you need to accelerate the projects. Shawn Mollus stated that we are going to get into that with the next part of the presentation. Shawn Mollus discussed the major goals of the Capital Improvement Program is to enhance reliability, phased implementation, project timing to minimize fiscal impacts and to accommodate change. Shawn Mollus discussed the historic and 10-year projected Capital Improvement Program. Shawn Mollus spoke about how there were spikes in the past, but the goal for future is to flatten out those spikes. Shawn Mollus went through the 15-year Capital Improvement Program's projected budget of \$1.5B. Shawn Mollus spoke about the components of the program; capacity/expansion, rehab/replacement and staffing/program management costs. Shawn Mollus discussed the types of capital improvement projects and gave an indication of the cost of replacing a mile of pipeline. Shawn Mollus spoke about trenchless rehabilitation of pipeline. Cliff Marshall asked about the trenchless relining. Shawn Mollus explained the process. Georgie Rucker asked about the shelf life of the relined pipe. Shawn Mollus stated it is the same as new pipeline. Shawn Mollus provided detail of the Capital Improvement Program and costs. Shawn Mollus discussed oversize agreements. Warren Hardy asked for clarification that oversize agreements were new, he understood Shawn Mollus to say it was a new policy, but he thought we had done those in the past. Shawn Mollus indicated that other agencies have been using it. Warren Hardy asked if there are refunding provisions. Shawn Mollus stated yes. Shawn Mollus discussed treatment facility expansion projects. Shawn Mollus stated that 12% of power is green energy. Solar power could be cost effective at other facilities. Dan Tafoya asked if there was a national standard or ISO standard to certify the quality assurance plant. Shawn Mollus stated it is the discharge permit. Tom Minwegen answered that there are rules in place that when you are 85% capacity, you need to be in design for additional capacity. Annette Bubak asked if the facility buildings have been assessed for energy efficiencies. Shawn Mollus indicated that we do, and that we just rehabilitated the laboratory for that reason and we just replaced boilers for better efficiency. Tom Minwegen stated that the last two facility projects included LEED certified buildings.

- VII. Receive a presentation about the Clark County Water Reclamation District's Rate Structure. Marty Flynn discussed the heart of billing structure, the Equivalent Residential Unit system. It is an industry method of putting flows into customer categories, as the District doesn't have meters. The ERU is based upon a single-family residential unit, which is 1.0 ERU. Commercial customers are based on type of business and number of fixtures. Marty Flynn discussed the three primary revenue sources being the annual sewer service charge, the connection fees and

the quarter cent sales tax. The quarter cent sales tax has been collected for at least 20 years, from a legislative initiative. This year we are projecting \$16-17M in quarter cent revenue. Warren Hardy asked if it sunsets. Guy Hobbs answered that it sunsets in 2025 or sooner. Marty Flynn responded that the Board of County Commissioners must vote to extend it. Guy Hobbs added that it also for the SNWA piece. Marty Flynn stated the annual sewer service charge, billing started July 1st. The billing structure includes provisions to collect unpaid sewer service charges through the tax roll, the Water Reclamation portion comes out first from the tax bill. Annual sewer service revenue is very stable and pays operational bills and pays the debt service. Marty Flynn discussed the connection fee. One-time fee that new construction pays. Marty Flynn stated it is an equity buy-in to the system and guarantees capacity in pipeline and treatment facility capacity and stays forever with parcel. This is important for commercial customers, when property turns over, the capacity stays with the property. Justin Harrison asked what the connection fee is. Marty Flynn responded \$2195. Justin Harrison asked when the last time that fee was changed. Marty Flynn responded during the process ten years ago, 2007-2008 had a series of increases, but hasn't changed in last 6 years. Rob Wadsworth discussed the elements of connection fee. He stated that the connection fee is recognition that existing customers paid into the system will always have capacity and equity into the system. Rob Wadsworth talked that the first piece is the current value of the backbone system, the large assets of plant and collection system, but doesn't include the donated collection lines. The connection fee is calculated for a given point in time. The calculation includes reserves that are available for capital projects. Rob Wadsworth then stated we subtract total indebtedness, capital financed through bonds, so we credit outstanding principal of the debt. That gives total value of system, then divide by the projected ERUs to get equity position to get the dollar per ERU, which is the calculated connection fee. Julie Cleaver asked when the ERUs are projected, does the number get corrected for actual connections. Rob Wadsworth responded it does, it could be updated on a set period of time. Guy Hobbs asked if the equation was run today, what would be the connection fee. Marty Flynn answered around \$2700. Guy Hobbs asked what the current connection fee is. Marty Flynn responded \$2195.

- VIII. Receive a presentation on the Water Reclamation District's Draft Reserve Policy. *Tom Minwegen walked through the reserve policy. To Minwegen stated that reserve policy is deeply routed in a strong financial plan. Financial groups can make recommendations on the levels for some reserve funds, and other funds are required by law. It supports rate stability, operational values and stability of operation, and credit worthiness when looking for bonds. We are not trying to spend money before it is needed. Tom Minwegen stated that Moody's and S&P find favor with our credit worthiness with our plan and we are making a few tweaks. These are the numbers we will be putting into the models, so when we run your scenarios, these numbers will be plugged in. Tom Minwegen said the District wants to make sure that we maintain the principal and interest on an annual basis of current debt. Budget stability and natural disaster is required by state statute, allows to go up to 10%, currently we are 5%. OPEB, this is the number Clark County will require from us. These are based upon best*

accounting principles. Guy Hobbs stated the baseline model will include the revenue sources, expenditures and reserves. The scenarios that will be run will include these. There will be some assumptions about capital acquisition, how much will be done with equity and leveraged dollars, which will require a discussion on its own. We will have to hit the target levels over time. These will be moving parts in the models that we will consider in the next meeting. Virginia Valentine asked how OPEB is doubled, wants to know more about why three items are raised significantly. Guy Hobbs stated OPEB is externally required. It was a 90-day expenditure reserve, SNWA is looking at 120 to 180-days, combined with budget stabilization. This is bringing into a higher standard than in the past. This policy will go to the Board of Trustees for approval. Tom Minwegen stated that in past we had a rate reduction due to sitting on too much money. Guy Hobbs stated we should look at total reserve is a total aspirational target, not a year one change, but one to reach over time. Warren Hardy asked how many are statutorily driven. Guy Hobbs stated this is an enterprise activity, but bond reserves are required by covenants. Warren Hardy stated it is a delicate balance. Guy Hobbs stated that the District is rated the highest level by S&P. The County isn't even rated as high. Managing the credit rating to highest possible level to get the lowest interest rate. Warren Hardy state he is in full support of this. Virginia Valentine stated it is a lot of money.

- IX. Public Comment-There were no persons wishing to speak.
- X. Adjournment-The meeting was adjourned at 1:15 PM. The next meeting is on September 20, 2018 at 11:30 AM at the Las Vegas Metro Chamber of Commerce.