

MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Thursday, March 11, 2010

9:30 AM

The Grand Sierra Resort

2500 E Second Street

Nevada Conference & Exhibition Center - Room 'Nevada Foyer'

Reno, Nevada 89595

Members Present:

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

Staff Attending:

Nhu Nguyen, DAG
Dave Emme
Adele Basham
Michelle Stamates
Daralyn Dobson
John Walker

Members Absent: none

A. INTRODUCTION AND ROLL CALL (Non Action)

At the invitation of the Chairman, Board members and others present introduced themselves. Mr. Steve Walker arrived to the meeting at approximately 9:45 am.

B. APPROVAL OF MINUTES - DECEMBER 8, 2009 MEETING (Action)

There were no changes to the minutes as written.

Motion: Ms. Williams moved to approve the minutes as written. The motion was seconded by Mr. Goetsch and passed unanimously.

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

It was decided the next meeting will be Tuesday, June 1, 2010.

D. FUNDING STATUS

1. DWSRF Loan Funds & Capital Improvement Grants Funds (Non Action)

Ms. Dobson summarized the AB198 Capital Improvements Grant Program projected cash flow sheets (ATTACHMENT 1). Chairman Scott asked if the Moapa Valley Water District was going to use the remaining amount of their grant. Ms. Stamates replied Moapa had not, yet, submitted their final pay request and she anticipated there may be around \$1 million left.

Chairman Scott complimented Ms. Dobson on the informative financial chart for the grant program and said it reads well.

E. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Discussion and Possible Approval of Loan Commitments

a. Kingsbury General Improvement District (Action)

Chairman Scott announced he would participate in the discussion but would abstain from the vote because of other work he has done for Kingsbury GID related to water rights and erosion control.

Ms. Basham provided information on the Kingsbury GID project and the proposed loan commitment. See ATTACHMENT 2 for the loan commitment summary. The project presented to the Board was for the design and installation of approximately 2,000 water meters for the remaining unmetered water customers at an estimated total project cost of \$3,306,650.

Mr. Cameron McKay, Kingsbury GID General Manager, explained a few additional details of the project to the Board. Kingsbury is proposing to break the district into five subunits. They will work on two in 2010, two in 2011, and the last, which is more complicated with multi-unit housing, by the third year, 2012. The Board asked a few questions of Mr. McKay regarding the rate structure and engineering costs.

Motion: Ms. Williams made a motion that the Board adopt a resolution designated the "3-2010 Kingsbury General Improvement District Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. The loan will be in the amount of \$3,306,650 repayable with interest at 66% of the appropriate Bond Buyers' Revenue Index.

The motion was seconded by Mr. Walker and was passed with Chairman Scott abstaining.

b. City of Yerington (Action)

Ms. Basham provided background information and details of this proposed project. See ATTACHMENT 3 for the full loan commitment summary.

Recently the Town of Mason's water system was tied into the City of Yerington's system. From the State standpoint, it is now all one system but from the City's standpoints, they are two separate enterprise funds. The tie-in allows the systems to serve each other on an as needed basis but the water does not flow between the two systems unless there is special a need.

In addition, the Willowcreek General Improvement District water system was upgraded and tied into the City's system. The City also provides water to 141 connections in the former Crystal Clear water system, approximately 6 miles east of Yerington.

The proposed project for Yerington is to install a central arsenic treatment facility utilizing coagulation/filtration technology. The proposed system will treat water from 3 wells in the Yerington system. Construction of a central treatment plant will allow the City to continue using all of its wells as necessary and remain in compliance with the arsenic standard at all times.

The project is estimated to cost \$4,576,000. The US Army Corps of Engineers will provide 75% of the funding for the design and construction of this project. Yerington is proposing to provide the required 25% match with this DWSRF loan. Yerington has also applied for a CDBG grant to limit the amount of loan that will ultimately be needed.

Ms. Basham said staff recommends the Board approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,100,000 to the City of Yerington for arsenic treatment.

Mr. Walker expressed a concern over the arsenic compliance timeline the City faces. Ms. Carr explained that Yerington is making progress, and based on the arsenic concentration in their water, they will be eligible for a 2-year extension to their arsenic exemption. Given another 2-year extension, their ultimate compliance deadline would be January 2013.

Chairman Scott asked if Mr. Dan Newell, Yerington City Manager, or Mr. Brent Farr, Farr West Engineering had any further comment to add. Mr. Newell expressed his appreciation in getting this loan request on the agenda with such short notice and noted that it helps them meet their timeline in going to bid.

Mr. Goetsch asked if staff from the City will run the treatment plant. Mr. Newell answered that, yes, they have certified staff that will run the plant. Rate increases will be evaluated and assessed to cover the cost of staff, equipment and supplies.

Chairman Scott noted the City of Yerington has been an integral part of the regionalization of the central portion of Lyon County and said he is pleased to see what the City has been doing.

Motion: Mr. Goetsch made a motion to approve a resolution designated the "03-2010 City of Yerington Water System Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects as well as approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,100,000 to the City of Yerington for arsenic treatment. The Division and City of Yerington will negotiate the terms and conditions of the loan agreement.

The motion was seconded by Ms. Williams and passed unanimously.

F. DRINKING WATER STATE REVOLVING FUND & CAPITAL IMPROVEMENTS GRANT PROGRAM

1. Discussion & Possible Approval of Loan Commitment & Capital Improvement Grant - Indian Hills General Improvement District (Action)

Chairman Scott announced he would abstain from the vote because he is directly involved with the engineering associated with this project.

Ms. Stamates provided an overview of the IHGID water system and pointed out that water from the primary well exceeds the primary drinking water standard for arsenic. The project summary includes a request for an SRF loan and a Capital Improvement grant. See ATTACHMENT 4 for the project summary.

A study was authorized by Douglas County to explore the possibilities of utilizing water supplied by the Town of Minden to meet the demands of Douglas County (East Valley, North County, and West Valley), IHGID, and Carson City. The project alternative chosen has significant regional benefits as it provides a reliable water supply and interconnectivity between the region's major water suppliers.

The estimated cost of the entire project is \$13,000,000. IHGID's cost for its share of the project is estimated to be approximately \$3,725,270. Ms. Stamates reviewed the details of the

estimated project costs and funding split (USDA, AB198 Grant, and SRF Loan) and answered several questions for clarification.

Ms. Stamates concluded saying staff supports the plan to connect the Indian Hills GID to the Town of Minden water system. Given the occurrence of arsenic in the Valley region, this water transmission line from Minden appears to be the most cost effective supply of water for the District and other existing and future users in the region.

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the Drinking Water SRF in the amount of \$1,105,630 to the Indian Hills General Improvement District.

The Division also recommends that the Letter of Intent and Grant Application for the proposed project be approved subject to the conditions given in the staff report and the resolution presented in the Board packet. Based on the requirements for safe drinking water and the review by the Bureau of Safe Drinking Water, the grant application for the proposed construction project is recommended for funding. The grant amount would not exceed \$901,420.

Chairman Scott offered the opportunity for comments from IHGID General Manager, Jim Taylor. Mr. Taylor stated they are in the process of complying with the requirements/conditions of the state loan and grant. He will also propose water user rate increases to the IHGID Board in order to meet operations, maintenance, and debt service needs. These rates will conform to the Board's policy on reasonable water rates.

Mr. Taylor and Mr. Tim Russell of Resource Concepts answered questions from Mr. Walker with regard to crossing the river and permitting. Mr. Walker also asked questions regarding wholesale rates from Minden.

Mr. Goetsch asked that since this is a regional project would there be other participants in this project who would be coming to this Board for funding. Ms. Basham answered that Carson City may apply for SRF loan funds.

Before the motion and vote, Mr. Walker announced that he has no ties to IHGID professionally. He does represent Douglas County on water issues in the Legislature but he feels this has no conflict in this matter.

Motion-Loan: Mr. Goetsch made a motion that the Board for Financing Water Projects approve the loan commitment to the Indian Hills General Improvement District. The Resolution is designated the "3-2010 Indian Hills General Improvement District Water Project Loan Commitment." The Board has determined, and does hereby declare, that it approves and shall provide a loan to the Applicant in an amount not to exceed \$1,105,630. 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. The Division and the IHGID will negotiate the terms and conditions of the loan agreement.

The motion was seconded by Mr. Belanger and passed with Chairman Scott abstaining.

Motion-Letter of Intent: Mr. Goetsch made a motion that the Board for Financing Water Projects approve the Letter of Intent from the Indian Hills General Improvement District to pursue funding from the capital improvements grant program for completion of a distribution system improvements project to mitigate their arsenic issues. The total grant amount should not exceed \$901,420.

Motion was seconded by Ms. Williams and passed with Chairman Scott abstaining.

Motion-Grant: Mr. Goetsch made a motion that the Board for Financing Water Projects approve a grant from the capital improvements grant program to the Indian Hills General Improvement District for a distribution system improvements project to mitigate their arsenic issues in accordance with the resolution designated the "03-10-F1 Indian Hills General Improvement District Arsenic Mitigation 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. The Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed \$901,420. The grant will be administered for a maximum period of 5 years. The project is subject to the conditions provided in the staff report and resolution.

The motion was seconded by Ms. Williams. Mr. Walker asked about the process of approving a letter of intent followed by approval of the grant. Ms. Stamates clarified that usually there is a period of time between the two however due to the aggressive schedule of the project, this process had been streamlined.

The motion passed with Chairman Scott abstaining.

Chairman Scott said it was appropriate to recognize how far the District has come in making these applications and in reaching this point. He told Mr. Taylor that the IHGID Board has come a long way and that it is commendable that not only is the arsenic issue being solved, it is also being done in a regional way. He said the IHGID Board has taken some heat and really done a good job of stepping up in a time when something had to be done. Chairman Scott said recognizing the actions of the IHGID Board is appropriate.

Ms. Carr added the County and the Town of Minden are to be commended as well for their leadership. This is a major project that took a lot of coordination.

Mr. Walker commented that he thought this project was commendable in that it would be using water, supplied by the Town of Minden, that complies with all drinking water standards and would not be installing complex treatment facilities that would utilize chemicals and produce a waste stream that could have environmental impacts.

G. CAPITAL IMPROVEMENTS GRANT PROGRAM

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

Ms. Stamates provided updates on the current grant-funded projects which included a slide show. The project update and slides are included in ATTACHMENT 5.

There was a discussion regarding Metropolis Water Irrigation District. Ms. Stamates said the funding and costs are not quite clear on the processes (NEPA, 404 Permitting, Construction, etc.) necessary prior to construction. Metropolis representatives recently made the comment that they are not going to be dealing with NDOW. That is not what was said during their February 2010 pre-application meeting with the US Army Corps of Engineers so there seems to be a decision in flux everyday.

Ms. Williams recalled Metropolis had last been instructed by the Board to put together a plan with all the required permitting and then present it to the Board. Chairman Scott said it is their

move and the Board had cautioned them that grant funding from this program may not be available.

Ms. Stamates mentioned that, as requested by the Board at the December 8, 2009 meeting, a summary of the water system improvements made with funding from this grant program was compiled and included in the binders. This summary is also included in ATTACHMENT 5.

H. WATER RIGHTS TECHNICAL SUPPORT GRANT PROGRAM

1. Progress and Financial Reports for Water Rights Technical Support Grant Projects (Non Action)

Ms. Stamates briefly discussed the SB62 Project Summary Report (ATTACHMENT 6).

I. ARSENIC UPDATE (Non Action)

Ms. Carr explained the List of Water Systems with Ongoing Arsenic Compliance Issues (ATTACHMENT 7) included in the Board packet. This information was requested at the last Board meeting. Ms. Carr pointed out the list was developed in December 2009 and some of the systems are in compliance at this time. Ms. Carr said there are still a few systems with which the BSDW is negotiating compliance agreements and most of them are making progress toward compliance.

J. BOARD COMMENTS

Chairman Scott asked for an overview of the current budget status and how it might impact the programs and staff associated with the Board. Mr. Emme briefly discussed the impact the most recent budget session had on NDEP funds however he said the actions were not really related to this program. The 4-10s work day bill was vetoed by the Governor and is up-in-the-air. Ms. Carr said in-state travel is supposed to be reduced however travel relating to the core mission such as inspections is being approved. Chairman Scott said it would be important for the Board to know if there are any problems with approval of travel for staff monitoring projects the Board is funding.

Chairman Scott asked about the status of the State's match for the SRF grant from the EPA. Mr. Emme replied that that has not been affected by the budget issues. Ms. Dobson said she had talked to the Treasurer's Office and a bond sale would be requested possibly June or September.

Mr. Emme commented on the ARRA stimulus funds. February 17, 2010, was a significant deadline; the Recovery Act required that the SRF money be obligated in actual construction contracts by that date. If not obligated the money would have been reallocated to other states. Adele, Daralyn, Michelle and all staff deserve thanks for meeting the deadline.

There was a brief discussion regarding changing the name of AB198, Capital Improvements Grant program.

K. PUBLIC COMMENTS

Mr. Wayne Cameron, Chairman of the Board for the McGill-Ruth Consolidated Sewer and Water GID, told the Board that the GID is trying to work out an agreement with Quadra Mining that when the mine shuts down (estimated to be sometime in the next seven years) the GID would assume ownership of the mine's dewatering well and re-equip it for municipal use. Chairman Scott commented that regionalization is important to the Board, and he asked the GID to work

closely with staff so the Board is kept up-to-date on the status of the project. He also noted that if any State funds are invested in the project, the Board must be assured that they are in a project that has long-term value to the water system.

The meeting was adjourned at 11:48 am.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

ATTACHMENTS

- ATTACHMENT 1: AB198 Capital Improvement Grants Program Projected Cash Flow
- ATTACHMENT 2: Kingsbury GID Loan Commitment Summary
- ATTACHMENT 3: City of Yerington Loan Commitment Summary
- ATTACHMENT 4: Indian Hills GID Loan, Letter of Intent & Grant Summary
- ATTACHMENT 5: Capital Improvements Grant Projects Update
- ATTACHMENT 6: SB62 Projects Update
- ATTACHMENT 7: List of Water Systems with Ongoing Arsenic Compliance Issues

ATTACHMENT 1

AB198 Capital Improvement Grants Program Projected Cash Flow

BOARD FOR FINANCING WATER PROJECTS
PROJECT SUMMARY SHEET
as 2/22/2010

Project	Grant Amount	Issue Date	Grant Used	Grant Remaining
Kingsbury GID	\$9,505,311.39	6/26/02	\$7,869,611.71	\$1,635,699.68
Spanish Springs - Washoe Co	\$4,000,000.00	1/27/05	\$402,000.00	\$3,598,000.00
Golconda	\$956,478.75	1/27/05	\$875,846.14	\$80,632.61
Searchlight	\$2,536,522.34	8/23/06	\$382,692.01	\$2,153,830.33
Kyle Canyon	\$3,202,511.74	11/9/06	\$1,002,843.85	\$2,199,667.89
Topaz Ranch Estates	\$1,471,452.01	3/14/07	\$1,158,620.50	\$312,831.51
Crystal Clear CIP	\$2,663,635.00	9/20/07	\$2,459,519.87	\$204,115.13
Pershing County Irrigation Dist #2	\$3,663,021.45	9/20/07	\$3,626,806.32	\$36,215.13
Moapa Valley Water District	\$4,000,000.00	12/13/07	\$2,082,638.47	\$1,917,361.53
Lovelock Meadows CIP #2	\$3,000,000.00	12/13/07	\$1,720,719.99	\$1,279,280.01
Alamo Arsenic PER	\$102,216.75	3/20/08	\$46,802.82	\$55,413.93
Ruth PER	\$34,000.00	3/4/09	\$17,807.50	\$16,192.50
Pershing County Irrigation Dist #3	\$3,810,000.00	6/15/09	\$437,865.25	\$3,372,134.75
Austin Arsenic PER	\$126,650.00	6/15/06	\$0.00	\$126,650.00
Town of Jackpot	\$1,432,000.00	7/24/09	\$0.00	\$1,432,000.00
Totals - 16 Grantees	\$40,503,799.43		\$22,083,774.43	\$18,420,025.00

Current Funds Available 2/22/10	8,058,203
Estimated Bond Sale Amount for FY10/11 Biennium	19,000,000
Less Current Obligations	18,420,025
Less Administrative Budget Remaining FY10/11	566,996
Estimated Funding that may be Committed to New Projects for Fy10/11	8,071,181

