

**MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS
Summary Minutes**

**Wednesday, January 23, 2013
9:30 AM
901 S. Stewart St., 2nd Floor Tahoe Room
Carson City, NV 89701**

Members Present:

Bruce Scott, Chairman
Andrew Belanger
Steve Walker
Lori Williams
Mike Workman
Jennifer Carr, Ex-officio Member

Staff Attending:

Katie Armstrong, DAG
Dave Emme
Adele Basham
Daralyn Dobson
Michelle Stamates
Kathy Rebert

THE FOLLOWING MINUTES OF THE MEETING ARE SUMMARIZED. TO HEAR DETAILS, DISCUSSION, AND BOARD OR PUBLIC COMMENTS ON INDIVIDUAL AGENDA ITEMS OR THE FULL MEETING GO TO:

http://ndep.nv.gov/bffwp/agenda_archive.htm

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott began the meeting, introducing new Board member, Mr. Mike Workman, Public Works Director for Lyon County. At Chairman Scott's invitation, Board members and others present introduced themselves.

B. APPROVAL OF MINUTES - April 17, 2012 MEETING (For Possible Action)

Motion: Mr. Walker moved to accept the minutes as written. The motion was seconded by Ms. Williams and passed.

C. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Discussion & Possible Approval of Loan Commitments

Ms. Michelle Stamates provided the Board a general overview and background of the Drinking Water State Revolving Fund (DWSRF) program (included in **ATTACHMENT I**). The DWSRF overview and full details of each project are provided as separate attachments to these minutes and are available on the link provided at the beginning of these minutes.

Ms. Stamates presented the information and staff recommendation for each proposed loan.

a. Nye County - Town of Gabbs (For Possible Action)

This is a proposed amendment to a loan contract to Nye County for the Town of Gabbs to provide additional funds for water system improvements to attain fluoride MCL compliance. For details, see **ATTACHMENT I**.

Staff Recommendation: Approval of a resolution committing additional funds in the amount of \$215,000, modifying the loan commitment to \$1,021,367 to the Nye County for the Town of Gabbs and approval of the corresponding Resolution.

Mr. Jack Osburn, Nye County Public Works, via telephone conference, was available for questions as well as, in attendance, the engineer of record Mr. Martin Ugalde, Day Engineering.

Motion: Ms. Williams moved to approve resolution designated “1-2013 Nye County for the Town of Gabbs Project Loan Commitment” and approve an increase of the loan commitment of \$215,000 which would be a principal forgiveness loan and increase the total loan commitment to \$1,021,376 . Motion was seconded by Mr. Belanger and passed unanimously.

Mr. Walker asked the record reflect that [the funds being provided for the project amounts to] \$3,700 apiece for the citizens of Gabbs which is a pretty significant amount and shows a real commitment to rural areas.

b. Tonopah Public Utilities (For Possible Action)

This proposed loan commitment is for Phases II and III of a multiphase project for the Tonopah Utility and will provide funds in the amount of \$1,700,000 toward design and replacement of a section of the transmission main. The remainder of the money for this project will come from USDA loans or grants. For details, see **ATTACHMENT II**.

Staff recommendation: Approval of loan commitment in the amount of \$1,700,000 to the Town of Tonopah for improvements to the water system and approval of the corresponding Resolution.

Mr. James Eason, Manager of the Town of Tonopah and Mr. Paul Winkelman from Shaw Engineering were in attendance. Mr. Eason answered a few questions for the Board and explained the location of the wells for Tonopah.

Motion: Mr. Walker moved to approve Resolution designated “1-2013 Town of Tonopah Project Loan Commitment Resolution” to approve a loan for the purpose of financing this project. The loan is to be in the amount of \$1,700,000. The project is eligible for subsidy as specified in Nevada’s Intended Use Plan; therefore, 100% of the principal will be forgiven. Ms. Williams seconded and the motion was approved unanimously.

During this agenda item, Mr. Belanger asked if there were other conditions under which principal forgiveness loans could be granted. Ms. Stamates stated that staff is currently considering the possibility of additional conditions for the 2013 Intended Use Plan. Ms. Daralyn Dobson provided some information as to staff discussions on this subject and stated she is open to suggestions.

Further discussion took place in regard to principal forgiveness conditions (subsidy) and use of SRF monies. The Board suggested this subject be agendaized for a future meeting. Chairman Scott asked that staff send an email to Board members prior to the next Board meeting with circumstances and suggestions for discussion and consideration. Ms. Dobson also suggested Board members notify staff with any needs of which they become aware.

c. Steamboat Springs Water Works (For Possible Action)

Ms. Stamates asked the representatives from Steamboat Springs Water Works to introduce themselves as they had not arrived in time for the initial introductions. Present were Rebecca Willis, General Manager, Gene Savoy, Jr., President, and Karen Elliott.

