

MEETING OF THE  
STATE BOARD FOR FINANCING WATER PROJECTS  
Summary Minutes

Tuesday, September 14, 2010  
9:30 AM  
901 S. Stewart St., 2<sup>nd</sup> Floor Tahoe Room  
Carson City, NV 89701

**Members Present:**

Bruce Scott, Chairman  
Brad Goetsch, Vice-Chairman  
Lori Williams  
Andrew Belanger  
Steve Walker  
Jim Balderson attending for Jennifer Carr, Ex-officio Member

**Staff Attending:**

Nhu Nguyen, DAG  
Dave Emme  
Adele Basham  
Michelle Stamates  
Daralyn Dobson  
Kathy Rebert

**Members Absent:** none

**A. INTRODUCTION AND ROLL CALL (Non Action)**

At the invitation of the Chairman, Board members and others present introduced themselves.

**B. APPROVAL OF MINUTES - JUNE 01, 2010 MEETING (Action)**

**Motion:** Mr. Belanger moved to accept the minutes as written. The motion was seconded by Mr. Walker and passed unanimously.

**C. SET A DATE FOR THE NEXT BOARD MEETING (Action)**

It was decided the next meeting be conducted Tuesday, December 14, 2010.

**D. DRINKING WATER STATE REVOLVING FUND PROGRAM**

**1. Discussion and Possible Approval of Loan Commitments**

**a. Carvers Mobile Home Park (MHP) ARRA Project (Action)**

Ms. Basham presented background and specifics on this project (see ATTACHMENT 1 for the Loan Summary and Resolution). An increase in the Loan Commitment approved in October 2009 by the Board is being requested for installation of a back-up water pump, re-routing a small amount of pipe line to eliminate winter freezing issues, installation of a back-up power supply, and security cameras for the building housing the water treatment system. Due to the remote location of the MHP both back-up water pump and back-up power are critical to preventing interruptions in water service. Ms. Basham provided information on Carvers RV and Mobile Home Park's ability to cover both operations and debt service.

The Division recommended the Board approve a \$15,000 increase in the loan commitment from the loan fund of the DWSRF ARRA funds to Carvers Mobile Home Park.

Mr. Don Meighan, owner of Carvers Mobile Home Park, answered questions for Board members regarding the back-up system.

**Motion:** Mr. Walker made a motion to approve the commitment of additional funds in the amount not to exceed \$15,000 from the loan fund of the DWSRF ARRA funds to Carvers Mobile Home Park by the resolution designated the "American Recovery and Reinvestment Act 9-2010 Carvers Mobile Home Park Project Additional Funds Loan Commitment Resolution." Ms. Williams seconded the motion and the motion passed unanimously.

#### **b. Dyer Elementary School (Action)**

Ms. Basham presented background and specifics on this project (see ATTACHMENT 2 for the Loan Summary and Resolution). The Bureau of Safe Drinking Water had given the school a variance from the drinking water standard for total dissolved solids (TDS) raising the maximum allowed level from 1,000 mg/L to 1,500 mg/L. Historically, by blending the two well sources, the school has been able to comply with the 1,500 mg/L limit. Recently, the well with the better water quality, Well #1, appears to have dried up and is no longer available for blending. This loan is being requested for a proposed project to drill a new 330-foot well to replace Well #1. The alternative of treatment to lower the TDS was considered, and it was determined that this alternative would involve a relatively high capital cost, there would be high operation and maintenance costs, the school would still lack a back-up water source, and there would be waste stream disposal issues. The preferred alternative is to drill a new well that complies with the TDS standard. The project would bring the system into full compliance with the Safe Drinking Water Act (SDWA).

The Division recommended the Board approve a principal forgiveness loan commitment from the loan fund of the DWSRF funds in the amount of \$295,675 to Esmeralda County School District.

Mr. Mike Hardy of the engineering firm Lumos & Associates spoke on behalf of the school district and provided answers to some engineering related questions including a brief discussion on blending water. Mr. Balderson, representing the Bureau of Safe Drinking Water, provided some information on SDWA compliance.

**Motion:** Mr. Goetsch made a motion to approve a loan from the DWSRF funds in the amount of \$295,675 to the Esmeralda County School District. The Division and Esmeralda County School District will negotiate the terms and conditions of the loan. Also, to approve a resolution designated the "9-2010 Esmeralda County School District Dyer Elementary Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. The motion was seconded by Ms. Williams and was unanimously approved.

#### **c. Goldfield (Action)**

Ms. Basham presented background and specifics on this project including details of the various issues which created the shortfall and the budget table (see ATTACHMENT 3 for the Loan Summary and Resolution). Ms. Basham explained that the Town of Goldfield's water system, operated by Esmeralda County, is out of compliance with the drinking water standard for arsenic. Goldfield is under a NDEP Administrative Order to come into compliance with the arsenic standard. Goldfield originally received funding from the USDA to build arsenic treatment; however, during the final design of the facilities several issues emerged creating cost shortfalls for which the USDA loan and grant funds are insufficient.

The project consists of the construction of a coagulation-filtration water treatment system housed in a split block building.

The Division recommended the Board approve a principal forgiveness loan commitment from the loan fund of the DWSRF funds in the amount of \$338,306 to Esmeralda County for the Town of Goldfield.

Mr. Mike Anderson, Esmeralda County Public Works Director, and Mr. Craig Wesner of Lumos & Associates were present to answer questions from the Board. The Board had several questions of Mr. Westner and a lengthy discussion ensued relating to engineering aspects of the project and costs.

Ms. Lisa Garland, USDA-RD provided project timeline clarification.

**Motion:** Ms. Williams made a motion to approve a loan from the DWSRF funds in the amount of \$338,306 to Esmeralda County for Goldfield. The Division and Esmeralda County will negotiate the terms and conditions of the loan. Also, to approve a resolution designated the "9-2010 Esmeralda County Goldfield Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. The motion was seconded by Mr. Belanger and approved unanimously.

#### **d. Frontier Mobile Home Park (MHP) (Action)**

Ms. Basham presented background and specifics on this project including details of the various issues which created the shortfall and the budget table (see ATTACHMENT 4 for the Loan Summary and Resolution). Ms. Basham explained that IGWT Investment owns the Frontier Village MHP. She said the water system includes one well, a chlorinator, an 18,000-gallon storage tank and the distribution system. The concentration of arsenic in the MHP's water supply is almost 6 times the maximum contaminant level, presenting a public health issue.

The proposed project is the construction of a small, Adedge adsorption arsenic removal system.

An alternative to the project would be consolidation with the City of Henderson water system which is about a half mile away. The alternative was evaluated and determined to be at least twice the cost due to easements, connection fee and new pipeline.

Ms. Rozita Sameyah from Frontier Village was present to discuss the project. Mr. Belanger provided information to Ms. Sameyah and the Board about a program that Southern Nevada Water Authority offers where the Authority will pay up to 85% of the cost to consolidate in exchange for the water rights from the system being consolidated.

A discussion followed. Mr. Belanger offered his staff to assist in gathering information regarding the possible consolidation of Frontier MHP with the City of Henderson water system.

**Motion:** Mr. Belanger made a motion to approve a loan commitment from the DWSRF loan fund for \$150,000 to IGWT Investment for the Frontier Mobile Home Park to go towards the cost of consolidation with the City of Henderson water system. The motion was seconded by Mr. Walker and approved unanimously.

#### **E. FUNDING STATUS - Capital Improvement Grant Funds (Non Action)**

Ms. Dobson provided a summary of the financial information and status of the Capital Improvements Grant Program (Project Summary Sheet and Projected Cash Flow Chart are included in ATTACHMENT 5).

**F. CAPITAL IMPROVEMENTS GRANT PROGRAM**

**1. Discussion & Possible Approval of a time extension for Kingsbury GID (Action)**

Chairman Scott recused himself from participation and vote on this extension request due to a conflict of interest.

Ms. Stamates presented an update on the Kingsbury Phase 1 project, saying the majority of the project is complete however slope stabilization and fencing around the new tank remain. The GID requested an additional extension of funding agreement '08-06-E4b' and Ms. Stamates recommended approval of a 12-month extension. Mr. Cameron McKay, General Manager of the GID, was present representing KGID. The Board briefly discussed the project and particulars of the necessary slope stabilization.

**Motion:** Ms. Williams proposed an extension to the Kingsbury Phase 1 project Funding Agreement 08-06-E4b to August 23, 2011. The motion was seconded by Mr. Walker. The motion passed, with Chairman Scott abstaining.

**G. CAPITAL IMPROVEMENTS GRANT PROGRAM**

**1. Progress Report for Capital Improvements Grant Projects (Non-Action)**

Ms. Stamates briefly discussed the status of the projects listed on the Progress Report (ATTACHMENT 6) and answered questions from Board members.

**H. WATER RIGHTS TECHNICAL SUPPORT GRANT PROGRAM**

**1. Progress and Financial Reports**

Ms. Stamates briefly discussed the status of the two projects that remain (ATTACHMENT 7). Ms. Stamates stated that the Eureka County project was essentially complete; however, the USGS report is delayed due to insufficient data to complete a water budget. Eureka County will provide a USGS Administrative Report that discusses all of the findings from the research completed under the SB62 grant. This report will fulfill the deliverables requirement for release of the final reimbursement from the grant program.

A final request from the Central Nevada Regional Water Authority is expected by the end of the calendar year. With the final disbursements of grant funds to each of these entities, the fund will be exhausted and this grant program closed.