AB 198 Grant Program
 Projected Cash flow through SFY 2012
 as of 02/19/10

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
FY09 Actual			11,210,909			0			46,681,108			
Bond proceeds	12,956,307	0	24,167,216			0		12,956,308	33,724,800			
Interest Revenue	415,789		24,583,005			0			33,724,800			
Pay requests		9,717,399	14,865,606			0			33,724,800			
2010 principal repayments on bonds			14,865,606			0	3,677,570		37,402,370			
Transfer to 4155 (Operating Account)		229,121	14,636,485			0			37,402,370			
			14,636,485			0			37,402,370			
July - September 2009 (FY10)			14,636,485			0			37,402,370			25,306,032
Pay Requests		1,222,891	13,413,594			0			37,402,370		1,222,891	24,083,142
Bond proceeds			13,413,594			0			37,402,370			24,083,142
2010 principal repayments on bonds			13,413,594			0	885,000		38,287,370			24,083,142
Transfer to 4155 (Operating Account)		67,062	13,346,532			0			38,287,370			24,083,142
Adjusted New/Deobligated Grants			13,346,532			0			38,287,370		48,368	24,034,774
October - December 2009			13,346,532			0			38,287,370			24,034,774
Pay Requests		4,174,777	9,171,756			0			38,287,370		4,174,777	19,859,997
Bond proceeds			9,171,756			0			38,287,370			19,859,997
2010 principal repayments on bonds			9,171,756			0	449,878		38,737,248			19,859,997
Interest Revenue	56,932		9,228,688			0			38,737,248			19,859,997
Transfer to 4155 (Operating Account)		0	9,228,688			0			38,737,248			19,859,997
Adjusted New/Deobligated Grants			9,228,688			0			38,737,248		250,208	19,609,789
January - March 2010			9,228,688			0			38,737,248			19,609,789
Projected Pay Requests		1,929,816	7,298,872			0			38,737,248		1,929,816	17,679,973
Bond proceeds			7,298,872			0			38,737,248			17,679,973
Projected Interest Revenue	19,279		7,318,151			0			38,737,248			17,679,973
Projected Transfer to 4155 (Operating Acct)		67,063	7,251,088			0			38,737,248			17,679,973
2010 principal repayments on bonds			7,251,088			0	900,000		39,637,248			17,679,973
Adjusted New/Deobligated Grants			7,251,088			0			39,637,248			17,679,973
April - June 2010			7,251,088			0			39,637,248			17,679,973
Projected Pay Requests		1,929,816	5,321,271			0			39,637,248		1,929,816	15,750,157
Bond proceeds	10,500,000		15,821,271	10,500,000		10,500,000		10,500,000	29,137,248			15,750,157
Interest Revenue	76,211		15,897,482			10,500,000			29,137,248			15,750,157
Projected Transfer to 4155 (Operating Acct)		67,063	15,830,419			10,500,000			29,137,248			15,750,157
2010 principal repayments on bonds			15,830,419			10,500,000	1,660,000		30,797,248			15,750,157
FY11 Projection			15,830,419			10,500,000			30,797,248			15,750,157
Projected Bond Needs	8,500,000		24,330,419	8,500,000		19,000,000		8,500,000	22,297,248			15,750,157
Projected Pay Requests		7,850,000	16,480,419			19,000,000			22,297,248		8,400,000	7,350,157
Projected Transfer to 4155 (Operating Acct)		313,444	16,166,975			19,000,000			22,297,248			7,350,157
2011 principal repayments on bonds			16,166,975			19,000,000	4,057,186		26,354,434			7,350,157
Projected New Grant Awards			16,166,975			19,000,000			26,354,434	1,300,000		8,650,157
Interest Revenue	152,422		16,319,397			19,000,000			26,354,434			8,650,157
FY12 Projection			16,319,397			19,000,000			26,354,434			8,650,157
Projected Bond Needs	10,500,000		26,819,397			19,000,000			26,354,434			8,650,157
Projected Pay Requests		9,850,000	16,969,397			19,000,000			26,354,434		1,250,000	7,400,157
Projected Transfer to 4155 (Operating Acct)		313,444	16,655,953			19,000,000			26,354,434			7,400,157
2012 principal repayments on bonds			16,655,953			19,000,000	4,213,212		30,567,646			7,400,157
Projected New Grant Awards			16,655,953			19,000,000			30,567,646	7,850,000		15,250,157
Interest Revenue	152,422		16,808,375			19,000,000			30,567,646			15,250,157

Note: Available Statutory Authority reflects the \$125 million cap less outstanding debt obligations plus principal payments on debt as of FY09.

ATTACHMENT 2

Kingsbury GID Loan Commitment Summary

**Board for Financing Water Projects
Loan Commitment from Drinking Water State Revolving Fund
Kingsbury General Improvement District
March 2010**

Applicant: Kingsbury General Improvement District
Project: Water System Improvements

Loan Amount: \$3,306,650

GENERAL

The 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). Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF.

BACKGROUND

Construction of the Kingsbury water system began in the 1940s. The majority of the water system was constructed during the 1960s. The water system was initially a private water system, known as the Kingsbury Water Corporation. The assets of the Kingsbury Water System were purchased by Kingsbury General Improvement District in 1976.

Over the past several years, Kingsbury General Improvement District (KGID) has been working on implementing Phase 1 water system improvements. Phase I addresses that portion of the service area considered to be in greatest need of repair – the highest priority in terms of health and safety, service reliability, and economics. The project included the replacement of waterlines and transmissions lines, construction of a new storage tank and PRV station, and the installation of 386 water meters. KGID received both state grant (\$9.5 million) and DWSRF loan funds (\$7 million) for the Phase 1 improvements.

The Board of Financing Water Projects required that water meters be installed as a grant condition for Phase I improvements. KGID has metered some customers, but the majority still remains unmetered. The proposed project includes the design and installation of water meters for the remaining customers in the water system that are unmetered.

CURRENT SYSTEM

Water from Lake Tahoe flows by gravity through a lake intake to the subsurface water treatment facilities. The water receives primary disinfection treatment by ozonation. Following the ozonation process, the water receives post disinfection by chlorination. Six pump stations within the KGID water system supply water to 6 primary pressure zones and 19 secondary pressure zones. There are 49 pressure-reducing valves (PRVs) to regulate conveyance of water in the distribution system. Water storage facilities are located within each pressure zone. The storage facilities are interconnected to supplement storage tanks located at lower adjacent pressure zones.

Water Quality

Currently, KGID is in compliance with drinking water standards.

Water Conservation

KGID adopted a Water Conservation Plan October 20, 1992. KGID has limited water rights to Lake Tahoe. In the past, two factors have been instrumental in limiting water demand by KGID’s customers: 1) an artificial control on property development by the Tahoe Regional Planning Agency; 2) the “second home” and timeshare nature of over 50% of KGID’s residential customer units. These units have lower occupancy rates and generally lower demand for irrigation water than permanent residential units. The objectives of the conservation plan include public education, reduce consumption, reduce leaks, develop water rates that will reduce water usage and provide incentives that encourage water conservation.

Customers, Population and Growth

The number of service connections served by KGID water system is shown in the table below.

	Current	Projected Future
Residential Connections	2,420	2,450
Commercial Connections	55	55
Estimated Population	3832	3900

Estimated total current and future population served is hard to estimate since KGID has a large second-home and visitor population that is not picked up by any census. The 2000 census found 3,839 residents. There is almost no growth within the district, and more homes are becoming second homes. One could double that number to account for visitors and second home owners that visit occasionally.

PROPOSED PROJECT

The proposed project includes the design and installation of approximately 2,000 water meters for the remaining unmetered water customers.

Alternatives to Proposed Project

The only alternative to the project is not to install the meters. The proposed project will encourage water conservation, and ensure that all customers are charged the same water rate.

Environmental Review

The Nevada Administrative Code in Sections NAC 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed to meet the requirements of the National Environmental Protection Act. NAC 445A.67583 allows a categorical exclusion for rehabilitation of an existing facility. A categorical exclusion exempts a project from further substantive environmental review requirements.

The KGID meter project is eligible for a categorical exclusion under NAC 445A.67583(2)(a), rehabilitation of an existing facility. The project is also eligible under NAC 445A.67583(2)(e) because there is sufficient evidence that a significant effect on the quality of the environment is unlikely since construction will be permitted by Tahoe Regional Planning Agency (TRPA) and subject to strict environmental criteria and mitigation if necessary.

Permits

The following permits will be required:

1. TRPA – the installation of the meter pits themselves will require a TRPA permit

2. Bureau of Safe Drinking Water – Letter of approval of the final design and construction documents
3. Douglas County Building Permit
4. NDOT – depending on the location of the meter pits which will be determined during design. If possible, construction will be limited to areas outside any NDOT rights of way.

Cost Estimate

The estimated cost of the project is \$3,306,650.

Water Rates

KGID provides services for street maintenance, snow removal, wastewater collection, drainage and water service to District customers. Since the original loan commitment in 2002, KGID has increased water rates. The base rate for unmetered, flat-rate customers is \$63 per month. The base rate for metered customers is \$47 plus a commodity charge of \$1 - \$5 per 1,000 gallons for residential customers and \$5.48 per 1,000 gallons for commercial customers.

Project Phasing

It is proposed to meter all unmetered customers as a single project with no phasing.

Financial Evaluation

KGID has the financial capability to handle the loan. Indicators of their financial capability include:

- KGID increased water rates in October of 2008 to meet debt service requirements and will continue to set rates at a level necessary to support additional debt.
- The 2008 Financial Statements indicate a net income of \$1,053,631, an increase of \$508,457 from the previous year.
- Net assets have increased by \$2.5 million from 2007 to 2008.
- KGID's current general obligation debt of \$5,206,360 is well below the statutory limit of \$130,641,062.

The DWSRF program will also rely upon the extensive credit history obtained by bond counsel during the process of issuing the required general obligation bonds which will provide security from the DWSRF loan.

Technical, Managerial and Financial Capacity of Kingsbury GID

The water quality currently meets the drinking water standards and all monitoring requirements have been met. KGID employs operators who have the technical knowledge and ability to operate the system. KGID has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards. KGID utilizes generally accepted accounting principles and annual financial statements are prepared.

Public Notice and Public Participation Process

KGID has been working on a metering plan for a number of years. It was part of the Phase I projects that are nearly complete and a number of customers have received meters in the past 2 years. Additionally a metering plan was completed during 2008. Information contained in the metering plan has been presented at public meetings. The water rates were changed on October 1, 2008 at a public meeting. This rate change affected both metered and flat rates.

The installation of meters and a SRF loan to help finance the project has been discussed at recent public meetings. The public is aware that it is the goal of KGID to fully meter the water system to encourage conservation and enable them to charge fair and reasonable rates based on each customer's water usage.

Status of Drinking Water State Revolving Loan Fund

Currently, there is close to \$14 million available in the loan fund. In addition, NDEP recently applied for federal funds available to Nevada. NDEP is expecting an additional \$21 million in loan funds from the anticipated federal grant and required state match.

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 \$3,306,650 to the KGID. 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 Revenue Index at the time the loan contract is signed. The Division and KGID will negotiate the terms and conditions of a loan agreement.

ATTACHMENT 1

LOAN REPAYMENT SCHEDULE

(Sample schedule; Final Schedule to be provided upon closing of loan)



Nevada Drinking Water State Revolving Fund

Nevada's Solution for Public Water System Financing

LOAN DATA

Borrower Name	Kingsbury GID		
Basic Loan Information:		Payment Information:	
Today's Date	Mar 1, 2010	Length of Loan, Years	20
First Payment Due	Jan 1, 2010	Payments Per Year	2
Interest Rate	3.20%	Total Payments	40
		Calculated Payment	\$112,560
Summary Information:		Customer Cost:	
Principal	\$3,306,650	Number of Customers	2475
Interest Paid	\$1,195,740	Cost Per Month	\$7.58
Total Paid (P & I)	\$4,502,390		

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

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 "3-2010 KINGSBURY GENERAL IMPROVEMENT DISTRICT 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 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 December 8, 2010, the Board, pursuant to NRS 445A.265, approved Revision 1 to the Year 2010 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 Kingsbury General Improvement District's water system ("Kingsbury") is a public water system located on the Nevada side of the Lake Tahoe Basin and which has been authorized by Douglas County as a general improvement district formed under NRS 318; and

WHEREAS, the majority of Kingsbury General Improvement District water customers are unmetered; and

WHEREAS, water meters promote water conservation; and

WHEREAS, the Division ranked the Project as #102 on Revision 1 to the Year 2010 Priority List of water projects, which was approved by the Board on December 8, 2010; and

WHEREAS, Kingsbury's Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; and

WHEREAS, no objections have been received by the Division with respect to the determination to bypass projects which ranked higher than the Year 2010 Priority List of projects; and

WHEREAS, the Division has determined that Kingsbury 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 "3-2010 Kingsbury General Improvement District Project Loan Commitment Resolution."

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by Kingsbury General Improvement District with 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 \$3,306,650 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 March 11, 2010

Chairman
Board for Financing Water Projects

Attest:

Technical Assistant
Board for Financing Water Projects

ATTACHMENT 3

City of Yerington Loan Commitment Summary

Yerington Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund March 2010

Applicant: City of Yerington
Project: Arsenic Treatment
Total Cost: \$1,100,000

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 City of Yerington is located in central Lyon County, Nevada where the East and West Forks of the Walker River meet. The Yerington area was settled in the 1870's. The City of Yerington was incorporated in 1907 and was named the Lyon County seat in 1911. By 1908 the City had a water system, sewer system, and electricity. The City experienced the mining boom and bust cycles as Anaconda Copper opened a large open pit mine in nearby Weed Heights in 1950 but ceased operations in 1978.

The City has made numerous improvements to the water system over its 95-year history. Much of the early water system was comprised of redwood and replaced from the 1930s – 1950s with cast iron pipe and asbestos cement pipe was later used, and PVC pipe has been used in recent years.

The Town of Mason's water system, which is contiguous to the City's system, recently was tied into the City's system. From the State's standpoint, it is now all one system. From the City's standpoint, they are two separate financial entities. The tie-in allows the two systems to serve each other on an as-needed basis. Water does not flow between the two systems unless there is a need.

Recently, the Willowcreek General Improvement District (GID) water system was upgraded and tied into the City's system. There are only 90 customers in Willowcreek, but new homes are being developed and there is a capacity for up to 250 homes within the GID. The City also provides water to approximately 141 connections in Crystal Clear located 7 miles east of Yerington.

Water systems were required to be in compliance with the new arsenic standard of 10 ppb by January 23, 2006 or apply to the state for an exemption. The City of Yerington water exceeds 10 ppb arsenic. The State of Nevada issued the City of Yerington exemption from the arsenic rule until January 2011.

CURRENT SYSTEM

The current Yerington water system service area includes the City of Yerington, the Willowcreek area, and the Crystal Clear Water System to the east of the City. The wells that provide the source water to Yerington and Mason are listed in the table below.

Well Flow rate and Arsenic Concentrations

System	Well	Flow Rate (gpm)	Arsenic (ppb)	% Utilization 2009 (of gallons pumped in system)
Yerington	Broadway	1,700	16	36%
	Mt. View	1,600	22	43%
Mason	Rio Vista	220	15.5	10%
	Mason	1,000	7.5	11%

Water is disinfected at the wells with a sodium hypochlorite solution. The Yerington side of the system has one 2 million gallon storage tank and Mason has one 1 million gallon tank.

Customers, Population and Growth

The City of Yerington water system has 1,485 connections which serve an estimated population of 3,277.

PROPOSED PROJECT

General Description

The proposed project for Yerington is to install a central arsenic treatment facility utilizing coagulation/filtration technology. Based on the results from the pilot studies, coagulation/filtration technology is the most cost effective and flexible treatment option for the City. The proposed central treatment system will have the capacity to treat water from the existing Broadway and Mt. View wells as well as the new California St. well which will be constructed in the coming months. For the Mason side of the system, it is proposed to utilize the Mason well as the main water source and use the Rio Vista well only for emergencies. Construction of a central treatment plant will allow the City to continue using all of the wells (except Rio Vista) on an as needed basis and remain in compliance with the arsenic standard at all times.

The proposed treatment facility will have a capacity of 3,000 gpm which includes eight 10 foot diameter filters. Each of the pressure vessels will have individual flow control devices to allow for staggered backwashing, which will limit the necessary size of the backwash tank. Backwash water from the treatment facility will be recycled back into the headworks of the treatment facility after settling. The sludge will be disposed of in the sanitary sewer.

The proposed Greensand Plus filter bed has a typical life of 10 to 20 years, though some attrition will be seen on an annual basis. It may be necessary to replace a small amount of anthracite on an annual basis, and full replacement of the filter bed will have to occur once every 10 to 20 years. The material making up the filter bed is non-hazardous and can be disposed of in a local landfill.

Alternatives to Proposed Project

The following five alternatives were evaluated:

1. Non-Treatment Alternative
2. Adsorptive Media Treatment (1,500 gpm) with blending
3. Coagulation/Filtration Treatment (1,500 gpm) with blending
4. Adsorptive Media Treatment (3,000 gpm) without blending
5. Coagulation/Filtration Treatment (3,000 gpm) without blending

Non-Treatment Alternative

The system as a whole is not a candidate for a non-treatment option. Arsenic is prevalent in all of the City's wells and is also present in other wells in the vicinity of Yerington. It is likely that a new well would exceed the arsenic standard of 10 ppb. The well with the lowest arsenic concentration contains 7.5 ppb making blending without treatment infeasible.

Treatment with blending Alternatives

Options 2 and 3 include the installation of a centralized treatment facility sized to treat the full flow of the Mt. View well. The treated flow will be blended with flow from the Broadway well in a blending tank. The blended flow will then be pumped into the distribution system utilizing a booster station. The treatment with blending options do not provide for flexibility in the use of the wells.

Treatment without blending Alternatives

Options 4 and 5 include the installation of a 3,000 gpm facility which would treat all the water that enters the distribution system. Treating all of the water provides greater flexibility in the use of the wells as any two wells can be used at a time. A treatment capacity of 3,000 gpm meets the needs of the system today based on the size and capacity of the existing wells, and it allows the system to meet max day and peak hour demands.

The O & M costs for adsorptive media are considerably higher than coagulation/filtration. In addition, adsorptive media does not allow the removal of iron or manganese. The Mt. View well has a history of containing some manganese and it is unknown what the new well's water quality will be. Since the treatment with blending options do not provide for flexibility in the use of both wells, the larger central treatment plant which allows for the use of both existing wells is the preferred alternative.

Results of Pilot Testing

After considering the various types of treatment and the many water quality parameters, two separate pilot studies were conducted. The first pilot study consisted of four different types of adsorptive media. The second pilot study conducted by Hungerford & Terry, Inc. evaluated the use of coagulation/filtration processes utilizing two different types of filter media; conventional dual media filter (sand and anthracite) and Greensand Plus.

Pilot tests of the adsorptive media were generally favorable for all four media types. The pilot tests of adsorptive media demonstrated that adsorptive media can bring the water into compliance without chemical pH adjustment.

The pilot study of the coagulation/filtration process tested both a dual media filter (sand and anthracite) and Greensand Plus at two different loading rates. Both phases of the pilot study required the injection of sodium hypochlorite and ferric chloride into the raw water, followed by static mixing. The sodium hypochlorite oxidizes the arsenic and iron, and also continuously regenerates the Greensand Plus. It was found during the pilot study that occasionally manganese was present in the raw water at levels up to 0.09 mg/l. The Greensand Plus media is intended to also remove manganese.