Ms. Stamates then presented the project proposal which includes updating the telemetry system and installing three isolation valves to isolate the storage tanks from the distribution system and from each other. Ms. Stamates explained that, as an investor owned utility, Steamboat Springs Water Works is subject to the jurisdiction of the Public Utilities Commission (PUC). See **ATTACHMENT III** for detailed report.

Staff recommendation: Approval of the loan commitment in the amount of \$60,000 to Steamboat Springs Water Works. Since no state debt may be used to provide loans to privately owned water systems, this loan will be made from 100% federal funds.

Chairman Scott asked one of the PUC members attending to provide their overview on this project. Ms. Cindy Turiczek provided information in regard to the PUC's role with Steamboat Springs Water Works. As part of an inspection and staff report, the PUC identified compliance issues and recommended obtaining a loan for improvements.

Ms. Willis answered a couple of Board member questions regarding inspection and draining of their tanks.

Motion: Mr. Belanger moved to approve Resolution designated the "01-2013 Steamboat Springs Water Works 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 in the amount of \$60,000 for the purpose of financing certain projects; making certain findings and providing other details in connection therewith and that the terms and the rate of the loan be negotiated with staff. The motion was seconded by Mr. Workman and passed unanimously.

D. BOARD COMMENTS - (Non Action)

Mr. Walker referred to the April 2012 meeting minutes and the discussion of Water Infrastructure Finance Innovation Authority (WIFIA) outcome. Ms. Carr explained that the bill has not been submitted to Congress but is still being pursued and sponsored by the American Water Works Association (AWWA). AWWA is essentially an association of the larger water utilities in the USA and they are trying to find a way to finance larger projects that are typically difficult for SRFs due to the smaller amount of available funds. The Association of State Drinking Water Administrators (ASDWA), to which Ms. Carr belongs, is tracking the issue and ASDWA provided comments to the US EPA. The biggest concern is that WIFIA could possibly displace the SRFs; making it difficult for smaller projects to obtain funding. The status has not changed since the last Board meeting in April 2012.

Mr. Walker asked what percentage of the SRF can be used for subsidy. Ms. Dobson explained that 20-30% of the EPA's DWSRF grant is currently required to be given as subsidy. She also explained reloan and bond money funds.

In response to a question about the next meeting from the Chairman, Ms. Dobson explained that solicitations for projects to be added to and/or remain on the Priority List were sent out in late December. Approving the State Fiscal Year 2014 Priority List would be an agenda item at the next meeting which could be June 2013. The exact date is yet to be determined.

E. PUBLIC COMMENTS - (Non Action)

None.

F. ADJOURNMENT

There being no other business, the Board meeting was adjourned at 10:44 am.

ATTACHMENTS

ATTACHMENT I: Nye County, Town of Gabbs Amended Loan Commitment and Resolution

ATTACHMENT II: Town of Tonopah Loan Commitment and Resolution

ATTACHMENT III: Steamboat Springs Water Works Loan Commitment and Resolution

ATTACHMENT I

Nye County, Town of Gabbs Amended Loan Commitment and Resolution

**Nye County for the Town of Gabbs
Loan Commitment**

**Board for Financing Water Projects Summary
Drinking Water State Revolving Fund
January 2013**

Project: Water System Improvements for Fluoride Compliance

Previous SRF Loan Amount: \$806,376

Additional SRF Loan Amount: \$215,000

General

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).

Background

The Town of Gabbs is a small rural town of approximately 270 people located in northwestern Nye County approximately 80 miles southeast of Fallon. The groundwater source of supply currently exceeds the State Drinking Water Secondary Standard Maximum Contaminant Level (MCL) of 2.0 milligrams per Liter (mg/L also referred to as parts per million, ppm) for fluoride. Fluoride levels in the town municipal well are currently 2.5 mg/L. The capital improvement project to mitigate the fluoride issue includes a new, primary well and appurtenances on BLM land (See maps attached). Well No. 1 would then serve as a back-up or emergency well to the system.

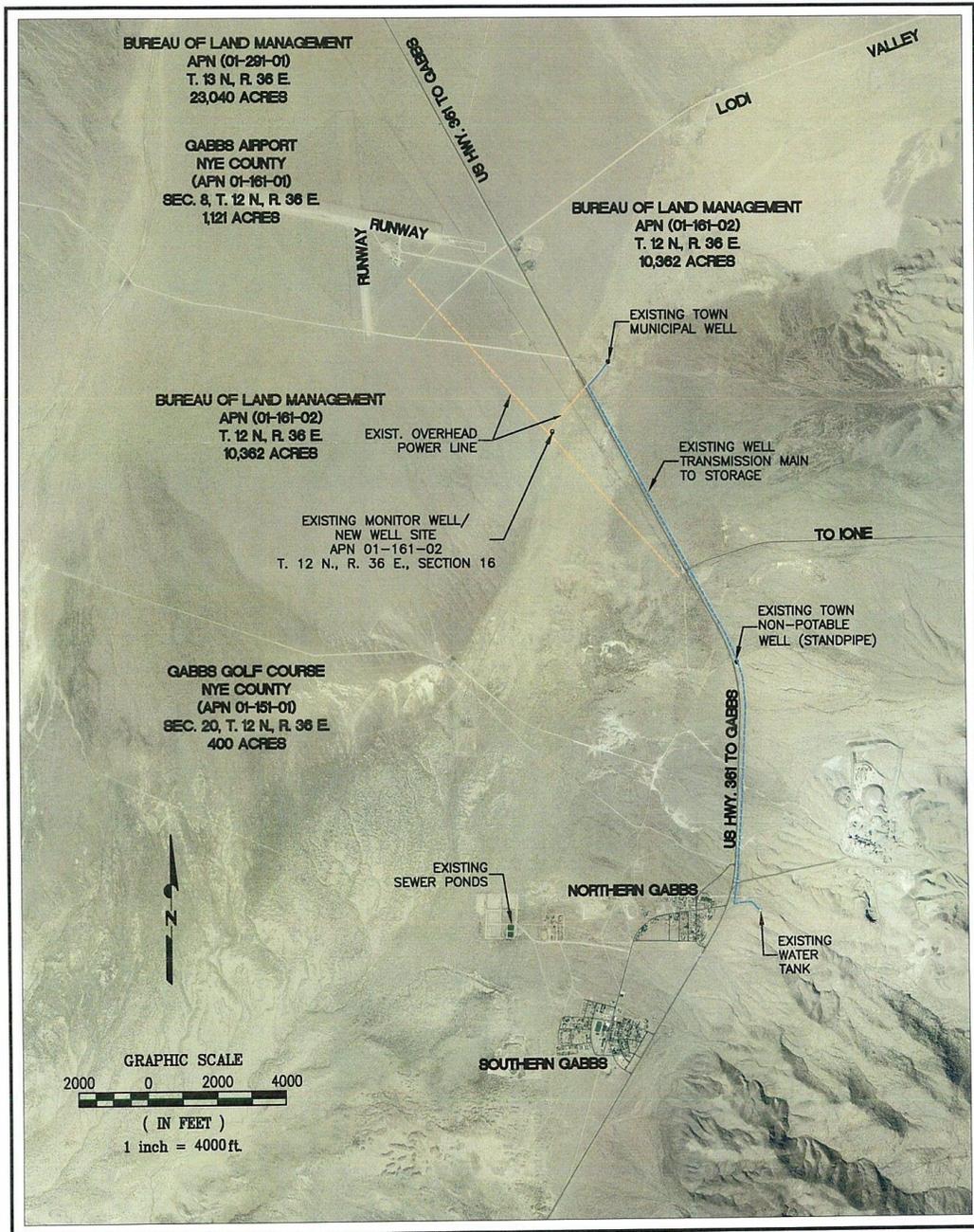
The new well – Phase 1 of the project – was drilled and tested in the spring of 2012; in budget and on schedule. Phase 2 of the project which includes the well building and equipping, 2,000 ft of transmission main, direction drill under State Route 361, power, telemetry, and controls was bid in October 2012. The bids came in well above the budget allocated for the project. Neither Nye County nor the Town of Gabbs has an additional \$215,000 in funds to apply towards this project in order to meet the objectives outlined in the scope of work, and the County is requesting consideration of this amount in additional assistance from the Board for Financing Water Project.

Status of Drinking Water State Revolving Loan Fund

Currently, there is approximately \$21.4 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 \$19.4 million.

