

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

**Tuesday, April 17, 2012  
9:30 AM  
901 S. Stewart St., 2<sup>nd</sup> Floor Tahoe Room  
Carson City, NV 89701**

**Members Present:**

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

**Staff Attending:**

Cassandra Joseph, DAG  
Dave Emme  
Adele Basham  
Daralyn Dobson  
Michelle Stamates  
Kathy Rebert

\*\*Mr. Belanger was not in attendance at the very beginning of the meeting due to a flight cancellation but joined during the presentation of agenda item D.2.a.

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

[http://ndep.nv.gov/bffwp/agenda\\_archive.htm](http://ndep.nv.gov/bffwp/agenda_archive.htm)

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

Chairman Scott announced that there was a quorum and at his invitation, Board members and others present introduced themselves.

**B. APPROVAL OF MINUTES - September 28<sup>th</sup>, 2011 MEETING (For Possible Action)**

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

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

July 24, 2012 was set for the next Board for Financing Water Projects meeting.

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

**1. Discussion & Possible Approval of the 2013 Priority List (For Possible Action)**

Ms. Michelle Stamates presented the 2013 Draft Priority List-Drinking Water SRF for review and approval. For a copy of the 2013 Priority List and Ms. Stamates' full written presentation, see **ATTACHMENT I**.

Ms. Stamates stated that the development of the Priority List of projects is an integral part of the SRF program and is required by both federal and state regulations. State regulations require the Board for Financing Water Projects (BFFWP) approve the Priority List.

Ms. Stamates explained the ranking system and process for placing projects on the priority list.

**Motion:** Ms. Williams moved to approve the Priority List as presented by staff and that the Board adopt the Resolution designated the “Year 2013 Project Priority List, Drinking Water State Revolving Fund” to approve the priorities for determining which water systems will receive money from the account of the revolving fund as required in Nevada Revised Statute 445A.265(3). Mr. Walker seconded and the motion passed.

## **2. Discussion & Possible Approval of Loan Commitments**

Ms. Michelle Stamates presented the information and staff recommendation for approval of each proposal. Full details of each project are provided as separate attachments to these minutes. Ms. Stamates full comments and presentation can be heard at: [http://ndep.nv.gov/bffwp/agenda\\_archive.htm](http://ndep.nv.gov/bffwp/agenda_archive.htm)

### **a. The City of West Wendover (For Possible Action)**

This is a proposed loan commitment to the City of West Wendover for water system improvements and rehabilitation. A portion of this project will be funded by the USDA. For details, see **ATTACHMENT II**.

Staff Recommendation: Approval of the proposed loan commitment to the City of West Wendover and approval of the corresponding Resolution.

Ms. Williams raised the question of rate increase to customers to pay for this loan.

Mr. Craig Neely with Aqua Engineering representing the City of West Wendover was present at the meeting to answer questions or provide information to the Board. Mr. Neely explained that rate increases were implemented six or seven years ago as annual, incremental increases to prepare for this project. Mr. Neely also answered a question for Mr. Walker regarding water rights.

Mr. Belanger arrived at this point in the meeting.

**Motion:** Mr. Goetsch moved to approve a loan commitment from the loan fund of the DWSRF in the amount of \$746,435 to the City of West Wendover. Since the project is eligible for subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. Also, to adopt a resolution designated the “04-2012 The City of West Wendover Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects. Ms. Williams seconded and the motion passed.

### **b. Esmeralda County-Goldfield Utilities (For Possible Action)**

This is a proposal for a revised loan commitment for refurbishment of the Goldfield backup well. For details, see **ATTACHMENT III**.

Staff recommendation: Approval of an amendment to the original loan commitment in the amount of \$97,000 to Esmeralda County for the Town of Goldfield, bringing the total loan amount to \$435,306, and approval of the corresponding Resolution.

Mr. Mike Anderson, supervisor for Esmeralda County Public Works and Mr. Marty Ugalde of Day Engineering were in attendance to answer questions or provide information. Mr. Anderson expressed the importance for Goldfield to have a backup well to the one existing well. Mr. Ugalde responded to a question from Mr. Walker regarding what type design & engineering work would be done.

**Motion:** Mr. Walker moved to approve an amendment to the original loan commitment from the loan fund of the DWSRF in the amount of \$97,000 to Esmeralda County for the Town of Goldfield. This would bring the total loan amount to \$435,306. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. To be enacted through a resolution designated the "4-2012 Esmeralda County Goldfield Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. Motion was seconded by Ms. Williams and passed unanimously.

#### **c. Frontier Village MHP revise Loan Commitment (For Possible Action)**

This proposal is for a revision to the loan commitment for construction of on-site arsenic treatment. Due to the delay in finalizing a project originally proposed to the Board in September 2010, Davis-Bacon wages became a requirement which increased the cost of the project. For details, see **ATTACHMENT IV**.

Staff recommendation: Approval of a resolution committing additional funds in the amount of \$50,000, modifying the loan commitment to \$200,000 to IGWT and approval of the corresponding Resolution.

Ms. Rozita Zameyah from Frontier Village participated in the meeting via telephone conference call and provided some information to the Board regarding a timeline for completion of the project.

**Motion:** Mr. Belanger moved to approve resolution designated the "4-2012 Frontier Village Mobile Home Park Project Loan Commitment Resolution" committing additional funds of \$50,000 and modifying the loan commitment of the DWSRF to \$200,000 to IGWT for the Frontier Village Mobile Home Park for construction of on-site arsenic treatment and that the loan be for a term not to exceed 20 years at an annual interest rate of 66% of the appropriate Bond Buyers Index at the time the loan contract is signed. The motion was seconded by Ms. Williams and passed unanimously.

Mr. Walker recused himself from the next two agenda items because Truckee Meadows Water Authority and Douglas County are both clients he represents and he receives compensation from both. Mr. Walker moved into the audience for agenda items D.2.d and D.2.e.

#### **d. Douglas County for Zephyr Cove Water Utility District (For Possible Action)**

This proposed loan commitment is to install ultraviolet light (UV) treatment along with the existing Ozone disinfection as the two primary disinfectants under the LT2ESWTR rule. For details, see **ATTACHMENT V**.

Staff recommendation: Approval of a loan commitment in the amount of \$1,300,000 to Douglas County for improvements to the Zephyr Water Utility District water system and approval of the corresponding Resolution.

Mr. Carl Ruschmeyer, Douglas County Public Works Director and Mr. Ron Roman, Douglas County Engineering Manager were in attendance to answer any questions for the Board. There was some

discussion on the pre-validation of the UV reactors and factors that might affect the UV process, such as heavy rain and turbidity.

**Motion:** Mr. Goetsch moved to approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,300,000 to Douglas County for improvements to the Zephyr Water Utility District water system. 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. Also to approve a resolution designated the “4-2012 Douglas County Zephyr Water Utility District Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects. Ms. Williams seconded the motion and the motion passed, with Mr. Walker abstaining.

#### **e. Verdi Business Park (For Possible Action)**

Mr. Walker remained recused for this agenda item.

This proposed project would connect the Verdi Business Park (VBP) to the Truckee Meadows Water Authority (TMWA) water system including installation of new water meters. For details, see **ATTACHMENT VI**.

Ms. Stamates explained that upon completion of the project, it is VBP’s intention to turn ownership, operation, and maintenance of the VBP system over to TMWA. An acquisition agreement is being prepared for TMWA to acquire all the assets and assume all the liabilities and operations of VBP, including the obligation to repay the DWSRF loan upon completion of the project.

Staff recommendation: Approval of a loan commitment in the amount of \$635,200 to the Verdi Business Park Water Cooperative and approval of the corresponding Resolution.

Jeff Tissier, Chief Financial Officer of TMWA and John Collins, General Manager of Verdi Business Park Water Cooperative were present to answer any questions and provide information to the Board.

A discussion ensued regarding the acquisition of VBP, the loan contract, and repayment of the loan.

**Motion:** Mr. Goetsch moved to approve a loan commitment from the loan fund of the DWSRF in the amount of \$635,200 to Verdi Business Park Water Cooperative. 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. Also to approve a resolution designated the “4-2012 Verdi Business Park Water Cooperative Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects. Ms. Williams seconded the motion and the motion passed, with Mr. Walker abstaining.

Mr. Walker returned to the Board table at this point in the meeting.

#### **E. BOARD COMMENTS - (Non Action)**

Ms. Jennifer Carr, at the request of NDEP Administrator Dr. Colleen Cripps, informed the Board of a draft bill being discussed in Congress through the Water Infrastructure Finance Innovation Authority (WIFIA). The bill is supported by the American Water Works Association (AWWA). The AWWA has identified a need by large municipalities in their membership to be able to access loan funds that are too big for the SRF program. The intent is to make money available through

the Treasury Department for large loans to large municipalities in order to finance drinking water infrastructure.

Ms. Carr explained that although the intent is not to replace the SRF program there is a concern the States have that in the future WIFIA could end up displacing the SRFs. She said it is uncertain whether the bill will make any headway in this Congress; however, there is a feeling it could or is being set-up for the next Congress. Ms. Carr provided some further details on the position of and ideas for small SRF programs by AWWA.

