

State of Nevada  
Board for Financing Water Projects  
Meeting Minutes

A meeting of the State of Nevada Board for Financing Water Projects was held on Monday, January 22, 2007, at 1:00 pm in the 4<sup>th</sup> floor south conference room at 901 South Stewart Street, Carson City, Nevada.

Board Members Present:

Kurt Kramer  
Bruce Scott  
Brad Goetsch  
Bob Firth

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A. Introduction and Roll Call

Chairman, Kurt Kramer, called the meeting to order at 1:00 pm on January 22, 2007.

Introductions and roll call for the record:

Bob Firth – Board Member  
Dana Pennington – NDEP  
Ken Spooner – Walker River Irrigation District  
Brent Farr – Farr West Engineering  
Vivian Austin – State SRF – NDEP  
Dana Tuttle – Office of Financial Assistance – NDEP  
Tom Porta – Deputy Administrator, NDEP  
Marcy McDermott – NDEP  
Michelle Stamates – NDEP  
Adele Basham – NDEP  
Nhu Nguyen – Attorney General’s Office  
Kurt Kramer – Chairman of the Board  
Bruce Scott – Resource Concepts, Member of the Board.  
Brad Goetsch – Board Member  
Steve West – City of Winnemucca  
David West – Son of Steve West

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B. Approval of Minutes – July 28, 2006

No changes were suggested.

Brad Goetsch made a motion to approve the minutes.

Bob Firth seconded the motion.

Voted in favor of the Grant: Kurt Kramer, Brad Goetsch, Bob Firth, and Bruce Scott.  
Opposed: None.  
The motion passed.

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C. Elect a Board Chairman

Bruce Scott made a motion to maintain Kurt Kramer as Chairman of the Board for Financing Water Projects.

Brad Goetsch seconded the motion.

Voted in favor of the Grant: Brad Goetsch, Bob Firth, and Bruce Scott.  
Opposed: None.  
Kurt Kramer abstained from the voting.  
The motion passed.

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E1. Drinking Water State Revolving Fund (DWSRF) Program – Discussion and Possible Approval of Loan Commitment to the City of Winnemucca

Adele Basham presented a summary of the project and request. The project for which the City of Winnemucca is seeking loan funds is the completion of water system rehabilitation work that began in 1988. The City took over operation of the water system from Sierra Pacific Power Company in 1988. When the City acquired the system, it was in need of extensive rehabilitation. This project is the last water system improvement project planned by Winnemucca in the immediate future. To address water pressure issues in the north-side area as well as the entire downtown area, the installation of a 2 million gallon steel storage tank, new well, booster pump station and 18-inch distribution pipe is needed. The total project cost for this final phase is approximately \$3.94 million of which Winnemucca is seeking a loan for \$1.6 million. Winnemucca will cover the remaining \$2.3 million of project cost from its Water Fund.

The project does not require disturbing any land that has not already been disturbed and is not expected to have a significant effect on the quality of the human environment. Consultation with the State Historic Preservation Office has been initiated. NDEP has determined that the City of Winnemucca water improvement project meets the criteria for the categorical exclusion exempting them from further environmental review. Notice of the proposed categorical exclusion determination by NDEP was published in the Humboldt Sun on January 9, 2007. The notice was also circulated through the Nevada State Clearinghouse. If no comments are received, a categorical exclusion can be granted.

Staff determined that the City of Winnemucca has adequate technical, managerial and financial capacity to manage and repay a loan. Winnemucca has not had any water quality or monitoring and reporting violations. There are a sufficient number of certified operators. Currently, the water fund has no debt and enough capital reserves to fund more than half of the project. The City is in compliance with all of the requirements of the Safe Drinking Water Act.

NDEP recommended that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,600,000 to City of Winnemucca.

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 City of Winnemucca will negotiate the terms and conditions of a loan agreement.

Steve West, city engineer for Winnemucca testified before the board.

Bob Firth asked if additional growth was included in this project and what amount would be attributed to growth.

Steve West noted that only the storage tank had an approximate 20% of its volume sized for new growth and that connection fees were paying for the growth percentage of the project and would continue to fund additions to the system. \$2.3 million has been built up through use and connection fees and will cover the largest portion of the project.

Kurt Kramer asked about Board policies for new growth. There are no policies regarding the SRF loans and the SRF allows for some growth.

Brad Goetsch pointed out that the City's savings would cover all new growth and they were asking for a smaller loan from the SRF to cover that portion of the project that really serves existing connections.

Bruce Scott made the comment that it was nice to see the City coming before the Board with no debt and \$2.3 million in savings for this project, and it is a pleasure to see the forward planning done by the city.

Kurt Kramer asked if the pumping of the wells would be increased.