Recommendation

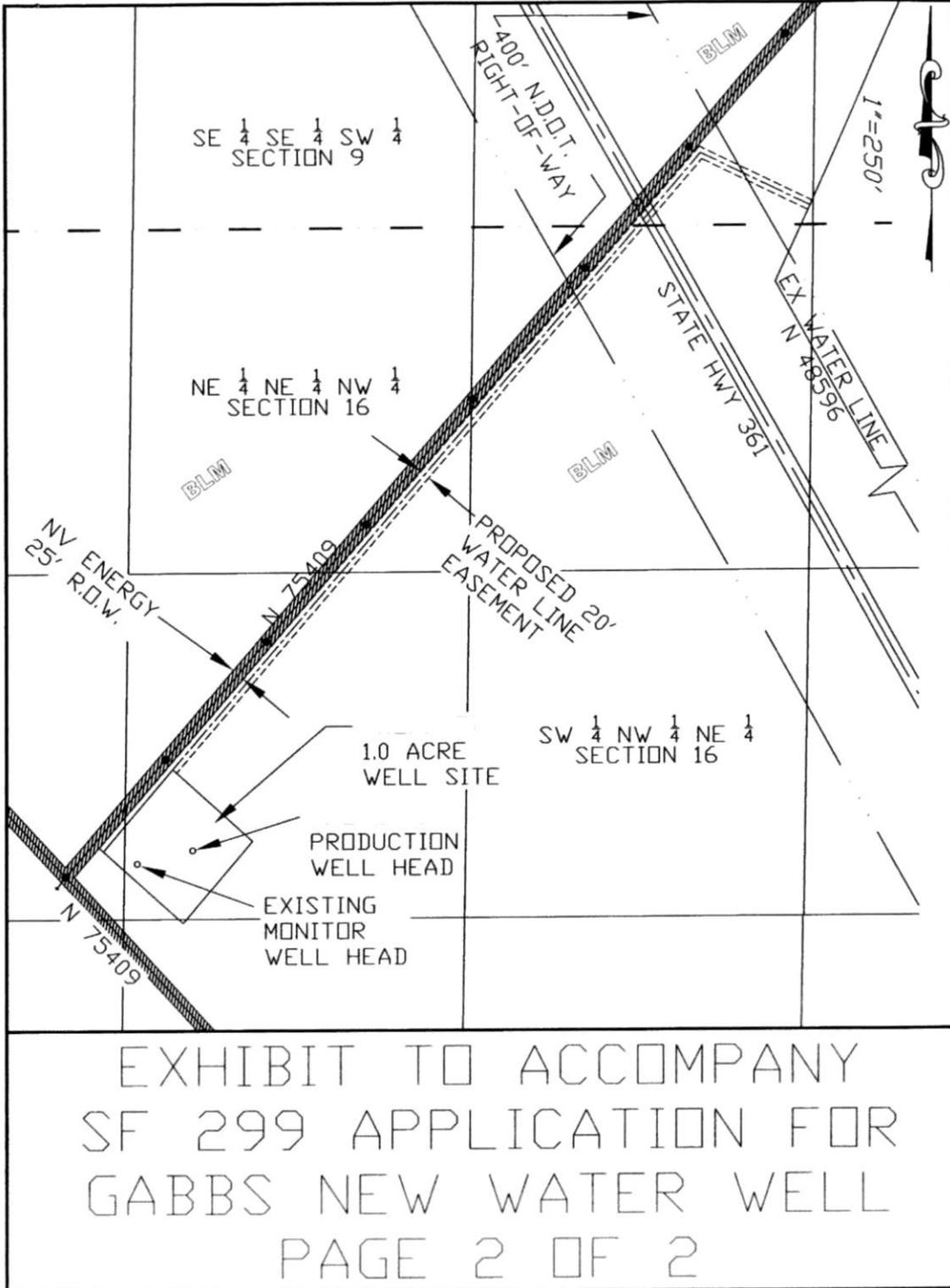
NDEP recommends that Board for Financing Water Projects approve a resolution committing additional funds in the amount of \$215,000 and modifying the loan commitment of the DWSRF to \$1,021,376 to Nye County for the Town of Gabbs for improvements to the Gabbs water system to attain compliance with the fluoride MCL. 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 Nye County will negotiate the terms and conditions of a loan agreement. A resolution designated the "1-2013 Nye County for the Town of Gabbs Project Loan Commitment" is attached for your consideration.



TOWN OF GABBS
 PROPOSED NEW WELL LOCATION MAP



PO BOX 151178 • ELY, NEVADA 89315 • (775) 289-5353
 63 KEYSTONE AVENUE #205 • RENO, NEVADA 89503 • (775) 348-8624



Resolution of the Board for Financing Water Projects

Commitment of Funds from the

Account for the Revolving Fund

RESOLUTION

A RESOLUTION DESIGNATED THE "1-2013 NYE COUNTY FOR THE TOWN OF GABBS 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 April 17, 2012 the Board, pursuant to NRS 445A.265, approved the 2013 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 Town of Gabbs is on the 2013 Priority List for a fluoride mitigation project for improvements to the water system hereinafter referred to as the "Project"; and

WHEREAS, the Nye County owns and operates the public water systems located in Gabbs; and

WHEREAS, In Resolution 9-2011 Nye County for the Town of Gabbs Project Loan Commitment, the Board recommended that \$806,376 be committed from the account for the revolving fund in accordance with NRS 445A.265 for the "Project";

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 “1-2013 Nye County for the Town of Gabbs Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Nye County 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 \$215,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$1,021,376 for the cost of fluoride mitigation.