The results of the coagulation/filtration pilot study indicated that both the filter sand and the Greensand Plus will remove arsenic to bring the water into compliance with the standard. The pilot study also showed that the use of a small amount of polymer shortened the settling time of the backwash water and aided in ensuring that the filter itself was properly cleaned after 10 minutes of backwashing. No pH adjustment was needed to maintain a treated effluent of less than 10 ppb along with acceptable filter run times.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. The Army Corp of Engineers is providing the majority of the funding for this project. The Army Corp requires an environmental review process. NDEP will not conduct an additional independent environmental review but will defer to the Corp's environmental review. The Army Corp of Engineers NEPA review will be evaluated to ensure it is equivalent to the requirements of DWSRF. If the Army Corp review is equivalent to the requirements of the DWSRF, NDEP will accept the Army Corp environmental review.

Permits

The following permits are required for the project:

1. NDOT – to cross Main St. with dedicated pipeline from the Mt. View well to the treatment plant
2. NDEP Bureau of Safe Drinking Water Approval

Cost Estimate

The project is estimated to cost \$4,576,000. The Army Corp of Engineers will provide 75% of the funding for the design and construction. Yerington is proposing to provide the required 25% match to the Army Corp through the DWSRF loan. Yerington also has applied for a CDBG grant to limit the amount of loan that will ultimately have to be utilized.

Financial Evaluation

The City of Yerington has the financial capability to handle the loan. Indicators of their financial capability include:

- Yerington has agreed to raise rates as necessary to accommodate the debt associated with this loan. This increase will also account for increased operation and maintenance costs associated with the new water treatment facility.
- Net assets increased \$103,039 to \$4,531,416 in 2009 up from \$4,428,377 in 2008.
- Yerington's current general obligation debt of \$284,309 is well below the statutory limit of \$12,894,134.

The DWSRF program will also rely upon the extensive credit history obtained by bond counsel during the process of issuing the required general obligation bonds which will provide collateral and security.

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs with the exception of arsenic. The proposed project will bring the system into compliance with the arsenic standard. Yerington is in compliance with the monitoring requirements. Yerington employs a sufficient number of operators who have the technical knowledge and appropriate certification to operate the system. The infrastructure and related equipment are maintained on a regular basis. The City keeps records of maintenance and repairs. The City retains a certified public accountant and utilizes generally accepted accounting principles. Annual financial statements are prepared. In conclusion, the City has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

Public Notice

The City of Yerington has been notifying the public of the new arsenic rule and their noncompliance since January 2006. The City has been required to make the public aware that while the water is not in compliance with the current MCL, the City has an exemption from the arsenic rule through January 2011. The exemption was approved by the State Environmental Commission at a public hearing. In addition, the City Council has approved the Arsenic Treatment Preliminary Engineering Report. The City Council agenda is publically posted and the minutes of the meeting are available to the public.

Status of Drinking Water State Revolving Loan Fund

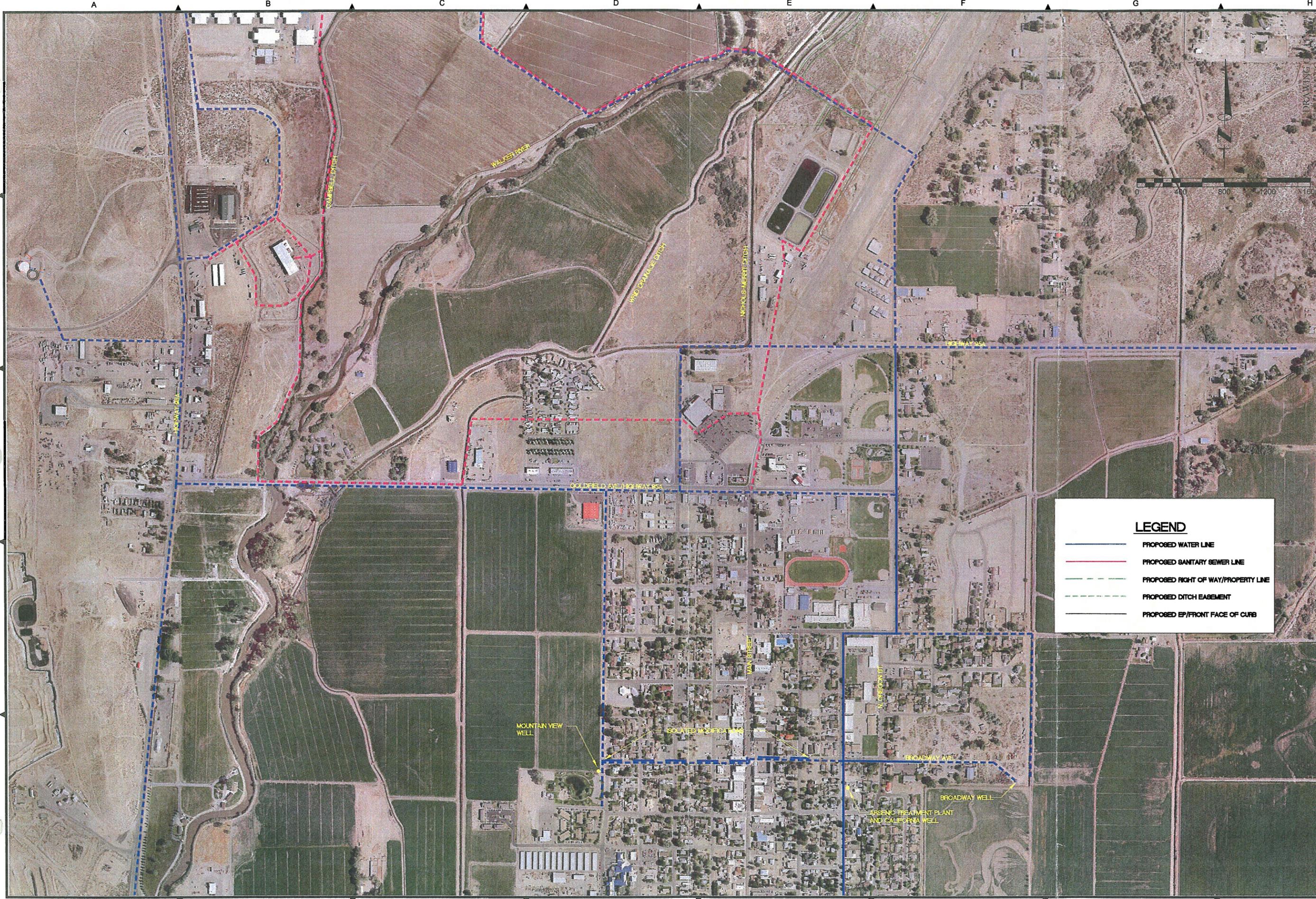
Currently, there is close to \$14 million available in the loan fund. In addition, NDEP recently applied for federal funds available to Nevada. NDEP is expecting an additional \$21 million in loan funds from the anticipated federal grant and required state match.

Division 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 \$1,100,000 to the City of Yerington for arsenic treatment. The Division and City of Yerington will negotiate the terms and conditions of a loan agreement.

ATTACHMENT 1

VICINITY MAP



LEGEND

- PROPOSED WATER LINE
- PROPOSED SANITARY SEWER LINE
- - - PROPOSED RIGHT OF WAY/PROPERTY LINE
- - - PROPOSED DITCH EASEMENT
- PROPOSED EP/FRONT FACE OF CURB

REVISION	DESCRIPTION	BY	APP	DATE

FARR WEST
 ENGINEERING
 8442 LONGLEY LANE, SUITE B
 RENO, NEVADA 89518
 PHONE: (775) 851-0776
 FAX: (775) 851-0766

EXHIBIT
YERINGTON ARSENIC TREATMENT PLANT PROJECT
 NEVADA

ATTACHMENT 2

LOAN REPAYMENT SCHEDULE

(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	City of Yerington		
Basic Loan Information:		Payment Information:	
Today's Date	Mar 1, 2010	Length of Loan, Years	20
First Payment Due	Jul 1, 2003	Payments Per Year	2
Interest Rate	3.20%	Total Payments	40
		Calculated Payment	\$37,444
Summary Information:		Customer Cost:	
Principal	\$1,100,000	Number of Customers	1485
Interest Paid	\$397,778	Cost Per Month	\$4.20
Total Paid (P & I)	\$1,497,778		

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 "3-2010 CITY OF YERINGTON WATER SYSTEM 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 December 8, 2009 the Board, pursuant to NRS 445A.265, approved Revision 1 to the 2010 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, City of Yerington owns and operates the public water system; and

WHEREAS, City of Yerington submitted a pre-application to the Division for funding a project to mitigate arsenic in the City water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Division ranked the Project as #20 on Revision 1 to the 2010 Priority List of water projects, which was approved by the Board on December 8, 2009; and

WHEREAS, City of Yerington submitted to the Division on or about April 29, 2009 a Letter of Intent to proceed with the Project; and

WHEREAS, City of Yerington Foothill 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 City of Yerington 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 “3-2010 City of Yerington Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between City of Yerington 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 \$1,100,000 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 March 11, 2010

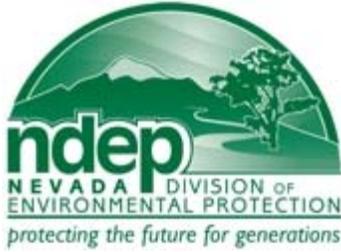
Chairman
Board for Financing Water Projects

Attest:

Technical Advisor
Board for Financing Water Projects

ATTACHMENT 4

Indian Hills GID Loan Commitment, Letter of Intent & Grant Summary



BOARD FOR FINANCING WATER PROJECTS
SRF LOAN/LETTER OF INTENT/GRANT APPLICATION

PROJECT SUMMARY

MARCH 2010

PROJECT: **Arsenic Mitigation – North Douglas County Regional Water System**

APPLICANT: **Indian Hills General Improvement District**

Jim Taylor, General Manager
 3394 James Lee Park Drive #A
 Carson City, Nevada 89705
 (775) 267-2805

APPLICANT STATISTICS:

SYSTEM IN EXISTENCE PRIOR TO 1 JAN 1995 & PUBLICLY OWNED (NRS 349.983):	✓	Yes	No
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STATE MHI:	\$ 44,581	STATE MAX TAX RATE (PER \$100 ASSESSED):	\$ 3.64
COMMUNITY MHI:	\$ 44,194	COMMUNITY TAX RATE (PER \$100 ASSESSED):	\$ 3.35

NUMBER OF RESIDENTIAL UNITS:	1,795
NUMBER OF COMMERCIAL OR OTHER CONNECTIONS:	70
ESTIMATED NUMBER OF ERUS:	1,867
TOTAL NUMBER OF PERSONS SERVED:	5,800
PERCENTAGE OF RESIDENCES NOT PRIMARY	<5%

IS THE WATER SYSTEM METERED?	✓	Yes	No
IS A METERED RATE CHARGED?	✓	Yes	No
BOARD'S REASONABLE RATE BASED ON:	2% MHI	✓	1.5% MHI
BOARD'S REASONABLE WATER RATE:	\$ 55.24		
CURRENT SYSTEM WATER RATE:	\$ 53.41		

WATER CONSERVATION PLAN – DATE APPROVED/UPDATED:	MARCH 2008		
O&M PROGRAM?	✓	Yes	No
X-CONNECTION CONTROL PROGRAM?	✓	Yes	No
EMERGENCY RESPONSE PROGRAM?	✓	Yes	No
WELLHEAD PROTECTION PROGRAM?	✓	Yes	No

PREVIOUS GRANT AMOUNTS:	NOT APPLICABLE
TOTAL GRANT AMOUNT USED:	NOT APPLICABLE
CAPITAL REPLACEMENT ACCOUNT FUNDED:	YES ✓ NO
AMOUNT CURRENTLY IN FUND:	\$ 0.00

TOTAL PROJECT COST:	\$3,725,270
TOTAL GRANT ELIGIBLE PROJECT COST:	\$3,725,270
TOTAL COST PER CONNECTION:	~ \$ 2000
SRF RANK :	CLASS II – CHRONIC (ARSENIC) - #10 ON THE 2010 PRIORITY LIST

LETTERS ON ABILITY/INABILITY TO FINANCE PROVIDED?	✓	YES	No
PER PROVIDED?	✓	YES	No

FUNDING GENERAL

In 1991, the Nevada State Legislature created a Capital Improvements Grant Program (Nevada Revised Statutes [NRS] 349.980 through 349.987) to provide grants to purveyors of water to assist with the costs of capital improvements to publicly owned community water systems and publicly owned nontransient water systems as required or made necessary by the state health board or made necessary by the Federal Safe Drinking Water Act. In 2009, the program was expanded to include non-profit and mutual water companies. Grants may also be made to eligible recipients to pay for the cost of improvements to conserve water such as in the case of irrigation district projects. It is the sole discretion of the Board for Financing Water Projects (Board) to determine who receives grants.

The grant program also seeks to assure that the costs of the improvements do not overwhelm or cripple the system. The viability of the system is a significant concern for the State. The grant program was established to fill the financial gap between actual costs and what the community can afford. In this sense, an applicant community is expected to do as much as possible to help themselves before seeking the State's assistance.

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 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 Indian Hills General Improvement District (IHGID or District) is located in northern Douglas County on both the east and west sides of Highway 395 (see location map - next page). The IHGID was chartered in 1973. It is a multi function district, with an elected Board of Trustees, who, within the established boundaries of the District, own and govern the development, maintenance, and use of public facilities such as the water and sewer systems, streets and sidewalks, parks and open space. IHGID is an eligible grant recipient per NRS 349.983 1 (a) and (b)¹.

In early 1973, Richard Bilyeu (who owned the 40 acres North of Silverado Heights #1 - to be Silverado Heights Unit #2) and Lee Construction Company, Inc. applied to Douglas County Commissioners for two Mobile Home Subdivisions (one each on each 40 acres). Richard Bilyeu and Lee Construction Company proposed to either put in septic tanks or jointly build a small sewer system similar to Ridgeview #1. The only way Douglas County would allow development of the area was if an Improvement District was created and the District built a regional sewer and water system.

CURRENT SYSTEM

Source

IHGID currently operates with 6 wells:

WELL(S)	CASING SIZE	WELL DEPTH	PUMP TYPE	GPM RATING	DISINFECTION
Browns	16"	400'	Submersible	1,400	Ozone, Chlorine
Hobo	10-3/4"	340'	Submersible	240	Ozone, Chlorine
Impala	8"	427'	Submersible	75	None
Ridgeview	6"	240'	Submersible	100	None
Opalite	8"	252'	Submersible	25	None
Canyon	8"	540'	Submersible	25	None

Water is pumped from Brown’s Well and Hobo Well to the Hobo treatment plant and booster pump station. After treatment, water is pumped to elevated storage and direct distribution. Production from Impala, Ridgeview and Canyon Wells is pumped directly to the distribution system. All sources are metered.

Water production from Brown’s Well and Hobo Well is treated by ozone for color and odor removal and subsequently by sodium hypochlorite injection for distribution from the Hobo booster pump station. No chemical treatment is applied to water produced from the Opalite, Impala, Canyon or Ridgeview Wells.

¹ **NRS 349.983 Purveyors of water that are eligible to receive grants; preference for smaller systems; matching money from other sources.**

1. Grants may be made pursuant to paragraph (a) of subsection 1 of [NRS 349.981](#) only for the Lincoln County Water District and those community and nontransient water systems that:

(a) Were in existence on January 1, 1995; and
 (b) Are currently publicly owned.

According to the District’s quarterly arsenic notice to its customers, the average level of arsenic over the last 18 months in the water from the primary well, Brown’s Well, has been 21 µg/L which exceeds the primary drinking water standard of 10 µg/L. Due to the high concentrations of arsenic in the drinking water, the Division ranked this project as a Class II water project per NAC 445A.67569 1 (b) (2)². Arsenic is a primary standard per the National Primary Drinking Water Regulations.

Storage

TYPE	CAPACITY	PRESSURE ZONE(S)
Welded Steel Tank	680,000 gallons	5088 – 4987
Two Welded Steel Tanks	420,000 gallons each	4987 – 4667
Two Welded Steel Tanks	188,000 gallons each	4667 – Pump Station

Distribution

The distribution system includes two pressure zones. Main sizes in the District range from 6- to 14-inch and pipe materials include PVC, asbestos cement and ductile iron. The system is fully metered and charges a metered water rate. IHGID has a Water Conservation Plan approved by the Nevada Division of Water Resources in March 2008.

Customers, Population and Growth

IHGID currently serves a population of approximately 5,800. The State Demographer has prepared population projections for Douglas County and Carson City through 2028 as shown below (*Nevada County Population Projections 2008 to 2028*, The Nevada State Demographer’s Office, August 2008).

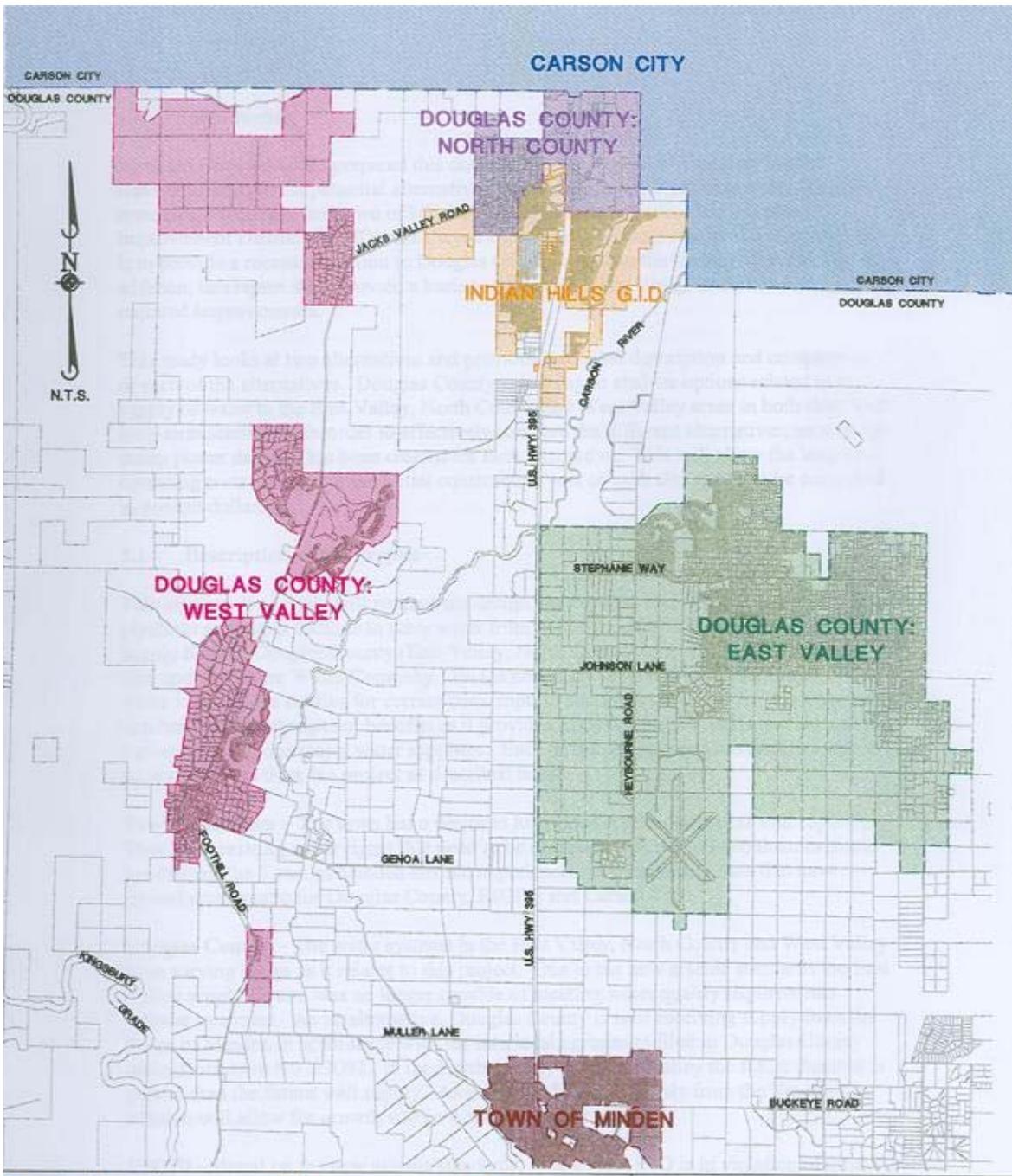
Year	2007	2014	2021	2028	% Growth 2007 to 2028
Douglas	52,386	57,705	61,852	64,860	24
Carson City	57,723	58,068	60,614	62,201	8

Based on a current population of 5,800 and assuming a range of growth similar to Carson City and Douglas County, future population served by IHGID is projected to be between 6500 and 7500 by the year 2028.

² **NAC 445A.67569 Priority list: Criteria for ranking water projects; prioritizing requests for certain financial assistance. (NRS 445A.270)**

(2) A Class II water project is intended to address chronic health concerns by satisfying the requirements for water quality set forth in [NAC 445A.453](#) and [445A.455](#). The Division shall prioritize Class II water projects, giving projects with a higher score priority over projects with a lower score, according to the total score each receives for:

- (I) Demonstrated or documented noncompliance with any one of the requirements for water quality set forth in [NAC 445A.453](#), 10 points each;
- (II) Exceeding any one of the secondary drinking water standards found in [NAC 445A.455](#), 1 point each; or
- (III) Any other factor as provided in the intended use plan established for the year in which the priority list is developed.



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Construction Managers - Environmental Scientists - Landscape Architects - Planners

Douglas County Water System Analysis	
Douglas County, Nevada	
OVERALL AREA MAP	
PROJ. MGR.: DCR	SHEET
DRAWN BY: DLR	FIGURE 1
DATE: JUNE 2009	DCDCN5
SCALE: N.T.S.	090249

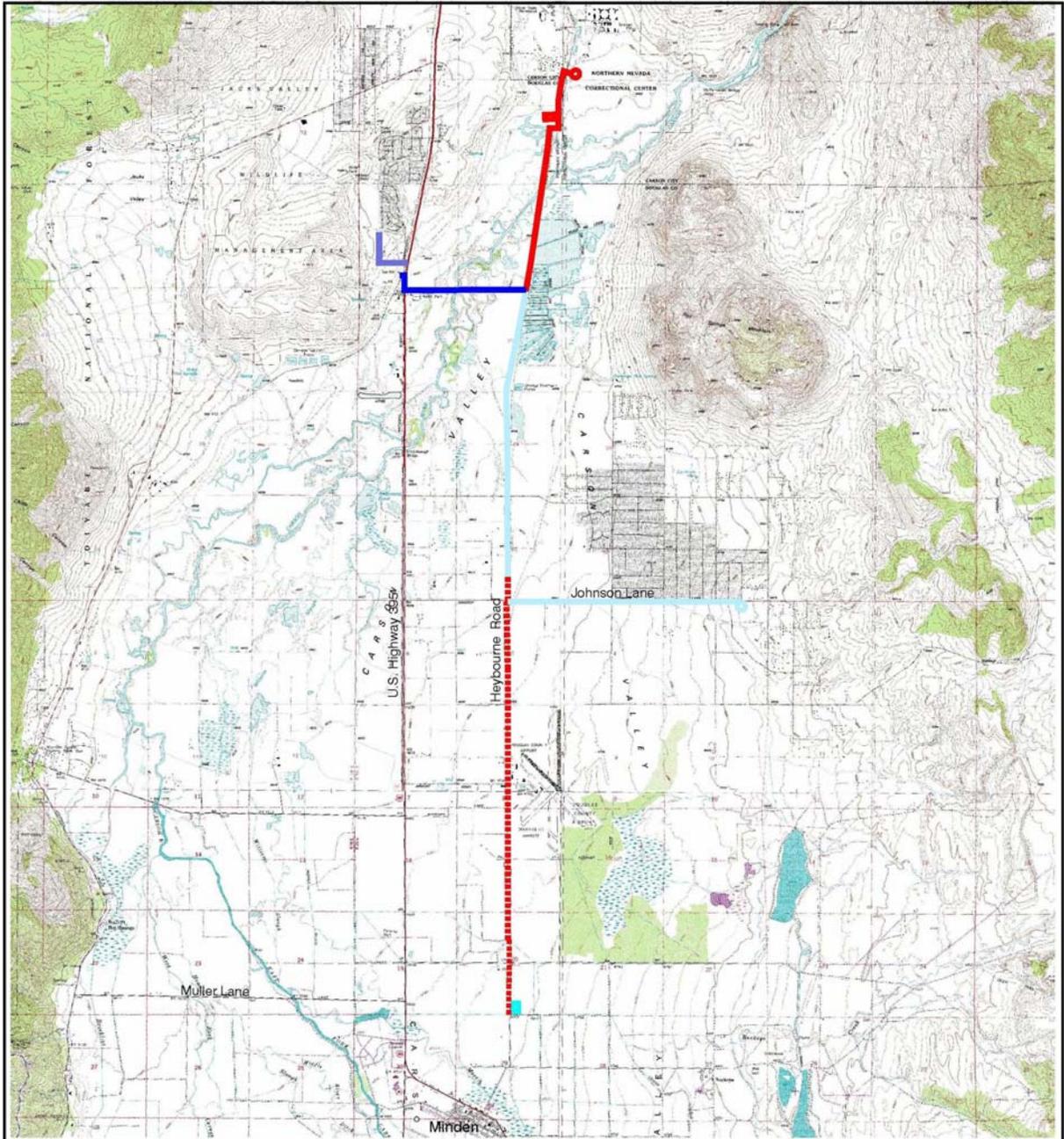
PROPOSED PROJECT

General Description

A study was authorized by Douglas County to explore the possibilities of utilizing water supplied by the Town of Minden to meet the demands of Douglas County (East Valley, North County, and West Valley), IHGID, and Carson City. Water supplied by the Town of Minden meets all drinking water standards and is intended to resolve arsenic compliance problems in the existing IHGID system. Multiple existing water models were assembled and various demand scenarios were analyzed to identify viable alternatives capable of delivering the required demand to northern Douglas County. The selected project alternative (see Project Layout - next page) has significant regional benefits as it provides a reliable water supply and interconnectivity between the region's major water suppliers. The Town of Minden will benefit by utilizing their existing water rights while Douglas County, IHGID, and Carson City will benefit from a reliable water supply that does not require costly treatment.

Multiple meetings were held with all of the entities involved to reach agreements on the project alternative and funding share for each entity. The IHGID Board voted to participate in the North Douglas County Water regional water project and seek their share of the funding as recommended by the Nevada Water and Wastewater Review Committee. The IHGID proposes to: 1) Participate jointly in extending the water supply system north along Heybourne Road from Johnson Lane with related pumping and storage improvements; 2) Construct a water supply main from the extended system at Heybourne Road solely to supply Indian Hills; and 3) Make system improvements including the treatment plant modification (bypassing the existing ozone treatment), system looping (Coloma Drive) and improved booster pumps.

The District's five-year capital improvement plan budgets for the necessary arsenic mitigation. Until 2009, the District had not increased water rates for its users in over five years and had not charged the users sufficiently to cover the appropriate depreciation amounts for its infrastructure. At the November 2009 District Board meeting, the Board approved an increase in the basic service fee from \$6.39 to \$24.16 starting December 2009 to cover the costs of operating the water system. A commodity charge of \$1.95/1,000 gallons continues to be charged to the District's water users. The District is now committed to evaluating water rates on a yearly basis. In order to receive grant funding from the funding agencies, both federal and state, generally the requirement is the user rate must be 1.5% of the applicant's Median Household Income for 15,000 gallons of water used per month. For IHGID, this would equate to a monthly user rate of \$55.12 for 15,000 gallons used; however, there is latitude in the manner in which the rates are established to generate the revenue needed to cover operations and maintenance costs, existing debt service, proposed debt service for this project, and short- and long-term asset replacement funds.



Not to Scale

- EXISTING
- PHASE 1 - NO IHGID COST SHARING
- PHASE 1 - IHGID, DOUGLAS CO., & CARSON CITY COST SHARING
- PHASE 1 - IHGID ONLY
- WESTSIDE SYSTEM LOOP-IHGID ONLY

Phase 1 of North Douglas Water System

RESOURCE CONCEPTS, INC.

Prepared 10-26-09/Proj. 09-034.7D

Alternatives to Proposed Project

The District first began work on determining how to resolve the arsenic removal problem in 2002. IHGID expended a considerable amount of effort and money to find a solution to remove arsenic from their drinking water supply. Modified coagulation/filtration was investigated as a first possible solution to the arsenic issue, but it was found to be impractical due to the short filter runs and excessive amount of backwash water produced. From early 2003 until September 2007 the District pilot tested adsorbent media as a solution to the arsenic problem based on proposals and projections offered by adsorbent media companies including US Filter and Severn Trent Services. The process did reduce arsenic, but the media life was not long enough to make the process affordable from an operating cost standpoint. Microfiltration appeared to be the next best solution to the arsenic issue. Pilot testing of the Pall microfiltration system was completed in the summer of 2008. The microfiltration testing was successful in the IHGID process.

- Option 1 – Granular ferric hydroxide (GFH) was pilot tested in 2002. Given the wide usage of these technologies around the country, granular ferric oxide (GFO) and GFH adsorption technologies were both reviewed for use at the District. Based on a final written proposal and guarantee received from Severn Trent Services (US Filter declined to offer a guarantee on media life) the frequency and cost of replacing the adsorbent media made the long term operation and maintenance costs excessive. Other adsorbent media types were both researched and pilot tested; however, all had generally shorter media life than advertised and pointed to the high level of silica in the District’s water as the main reason for the shorter life expectancy.
- Option 2 – Modified coagulation-filtration (MCF), a precipitative process using ferric chloride to precipitate the arsenic and a sand and anthracite dual media filter, was pilot tested but found to be impractical due to the short filter runs and excessive amount of backwash water produced.
- Option 3 – Several ion exchange processes were evaluated based on manufacturer data, but were widely variable and more largely uncertain in overall life cycle costs.
- Option 4 – Coagulation assisted microfiltration was pilot tested and far exceeded expectations. The microfiltration equipment is far more efficient than media filters. Operating costs could be accurately predicted for many years in advance, in contrast to the adsorbent media treatment systems. Similar systems are in operation in Fallon on the Paiute Shoshone Indian Reservation and in Washoe County.
- Option 5 – Two detailed alternatives for a North Douglas Water System were analyzed by Manhard Consulting. This project has significant regional benefits as it provides a reliable water supply that does not require costly treatment and interconnectivity between the region’s major water systems.
 - 5a – Alternative A would bypass the Douglas County East Valley system and provide supply to IHGID, Douglas County North County/West Valley and Carson City by installing a booster pump station on the north end of Minden that is capable of boosting to the Carson City Basin zone.
 - 5b – Alternative B (*SELECTED ALTERNATIVE*) would incorporate the Douglas County East Valley system and provide supply to IHGID, Douglas County East Valley/North County/West Valley and Carson City by installing a booster pump station on the north end of Minden and boosting to the Johnson Lane tank zone located in the East Valley system.

The engineering estimate on the most successful and cost effective treatment option – *Option 4: coagulation assisted microfiltration* – was \$4,320,000. Operating costs were estimated at \$0.77 per 1,000 gallons treated. Based on the reported consumption, annual O&M costs for treatment would average \$25,300. The chosen alternative – *Option 5b: North Douglas Water System* – has

a total estimated cost of \$13,119,535. IHGID's cost for the project is estimated to be \$3,725,270. The District's project cost includes the IHGID plant modifications to receive water from the North County waterline, adds a small amount of water main to the existing system on Coloma Drive for looping and upgrades the booster pumps in the system.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. A portion of this project will be funded by USDA. USDA requires an environmental review process. NDEP will review the USDA environmental review to ensure the environmental requirements of DWSRF have been met. If NDEP determines that the USDA review satisfies the requirements of the DWSRF, NDEP will accept the USDA environmental review and determination in lieu of conducting a separate environmental review for DWSRF. NDEP will publish a public notice that it concurs with USDA's findings.

Permits, Easements, & Other Administrative Requirements

IHGID has sufficient water rights for existing and anticipated future use and those rights are in good standing. The proposed project will not increase water use and no acquisition of water rights is necessary. The water supplied from the Town of Minden will replace the existing use under the same water rights.

The alignment of the proposed pipeline is presently under design and coordination is ongoing for utility easements for the Indian Hills Spur construction. Easements are being coordinated with:

- Bentley Family Limited Partnership, LLC
- Sunridge Corporation
- Nevada Division of State Lands

The following permits are required for the project:

- NDEP Bureau of Safe Drinking Water Approval
- NDOT permit for the waterline boring under Highway 395

Cost Estimate

The total cost for IHGID's portion of the Phase 1 North Douglas County Water System is estimated to be \$3,725,270. A table of project costs and the division of these costs between loan and grant with the three funding agencies is included in Appendix 1. \$1,842,710 is estimated for IHGID's contribution to the 30" pipeline extension along Heybourne Road from Johnson Lane to the IHGID Tee and the Johnson Lane storage tank and Minden booster pump station. Of the \$1,842,710, \$1,742,275 is for construction and construction contingencies and \$100,435 for engineering design, inspection and administration. IHGID is requesting funding from the DWSRF Loan program (60%) and the State Capital Improvements Grant program (40%) to fund this part of the project.

In addition, IHGID is responsible for the full funding of the new 18" transmission line from the tee along Heybourne Road to the IHGID water treatment plant and for the retrofit changes necessary at the treatment plant (bypassing the existing ozone system) and other system improvements including looping and booster pump replacement. The estimate for this part of the project is \$1,882,560. Of the \$1,882,560, \$1,671,190 is for construction and construction contingencies and \$211,370 for engineering design, inspection and administration. This part of the project will be funded through a USDA-RD loan and grant funds from the State Capital Improvements Grant program. The IHGID is seeking assistance from the State grant program for 40% of the costs of the Construction associated with the treatment plant modification, distribution system looping, and new booster pumps as well as interim bond closing, interim interest, and

legal counsel. Construction contingency and engineering design, inspection and testing will be funded through the USDA-RD loan and grant.

Financial Evaluation

The IHGID is a financially viable operation with the ability to meet costs of continuing operations and maintenance. Indicators of IHGID's financial capability include the following:

- Substantial rate increases were approved at the November 2009 Board meeting. User fees increased from \$6.13 to \$24.16 effective December 2009. IHGID will continue to review and set rates annually in order to meet operations, maintenance, and debt service needs.
- As of June 30, 2009, the District's general obligation and revenue debt outstanding was \$4,784,108, falling well below the NRS limit of \$68,761,000.

Based on our review of the October 22, 2009 report by Steele CPAs, delineating the audit findings for Fiscal Year Ended June 30, 2009, NDEP conditions its support of IHGID's loan and grant approval on the following:

- All DWSRF loan and State Capital Improvement Grant activity is to be accounted for, in compliance with Generally Accepted Accounting Principles, in an easily identifiable separate enterprise fund, to be established prior to the completion of the contract between IHGID and NDEP.
- All cash receipts and disbursements of the established Enterprise Fund are to be transacted through a separate and distinct bank account, established prior to the completion of the contracts between IHGID and NDEP.

Since sustainability is one of the paramount goals of the DWSRF and Capital Improvements Grant Program, asset accounts should be established in which cash is restricted for maintenance, repairs and replacement. Pursuant to NRS 445A.817, public water systems must have the ability to "pay the costs related to maintenance, operations, depreciation and capital expenses;" and they should "establish and maintain adequate fiscal controls and accounting methods required for the operation of the system." The annual amount of funding should be consistent with depreciation costs of the newly acquired capital assets using the life expectancies tabulated by the National Association of Regulatory Utility Commissioners and the amount restricted should be easily identifiable. In November 2009, the Town of Minden provided a wholesale water rate structure to all of the project participants. The wholesale rates incorporate funding for operation and maintenance, depreciation, and administration associated with the North Douglas transmission line, Johnson Lane storage tank, and booster pump system associated with this project. IHGID is responsible for their 18" transmission line from the North Douglas pipeline and for other IHGID water system upgrades. Funds collected for depreciation for the IHGID water system improvements will be placed in a restricted capital replacement account which meets the intent of the Board's policy on depreciation.

Technical, Managerial and Financial Capacity

The water quality currently meets the drinking water standards with the exception of arsenic. The proposed project will bring the system into compliance with the arsenic standard. Indian Hills employs operators who have the technical knowledge and ability to operate the system. The infrastructure and related equipment are maintained on a regular basis. Indian Hills has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards. Indian Hills GID recently raised rates. The new rates cover the expenses of both debt service and operation and maintenance. Annual financial statements are prepared.

Public Notice

The District mails quarterly notices to all of its water users to give them information on the arsenic concentrations in the water supply and to provide information on the findings and status of the arsenic mitigation project. In October 2009, the District's Board approved plans for participating in the North Douglas County Water System project and directed staff to work with the funding agencies in the state to find a feasible way to fund their share of the project. The Nevada Water and Wastewater Review Committee met in November 2009 to determine IHGID's debt capacity and eligibility for grant funding and provided a funding plan for the project. The District's Board approved the project funding plan at their publicly noticed meeting in January 2010.

Status of the Drinking Water SRF and State Capital Improvements Grant Program

Currently, there is close to \$14 million available in the loan fund. In addition, NDEP recently applied for federal funds available to Nevada. NDEP is expecting an additional \$21 million in loan funds from the anticipated federal grant and required state match. There is approximately \$8 million available for obligation by the Board in capital improvement grants.

Division Recommendations

Staff supports the plan to connect IHGID to the Town of Minden water system. Given the occurrence of arsenic in the valley region, this water transmission line from Minden appears to be the most cost effective supply of water for the IHGID and other existing and future users in the region. Based on the requirements for safe drinking water and review by the Bureau of Safe Drinking Water (Memorandum Bellows to Stamates, February 23, 2010, Attachment 2), this grant application for the proposed construction project is recommended for approval and funding.

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 \$1,105,630 to the Indian Hills General Improvement District. 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 Indian Hills General Improvement District will negotiate the terms and conditions of a loan agreement.

The Division also recommends that the letter of intent and grant application for the proposed project be approved subject to the conditions given. The grant amount would not exceed \$901,420 (approximately 40% of the project costs cited in the staff report and 19.8% of IHGID's total project cost of \$3,725,270).

Conditions

1. All DWSRF loan and State Capital Improvement Grant activity is to be accounted for, in compliance with Generally Accepted Accounting Principles, in an easily identifiable separate enterprise fund, to be established prior to the completion of the contracts between IHGID and NDEP.
2. All cash receipts and disbursements of the established Enterprise Fund are to be transacted through a separate and distinct bank account, established prior to the completion of the contracts between IHGID and NDEP.

Suggested Motions

I make a motion that the Board for Financing Water Projects approves a loan commitment to the Indian Hills General Improvement District (IHGID). The RESOLUTION is designated the "3-2010 Indian Hills General Improvement District Water Project Loan Commitment." The Board has determined, and does hereby declare, that it approves and shall provide a loan to the Applicant in an amount not to exceed \$1,105,630. 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 IHGID will negotiate the terms and conditions of a loan agreement.

If the DWSRF Loan commitment is approved, the following motion is suggested:

I make a motion that the Board for Financing Water Projects approves the Letter of Intent from the Indian Hills General Improvement District (Applicant) to pursue funding from the capital improvements grant program for completion of a distribution system improvements project to mitigate their arsenic issues. The total grant amount should not exceed \$901,420.

If the Letter of Intent motion passes, staff suggests that the Board move to approve the grant under these same conditions and based on the Resolution in Appendix 4. The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a grant from the capital improvements grant program to the Indian Hills General Improvement District (Applicant) for a distribution system improvements project to mitigate their arsenic issues in accordance with the resolution designated the "03-10-F1 Indian Hills General Improvement District Arsenic Mitigation 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 herewith. The Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed \$901,420. The grant will be administered for a maximum period of 5 years. The project is subject to the conditions provided in the staff report and resolution.

Attachments

Estimated Project Costs & Funding

Attachment 1

Memorandum from the Bureau of Safe Drinking Water

Attachment 2

DWSRF Amortization Schedule

Attachment 3

SRF Loan Resolution

Attachment 4

Capital Improvements Grant Resolution

Attachment 5

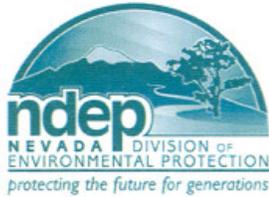
ATTACHMENT 1

**ESTIMATED PROJECT COSTS &
FUNDING SPLIT**

18" IHGID Tee to IHGID WTP - To be funded by USDA-RD Loan/Grant & AB198 Grant				
Description	Quantity	Unit	Unit Price	Total
18" Pipe & Appurtenances (Outside Roadway)	6700	LF	\$ 80	\$ 536,000
18" Pipe & Appurtenances (Inside Roadway)	830	LF	\$ 95	\$ 78,850
18" Butterfly Valve	6	EA	\$ 12,000	\$ 72,000
18" Boring 395 & River Crossing	600	LF	\$ 400	\$ 240,000
Pavement Repair	830	SF	\$ 20	\$ 16,600
Misc. Surface Repair	6700	LF	\$ 5	\$ 33,500
			Construction Subtotal:	\$ 976,950
			Only 15% Construction Contingencies allowed by USDA:	\$ 146,543
			10% Engineering, Inspection, Testing:	\$ 97,695
			Total 1a:	\$ 1,221,188
				\$ 346,154
			Additional IHGID Modifications - Construction Cost*	\$ 51,923
			Additional IHGID Modifications - Construction Contingency (15%)	\$ 51,923
			Additional IHGID Modifications - Engineering, Inspection, Testing (15%)	\$ 450,000
			Total 1b:	\$ 450,000
			RD and AB198 Interim Bond Closing**:	\$ 28,000
			RD and AB198 Interim Interest**:	\$ 26,692
			RD Bond Closing:	\$ 25,500
			Legal Counsel**:	\$ 10,000
			Total 1c:	\$ 90,192
			Planning, Permitting, Environmental Approvals, etc for Overall Project (70% of Overall Project Cost):	\$ 121,181
			Subtotal Inside the IHGID:	\$ 1,882,560
FUNDING SPLIT				
	Engr & Admin	Construction	Contingency	Total
	\$ 360,990	\$ 1,323,100	\$ 198,470	\$ 1,882,560
USDA Loan/Grant	\$ 335,110	\$ 1,184,640	\$ 198,470	\$ 1,718,220
AB198 = 40% of selected project items	\$ 25,880	\$ 138,460	\$ -	\$ 164,340
30" Johnson & Heybourne to IHGID Tee - Percentage to be funded jointly by SRF & AB198 Grant				
Description	Quantity	Unit	Unit Price	Total
30" Pipe & Appurtenances (Outside Roadway)	7350	LF	\$ 130	\$ 955,500
30" Pipe & Appurtenances (Inside Roadway)	7200	LF	\$ 145	\$ 1,044,000
30" Butterfly Valve	8	EA	\$ 25,000	\$ 200,000
18" Butterfly Valve	1	EA	\$ 12,000	\$ 12,000
Pavement Repair	7200	SF	\$ 25	\$ 180,000
Misc. Surface Repair	7350	LF	\$ 5	\$ 36,750
			Construction Subtotal:	\$ 2,428,250
			20% Construction Contingencies:	\$ 485,650
			10% Engineering, Inspection, Testing:	\$ 242,825
			Total 2**:	\$ 3,156,725
1.5MG Johnson Lane Tank & Parallel 18" - Percentage to be funded jointly by SFR & AB198				
Description	Quantity	Unit	Unit Price	Total
18" Pipe & Appurtenances (Inside Roadway)	12500	LF	\$ 95	\$ 1,187,500
18" Butterfly Valve	6	EA	\$ 12,000	\$ 72,000
1.5 Million Gallon Tank	1	LS	\$ 750,000	\$ 750,000
Minden Booster Pump Station	1	LS	\$ 960,000	\$ 960,000
Pavement Repair	12500	SF	\$ 20	\$ 250,000
			Construction Subtotal:	\$ 3,219,500
			20% Construction Contingencies:	\$ 643,900
			10% Engineering, Inspection, Testing:	\$ 321,950
			Total 3**:	\$ 4,185,350
			Bond Counsel SRF Loan**:	\$ 48,500
			Planning, Permitting, Environmental Approvals, etc for Overall Project (30% of Overall Project Cost)**:	\$ 51,935
			Subtotal Outside the IHGID:	\$ 1,842,709
FUNDING SPLIT				
<i>SRF Loan + AB198 Grant (~23.73% of Totals 2 & 3 + ~30% of general planning, permitting, etc.)</i>				
	Engr & Admin	Construction	Contingency	Total
	\$ 234,460	\$ 1,340,210	\$ 268,040	\$ 1,842,710
SRF Loan	\$ 140,680	\$ 804,130	\$ 160,820	\$ 1,105,630
AB198 (40%)	\$ 93,780	\$ 536,080	\$ 107,220	\$ 737,080
			Total IHGID Project Cost	\$ 3,725,270
TOTAL FUNDING SPLIT				
	Engr & Admin	Construction	Contingency	Total
AB198 Grant	\$ 119,660	\$ 674,540	\$ 107,220	\$ 901,420
SRF Loan	\$ 140,680	\$ 804,130	\$ 160,820	\$ 1,105,630
USDA Loan/Grant	\$ 335,110	\$ 1,184,640	\$ 198,470	\$ 1,718,220
Totals	\$ 595,450	\$ 2,663,310	\$ 466,510	\$ 3,725,270
<i>Note: Numbers rounded for ease of cost estimate</i>				
<i>*Items to be funded with 40% State Capital Improvements Program grant</i>				
<i>**Items to be funded with 60% SRF loan and 40% State Capital Improvements Program grant</i>				

ATTACHMENT 2

**MEMORANDUM FROM THE BUREAU OF SAFE
DRINKING WATER**



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Jim Gibbons, Governor

Allen Biaggi, Director

Leo M. Drozdoff, P.E., Administrator

February 23, 2010

MEMORANDUM

To: Michelle Stamates, P.E., Technical Assistant to the Board for Financing Water Projects

From: Bert Bellows, P.E., Staff Engineer, Bureau of Safe Drinking Water

SUBJECT: INDIAN HILLS GID PHASE II LETTER OF INTENT and GRANT APPLICATION

Pursuant to Nevada Administrative Code, Chapter 349, Section 349.480(2), the Nevada Division of Environmental Protection, Bureau of Safe Drinking Water, has reviewed the above-referenced letter of intent from the Indian Hills General Improvement District (GID) and is providing the following comments:

- 1) The Indian Hills GID water system is a publicly owned community public water system as defined in Nevada Administrative Code (NAC), Chapter 445A, and is subject to the Federal Safe Drinking Water Act and to the Bureau of Safe Drinking Water requirements.
- 2) The Indian Hills water system is operated by Indian Hills GID. The Indian Hills GID serves approximately 5800 persons through 1795 service connections.
- 3) The Indian Hills water system supplies water from seven groundwater wells. Storage consists of six tanks, with a total capacity of 1.9 Mg.
- 4) The LETTER OF INTENT for a grant submitted by Indian Hills GID for the Indian Hills water system requests funding for:

1. Arsenic Mitigation Project, intertie with the Town of Minden

- 5) The most recent sanitary survey of the system was conducted by the Bureau of Safe Drinking Water on November 17th, 2008. Several minor deficiencies were noted, but no significant deficiencies were found

CONCLUSION

1.) The Indian Hills GID public water system operates seven groundwater wells to supply its customers. The GID's two largest producing wells, Browns and Hobo, have arsenic levels that exceed the 0.010 mg/L standard, which became enforceable on January 23rd, 2006. The GID applied for and received an arsenic exemption from the Nevada State Environmental Commission, effective on September 6th, 2006, which allowed the GID an additional three years to become compliant. The GID, under the guidance of its engineer at the time, pilot tested several arsenic removal technologies, none of which resulted in success. On January 23rd of 2009, the GID's exemption expired and, due to its population being greater than 3,300, the GID was unable to receive an extension. The Bureau of Safe Drinking Water is currently drafting an Administrative Order on Consent (AOC) that will require the GID to become compliant with the new arsenic standard.

Per the Nevada Administrative Code (NAC) 445A.66655¹, the Indian Hills GID, as a supplier of water, is required to provide safe drinking water to its customers. The Indian Hills GID must comply with the new arsenic standard, as it is a primary drinking water standard established in the National Primary Drinking Water Regulations of 40CFR, Part 141, and adopted by reference in the Nevada Administrative Code, NAC 445A.4525.

Construction of this project is therefore made necessary by Bureau of Safe Drinking Water and Safe Drinking Water Act regulation.

cc: Jennifer Carr, P.E., C.E.M., Chief, Bureau of Safe Drinking Water
Jim Balderson, Engineering Supervisor, BSDW
Patty Lechler, Drinking Water Supervisor, BSDW

¹ NAC 445A.4525 Adoption by reference of certain provisions of "National Primary Drinking Water Regulations." ([NRS 445A.855](#), [445A.860](#)) The provisions of 40 C.F.R. §§ 141.1, 141.2, 141.4 to 141.42, inclusive, subsections (a) and (d) of 141.43, and 141.60 to 141.571, inclusive, of the "National Primary Drinking Water Regulations," including all tables and appendices therein, as those provisions existed on July 1, 2005, are hereby adopted by reference.

² NAC 445A.66655 Responsibilities of supplier of water and customer. ([NRS 445A.860](#))

1. A supplier of water and, where applicable, each customer of a public water system shall comply with the provisions of [NAC 445A.65505](#) to [445A.6731](#), inclusive.
2. A supplier of water:
 - (a) Is responsible for the quality and quantity of water delivered to its customers and shall provide a safe and reliable supply of water to all of the customers in its area of service.
 - (b) Shall not provide any customer with a service connection to the public water system unless the public water system is in compliance with the applicable provisions of [NAC 445A.65505](#) to [445A.6731](#), inclusive, both before and after the service connection is provided.
3. A supplier of water who issues a commitment for water service and, after issuing that commitment, is physically unable to comply with the applicable requirements of [NAC 445A.65505](#) to [445A.6731](#), inclusive, under all conditions other than emergencies, commits a violation subject to the provisions of [NRS 445A.950](#) and [445A.955](#).

ATTACHMENT 3

LOAN REPAYMENT SCHEDULE

(Sample schedule; Final Schedule to be provided after final loan draw)



*Nevada Drinking Water
State Revolving Fund*

Nevada's Solution for Public Water System Financing

LOAN DATA

Borrower Name	Indian Hills GID
---------------	------------------

Basic Loan Information:

Today's Date	Feb 25, 2010
First Payment Due	Jan 1, 2011
Interest Rate	3.20%

Payment Information:

Length of Loan, Years	20
Payments Per Year	2
Total Payments	40
Calculated Payment	\$37,636

Summary Information:

Principal	\$1,105,630
Interest Paid	\$399,814
Total Paid (P & I)	\$1,505,444

Customer Cost:

Number of Customers	1867
Cost Per Month	\$3.36

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

ATTACHMENT 4

Resolution of the Board for Financing Water Projects

Commitment of Funds from the

Account for the Revolving Fund

RESOLUTION

A RESOLUTION DESIGNATED THE "3-2010 INDIAN HILLS GENERAL IMPROVEMENT DISTRICT 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 December 8, 2009 the Board, pursuant to NRS 445A.265, approved Revision 1 to 2010 Prioritized List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Indian Hills General Improvement District owns and operates the public water system in Douglas County, Nevada; and

WHEREAS, Indian Hills General Improvement 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 #11 on Revision 1 to the 2010 Priority List of water projects, which was approved by the Board on December 8, 2009; and

WHEREAS, Indian Hills General Improvement District submitted to the Division on or about October 23, 2009 a Letter of Intent to proceed with the Project; and

WHEREAS, Indian Hills General Improvement 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 Indian Hills General Improvement District 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 “3-2010 Indian Hills General Improvement District Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated between the Indian Hills General Improvement District and the Division. The terms include, but are not limited to, all DWSRF loan activity is to be accounted for, in compliance with Generally Accepted Accounting Principles, in an easily identifiable separate enterprise fund, to be established prior to the completion of the contract between IHGID and NDEP. In addition, all cash receipts and disbursements of the established Enterprise Fund are to be transacted through a separate and distinct bank account, established prior to the completion of the contracts between IHGID and NDEP.

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 \$1,105,630 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 March 11, 2010

Chairman
Board for Financing Water Projects

Attest:

Technical Advisor
Board for Financing Water Projects

ATTACHMENT 5

Resolution of the Board for Financing Water Projects

Commitment of Funds from the

Capital Improvements Grant Program

RESOLUTION

A RESOLUTION DESIGNATED THE "03-10-F1 INDIAN HILLS GENERAL IMPROVEMENT DISTRICT ARSENIC MITIGATION 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.

WHEREAS, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (the "Act"), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems required and made necessary by the State Board of Health pursuant to NRS 445.361 to 445.399, inclusive, or made necessary by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and the regulations adopted pursuant thereto; and

WHEREAS, Indian Hills General Improvement District, (the "Applicant") has applied to the Board for a grant for a project having total eligible costs estimated to be \$3,725,270 to pay for costs of capital improvements to a publicly owned community water system within the jurisdiction of the Applicant, which capital improvements are commonly referred to as the "Indian Hills General Improvement District Arsenic Mitigation Project" (the "Project"); and

WHEREAS, in connection with seeking a grant, the Applicant has submitted a written application (the "Application") to the Board (a true and correct copy of the Application is on file with the State); and

WHEREAS, the Board has taken all necessary and proper actions with respect to the Application as required pursuant to the Act and Chapter 349.430 to 349.545, Nevada Administrative Code (the "Regulations"), and in connection therewith, the Board has determined to provide a grant to the Applicant; and

WHEREAS, NAC 349.535 provides in relevant part, as follows:

If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant. . . .