Steve West responded that the new well will replace the old well but at the same capacity and the new booster station will be slightly larger than the old booster station it is replacing. The new well was drilled close to the old well and produces 1,000 gpm.

Kurt Kramer asked whether the City had a program that would connect a private well owner to the City's system if the City's well was responsible for running the private well dry.

Steve West responded that the City had not, yet, faced such issues, but the City would seriously consider that approach.

Bruce Scott asked if the City was metered.

Steve West responded that the City was fully metered.

Brad Goetsch made a motion that the Board approve a loan from the loan fund of the SRF for an amount of \$1,600,000 to the City of Winnemucca 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 City of Winnemucca will negotiate the terms and conditions of a loan agreement. The resolution designated the 1- 2007 City of Winnemucca Water Project Loan Commitment Resolution; pertaining to the determination by the Board for Financing Water Projects of the State of Nevada to approve a loan commitment for the purpose of financing certain projects; making certain findings and providing other details in connection therewith.

Bruce Scott seconded the motion.

Voted in favor of the Grant: Kurt Kramer, Brad Goetsch, Bob Firth, and Bruce Scott.

Opposed: None.

The motion passed.

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## E2. Capital Improvement Grant Program – Request for Additional Funding for the Walker River Irrigation District

Michelle Stamates presented a summary of the project and request. The Walker River Irrigation District was organized by Smith and Mason Valley irrigators in 1919 pursuant to Nevada's Irrigation District Act enacted the same year. The District serves approximately 79,000 water-right-acres of a total of 262,000 acres in the District and owns, operates, and holds water rights for two reservoirs within the Walker River Basin. The District is an eligible grant recipient per NRS 349.983.

Topaz Reservoir is located on the Nevada-California border, approximately 26 miles south of Lake Tahoe. Most of Topaz Reservoir, its tunnel outlet, and outlet canal are located in Douglas County, Nevada. A large portion of the reservoir, its entrance canal, levee (existing dam) along the entrance canal, and diversion structure are in Mono County, California. Topaz Reservoir is filled by regulation of a diversion structure on the West Walker River in California, approximately one mile east of Highway 395 and two miles south of the California-Nevada border. A 1.5-mile canal transports water from the diversion structure to Topaz Reservoir.

The District applied for a grant under the AB 237 program to assist with a capital improvement project for the Topaz Reservoir. The grant was approved by the Board for Financing Water Projects on March 14, 2002, for \$4,262,750 which is 85% of the total project cost. The scope of this project is to: 1) reconstruct the Inlet Channel Diversion Structure, install a remote control system, and demolish the existing structure; 2) construct a new overflow spillway; 3) increase the inlet canal levee height; 4) construct improvements to the existing dam; and 5) perform an engineering evaluation of the outlet tunnel.

Project designs were submitted to the California Department of Water Resources, Division of Safety of Dams in the fall of 2004. The plans and specification were approved at the end of 2005. Permitting is complete from all regulatory authorities and the District has pre-purchased the mechanical parts for this project.

The project has now been bid three times. The District received more reasonable bids the third time; however, the new project total cost is estimated at \$7,864,897.87. The District is requesting additional grant funding totaling \$2,422,413.19 for a total grant amount of \$6,685,163.19 (85% of \$7,864,897.87). The District is also requesting an extension of a year to the total project time. The extension would take the project out to March 2008.

Construction costs over the five years since the original grant was approved by the Board have increased significantly. The District has attempted to take on elements of the project within their purview in order to provide the lowest possible construction costs. Engineering costs have already exceeded the original grant amount due to changes in project agreement and scope required to complete the design and permitting. The additional project bids as well as the upcoming construction oversight and field testing requires additional engineering funding. The District and their engineer are requesting that the original amount allocated in the grant for

contingency remain the same due to the possibility of additional requirements from regulatory agencies and unforeseen conditions that may be encountered in the field. No increase in funding for the tunnel evaluation is sought in this request. Per the meeting minutes from the Board meeting of March 14, 2002, the District sets aside approximately 3% of the annual reservoir operation budget for capital replacement in accordance with the Board's policy on depreciation.

Staff recommended an increase in the grant of \$2,422,413.19 for a total grant amount of \$6,685,163.19 (85% of eligible project costs of \$7,864,897.87) subject to the conditions given. In addition, staff recommends a 1-year extension in time to this grant to March 2008.

The District is subject to the conditions of the original grant and those specified in the resolution for this grant increase.

Ken Spooner of the Walker River Irrigation District gave the Board a briefing on the status of the project. The low bidder, MKD, is out of Moundhouse. The District's engineer, RO Anderson, is expected to recommend MKD. It appears that they have the necessary qualifications to do this work.

Bob Firth asked if MKD had done similar projects.

Ken Spooner replied that they had done similar work and of similar magnitude in Genoa and had done work with Trainer as well.