**I. DISCUSSION AND POSSIBLE UPDATE TO THE BOARD'S REASONABLE WATER RATES POLICY (Action)**

Ms. Stamates presented a suggested amendment to the Board's policy on reasonable water rates (ATTACHMENT 8). A sampling of the current water rates charged by water purveyors who previously received grants from the program vs the reasonable rate recommended by the September 2007 Board policy showed a 38% compliance. A similar sampling of water purveyors who might apply for a grant from the program showed 0% compliance to the current policy.

The Board made clear their position on the importance in establishing reasonable rates to assure the sustainability of a water purveyor. There was discussion as to how to determine what is reasonable and how to ensure the applicants have established reasonable rates. The Board requested that Ms. Stamates revisit the information on the water purveyors who have previously

received grant funding and show the date(s) of that funding, the specific water rate conditions (if any) shown in their funding agreement and the status of their water rates to those conditions stated in their funding agreement.

DAG Nguyen provided advice in wording of the change to the Board policy. The Board discussed several other small changes in wording for the amended policy. The final wording for the changes to the policy read as follows:

"These water rates and charges must be in effect prior to approval of a Grant Application by the Board. No grant funding may be approved if the water rates and charges do not meet this Board policy."

"Water rates and charges" was substituted where just "water rates" appeared in the policy prior to this meeting.

**Motion:** Mr. Walker made a motion to accept the amendments to the Board policy on Reasonable Water Rates with the discussed changes. The motion was seconded by Mr. Goetsch and passed unanimously.

#### **J. DISCUSSION REGARDING SYSTEM CONSOLIDATION (Non Action)**

Board members expressed an interest in exploring consolidation/regionalization at the September 2010 Board meeting. The Board expressed a specific interest in looking at positive and negative incentives, the formulas used in the grant and loan program and what they mean, what is currently in Nevada regulations regarding consolidation, and if there are other things that might be done in the future. Ms. Basham provided an overview of the of the positive and negative incentives what is currently in place and what is in the administrative code for both the SRF Loan and Capital Improvements Grant programs (ATTACHMENT 9). The Board commented that consolidation was currently adequately addressed and provided no further direction to staff.

#### **K. BOARD COMMENTS**

None.

#### **L. PUBLIC COMMENTS**

None.

The meeting was adjourned at 12:40 pm.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

## ATTACHMENTS

- ATTACHMENT 1: Loan Summary and Resolution, Carvers Mobile Home Park
- ATTACHMENT 2: Loan Summary and Resolution, Dyer Elementary School
- ATTACHMENT 3: Loan Summary and Resolution, Goldfield
- ATTACHMENT 4: Loan Summary and Resolution, Frontier Village Mobile Home Park
- ATTACHMENT 5: Funding Status - Capital Improvement Grant Funds
- ATTACHMENT 6: Progress Report for Capital Improvements Grant Projects
- ATTACHMENT 7: Progress Report for Technical Water Rights Grant Projects
- ATTACHMENT 8: Discussion & Possible Update to the Board's Policy on Reasonable Water Rates

## **ATTACHMENT 1**

Loan Summary and Resolution, Carvers Mobile Home Park

# Carvers Mobile Home Park Increase Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2010

**Applicant:** Smokey Valley Enterprises LLC  
**Project:** Arsenic Removal Treatment  
**Original Amount of ARRA Funds:** \$65,000  
**Additional Amount of ARRA Funds:** \$15,000

### REQUEST FOR ADDITIONAL FUNDS

Carvers Mobile Home Park is located in the Big Smokey Valley on Highway 376, just north of Round Mountain Mine which is north of Tonopah. Carvers Mobile Home Park has 80 residential connections and 1 commercial connection and serves an estimated population of 150. The majority of the residents are employees of Round Mountain Mine. The Mobile Home Park owner has estimated residential connections in the future to be 100 (includes existing 80 connections) serving an estimated population of 200.

In October 2009, the Board for Financing Water Projects approved a loan commitment for Carvers Mobile Home Park arsenic treatment project utilizing American Recovery and Reinvestment Act (ARRA) funds. The approved loan amount was \$65,000. Carvers Mobile Home Park successfully installed the arsenic removal treatment equipment. However, the costs on this project were higher than anticipated. The engineer initially employed by Carvers is a member of the National Guard and was deployed to Haiti for an extended period of time following the devastating earthquake. His deployment occurred prior to him completing the design approval. Consequently, Carvers had to obtain a new engineer and design very close to the funding deadline. Some of the work in the original scope has not been completed due to lack of funding including the following:

- installation of backup water pump
- rerouting a small amount of piping to eliminate freeze issues
- installation of backup power supply
- Security cameras for the building housing the water treatment system

Due to the remote location of Carvers Mobile Home Park both backup water pump and backup power are critical to preventing interruptions in water service. Smokey Valley Enterprises has requested an additional \$15,000 to complete the items listed above.

### ***Financial Evaluation***

Carvers RV and Mobile Home Park continues to demonstrate its ability to cover both operations and debt service based on the following:

- Overall cash inflows and outflows from 3/1/09-10/1/09 demonstrate a net profit of \$4,980.

- To meet the DWSRF debt, the owner has gradually increased lot rent to \$200 with annual increases of \$15 thereafter. Given these increases, projected income for 2010, 2011, and 2012 will average \$40,827 per year.
- Although projected annual debt is a little more than anticipated, an increase in occupancy over the original projections and revenue from new vending machines should make up any difference.

These facts provide evidence that the Mobile Home Park owner is committed to maintaining fiscally sound operating policies.

***Status of Drinking Water State Revolving Loan Fund ARRA Funds***

NDEP is proposing to redirect \$15,000 of unspent ARRA funds to Carvers Mobile Home Park. Schurz Elementary School ARRA project has been completed with approximately \$48,000 remaining unspent.

**Division Recommendations**

The Division recommends that the Board for Financing Water Projects approve a \$15,000 increase in the loan commitment from the loan fund of the DWSRF ARRA funds in the amount to Carvers Mobile Home Park. The existing loan is for \$65,000 plus the additional \$15,000 brings the total loan commitment to \$80,000. The loan is for a term of not to exceed 20 years and at an annual interest rate of 0% since the source of funds for the loan is from ARRA. The Division and the Carvers Mobile Home Park will negotiate the terms and conditions of the loan agreement.

# **ATTACHMENT 1**

**Resolution of the Board for Financing Water Projects**

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 9-2010 CARVERS MOBILE HOME PARK PROJECT ADDITIONAL FUNDS LOAN COMMITMENT RESOLUTION" TO APPROVE ADDITIONAL FUNDS TO THE EXISTING LOAN COMMITMENT.

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, the Carvers Mobile Home Park project was approved by the Board for Financing Water Projects for \$65,000 on October 20, 2009; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

*Section 1.* This Resolution shall be known as the "American Recovery and Reinvestment Act 9-2010 Carvers Mobile Home Park Project Additional Funds Loan Commitment Resolution."

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated between the Carvers Mobile Home Park and the Division.

**Section 3.** Based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$15,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$80,000.

**Section 4.** The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

**Section 5.** This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED September 14, 2010**

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Chairman  
Board for Financing Water Projects

Attest:

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Technical Advisor  
Board for Financing Water Projects

## ATTACHMENT 2

Loan Summary and Resolution, Dyer Elementary School

# **Dyer Elementary School Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2010**

**Applicant: Esmeralda County School District**  
**Project: Water System Improvements**  
**Total Cost: \$295,675**

### **BACKGROUND**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the Act. The SDWA authorizes EPA to award capitalization grants to States that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295 inclusive. In addition to the authorizing statute, Nevada has adopted Administrative Code (NAC) 445A.6751 to 445A.67644 which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3).

Dyer Elementary School is located approximately 3 miles north of the community of Dyer within the Fish Lake Valley, approximately 73 miles southwest of Tonopah. Fish Lake Valley, between the White Mountains and the Silver Peak Mountains has long been a place for alfalfa farms and cattle and horse ranches. Boundary Peak, Nevada's highest point at 13,140 feet is to the west of the valley.

Esmeralda School District operates a public water system at Dyer Elementary School that serves three teacher-housing residences and the elementary school approximately 60 people total. NDEP's Bureau of Safe Drinking Water (BSDW) has given the school a variance from the drinking water standard for total dissolved solids (TDS) raising the maximum allowed level from 1,000 mg/l to 1,500 mg/l. Historically, by blending the two well sources, the school has been able to comply with the 1,500 mg/l limit. Recently, the well with the better water quality appears to have dried up and is not available to blend; consequently, the school has not been able to maintain 1,500 mg/l TDS. The School District has been providing bottled water to the school and residences for cooking and drinking.

## **CURRENT SYSTEM**

The water system consists of two wells and two 86 gallon pressure tanks. Each well pumps water into a pressure tank after chlorination at the well head. Water flows from the pressure tank into the distribution system. In January 2010, well #1 which was serving as the primary well went dry.

### ***Customers, Population***

The water system serves three teacher-housing residences and the elementary school totaling approximately 60 people.

## **PROPOSED PROJECT**

Esmeralda County Board of Trustees hired Lumos and Associates to conduct a Feasibility Study. Water samples were taken from deeper wells located near the school. The water quality results showed TDS levels well within the state standard. The proposed project is to drill a new 330 foot deep well to replace well #1 which went dry.

### ***Alternatives to Proposed Project***

Dyer is not an incorporated town or city and there are no city water or sewer services available; therefore connecting to another water system is not an option. The following three alternatives were considered.