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 and may be cited by the short title of the “Indian Hills GID Arsenic Mitigation Project Grant Award Resolution.”

Section 2. In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed \$901,420 or approximately 40% percent of recommended project costs estimated to be \$2,253,550.

Section 3. Based on its review of the Application, and based on the records and documents submitted to the Board concerning the Project, the Board hereby makes the following findings of fact in support of its determination to award a grant to the Applicant:

- (a) The proposed capital improvement is economically justified and financially feasible;
 - (b) The proposed capital improvement complies with the provisions of the NRS 349.980 to 349.987, inclusive;
 - (c) The plan for development of the proposed capital improvement is satisfactory;
 - (d) The Applicant is able to obtain the financing required to complete the capital improvement;
- and
- (e) The Applicant has taken sufficient and reasonable efforts to determine whether the proposed capital improvement conflicts with any regional master plan of any local, state or federal governing authority, and those efforts have not revealed such a conflict.
 - (f) The proposed capital improvement will not use or waste excessive quantities of water.

Section 4. The conditions for providing the grant to the Applicant are set forth on Attachment A attached hereto and by this reference incorporated herein.

Section 5. The Application, on file with the State and by this reference incorporated herein, is a true and correct copy of the application filed by the Applicant with the Board.

Section 6. The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with the Act and NAC 349.549.

Section 7. This resolution shall be effective on its passage and approval.

PASSED, ADOPTED AND SIGNED:

Chairman
Board for Financing Water Projects

Date

Attest:

Adele Basham, P.E.
Technical Assistant to the Board
for Financing Water Projects

Date

ATTACHMENT A

PROJECT SCOPE AND BUDGET

1. SCOPE

The scope of this project is to: 1) Participate jointly in extending the North Douglas County water supply system north along Heybourne Road from Johnson Lane with related pumping and storage improvements, and 2) Make systems improvements including the treatment plant retrofit, system looping and improved booster pumps.

2. BUDGET

	Eligible Cost	Capital Improvements Grant
Construction	\$1,868,360	\$674,540
Construction Contingency	\$268,040	\$107,220
Engineering & Admin	\$299,150	<u>119,660</u>
Totals	\$2,253,550	\$901,420

Requests, with justification, for use of the contingency shall be submitted to the STATE for review and acceptance prior to being encumbered by the GRANTEE. However, prior STATE acceptance is not required for use of the contingency to correct minor errors, minor changes, emergency changes or in order to accept the lowest responsive, responsible offer for construction. These uses must be justified and submitted to the STATE within 30 days.

3. SUMMARY OF BUDGET

BOARD APPROVED STATE GRANT SHARE
(40% OF RECOMMENDED COSTS)\$901,420
GRANTEE SHARE
(60%) OF RECOMMENDED COSTS)\$1,352,130

CONDITIONS

The Board for Financing Water Projects hereby approves a grant award subject to the following provisions and conditions:

1. The award of grant funds is contingent upon the availability of grant funds, which may be dependent upon the issuance of additional bonds. While the Board will use best efforts in selling any necessary bonds for the funding of this grant, approval of this grant does not imply or guarantee that any monies have been set aside for this project.
2. The State may enter into a funding agreement with the Grantee for the grant funds subject to the following conditions:
 - a. Bond funds sufficient to fund the project are projected to be available. The Grantee's costs of obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. In order for the financing to be considered committed to the project, the Grantee must show evidence that existing funds or financing have been secured for the portion of this project which is not grant funded.
 - c. An administrative fee of \$1000 has been paid to the State by the Grantee.
 - d. Per NRS 445A.920, the project's plans and specifications must be submitted to the Nevada Division of Environmental Protection for review and approval prior to construction.
 - e. A water rate that conforms to the Board's "Policy on Reasonable Water Rates," as adopted by the Board for Financing Water Projects and dated September 20, 2007, must be implemented prior to the execution of the project's Funding Agreement to assure that all drinking water users pay for operations, maintenance, debt service and (AB 198/AB 237) depreciation.
 - f. The Grantee must create a dedicated capital replacement projects fund prior to the execution of the Funding Agreement. The Grantee must adhere to the depreciation provisions of the "Policy on Depreciation – Capital Replacement Funds" as adopted by the Board for Financing Water Projects and dated May 3, 2006.

Funds deposited to this account may be used only for capital replacement projects. Appropriate projects generally include replacement of functionally obsolete and worn out facilities. Examples of appropriate projects include: replacement of whole sections of pipeline, valves and fire hydrants; meter replacement; and replacement of wells, storage tanks or pressure regulating facilities. Expenditures which also qualify as capital expenditures are those required to bring a new facility into service, those which extend the life of an asset and/or those that enhance an asset's original value with better quality materials or system upgrades. Capital improvements do not include such minor expenses as repair clamps, inventory parts and fittings, spare pieces of pipe kept to facilitate repairs, small tools, maintenance supplies such as paint or grease, service contracts and other such day to day supplies. It is not appropriate to use capital replacement funds received from existing customers for system expansion, that is, to extend main lines to serve new areas or customers or to install new services. Facilities to be replaced under this fund need not meet the eligibility requirements of the Capital Improvements Grant Program.

- g. Provide proof of ownership, easements or agreements, showing that the Grantee holds or can acquire all lands, other than public lands, interest therein and water rights necessary for the construction of the proposed capital improvements prior to the execution of the Funding Agreement.
- h. Demonstrate the receipt of all permits, easements and rights-of-way necessary to complete the project, or the authority to proceed, prior to the execution of the Funding Agreement as required by NAC 349.500(d) and 349.515, to assure that there are no foreseeable conditions threatening the feasibility of the proposed capital improvement.
- i. The Grantee is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
- j. Prior to the execution of the Funding Agreement, the Grantee must provide copies of the current documents prepared by or on behalf of the applicant pursuant to NRS 350.013, which depict the effect of the proposed capital improvement on the financial capacity of the grantee as required by NAC 349.500 1. (n).
- k. The Water Conservation Plan, approved by the Division of Water Resources and adopted by the Grantee in accordance with NRS 540.131, .141 and .151, must be updated on a 5-year schedule and measures to evaluate the effectiveness of the plan must be implemented.
- l. The Grantee must provide final a plan and schedule to increase water rates to at least the minimum amount described in the Board's policy on water rates.
- m. All State Capital Improvement Grant activity is to be accounted for, in compliance with Generally Accepted Accounting Principles, in an easily identifiable separate enterprise fund, to be established prior to the completion of the contract between IHGID and NDEP.
- n. All cash receipts and disbursements of the established Enterprise Fund are to be transacted through a separate and distinct bank account, established prior to the completion of the contracts between IHGID and NDEP.

ATTACHMENT 5

Capital Improvements Grant Projects Update

PROGRESS REPORT ON OPEN PROJECTS

March 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. This project is in the process of closing.
Wells	12/5/02 Additional grant funds approved on 1/27/05 increasing total grant amount	\$1,102,310.09	TRW Engineering	Jolene Supp	Dec-09	The installation of the well, well house, chlorination system, tank and SCADA are complete. The final project element – the transmission line to the new tank was completed in February 2010. This project is in the process of closing.
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 st 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.
Metropolis Irrigation District	1/25/06 Extended funding agreement by 1 year on 9/25/08 with no further increase in grant funds	\$489,467.40	Dyer Engineering	Vernon Dalton	Jun-07	The design for the dam is complete and a construction permit was issued by DWR in January 2010. The District is working on permitting and NEPA (Sec 404, ROW, easements, & other) for construction of the dam and recreational facilities.

PROGRESS REPORT ON OPEN PROJECTS

March 2010

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Pershing County Water Conservation District	9/20/07	\$3,663,021.45	Farr West & Dyer Engineering	Bennie Hodges	Aug-09	Permitting of the Pitt Taylor (aka Thacker) Diversion Structure is pending from DWR. Cultural and environmental surveying must be completed prior to construction of this facility. This project is currently in the process of closing.
LVVWD for Searchlight	8/23/06	\$2,536,522.34	LVVWD	Jordan Bunker	Aug-07	<p>All four exploratory wells were completed 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.</p> <p>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.</p> <p>WDC began drilling the production wells in Oct 2009. The AB-198 funded production well was drilled and constructed in the fall of 2009. The second, backup, production well, funded by the USACE, did not have the expected or necessary yield. Another backup well will be drilled. The District plans to complete the transmission pipeline and equipping of both new wells in the same construction contract and completion is now estimated by mid 2011.</p>
LVVWD for Kyle Canyon – Ph 2 & 3	11/09/06	\$3,202,511.74	LVVWD	Jordan Bunker	Sep-08	Due to the short construction seasons, this project will take 3 summers to complete. Installation of up-graded/new 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.
Topaz Ranch Estates	3/14/07	\$1,471,452.01	TEC	Larry Offenstein	Dec-09	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 are schedule for completion in the Spring 2010.
Lyon Co Utilities for Crystal Clear	9/20/07	\$2,663,635.00	Farr West	Mike Workman	Oct-09	The project provided a new water supply from the City of Yerington water system. Construction began in November 2008 and substantial completion - with all residents on the new water service and the old water system components abandoned/removed - occurred in October 2009. This project is in the process of closing.

PROGRESS REPORT ON OPEN PROJECTS

March 2010

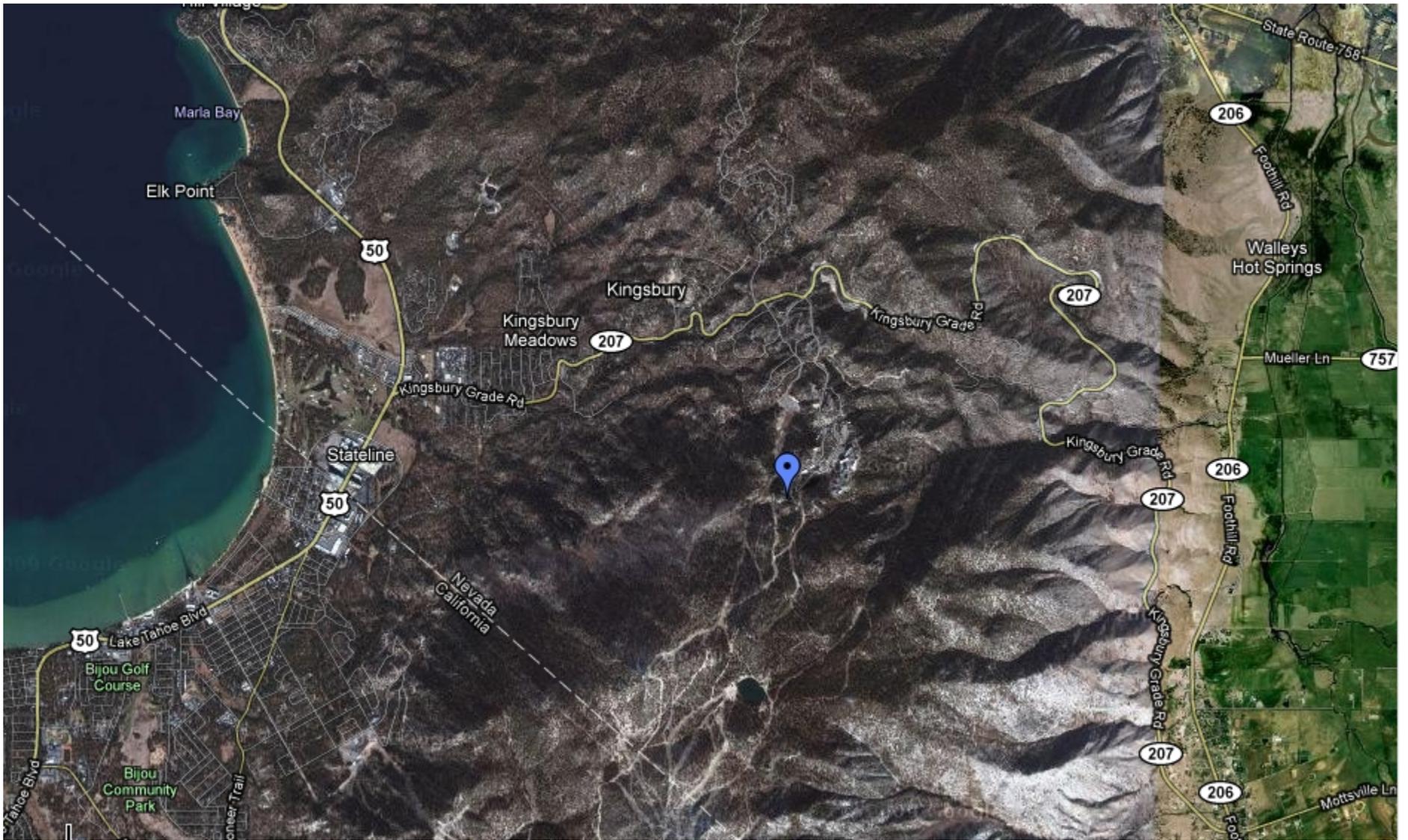
GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Lovelock Meadows Phase II	12/13/07	\$3,000,000.00	Farr West	Tom Glab	Feb-10	<p>Drilling of the new backup well in Oreana began at the end of May 2009. The initial drilling was unsuccessful and the driller requested and was granted a variance to the drilling method specified. A second drilling attempt began Aug 17, 2009, and a new well was constructed with no significant problems.</p> <p>The pipeline replacement project (Phase 2) began in Aug 2009 and has proceeded smoothly. The project was substantially complete in February 2010.</p>
Moapa Valley	12/13/07	\$4,000,000.00	Bowen, Collins & Associates	Brad Huza	Apr-09	<p>The Arrow Canyon and Baldwin Springs arsenic treatment facilities are on-line. The District held an open house on April 15, 2009. The project is in the process of closing.</p>
Alamo Arsenic Mitigation PER	3/20/08	\$102,216.75	Farr West	James Poulsen	May-08	<p>This PER will include water quality sampling, well testing, and possible arsenic pilot testing. Packer testing and sampling of the industrial well was completed in October 2008. Alamo received SRF ARRA funding to drill two exploratory wells in an attempt to determine the depth to the carbonate aquifer and potentially encounter a source of drinking water that meets all MCLs. A final PER is expected by March 2009.</p> <p>The District is now under a BSDW Administrative Order to comply with the arsenic rule and has been given a timeline and milestones for completion by March 2011.</p>
Gabbs Phase II PER	6/19/08	\$63,920.00	Day Engineering	Oz Wichman	Oct-08	<p>The initial PER for the town of Gabbs was completed in April 2008. It was hoped that a new source of supply might be possible and exploratory drilling was recommended prior to pursuing a construction project.</p> <p>Two exploratory wells were drilled (airport - Dec 2008; Lodi Valley - July 2009). Water quantity met expectations; however, the water quality testing revealed both arsenic and fluoride exceeding the MCL.</p> <p>At this time, it is uncertain if other possible drilling locations can be found. If not, one possible solution to Gabbs' immediate fluoride issue with Well 8 would be to continue to use their existing Well 1 and pursue a small fluoride treatment facility to treat water from Well 8 (backup well) when necessary. Both Well 1 and Well 8 currently meet the arsenic MCL.</p>

PROGRESS REPORT ON OPEN PROJECTS

March 2010

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
McGill – Ruth PER	3/04/09	\$34,000.00	Day Engineering	Wayne Cameron	Jun-09	<p>This PER amendment will investigate options to improve the reliability of the water supply to Ruth. In addition to the PER revision, CDBG granted White Pine County funds to do a regional study of water and wastewater in an attempt to better define the current and future needs in Ely, McGill and Ruth and to better pursue cost effective solutions for the area as a whole.</p> <p>Staff reviewed and commented on a draft of the PER in January 2010.</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 wells will commence in the early spring 2010 to determine the best location(s) for exploratory drilling.</p>
Pershing County Water Conservation District (#2)	6/15/09	\$3,810,000.00	Farr West Engineering	Bennie Hodges	Nov-09	<p>The District received grant funding for construction of the new Pitt Taylor (Thacker) Diversion Structure, Pitt Taylor Diversion Canal, the Pitt Taylor Reservoirs, and the plug. The District is pursuing final permitting from the Corps and environmental and cultural assessments for the Corps & SHPO in order to bid/construct the Thacker Diversion structure.</p> <p>Construction was substantially complete on the Pitt Taylor Canal in the fall of 2009. PCWCD did the majority of the work on this 13-mile structure.</p>
Jackpot	7/24/09	\$1,430,000.00	ECO:LOGIC	Lynn Forsberg		<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>Bids were opened for the drilling of the new well in January 2010 with Humboldt Drilling being awarded the contract. Drilling is expected to begin by the beginning of March 2010.</p>