Brad Goetsch asked about the rates and impact fees and how they compare with other similar irrigation systems around the state.

Ken Spooner replied that the overall fee schedule compares favorably with irrigation districts of this size. He stated that irrigation districts are restricted in what they can save and set aside. He went on to note that the statutes restrict the district to only 3% of revenues. They also cannot specifically assess segments of the district. He would hope to see that addressed and handled in the future.

Brad Goetsch asked if this project was solely grant funded.

Ken Spooner replied that it was primarily grant with cash and in-kind match.

Bob Firth asked how the financial commitment of \$1.2 million, not funded by the grant, would be matched by the District and specifically about the \$500,000 in in-kind labor.

Ken Spooner replied that the District is doing the construction on the Control Building and will be doing some of the outside construction in conjunction with MKD and the in-kind services would not likely exceed \$500,000. The District has the cash available for the remainder.

Bruce Scott noted that this should be viewed from a conservation and watershed perspective and is something that is a long-term investment in the Walker River Basin. There should be tremendous numbers of people in the basin who will benefit from this project beyond just the irrigators and this is an excellent investment of the state's money over the long term. This is a great multiple purpose project and public access is not restricted by this project.

Bob Firth asked when the bid would be awarded and when the project would actually begin.

Ken Spooner responded that he had a tentative date of January 26, 2007, to award the project. Their board will actually make the contract award based on the recommendation of the engineer. It will take approximately 15 days after the award of the project for the winner to get bonded and prepare their documents, and then they will be given a notice to proceed. The diversion works will start first (sometime between March and May) as the flows are lowest at that time. The earthwork will follow in the summer.

Kurt Kramer asked about the investigation of the tunnel.

Ken Spooner stated that the fall of the year would be the best time to complete the analysis of the concrete tunnel as the flows would be low enough (10 – 15 cfs) to take a boat through. RO Anderson and Black Eagle will likely do the investigation. The District does a fairly thorough analysis of the tunnel on an annual basis. One gate was marginally operable but has been repaired. This investigation is being required by the Nevada Division of Water Resources, Dam Safety.

Nhu Nguyen asked what specific NRS restricted the set aside contribution to only 3%.

Ken Spooner replied that he would have to refer her to his attorney as he did not have that specific information at the time but he would get that for her. Ken recalled that the 3% was a maximum of the reservoir fund that could be set aside but they were not required by any statute to set aside any funds.

Bruce Scott made a motion to approve a resolution designated the 01-07-D1 Walker River Irrigation District Capital Improvement Project; pertaining to the determination by the Board for Financing Water Projects of the State of Nevada to provide a grant for the purpose of financing certain projects; making certain findings of fact and providing other details in connection therewith subject to the recommendations and conditions of staff and the conditions in the resolution. This recommendation is for an increase in the grant of \$2,422,413.19 to create a grant total of \$6,685,163.19 which is 85%.

Bob Firth noted that the resolution needs to include the extension on the grant timing. This needs to be amended in the resolution.

Bob Firth seconded the motion.

Voted in favor of the Grant: Kurt Kramer, Bruce Scott, Brad Goetsch, and Bob Firth.

Opposed: None.

The motion passed.

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#### F. Board Comment

The Board asked about using SRF funds for irrigation projects and it was pointed out that the SRF is for drinking water not irrigation. It is unclear whether private funding is the only other source of funding or perhaps the USDA might be an alternative for funding projects like this. The Board would like staff to look into other funding sources. Bruce Scott stated that the Board needs to get a handle on prioritizing projects like this with respect to the money remaining in the fund.

Brad Goetsch suggested Board field trips to Lovelock and/or Walker River Irrigation District during critical points in the project.

Brad Goetsch mentioned that the Board needs more clear guidance in what the Legislature is justifying and appropriating the money for with respect to new projects.

Bruce Scott has been a registered and unpaid lobbyist specifically with respect to the AB198 program. He intends to spend time this legislative session as an unpaid lobbyist on his interest in water related issues and would like to use the Board as his client. The Board agreed that this is a good thing and he should proceed.

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#### G. Public Comment

Tom Porta made mention that NDEP was tracking new bills at their inception and looking at those bills that could affect the Board for Financing Water Projects and attaching fiscal notes to new bills regarding staffing and resources that would be needed to manage additional funds. Bruce Scott representing the Board would be advantageous and carry more weight in supporting the attached fiscal notes verifying the need for additional staff.

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#### H. Adjourn

Brad Goetsch made a motion to adjourn the meeting of the Board for Financing Water Projects at 2:00 pm.

Bob Firth seconded the motion.

Voted in favor of the Grant: Kurt Kramer, Bruce Scott, Brad Goetsch, and Bob Firth.

Opposed: None.

The motion passed.