Chairman Scott suggested putting the Water Infrastructure Finance Innovation Authority topic on the next agenda to enable the Board to discuss it and possibly draft a letter from the Board to Nevada's Congressional delegation. After some comments and discussion, the Board decided to put this topic on the July 2012 agenda as an Action Item.

**F. PUBLIC COMMENTS - (Non Action)**

Mr. Shane Hastings, Community Programs Director with the USDA, introduced himself and commented that he enjoyed the meeting, becoming familiar with projects going on in the state. He said he is looking forward to working with the State agencies and through the SRF program and USDA Rural Development maximizing funding available for Nevada. Mr. Hastings also announced the upcoming Earth Day celebration at the Indian Hills GID office and he extended an invitation to those present to attend the event on Friday, April 27 at 3:00 pm.

There being no other business, the Board meeting was adjourned at 11:14 pm.

## ATTACHMENTS

- ATTACHMENT I: Year 2013 Draft Priority List and Summary Presentation
- ATTACHMENT II: City of West Wendover Loan Commitment and Resolution
- ATTACHMENT III: Esmeralda County/Goldfield Loan Commitment and Resolution
- ATTACHMENT IV: Frontier Village MHP amended Loan Commitment and Resolution
- ATTACHMENT V: Douglas County for Zephyr Cove Water Utility District Loan Commitment and Resolution
- ATTACHMENT VI: Verdi Business Park Loan Commitment and Resolution

# ATTACHMENT I

## Year 2013 Draft Priority List and Summary Presentation

## Year 2013 Priority List

### Board for Financing Water Projects Summary Drinking Water State Revolving Fund April 2012

#### GENERAL

The Nevada Division of Environmental Protection administers the Drinking Water State Revolving Loan Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. The development of the Priority List of projects is an integral part of the DWSRF program and is required by both federal and state regulation. Only those projects on the Priority List will be considered for possible funding. NRS 445A.265, subsection 3, requires the Board for Financing Water Projects approve the Priority List.

#### RANKING PROCESS

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed (NAC 445A.67566 to NAC 445A.67574, inclusive). In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the SDWA. The priority ranking system, described generally below, is described in detail in NAC 445A.67569. Projects are ranked into the following four classes, listed in order of priority.

1. Class I: Significant (acute) health risks;
2. Class II: Primary and secondary drinking water standards (chronic health risks);
3. Class III: Infrastructure rehabilitation/replacement; and
4. Class IV: Refinance of existing debt.

Points assigned, as specified in NAC 445A.67569, to address different problems within a class are additive. The initial ranking number is multiplied by the ratio of the State median household income to the public water system median household income. Within each of the above categories, the projects are ranked by type of public water system in the following order:

1. Community public water systems;
2. Non-transient, non-community water systems (Non-profit only);
3. Transient, non-community water systems (Non-profit only).

The NAC that governs the Drinking Water State Revolving Fund allow NDEP to consider any other factor as provided in the Intended Use Plan established for the year in which the priority list is developed. In the 2010 Intended Use Plan, NDEP identified additional prioritization for arsenic projects. Water systems under an Administrative Order for violations of the primary drinking water standard for arsenic have been given a higher priority than those water systems that have received an exemption for arsenic. For those systems eligible for an exemption, ranking of projects was adjusted based on the arsenic concentration, with higher arsenic concentrations ranking higher based on exemption eligibility criteria in the following order:

1. Arsenic concentration between 16 ppb and 20 ppb
2. Arsenic concentration between 11 ppb and 15 ppb

If two or more water projects within the same class have the same final rank number, the water project that is associated with the service area with the highest population is ranked higher.

Eligible projects on the priority list may be bypassed if the applicant withdraws a project, requests that action be deferred, fails to meet submittal deadlines, or is not ready to proceed as determined by the Division. The projects that are bypassed will be provided notice by the Division and have an opportunity for objection.

### **2013 PRIORITY LIST DEVELOPMENT**

In late December 2011, NDEP sent a solicitation to all community and non-transient, non-community water systems for proposed water projects. The following new projects have submitted Pre-applications to be added to the 2013 Priority List.

<b><u>Applicant</u></b>	<b><u>Project</u></b>
<b>Holbrook Station</b>	Arsenic compliance
<b>Round Hill GID</b>	Replace Upper storage tank
<b>Montello</b>	New storage tank & SCADA
<b>Searchlight</b>	Arsenic compliance
<b>Palm Gardens</b>	Solar power for well operation
<b>Spring Creek (Washoe Co)</b>	Replace booster station
<b>Desert Springs (Washoe Co)</b>	Intertie transmission line on Eagle Canyon Rd
<b>McDermitt</b>	Water meter replacement
<b>Tonopah</b>	Transmission line replacement
<b>Steamboat Springs</b>	Tank isolation & telemetry upgrade
<b>Caliente</b>	Well upgrades, transmission/distribution line addition/replacement
<b>Silver City</b>	Transmission/distribution line replacement
<b>Goldfield</b>	Well rehabilitation
<b>Carson City</b>	Arsenic/uranium compliance
<b>Roark Estates</b>	Arsenic compliance

Ten projects that either have been funded or no longer wish to be on the Priority List were removed.

**Public Participation**

Federal regulations require that the priority ranking process go through a public review process. State regulations require that NDEP hold a public workshop which was held in Carson City on April 9, 2012. The proposed revised list and notice of the workshop was sent to all systems with projects on the list. A public notice of the workshop was published in newspapers in Reno, Las Vegas, Carson City and Elko.

**Recommendation**

It is recommended that the Board for Financing Water Projects approve the Year 2013 Priority List. A resolution to that effect is attached.

## RESOLUTION

**A RESOLUTION DESIGNATED THE “YEAR 2013 PROJECT PRIORITY LIST, DRINKING WATER STATE REVOLVING FUND” TO APPROVE THE PRIORITIES FOR DETERMINING WHICH WATER SYSTEMS WILL RECEIVE MONEY FROM THE ACCOUNT OF THE REVOLVING FUND AS REQUIRED IN NEVADA REVISED STATUTES 445A.265(3).**

*WHEREAS*, the Nevada Division of Environmental Protection is authorized pursuant to NRS 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund; and

*WHEREAS*, the Drinking Water State Revolving Fund Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the Drinking Water State Revolving Fund and seek public review and comment on the priority list; and

*WHEREAS*, NRS 445A.265(3) requires that the Division of Environmental Protection shall not establish the priorities for determining which public water systems will receive money from the account for the revolving fund without obtaining the prior approval of the Board for Financing Water Projects; and

*WHEREAS*, the Nevada Division of Environmental Protection may at any time after receiving approval from the Board for Financing Water Projects revise the ranking of a water project in accordance with NAC 445A.67567; and

*WHEREAS*, the Nevada Division of Environmental Protection has provided notice and has held a workshop for public comments on its proposed priority system on April 9, 2012 in Carson City; and

*WHEREAS*, no substantive comments, suggestions or recommendations were received at the workshops from the public;

***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 “Year 2013 Priority List Resolution.”

**Section 2.** Based on its review of the information and recommendation submitted to the Board concerning the Year 2013 Priority List, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

(a) The Nevada Division of Environmental Protection has provided public notice of the Year 2013 Priority List;

(b) The Nevada Division of Environmental Protection has held a workshop for public review and comment of the priority list;

(c) The Nevada Division of Environmental Protection has received no substantive comments from the public.

**Section 3.** In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the Year 2013 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

**Section 4.** The Year 2013 Priority List included as Attachment A to this resolution and by reference incorporated herein is a true and correct copy filed with the Board for Financing Water Projects by the Nevada Division of Environmental Protection.

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

**PASSED, ADOPTED AND SIGNED April 17, 2012.**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# Attachment A

## 2013 Priority List

**Year 2013 DRAFT Priority List - Drinking Water State Revolving Fund**

Rank	Water System	Total Points	Arsenic Factor	Adjus. Total	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
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**Class I--Acute Health Risks**

1	Douglas County (Zephyr WUD)	3	NA	3	0.91	2.72	Public	DO	NV0000258	1,193	477	LT2E surface water treatment, distribution (GREEN)	\$1,300,000
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<b>Total Class I</b>												<b>\$1,300,000</b>
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**Class II--Chronic Health Risks**