Kingsbury



Kingsbury



Kingsbury

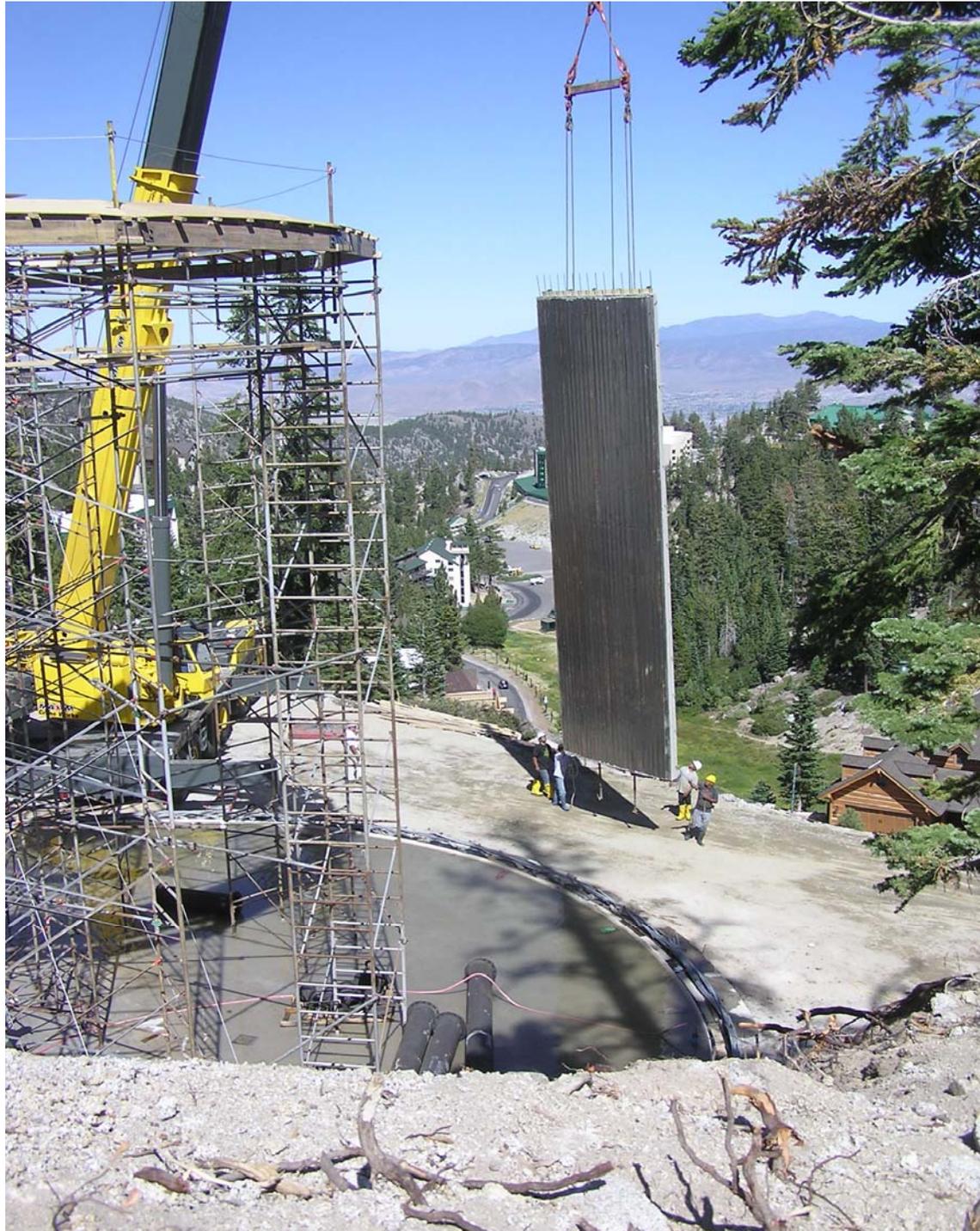


Kingsbury





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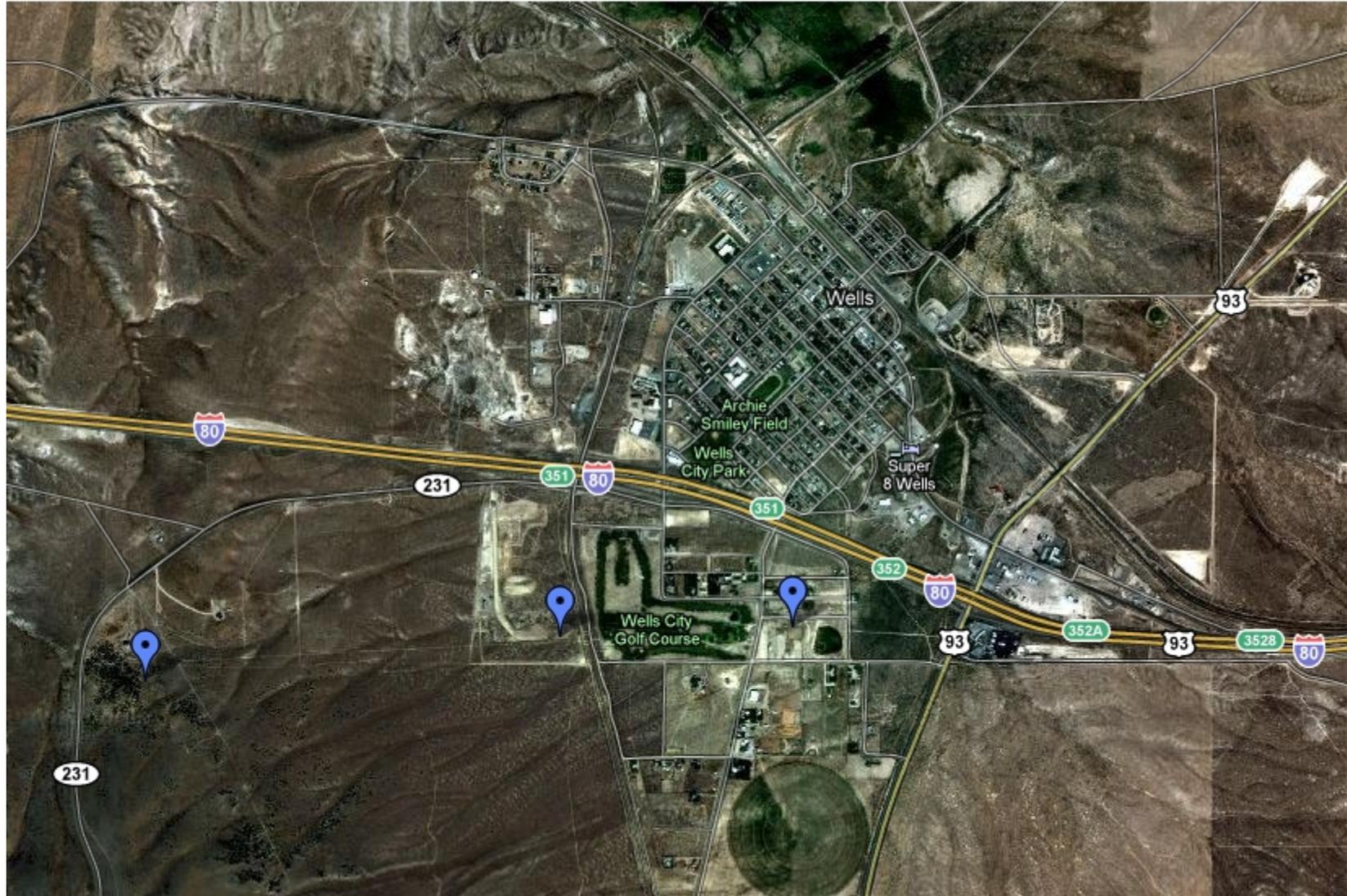
Kingsbury



Kingsbury



Wells



Wells





Wells

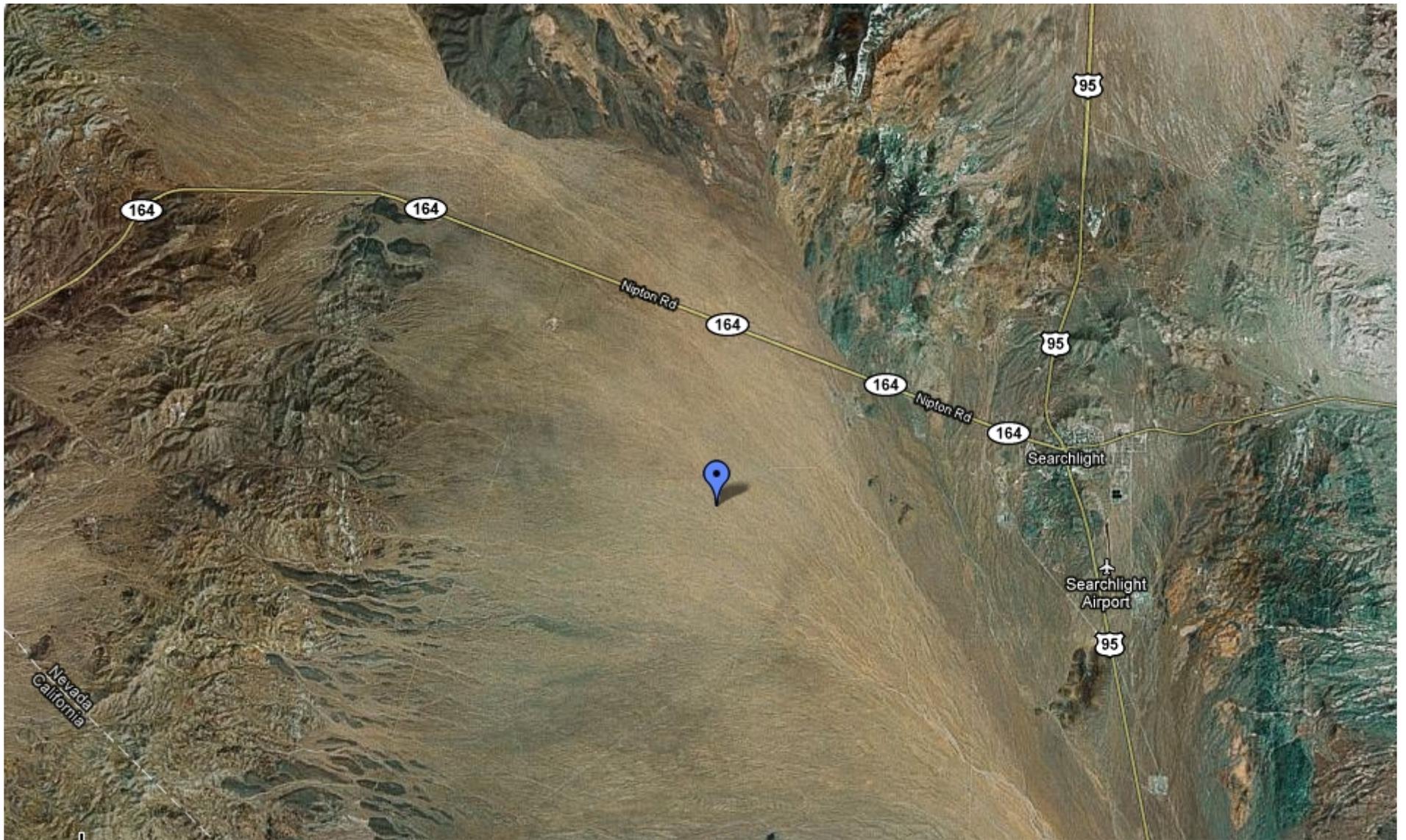
Wells

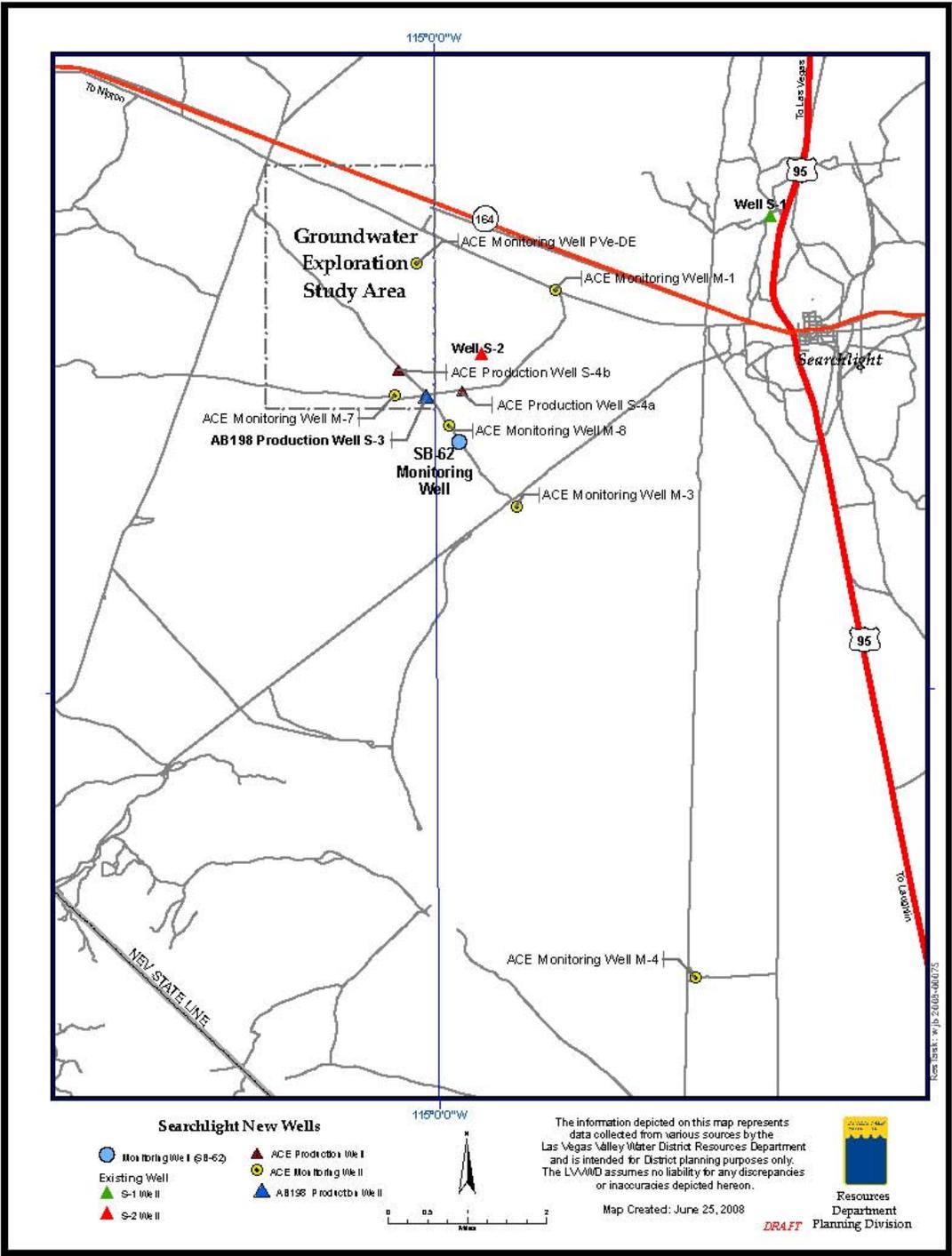


Wells



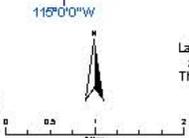
Searchlight





Searchlight New Wells

- Monitoring Well I (S-62)
- ▲ Existing Well
- ▲ S-1 Well II
- ▲ S-2 Well II
- ▲ ACE Production Well I
- ACE Monitoring Well II
- ▲ AB198 Production Well II



The information depicted on this map represents data collected from various sources by the Las Vegas Valley Water District Resources Department and is intended for District planning purposes only. The LVVWD assumes no liability for any discrepancies or inaccuracies depicted hereon.

Map Created: June 25, 2008



Resources Department
Planning Division

DRAFT

Map Scale: 1" = 2,000'

Searchlight



Searchlight



Searchlight



PCWCD



PCWCD



PCWCD



PCWCD



PCWCD



PCWCD



Jim Gibbons
Governor

STATE OF NEVADA

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

Adele Basham
Program Manager DWSRF
Technical Assistant AB198/AB237



Michelle Stamates
Engineer AB198/AB237

Non-Voting Member:
Jennifer Carr

Nhu Q. Nguyen
Deputy Attorney General

STATE BOARD FOR FINANCING WATER PROJECTS

MEMO

February 24, 2010

To: Members of the Board for Financing Water Projects

From: Michelle Stamates

Subject: Summary of Infrastructure

At the December 8th, 2009, Board meeting, the Board requested a summary of the water system infrastructure installed in Nevada with funding from the Capital Improvements Grant Program. The summary is shown below and a general break-out by water system is included in the attached pages.