1. Do nothing
2. Treat the water from well #2
3. Drill a new well in a deeper aquifer

Treatment is relatively high cost and has high operation and maintenance cost. The school currently does not have a backup water source and treatment would not provide an additional water source. In addition, treatment has waste stream disposal issues. The preferred alternative is to drill a new well.

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a Categorical Exclusion because the new well will be constructed on already disturbed land adjacent to the existing well. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring the school children and teachers receive water that is safe to drink.

### ***Permits***

The following permits are required for the project:

1. NDEP Bureau of Safe Drinking Water Approval
2. Water rights change of point of diversion

### ***Cost Estimate***

The estimated cost of the project is \$295,675

### ***Financial Evaluation***

In order to receive the Fiscal Year 10 grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that

additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

The MHI for the population served by Esmeralda County is \$33,203, according to the 2000 census. Therefore, Esmeralda County meets the requirements for additional subsidies, making a principal forgiveness loan granted to Esmeralda County School District appropriate.

***Technical, Managerial and Financial Capacity***

The water quality currently meets the MCLs with the exception of TDS and all monitoring requirements have been met. Dyer Elementary utilizes the certified operator from Goldfield. The proposed project will bring the system into compliance with the MCLs. The School District has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

***Compliance with Safe Drinking Water Act***

The Dyer Elementary School is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for TDS. This project will bring the system into full compliance with the Safe Drinking Water Act.

***Status of Drinking Water State Revolving Loan Fund***

Currently, there is approximately \$4.9 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$4.0 million.

***Division Recommendations***

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$295,675 to Esmeralda County School District. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and the Esmeralda County School District will negotiate the terms and conditions of a loan agreement.

## **Appendix**

Aerial View

Attachment 1

Resolution

Attachment 2

# ATTACHMENT 1

## Dyer Elementary Aerial View



## **ATTACHMENT 2**

**Resolution of the Board for Financing Water Projects**

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2010 ESMERALDA COUNTY SCHOOL DISTRICT DYER ELEMENTARY PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on June 1, 2010 the Board, pursuant to NRS 445A.265, approved the 2011 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Esmeralda County School District owns and operates the Dyer Elementary School public water system in Dyer, Nevada; and

**WHEREAS**, Esmeralda County School District submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #31 on the 2011 Priority List of water projects, which was approved by the Board on June 1, 2010; and

**WHEREAS**, the Esmeralda County School District submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Esmeralda County School District project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Esmeralda County School District has the technical, managerial and financial capability to manage and repay a loan for the Project; and

**WHEREAS**, the Esmeralda County School District meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada's Intended Use Plan; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

*Section 1.* This Resolution shall be known as the “9-2010 Esmeralda County School District Dyer Elementary Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated between the Esmeralda County School District and the Division and will include principal forgiveness.

*Section 3.* Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$295,675 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

*Section 5.* This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED September 14, 2010**

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Chairman  
Board for Financing Water Projects

Attest:

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Technical Advisor  
Board for Financing Water Projects

## ATTACHMENT 3

### Loan Summary and Resolution, Goldfield

# **Goldfield Utilities Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2010**

**Applicant: Esmeralda County**  
**Project: Goldfield Arsenic Treatment**  
**Total Cost: \$394,500**

### **BACKGROUND**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the Act. The SDWA authorizes EPA to award capitalization grants to States that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295 inclusive. In addition to the authorizing statute, Nevada has adopted Administrative Code (NAC) 445A.6751 to 445A.67644 which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3).

The Town of Goldfield is located approximately 30 miles south of Tonopah and 180 miles north of Las Vegas on Highway 95. Goldfield is the Esmeralda County seat. The town's water system, operated by Esmeralda County, is out of compliance with the drinking water standard for arsenic. Goldfield is under a NDEP Administrative Order to come into compliance with the arsenic standard. Esmeralda County received funding from USDA to build arsenic treatment. The original cost estimate, which served as the basis for the USDA funding, utilized assumptions on how the treatment plant would be designed and connected to the system. During final design of the facilities several issues emerged that have created cost shortfalls. The proposed DWSRF funding would cover the cost shortfalls. USDA has stated that they do not have the funds to cover the shortfalls.

### **CURRENT SYSTEM**

The Goldfield water system serves 241 residential and 5 commercial customers. The source of water is two wells located 11 miles north of town. Booster stations pump the water from these wells to town. The average daily production is 27,860 gallons. There is a combined storage capacity of 566,000 gallons. The system is metered.

## **PROPOSED PROJECT**

### ***General Description***

The project consists of the construction of a coagulation-filtration water treatment system. The treatment system will be housed in a split block building.

Two pilot tests were performed to assess the effectiveness of adsorptive media and coagulation filtration process. The results of the pilot test demonstrated that coagulation filtration process is the most reliable of the technologies tested. The adsorptive media performed poorly, most likely due to interference by silica, vanadium, selenium, chromium and high pH in Goldfield's water. The coagulation filtration pilot test conducted by Kinetico Inc. indicate that the arsenic levels can be brought into compliance using a single-stage Macrolite media filtration system preceded by ferric chloride injection and pH adjustments.

Goldfield Utilities has received \$56,380 in funding from CDBG and will be receiving \$1,082,244 in funding from USDA-RD. During final design of the facilities several issues, which are described below, emerged and resulted in a cost shortfall.

Treatment Train: Based on the results of the pilot test, the treatment vendor estimated a cost for the treatment train. The design engineer added cost for design assistance, installation and startup. After going out to bid for the treatment, the lowest responsive and responsible bid was significantly higher than the treatment vendor's estimated cost. The treatment vendor that performed the pilot test did not submit a bid. The shortfall for this item is \$144,881.

Treatment Building: The original size of the building was not adequate to accommodate the backwash equipment and sludge densification system. Increasing the building size is an additional \$92,930.

Piping Rework: The original estimate for piping was to connect the treatment plant to the closest point in the distribution system (400 linear feet). During design, it became apparent that the only way to convey the raw water from the wells to the treatment plant and then back into the distribution pipeline was to connect much farther back (2260 linear feet) in the transmission pipe. The shortfall for this item is \$89,600.

Construction Management/Inspection/Testing: Initially, the design engineer Lumos and Associates believed that the construction of the arsenic treatment facilities would be concurrent with the construction of the rehabilitation of the sewer pond and the estimated budget reflected engineering oversight of both projects which would have been a cost savings. Delays in the arsenic treatment project resulted in the two projects not entering the construction phases concurrently. The shortfall for this item is \$100,000,

The table on the next page contains a summary of the cost overruns described above.

<b>Budget Item</b>	<b>DWSRF</b>	<b>USDA</b>	<b>CDBG</b>	<b>Total</b>
Planning	\$364,918	\$509,799		-\$144,882
Design	\$87,120	\$67,100		\$20,020
Transmission/Distribution Piping	\$76,000	\$135,600		-\$89,600
Treatment Building	\$280,000	\$372,930		-\$92,930
Construction Contingency	\$127,355	\$63,463		\$63,892
Prime Contractor assuming procurement contract (10% markup)		\$51,000		-\$51,000
Engineering	\$120,231	\$120,231		\$0
Construction Inspection	\$39,000	\$139,000		-\$100,000
Total				-\$394,500

***Alternatives to Proposed Project***

Several options to achieve compliance with the arsenic standard were investigated including a new water source, blending, connection to other existing water systems, rehabilitating the existing sources and treatment. The Town of Goldfield is isolated and there are no nearby water systems to consolidate with. Limited geological and hydrological data suggests that there are no low-arsenic aquifers within the Goldfield area. Central treatment is the only viable option for Goldfield to achieve compliance with the arsenic standard.

Economics, water conservation, environmental impacts and viability of all possible treatment technologies were evaluated. Coagulation filtration was selected as the treatment technology.

***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. An environmental review of this project was conducted by USDA. USDA determined that the project is eligible for a Categorical Exclusion. The NACs allow NDEP to utilize an environmental review conducted by another agency as long as the review complies with NDEP's environmental requirements. NDEP has determined that the USDA environmental review satisfies with NDEP's requirements; consequently, NDEP concurs with USDA's determination of a Categorical Exclusion. A Categorical Exclusion exempts the project from further environmental review requirements.

***Permits***

The following permits are required for the project:

1. NDEP Bureau of Safe Drinking Water approval of Plans and Specifications
2. NDEP Bureau of Water Pollution Control approval of waste discharge

***Cost Estimate***

The estimated amount needed to cover the cost overruns is \$394,500. Construction of the project is currently out to bid. As of the time of the preparation of this staff report, the bid has not closed; however, the bid is scheduled to close prior to the Board meeting on September 14. Depending on the bid results, staff may request the Board approve an amount different than what is contained in this staff report.

***Financial Evaluation***

In order to receive the Fiscal Year 10 grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that

additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

According to a 2000 census, the MHI for the population of the Town of Goldfield is \$32,969. Therefore, Goldfield meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the Town of Goldfield.

***Technical, Managerial and Financial Capacity***

The water quality currently meets the MCLs with the exception of arsenic and in general all monitoring requirements have been met. Esmeralda County employs a certified operator who has the technical knowledge and ability to operate the system. Nevada Rural Water Association has been providing the operations staff training on treatment plant operation to prepare them for operating the new treatment facility. The proposed project is intended to bring the system into compliance with the arsenic MCL. The County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

***Compliance with Safe Drinking Water Act***

The Town of Goldfield is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. The proposed project is intended to bring Goldfield into compliance with the arsenic MCL.

***Status of Drinking Water State Revolving Loan Fund***

Currently, there is approximately \$4.9 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$4.0 million.

***Division Recommendations***

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$394,500 to Esmeralda County for the Town of Goldfield. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and Esmeralda County will negotiate the terms and conditions of a loan agreement.

## **Appendix**

Map of Proposed Project

Attachment 1

Resolution

Attachment 2

**ATTACHMENT 1: Aerial view of Goldfield**



Arsenic treatment plant will be located adjacent to existing storage tanks

## **ATTACHMENT 2**

**Resolution of the Board for Financing Water Projects**

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2010 ESMERALDA COUNTY GOLDFIELD PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on June 1, 2010 the Board, pursuant to NRS 445A.265, approved the 2011 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Esmeralda County owns and operates the public water system in Goldfield, Nevada; and

**WHEREAS**, Esmeralda County submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #5 on the 2011 Priority List of water projects, which was approved by the Board on June 1, 2010; and

**WHEREAS**, Esmeralda County submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Goldfield project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that Esmeralda County has the technical, managerial and financial capability to manage and repay a loan for the Project; and

**WHEREAS**, Esmeralda County and Goldfield meet the definition of a disadvantaged community and Goldfield is eligible to receive additional subsidy as spelled out in Nevada's Intended Use Plan; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

**Section 1.** This Resolution shall be known as the “2010 Esmeralda County Goldfield Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated between Esmeralda County and the Division and will include principal forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$338,306 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

*Section 5.* This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED September 14, 2010**

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Chairman  
Board for Financing Water Projects

Attest:

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Technical Advisor  
Board for Financing Water Projects

## ATTACHMENT 4

### Loan Summary and Resolution, Frontier Village Mobile Home Park

# Frontier Village Mobile Home Park Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2010

**Applicant:** IGWT Investment  
**Project:** Arsenic Treatment  
**Total Cost:** \$150,000

### **BACKGROUND**

The Nevada Division of Environmental Protection (Division) administers the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3).

IGWT Investment owns the Frontier Village Mobile Home Park located in Henderson, Nevada at the far south limit of existing development in the Las Vegas metro area. The Park has 75 units (at build out). The concentration of arsenic in the Park's water supply is 58 mg/l, almost 6 times the maximum contaminant level (MCL).

### **CURRENT SYSTEM**

The water system serves 71 residential and 1 commercial customers. The facilities include one well, chlorinator, an 18,000 gallon storage tank and the distribution system. Average daily consumption is 14,000 gallons.

### **PROPOSED PROJECT**

The proposed project is the construction of a small skid mounted arsenic removal treatment facility. The selected treatment technology is Adege Adsorption Unit.

### ***Alternatives to Proposed Project***

Consolidation with the City of Henderson was evaluated and determined to have a higher cost than treatment. Henderson's water system is about a half a mile away; however, the cost of easements and connection fee in addition to the cost of the pipeline make this alternative at least twice the cost of treatment. In addition to the capital cost, Henderson would charge a monthly water bill. Consolidation would result in a higher cost both up front and monthly. IGWT will be distributing the cost of the loan to the space rental. In this economy, IGWT was not willing to raise the rent by the amount that was needed to cover additional capital cost and monthly water bill from the City of Henderson.

### ***Cost Estimate***

The entire project, including engineering and administration, is anticipated to cost \$150,000.

<b>Item</b>	<b>Cost</b>
Design & Engineering	\$15,000
Construction & Contingency	\$135,000
<b>Total</b>	<b>\$150,000</b>

***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. Certain types of projects are eligible for a categorical exclusion from the environmental review process under NAC 445A.67583. NDEP has determined that the Frontier Village MHP water improvement project is eligible for a categorical exclusion because it entails the rehabilitation of existing facilities and is unlikely to have a negative effect on the quality of the environment.

Notice of the proposed categorical exclusion determination is published in the local newspaper and posted on the web. The notice is also circulated through the Nevada State Clearinghouse.

***Financial Evaluation***

IGWT Investments LLC/Frontier Village Mobile Home Park is a financially viable operation with the ability to meet costs of continuing operations and maintenance. Frontier Village will be able to make debt service payments based on the following:

- Although Frontier Village was operating at a loss over the last few years, in March of 2010 Frontier Village went through debt refinancing which reduced the annual debt by approximately \$100,000. This refinance allows Frontier Village to project net profits of \$24,935 in 2010 and \$58,072 in 2011.
- In addition, Frontier Village recently hired a new property manager who has been very aggressive in filling vacancies, which had increased substantially due to the economy. Filling these vacancies will result in a boost to the rental income.

NDEP and IGWT Investments will agree on the security for the loan as part of the loan contract negotiation process. Security will likely include a CD equaled to one year's debt service prior to the first loan disbursement.

***Technical, Managerial and Financial Capacity***

The water quality currently meets the MCLs with the exception of arsenic and all of the monitoring requirements have been met. IGWT employs a certified operator who has the technical knowledge and ability to operate the system. The proposed project is intended to bring the system into compliance with the arsenic MCL. IGWT employs a certified operator who has the technical knowledge and ability to operate the system. Deficiencies noted in the most recent sanitary survey will be corrected as part of this project. IGWT has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

***Compliance with Safe Drinking Water Act***

The Frontier Village Mobile Home Park is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. The proposed project is intended to bring the system into compliance with the arsenic MCL.

***Status of Drinking Water State Revolving Loan Fund***

Currently, there is approximately \$4.9 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$4.0 million.

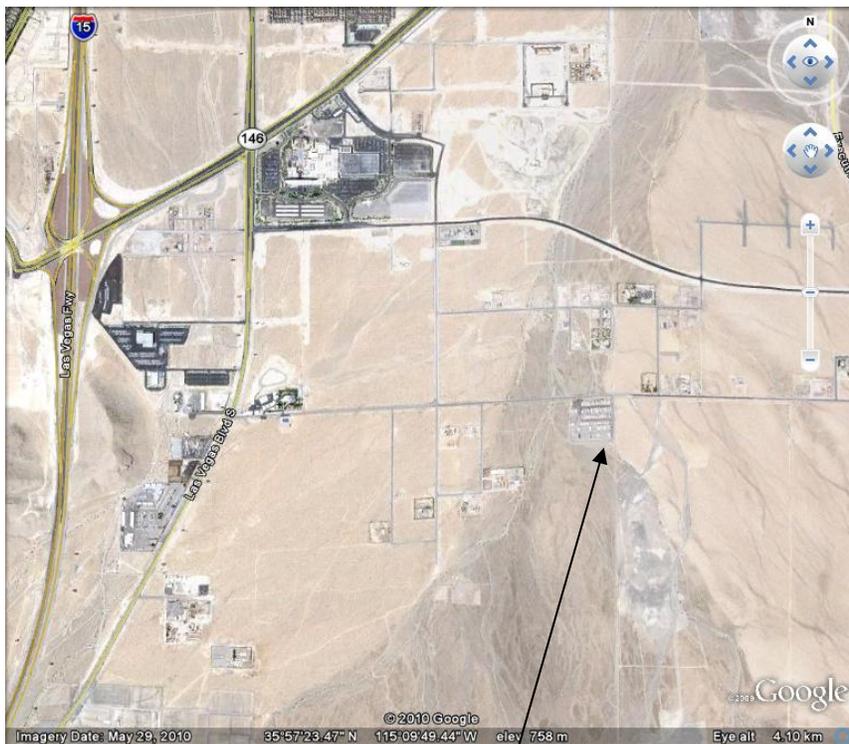
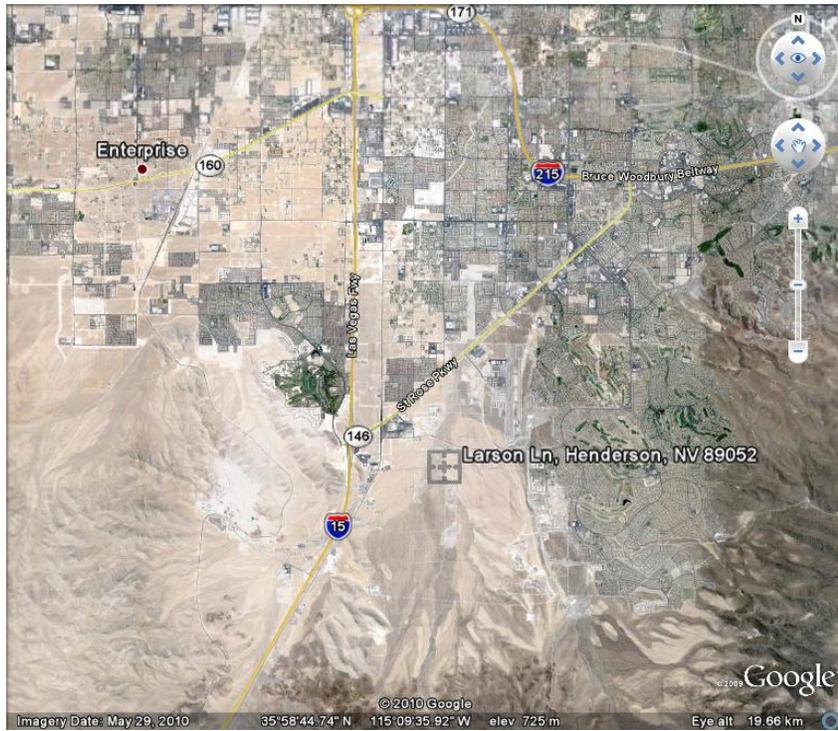
**RECOMMENDATION**

NDEP recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$150,000 to IGWT for the Frontier Village Mobile Home Park. The resolution approving the loan commitment is included in Attachment 3.

The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate Bond Buyers Index at the time the loan contract is signed. The Division and the IGWT will negotiate the terms and conditions of a loan agreement.

# ATTACHMENT 1

## Vicinity Map



Frontier Village Mobile Home Park

# ATTACHMENT 2

## LOAN REPAYMENT SAMPLE SCHEDULE

(Final schedule to be provided upon final loan draw)



### *Nevada Drinking Water State Revolving Fund*

*Nevada's Solution for Public Water System Financing*

### LOAN DATA

Borrower Name	Frontier Village Mobile Home Park		
<b>Basic Loan Information:</b>		<b>Payment Information:</b>	
Today's Date	Aug 25,2010	Length of Loan, Years	20
First Payment Due	Jan 1, 2011	Payments Per Year	2
Interest Rate	3.00%	Total Payments	40
		Calculated Payment	\$5,014
<b>Summary Information:</b>		<b>Customer Cost:</b>	
Principal	\$150,000	Number of Customers	72
Interest Paid	\$50,563	Cost Per Month	\$11.61
Total Paid (P & I)	\$200,563		

*This Loan Amortization Schedule has been  
prepared for planning purposes only.*

## LOAN AMORTIZATION TABLE

Date  
8/25/2010

Borrower Name  
Frontier Village Mobile Home Park

Pmnt #	Due Date	Annual Interest Rate	Scheduled Balance	Actual Balance	Scheduled Payment	Interest Portion	Principal Portion	Additional Principal
1	1/1/2011	3.00%	150,000.00	150,000.00	(5,014.07)	(2,250.00)	(2,764.07)	
2	7/1/2011	3.00%	147,235.93	147,235.93	(5,014.07)	(2,208.54)	(2,805.53)	
3	1/1/2012	3.00%	144,430.41	144,430.41	(5,014.07)	(2,166.46)	(2,847.61)	
4	7/1/2012	3.00%	141,582.80	141,582.80	(5,014.07)	(2,123.74)	(2,890.32)	
5	1/1/2013	3.00%	138,692.48	138,692.48	(5,014.07)	(2,080.39)	(2,933.68)	
6	7/1/2013	3.00%	135,758.80	135,758.80	(5,014.07)	(2,036.38)	(2,977.68)	
7	1/1/2014	3.00%	132,781.11	132,781.11	(5,014.07)	(1,991.72)	(3,022.35)	
8	7/1/2014	3.00%	129,758.77	129,758.77	(5,014.07)	(1,946.38)	(3,067.68)	
9	1/1/2015	3.00%	126,691.08	126,691.08	(5,014.07)	(1,900.37)	(3,113.70)	
10	7/1/2015	3.00%	123,577.38	123,577.38	(5,014.07)	(1,853.66)	(3,160.40)	
11	1/1/2016	3.00%	120,416.98	120,416.98	(5,014.07)	(1,806.25)	(3,207.81)	
12	7/1/2016	3.00%	117,209.17	117,209.17	(5,014.07)	(1,758.14)	(3,255.93)	
13	1/1/2017	3.00%	113,953.24	113,953.24	(5,014.07)	(1,709.30)	(3,304.77)	
14	7/1/2017	3.00%	110,648.47	110,648.47	(5,014.07)	(1,659.73)	(3,354.34)	
15	1/1/2018	3.00%	107,294.14	107,294.14	(5,014.07)	(1,609.41)	(3,404.65)	
16	7/1/2018	3.00%	103,889.48	103,889.48	(5,014.07)	(1,558.34)	(3,455.72)	
17	1/1/2019	3.00%	100,433.76	100,433.76	(5,014.07)	(1,506.51)	(3,507.56)	
18	7/1/2019	3.00%	96,926.20	96,926.20	(5,014.07)	(1,453.89)	(3,560.17)	
19	1/1/2020	3.00%	93,366.03	93,366.03	(5,014.07)	(1,400.49)	(3,613.57)	
20	7/1/2020	3.00%	89,752.45	89,752.45	(5,014.07)	(1,346.29)	(3,667.78)	
21	1/1/2021	3.00%	86,084.68	86,084.67	(5,014.07)	(1,291.27)	(3,722.80)	
22	7/1/2021	3.00%	82,361.88	82,361.88	(5,014.07)	(1,235.43)	(3,778.64)	
23	1/1/2022	3.00%	78,583.24	78,583.24	(5,014.07)	(1,178.75)	(3,835.32)	
24	7/1/2022	3.00%	74,747.93	74,747.93	(5,014.07)	(1,121.22)	(3,892.85)	
25	1/1/2023	3.00%	70,855.08	70,855.08	(5,014.07)	(1,062.83)	(3,951.24)	
26	7/1/2023	3.00%	66,903.84	66,903.84	(5,014.07)	(1,003.56)	(4,010.51)	
27	1/1/2024	3.00%	62,893.33	62,893.33	(5,014.07)	(943.40)	(4,070.67)	
28	7/1/2024	3.00%	58,822.67	58,822.67	(5,014.07)	(882.34)	(4,131.73)	
29	1/1/2025	3.00%	54,690.94	54,690.94	(5,014.07)	(820.36)	(4,193.70)	
30	7/1/2025	3.00%	50,497.24	50,497.24	(5,014.07)	(757.46)	(4,256.61)	
31	1/1/2026	3.00%	46,240.64	46,240.63	(5,014.07)	(693.61)	(4,320.46)	
32	7/1/2026	3.00%	41,920.18	41,920.18	(5,014.07)	(628.80)	(4,385.26)	
33	1/1/2027	3.00%	37,534.92	37,534.91	(5,014.07)	(563.02)	(4,451.04)	
34	7/1/2027	3.00%	33,083.88	33,083.87	(5,014.07)	(496.26)	(4,517.81)	
35	1/1/2028	3.00%	28,566.07	28,566.07	(5,014.07)	(428.49)	(4,585.57)	
36	7/1/2028	3.00%	23,980.49	23,980.49	(5,014.07)	(359.71)	(4,654.36)	
37	1/1/2029	3.00%	19,326.14	19,326.13	(5,014.07)	(289.89)	(4,724.17)	
38	7/1/2029	3.00%	14,601.96	14,601.96	(5,014.07)	(219.03)	(4,795.04)	
39	1/1/2030	3.00%	9,806.93	9,806.92	(5,014.07)	(147.10)	(4,866.96)	
40	7/1/2030	3.00%	4,939.97	4,939.96	(5,014.06)	(74.10)	(4,939.96)	

*This Loan Amortization Schedule has been prepared for planning purposes only.*

## **ATTACHMENT 3**

**Resolution of the Board for Financing Water Projects**

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2010 FRONTIER VILLAGE MOBILE HOME PARK PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve for the Nevada Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, on June 1, 2010, the Board, pursuant to NRS 445A.265, approved the Year 2011 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, IGWT Investment owns and operates the Frontier Village Mobile Home Park public water system in Clark County; and

**WHEREAS**, the Frontier Village Mobile Home Park water system exceeds the maximum contaminant level for arsenic and

**WHEREAS**, the Frontier Village Mobile Village Home Park is on the Priority List for an arsenic mitigation project for improvements to the water system hereinafter referred to as the "Project"; and

**WHEREAS**, IGWT Investment submitted to the Division a Letter of Intent to proceed with the Project and requesting a Categorical Exclusion from being required to comply with the provisions of Nevada Administrative Code ("NAC") Sections 445A.67587 to 445A.67612, inclusive; and

**WHEREAS**, the Frontier Village Mobile Home Park water system project is ready to proceed;  
and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that IGWT Investment has the technical, managerial and financial capability to manage and repay a loan for the Project; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

*Section 1.* This Resolution shall be known as the “9-2010 Frontier Village Mobile Home Park Water Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated between IGWT Investment and the Division.

*Section 3.* Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$150,000 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

*Section 5.* This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED September 14, 2010**

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Chairman  
Board for Financing Water Projects

Attest:

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Technical Advisor  
Board for Financing Water Projects

## ATTACHMENT 5

### Funding Status - Capital Improvement Grant Funds

**PROJECT SUMMARY SHEET**

as of 8/30/10

<b>Project</b>	<b>Grant Amount</b>	<b>Issue Date</b>	<b>Grant Used</b>	<b>Grant Remaining</b>
Austin Arsenic PER	\$126,650.00	6/15/06	\$0.00	\$126,650.00
Jackpot	\$1,432,000.00	7/24/09	\$135,219.29	\$1,296,780.71
Kingsbury GID	\$9,505,311.39	6/26/02	\$8,637,075.94	\$868,235.45
Kyle Canyon	\$3,202,511.74	11/9/06	\$1,426,888.99	\$1,775,622.75
Lovelock Meadows Phase/Grant #2	\$3,000,000.00	12/13/07	\$2,081,932.70	\$918,067.30
Pershing County Irrigation Dist #2	\$3,663,021.45	9/20/07	\$3,647,211.38	\$15,810.07
Pershing County Irrigation Dist #3	\$3,810,000.00	6/15/09	\$533,091.32	\$3,276,908.68
Searchlight	\$2,536,522.34	8/23/06	\$860,224.69	\$1,676,297.65
Spanish Springs - Washoe Co	\$4,000,000.00	1/27/05	\$402,000.00	\$3,598,000.00
Topaz Ranch Estates	\$1,471,452.01	3/14/07	\$1,177,335.51	\$294,116.50
Indian Hills GID	\$901,420.00	3/11/10	\$0.00	\$901,420.00
<b>Total - 11 Grantees</b>	<b>\$33,648,888.93</b>		<b>\$18,900,979.82</b>	<b>\$14,747,909.11</b>

AB 198 Grant Program  
 Projected Cash flow through SFY 2013  
 as of 8/30/2010

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
FY10 Actual			14,636,484			19,000,000			37,402,370			
Bond proceeds	0	0	14,636,484			19,000,000		0	37,402,370			
Interest Revenue	81,007		14,717,491			19,000,000			37,402,370			
Pay requests		8,484,936	6,232,555			19,000,000			37,402,370			
2010 principal repayments on bonds			6,232,555			19,000,000	3,894,878		41,297,248			
Transfer to 4155 (Operating Account)		209,062	6,023,493			19,000,000			41,297,248			
			6,023,493			19,000,000			41,297,248			
July - September 2010 (FY11)			6,023,493			19,000,000			41,297,248			15,471,832
Pay Requests		723,923	5,299,570			19,000,000			41,297,248		723,923	14,747,909
Bond proceeds			5,299,570			19,000,000			41,297,248			14,747,909
2011 principal repayments on bonds			5,299,570			19,000,000	910,000		42,207,248			14,747,909
Transfer to 4155 (Operating Account)			5,299,570			19,000,000			42,207,248			14,747,909
Adjusted New/Deobligated Grants			5,299,570			19,000,000			42,207,248			14,747,909
October - December 2010			5,299,570			19,000,000			42,207,248			14,747,909
Pay Requests		1,810,077	3,489,493			19,000,000			42,207,248		1,810,077	12,937,832
Bond proceeds	6,802,390		10,291,883		6,802,390	12,197,610		6,802,390	35,404,858			12,937,832
2011 principal repayments on bonds			10,291,883			12,197,610	472,186		35,877,044			12,937,832
Interest Revenue	40,504		10,332,386			12,197,610			35,877,044			12,937,832
Transfer to 4155 (Operating Account)		155,148	10,177,238			12,197,610			35,877,044			12,937,832
Adjusted New/Deobligated Grants			10,177,238			12,197,610			35,877,044			12,937,832
January - March 2011			10,177,238			12,197,610			35,877,044			12,937,832
Projected Pay Requests		1,875,000	8,302,238			12,197,610			35,877,044		1,875,000	11,062,832
Bond proceeds			8,302,238			12,197,610			35,877,044			11,062,832
Projected Interest Revenue	20,252		8,322,490			12,197,610			35,877,044			11,062,832
Projected Transfer to 4155 (Operating Acct)		77,573	8,244,917			12,197,610			35,877,044			11,062,832
2011 principal repayments on bonds			8,244,917			12,197,610	935,000		36,812,044			11,062,832
Adjusted New/Deobligated Grants			8,244,917			12,197,610			36,812,044	3,000,000		14,062,832
April - June 2011			8,244,917			12,197,610			36,812,044			14,062,832
Projected Pay Requests		1,875,000	6,369,917			12,197,610			36,812,044		1,875,000	12,187,832
Bond proceeds			6,369,917			12,197,610			36,812,044			12,187,832
Interest Revenue	20,252		6,390,169			12,197,610			36,812,044			12,187,832
Projected Transfer to 4155 (Operating Acct)		77,573	6,312,596			12,197,610			36,812,044			12,187,832
2011 principal repayments on bonds			6,312,596			12,197,610	1,740,000		38,552,044			12,187,832
Adjusted New/Deobligated Grants			6,312,596			12,197,610			38,552,044	3,000,000		15,187,832
FY12 Projection			6,312,596			0			38,552,044			12,187,832
Projected Bond Needs	8,000,000		14,312,596	8,000,000		8,000,000		8,000,000	30,552,044			12,187,832
Projected Pay Requests		6,100,000	8,212,596			8,000,000			30,552,044		6,100,000	6,087,832
Projected Transfer to 4155 (Operating Acct)		307,545	7,905,051			8,000,000			30,552,044			6,087,832
2012 principal repayments on bonds			7,905,051			8,000,000	4,213,212		34,765,256			6,087,832
Projected New Grant Awards			7,905,051			8,000,000			34,765,256	6,100,000		12,187,832
Interest Revenue	81,007		7,986,058			8,000,000			34,765,256			12,187,832
FY13 Projection			7,986,058			8,000,000			34,765,256			12,187,832
Projected Bond Needs	9,000,000		16,986,058	9,000,000		17,000,000		9,000,000	25,765,256			12,187,832
Projected Pay Requests		4,350,000	12,636,058			17,000,000			25,765,256		4,350,000	7,837,832
Projected Transfer to 4155 (Operating Acct)		292,143	12,343,915			17,000,000			25,765,256			7,837,832
2013 principal repayments on bonds			12,343,915			17,000,000	4,979,238		30,744,494			7,837,832
Projected New Grant Awards			12,343,915			17,000,000			30,744,494	4,350,000		12,187,832
Interest Revenue	81,007		12,424,922			17,000,000			30,744,494			12,187,832

Note: Available Statutory Authority reflects the \$125 million cap less outstanding debt obligations plus principal payments on debt through FY12.

## ATTACHMENT 6

### Progress Report for Capital Improvements Grant Projects

# PROGRESS REPORT ON OPEN PROJECTS

September 2010

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Kingsbury GID	6/26/02  Additional grant funds approved on 8/23/06 increasing total grant amount  Extended funding agreement by 2 years on 6/19/08 with no further increase in grant funds	\$9,505,311.39	Amec	Cameron McKay	Nov-09	The pipeline replacement, tank, and meters for Phase 1 are now complete. Additional slope stabilization and fencing for the new tank site are expected to be completed this year.
Washoe Co for Spanish Springs	1/27/05  Extended funding agreement by 5 years on 12/08/09 with no further increase in grant funds	\$4,000,000.00	Washoe County	Joe Stowell	May-07	The 1 <sup>st</sup> of a 9-phase sewer project is complete. The entire project is expected to take 20 years.  The Phase 1A sewer project is complete and approximately 171 homes have abandoned their septic systems and connected to the new sewer to date. The County is now waiting for federal grant funding to begin installation of the next sewer line phase.
LVVWD for Searchlight	8/23/06	\$2,536,522.34	LVVWD	Jordan Bunker	Aug-07	Exploratory wells were drilled in the fall of 2007. Two wells were to become production wells while the other two wells were to become monitoring wells. An approved EA was required by the BLM prior to exploratory drilling and another EA was required by the BLM for construction of production wells, pipeline, and appurtenances.  Issues with Areas of Critical Environmental Concern precluded construction of several of the originally planned monitoring wells but did not affect the new production wells.  Well S3 was drilled and constructed in the fall of 2009. Design for Well S3 discharge pipeline is currently 35% complete. Discussions are currently taking place regarding permitting for construction, after which a construction timeline will be available.

# PROGRESS REPORT ON OPEN PROJECTS

September 2010

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
LVVWD for Kyle Canyon – Ph 2 & 3	11/09/06	\$3,202,511.74	LVVWD	Jordan Bunker	Jun-10	<p>Installation and replacement of mains, services, and meters at Echo View and Cathedral Rock were completed in November 2008. Replacement of mains, system appurtenances, and services/meters was completed in Upper Rainbow and Old Town in November 2009. The Lower Rainbow pipeline replacement and services/meter installation will be completed in 2010.</p> <p>Implementation of the metered rate for all parts of the water system is planned for April 2011.</p>
Topaz Ranch Estates	3/14/07	\$1,471,452.01	TEC	Larry Offenstein	Aug-10	<p>Construction began in November 2008 with the drilling of the new well. The pipeline, service connections and well were completed by April 2009. The well house and controls were completed in August 2010. This project is in the process of closing.</p>
Austin Arsenic Mitigation PER	6/15/09	\$126,650.00	Day Engineering	Louis Lani		<p>This PER will include exploratory drilling to attempt to find a new groundwater source that meets the arsenic MCL and can be used to blend with the existing well for arsenic mitigation.</p> <p>The match funding for the PER was secured late in 2009. Sampling of existing valley was completed in the spring/summer 2010 to determine the best location(s) for exploratory drilling. Exploratory drilling is planned for the fall 2010.</p>
Pershing County Water Conservation District (#2)	6/15/09	\$3,810,000.00	Farr West Engineering	Bennie Hodges	Aug-10	<p>The District received grant funding for construction of the new Thacker Dam, Pitt Taylor Diversion Canal, the Pitt Taylor Reservoirs, and the plug.</p> <p>Construction was complete on the Pitt Taylor Canal in the fall of 2009. PCWCD did the majority of the work on this 13-mile structure.</p> <p>Design and permitting is complete for the new Thacker Dam. Bids will open early in September 2010 and construction should begin in October 2010.</p>

# PROGRESS REPORT ON OPEN PROJECTS

September 2010

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Jackpot	7/24/09	\$1,430,000.00	ECO:LOGIC	Lynn Forsberg	Apr-10	<p>This project will combine SRF ARRA funds, grant funds, and USDA ARRA loan funds to drill a back-up well for the community, upgrade the electrical appurtenances for the existing Well 5, abandon Well 2 (high in uranium), install booster pumps at the new well to increase pressure in the northern part of town and install water meters.</p> <p>The new 18" well was drilled and constructed in April 2010.</p> <p>Easement issues have delayed the bidding for the new well house and remaining system improvements. The project should be out to bid September 2010 and construction is expected to begin by October 2010.</p>
Indian Hills GID	3/11/10	\$901,420.00	RCI	Jim Taylor	Jun-10	<p>This project will combine SRF loan funds, State grant funds, and USDA loan and grant funds to assist IHGID in its share of the North Douglas transmission line, Johnson Lane storage tank, Minden booster pumps and also for GID system improvements at the treatment plant, system looping, and system booster pumps.</p> <p>Bids were opened for the North Douglas transmission line in July 2010. Work is expected to begin in September 2010.</p> <p>Design is nearing completion on the Indian Hills transmission line and distribution system improvements.</p>
Lovelock Meadows Phase III	6/1/10	\$918,067.99	Farr West	Tom Glab	Aug-10	<p>Design of the Phase 3 distribution system replacement/addition is currently in progress.</p>

## **ATTACHMENT 7**

### **Progress Report for Technical Water Rights Grant Projects**

**BOARD FOR FINANCING WATER PROJECTS  
SB62 FINANCIAL SUMMARY**

8/25/2010

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	169,702.80	162,553.02	<del>7,149.78</del> 2149.78
Churchill County	36,500.00	36,500.00	0.00
Esmeralda County	16,245.85	16,245.85	
Eureka County	120,000.00	90,000.00	30,000.00
City of Fernley	38,680.59	38,680.59	0.00
Gerlach GID	83,573.62	83,573.62	0.00
Humboldt River Basin Water Auth.	111,439.47	111,439.17	0.00
LVVWD - Kyle Canyon	26,702.02	26,702.02	0.00
LVVWD - Searchlight	150,000.00	150,000.00	0.00
Topaz Ranch Estate GID	5,221.88	5,221.88	0.00
Town of Tonopah	11,250.00	11,250.00	0.00
Virgin Valley Water District	116,041.77	116,041.77	
White Pine County	114,642.00	114,642.00	0.00
<b>TOTALS</b>	<b>1,000,000.00</b>	<b>962,849.92</b>	<del><b>37,149.78</b></del> <b>32,149.78</b>

**SB 62 PROJECT REPORT**  
September 2010

Project	Grant Amount	Project Summary
Churchill County	\$36,500.00 (Project Complete)	<p>Update of the County's Water Resources Plan for surface and groundwater resources. Review of all county records relating to water resource requirements, both existing and projected. Update of the water resource ownership in the County.</p> <p>Progress Report, June 2007: The Churchill County Water Resources Plan update is <b>complete</b> and available on the County's website at <a href="http://www.churchillcounty.org/planning/waterplan.php">http://www.churchillcounty.org/planning/waterplan.php</a> and is linked to NDEP's website at <a href="http://ndep.nv.gov/bffwp/sb62.htm">http://ndep.nv.gov/bffwp/sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Esmeralda County	\$16,245.85 (Project Complete)	<p>The project plan was to conduct a physical reconnaissance of the County's present water uses and existing water rights and develop a strategy to enhance and protect the County's water rights to ensure present and future water demands can be met as well as preparing a Water Rights Management Plan. All water rights identified in four hydrographic basins were reviewed. A field reconnaissance trip was conducted with the State Engineers office to physically site the locations for the point of diversion for water rights and ascertain the manner by which the appropriated water is being exercised.</p> <p>Progress Report, June 2007: The Esmeralda County Water Rights Plan is <b>complete</b> and available electronically on NDEP's website at <a href="http://ndep.nv.gov/bffwp/esmeralda%20county_sb62.htm">http://ndep.nv.gov/bffwp/esmeralda%20county_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Humboldt River Basin Water Authority	\$120,000.00 (Project Complete)	<p>Assemble existing information into a water resources database in support of threats to water rights. Develop recommendations for collection of additional necessary data. Develop a public information program. Deliver a summary report for each county describing available forecast of economic/demographic conditions and related water.</p> <p>Progress Report, December 2007: The Humboldt River Basin Water Authority project is <b>complete</b> and the documents produced as a part of that project are available electronically on NDEP's website at <a href="http://ndep.nv.gov/bffwp/">http://ndep.nv.gov/bffwp/</a> <a href="http://ndep.nv.gov/bffwp/hrbwa_sb62.htm">http://ndep.nv.gov/bffwp/hrbwa_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Town of Tonopah	\$11,250.00 (Project Complete)	<p>Assemble all active surface and groundwater rights for Ralston Valley Hydrographic Basin No. 141, Big Smokey – Tonopah Flat Hydrographic Basin No. 137, and Alkali Spring Valley Hydrographic Basin No. 142.</p> <p>Progress Report, Dec 2007: The water rights inventory and map of those rights are <b>complete</b> and available electronically on NDEP's website at <a href="http://ndep.nv.gov/bffwp/tonopah_sb62.htm">http://ndep.nv.gov/bffwp/tonopah_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
White Pine County	\$116,041.77 (Project Complete)	<p>Update information (including: hydrogeologic framework, groundwater hydrology, and regional groundwater flow system) on County's water resources and update the Water Resources Plan to assist in identifying potential water use and needs based on scenarios for growth and development. The County also added GIS capability in order to maintain and update information as it becomes available.</p> <p>Progress Report, January 2008: White Pine County's Water Resources Plan is <b>complete</b> and available at the NDEP offices in Carson City as well as electronically on NDEP's website at <a href="http://ndep.nv.gov/bffwp/whitepineco_sb62.htm">http://ndep.nv.gov/bffwp/whitepineco_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>

**SB 62 PROJECT REPORT**  
September 2010

Project	Grant Amount	Project Summary
LVVWD – Kyle Canyon	\$27,184.72 (Project Complete)	<p>Install 100 Permalog units for the detection of subsurface leaks and acquisition of a Patroller unit for data collection. This system will allow operators to find and repair leaks, protecting millions of gallons of water previously lost to the system.</p> <p>Progress Report, June 2008: The leak detection units have been installed and the project is <b>complete</b>. A final project report was received in June 2008 and is available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/sb62.htm">http://ndep.nv.gov/bffwp/sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
City of Fernley	\$38,680.59 (Project Complete)	<p>Reconcile all past and future mapping difficulties by attempting to develop a new GIS map of all Truckee Diversion surface water rights within the City of Fernley.</p> <p>Progress Report, January 2009: The mapping project is <b>complete</b>. The final report is on file at NDEP and is available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/docs/initial_mapping_effort_pdf_final_feb_25.pdf">http://ndep.nv.gov/bffwp/docs/initial_mapping_effort_pdf_final_feb_25.pdf</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Virgin Valley Water District	\$116,041.77 (Project Complete)	<p>Analyze water quality information from throughout the watershed region to develop a conceptual model of groundwater flow, mixing and hydrologic connection through naturally occurring chemical tracers, and develop a steady-state representation of the pre-development conditions of the regional groundwater flow systems utilizing modifications of previous models to develop a comprehensive numerical model.</p> <p>Progress Report, July 2009: The project is <b>complete</b>. The District submitted a thesis on the <u>Interaction of Surface and Subsurface Hydrological Processes in the Lower Virgin Valley</u>, a report on the Lower Virgin River groundwater model, and the Modflow model files for the steady state and transient models. The final report and model are on file at NDEP and available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/docs/vvwd_sb62.htm">http://ndep.nv.gov/bffwp/docs/vvwd_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Gerlach	\$92,833.42 (Project Complete)	<p>A database of spring flow and water quality will be created and a groundwater model will be developed to determine any changes that might result from the proposed development in the basin that might adversely affects the two springs (Garden and Railroad Springs) that provide water to Gerlach.</p> <p>Progress Report, August 2009: The project is <b>complete</b>. Data loggers &amp; flow meters were installed at both springs and monitoring of water level and discharge rate from the springs was used in the calibration of the groundwater model. Water rights were researched and compiled into tabular format. Other model parameter data (e.g., DEM, geology, structure, well logs, rainfall) were compiled and added to the model. Washoe County Water Resources reviewed the steady state model. The County also reviewed the data logging methods for the long-term spring flow and reinforced the importance of continuing to collect this data with the GID. The final report and groundwater model were received in August 2009. The final report and model are on file at NDEP and available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/docs/gerlach_sb62.htm">http://ndep.nv.gov/bffwp/docs/gerlach_sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Topaz Ranch Estates GID	\$5221.88 (Project Complete)	<p>Identification and mapping of point of use/place of diversion for the existing 9 water rights permits.</p> <p>Progress Report, December 2009: The water rights identification and mapping are <b>complete</b> and available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/sb62.htm">http://ndep.nv.gov/bffwp/sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>

**SB 62 PROJECT REPORT**  
September 2010

Project	Grant Amount	Project Summary
LVVWD – Searchlight	\$150,000.00 (Project Complete)	<p>Drill and develop 4 new monitoring wells to better understand the groundwater resource and groundwater quality in Paiute Valley and the Eldorado Valley Basins. One of the 4 wells, PVM-1, was funded by this grant.</p> <p>Progress Report, June 2010: The monitoring well is now <b>complete</b> and the final report is available electronically on NDEP’s website at <a href="http://ndep.nv.gov/bffwp/sb62.htm">http://ndep.nv.gov/bffwp/sb62.htm</a> (contact: Michelle Stamates at 775.687.9331 or <a href="mailto:mstamate@ndep.nv.gov">mstamate@ndep.nv.gov</a>).</p>
Central Nevada Regional Water Authority	<p>\$150,000.00</p> <p>Additional grant funds of \$10,443.00 approved on 03/04/09 increasing total grant amount</p> <p>Additional grant funds of \$9,259.80 approved on 12/08/09 increasing total grant amount</p>	<p>Compile and document the baseline information required to determine long-term changes in groundwater levels in the Central Hydrographic Region (including: Churchill, Elko, Esmeralda, Eureka, Lander, Nye, White Pine, and Pershing counties) in order to evaluate the sustainability of present groundwater supplies secured under existing water rights, analyze the impacts of future development, and support future actions by local governments.</p> <p>Progress Report, January 2010: The original project is complete. A spreadsheet containing water-level data, supporting database attributes and data-quality information; maps showing spatial distribution of water-level data; and an analysis of data gaps are complete and the data is accessible through an electronic mapping system – Map Guide by Websoft – hosted on the NDWR website. A summary report that documents methods and findings and identifies areas needing additional new water-level measurements was generated. The website that hosts the information for the Central Nevada Regional Water Authority is located at <a href="http://www.cnrwa.com/home/index.asp">http://www.cnrwa.com/home/index.asp</a> and will soon link to the Map Guide system (<a href="http://webmap.water.nv.gov/">http://webmap.water.nv.gov/</a>) developed with NDWR. The CNRWA received a small amount of SB62 funds left from completed projects to continue data collection and has continued to plan for future project phases with the USGS.</p>
Eureka County	\$120,000.00	<p>The project develops improved estimates of basin discharge and flow system interconnection for the Diamond Valley flow system.</p> <p>Progress Report, August 2010: The USGS determined that there was insufficient data to complete a water budget. Eureka County and the USGS are working on further data collection. Eureka County will supply an abbreviated report detailing the work completed and current findings in order to fulfill the deliverables for this program.</p>

## ATTACHMENT 8

Discussion & Possible Update to the Board's Policy on Reasonable Water Rates

Jim Gibbons  
*Governor*

**STATE OF NEVADA**

Adele Basham  
*Program Manager DWSRF*  
*Technical Assistant AB198/AB237*

Michelle Stamates  
*Engineer AB198/AB237*

Nhu Q. Nguyen  
*Deputy Attorney General*



Board Members:  
Bruce Scott, *Chairman*  
Brad Goetsch, *Vice Chairman*  
Steve Walker  
Lori Williams  
Andrew Belanger

Non-Voting Member:  
Jennifer Carr

**STATE BOARD FOR FINANCING WATER PROJECTS**

**MEMO**

August 25, 2010

To: Members of the Board for Financing Water Projects

From: Michelle Stamates

Subject: Board Policy on Reasonable Water Rates

Board members have expressed concern and even doubt that some water systems will comply with grant conditions to raise their water rates to meet the Board's policy on reasonable water rates. The grant program is close to 20 years old and the Board has had a policy requiring that communities charge a reasonable water rate since 1998. It would seem fair that the Board require that a water system seeking a grant should already have water rates in place that not only conform to the Board's policy on reasonable water rates but also assure that the water system is financially viable (not operating in the red and/or not subsidized by the County or other utility fund).

In order to make this happen, we would need to amend the Board's policy on reasonable water rates to state that the rates are in place before they come to the Board with a Grant Application. Today the policy states that they need to have the rates in place before they award the construction contract for which they already have grant funds. Again, the policies are not regulations and the Board is free to waive the requirements of any of the policies if it so chooses.

Water systems in Nevada have been given more than 10 years of free technical, managerial, and financial assistance through both the SRF and USDA programs. Generally, it is not that they have not been trained, but that they do not put into place permanent systems to operate as viable businesses. Many still do not seriously value the infrastructure they rely on daily. If we are going to continue to ask citizens of Nevada to pay for this grant program, it should be for water systems (and irrigation systems, etc.) with real need that have done everything they can for themselves but still need a little help from this program.

BOARD FOR FINANCING WATER PROJECTS  POLICY	REVISION DATE  09/ <del>2014</del> /2007-2010	PAGE  Page 1 of 3
SUBJECT: REASONABLE WATER RATES		

STATEMENT OF POLICY:

It is the policy of the Board for Financing Water Projects to define reasonable ~~water rates~~water rates and charges and to require grantees to establish reasonable rates as a condition of receiving grant funding. The Policy on reasonable water rates was implemented in March 1998. Revisions occurred on November 9, 2006, ~~and~~ June 20, 2007, and September 20, 2007.

PURPOSE:

To establish a policy / procedure for reasonable ~~water rates~~water rates and charges for eligible public water systems.

BACKGROUND:

The Division of Environmental Protection together with the Board for Financing Water Projects (Board) evaluates ~~water rates~~water rates and charges in communities receiving AB 198/237 Capital Improvements Grant Program funds. The Division uses a simplified procedure to evaluate rates (described below) which should not be confused with accounting relationships or audit procedures and terms which are governed by Generally Accepted Accounting Practices, etc.

After evaluation of a utility's ~~water rates~~water rates and charges and as a condition for receiving State grant funds, the Board may require a utility to make financial changes which will enhance the viability of the utility.

The Board's objective in evaluating rates is to ensure that the ~~water rates~~water rates and charges in place in a community are sufficient to ensure the financial strength of the utility. Through the rate analysis, the Division confirms that grant recipients will have sufficient revenues to: 1) operate and maintain their systems; 2) retire the debt which may have been incurred in constructing their systems; and 3) replace portions of the system which become functionally obsolete or worn out. Further, the rate analysis is performed to ensure that potential grant recipients are "helping themselves" by charging a "reasonable rate" for water. Some systems become candidates for State grant funds because long term revenue deficiencies have precluded the upkeep of their systems. Other systems become grant candidates due to their inability to fund treatment or other new requirements in safe drinking water regulations.

Ultimately the Board's goal is to ensure that communities receiving a grant will have funds to continuously renew and upgrade their systems. When this is accomplished, it is expected that the utility will have achieved financial self-sufficiency.

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The Board also endeavors to provide grants where State funds can restore the financial self-sufficiency of a water utility. This objective is deemed met if the project can be demonstrated to be “economically justified and financially feasible.”

“Economic justification” requires that the project obtain benefits proportional to its costs, and that the selected project alternative is the most economical of the alternatives considered. This evaluation generally requires the applicant to consider the present worth of the cost of operations and maintenance in addition to initial capital costs. This concept also requires consideration of a “no project” alternative.

When customers regard the water commodity to be worth its cost and are willing to (and have the purchasing power to) pay that cost for an average amount of water, a proposed project is considered to be “financially feasible.” Projects that are financially feasible will have revenues that meet or exceed expenses.

#### BOARD POLICY:

#### REASONABLE RATES

A determination as to whether the grant applicant is charging “reasonable rates” must be made before the Board can award a grant. As the grant funding for projects comes from the sale of bonds which are paid from property taxes throughout the State, the Board has an obligation to see that grant recipients are contributing a reasonable amount toward water rates before the State awards any grant funds.

It is the Board’s policy that, unless there are exceptional circumstances, “reasonable rates” are defined as:

- 1) Customers in a community where the median household income (MHI) is at or above the State MHI based on the current US census must pay no less than 2% of the MHI for an average calendar year monthly water usage rate of 15,000 gallons (i.e., 2% x \$50,000 = \$1,000 per year or \$83.33 per month).
- 2) Customers in a community where the MHI is below the State MHI based on the current US census must pay no less than 1 ½ % of the MHI for an average calendar year monthly water usage rate of 15,000 gallons (i.e., 1 ½ % x \$24,000 = \$360 per year or \$30 per month).

These water rates and charges are in keeping with the expectations of other states and funding institutions. The Board may determine that higher or lower rates are reasonable. The Board may

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also consider other factors impacting the financial strength of the community when making its determination (e.g., property tax rates) as to a “reasonable rate.” These water rates ~~and charges~~ must be in effect ~~and being charged~~ prior to ~~submitting approval of a Grant Application to by the Board~~ ~~the award of bids for the construction phase of the project~~. No grant funding ~~will~~ ~~may~~ be ~~disbursed~~ ~~approved~~ if the water rates ~~and charges~~ ~~being charged~~ do not meet this Board policy.

### RATE COMPONENTS

As noted earlier, ~~water rates~~ ~~water rates and charges~~ are expected to provide revenue for three purposes. The first and most essential use is for operations and maintenance. Falling in this category are the day-to-day expenses of sustaining the system. Costs placed in this category include salaries and benefits, chemicals, electrical and telephone utilities, repair materials and supplies, small tools, equipment, fuel, etc. Salaries can be further described as including the costs of field and shop labor, but also the cost of administrative efforts such as meter reading and water invoice preparation. A good system of accounts in a utility will help its managers and directors to understand how much each of various activities contributes to the total cost of running the system.

Second, water rate revenues are used to retire debt. Debt retirement means making the payments on loans obtained by the utility. Loans may have been received from credit unions or banks, or through the sale of general obligation or revenue bonds. Loans impact both the balance sheet and income statement of a utility. The amount of the loan payment due in the current year must be obtained from current ~~water rates~~ ~~water rates and charges~~, or some other source such as property taxes which can be collected by the utility.

Third, water rate revenues are used to fund depreciation. Depreciation is simply a value assigned to the loss in value of a utility’s assets. It recognizes that over time, each of the components of a system wears out or becomes functionally obsolete. All systems must have regular investments in new facilities or they will fall behind current standards for performance, reliability, and safety. The Division and the Board regard continual reinvestment in a system to be crucial to its ongoing viability.