**Community Water Systems**

2	Roark Estates	10	1.0	10	2.10	21.05	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
3	Alamo Sewer & Water GID	10	1.0	10	1.70	16.97	Public	LI	NV0000005	900	275	Arsenic compliance	\$750,000
4	LVVWD (Searchlight)	10	0.9	9	1.47	13.22	Public	CL	NV0000219	740	310	Arsenic compliance	\$466,150
5	McDermitt	10	0.9	9	1.44	12.93	Public	HU	NV0000162	200	100	Arsenic compliance	\$478,000
6	Wildes Manor	10	1.0	10	1.26	12.57	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
7	Old River	10	1.0	10	1.08	10.80	Private	CH	NV0000303	300	112	Arsenic compliance	\$1,451,835
8	Carson City Utilities	10	1.0	10	1.07	10.70	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance (pipeline to Douglas Co and transmission within Carson City)	\$10,388,000
9	Holbrooke Station	10	1.0	10	1.04	10.45	Private	DO	NV0002046	168	84	Arsenic compliance	\$103,000
10	Frontier Village MHP	10	1.0	10	0.99	9.91	Private	CL	NV0000147	60	71	Arsenic compliance	\$194,955
11	Shoshone Estates	10	1.0	10	0.86	8.63	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
12	Douglas County (Fairgrounds/Sunrise Estates)	10	0.9	9	0.74	6.62	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
13	Washoe Co DWR (Sunrise Estates)	10	0.9	9	0.67	6.00	Public	WA	NV0002525	86	32	Arsenic compliance	\$451,408
14	Gabbs	1	NA	1	2.35	2.35	Public	NY	NV0000063	411	160	Fluoride compliance	\$1,500,000

**Class II--Chronic Health Risks**

**Non Community Water Systems**

15	Verdi Business Park	10	0.8	8	0.74	7.39	Private	WA	NV0005061	225	16	Arsenic compliance through consolidation with TMWA	\$635,200
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<b>Total Class II</b>												<b>\$21,372,548</b>
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**Class III--Rehabilitation**

**Community Public Water Systems**

16	Lovelock Meadows	43	NA	43	1.46	62.65	Public	PE	NV0000161	5,278	1,409	New well, transmission, storage, treatment	\$7,478,000
17	Caliente	29	NA	29	2.14	61.96	Public	LI	NV0000013	1,123	465	Well upgrades, transmission & distribution line	\$1,905,000
18	Dayton Utilities	39	NA	24	1.05	40.82	Public	LY	NV0000838	1,578	895	New well storage, upgrade transmission & distribution	\$1,720,000
19	Elko Co (Montello)	10	NA	10	3.60	35.95	Public	EL	NV0000169	150	73	Storage tank, SCADA	\$269,300
20	Palm Gardens Water Coop	33	NA	33	1.00	32.85	Private	CL	NV0000819	58	51	Treatment, storage, security (fencing)	\$163,000
21	Wendover	24	NA	24	1.33	31.94	Public	EL	NV0000246	4,990	1,103	Transmission, distribution, storage	\$1,341,600
22	Lamoille Water Users, Inc	39	NA	39	0.70	27.28	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
23	Reno Sahara MHP	25	NA	25	1.07	26.72	Private	WA	NV0000701	90	30	Consolidation with TMWA	\$175,000
24	Foothill MHP	25	NA	25	1.07	26.72	Private	WA	NV0000200	35	17	Consolidation with TMWA	\$100,000
25	Truckee Meadows Water Authority	23	NA	23	1.14	26.21	Public	WA	NV0000190	325,000	90,000	Glendale treatment plant operations building	\$2,000,000
26	Walker Lake GID	11	NA	11	2.23	24.55	Public	MI	NV0000268	400	160	Distribution rehabilitation (GREEN)	\$1,000,000
27	Goldfield	15	NA	15	1.40	20.95	Public	ES	NV0000072	350	217	Back-up well	\$115,000
28	Ruth	18	NA	18	1.08	19.50	Public	WP	NV0000164	700	320	Pipe, pump water from existing Steptoe Valley wells in	\$7,000,000
29	Storey County (Virginia City)	24	NA	19	0.80	19.24	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
30	Orovada	19	NA	19	1.01	19.18	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
31	LVVWD (Blue Diamond)	24	NA	24	0.71	16.96	Public	CL	NV0000010	282	125	New wells, replace distribution	\$4,173,693
32	Washoe Co DWR (Lemmon Valley)	18	NA	18	0.86	15.39	Public	WA	NV0000202	8,000	7,500	Transmission, storage	\$13,500,000
33	Lyon County (Silver City)	14	NA	14	1.03	14.41	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$1,900,000
34	Tonopah	8	NA	8	1.59	12.74	Public	NY	NV0000237	2,600	1,500	Transmission line replacement	\$5,700,000
35	Washoe Co DWR (Desert Springs)	18	NA	18	0.69	12.48	Public	WA	NV0001085	11,980	5,800	Tank relocation, transmission	\$2,898,300
36	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement (U0026)	\$2,300,000
37	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	North Green Valley Parkway transmission and distribution improvements (U0027)	\$1,200,000

Rank	Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
38	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$4,700,000
39	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Victory Road cast iron main replacement - Townsite Phase 1 (U0034)	\$2,900,000
40	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement - Townsite Phase 2 (U0072)	\$4,200,000
41	Washoe Co DWR (Double Diamond)	15	NA	15	0.75	11.24	Public	WA	NV0000832	15,800	6,240	Equip (pumps, house, piping) new wells, disinfection	\$2,437,000
42	Stagecoach GID	8	NA	8	1.33	10.61	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
43	Steamboat Springs Water Works	10	NA	10	1.00	10.05	Private	WA	NV0000282	750	297	Telemetry, isolation valves	\$60,000
44	Palm Gardens Water Coop	10	NA	10	1.00	9.96	Private	CL	NV0000819	58	51	Solar Power for Well (GREEN)	\$39,988
45	Henderson	10	NA	10	0.82	8.19	Public	CL	NV0000076	277,000	92,526	Reconstruct/retrofit existing transmission to include installation of an in-pipe hydroturbine (GREEN)	\$1,100,000
46	Henderson	10	NA	10	0.82	8.19	Public	CL	NV0000076	277,000	92,526	Reservoir Overflow Upgrades P1 R-11, R-17a and R-18 (U0004)	\$300,000
47	Round Hill GID	10	NA	10	0.79	7.94	Public	DO	NV0000260	1,700	502	Replace Upper storage tank	\$900,000
48	Washoe Co DWR (Spring Creek )	8	NA	8	0.98	7.85	Public	WA	NV0004082	1,850	743	Replace booster pump station	\$600,000
49	Ely	6	NA	6	1.17	7.04	Public	WP	NV0000038	5,500	2,200	Distribution	\$6,420,000
50	Sun Valley GID	6	NA	6	1.11	6.65	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
51	Henderson	8	NA	8	0.82	6.55	Public	CL	NV0000076	277,000	92,526	2007 Pressure zone (east) Water Main Phase II (W0295)	\$1,002,000
52	Henderson	8	NA	8	0.82	6.55	Public	CL	NV0000076	277,000	92,526	P17/P18 Upgrades , 36-inch Transmission Main (W0307/U0007)	\$14,000,000
53	Sage Valley MHP & RVP	6	NA	6	1.08	6.48	Private	CH	NV0002023	188	147	Replace existing MHP water services (50 connections)	\$75,000
54	Washoe Co DWR (Desert Springs)	8	NA	8	0.69	5.54	Public	WA	NV0001085	11,980	5,800	Intertie transmission line on Eagle Canyon Rd	\$1,900,000
55	Henderson	6	NA	6	0.82	4.91	Public	CL	NV0000076	277,000	92,526	Tropicana Square Townhomes Pressure Zone Conversion (W0308/U0006)	\$500,000
56	McDermitt	3	NA	3	1.44	4.31	Public	HU	NV0000162	200	100	Meters (GREEN)	\$80,000
57	Lyon County (Dayton)	3	NA	3	1.05	3.14	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves (GREEN)	\$1,150,000

**Class III--Rehabilitation**

**Non Community Public Water Systems**

None

<b>Total Class III</b>	<b>\$108,113,781</b>
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**Class IV--Refinance**

None

<b>TOTAL FOR ALL PROJECTS</b>	<b>\$130,786,329</b>
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**2010 Census did not collect MHI data.**

**State MHI (Median Household Income)** is \$55,726 based on 2006-2010 American Community Survey conducted by US Census.

**PWS MHI** is based on 2006-2010 American Community Survey where data are available unless an approve income survey done in the past 5 years is available. If data are not available for a community in the 2006-2010 Survey, 2000 Census or individual income survey was used. Current MHI will always be reviewed before a loan is recommended for approval.

# ATTACHMENT II

## City of West Wendover Loan Commitment and Resolution

**Board for Financing Water Projects  
Loan Commitment from Drinking Water State Revolving Fund  
City of West Wendover  
April 2012**

**Project:** Water System Improvements/Rehabilitation  
**Project Estimate:** \$1,492,870  
**Loan Amount:** \$ 746,435

**GENERAL**

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3). Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF.

**BACKGROUND**

The City of West Wendover is located 110 miles east of Elko on US I-80 on the Nevada-Utah border. The area was originally a railroad watering station and became a town in the early 1900s. The community boomed when it became the site of a major military training facility during World War II. The original water supply and delivery system was built and operated by the military and later transferred to the community.

**CURRENT SYSTEM**

Water is supplied to the City of West Wendover, NV and Wendover, Utah via a 28-mile transmission line from wells and springs in Goshute Valley. All sources are in good condition and have received regular maintenance and rehabilitation. The original steel transmission line was replaced in phases from 1997 – 2005. Three storage tanks, totaling 4-million gallons, and a distribution system serve the area. All tanks have also received proper maintenance and rehabilitation/recoating in the last 10 years. There are several operation and maintenance issues that have been identified for upgrade or rehabilitation to improve the sustainability of the water system.

As presently configured, the Montego Bay storage tank is supplied by the distribution system and provides only a supplemental water supply under extreme demand conditions (fire flow). Stored water experiences excessive detention times resulting in a potential for poor water quality (e.g., microbial growth, nitrification, chemical changes). The public works department must manually adjust system pressures to drain and refresh the tank requiring significant operation and maintenance efforts to make the adjustments, monitor progress, and subsequently obtain water samples to verify quality. Completion of this project will provide trouble-free storage and fire protection to lower pressure zones in the system.

Most of the distribution system is relatively new (<30 years). Approximately 5,100 LF of remaining 8-inch steel pipeline is over 70 years old and is the last active remnant of the waterline constructed by the military for the Wendover Auxiliary Air Field. This section of waterline has exceeded its useful life, is severely deteriorated, and requires frequent maintenance. The City has repaired the waterline five times in the past year and in each instance the existing line was found to be severely corroded. This line supplies water to a commercial and residential area in the southeast quadrant of

the City and also supplies water to Wendover, Utah in the summer and fall when production from its springs declines.

An approximate 1,000 LF of 16-inch asbestos-cement (AC) pipeline currently exists within the Wendover Boulevard alignment. This pipe is difficult to repair and poses a health risk. Each time a portion of the line is repaired, custom made parts and fittings are required. The PRV station in this section of town is 30-years old and was not originally constructed to standards.

### ***Customers, Population and Growth***

In 2010, the estimated population of the City was 4,990. Wendover, Utah, has an estimated population of 1,750. A growth rate of approximately 2 – 3% per year is anticipated based on local activity and increased mineral exploration in the area.

### **PROPOSED PROJECT**

The proposed project includes the following three (3) water system improvements:

- 1) Converting the existing Montego Bay storage tank to the primary source of water for its pressure zone by providing a dedicated line from a higher pressure zone to fill the tank (Figure 1) – 420 LF of 12-inch water main and 4,430 LF of 8-inch water main will be installed along the north side of I-80 connecting an existing 12-inch main at Exit 410 to the Montego Bay tank. This alignment option also provides the benefit of eliminating the dead-end termination on the 12-inch main.
- 2) Replacement of the oldest line in the distribution system (Figure 2) – the 8-inch steel pipeline – 3,600 LF of 8-inch PVC pipeline and 1,500 LF of 12-inch PVC pipeline will replace the old steel pipeline within the current alignment.
- 3) Wendover Boulevard asbestos-cement (AC) pipeline replacement (Figure 2) – 1,000 LF of existing 16-inch AC pipeline will be replaced with 16-inch PVC pipeline and the existing PRV will be replaced to meet current City standards.

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

Alternatives to converting the Montego Bay tank to the primary source of water for its pressure zone include a no-action alternative and an alternate alignment to provide water directly to the tank. No action on this issue would mean that water quality in this tank would continue to be a potential issue. Both pipeline alignments will require easements from the BLM and private land owners. The alternate alignment would require a potentially large and expensive directional boring under I-80 through bedrock adding to the total project cost.

Alternatives for the replacement of the 8-inch steel pipeline include a no-action alternative and an alternate alignment along the Airport Way right-of-way. No action and continued operation of this line will require increased maintenance and an increased risk of catastrophic failure. The alternate alignment would increase the length of replacement pipe and add to the total project cost.

The only alternative determined for the replacement of the Wendover Blvd AC pipeline was a no-action alternative. Under this alternative, the health risks associated with AC pipeline would continue.

### ***Environmental Review***

Environmental review of water projects is conducted by the NDEP pursuant to Nevada Administrative Code (NAC) 445A.6758 to 445A.67612. The NACs allow NDEP to utilize an environmental review conducted by another agency as long as the review complies with NDEP's environmental requirements. A portion of this project will be funded by the USDA, and the USDA

also 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**

- BLM SF299 Right-of-Way Permit
- Private easement and/or land acquisition
- Approval of the Bureau of Safe Drinking Water
- Nevada Stormwater Discharge Permit
- Air Force approval to utilize existing easements for pipeline replacement
- Revocable NDOT Encroachment Permit for Underground Installation

**Cost Estimate**

Project	Cost Estimate
1) Extend New Supply Line from Ex 410 to Montego Bay Storage Tank	\$737,030
2) Construct new waterline in the current alignment to replace the old 8-inch steel line	\$451,680
3) Wendover Boulevard AC pipeline replacement	\$304,160
<b>Total</b>	<b>\$1,492,870</b>

Budget Item	DWSRF Funding	Local Funding	USDA	Totals by Use
Design, Engineering & Planning	\$ 72,762.95		\$ 72,762.95	\$ 145,525.90
Land Acquisition	\$ 0		\$ 0	
Equipment/Materials Construction/Improvements	\$ 668,672.05		\$ 618,672.05	\$ 1,287,344.10
Administrative	\$ 5,000		\$ 5,000	\$ 10,000
Financing Costs			\$ 30,000	\$ 30,000
Bond Council			\$ 20,000	\$ 20,000
Totals by Source	\$ 746,435		\$ 746,435	\$ 1,492,870

**Project Schedule**

	<u>Estimated Completion</u>
Planning, Design & Specification	Oct 2012
Bidding & Award of Contract	Dec 2012
Start of Construction	Jan 2013
Completion of Water Project	Oct 2013

### ***Financial Evaluation***

In order to receive the Fiscal Year (FY) 12 grant award from United States Environmental Protection Agency, the State of Nevada must agree to use not less than 20% and not more than 30% (\$1,795,000 -\$2,692,500) of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada will specify in the FY12 Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2006-2010 Community Survey by the US Census Bureau 80 percent of Nevada's MHI is \$44,581.

According to a 2006-2010 Community Survey, the MHI for the City of West Wendover was \$41,875. Therefore, West Wendover meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the City of West Wendover.

### ***Public Notice and Public Participation Process***

The Project application for the SRF Potable Water Projects was discussed and approved at the January 3, 2012 City Council meeting. The project was also discussed and funding information was updated and approved at the January 17, 2012 City Council meeting. Public comment was solicited at both meetings.

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

A TMF Capacity Survey was conducted with the City in 2011, and the resulting total capacity score was 93%. The water quality is in compliance with requirements of the Safe Drinking Water Act and all monitoring requirements have been met. The City employs certified operators who have the technical knowledge and ability to operate the system. The City has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and retains a certified public accountant and utilizes generally accepted accounting principles.

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

Currently, there is approximately \$19 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$16.8 million.

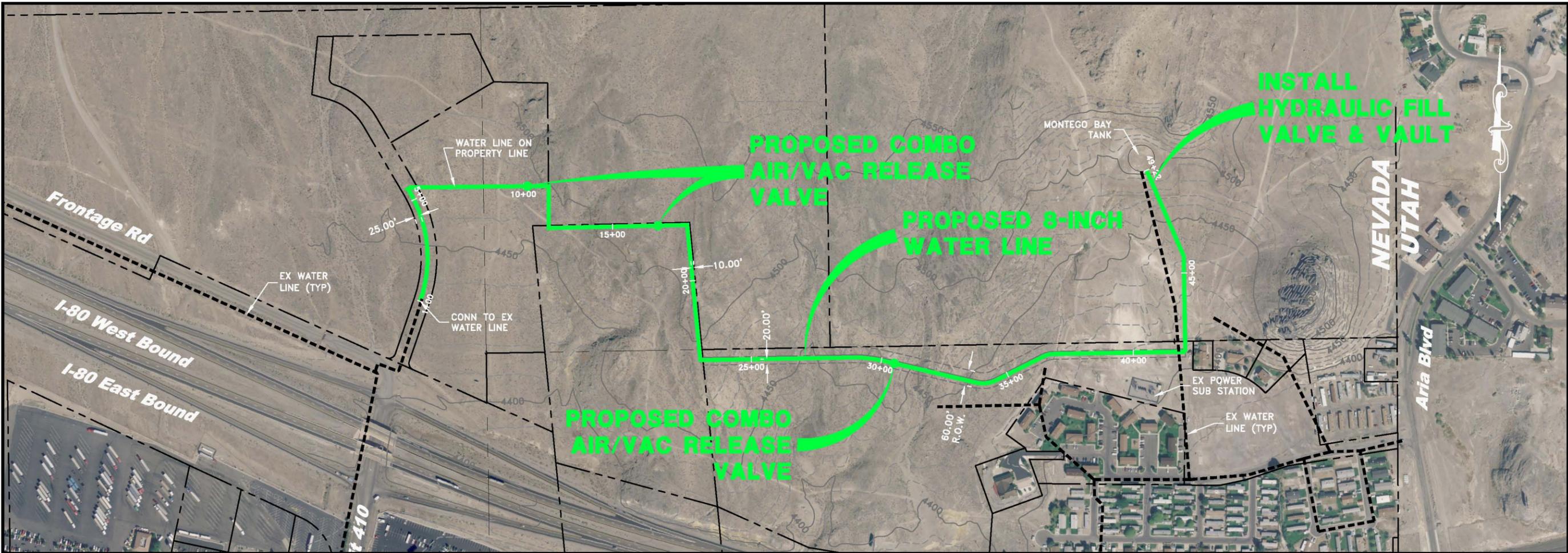
### **RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$746,435 to the City of West Wendover. Since the project is eligible for subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and the City of West Wendover will negotiate the terms and conditions of a loan agreement. A resolution designated the "04-2012 the West Wendover Water System Improvements Project Loan Commitment" is attached for your consideration (Attachment #2). The balance of the project will be funded through a USDA-RD low interest loan.

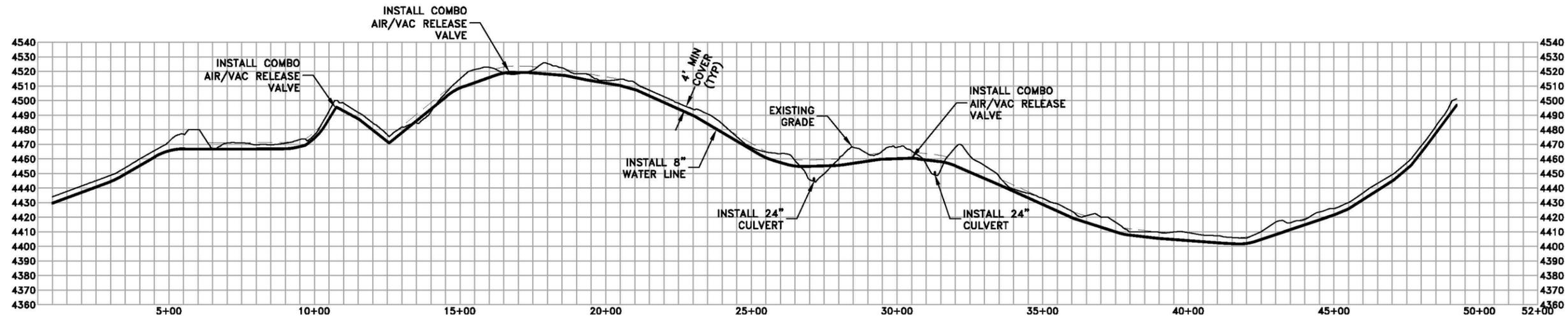
# **ATTACHMENT 1**

## **Figures 1 & 2**

JTF 02/08/2012 W:\Wendover\Water\2009 srf applications\West Wendover Tank Circulation and Waterline Replacement Project\Environmental\Montego Tank.dwg



**WATER LINE PLAN**  
HORIZ SCALE: 1"=200'-0"



**WATER LINE PROFILE**  
VERT SCALE: 1"=40'-0"

0 1/2 1  
DRAWING IS NOT TO SCALE IF BAR DOES NOT MEASURE 1"

NO.	DATE	DESIGN	DRAWN	CHECKED
A			JTF	

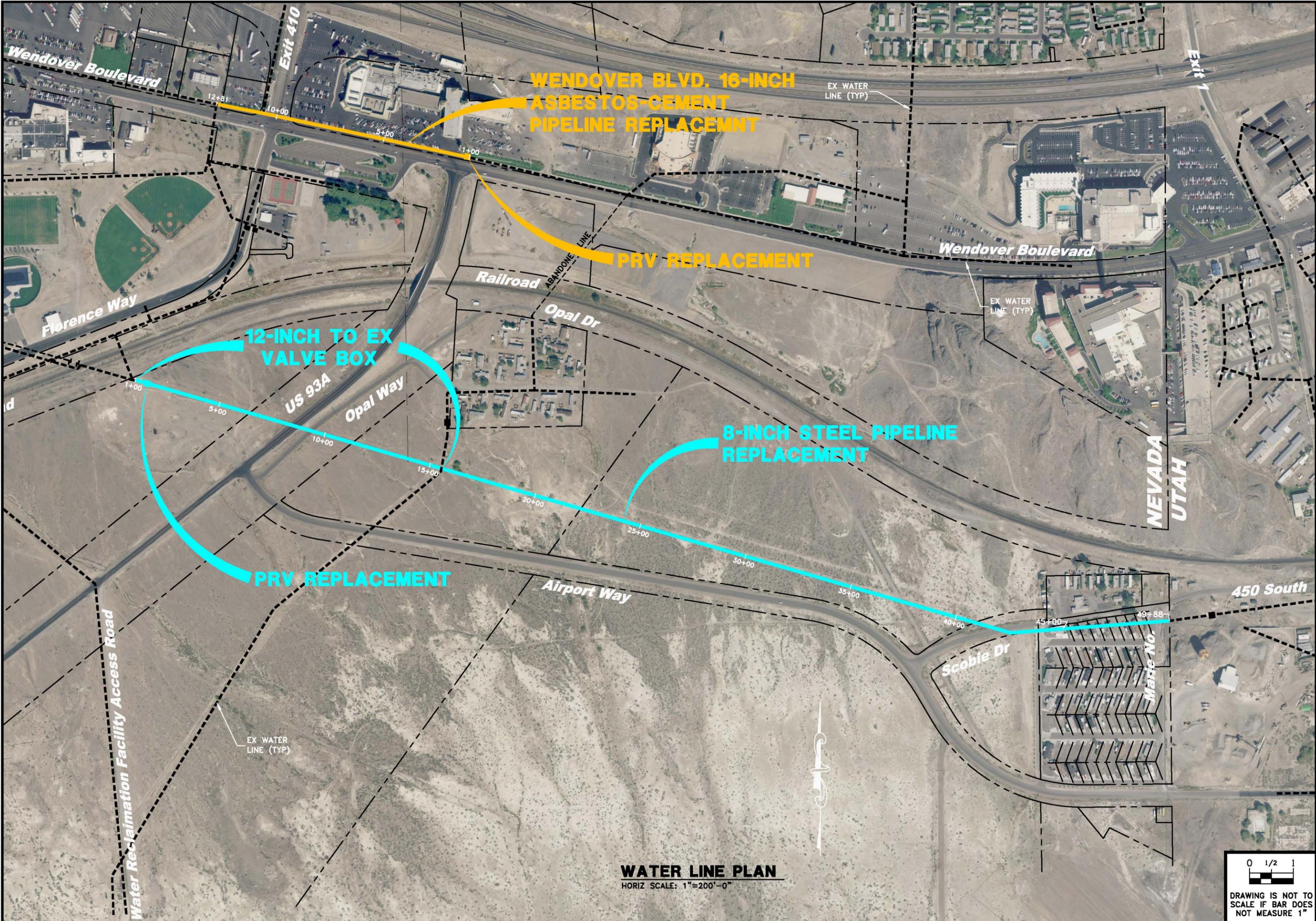
  

REVISIONS

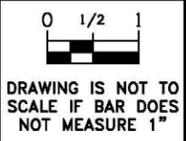
CITY OF WEST WENDOVER  
2011 SRF POTABLE WATER PROJECT  
MONTEGO BAY TANK SUPPLY PIPELINE  
CONCEPTUAL PROJECT MAP

**AQUA**  
ENGINEERING, INC.  
533 W. 2800 S., SUITE 275 BOUNTIFUL, UT 84010  
PHONE (801) 298-1327 FAX (801) 298-0153

JTF 02/06/2012 W:\Wendover\Water\2009 srf applications\West Wendover Tank Circulation and Waterline Replacement Project\Environmental\Utah Water Lines.dwg



**WATER LINE PLAN**  
 HORIZ SCALE: 1"=200'-0"



NO.	DATE	DESIGN	DRAWN	CHECKED
A			JTF	

REVISIONS	

CITY OF WEST WENDOVER  
 2011 SRF POTABLE WATER PROJECT  
 PIPELINE REPLACEMENT PROJECT  
 CONCEPTUAL PROJECT MAP

**AQUA**  
 ENGINEERING, INC.  
 533 W. 2600 S., SUITE 275 BOUNTIFUL, UT 84010  
 PHONE (801) 298-1527 FAX (801) 298-0153

## **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 "04-2012 THE CITY OF WEST WENDOVER 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 April 17, 2012, the Board, pursuant to NRS 445A.265, approved the Year 2013 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the City of West Wendover owns and operates a public water system located in West Wendover, Nevada; and

**WHEREAS**, the Division ranked the Project as #21 on the Year 2013 Priority List of water projects, which was approved by the Board on April 17, 2012; and

**WHEREAS**, the City of West Wendover'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**, the Division has determined that the City of West Wendover 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 “04-2012 City of West Wendover Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated by the City of West Wendover 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 \$746,435 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 APRIL 17, 2012**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT III

## Esmeralda County/Goldfield Amended Loan Commitment and Resolution

**Goldfield Utilities  
Loan Commitment  
Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
April 2012**

**Applicant:** Esmeralda County  
**Project:** Goldfield Backup Well  
**Project Cost:** \$ 112,000  
**Loan Amount:** \$ 97,000

**REQUEST FOR ADDITIONAL FUNDS**

**GENERAL**

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3). Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF.

***Background***

The Town of Goldfield is located approximately 30 miles south of Tonopah and 180 miles north of Las Vegas on Highway 95. Goldfield is the Esmeralda County seat. The town's water system, operated by Esmeralda County, was out of compliance with the drinking water standard for arsenic. In September 2010, the Board for Financing Water Projects approved a loan commitment for the Goldfield arsenic treatment project. The approved loan amount was \$338,306. The arsenic removal treatment equipment is now on-line and providing water in compliance with the arsenic drinking water standard.

**CURRENT SYSTEM**

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

**PROPOSED PROJECT**

The proposed project is to troubleshoot and repair the back-up (Klondike) well. Goldfield currently has a primary and a back-up well in accordance with **Nevada Administrative Code, NAC 445A.6686<sup>1</sup>**.

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<sup>1</sup> **Water wells: Establishment of redundant capacity for development and treatment of water.** ([NRS 445A.860](#))

The Division or the appropriate district board of health may require a supplier of water to establish a redundant capacity for the development and treatment of water if:

1. A water well is the sole source of water for the public water system; and
2. Based upon the remoteness of the facilities, availability of spare parts, access to equipment and other factors in a particular case, the Division or the appropriate district board of health determines that the redundancy is desirable to protect the public health and ensure the availability of safe and reliable drinking water.

The back-up well initially pumped over 250 gpm into the system but now only pumps 80 gpm. The utility tested the pumping rate of the well to waste and found it was capable of pumping 400 gpm. This back-up well is especially necessary during the summer months. The pump is 15 years old, and this is generally considered to be the life expectancy of this asset. Either the pump has lost head capacity, or there is something blocking the flow. The utility would like to perform a pump test, inspect and clean the well and replace the pump.

**Cost Estimate**

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>Other</u>	<u>Totals by Use</u>
Planning				
Design & Engineering	\$14,000			\$14,000
Land Acquisition				
Equipment/Materials				
Construction	\$83,000	\$15,000		\$98,000
Administrative				
Financing Cost				
<b>Totals by Source</b>	<b>\$97,000</b>	<b>\$15,000</b>		<b>\$112,000</b>

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. Certain types of projects are eligible for a categorical exclusion from the environmental review process under NAC 445A.67583<sup>2</sup>. NDEP has determined that the project is eligible for a categorical exclusion and may be exempted from further substantive environmental review requirements. The basis of this determination is that all work is related to the existing well in existing public utility easements. A significant effect on the quality of the environment is unlikely.

**Financial Evaluation**

In order to receive the Fiscal Year (FY) 12 grant award from United States Environmental Protection Agency, the State of Nevada must agree to use not less than 20% and not more than 30% (\$1,795,000 - \$2,692,500) of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada will specify in the FY12 Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2006-2010 Community Survey by the US Census Bureau 80 percent of Nevada’s MHI is \$44,581.

According to a 2006-2010 Community Survey, the MHI for the Town of Goldfield was \$39,904. Therefore, Goldfield meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the Town of Goldfield.

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<sup>2</sup> **NAC 445A.67583 Categorical exclusion: Eligibility of water project.** ([NRS 445A.270](#), [445A.295](#))

2. The following types of water projects may be eligible for a categorical exclusion:

(a) The rehabilitation of an existing facility;

(e) Any other water project for which there is sufficient evidence that a significant effect on the quality of the environment is unlikely

Goldfield charges a reasonable rate for water used and recently added a system obligation fee of \$100 per lot to help cover the cost of the new arsenic treatment plant construction and on-going operation and maintenance. The utility also contributes funds to a capital replacement account and intends to use \$15,000 in that fund for this project.

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

Currently, there is approximately \$19 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$16.8 million.

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

The Town of Goldfield is in compliance with requirements of the Safe Drinking Water Act. Esmeralda County employs a certified operator who has the technical knowledge and ability to operate the system. Nevada Rural Water Association is now providing additional training on the new arsenic treatment plant operation to assist with chemical dosing and monitoring requirements. The County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

**RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve an amendment to the original loan commitment from the loan fund of the DWSRF in the amount of \$97,000 to Esmeralda County for the Town of Goldfield. This would bring the total loan amount to \$435,306. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and Esmeralda County will negotiate the terms and conditions of a loan agreement.

# **ATTACHMENT 1**

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

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "4-2012 ESMERALDA COUNTY GOLDFIELD PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

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

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

**WHEREAS**, on April 17, 2012 the Board, pursuant to NRS 445A.265, approved the 2013 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

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

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

**WHEREAS**, the Division ranked the Project as #27 on the 2013 Priority List of water projects, which was approved by the Board on April 17, 2012; and

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

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

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

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

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

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

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

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

**Section 1.** This Resolution shall be known as the “2012 Esmeralda County Goldfield Project Loan Commitment Resolution.”

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

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$97,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$435,306 for the cost of the project.

*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 April 17, 2012**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT IV

## Frontier Village MHP revised Loan Commitment and Resolution

**Frontier Village Mobile Home Park  
Revise Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
April 2012**

**Applicant: IGWT Investment**  
**Project: Arsenic Treatment**  
**Total Estimated Project Cost: \$200,000**  
**Previous SRF Loan Amount: \$150,000**  
**Additional SRF Loan Amount: \$50,000**

**Background**

IGWT Investment owns the Frontier Village Mobile Home Park (Frontier Village) located in Henderson, Nevada at the south limit of existing development. The Park has 71 lots at build out; however, 30 lots are currently vacant land. The concentration of arsenic in the Park's water supply is 58 µg/L, almost 6 times the maximum contaminant level.

In September 2010, staff presented to the Board for Financing Water Projects (Board) a proposed loan to fund construction of on-site arsenic treatment. During the Board meeting, a Board Member stated that the Las Vegas Valley Groundwater Management Program has a grant to pay 85% of the costs to consolidate with the LVVWD or City of Henderson. The Board for Financing Water Projects approved a loan commitment to IGWT for the Frontier Village Mobile Home Park in an amount of \$150,000; however, the Board motion limited the funds to go towards consolidation. After a year of consolidation negotiations with the LVVWD and the City of Henderson, the IGWT's final estimated share of the cost of consolidation was \$347,674. In September 2011, the Board approved a modification to the loan commitment to allow Frontier Village to construction on-site arsenic treatment.

Due to the delay in finalizing the project and signing a loan contract, the funding received by Frontier Village included the federal requirement to pay Davis-Bacon wages. This new requirement increased the overall construction cost by an estimated \$50,000.

**RECOMMENDATION**

NDEP recommends that Board for Financing Water Projects approve a resolution committing additional funds in the amount of \$50,000 and modifying the loan commitment of the DWSRF to \$200,000 to IGWT for the Frontier Village Mobile Home Park for construction of on-site arsenic treatment. The resolution modifying the loan commitment is included in Attachment 1.

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

# **ATTACHMENT 1**

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

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "4-2012 FRONTIER VILLAGE MOBILE HOME PARK PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

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

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

**WHEREAS**, on September 14, 2010, the Board for Financing Water Projects, approved resolution 9-2010 Frontier Village Mobile Home Park Project Loan Commitment Resolution which approved a commitment of funds in the amount not to exceed \$150,000 from the account for the revolving fund in accordance with NRS 445A.265; and

**WHEREAS**, In Resolution 9-2010 Frontier Village Mobile Home Park Project Loan Commitment, the Board further recommended that \$150,000 go towards the cost of consolidation with the City of Henderson water system.; and

**WHEREAS**, consolidation with the City of Henderson water system will cost Frontier Mobile Home Park approximately twice as much as on-site arsenic treatment; and

**WHEREAS**, In Resolution 9-2011 Frontier Village Mobile Home Park Project Loan Commitment, the Board amended its recommendation to allow the original loan amount of \$150,000 go towards the cost of on-site arsenic mitigation; 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 “4-2012 Frontier Village Mobile Home Park Water Project Loan Commitment Resolution.”

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

*Section 3.* Based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$50,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$200,000 for the cost of on-site arsenic mitigation.

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

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

**PASSED, ADOPTED AND SIGNED April 17, 2012**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT V

Douglas County for Zephyr Cove Water Utility  
District Loan Commitment and Resolution

# Douglas County – Zephyr Water Utility District Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund April 2012

**Applicant:** Douglas County for Zephyr Water Utility District  
**Project:** Water System Improvements & LT2ESWTR Compliance  
**Total Project Cost:** \$1,300,000  
**Loan Amount:** \$1,300,000

### **GENERAL**

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

The Zephyr Water Utility District (ZWUD) serves the Zephyr Cove area at Lake Tahoe. Douglas County acquired the Zephyr water system from the private Zephyr Cove Water Company in February 1991, after condemnation proceedings.

### **CURRENT SYSTEM**

Source water is pumped from Lake Tahoe to the treatment plant where the water receives ozonation followed by chlorination. The treatment plant pumps to a 560,454 gallon tank. The distribution system, comprised of four pressure zones, is gravity fed from the tank. There are two separate distribution systems; one was intended for fire flow and the smaller diameter system for the culinary service.

In January 2011, Douglas County received a loan from the DWSRF for \$1,078,432 to replace the smaller diameter mains on Zephyr Knolls #2, Zone 2, Lakeview Court, and Lakeview Drive that were experiencing significant failures. This project also replaced the Ozone generators – one of which had failed in February 2010. Both had reached their life expectancy.

ZWUD is required to comply with the US Environmental Protection Agency’s Long Term 2 Enhance Surface Water Treatment Rule (LT2ESWTR) by October 2014. The purpose of the LT2ESWTR is to reduce illness linked with the contaminant *Cryptosporidium* and other disease-causing microorganisms in drinking water. The LT2ESWTR supplements existing regulations by targeting additional *Cryptosporidium* treatment requirements to higher risk systems. These higher risk systems include filtered water systems with high levels of *Cryptosporidium* in their water sources and all unfiltered water systems which do not treat for *Cryptosporidium*.

### **Customers, Population and Growth**

The ZWUD water system serves an estimated population of 1341 through 447 residential and 1 commercial service connections. Very little growth is projected for the area. Future connections could include 26 residential and 1 commercial.

### **PROPOSED PROJECT**

The proposed project will install ultraviolet light (UV) treatment along with the existing Ozone disinfection as the two primary disinfectants under the LT2ESWTR rule. This project also includes additional funding to cover the costs for the Zephyr Knolls water line project, originally approved in the first loan, and to cover final costs for the replacement of the Ozone generators.

Similar to other water systems located at Lake Tahoe, raw water has low mineral content, low solids content, and minimal organic content. Low solids content (turbidity) is one of the reasons the water supply meets the filtration avoidance criteria. Water quality samples were taken twice a month from April 2010 to March 2011. No *Cryptosporidium* cysts were detected in any of the samples collected. The results classify the ZWUD water system under the 2-log treatment bin for *Cryptosporidium*. Two disinfectants are required under LT2ESWTR. The Ozone system currently provides 3-log *Giardia* inactivation as well as 4-log virus inactivation.

Early engineering design proposes to pre-validate the UV reactors for 3-log *Cryptosporidium* inactivation, thereby providing 3-log *Giardia* inactivation as well. By using UV disinfection for these pathogens, Ozone dosage can be reduced to provide the lower requirement for virus disinfection and taste and odor control. This results in lower operation and maintenance costs to the utility.

### **Alternatives to Proposed Project**

The ZWUD treatment plant is located on a small, narrow parcel with no real room for expansion. With the new ozone generation equipment, some space inside the building was made available. Douglas County and their engineers reviewed alternatives including UV and chlorine, UV and Ozone, Ozone and chlorine, and membrane filtration. Each alternative was evaluated for its ability to achieve the treatment criteria and for cost-benefit purposes.

UV disinfection is a physical rather than a chemical disinfection process. The inactivation of microorganisms is based on the UV dose and can be affected by water quality (e.g., turbidity). The quality and clarity of Lake Tahoe water makes it an excellent candidate for UV disinfection.

Contact time requirements for Ozone inactivation of *Cryptosporidium* are significantly higher than contact time requirements for *Giardia* and virus disinfection, particularly in cold water temperatures. Consequently, Ozone is rarely used for *Cryptosporidium* inactivation credit.

Filtration processes were eliminated early in the process as they tend to generate a significant waste stream and often require significant land area due to low loading rates.

**Environmental Review**

Environmental review of water projects is conducted by the NDEP pursuant to Nevada Administrative Code (NAC) 445A.6758 to 445A.67612. Certain types of projects are eligible for a categorical exclusion from the environmental review process under NAC 445A.67583<sup>1</sup>. NDEP has determined that the project is eligible for a categorical exclusion and may be exempted from further substantive environmental review requirements. The basis of this determination is that the new UV treatment system will be placed inside an existing building and the pipe replacement will be done in existing public utility easements. A significant effect on the quality of the environment is unlikely since construction will be permitted by Tahoe Regional Planning Agency and subject to strict environmental criteria and mitigation if necessary. A Best Management Plan will be developed and followed for the entire project area. Any barren areas and areas disturbed by construction will be re-vegetated in accordance with the TRPA Handbook of Best Management Plan Practices. No known wildlife or endangered species, historic or archeological sites will be affected by the proposed project. There are no negative impacts to either commercial or residential land uses, and the project will have a positive benefit of improved water quality to all residential and commercial users.

Notice of the proposed categorical exclusion determination by NDEP was published in the Tahoe Daily Tribune on or about March 14, 2012. It was also circulated through the Nevada State Clearinghouse. Consultation with the State Historic Preservation Office has been initiated. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

**Permits**

The following permits are required for the project:

- NDEP Bureau of Safe Drinking Water Approval – July 2013
- Tahoe Regional Planning Agency Qualified Exempt – July 2013
- Douglas County Building Permit – July 2013

**Cost Estimate**

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>Other</u>	<u>Totals by Use</u>
Planning				
Design & Engineering	\$200,000			\$200,000
Land Acquisition				
Equipment/Materials				
Construction	\$1,060,000			\$1,060,000
Administrative				
Financing Cost	\$40,000			\$40,000
Totals by Source	\$1,300,000			\$1,300,000

<sup>1</sup> NAC 445A.67583 Categorical exclusion: Eligibility of water project. ([NRS 445A.270](#), [445A.295](#))

2. The following types of water projects may be eligible for a categorical exclusion:

(a) The rehabilitation of an existing facility;

(e) Any other water project for which there is sufficient evidence that a significant effect on the quality of the environment is unlikely

**Detailed Cost Breakdown**

<b>Updated ZWUD Water Line and LT2 Compliance Costs</b>		
<b>ZWUD Waterline Replacement (Undersized Lines in Zephyr Knolls #2, Zone 2, Lakeview Court, and Lakeview Drive)</b>		
Construction Estimate for 2011 SRF Loan		\$ (649,278)
Additional Engineering, Testing & Admin.		\$ 35,000
Current 90% Construction Cost Estimate	See Attached 90% Estimate	\$ 759,210
<b>Additional Funding Required</b>		<b>\$ 144,932</b>
<b>Additional Ozone Generator Replacement Cost</b>		
Estimate for 2011 SRF Loan		\$ (308,000)
Ozone Generator Replacement Cost		\$ 334,090
<b>Additional Funding Required</b>		<b>\$ 26,090</b>
<b>UV LT2 Project</b>		
UV LT2 Project	See Attached Preliminary Estimate	\$ 873,000
Alternate Horizontal Layout	See Attached Preliminary Estimate	\$ 51,000
<b>Estimated Cost</b>		<b>\$ 924,000</b>
	<b>Estimated Cost</b>	<b>\$ 1,095,022</b>
	<b>Contingency</b>	<b>\$ 204,978</b>
	<b>Total Estimated Cost</b>	<b>\$ 1,300,000</b>

**Project Schedule**

	<b>Estimated Completion Date</b>
Financing & Planning	September 2012
Design & Permitting	June 2013
Advertising Invitation to Bid	July 2013
Bid Opening & Award of Contract	August 2013
Start of Construction	September 2013
Completion of Construction	July 2014
Start-up of Water Project – LT2 Compliance Date	September 2014

**Financial Evaluation**

Douglas County has the financial capability to handle the loan. The Zephyr Water Utility District is a financially viable operation with the ability to meet costs of continuing operations and maintenance. Indicators of Douglas County – Zephyr Cove Water Utility District’s financial capability and other significant financial highlights include the following:

- Based on Resolution No. 2010 R-073, approved September 2010, Douglas County will continue to review and set rates in order to meet operating, maintenance and debt service needs.

- As of June 30, 2011, Douglas County's total assets in their Enterprise Funds (Zephyr Cove Water Utility being one of 16) was approximately \$110M, total related debt, including general obligation debt outstanding was approximately \$30M, leaving total net assets of approximately \$80M. The Current Ratio at this date was 2.97, meaning the County's enterprise funds had current assets enough to pay their current obligations 2.97 times over.

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.

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

ZWUD is in compliance with the monitoring and maximum contaminant level requirements of the Safe Drinking Water Act. Douglas County employs operators who have the technical knowledge, certification, and ability to operate the system. Douglas County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards. Douglas County retains a certified public accountant and utilizes generally accepted accounting principles.

***Public Notice***

The County developed a working group to review and comment on the development of the long term needs and Capital Improvement Plan for the ZWUD water system. There were many meetings of the working group from 2007 to 2010. In addition, the proposed project has been discussed at Douglas County Commission meetings which are open to the public, and the Commission directed staff to submit an SRF loan application for LT2ESWTR compliance in December 2011.

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

Currently, there is approximately \$19 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$16.8 million.

**RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,300,000 to Douglas County for improvements to the Zephyr Water Utility District water system. 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 Douglas County will negotiate the terms and conditions of a loan agreement.

# **ATTACHMENT 1**

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

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "4-2012 DOUGLAS COUNTY ZEPHYR WATER UTILITY 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 April 17, 2012, the Board, pursuant to NRS 445A.265, approved the 2013 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Douglas County owns and operates the Zephyr Water Utility District public water systems located at Lake Tahoe; and

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

**WHEREAS**, the Division ranked the Project as #1 on the 2013 Priority List of water projects, which was approved by the Board on April 17, 2012; and

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

**WHEREAS**, Douglas County Zephyr Water Utility 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 Douglas County 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 “4-2012 Douglas County Zephyr Water Utility District Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated between Douglas County 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 \$1,300,000 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 APRIL 17, 2012**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT VI

## Verdi Business Park Loan Commitment and Resolution

**Board for Financing Water Projects  
Loan Commitment from Drinking Water State Revolving Fund  
Verdi Business Park Water Cooperative  
April 2012**

**Project:** Water System Improvements  
**Project Estimate:** \$655,200  
**Loan Amount:** \$635,200

**GENERAL**

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not “commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265, subsection 3). Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF.

**BACKGROUND**

The Verdi Business Park (VBP) is located approximately 9 miles west of Reno. The business park was created in 1986. The non-transient, non-community water system that serves the VBP is a privately-owned cooperative made up of the property owners of the parcels within the VBP. The Co-Op serves 16 metered customers in the 17.6 acre area.

**CURRENT SYSTEM**

The single well that serves the VBP was originally drilled to 195 feet in 1979. This well was deepened to 365 feet in 1989 and to 463 feet in 1995. There is no backup source of supply. In addition, the system has two 120,000-gallon storage tanks. SPB Utilities is currently contracted to maintain the system and perform the required testing and reporting. The VBP owns no water rights but has a will serve commitment from Washoe County reflecting water resource dedications in the aggregate total of 12.58 acre-feet for water service to parcels within the VBP. Wastewater collected from the VBP is sent to the Truckee Meadows Water Reclamation facility.

The existing system exceeds the maximum contaminant level for arsenic. Other test wells in the area also report high arsenic readings. The existing storage facilities are insufficient to meet the current water supply and fire flow demands. An additional 73,000 gallons of storage are necessary to meet these demands.

***Customers, Population and Growth***

Growth is limited within the service area of VBP because of the limited number of parcels available for development and the current site zoning. There is only one parcel currently available and proposed for development in the future. The Truckee Meadows Water Authority (TMWA) is planning to serve the Verdi/Mogul area. The incorporation of the VBP system would be a logical and beneficial part of the TMWA expansion.

## **PROPOSED PROJECT**

VBP would best be served if the system were connected and turned over to the larger public water system, TMWA. The most cost effective project of the alternatives considered includes two connections to TMWA (Figure 1):

1. connecting the VBP water system via 1,300 lineal feet of main from the VBP tanks to an existing TMWA 10-inch ductile iron high pressure main located at Bennetts Court and
2. connecting the VBP system to the TMWA system at the 12-inch ductile iron water main at the new roundabout at Highway 40 and Somerset Ridge Parkway.

It appears that the existing 1.5" water meters are too large for the flows to each unit and may be a significant contributor to the unaccounted for water in the system. As a part of the project, new TMWA-compatible ¾" water meters will be installed.

Upon completion and acceptance of the proposed improvements, it is VBP's intention to turn ownership, operation and maintenance of the VBP water system over to TMWA.

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

Three alternative configurations were reviewed to bring the VBP into compliance with Washoe County Health and Nevada Administrative Code:

1. Connect the VBP system to TMWA at the new roundabout at Highway 40 and Somerset Ridge Parkway and replace one of the 120,000-gallon storage tanks with at least 193,000 gallons of storage. The intertie would provide a compliant source of supply to the VBP system. The existing well would be abandoned and water rights would be used for one of TMWA's wells. The new tank would provide the capacity to meet required fire flow and maximum day demand.
2. Connect the VBP to TMWA at Highway 40 via a reduced sized service. Water from TMWA would then be added to the water from the existing well for blending purposes to bring the VBP system into compliance with the arsenic rule and also to provide a backup source of water for the system. VBP would purchase water from TMWA and remain an independent water system. One of the existing storage tanks would still need to be replaced with at least 193,000 gallons of storage for fire flow.
3. Drill a backup source of water and install arsenic treatment. One of the existing storage tanks would still need to be replaced with at least 193,000 gallons of storage for fire flow.

### ***Environmental Review***

Environmental review of water projects is conducted by the NDEP pursuant to Nevada Administrative Code (NAC) 445A.6758 to 445A.67612. VBP provided an environmental analysis and information for an environmental review. As required by the National Environmental Policy Act, NDEP assessed the potential environmental effects of the proposed project and has determined that the proposal will not have a significant effect on the human environment and an Environmental Impact Statement is not required. The basis of this determination is that no floodplains, wetlands, sensitive species, cultural resources or important farmlands will be affected by this project. The new, inter-tie pipeline will be installed in public rights-of-way and private lands.

The Nevada State Historic Preservation Office reviewed the subject undertaking and consulted the online statewide archaeological inventory. According to these records, the project area has been inventoried for cultural resources, no previously recorded resources are in the proposed project area and no additional cultural resource inventories are recommended. NDEP published a Notice of

Finding of No Significant Impact in the Reno Gazette Journal on 6 January 2012 and circulated the Notice through the State Clearinghouse. No public comments were received.

**Permits/Easements**

There are waterline easements in place to accommodate the existing water system, and the existing water storage tanks are located on land that is leased from TMWA.

The following permits/easements/approval will be required:

1. Bureau of Safe Drinking Water – Letter of approval of the final design and construction documents
2. An encroachment permit from the Nevada Department of Transportation
3. A 30-foot permanent easement and a 100-foot temporary construction easement from Mr. Harry Bennetts
4. A 30-foot permanent easement and a 100-square foot temporary construction easement from M.C. Durkee Family Trust
5. The VBP will be required to turn over all easements and annex into the adjacent TMWA service territory

**Cost Estimate**

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning		\$20,000		\$ 20,000
Design & Engineering	\$68,000			\$ 68,000
Land Acquisition	\$20,000			\$ 20,000
Equipment/Materials				
Construction/Improvements	\$455,880			\$455,880
Administrative and Connection Fees TMWA	\$71,320			\$ 71,320
Financing Costs	\$20,000			\$ 20,000
<b>Totals by Source</b>	<b>\$635,200</b>	<b>\$20,000</b>		<b>\$655,200</b>

Project Total

**Project Schedule**

Planning, Design & Specification	Q1 - 2012
Award of Contract	Q3 - 2012
Start of Construction	Q3 - 2012
Start-up of Water Project	Q4 - 2012

**Financial Evaluation**

NDEP’s Office of Financial Assistance reviewed the financial information submitted with the Project Loan Application for the Verdi Business Park Water Cooperative. The materials include:

- Financial Statements for fiscal years 2009, 2010, and 2011
- DWSRF Loan Application

- Schedule of debt service

Indicators of VBP's financial capability include the following:

The current operating cost for the Co-op is \$64,170 (FY11 budget). Annual debt service for a loan for the proposed project would be approximately \$46,500. The estimated annual cost of water service from TMWA for all customers in the Co-op is \$5,800. This gives a total annual cost to the Co-op of approximately \$52,300, significantly less than the current operating cost.

On March 20<sup>th</sup>, Verdi Business Park's Board of Directors approved the draft acquisition agreement, dated 12/28/11, between VBP and Truckee Meadows Water Authority (TMWA). On March 21<sup>st</sup>, the TMWA Board of Directors also approved the acquisition agreement. Therefore, upon completion of the project, the water system will be connected to the TMWA system, which will acquire all the assets and assume all the liabilities and operations of VBP, including the obligation to repay the DWSRF loan.

In addition to TMWA assuming operations of water system, the acquisition agreement stipulates that the members of the VBP Cooperative will pay monthly water fees in an amount sufficient to fund TMWA's debt service to the SRF, thereby avoiding any placement of economic burden on TMWA's current customers.

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

Currently, there is approximately \$19 million available in the loan fund. This loan commitment along with other recommended projects before this Board will reduce the funds available for future loans to approximately \$16.8 million.

**RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$635,200 to the Verdi Business Park Water Cooperative. 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 Verdi Business Park Water Cooperative will negotiate the terms and conditions of a loan agreement. A resolution designated the "04-2012 the Verdi Business Park Water Cooperative Project Loan Commitment" is attached for your consideration (Attachment #1).

# **ATTACHMENT 1**

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

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "04-2012 THE VERDI BUSINESS PARK WATER COOPERATIVE 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 April 17, 2012, the Board, pursuant to NRS 445A.265, approved the Year 2013 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Verdi Business Park Water Cooperative ("Verdi Business Park") owns and operates a public water system located in Verdi, Nevada; and

**WHEREAS**, the Division ranked the Project as #15 on the Year 2013 Priority List of water projects, which was approved by the Board on April 17, 2012; and

**WHEREAS**, Verdi Business Park'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**, the Division has determined that Verdi Business Park 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 “04-2012 Verdi Business Park Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated by the Verdi Business Park Water Cooperative 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 \$635,200 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 APRIL 17, 2012**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects