Water District and Golf Courses Debate Future Water Needs
Editorial from the Virgin Valley Water District

As residents of the Virgin Valley know, we live in a desert where water is a scarce and important resource. Ensuring that the limited water available is put to the best possible use has long been a complex and challenging task for the Virgin Valley Water District.

That's why current negotiations with two golf courses regarding the District's irrigation water is a critical issue for all ratepayers.

The District holds 403 shares of Virgin River water in the Mesquite Irrigation Company (MIC) and 59 shares in the Bunkerville Irrigation Company (BIC). Currently the District does not have the ability to treat Virgin River water to make it drinkable so it leases it to other users until such time as it's needed for potable water. The lease revenue is added to the District's general fund and offsets the necessity for rate increases to residents and businesses.

Most of the local golf courses either own their own irrigation shares or have made other arrangements to address their water needs and do not rely on District irrigation shares.

In 2011, the District agreed to lease a portion of its irrigation shares for $250 per share to local golf courses and farmers. These leases extend into 2019 when the District will have the right to set new rates at whatever price the District determines.

In 2014, Southern Nevada Water Authority (SNWA) agreed to lease 18 shares the District owns in MIC valued at $1,246 per share and 22 shares the District owns in BIC valued at $1,512 per share. Together, SNWA pays the District $55,692 a year for the leases. SNWA has indicated a willingness to lease more shares from the District at these prices.

A lease between the District and Wolf Creek golf course for 155 shares, at $250 a share, is valued at $38,750 per year. A lease between the District and Conestoga golf course for 150 shares, at $250 a share, is valued at $37,500 per year.

However, metering history shows that Wolf Creek only uses 110 of its 155 shares and Conestoga has verbally acknowledged that it only uses 85 of its 150 shares. Unfortunately, the result is extra costs to the golf courses and lost revenue to the water district because the unused water flows down the river without any financial compensation.

Should the two golf courses agree to return their unused shares, a combined 110 shares, prior to the lease expiration date, the District could then lease those shares to SNWA and realize extra revenues of $137,060 per year. Wolf Creek golf course could save $11,250 per year and Conestoga could save $16,250 per year in lease costs through 2019.

It's important to note that the District's irrigation shares do not represent the only irrigation water available to these golf courses. The City of Mesquite has a significant amount of effluent water that is not being used. In fact, the city's effluent is actually cleaner than the District's river water, making it easier on irrigation equipment and reducing maintenance costs.

Wolf Creek and Conestoga currently pay the District $250 per leased irrigation share while the city's price for effluent is about $600 for an equal amount of water. For this reason, the courses have preferred to lease the District's irrigation shares rather than purchase effluent from the city.

If the District raises its rate for irrigation shares to the market rate set by SNWA, the golf courses would almost certainly purchase effluent from the city and thus prevent the further waste of the available effluent water. Use of the effluent would free up the District's shares for lease to SNWA at market rates and put the District in a better financial position thus benefitting all rate payers alike.

The District continues negotiating with the two local golf courses to ensure only those irrigation shares they absolutely need remain under the current leases and current rates. However, the District contends that those shares that the golf courses don't need should be returned to the District for leasing to SNWA. That does two things for the ratepayers. One, it increases the District's revenue stream by more than $100,000 a year. Two, it ensures that water does not continue flowing down river without appropriate income to anyone.

The District can use lease income for things like infrastructure projects and repaying debts. This puts the District in a better overall financial condition and reduces the income needed from the District's culinary water sales. For each dollar derived from leasing out our irrigation shares, one less dollar is needed from other sources. As a result, water rates for standard water service can be reduced or at least not increased as often.