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 January 23, 2013

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT II

Town of Tonopah Loan Commitment and Resolution

**Tonopah Public Utilities
Loan Commitment**

**Board for Financing Water Projects Summary
Drinking Water State Revolving Fund
January 2013**

Applicant: Tonopah Public Utilities
Project: Water System Improvements – Phases 2 & 3
Total Cost: \$4,920,883
SRF Loan Amount: \$1,700,000

GENERAL

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).

BACKGROUND

The Town of Tonopah is located midway between Reno and Las Vegas on US Highway 95. Tonopah Public Utilities (TPU) operates the water and wastewater facilities in the Town.

In the first phase of this multi-phase project, TPU constructed two new wells – Wells 9 and 10 – approximately 4 miles northeast of the existing Rye Patch well field in Ralston Valley, rehabilitated four existing wells – Wells 5 - 8, and installed a new 14-inch transmission line from the new wells to the existing Booster Station #1. This project brought TPU into compliance with the arsenic MCL. The TPU was also able to make improvements on its transmission main between Booster Station #1 and Booster Station #2 to maintain system flows and to replace 60+ year old steel pipeline. Booster Station #1 is now effectively bypassed when the new wells are in operation.

CURRENT SYSTEM

The groundwater supply supporting the Town of Tonopah comes from ten groundwater wells situated in the Ralston Valley Hydrographic Basin. The water is conveyed through approximately 14 mi. of transmission main to the Town. There are two booster stations on the transmission main. When the two new wells – Wells 9 and 10 – are online, booster station #1 is not needed. The water system also includes ten storage tanks.

Customers, Population and Growth

According to the Nye County Planning Department, the current population of Tonopah is 2,935. Tonopah has experienced growth and decline of its population. In 1980 the population was 1,952 and by 1990 it had increased to 4,107 where it appears to have peaked. The boom and bust economy makes it difficult to arrive at any conclusions on future population; however, current projections are approximately 3,650 by the year 2030. Factors that may influence growth included mining operations in the area and development of alternative energy.

PROPOSED PROJECT

The Phase 2 project proposes to replace the 10-inch steel and 12-inch asbestos cement (AC) transmission main between Booster Station 2 and the Ararat Tanks in town with 14-inch PVC pipe. This section of transmission line consists of 7.3± miles of pipe ranging in size from 10-inch to 14-inch. The first 3.8 miles is 10-inch steel pipe and extends to the abandoned Terminal Reservoir. This section of steel main was originally installed by the U.S. military in the 1940s. From the Terminal Reservoir, the transmission line increases in size to 12-inch AC pipe for the next 2.5± miles. The last mile of line is 14-inch AC pipe which extends to the end of the transmission main in Corona Avenue. This last, small section of transmission line is in good shape and will not be replaced. Phase 3 of the project will replace approximately 2.8 miles of 12-inch AC pipe between Booster Stations 1 and 2 with 14-inch PVC pipe.

Alternatives to Project

The “Do Nothing” alternative would perpetuate the restricted transmission capacity of 950 gpm which is not sufficient to meet the projected peak day demand of 1,031 gpm. Also, the existing line does not have the structural integrity to convey the projected peak day demand. In addition, the do nothing alternative would mean losing at least 4% of the pumped water, amounting to approximately 7.5 million gallons annually, to the ground through the existing leaky pipelines.

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 is in process by the USDA. 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 will determine if the USDA's environmental review satisfies NDEP's requirements and if so will concur with the USDA's determination.

Permits

The following permits/easements are required for the project:

1. NDEP Bureau of Safe Drinking Water approval of Plans and Specifications

Cost Estimate

Budget Item	DWSRF Funding	Other - USDA Loan/Grant & EDA Grant	Totals by Use
Planning, Design, & Engineering	\$155,000	\$693,320	\$848,320
Construction	\$1,545,000	\$2,527,563	\$4,072,563
Totals by Source	\$1,700,000	\$3,220,883	\$4,920,883

Project Schedule

Planning, Design, & Permitting	Feb-July 2013
Advertising Invitation to Bid	Aug 2013
Start of Construction	Oct 2013
Project Completion	Feb 2014

Financial Evaluation

In order to receive the Fiscal Year 12 grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 20 to 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 2006-2010 Community Survey, 80 percent of Nevada’s MHI is \$44,580.

According to a USDA certified income survey, the MHI for the Town of Tonopah is \$35,000. Therefore, Tonopah meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the Town of Tonopah.

The TPU is a fully metered system and currently charges a “reasonable” rate for water used. Residential and small commercial customers pay \$51.75 for 15,000 gallons of metered water consumed in a month (“1.5% of MHI” = \$43.75). An annual increase is built into the rate structure to allow the utility to fund their debt service and capital replacement and project reserves.

Technical, Managerial and Financial Capacity

A TMF Capacity Survey was conducted with TPU in 2011, and the resulting total capacity score was 85%. The Town is in compliance with requirements of the Safe Drinking Water Act and all monitoring requirements have been met. The TPU employs certified operators who have the technical knowledge and ability to operate the system. The Town of Tonopah has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and retains a certified public accountant and utilizes generally accepted accounting principles.

Status of Drinking Water State Revolving Loan Fund

Currently, there is approximately \$21.4 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 \$19.4 million.

RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,700,000 to the Town of Tonopah for improvements to the Tonopah Public Utilities water system. This loan will fund the design and replacement of old transmission main. 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 Town of Tonopah will negotiate the terms and conditions of a loan agreement.

Attachments

Proposed Project Map & Cost Estimate

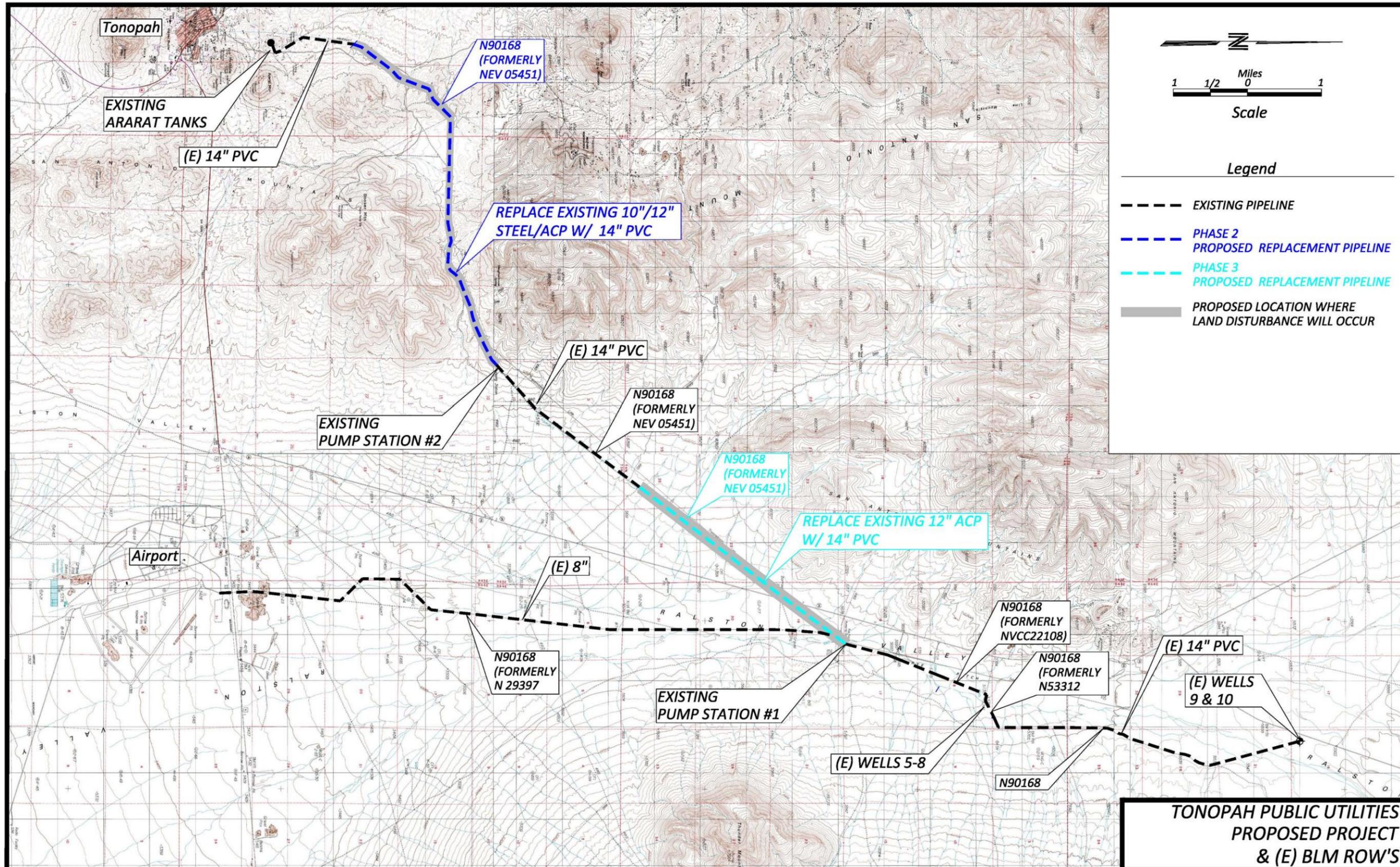
Attachment 1

Resolution

Attachment 2

ATTACHMENT 1

PROPOSED PROJECT MAP & COST ESTIMATES



Tonopah

EXISTING ARARAT TANKS

(E) 14" PVC

N90168
(FORMERLY
NEV 05451)

REPLACE EXISTING 10"/12"
STEEL/ACP W/ 14" PVC

(E) 14" PVC

EXISTING
PUMP STATION #2

N90168
(FORMERLY
NEV 05451)

N90168
(FORMERLY
NEV 05451)

REPLACE EXISTING 12" ACP
W/ 14" PVC

Airport

(E) 8"

N90168
(FORMERLY
N 29397)

EXISTING
PUMP STATION #1

N90168
(FORMERLY
NVCC22108)

N90168
(FORMERLY
N53312)

(E) 14" PVC

(E) WELLS
9 & 10

(E) WELLS 5-8

N90168

	Phase II	Construction			\$ 2,573,678
		Prel/Final Design			\$ 90,000
		Survey			\$ 35,000
		GeoTech			\$ 40,000
		Bidding			\$ 15,000
		Construction/Project Admin			\$ 100,000
		Post Construction			\$ 5,000
		Cultural Biological			\$ 35,000
		Resident inspection			\$ 78,000
		Material Tests			\$ 77,000
		Interim interest			\$ 25,000
		Bond Counsel			\$ 25,000
		Contingency			\$ 257,365
		Total Phase II			\$ 3,356,043
	Phase III	Construction Costs			\$ 1,029,600
		Design			\$ 90,096
		Cultural			\$ 13,000
		Biological			\$ 4,400
		Survey			\$ 20,000
		Geotech			\$ 16,000
		Construction Management			\$ 109,824
		Resident Inspection and Testing			\$ 60,000
		Permitting			\$ 10,000
		Contingency			\$ 211,920
		Total Phase III			\$ 1,564,840
		Total Phases II & III			\$ 4,920,883

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 "1-2013 TOWN OF TONOPAH 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 April 17, 2012 the Board, pursuant to NRS 445A.265, approved the 2013 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 Town of Tonopah owns and operates the public water systems located in Tonopah; and

WHEREAS, the Town of Tonopah 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 #34 on the 2013 Priority List of water projects; and

WHEREAS, the Town of Tonopah submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Town of Tonopah 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 Town of Tonopah 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 “1-2013 Town of Tonopah Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Town of Tonopah 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 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$1,700,000 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 January 23, 2013

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT III

Steamboat Springs Water Works Loan Commitment and Resolution

Steamboat Springs Water Works Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund January 2013

Applicant: Steamboat Springs Water Works, Inc.
Project: Isolation Valves & Telemetry
Total Cost: \$60,000
Loan Amount: \$60,000

GENERAL

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (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). Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF.

BACKGROUND

The Steamboat Springs Water Works, Inc. (SSWW) is an investor-owned, public water system located in south Reno about two miles south of the intersection of Hwy 341 and Hwy 395. It is a wholly-owned subsidiary of the International Community of Christ Church. As an investor-owned utility, it is subject to the jurisdiction of the Public Utilities Commission (PUC).

CURRENT SYSTEM

The SSWW system has three wells, two of which are in operation. The wells are located in a utility easement on private property. Each operational well is plumbed into the distribution and transmission system, has adequate valves, and is capable of sufficient production. Well production is controlled through telemetry by the water levels in the storage tanks. The telemetry is outdated and in need of upgrade.

The water system has two bolted steel storage tanks, each with a 210,000-gallon capacity. The tanks, located on land leased from the Bureau of Land Management, are adjacent to each other, are located at the same elevation, and function as one tank. There are no isolation valves between the tanks and no valves separating the tanks from the distribution system.

The distribution and transmission system of the SSWW utilizes 4-, 6- and 8-inch asbestos cement pipe. The system has only one pressure zone. There are no reported problems with either the transmission or distribution system. The system has no treatment.

The commercial customers are metered but the residential customers are not metered.

Customers, Population and Growth

The water system serves an estimated 750 people via 294 residential and 3 commercial service connections. No growth is anticipated in the near future.

PROPOSED PROJECT

The SSWW is seeking a loan from the DWSRF for \$60,000 to upgrade the telemetry system and install three valves to enable SSWW to isolate the storage tanks from the system and from each other.

The new telemetry system will include a Tank Monitor Remote Telemetry Unit, a Pump Controller which will add secure password-protected internet access to the well site controller and auto-dialer to send recorded messages in the event of power or system failures.

Alternatives to Proposed Project

The only alternative to this project is the 'no action' alternative. With the 'no action' alternative, a single tank cannot be taken off-line in the event of needed repairs.

Environmental Review

Environmental review of water projects is conducted by the Division pursuant to NAC 445A.6758 to 445A.67612. The PUC determined that an environmental review for this project was not necessary under Chapter 704 of the Nevada Revised Statutes. SSWW was, therefore, exempt from filing environmental documents under NAC 445A.67581.

Permits

The contractor will obtain any necessary permits for this project.

Cost Estimate

The cost for this project is estimated to be \$60,000. The SSWW has already received quotes from Sierra Control Systems, Inc. for the telemetry and from Resource Development Company for the installation of isolation valves.

Technical, Managerial and Financial Capability

The PUC has broad authority over public utilities, including certain investor-owned water utilities, as provided by NRS Chapters 703 and 704. Except for water quality issues, the PUC administers regulations specific to small water systems that require such a system to meet a number of criteria which include technical, managerial, and financial capability issues. A valid Certificate of Public Convenience & Necessity (CPCN) from the PUC provides evidence that the SSWW has the technical, managerial, and financial capability to operate a public water system. The SSWW holds CPCN No. 912 from the PUC. Water quality issues are subject to the authority of the Washoe County District Health Department (WCDHD), which administers NAC Chapter 445A under contract with the Division.

Financial Evaluation

The SSWW appears to have the capability to repay the loan through income from long-term Communications Site License Agreements earmarked by SSWW for system improvements and/or repairs and through income from the properties served by the water company. In addition, SSWW's first DWSRF loan repayments have historically been received either early or on time and, subsequent to December 31, 2011, two other outstanding loans, not related to the SRF, were paid off. Thus, there is a high probability that the Steamboat Springs' excellent credit record earned with the SRF and other funders will be maintained.

NDEP and SSWW will agree on the security for the loan as part of the loan contract negotiation process. Security will likely include a Certificate of Deposit equal to six months' debt service.

Public Notice

The proposed loan is a continuation of the project initiated in 2000. The original work was the subject of consumer meetings and a public hearing held by the PUC during the course of the PUC staff investigation.

Status of Drinking Water State Revolving Loan Fund

Since no state debt may be used to provide loans to privately-owned public water systems, this loan would be made from 100% federal funds. Currently, there is approximately \$21.4 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 \$19.4 million.

RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in an amount not to exceed \$60,000 to the Steamboat Springs Water Works, Inc. The loan will be for a term 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. Since no state debt may be used to provide loans to privately owned public water systems, this loan would be made from 100% federal funds. The Division and the Steamboat Springs Water Works, Inc. will negotiate the terms and conditions of a loan agreement. A resolution designated the "1-2013 the Steamboat Springs Waters Works Project Loan Commitment" is attached for your consideration.

Resolution of the Board for Financing Water Projects

Commitment of Funds from the

Account for the Revolving Fund

RESOLUTION

A RESOLUTION DESIGNATED THE "1-2013 STEAMBOAT SPRINGS WATER WORKS 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.

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 State 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 April 17, 2012, the Board, pursuant to NRS 445A.265, approved the Year 2013 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 Steamboat Springs Water Works, Inc., ("Steamboat") is an investor-owned, public water system located south of Reno, Nevada, is regulated as a public utility by the Public Utilities Commission ("PUC") and has been granted Certificate of Public Convenience and Necessity No. 912 by the PUC; and

WHEREAS, Steamboat Springs Water Works submitted a pre-application in January 2012 to the Division for funding a project for improvements to the water system hereinafter referred to as the "Project"; and

WHEREAS, the Division ranked the Project as #43 on the Year 2013 Priority List of water projects, which was approved by the Board on April 17, 2012; and

WHEREAS, Steamboat Springs Water Works 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, Steamboat Springs Water Works Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; 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 Application is for a loan in the amount of \$60,000 to fund the costs of the Project; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that Steamboat Springs Water Works has the technical, managerial, and financial capability to manage and repay a loan for funding a portion of 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 “1-2013 Steamboat Springs Water Works Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the Division with Steamboat Springs Water Works.

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 \$60,000 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 January 23, 2013

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects