

The meeting was held at 1:03 p.m. on Tuesday, February 14, 2012, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

### **COMMISSIONERS IN ATTENDANCE**

Chairman	George F. Ogilvie III
Vice Chairwoman	Marybel Batjer
Commissioner	Bob Coffin
Commissioner	Tom Collins
Commissioner	J. Brin Gibson
Commissioner	Duncan R. McCoy
Commissioner	Berlyn D. Miller

### **DEPUTY ATTORNEYS GENERAL**

Senior Deputy Attorney General	Jennifer T. Crandell
Senior Deputy Attorney General	Ann C. Pongracz

### **COMMISSION STAFF IN ATTENDANCE**

Executive Director	Jayne Harkins, P.E.
Deputy Executive Director	James D. Salo
Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert D. Reese
Manager, Energy Services	Gail A. Bates
Manager, Natural Resources Group	McClain L. Peterson
Assistant Manager Hydropower Program	Lisa M. Ray
Hydropower Program Specialist	Michael S. Harris
Natural Resources Analyst	Kimberly E. Maloy
Senior Energy Accountant	Rich Sanders
Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant III	Carol L. Perone
Administrative Assistant II	Donna Banks

### **OTHERS PRESENT; REPRESENTING**

Consultant	Sara A. Price, Esq.
JNA Consulting Group	John Peterson
Overton Power District No. 5	Mendis Cooper
Overton Power District No. 5	Delmar Leatham
Southern Nevada Water Authority	Marc Jensen
Swendseid & Stern	Scott Shaver

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF FEBRUARY 14, 2012**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:03 p.m. followed by the pledge of allegiance.

**A. Conformance to Open Meeting Law.**

Jayne Harkins, Executive Director, confirmed that the meeting was in compliance with the Open Meeting Law.

**B. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)**

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

**C. For Possible Action: Approval of minutes of the January 10, 2012 meeting.**

Commissioner Collins moved for approval of the minutes of the January 10, 2012 meeting as written. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.

**D. For Possible Action: Consideration of and possible adoption of a resolution designated as the “State of Nevada Colorado River Commission 2012E Refunding Bond Resolution”; authorizing the sale and issuance of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2012E; and providing the purpose for which the bonds are being issued, the form, terms and conditions of such bonds, the manner and terms of their issuance and execution, the method of their payment, the security therefore, the levy and collection of annual general (ad valorem) taxes for the payment of such bonds, and the pledge of revenues for the payment thereof; and other related matters.**

Doug Beatty, Chief of Finance and Administration, gave a brief review of the opportunity the Commission has to work again with the State Treasurer to include a bond refunding with a larger package of state bonds being refunded through the State Treasurer’s office.

Mr. Beatty stated the market continues to remain low and the State Treasurer notified the Commission that they will issue a new money bond and refund additional eligible bonds of their own and requested the Commission join the issue.

This process is a repeat of what the Commission did last year with a previous bond. The only difference is that the actual delivery of the bonds will be delayed longer than delivery on the previous bond. This situation is called a forward which means the bonds purchased will not be delivered right away but will be delivered in a few months. This will affect the interest rates a little bit because there is a premium for doing this. Staff

recommends the additional refunding at this time because we have been informed that the State Treasurer does not anticipate issuing any bonds in the fall. If we waited to purchase the bonds on our own, we would lose some of the savings we will achieve by combining sales with the State Treasurer. The savings will be around \$1.6 million.

Mr. John Peterson representing JNA Consulting Group explained what is happening in the bond market at this time. Interest rates have remained low since late 2011; however interest rates have been edging up since the beginning of February 2012. This is why the Commission is joining with the State Treasurer at this time to share the cost which will result in more savings. The bonds will be priced early in March and this bond sale will be expected to close on July 10, 2012.

Chairman Ogilvie asked when the interest point will be locked in.

Mr. Peterson said the interest rate will be locked in when the price of the bonds is set in March.

**Commissioner Collins moved to accept Staff's recommendation to adopt the bond resolution and authorize staff to complete the refunding as outlined in the resolution. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.**

**E. *For Information Only:* Receive an update from the Southern Nevada Water Authority on the status of the Third Intake Project at Lake Mead.**

Marc Jensen, Director of Engineering at the Southern Nevada Water Authority (SNWA), provided a brief history on the decisions regarding the necessity of building the Third Intake at Lake Mead and also an update on the status of that intake. A copy of the report is attached and made a part of the minutes. (See Attachment A.)

Intake Number One was constructed between 1967 and 1971 as a joint project between the Colorado River Commission of Nevada and the United States Bureau of Reclamation. It has a pumping capacity of 600 million gallons of water per day (mgd) and supplies water to the Alfred Merritt Smith Water Treatment Facility.

Intake Number Two construction was commenced in 1998 by the SNWA. Intake Number Two has a pumping capacity of 720 mgd and supplies water to the River Mountains Water Treatment Facility.

As the current drought started to develop in the early part of the prior decade, there was concern about the water quality effects of lowering lake levels. The Las Vegas Wash, which empties into Lake Mead, is comprised largely of treated waste water, storm water, and shallow ground water seepage. These conditions provide a large source of algae growth on the water surface which negatively affects the water quality of Lake Mead.

Mr. Jensen next explained the effect known as thermocline, in which the warmer surface waters of Lake Mead are generally of a lower quality, than the cooler waters below the thermocline boundary. When the lake level is high the intakes are well below the thermocline and the water quality is better. Because of the drought and the resulting declining lake levels both of the intakes became subject to decreased water quality above the thermocline. There became a concern that SNWA would not be able to meet water quality standards. As a result of these concerns, to temporarily protect the water quality, in 2003 SNWA extended the inlet of Intake Number One to a deeper depth. This was accomplished by installing a pipe to about the same depth of Intake Number Two which improved the quality of the drinking water. However, the levels of Lake Mead continued to drop as the drought continued and there was a risk that both intakes would draw water above the thermocline.

As the drought continued, concerns arose not only about water quality but also the ability to use Intake Number One and therefore lose pumping capacity if the lake levels drop to 1050 feet. If lake levels drop to 1000 feet, Intake Number Two will continue to function but with lower water quality.

SNWA determined that the solution to these concerns was to build a new Intake Number Three tunnel. This third intake would preserve existing water supply capacity if lake levels fall below 1050 feet, obtain better water quality, and maintain system reliability and operational flexibility.

The scope of the project entails a pumping station and discharge pipeline connected to a new intake tunnel conveying water from an intake structure much deeper in Lake Mead and also connected to Intake Number Two. The pumping station and discharge pipeline construction have been deferred to save money and also due to steady reductions in the growth of water demands as a result of conservation and economic conditions.

SNWA has gone forward with the construction of the intake tunnel, intake structure, and connector tunnel all awarded in 2008. The project to connect to Intake Number Two with an isolation gate has been completed.

Intake Number Three consists of an access shaft, tunnel, and intake structure. Construction began in June 2008. In June 2010 a pocket of unstable ground fell into the tunnel and the tunnel flooded. Contractors were able to stabilize the surface and clear the tunnel and resumed work. However, in October and December of 2010 flooding re-occurred. A determination was made to realign the tunnel, and excavation resumed. In September 2011 the tunnel boring machine (tbn) was lowered into the new tunnel and work commenced.

Remaining critical work includes place and anchor intake structure on lake bottom, excavate three miles of tunnel with the tbn, complete connector tunnel with Intake Number Two, penetrate intake structure with tbn, remove tbn, remove connector tunnel bulkhead rock plug, and remove intake structure bulkhead steel cap.

Commissioner Coffin asked about the issue of quagga mussel invasion.

Mr. Jensen said chemical feed pipes will release a chemical chlorine solution to keep the quagga mussels away from the structure.

Chairman Ogilvie asked who bore the risk of the tunnel flooding and Mr. Jensen replied that SNWA bore that risk.

The Commission offered their thanks to Mr. Jensen for his update on the SNWA Third Intake Project.

**F. *For Information Only:* Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.**

Kimberly Maloy, Natural Resources Analyst, provided a report on the following:

- Hydrologic Conditions
- Unregulated Inflow Into Lake Powell
- Storage Conditions
- Storage Conditions Comparison Per December 24 Month Study
- Lake Powell and Lake Mead Operational Diagrams for 2012
- Precipitation Colorado River Basin
- Lake Powell Daily Water Levels
- Lake Mead Daily Water Levels
- Drought and Climate
- Colorado Basin River Forecast Center
- Record of Precipitation at McCarran International Airport Las Vegas NV
- U.S. Drought Monitor
- U.S. Seasonal Drought Outlook
- Water Year 2012 Operations
- Water Use In Southern Nevada
- Nevada's Consumptive Use of Colorado River Water

Commissioner Coffin asked where the consumptive use is measured.

McClain Peterson, Manager of Natural Resources Group, stated that it is not just the Las Vegas valley that reports on consumptive use, other entities such as PABCO and Laughlin report numbers as well.

A copy of the report is attached and made a part of the minutes. (See Attachment B.)

**G. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)**

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

**H. Comments and questions from the Commission members.**

Chairman Ogilvie asked if there were any comments or questions from the Commission members.

Commissioner Collins would like to know how hard it would be to redirect the Las Vegas Wash below the intake or even Hoover Dam versus the money spent on combating issues like algae and silt that will continue to plague us in the future, possibly something to look at in the future.

**I. Selection of the next possible meeting date.**

The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, March 13, 2012 at the Grant Sawyer State Office Building in Suite 4401.

**J. Adjournment.**

The meeting adjourned at 1:49 p.m.

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Jayne Harkins, P.E., Executive Director

APPROVED:

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George F. Ogilvie III, Chairman