Infrastructure Summary

New Municipal Wells	24
Wells/Springs Refurbished	5
Wells/Springs Abandoned	13
New Storage Tanks	40
Storage Tanks Refurbished	3
Storage Tanks Removed	13
Treatment Systems	14
Pipeline (Linear Feet) – Approximate	999,186
Other Equipment (Number of Communities)	24
PER, Feasibility Study, or Master Plan	19
Irrigation System Improvements (Number of Districts)	3
Septic to Sewer Conversions (Number of Communities)	2

Source					
<u>New Municipal Well</u>	<u>EA</u>	<u>Well/Spring Refurbished</u>	<u>EA</u>	<u>Well/Spring Abandoned</u>	<u>EA</u>
Manhattan	1	Topaz Ranch Estates	1	Mina/Luning	1
Austin	1	West Wendover	1	Devil's Gate	1
Mina/Lunin	1	Kingston	2	Imlay	1
Uppaway	3	Montello	1	McGill	1
Kyle Canyon	1	Total	5	Churchill Co	5
Devil's Gate	2			Sheridan Acres	1
Imlay	2			Topaz Ranch Estates	1
Silver Peak	1			Crystal Clear	2
Canyon GID	1			Total	13
Bunkerville	1				
Kyle Canyon	1				
McGill	1				
Wells	2				
Churchill Co	1				
Sheridan Acres	1				
Searchlight	1				
Topaz Ranch Estates	1				
Lovelock	1				
Jackpot	1				
Total	24				

Storage					
<u>New Storage Tank</u>	<u>EA</u>	<u>Storage Tank Refurbished</u>	<u>EA</u>	<u>Storage Tank Removed</u>	<u>EA</u>
Wells	1	West Wendover	1	Tonopah	9
Horizon Hills	1	Tonopah	2	Sheridan Acres	1
Cave Rock/Skyland	1	Total	3	Imlay	3
Kyle Canyon	2			Total	13
Blue Diamond	1				
Devil's Gate	1				
Walker Lake	1				
Round Hill	1				
Topaz Ranch Estates	3				
Goldfield	1				
Kingston	1				
Moundhouse	1				
Silver Peak	1				
Mason	1				
Canyon GID	1				
Virginia City	1				
Tonopah	5				
Caliente	1				
Bunkerville	1				
Kingsbury	1				
Kyle Canyon	1				
Skyland	1				
Sun Valley	2				
Wells	1				
Heppner	1				
Churchill Co	1				
Golconda	1				
Sheridan Acres	1				
Cave Rock	1				
Stagecoach	1				
Imlay	1				
Crystal Clear	1				
Total	40				

Treatment	
<u>Treatment</u>	<u>EA</u>
Virginia City - Surface Water	1
Roundhill - Surface Water	1
Horizon Hills - Fe/Mn	1
Zephyr - Surface Water	1
Cave Rock/Skyland - Surface Water	1
China Springs - Fe	1
Gerlach - Uranium	1
Fallon - Arsenic	1
Churchill Co - Arsenic, Fe, Mn	1
Bunkerville - Arsenic	2
Sheridan Acres - CO2	1
Moapa Valley - Arsenic	2
Total	14

Transmission & Distribution Pipeline

<u>Pipeline Projects</u>	<u>Linear Feet</u>	<u>Miles</u>
Manhattan	4,700	0.9
Kingston	11,600	2.2
Austin	2,300	0.4
Stagecoach 1	19,850	3.8
Crystal Bay - Incline	9,240	1.8
Mina/Luning	23,525	4.5
Lemon Valley	18,800	3.6
Horizon Hills	250	0.0
Zephyr	13,130	2.5
Cave Rock/Skyland	6,500	1.2
Uppaway	500	0.1
Beatty	43,000	8.1
China Springs	230	0.0
Kyle Canyon	200	0.0
Blue Diamond	6,065	1.1
Devil's Gate	19,000	3.6
Imlay 1	5,280	1.0
Walker Lake	11,950	2.3
Mayfield	3,300	0.6
Topaz Ranch Estates	22,750	4.3
Goldfield	27,100	5.1
West Wendover	48,500	9.2
Kingston	13,100	2.5
Moundhouse	36,000	6.8
Silver Peak	5,280	1.0
Mason	66,533	12.6
Jarbidge	4,300	0.8
Canyon GID	7,800	1.5
Virginia City	19,536	3.7
Tonopah	17,900	3.4
Montello	29,500	5.6
Willow Creek	31,685	6.0
Caliente	4,050	0.8
Bunkerville	16,000	3.0
Kingsbury	23,800	4.5
Kyle Canyon	200	0.0
Skyland	2,500	0.5
Battle Mountain	36,942	7.0
Sun Valley	11,100	2.1
Wells	12,000	2.3
Heppner	11,245	2.1
Churchill Co	19,865	3.8
Lovelock Phase 1	54,500	10.3
Golconda	18,225	3.5
Bunkerville	8,500	1.6
Sheridan Acres	3,000	0.6
Kingston	38,900	7.4
Stagecoach 2	24,500	4.6
Searchlight	NA*	NA*
Imlay 2	5,340	1.0
Kyle Canyon	22,530	4.3
Topaz Ranch Estates	14,350	2.7
Crystal Clear	53,235	10.1
Moapa Valley	3,000	0.6
Lovelock Phase 2	86,000	16.3
Jackpot	NA*	NA*
Approximate Total	999,186	189.2

<u>Other Drinking Water System Equipment</u>	<u>Type</u>	<u>PER / Feasibility Study / Master Plan</u>	<u>EA</u>
Mina/Luning	Telemetry	Golconda	1
Lemon Valley	Disinfection; Electrical	Lovelock	1
Horizon Hills	Generator	Caselton	1
Zephyr	Fire hydrants	Kingston	1
Uppaway	Generator	Sierra Estates	1
Beatty	Booster Station	Hawthorne	1
Devil's Gate	Chlorination System	Manhattan	1
Topaz Ranch Estates	Booster Station; PRVs	Goldfield	1
Goldfield	Booster Station; New well pumps	Beatty	1
Moundhouse	Booster Station; PRVs	Moundhouse	1
Mason	Fire hydrants	Yerington	1
Canyon GID	Booster Station; Meters	Crystal Clear	1
Round Hill	Meters	Gabbs	1
Gerlach	Meters	Alamo	1
Tonopah	Booster Station; Telemetry; Electrical	Battle Mountain	1
Montello	Meters	Ruth	1
Caliente	Meters	Austin	1
Kingsbury	Meters (Phase 1)	Pershing Co Water Cons Dist	1
Stagecoach	Generator	Metropolis Water Irr Dist	1
Ruth-McGill	Meters; Generator	Total	19
Skyland	Commercial Meters; Topo Mapping		
Sun Valley	PRVs		
Kyle Canyon	Altitude Valve; Booster Removal; Meters		
Jackpot	Meters		

NA* - Project is in progress - pipeline has not yet been installed

Irrigation System Projects

Walker River Irrigation Dist	Replace diversion structure - West Walker River; Reconstruct 2 miles of levee & spillway
Pershing Co Water Conservation Dist	Master plan; Rogers Dam emergency repair & dam replacement; Pitt-Taylor Diversion Canal
Metropolis Water Irrigation Dist	Master plan; Engineering Design & Permitting for new Bishop Creek Dam

Septic to Sewer Conversion Projects

Ridgeview	Private septic systems abandoned & residence tied into new sewer system
Spanish Springs	Private septic systems abandoned & residence tied into new sewer system

ATTACHMENT 6
SB62 Projects Update

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

2/19/2010

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	169,702.80	157,553.02	12,149.78
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	24,794.92	125,205.08
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
TOTALS	1,000,000.00	832,644.84	167,354.86

SB 62 PROJECT REPORT
March 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 complete and available on the County's website at http://www.churchillcounty.org/planning/waterplan.php and is linked to NDEP's website at http://ndep.nv.gov/bffwp/sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/esmeralda%20county_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete and the documents produced as a part of that project are available electronically on NDEP's website at http://ndep.nv.gov/bffwp/ http://ndep.nv.gov/bffwp/hrbwa_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/tonopah_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete and available at the NDEP offices in Carson City as well as electronically on NDEP's website at http://ndep.nv.gov/bffwp/whitepineco_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>

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March 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 complete. A final project report was received in June 2008 and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/kcwg_sb62_final.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete. The final report is on file at NDEP and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/initial_mapping_effort_pdf_final_feb_25.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete. 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 http://ndep.nv.gov/bffwp/docs/vvwd_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete. Data loggers & 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 http://ndep.nv.gov/bffwp/docs/gerlach_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</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 complete and available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>

SB 62 PROJECT REPORT
March 2010

Project	Grant Amount	Project Summary
Central Nevada Regional Water Authority	<p style="text-align: center;">\$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 http://www.cnrwa.com/home/index.asp and will soon link to the Map Guide system (http://webmap.water.nv.gov/) 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	<p style="text-align: center;">\$120,000.00</p>	<p>The project develops improved estimates of basin discharge and flow system interconnection for the Diamond Valley flow system.</p> <p>Progress Report, January 2010: The final report is now in peer review and editing.</p>
LVVWD – Searchlight	<p style="text-align: center;">\$150,000.00</p>	<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 will be funded by this grant.</p> <p>Progress Report, February 2010: LVVWD evaluated monitoring well locations in Piute Valley and drilled 4 exploratory wells in 2007. Approval of the EA and granting of ROW by the BLM was expected by late 2008; however, issues with Areas of Critical Environmental Concern precluded well construction of several of the originally planned monitoring wells. An alternate site for the monitoring well was selected. Drilling of the monitoring began in October 2009. The monitoring well is now complete and the final report is pending.</p>

ATTACHMENT 7

List of Water Systems with Ongoing Arsenic Compliance Issues

NDEP Bureau of Safe Drinking Water - List of Water Systems with Ongoing Arsenic Compliance Issues

COUNTY	PWS ID#	PUBLIC WATER SYSTEM NAME	ARSENIC (ppb)	POP	LAST POSSIBLE/EXPECTED COMPLIANCE DATE	ADMINISTRATIVE / ENFORCEMENT STATUS	ARRA Funding Notes	
Systems Granted Compliance Exemption Extensions by the State Environmental Commission (SEC)								
1	CH	NV0003068	CARSON RIVER ESTATES	28	90	January 23, 2011	Extension Granted to Jan 23, 2011	
2	CH	NV0000047	DELUXE MHP	24	37	January 23, 2013	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
3	CH	NV0000061	TOLAS PARK MHP	20	54	January 23, 2015	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
4	CH	NV0000058	WILDES MANOR	20	70	January 23, 2015	Extension Granted to Jan 23, 2011	
5	CH	NV0000903	CMC STEEL FABRICATORS DBA CMC JOIST	16	400	January 23, 2015	Extension Granted to Jan 23, 2011	
6	CH	NV0000052	OK MOBILE HOME PARK	15	90	January 23, 2015	Extension Granted to Jan 23, 2011	
7	CL	NV0000219	SEARCHLIGHT WATER COMPANY	11	760	January 23, 2015	Extension Granted to Jan 23, 2011	
8	CL	NV0002501	NPS COTTONWOOD COVE	15	1,354	January 23, 2015	Extension Granted to Jan 23, 2011	
9	DO	NV0000887	SUNRISE ESTATES	17	91	January 23, 2015	Extension Granted to Jan 23, 2011	
10	EU	NV0000043	CRESCENT VALLEY WATER SYSTEM	12	350	January 23, 2015	Extension Granted to Jan 23, 2011	
11	EU	NV0002573	DEVILS GATE WATER SYSTEM GID 2	12	70	January 23, 2015	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
12	HU	NV0006069	HUMBOLDT CONSERVATION CAMP NDOP	15	140	January 23, 2015	Extension Granted to Jan 23, 2011	
13	HU	NV0000907	LONE TREE MINE	15	150	January 23, 2015	Extension Granted to Jan 23, 2011	
14	HU	NV0000162	MC DERMITT WATER SYSTEM	19	200	January 23, 2015	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
15	HU	NV0002528	TURQUOISE RIDGE JOINT VENTURE	20	250	January 23, 2015	Extension Granted to Jan 23, 2011	
16	LA	NV0000008	LA CO SEWER AND WATER DIST 1 BM	24	3,026	January 23, 2013	Extension Granted to Jan 23, 2011	
17	LA	NV0000006	LA CO SEWER AND WATER DIST 2 AUSTIN	14	350	January 23, 2015	Extension Granted to Jan 23, 2011	
18	LI	NV0000013	CALIENTE PUBLIC UTILITIES	17	1,500	January 23, 2015	Extension Granted to Jan 23, 2011	
19	LI	NV0000185	PANACA FARMSTEAD WATER ASSOCIATION	20	800	January 23, 2015	Extension Granted to Jan 23, 2011	
20	LY	NV0000223	SILVER SPRINGS MUTUAL WATER COMPANY	25	3,000	January 23, 2013	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
21	LY	NV0000242	WEED HEIGHTS DEVELOPMENT	18	500	January 23, 2015	Extension Granted to Jan 23, 2011	
22	LY	NV0000255	YERINGTON CITY OF	19	2,900	January 23, 2015	Extension Granted to Jan 23, 2011	
23	MI	NV0000357	HAWTHORNE ARMY AMMO DEPOT	30	300	January 23, 2011	Extension Granted to Jan 23, 2011	
24	MI	NV0000897	SCHURZ ELEMENTARY SCHOOL	14	320	January 23, 2015	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
25	NY	NV0000009	BEATTY WATER AND SANITATION DISTRICT	27	1,100	January 23, 2011	Extension Granted to Jan 23, 2011	ARRA-Principal Forgiveness
26	NY	NV0005028	SHOSHONE ESTATES WATER COMPANY	30	240	January 23, 2011	Extension Granted to Jan 23, 2011	
27	NY	NV0000237	TONOPAH PUBLIC UTILITIES	13	2,600	January 23, 2015	Extension Granted to Jan 23, 2011	
28	ST	NV0000878	MASTERFOODS USA	15	140	January 23, 2015	Extension Granted to Jan 23, 2011	
29	WA	NV0000896	BRISTLECONE FAMILY RESOURCES	12	25	January 23, 2015	Extension Granted to Jan 23, 2011	
30	WA	NV0000193	CRYSTAL TP	27	80	January 23, 2011	Extension Granted to Jan 23, 2011	
31	WA	NV0004021	SILVER KNOLLS MUTUAL WATER COMPANY	13	120	January 23, 2015	Extension Granted to Jan 23, 2011	
32	WA	NV0001086	SKY RANCH WATER SERVICE CORPORATION	14	2,030	January 23, 2015	Extension Granted to Jan 23, 2011	
33	WA	NV0003000	VERDI SCHOOL	13	250	January 23, 2015	Extension Granted to Jan 23, 2011	
34	LY	NV0002595	SILVER SPRINGS CONSERVATION CAMP NDOP	19	144	January 23, 2015	Extension Granted to Jan 23, 2011	
Systems Not Eligible for SEC Exemption Extensions Based on Population (greater than 3,300 people served) or Concentration Delivered (greater than 30 parts per billion)								
1	CH	NV0000015	CARSON CITY WATER DIVISION	20	56,500	RAA in Compliance Feb 2, 2009		ARRA-0% Loan (As & U)
2	CC	NV0000303	OLD RIVER WATER COMPANY	32	300	Negotiating AOC	Administrative Order on Consent Pending	
3	CH	NV0000055	SOUTH MAINE MHP	48	100	Construction to be Complete Oct 31, 2010	AOC issued August 10, 2009	ARRA-Principal Forgiveness
4	CL	NV0000109	EQUESTRIAN ESTATES CO OP WATER ASSOC	36	108	December 23, 2010	AOC Issued January 25, 2010	
5	CL	NV0000147	FRONTIER VILLAGE MHP	42	60	September 23, 2010	AOC issued March 16, 2009	
6	CL	NV0000160	MOAPA VALLEY WATER DISTRICT	19	8,000	RAA in Compliance Q3 CY2009		
7	CL	NV0000167	VIRGIN VALLEY WATER DISTRICT	60	17,000	As-Compliant Distribution Sept 30, '09	AOC Issued April 10, 2009	
8	DO	NV0000066	GARDNERVILLE RANCHOS GID	19	11,500	RAA in Compliance Mar 2, 2009		
9	DO	NV0000070	TOPAZ LAKE WATER CO INC	38	40	Construction to be Complete Oct 15, 2010	AOC Issued July 7, 2009	ARRA-0% Loan
10	DO	NV0000355	INDIAN HILLS GID	17	5,800	Negotiating AOC	Administrative Order on Consent Pending	
11	DO	NV0002216	EAST VALLEY WATER SYSTEM	36	3,845	In Compliance Mar 31, 2009		
12	EL	NV0000507	SPRING CREEK MHP	44	4,146	Construction to be Complete Dec 31, 2011	AOC Issued January 13, 2010	
13	EL	NV0000036	SPRING CREEK UTILITIES	11	6,792	RAA in Compliance Mar 2, 2009		
14	EL	NV0000349	RODEO CREEK GOLD INC	31	30	Compliance expected 2009	AOC issued March 16, 2009	
15	ES	NV0000072	GOLDFIELD TOWN WATER	47	350	Construction to be Complete July 23, 2010	AOC Issued February 26, 2009	
16	LI	NV0000005	ALAMO SEWER AND WATER GID	36	900	Negotiating AOC	Administrative Order on Consent Pending	ARRA-Principal Forgiveness
17	LY	NV0000361	CRYSTAL CLEAR WATER COMPANY	47	400	Consolidated with Yerington Dec 2009		
18	LY	NV0002516	FIVE STAR MHP	37	90	Construction to be Complete July 23, 2010	AOC Issued March 16, 2009	ARRA-Principal Forgiveness
Systems Without Prior SEC Compliance Exemptions - Enforcement Documents in Place or Pending								
1	CH	NV0004002	EM BER MOBILE MANOR	220	36	Partial Foreclosure	Unilateral Order issued Jan 5, 2010	
2	CL	NV0000372	GEORGIA PACIFIC GYPSUM	21	100	Working with Owner	New MCL Violation Q2 CY2009	
3	DO	NV00002046	HOLBROOK STATION RV AND MHP	38	180	Working with Owner	New MCL Violation CY2009	
4	EL	NV0000928	LAMOILLE VALLEY PLAZA	22	25	Working with Owner	Awaiting Quarterly Monitoring for RAA	
5	LY	NV0000062	CITY OF FERNLEY	51	20,000	As-Compliant Distribution July 27, '09	Bilateral Compliance Agreement 2004	
6	NY	NV0000165	MANHATTAN TOWN WATER	54	40	Negotiating AOC	Administrative Order on Consent Pending	
7	NY	NV0000208	CARVER'S SMOKEY VALLEY RV & MHP	17	180	Negotiating AOC	Administrative Order on Consent Pending	ARRA-0% Loan
8	ST	NV0000913	TAHOE RENO INDUSTRIAL CENTER	13	900	Working with Owner	New MCL Violation Q4 CY2008	

Updated March 1, 2010

Systems In Compliance Prior to January 23, 2009 Exemption Expiration

1	CH	NV0000046	COUNTRY CLUB ESTATES	31	130	September 6th, 2006
2	CH	NV0000906	JETWAY CHEVROLET	41	40	December 4th, 2007
3	CH	NV0000060	WEST STAR MHP	42	35	December 4th, 2007
4	CH	NV0002541	NAS CENTROID EW RANGE	28	80	September 6th, 2006
5	CH	NV0000849	PINE GROVE UTILITY TRUST	49	25	September 6th, 2006
6	CL	NV0000327	GAYE HAVEN CARE HOME	9	50	May 24th, 2007
7	CL	NV0000146	HITCHIN POST MOTEL AND RV PARK	1	350	May 24th, 2007
8	CL	NV0000219	SEARCHLIGHT WATER COMPANY	10	760	September 6th, 2006
9	EU	NV0002092	NEWMONT GOLD MILL 1	0	100	September 6th, 2006
10	LY	NV0000813	CHURCHILL RANCHOS ESTATES	27	172	September 6th, 2006
11	ST	NV0000879	ALCOA MICROMILL	10	25	September 6th, 2006
12	WA	NV0001085	DESERT SPRINGS UTILITY COMPANY	12	9,710	September 6th, 2006
13	WA	NV0000206	PIONEER HILLS MHP	32	427	September 7th, 2007