

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

**Summary Minutes**

**Tuesday, July 9, 2013  
9:00 AM  
901 S. Stewart St., 5<sup>th</sup> Floor Training Room  
Carson City, NV 89701**

**Members Present:**

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

**Staff Attending:**

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

Note: Andrew Belanger and Katie Armstrong were not in attendance at the beginning of the meeting. It is noted later in these minutes when each arrived.

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

Chairman Scott opened the meeting and invited Board members and others present to introduce themselves.

**B. APPROVAL OF MINUTES - January 23, 2013 MEETING (For Possible Action)**

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

**C. ELECT A BOARD CHAIRMAN & VICE CHAIRMAN (For Possible Action)**

This agenda item was postponed pending Mr. Belanger's arrival.

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

**D.1. Review of Disadvantaged Communities Criteria for inclusion in the IUP (Non Action)**

Ms. Daralyn Dobson gave a summary presentation of Disadvantaged Communities Criteria (ATTACHMENT 1). The federal appropriation required the state use at least 20% to 30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Ms. Dobson went on to explain the Nevada Administrative Code (NAC) definition of a disadvantaged community and how it correlates with subsidy eligibility. Ms. Dobson presented research regarding subsidy requirements including input from interested parties, other states' policies, and discussions with Nevada Division of Environmental Protection administration. Proposed revisions include consolidation of smaller systems to larger systems; a cap on additional subsidies of \$500,000 per

project, unless risk is acute; and a requirement to commit to reasonable rates for systems eligible due to MHI.

**Note: Mr. Belanger arrived during this presentation.**

Chairman Scott moved to Agenda item C which was originally postponed.

### **C. ELECT A BOARD CHAIRMAN (For Possible Action)**

**Motion:** Mr. Walker moved Mr. Scott be elected Board Chairman for the next year. Mr. Workman seconded and the motion passed.

Mr. Workman was nominated for Vice Chairman, however declined.

**Motion:** Mr. Walker nominated Mr. Belanger as Vice Chairman, Mr. Workman seconded, and the motion passed.

### **D.2. DISCUSSION & POSSIBLE APPROVAL OF THE 2014 PRIORITY LIST (For Possible Action)**

Ms. Stamates reviewed with the Board the 2014 Priority List and the ranking system (ATTACHMENT 2).

**Motion:** Mr. Walker moved to accept the 2014 Priority List as prepared. Mr. Belanger seconded and the motion passed unanimously.

### **D.3. DISCUSSION & POSSIBLE APPROVAL OF LOAN COMMITMENTS**

Ms. Stamates provided the Board a detailed description and staff recommendation for each proposed project.

#### **3.a. McDermitt GID revised Loan Commitment (For Possible Action)**

This is a proposed amendment for a \$32,402.37 increase to SRF ARRA loan for the purpose of purchasing an emergency backup generator (ATTACHMENT 3). Attending the meeting to answer questions for the Board were Mr. Kirk Swanson from Farr West Engineering as well as Gary Wilson and Patti Albisu from McDermitt.

**Motion:** Mr. Belanger moved to approve a Resolution designated the “American Recovery and Reinvestment Act 7-2013 McDermitt Water System Project Loan Commitment Resolution” and to commit to an increase of \$32,402.37, bringing the loan total to \$524,402.37. The motion was seconded by Mr. Walker and passed unanimously.

#### **3.b. Sage Valley Mobile Home Park revised Loan Commitment (For Possible Action)**

This is a proposed amendment for a \$4,865.42 increase to SRF ARRA loan for process modification for removal of manganese (ATTACHMENT 4). Mr. Marty Ugalde, Day Engineering, was in attendance at the meeting to answer any questions the Board may have had.

**Motion:** Mr. Walker moved to approve a Resolution designated the “American Recovery and Reinvestment Act 7-2013 Sage Valley Mobile Home Park Project Loan Commitment Resolution” and to commit to an increase of \$4,865.42, bringing the loan total to \$139,665.42. The motion was seconded by Mr. Workman and passed unanimously.

### **3.c. Beatty Water & Sanitation District revised Loan Commitment (For Possible Action)**

This is a proposed amendment for a not-to-exceed increase of \$83,245.05 in the loan commitment to Beatty Water and Sanitation District (BWSD) - (ATTACHMENT 5). This money would be used reimburse BWSD for emergency well repairs that occurred during their original project. The additional funds would only be utilized should uncommitted funds remain from any of the open ARRA projects at the end of July 2013. No one was present from Beatty.

Mr. Bert Bellows, Bureau of Safe Drinking Water, expressed his support for this funding and briefly spoke about some of the issues Beatty had experienced.

**Motion:** Mr. Workman moved to approve a Resolution designated the “the American Recovery and Reinvestment Act 7-2013 Beatty Water & Sewer Districts Loan Commitment Resolution” and to commit to an increase of \$83,245.05, bringing the loan total to \$139,665.42. The motion was seconded by Mr. Workman and passed unanimously.

### **3.d. Elko County - Town of Montello Loan Commitment (For Possible Action)**

This proposed \$380,151 commitment will fund construction of a new 150,000-gallon water storage tank and equip it with supervisory control and data acquisition (SCADA) equipment (ATTACHMENT 6). Mr. Dale Johnson, Elko Co. Public Works, and Mr. Ugalde were in attendance to answer any questions relating to this project.

The Board expressed concerns that the Town is using flat rates instead of metered rates for water. A discussion took place regarding possible requirement of metered rates if SRF funding is provided.

**Motion:** Mr. Belanger moved to approve a Resolution designated the “7-2013 Elko County for the Town of Montello Project Loan Commitment Resolution” and to commit funding of \$380,151 with the added stipulation that the Board strongly recommends Elko County moves toward a meter rate structure for water systems funded by the SRF program. The motion was seconded by Mr. Walker and approved unanimously.

Mr. Walker suggested contacting Elko County regarding the Board’s position requiring metered rates. This matter will be discussed with Katie Armstrong, Deputy Attorney General to the Board.

### **3.e. Goldfield Loan Commitment (For Possible Action)**

This proposed commitment is for funding of two items (ATTACHMENT 7). The first is for tank refurbishment which includes contingency for potential repairs found during sand blasting and interior coating. The second item is for a Preliminary Engineering Report (PER) relating to evaluation of options for rehabilitation of the production and transmission system. There was an amount error in the staff report; funding amount requested is \$155,000.

There was some discussion on this project in which Ms. Susan Dudley, Project Administrator, Mr. Mike Anderson, Goldfield Utilities, and Steve Brigman, Shaw Engineering, participated. Mr. Bellows also had a few questions.

**Motion:** Mr. Walker moved to approve a Resolution designated the “7-2013 Esmeralda County Goldfield Project Loan Commitment Resolution” and to commit funding of \$155,000. The motion was seconded by Mr. Workman and passed unanimously.

**Note:** Deputy Attorney General Katie Armstrong arrived at this time during the meeting.

Mr. Belanger recused himself from participation in the following agenda item due to his employment affiliation with Las Vegas Valley Water District (LVVWD).

### **3.f. Las Vegas Valley Water District (For Possible Action)**

This is a proposed commitment for a loan in the amount of \$228,792 to LVVWD for the replacement of reservoir hatches and screens (ATTACHMENT 8). The LVVWD did not plan or budget for this work at this time; however, during a State Drinking Water Sanitary Survey, non-compliance to NAC requirements were discovered with the condition of some of the hatches and screens.

Attending the meeting and representing LVVWD were Ms. Pat Sampson, Supervisor of Maintenance, Engineering and Water Quality and Mr. Jordan Bunker, Management Services Division.

**Motion:** Mr. Workman moved to approve a Resolution designated the “7-2013 Las Vegas Valley Water District Project Loan Commitment Resolution” and to commit funding of \$228,792. Motion was seconded by Mr. Walker and passed, with Mr. Belanger abstaining.

### **D.4. RESULTS OF 2011 DRINKING WATER NEEDS SURVEY AND THE IMPACT ON FUTURE EPA GRANTS (Non Action)**

Ms. Adele Basham presented this agenda item and reported the following information.

In June of this year, EPA released the state by state allocation of DWSRF grant funds based on the results from the 2011 Drinking Water Infrastructure Needs Assessment. All the effort that Nevada put into the survey made a difference. Nevada’s allocation increased from 1% to 1.43% which translates into an additional \$3.4 million in grant funds for FY14. The 1.43% allocation will be used by EPA for the next 4 years.

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

The Board discussed the possibility of telephone conference call meetings to expedite approval of SRF funding. Chairman Scott asked DAG Armstrong if telephone conference calls would be allowable to conduct Board business to which Ms. Armstrong replied affirmatively.

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

None.

### **G. ADJOURNMENT**

There being no other business, the Board meeting adjourned at 12:40 PM.

# ATTACHMENT 1

# Review of Alternative Criteria for DWSRF Additional Subsidy

Prepared for the Board for Financing Water Projects  
July 2013



Drinking Water SRF loan program, as a whole, is a subsidy program through savings in finance charges.

- Interest rate is set at 66% of the bond buyer's index
- Saving can be as much as 34% in interest costs



## Example of Loan Savings

- \$2,000,000 loan
- 20 year term
- As of 6/17/13
- Traditional loan 4.16% for a cost of \$966,000
- DWSRF loan 2.75% for a cost of \$613,000
- Savings \$353,000

## Amount of Additional Subsidy Required by EPA Grants

• ARRA	≥ 50%	\$9,750,000
• 2010 Grant	≥ 30%	\$4,071,900
• 2011 Grant	≥ 30%	\$2,780,400
• 2012 Grant	20% to 30%	\$1,825,000 - \$2,737,500
• 2013 Grant	20% to 30%	\$1,684,200 - \$2,526,300

## EPA Grant Requirements on Additional Subsidy

“Priority for additional subsidies should be given to communities that could not otherwise afford such projects”

“...subsidies should be directed to:

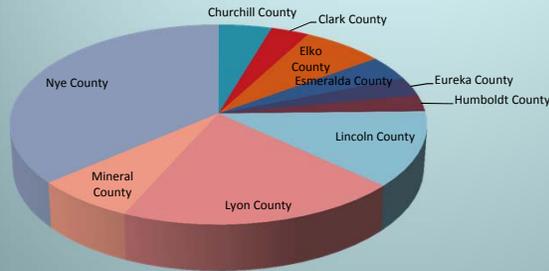
- 1) Repair, replacement, and upgrade of infrastructure...
- 2) Investigations studies, or plans that improve the technical, financial and managerial capacity of the recipient... and/or
- 3) Preliminary planning alternatives assessment and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or “green” systems into the built environment.

United States. Environmental Protection. 2012 Grant Agreement.

## Current Approach to Additional Subsidy

- Available to Disadvantaged Communities, defined as < 80% of State MHI.
- Form of additional subsidy is 100% principal forgiveness. The State does not have statutory authority for grants.

## Additional Subsidy \$'s Awarded to date by County



Churchill County	\$849,911.67
Clark County	\$607,000.00
Elko County	\$1,302,993.10
Esmeralda County	\$730,981.00
Eureka County	\$564,500.00
Humboldt County	\$492,000.00
Lincoln County	\$2,247,227.07
Lyon County	\$3,662,307.13
Mineral County	\$1,299,051.27
Nye County	\$6,692,156.00
<b>Total</b>	<b>\$18,448,127.24</b>

## Identification of Alternative Approaches to Additional Subsidy

- Consider comments during last Board meeting
- Roundtable discussion/NRWA Conference
- Gather information about other States
- Internal NDEP discussions



- Loans with interest rate on a sliding scale based on affordability, i.e. comparison of water rates to “affordable” rates.
- If necessary, principal forgiveness is awarded at a level sufficient to bring the user rates as close to affordable level as possible.
- Provide additional subsidy for consolidation of non-viable systems.
- Maximum of \$750,000 or 60% per project, whichever is less.



- Must be in top 50% on Priority List and score high enough on their fiscal capacity scale
- Colonia communities (defined by the USDA as a community within the mainly rural US-Mexico border region with marginal conditions related to housing and infrastructure)
- Fix it first projects that are ready to proceed may be considered



- Additional subsidy to disadvantaged communities < 80% MHI; or
- Communities with average annual water rates >1.75% of MHI.
- Subsidy may be zero interest loans, principal forgiveness or extended 30 yr. loan.



- Disadvantaged if combined annual rates for water and wastewater are > 2.3% of local MHI or if water rate is > 1.4% of MHI.
- Principal Forgiveness up to 50% of loan amount capped at \$500,000 per project.
- May also qualify for extended loan terms up to 30 years

## List of Identified Alternatives

1. Geographic consideration
2. Unemployment rates
3. Emergency funding
4. Affordability of water rates
5. Consolidation incentive



In addition, discussion came up on the success of the AB198 requirement of contributions to capital asset accounts.

## Screening of Alternatives

- Geographic criteria.
  - May not meet EPA requirement that the system could not otherwise afford the project.
  - May contradict the purpose of the priority list.
- Emergency Funding
  - May not meet EPA requirement that the system that could not otherwise afford the project.
  - Difficulty defining emergency vs. potential emergency.
- Unemployment rate.
  - No clear nexus between unemployment and the needs of a water system.
  - Unemployment rates are changing.

## 2012 Unemployment Rates by County

Carson City	11.1%
Churchill County	9.2%
Clark County	11.2%
Douglas County	12.0%
Elko County	5.9%
Esmeralda County	5.2%
Eureka County	6.0%
Humboldt County	6.2%
Lander	5.3%
Lincoln County	12.8%
Lyon County	14.8%
Mineral County	12.7%
Nye County	13.5%
Pershing County	10.3%
Storey County	11.3%
Washoe County	10.9%
White Pine County	7.1%

<http://www.nevadaworkforce.com>



## Screening of Alternatives, cont.--

Affordability of water rates.

Evaluation of Reasonable Rates Based on the AB198 policy:

### First Scenario

- 15,000 gallons usage
- MHI < State MHI of \$55,553
- Rates no less than 1.5% of MHI

### Second Scenario

- 15,000 gallons usage
- MHI > State MHI of \$55,553
- Rates no less than 2% of MHI

## Comparison of Actual Rates to “Reasonable Rates”

SYSTEM	ESTIMATED RATE	MHI	Affordability Criteria	Reasonable Rate	Difference of Estimated Rate and Reasonable Rate
Kingsbury	109.21	79,952	2.0%	133.25	(24.04)
Dayton	40.22	43,439	1.5%	54.30	(14.08)
Beatty	38.25	21,964	1.5%	27.46	10.80
LVVWD	61.41	54,174	1.5%	67.72	(6.31)
Goldfield	66.84	43,125	1.5%	53.91	12.93
TMWA	58.82	55,813	2.0%	93.02	(34.20)
Carson City	40.45	54,235	1.5%	67.79	(27.34)
Searchlight	39.63	38,929	1.5%	48.66	(9.03)
Kyle Canyon	105.30	73,650	2.0%	122.75	(17.45)
LVVWD/Mesquite	47.64	44,514	1.5%	55.64	(8.00)

## Screening of Alternatives, cont.--

Consolidation incentive.

Principal forgiveness could be used as an incentive for a water system or entity to absorb a nonviable system or to simply consolidate a smaller system.



## Summary of Findings

- Geographic considerations, unemployment rates, and emergency funding didn't meet EPA additional subsidy & priority list requirements.
- Most User Rates are below Reasonable Rate levels. Systems exceeding Reasonable Rate levels are already considered disadvantaged communities.
- Consolidations should be considered for additional subsidy.
- A per project cap on additional subsidy appears reasonable based on practice in other States.
- An AB198-like "Reasonable Rate" requirement as a condition of additional subsidy may be appropriate with some systems.

## Proposed Revision to DWSRF Disadvantaged Community Program

### Eligibility for Principal Forgiveness:

- Community MHI < 80% of State MHI; or
- Project involves consolidation of a smaller system with a larger regional system.

### Conditions of Additional Subsidy:

- Cap on additional subsidy of \$500,000 per project, unless risk is acute.
- Systems eligible due to MHI must commit to Reasonable Rates to receive the subsidy.

## ATTACHMENT 2

## Year 2014 Priority List

### Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2013

#### 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 NACs 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.

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.

#### 2014 PRIORITY LIST DEVELOPMENT

In late December 2013, NDEP sent a solicitation to all eligible water systems for proposed water

projects. The following 25 new projects have submitted pre-applications to be added to the 2014 Priority List.

<b>Rank</b>	<b>Applicant</b>	<b>Project</b>
8	Silver Knolls Mutual Water Co	Arsenic compliance
13	Sage Valley MHP	Manganese removal
17	Beatty Water & Sanitation Dist	Transmission main, storage tanks, & controls
20	Elko Co (Mountain City)	Spring rehabilitation & transmission main
21	Beatty Water & Sanitation Dist	New source
22	Elko Co (Jackpot)	PER – Well 3 Uranium compliance
24	Goldfield Town Water	PER, well rehabilitation, transmission main replacement, & booster pump replacement
27	Panaca Farmstead	Back-up well
29	Silver Springs Mutual Water Co	Replacement well
33	City of Yerington	Distribution line replacement – Phase 1
34	Gerlach GID	Distribution line looping, replacement of service saddles
39	Beatty Water & Sanitation Dist	Distribution line replacement
40	Kingsbury GID	Relocation of treatment plant
42	Goldfield Town Water	Storage tank recoating
44	Nye County (Gabbs)	Distribution line replacement
45	Tonopah Public Utilities	Storage tank replacement & booster pump re-conditioning
52	McGill – Ruth GID	New storage tank
53	Las Vegas Valley Water District	Repair/replace reservoir hatches & vent screens (various)
58	Kingston Town Water Utilities	New storage tank
65	Panaca Farmstead	Metering system upgrades
66	Castle Rock HOA	Distribution line replacement
68	McDermitt GID	Back-up generator
69	Tonopah Public Utilities	Metering system upgrade to radio read
71	Nye County Complex	Storage tank replacement, transmission line replacement, addition of treatment, SCADA, & back-up generator

Eleven projects that have been funded and completed 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 30, 2013. 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. No comments were received.

**Recommendation**

It is recommended that the Board for Financing Water Projects approve the Year 2014 Priority List. A resolution to that effect is attached.

## RESOLUTION

**A RESOLUTION DESIGNATED THE “YEAR 2014 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 30, 2013 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 2014 Priority List Resolution.”

**Section 2.** Based on its review of the information and recommendation submitted to the Board concerning the Year 2014 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 2014 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 2014 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

**Section 4.** The Year 2014 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 July 9, 2013.**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# Attachment A

## 2014 Priority List

**DRAFT Year 2014 Priority List - Drinking Water State Revolving Fund**

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
<b>Class I--Acute Health Risks</b>											
1	Douglas County (Zephyr WUD)	3	0.91	2.74	Public	DO	NV0000258	1,193	477	LT2E surface water treatment, distribution (GREEN)	\$1,300,000
<b>Total Class I</b>											<b>\$1,300,000</b>
<b>Class II--Chronic Health Risks</b>											
<b>Community Water Systems</b>											
2	Roark Estates HOA	10	2.10	20.98	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
3	Wildes Manor MHP	10	1.97	19.68	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
4	McDermitt GID	10	1.43	14.32	Public	HU	NV0000162	200	100	Arsenic compliance	\$492,000
5	LVVWD (Searchlight)	10	1.43	14.27	Public	CL	NV0000219	740	310	Arsenic compliance	\$466,150
6	Holbrooke Station MHP	10	1.11	11.13	Private	DO	NV0002046	168	84	Arsenic compliance	\$103,000
7	Carson City Utilities	10	1.02	10.24	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance (pipeline to Douglas Co and transmission within Carson City)	\$12,124,000
8	Silver Knolls Mutual Water Co	10	1.00	9.95	Private	WA	NV0004021	120	63	Arsenic compliance	\$400,000
9	Frontier Village MHP	10	0.99	9.87	Private	CL	NV0000147	60	71	Arsenic compliance	\$194,955
10	Shoshone Estates HOA	10	0.74	7.36	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
11	Douglas County (Fairgrounds/Sunrise Estates)	10	0.71	7.11	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
12	Nye County (Gabbs)	1	2.12	2.12	Public	NY	NV0000063	411	160	Fluoride compliance	\$1,500,000
13	Sage Valley MHP	1	1.08	1.08	Private	CH	NV0002023	188	147	Manganese removal	\$20,000
<b>Class II--Chronic Health Risks</b>											
<b>Non Community Water Systems</b>											
14	Verdi Business Park	10	0.70	7.00	Private	WA	NV0005061	225	16	Arsenic compliance through consolidation with TMWA	\$635,200
<b>Total Class II</b>											<b>\$20,889,305</b>
<b>Class III--Rehabilitation</b>											
<b>Community Public Water Systems</b>											
15	Lovelock Meadows Water District	43	1.42	60.86	Public	PE	NV0000161	5,278	1,409	New well, transmission line, storage, treatment	\$4,000,000
16	City of Caliente	29	1.94	56.21	Public	LI	NV0000013	1,123	465	Well upgrades, transmission line & distribution line repair/replace	\$1,905,000
17	Beatty Water & Sanitation District	21	2.53	53.11	Public	NY	NV0000009	1,010	446	Transmission line replacement, storage tanks. & controls	\$2,582,830
18	Palm Gardens Water Coop	33	1.29	42.45	Private	CL	NV0000819	58	51	Treatment, storage, security (fencing)	\$163,000
19	Lyon County Utilities (Dayton)	39	1.04	40.54	Public	LY	NV0000838	1,578	895	New well storage, upgrade transmission & distribution	\$1,720,000
20	Elko Co (Mountain City)	23	1.69	38.95	Public	EL	NV0000170	134	40	Spring rehabilitation & transmission line replacement	\$60,000
21	Beatty Water & Sanitation District	15	2.53	37.94	Public	NY	NV0000009	1,010	446	New source	\$4,811,035
22	Elko Co (Jackpot)	15	2.26	33.87	Public	EL	NV0000088	1,195	98	PER - Well 3 replacement	\$50,000
23	City of West Wendover	24	1.40	33.56	Public	EL	NV0000246	4,990	1,103	Transmission line, distribution, storage	\$1,341,600
24	Goldfield Town Water	23	1.29	29.63	Public	ES	NV0000072	375	276	PER, well rehabilitation, transmission line replacement, booster pump replacement	\$5,920,200
25	Reno Sahara MHP	25	1.15	28.71	Private	WA	NV0000701	90	30	Consolidation with TMWA	\$175,000
26	Foothill MHP	25	1.15	28.71	Private	WA	NV0000200	35	17	Consolidation with TMWA	\$100,000
27	Panaca Farmstead	15	1.87	28.02	Public	LI	NV0000185	963	425	Back-up well	\$500,000
28	Truckee Meadows Water Authority	23	1.12	25.71	Public	WA	NV0000190	325,000	90,000	Glendale treatment plant operations building expansion/modification	\$2,000,000
29	Silver Springs Mutual Water Co	15	1.71	25.68	Private	LY	NV0000223	2,500	1,015	Replacement well	\$730,000

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
<b>Class III--Rehabilitation</b>											
<b>Community Public Water Systems</b>											
30	Lamoille Water Users, Inc	39	0.64	25.03	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
31	Orovada GID	19	1.16	22.02	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
32	Walker Lake GID	11	1.98	21.76	Public	MI	NV0000268	400	160	Distribution rehabilitation (GREEN)	\$1,000,000
33	City of Yerington	14	1.48	20.65	Public	LY	NV0000255	2,695	1,573	Distribution line replacement - Phase 1	\$5,431,250
34	Gerlach GID	9	2.19	19.67	Public	WA	NV0000071	200	140	Distribution line looping, replacement of service saddles	\$510,000
35	McGill - Ruth GID	18	1.04	18.71	Public	WP	NV0000164	700	320	Pipe, pump water from existing Steptoe Valley wells in McGill to Ruth	\$7,000,000
36	Elko Co (Montello)	13	1.38	18.00	Public	EL	NV0000169	150	73	Storage tank, SCADA	\$375,375
37	Storey County (Virginia City)	24	0.72	17.18	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
38	LVVWD (Blue Diamond)	24	0.68	16.43	Public	CL	NV0000010	282	125	New wells, replace distribution	\$4,173,693
39	Beatty Water & Sanitation District	6	2.53	15.18	Public	NY	NV0000009	1,010	446	Distribution line replacement	\$3,304,712
40	Kingsbury GID	20	0.69	13.90	Public	DO	NV0000004	3,839	2,450	Treatment plant relocation	\$6,000,000
41	Stagecoach GID	8	1.63	13.08	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
42	Goldfield Town Water	10	1.29	12.88	Public	ES	NV0000072	375	276	Storage tank recoating	\$80,000
43	Palm Gardens Water Coop	10	1.29	12.86	Private	CL	NV0000819	58	51	Solar Power for Well (GREEN)	\$39,988
44	Nye County (Gabbs)	6	2.12	12.70	Public	NY	NV0000063	411	160	Distribution line replacement	\$785,000
45	Tonopah Public Utilities	10	1.20	12.02	Public	NY	NV0000237	2,600	1,500	Storage tank replacement & booster pump re-conditioning	\$291,220
46	Lyon County Utilities (Silver City)	14	0.84	11.75	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$1,900,000
47	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement (U0026)	\$2,300,000
48	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	North Green Valley Parkway transmission and distribution improvements (U0027)	\$1,200,000
49	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$4,700,000
50	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Victory Road cast iron main replacement - Townsite Phase 1 (U0034)	\$2,900,000
51	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement - Townsite Phase 2 (U0072)	\$4,200,000
52	McGill - Ruth GID	10	1.04	10.39	Public	WP	NV0000164	700	320	New storage tank	\$975,000
53	Las Vegas Valley Water District	10	1.03	10.25	Public	CL	NV0000090	1,306,410	354,123	Repair / replace reservoir hatches & vent screens (various)	\$228,792
54	Tonopah Public Utilities	8	1.20	9.62	Public	NY	NV0000237	2,600	1,500	Transmission line replacement	\$5,700,000
55	Steamboat Springs Water Works	10	0.88	8.81	Private	WA	NV0000282	750	297	Telemetry, isolation valves	\$60,000
56	Round Hill GID	10	0.88	8.80	Public	DO	NV0000260	1,700	502	Replace Upper storage tank	\$900,000
57	City of Henderson	10	0.82	8.18	Public	CL	NV0000076	277,000	92,526	Reconstruct/retrofit existing transmission to include installation of an in-pipe hydroturbine (GREEN)	\$1,100,000
58	Kingston Town Water Utilities	10	0.80	7.96	Public	LA	NV0000265	300	144	New storage tank	\$542,875
59	City of Ely	6	1.22	7.29	Public	WP	NV0000038	5,500	2,200	Distribution system improvements	\$6,420,000
60	Sun Valley GID	6	1.15	6.92	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
61	City of Henderson	8	0.82	6.54	Public	CL	NV0000076	277,000	92,526	2007 Pressure zone (east) Water Main Phase II (W0295)	\$1,002,000

Rank	Water System	Total Points	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
<b>Class III--Rehabilitation</b>											
<b>Community Public Water Systems</b>											
62	City of Henderson	8	0.82	6.54	Public	CL	NV0000076	277,000	92,526	P17/P18 Upgrades , 36-inch Transmission Main (W0307/U0007)	\$14,000,000
63	Sage Valley MHP & RVP	6	1.08	6.46	Private	CH	NV0002023	188	147	Replace existing MHP water services (50 connections)	\$75,000
64	Old River Water Company	6	1.06	6.34	Private	CH	NV0000303	300	112	Distribution lines	\$1,451,835
65	Panaca Farmstead	3	1.87	5.60	Public	LI	NV0000185	963	425	Metering system upgrade to radio read	\$400,000
66	Castle Rock HOA	6	0.88	5.28	Private	DO		120	40	Distribution line replacement	\$600,000
67	McDermitt GID	3	1.43	4.30	Public	HU	NV0000162	200	100	Meters (GREEN)	\$80,000
68	McDermitt GID	3	1.43	4.30	Public	HU	NV0000162	200	100	Back-up generator	\$35,000
69	Tonopah Public Utilities	3	1.20	3.61	Public	NY	NV0000237	2,600	1,500	Metering system upgrade to radio read	\$576,000
70	Lyon County Utilities (Dayton)	3	1.04	3.12	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves (GREEN)	\$1,150,000

**Class III--Rehabilitation**

**Non-Community Public Water Systems**

71	Nye County Complex	44	1.34	58.86	Public	NY	NV0002152	100	13	Storage tank replacement, treatment, transmission line replacement, SCADA, & back-up generator	\$405,405
72	Humboldt River Ranch Assoc	15	0.98	14.76	Private	PE	NV0001125	150	10	PER, back-up well & other system requirements	\$15,000

<b>Total Class III</b>	<b>\$118,777,710</b>
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**Class IV--Refinance**

None

<b>Total Class IV</b>	<b>\$0</b>
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<b>TOTAL FOR ALL PROJECTS</b>	<b>\$140,967,015</b>
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2010 Census did not collect MHI data.

State MHI (Median Household Income) is \$55,726 based on 2007-2011 American Community Survey conducted by the US Census Bureau. PWS MHI is based on 2007-2011 American Community Survey unless an approved income survey - done in the past 5 years is available. If

Some projects on this priority list may not be funded with 2014 SRF loan funds.

## ATTACHMENT 3

**McDermitt Water System  
American Recovery and Reinvestment Act  
Loan Commitment**

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

**Applicant: McDermitt GID**  
**Project: Water System Improvements**  
**Previous ARRA Funds Committed: \$492,000.00**  
**Additional Amount of ARRA Funds: \$32,402.37**

**BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. This increase to the original Sage Valley Mobile Home Park project loan, if approved, will utilize ARRA funds.

The community of McDermitt is located approximately 75 miles north of Winnemucca on the Nevada – Oregon border.

The McDermitt water system consists of two wells, a 250,000-gallon, storage tank, and the distribution system. Each of the wells pumps directly into the distribution system. The wells turn on when the storage tank calls for water. Well #2 has a chlorinator. Well #1 has no chlorinator. There is currently no back-up power for the well pumps.

## **REQUEST FOR ADDITIONAL FUNDS**

Concentrations of arsenic in the two wells have varied between 5 parts per billion (ppb) and 20 ppb commonly exceeding the maximum contaminant level (MCL) of 10 ppb. McDermitt is currently operating under an arsenic exemption extension until January 23, 2015.

In May 2009, the Board for Financing Water Projects approved a principal forgiveness loan from the DWSRF ARRA funds in the amount of \$492,000. The original ARRA project included: 1) a hydrogeologic evaluation to identify drilling targets that would intercept an aquifer that is commonly below the arsenic standard by evaluating and sampling existing wells including discrete interval water quality sampling, spinner testing, time series sampling, cleaning of the existing wells, isolation of screen intervals with poor quality, modifications to the existing pump intake depth, installation of well packers, blanking off zones that do not meet the drinking water standards, changing the pumping schedule and repair/replacement of well appurtenances; and 2) if well modifications listed above fail to produce water that meets the MCL in both Well #1 and Well #2, but one of the wells meets the MCL (most likely Well #1), a blending pipeline will be installed assuming blending will bring the water into compliance. Wells 1 and 2 would be piped directly to the storage tank for blending rather than first feeding the distribution system as currently configured.

During last summer's fire season, power for the well pumps was at risk as firefighters sought to keep wildland fires away from power poles serving Harney Electric Cooperative, Inc. – McDermitt's power provider. Given the remote location, loss of power under this scenario could have had a devastating effect on the Town of McDermitt. The McDermitt GID has received an estimate from C.R. Drake & Sons, a licensed electrical contractor in Winnemucca for a portable, back-up generator for the water system wells – \$35,487 plus labor costs of \$7,925 for a total of \$43,412.

## **FINANCIAL EVALUATION**

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 50% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the ARRA Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

According to the 2000 census McDermitt's MHI was \$16,563. Therefore, McDermitt not only met but exceeded the requirements for additional subsidies, making a principal forgiveness loan to the McDermitt GID appropriate.

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

NDEP proposes to redirect \$32,402.37 of unspent ARRA funds to the McDermitt GID. The current balance of deobligated ARRA grant funds is \$37,267.79. With the approval of the two increases in ARRA loans before the Board today, the balance of deobligated ARRA grant funds will be \$0.00. These funds are required to be expended prior to September 2013 or be forfeited.

**Total Project Costs:**

<b>Cost Estimate – ARRA Funding</b>	
Original ARRA Loan	\$492,000.00
Additional ARRA Loan 1	\$32,402.37
<b>Total Project Cost</b>	<b>\$524,402.37</b>

The McDermitt Water System provided a local contribution totaling \$21,500 made up of previous and anticipated costs not included in the project cost estimates. Costs include half of the cost of an end of the project audit, which is expected to total approximately \$25,000; five line replacements that have already been authorized to be replaced at an estimated cost of \$1,500 each, total of \$7500, and an annual arsenic/water testing, which will cost in the area of \$1,500 during the scope of the project. In addition, the GID will contribute slightly more than \$11,000 toward the cost of the generator.

**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a \$32,402.37 increase in the loan commitment from the loan fund of the DWSRF ARRA funds to the McDermitt GID. The existing loan for \$492,000 plus the additional \$32,402.37 brings the total loan commitment to \$524,402.37. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the McDermitt GID will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 7-2013 MCDERMITT WATER SYSTEM PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

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

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

**WHEREAS**, on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

**WHEREAS**, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 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 McDermitt General Improvement District ("GID") owns and operates the public water system; and

**WHEREAS**, the McDermitt GID 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 #15 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

**WHEREAS**, the Division ranked the Project as #68 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

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

**WHEREAS**, the McDermitt GID project is ready to proceed; and

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

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the McDermitt GID has the technical, managerial and financial capability to manage the Project; and

**WHEREAS**, the McDermitt GID meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada’s American Recovery and Reinvestment Act 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**, on June 15, 2009, in the American Recovery and Reinvestment Act 6-2009 McDermitt Water System Project Loan Commitment Resolution, the Board approved a commitment of funds in the amount not to exceed \$492,000 from the account for the revolving fund in accordance with NRS 445A.265; and

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

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

*Section 1.* This Resolution shall be known as the “American Recovery and Reinvestment Act 7-2013 McDermitt Water System Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the McDermitt GID shall be negotiated between the McDermitt GID and the Division. These terms will include 100% 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 \$32,402.37 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$524,402.37.

*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 July 9, 2013**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 4

# **Sage Valley Mobile Home Park Loan Commitment**

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

**Applicant: Sage Valley Mobile Home Park**  
**Project: Manganese Removal Treatment**  
**Previous ARRA Funds Committed: \$134,800**  
**Additional Amount of ARRA Funds: \$4,865.42**

### **BACKGROUND**

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

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

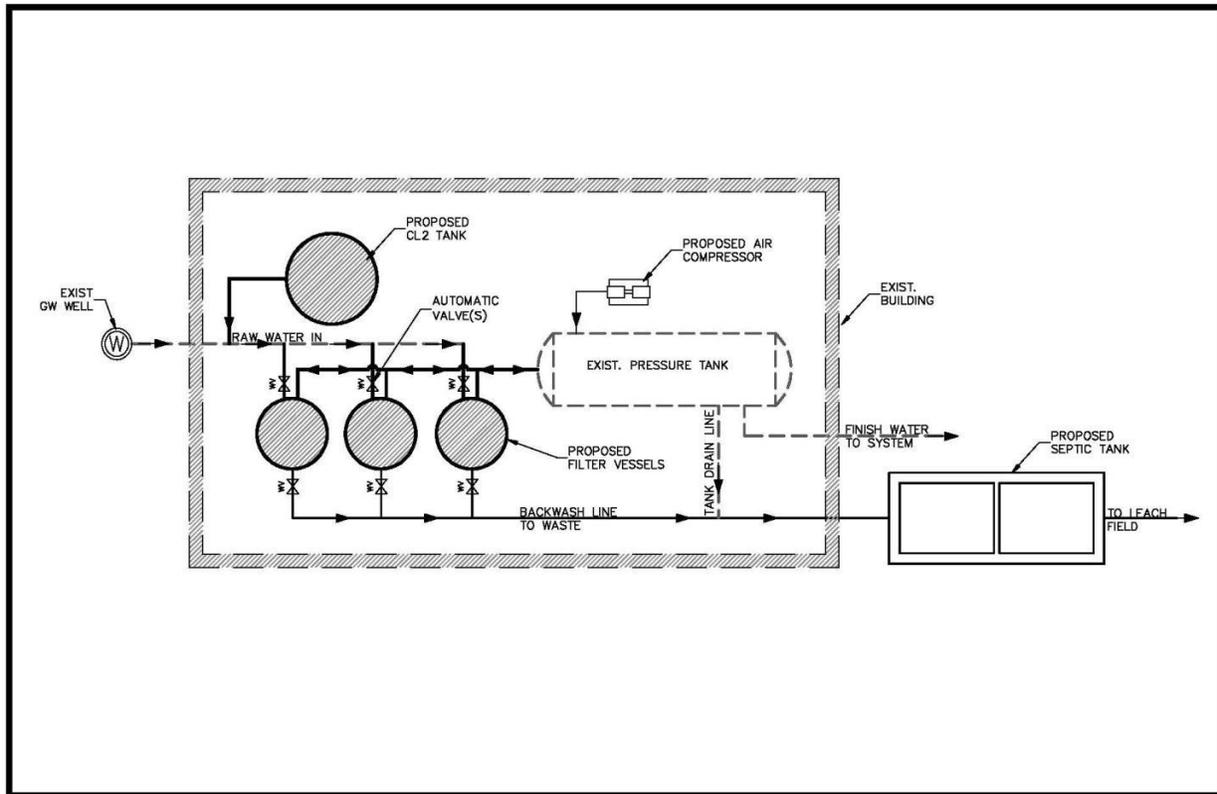
On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. This increase to the original Sage Valley Mobile Home Park project loan, if approved, will utilize ARRA funds.

Sage Valley Mobile Home Park is located on US Highway 50 in Churchill County. The water exceeded the drinking water standard for manganese which, when chlorinated, caused the water to turn black and create deposits in the distribution system. The proposed project was to install manganese removal treatment.

### **REQUEST FOR ADDITIONAL FUNDS**

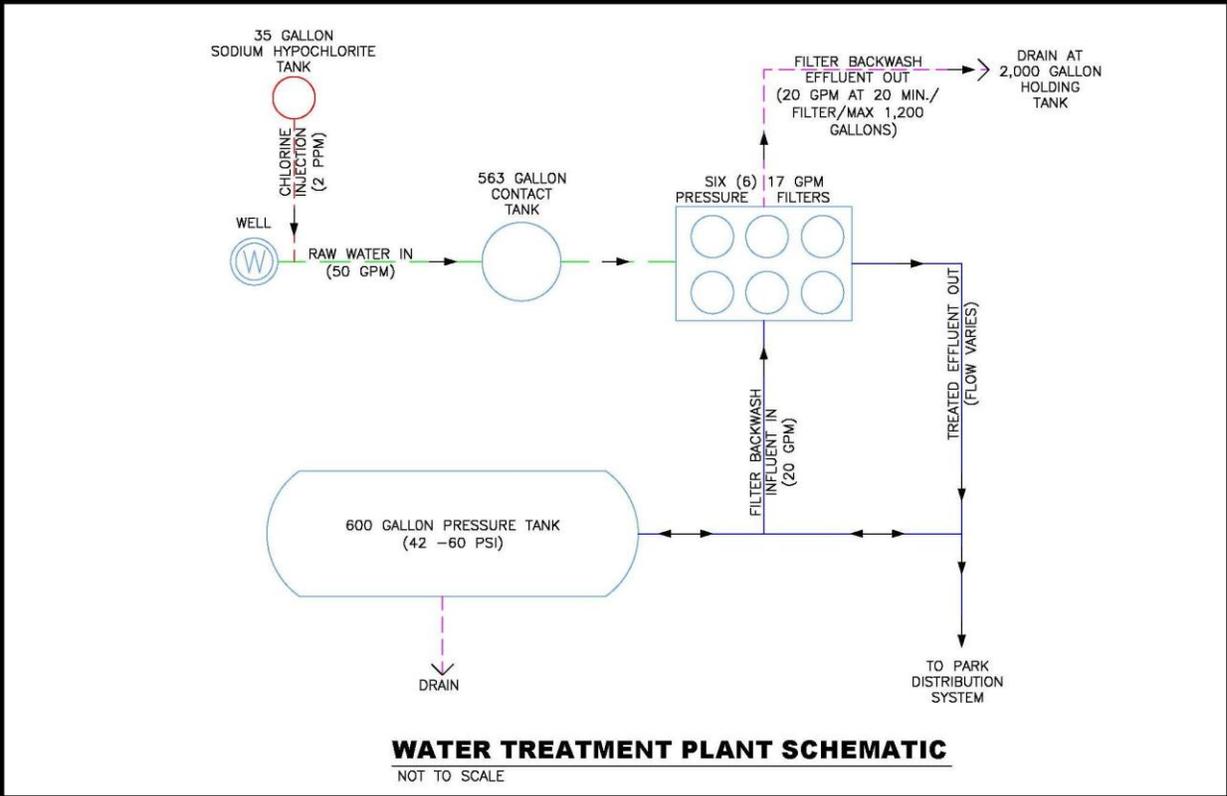
In October 2009, the Board for Financing Water Projects approved a loan commitment for a Sage Valley Mobile Home Park manganese treatment project utilizing American Recovery and Reinvestment Act (ARRA) funds.

The original project constructed a manganese removal system. The project also included the addition of a new compressor on the pressure tank to allow the water system to operate at a constant pressure. The treatment system and new pressure tank were housed in an existing building. The treatment system consisted of oxidation of the manganese with sodium hypochlorite and adsorption of the manganese via filter vessels containing Greensand Plus media. During the March 2011 start-up, sample analyses indicated that the manganese levels were reduced from 1.1 parts per million (ppm) to 0.34 ppm; however, the maximum removal achieved by the treatment system did not meet the drinking water standard for manganese (Maximum Contaminant Level [MCL] of 0.1 ppm).

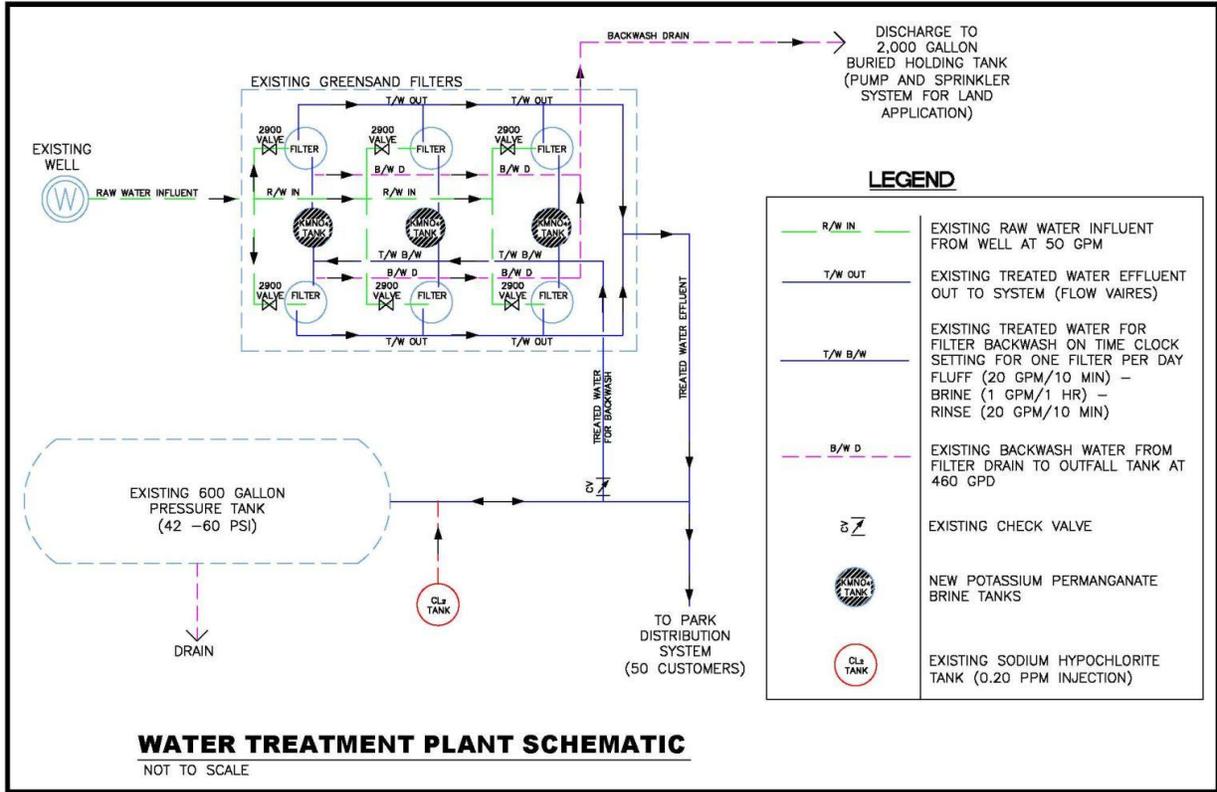


The first modifications to the treatment system to further increase the manganese removal included replacing the filter piping to accommodate flow from the well through a contact tank and then directly to the filters instead of flow from the well to the pressure tank. This eliminated sediment build-up in the pressure tank and in the existing water distribution mains and allowed a constant flow through the treatment filters. The original process flow design allowed variable flow through the filter vessels as a function of the system demand and may have caused preferential channeling of the media allowing some volume of water to by-pass treatment.

The maximum day demand of 50 gpm requires three vessels on line in parallel. The backwash cycle may have caused issues if it occurred during max day flow; therefore, three additional filter vessels were added to maintain uninterrupted flow to the system while three filter vessels were being backwashed. Flow control valves were added to ensure balanced flow across the filters.



These first modifications did not lower the manganese, and it was decided that potassium permanganate should replace the sodium hypochlorite in the oxidation process prior to filtration. This second process modification was pilot tested for two months and then one of the main filter vessels was isolated from the system and the same tests were performed to determine if the existing Greensand Plus media was still viable. Both the pilot plant and testing with the existing filter vessel indicated that the potassium permanganate was effective at removal of the manganese to <0.05 ppm. The system is now in compliance with the manganese MCL. The final improvements included the installation of three potassium permanganate brine tanks and modifications to the existing filter vessel valves. The labor and construction costs and lab sample analysis fees totaled \$9,753.75.



**FINANCIAL EVALUATION:**

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada agreed to use at least 50% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the ARRA Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median household income is less than 80 percent of the median household income (MHI) of the state. The ARRA loans were originally approved prior to the 2010 census and MHI information was based on the 2000 census. At that time 80 percent of Nevada’s MHI was \$35,668.

There was no 2000 Census Block Group that covered just Sage Valley Mobile Home Park; however, Churchill County conducted an income survey of the Park and determined the MHI to be approximately \$23,000. Therefore, Sage Valley not only met, but far exceeded the requirements for additional subsidies, making a principal forgiveness loan to the Sage Valley Mobile Home Park appropriate.

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

NDEP is proposing to redirect \$4,865.42 of unspent ARRA funds to Sage Valley Mobile Home Park. The current balance of deobligated ARRA grant funds is \$37,267.79. With the approval of the two increases in ARRA loans before the Board today, the balance of deobligated ARRA grant funds will be \$0.00. These funds are required to be expended prior to September 2013 or be forfeited.

**Total Project Costs:**

<b>Cost Estimate – ARRA Funding</b>	
Original ARRA Loan	\$94,800.00
Sage Valley MHP contribution	\$3,500.00
Additional ARRA Loan 1	\$40,000.00
Additional ARRA Loan 2	\$4,865.42
<b>Total Project Cost</b>	<b>\$143,165.42</b>

**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a \$4,865.42 increase in the loan commitment from the loan fund of the DWSRF ARRA funds to Sage Valley Mobile Home Park. The existing loan for \$134,800 plus the additional \$4,865.42 brings the total loan commitment to \$139,665.42. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Sage Valley Mobile Home Park will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 7-2013 SAGE VALLEY 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 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 February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

**WHEREAS**, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 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 Sage Valley Mobile Home Park owns and operates the public water system in Fallon, Nevada; and

**WHEREAS**, Sage Valley Mobile Home Park 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 #28 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

**WHEREAS**, the Division ranked the Project as #13 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, the Sage Valley Mobile Home Park submitted to the Division a Letter of Intent to proceed with the Project; and

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

**WHEREAS**, the Division reviewed the Letter of Intent and the Application including supporting material thereof, and determined that the Sage Valley Mobile Home Park has the technical, managerial and financial capability to manage the Project; and

**WHEREAS**, the Sage Valley Mobile Home Park is eligible to receive additional subsidy; 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**, on October 20, 2009, in the American Recovery and Reinvestment Act 10-2009 Sage Valley Mobile Home Park Project Loan Commitment Resolution, the Board approved a commitment of funds in the amount not to exceed \$94,800 from the account for the revolving fund in accordance with NRS 445A.265; and

**WHEREAS**, In the American Recovery and Reinvestment Act 7-2011 Sage Valley Mobile Home Park Project Loan Commitment Resolution, the Board approved a commitment of additional funds in the amount not to exceed \$40,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$134,800; and

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

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

*Section 1.* This Resolution shall be known as the “American Recovery and Reinvestment Act 7-2013 Sage Valley Mobile Home Park Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Sage Valley Mobile Home Park shall be negotiated between the Sage Valley Mobile Home Park and the Division. These terms will include 100% 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 \$4,865.42 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$139,665.42.

*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 July 9, 2013**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 5

**Beatty Water & Sanitation District  
American Recovery and Reinvestment Act  
Loan Commitment**

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

**Applicant:** Beatty Water & Sanitation District  
**Project:** Water System Improvements  
**Previous ARRA Funds Committed:** \$2,910,000

**BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. This increase to the original Beatty Water & Sanitation District (BWSD) project loan, if approved, will utilize ARRA funds.

The community of Beatty is located in Nye County at the junction of U.S. Highway 95 and U.S. Highway 374 to Death Valley. Beatty’s main production well, EW-4, exceeds the maximum contaminant level (MCL) for arsenic and fluoride.

**REQUEST FOR ADDITIONAL FUNDS**

In May 2009, the Board for Financing Water Projects approved a principal forgiveness loan from the DWSRF ARRA funds in the amount of \$2,910,000 for the BWSD project. The original project anticipated treating for both arsenic and fluoride.

BWSD changed the scope of the project during the first week of August 2009. Instead of installing a water treatment plant (WTP) capable of removing both arsenic and fluoride, it was determined that the arsenic concentration was the primary concern, and, due to the fact that the fluoride secondary

standard is being met for the current customers through a blending process with other system wells, treatment should focus on the arsenic. By eliminating the fluoride reduction from the treatment project, it was decided that the WTP would utilize traditional coagulation/filtration with ferric chloride as a coagulant. Utilizing this process, which is a well-known treatment process, a number of unknowns were eliminated. A Hungerford & Terry, coagulation/filtration treatment system was installed southeast of the Town near the booster station on Highway 374 and began operation in the fall of 2010.

BWSD also wished to increase production capacities of water with low fluoride concentrations to provide backup water supplies for the community and bring the water system into compliance with the NAC regarding back up water production capacity. The Office of Financial Assistance (OFA) approved developing additional low fluoride water resources instead of funding a fluoride treatment plant.

In July 2012, BWSD's primary water supply well – Well EW-4 – suffered a catastrophic pump failure. The entire pumping system required replacement due to recently discovered and unforeseen down-hole conditions. The line-shaft turbine down-hole pumping system that the community installed in 2007 was not compatible with the deviated well and the deep (1,000 ft) pump settings. BWSD did not have sufficient funds to make the system operational. The pump needed a complete replacement – utilizing an improved design and different materials. With EW-4 down, BWSD was again out of compliance for both fluoride and arsenic due to the fact that the older wells that had to be brought on-line to supply water to the system were not connected to either the arsenic treatment system or the fluoride blending vault. OFA approved the use of the remaining ARRA funds to help get EW-4 repaired and the arsenic treatment system back on-line.

The cost to pull the pump, video the well, and inspect the pump came to \$42,123.98. BWSD has paid that amount from their funds. The cost to purchase and install the new pumping system in EW-4 was estimated to be \$233,535. The total remaining ARRA funds at the time Well EW-4 failed was \$192,413.93. This left a shortfall of \$41,121.07 that the BWSD would have to cover from their own funds.

#### **FINANCIAL EVALUATION**

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada agreed to use at least 50% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the ARRA 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 (MHI) is less than 80 percent of the MHI of the state. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

According to a 2003 income survey conducted by RCAC, Beatty's MHI is \$19,050. Therefore, Beatty not only meets, but far exceeds the requirements for additional subsidies, making a principal forgiveness loan granted to the Beatty Water and Sanitation District appropriate.

#### **DIVISION RECOMMENDATION**

Should uncommitted funds remain from any of the open ARRA project at the end of July 2013, NDEP proposes to redirect those uncommitted ARRA funds to the BWSD EW-4 well project to reimburse the District. This reimbursement amount is not to exceed the funds spent by the BWSD for the emergency

repairs to Well EW-4 (estimated to total \$83,245.05). The Division recommends that the Board for Financing Water Projects approve a not-to-exceed increase of \$83,245.05 in the loan commitment from the loan fund of the DWSRF ARRA funds to the Beatty Water & Sewer District. The existing loan for \$2,910,000 plus the additional \$83,245.05 brings the total loan commitment to 2,993,245.05. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Beatty Water & Sewer District will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "AMERICAN RECOVERY AND REINVESTMENT ACT 7-2013 BEATTY WATER & SEWER DISTRICT 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 February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) which allocated additional funds to the Drinking Water State Revolving Fund; and

**WHEREAS**, on April 20, 2009 the Board, pursuant to NRS 445A.265, approved the ARRA Funds 2009 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Beatty Water & Sewer District owns and operates the public water system; and

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

**WHEREAS**, the Division ranked the Project as #5 on the ARRA Funds Year 2009 Priority List of water projects, which was approved by the Board on April 20, 2009; and

**WHEREAS**, the Beatty Water & Sewer District submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Beatty Water & Sewer District project is ready to proceed; and

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

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Beatty Water & Sewer District has the technical, managerial and financial capability to manage the Project; and

**WHEREAS**, the Beatty Water & Sewer District meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada’s American Recovery and Reinvestment Act 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**, on June 15, 2009, in the American Recovery and Reinvestment Act 6-2009 Beatty Water & Sewer District Loan Commitment Resolution, the Board approved a commitment of funds in the amount not to exceed \$2,910,000 from the account for the revolving fund in accordance with NRS 445A.265; and

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

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

*Section 1.* This Resolution shall be known as the “American Recovery and Reinvestment Act 7-2013 Beatty Water & Sewer District Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Beatty Water & Sewer District shall be negotiated between the Beatty Water & Sewer District and the Division. These terms will include 100% 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 \$83,245.05 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$2,993,245.05.

*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 July 9, 2013**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 6

# Montello Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2013

**Applicant:** Elko County for the Town of Montello  
**Project:** New Water Storage Tank  
**Total Cost:** \$380,151

### GENERAL

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

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

The unincorporated Town of Montello is located in Elko County approximately 100 miles northeast of the City of Elko. It is 23 miles northeast of I-80 on State Highway 233 and 11.5 miles west of the Nevada-Utah border.

### CURRENT SYSTEM

The Town was owned by the railroad until the Montello Citizen’s Committee purchased the town from the Southern Pacific Land Company in May 1977. Since 1977 the Elko County Public Works Department has operated and maintained the Montello potable water system. The Town’s current water system is comprised of natural springs (Montello North Springs and Lower Springs) about six miles to the west of Town, a six-mile transmission main to a 150,000-gallon, welded steel, storage tank that is located one-mile west of town and the distribution system. The system is chlorinated via a gas chlorination system located at the storage tank.

There is 150,000 gallons of storage. This will sustain the small community for approximately 3 days on basic operating storage. The existing 150,000-gallon tank was constructed in 1991 and is in need of repairs. Divers have checked the condition of the tank and cleaned it every five years. During the last tank inspection, it was noted that the roof of the tank was rusting and paint was peeling. The last

sanitary survey (November 7, 2011) noted the interior of the tank as a deficiency that needed corrective action.

Even with the spring producing a maximum flow of 140 gpm, the County is reluctant to drain the tank for maintenance as demand could potentially cause insufficient pressure in the distribution system leading to collapsed pipes and back-siphonage. Current storage in Montello does not meet the requirements of NAC 445A.6674, 445A.66745, and 445A.6675 and does not have sufficient alternative pumping capacity to be exempted from these requirements.

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

There are 80 residential and 4 commercial active connections on the water system. The estimated town population currently served is 200. There are also 5 customers that haul their own water from the McDermitt system and 3 construction customers.

### **PROPOSED PROJECT**

This project will construct a new 150,000-gallon, welded steel, storage tank and equip it with SCADA monitoring equipment. With this equipment, the County Public Works operators will be able to monitor the gas chlorination equipment, water flow, pressure, tank level, and power losses of the solar components from Elko. While there is an individual who lives in Montello and who physically checks the tank and spring flow, the SCADA will help County operators monitor operations as it is not possible for them to go to every remote Elko County system on a daily basis.

Given that this system has only one source of supply – the springs – and flows during the summer months decrease from a high of approximately 135 gpm to 110 gpm or less, this second tank will allow the system to capture and store more of the water to provide a sufficient source of supply for the Town. The last two years, Montello was put on water restrictions because the consumption exceeded the supply. The additional storage need was calculated to be approximately 155,000 – 200,000 gallons depending on the number of active service connections and current usage. It appears that the current usage is higher than similar rural communities, and this may be attributed to the flat water rate. With the implementation of a metered rate and a water conservation plan, the County expects the usage to be lower in the future and has determined that an additional 150,000-gallon tank should be adequate for the existing system.

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

The project alternatives reviewed included: 1) no action; 2) incorporate temporary storage during the rehabilitation of the existing tank; and 3) install a used bolted steel, water tank. The Town's water storage capacity is inadequate based on the total volume required for the number of customers on the system.

The 'no action' alternative would not address the current tank condition or the inadequate storage capacity issue. Incorporating temporary storage during the rehabilitation of the existing tank would not address the current inadequate storage capacity issue or provide adequate volume for emergency and fire flow scenarios during the time the existing tank was being recoated. Utilizing a 20-year-old, used, bolted, steel tank that Elko County could acquire from Eureka County includes several construction issues that renders the top 8 feet of the 24-foot high tank unusable due to the need to match the two tank overflow heights. Also, reconstruction of the bolted tank would be more labor intensive because new steel would be required for replacement of the floor; new nuts, bolts, and washers would be required; and the entire tank interior would likely require re-coating due to damage

to the existing coating during dismantling and transit from Eureka to Montello. Other disadvantages of bolted tanks in general include issues with leaking and stability.

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. An environmental assessment of this site was conducted at the time the first tank was constructed in order to get a BLM easement and right-of-way for the land and transmission main. The existing easement covers a 300-square foot area. An environmental assessment was conducted in 2012 for an application to the CDBG for this tank project. There is sufficient evidence that a significant effect on the quality of the environment is unlikely, and the Division has determined that project is eligible for a finding of no significant impact.

**Permits**

The following permits/easements are required for the project:

1. Amendment to the existing BLM Easement/Right-of-Way Grant for the expansion of the site for the new storage tank
2. NDEP Bureau of Safe Drinking Water approval of Plans and Specifications

**Cost Estimate**

Tank design was completed with a \$28,500 grant from CDBG.

Budget Item	DWSRF Funding	Other	Totals by Use
Planning			
Design & Engineering			
Land Acquisition Permitting and Environmental			
Equipment/Materials			
Construction/Mgt/Insp	\$363,623		\$363,623
Administrative	\$16,528		\$16,528
Financing Costs			
Totals by Source	\$380,151		\$380,151

**Project Schedule**

Project Funding	July 2013
Design & Permitting	Design is complete; Approval by BSDW – Aug 2013
Advertising Invitation to Bid	Aug 2013
Start of Construction	Sept 2013
Project Completion	Dec 2013

The rehabilitation of the existing tank is planned to begin in August 2014 and should be completed by October 2014.

### ***Financial Evaluation***

In order to receive the DWSRF grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 20% - 30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2007-2011 Community Survey, 80 percent of Nevada's MHI is \$44,442.

Montello is a fully metered system but currently charges a flat rate of \$26 per month. The County has drafted a resolution to increase the water rate to a \$28 base rate that will include 7,500 gallons of water use. Each 1,000 gallons of use thereafter would be \$1.50. Assuming 15,000 gallons of use per month, the rate would be \$39.25. Water users who haul their own water currently pay \$1.50 per 1,000 gallons.

2006-2010 Community Survey showed a MHI for Montello of \$15,500 and the 2007-2011 Community Survey showed a MHI of \$40,114. Given this unusually wide margin and also margin of error in these surveys, an income survey is currently being conducted by the Nevada Rural Water Association. An appropriate rate will be determined once the survey is completed.

Elko County operates the Montello water system as an enterprise fund of the County. As of May 2013, this fund had \$75,590 available for the repair and coating maintenance necessary for the existing storage tank.

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

A TMF Capacity Survey was conducted with Elko County for the Town of Montello in 2011, and the resulting total capacity score was 85%. The Town of Montello is in compliance with requirements of the Safe Drinking Water Act. Elko County Public Works manages the operations and maintenance of the Montello water systems and employs certified operators who have the technical knowledge and ability to operate the system. Elko County 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. All funds for the Montello water system are managed by the Elko County Fiscal Affairs Department.

Currently the Town of Montello does not have a water conservation plan or a capital improvement plan. Assistance with preparation of a water conservation plan can be provided through Nevada Rural Water Association. New a transmission main, water distribution mains, service lines, and meters pits were installed between 2002 and 2004. At that time, the spring sites were also rehabilitated. There is another spring site that could be rehabilitated in the future and the existing chlorination system should also be planned for rehabilitation. These items should be part of a capital improvement plan. The County stated that any future water system expansions should be provided at the developers cost.

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

If all of the loan commitments on the July 9, 2013 Board agenda are approved, \$29 million in uncommitted loan funds will remain.

**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 \$380,151 to Elko County for the Town of Montello for construction of a new storage tank. 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 Elko County will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "7-2013 ELKO COUNTY FOR THE TOWN OF MONTELLO 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 July 9, 2013, the Board, pursuant to NRS 445A.265, approved the 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Elko County owns and operates the public water systems located in Montello; and

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

**WHEREAS**, the Division ranked the Project as #36 on the 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

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

**WHEREAS**, the Elko County Project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, Elko County 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 Elko County has the technical, managerial and financial capability to manage and repay a loan for the Project; and

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

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

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

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

**Section 1.** This Resolution shall be known as the “7-2013 Elko County for the Town of Montello Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Elko County for the Town of Montello shall be negotiated between Elko County and the Division. These terms will include 100% Principal Forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$380,151 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 July 9, 2013**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 7

# Goldfield Utilities Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2013

**Applicant:** Esmeralda County  
**Project:** Goldfield Tank Refurbishment & PER  
**Total Cost:** \$163,000

### **BACKGROUND**

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

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

The Town of Goldfield is located approximately 30 miles south of Tonopah and 180 miles north of Las Vegas on Highway 95. Goldfield is the Esmeralda County seat.

### ***Current System***

The Goldfield water system customer base includes: 248 residential connections, 33 commercial connections, and 1 industrial connection. Two production wells, located 11 miles north of town, provide the source water. Two sequential booster stations pump the water from these wells to town. There is a combined storage capacity of 566,000 gallons. The system is fully metered. In November 2011, Goldfield completed the construction of a coagulation-filtration, water treatment system for arsenic mitigation.

Goldfield’s storage capacity is 566,000 gallons, with one 366,000-gallon, steel, storage tank built in 2001 and the second, a 200,000-gallon, steel, storage tank, built in the early 1980s. The total storage needs of the Town were identified in a Preliminary Engineering Report (PER) dated January 1999.

## **PROPOSED PROJECT**

### ***General Description***

At this time, the interior of the 200,000-gallon, steel tank is in need of repair and re-coating. Due to the deteriorating conditions, this tank has been out of service for the last 9 months leaving the water system vulnerable. The tank appears to be structurally sound with a stable foundation. With these repairs made and regular maintenance, the life span of this tank should be increased 30 - 40 years or more.

The requested funding includes contingency for potential repairs found during sand blasting and interior coating. Should repairs not be necessary, the Utility would like to use any remaining funds to inspect the 366,000-gallon tank. With the refurbishment of the older tank and inspection of the newer tank the Utility intends to augment its financial capacity and capital improvement plan to assure regular maintenance and repair of the tanks.

A private mining entity is planning to relocate a portion of Highway 93 which will also require the relocation of a portion of the water system transmission line and Booster Station #2 at their cost. The need to refurbish and put this tank back in service becomes even more important with this pending project.

The second portion of the loan application is funding of a Preliminary Engineering Report (PER) to evaluate options for the rehabilitation of the production and transmission system (including: Well #1, upgrades to the booster stations and increasing the size of the booster pump supply tanks, and evaluating the condition of the asbestos cement transmission line). Completion of the PER is necessary in order to coordinate efforts of the up-coming construction that will relocate Booster Station #2 and 2.3 miles of transmission line. The PER will identify and recommend other transmission infrastructure improvements that may be combined with the private entity's construction efforts. Cost of any additional construction will be borne by the Utility.

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

The alternatives to refurbishing the tank include no action and a total tank replacement. The no action alternative would prevent this tank from being used as a portion of the necessary operating, emergency, and fire protection storage of the Town.

The estimated cost to construct a new 200,000-gallon, steel tank is approximately \$300,000 with a life span of 60 - 80 years with regular maintenance. The Town cannot, currently, afford to refurbish the inside of the 200,000-gallon storage tank let alone replace the tank. The existing tank currently meets all of the regulatory requirements, and aside from the internal coating issues, appears structurally sound, and should have a significant life expectancy after refurbishment.

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. The two storage tanks are located on property that is owned by the Utility. This project involves repairs to the smaller, 200,000-gallon tank. NDEP has determined that the project is eligible for a categorical exclusion under NAC 445A.67583 (2) (a), rehabilitation of an existing facility, and may be exempted from further substantive environmental review requirements. The project is also eligible for a categorical exclusion under NAC 445A.67583 (2) (e) because there is sufficient evidence that a significant effect on the quality of the environment is unlikely since the repairs will be within the existing storage tank property.

**Permits**

None.

**Cost Estimate**

The estimated amount needed to cover the cost of the tank refurbishment and PER is \$163,000. Esmeralda County will provide \$8,000 in match funds.

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning (PER & ER)	\$50,000			\$50,000
Design & Engineering				
Land Acquisition				
Equipment/Materials				
Construction/Improvements	\$85,000	\$8,000		\$93,000
Administrative	\$20,000			\$20,000
Financing Costs				
Totals by Source	\$155,000	\$8,000		\$163,000

In 2012, the Esmeralda County received \$97,000 in subsidy from the DWSRF to assist in refurbishing Goldfield’s Klondike #2, backup well. At that time, they provided a match of \$15,000 for the project. Esmeralda County estimates that it will return \$21,200 of that subsidy money to the DWSRF due to lower than expected bids from that project.

**FINANCIAL EVALUATION:**

In order to receive a DWSRF grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 20% - 30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2007-2011 Community Survey conducted by the US Census Bureau, 80 percent of Nevada’s MHI is \$44,442.

According to the 2007-2011 Community Survey, the MHI for the Town of Goldfield is \$43,125. Therefore, Goldfield meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the Town of Goldfield. In addition, Goldfield’s current water rates exceed the rate generally considered ‘reasonable’ based on their MHI. If a ‘reasonable’ or ‘affordable’ rate for water is considered to be 1.5 percent of the MHI for communities below the State MHI, a monthly charge for 15,000 gallons of water used would be \$53.91. For Goldfield residents, a customer using 15,000 gallons of water in a single month pays \$58.50 (\$26 base rate with 2,000 gallons of water + \$2.50 per 1,000

gallons used thereafter). Note that there is also an annual system obligation fee paid by all lots in the Town that are adjacent to a water main. This fee is currently \$100.

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

The water quality currently meets the all drinking water standards and is in compliance with requirements of the Safe Drinking Water Act. Monitoring requirements have been met. Esmeralda County employs certified operators who have the technical knowledge and ability to operate the system. The County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and utilizes generally accepted accounting principles.

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

If all of the loan commitments on the July 9, 2013 Board agenda are approved, \$29 million in uncommitted loan funds will remain.

**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$163,000 to Esmeralda County for the Town of Goldfield. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and Esmeralda County will negotiate the terms and conditions of a loan agreement.

## **RESOLUTION**

### **A RESOLUTION DESIGNATED THE "7-2013 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 July 9, 2013 the Board, pursuant to NRS 445A.265, approved the 2014 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 Projects as #24 and #42 on the 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

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

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

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

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

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

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

**Section 1.** This Resolution shall be known as the “2013 Esmeralda County Goldfield Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Esmeralda County shall be negotiated between Esmeralda County and the Division. These terms will include 100% Principal Forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$163,000 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 July 9, 2013**

\_\_\_\_\_  
Chairman  
Board for Financing Water Projects

Attest:

\_\_\_\_\_  
Advisor  
Board for Financing Water Projects

# ATTACHMENT 8

**Las Vegas Valley Water District  
Loan Commitment**

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

**Applicant:** Las Vegas Valley Water District  
**Project:** Replacement of Reservoir Hatches & Screens  
**DWSRF Loan Funds:** \$228,792

**BACKGROUND**

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

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

**PROJECT**

While conducting the 2012 State Drinking Water Sanitary Survey of Las Vegas Valley Water District (District) sites, it was determined that some of the existing reservoir hatches were not sealed in compliance with the NAC requirements. In addition, the water system continues to have issues with vent screens corroding and disintegrating sooner than expected. It was determined that the District was deficient in meeting NAC 445A.6708 due to issues with screening and existing access hatches.

In order to bring the hatches into compliance, this project will install oversized aluminum plates and gaskets that are bolted down over 82 existing reservoir hatches in the system and replace 6 vent screens at locations where deficiencies were identified. One contributing factor to the accelerated corrosion of the screens is likely the addition of aeration systems to aid in total trihalomethanes (TTHM), a disinfection by-product, removal. These systems have increased the amount of hot, moist air flowing out of the reservoirs thus accelerating the corrosion.

This work was not planned or budgeted for this year, and the District does not have the funding on hand to commence the work necessary to return to compliance. Note that there will be no new construction required to complete this project.

**Water Conservation**

The Southern Nevada Water Authority (SNWA) was formed in 1991 by a cooperative agreement among seven water and wastewater agencies in Southern Nevada: Big Bend Water District, City of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas, Clark County Water Reclamation District, and Las Vegas Valley Water District.

In May 2009, the Water Conservation Plan was updated and adopted by the SWNA Board of Directors. The SNWA works collaboratively with its member agencies to develop and implement regulations that promote water conservation. The 2009-2013 Plan establishes a new conservation goal to reach 199 GPCD by 2035.

**Customers, Population and Growth**

The number of residential service connections is currently 216,015 and the commercial connections total 138,108. The estimated population served by the District is 1,306,410. The reservoir/storage facilities that will be rehabilitated serve the existing population, and any future growth would require the addition of facilities.

**Environmental Review**

The Nevada Administrative Code (NAC) in Sections NAC 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed by the Division of Environmental Protection (NDEP) to meet the requirements of the National Environmental Policy Act (NEPA).

The project involves repairs to existing storage facilities within District-owned properties and easements. NDEP has determined that the project is eligible for a categorical exclusion under NAC 445A.67583 (2) (a), rehabilitation of an existing facility, and may be exempted from further substantive environmental review requirements. The project is also eligible for a categorical exclusion under NAC 445A.67583 (2) (e) because there is sufficient evidence that a significant effect on the quality of the environment is unlikely since the repairs will be within the existing storage reservoir properties.

**Permits**

No permits are anticipated for this project.

**Cost Estimate**

The estimated total project cost is \$228,792.

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning	\$8,800	\$0	\$0	<b>\$8,800</b>
Design & Engineering	\$26,399	\$0	\$0	<b>\$26,399</b>
Land Acquisition	\$0	\$0	\$0	<b>\$0</b>
Equipment/Materials	\$0	\$0	\$0	<b>\$0</b>
Construction/Improvements	\$175,994	\$0	\$0	<b>\$175,994</b>
Administrative	\$17,599	\$0	\$0	<b>\$17,599</b>
Financing Costs	\$0	\$0	\$0	<b>\$0</b>
<b>Totals by Source</b>	<b>\$228,792</b>	<b>\$0</b>	<b>\$0</b>	<b>\$228,792</b>

## **FINANCIAL EVALUATION**

LVVWD is a financially viable operation with the ability to meet costs of continuing operations and maintenance. SNWA has the financial capability to handle the loan based on the following:

- An excerpt from the 2012 CAFR's Transmittal Letter, reads as follows: "The District's financial policy is to charge reasonable rates, fees and other charges sufficient to pay for water service, the costs of operation and maintenance of its facilities, the general expenses of the District, and principal and interest on all bonds and other obligations of the District. It is also District policy to fix rates and charges sufficient to maintain a debt service coverage ratio in accordance with its bond covenants." As of June 30, 2012, this policy influenced an increase in operating income of approximately \$700,000 over that of FY 2011. Also, net cash flows continue to remain positive.
- The Current Ratio at June 30, 2013 was 1.30, meaning the District had current assets enough to pay their current obligations 1.30 times over. With cash at over \$7.6M, this loan request is a relatively de-minimus amount, although necessary for the continued health and welfare of the District's many consumers.

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

LVVWD is in compliance with the requirements of the Safe Drinking Water Act. LVVWD is one of the largest utilities in the state and employs highly qualified individuals and certified water operators. The District has sophisticated asset management and long-term capital improvement plans.

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

If all of the loan commitments on the July 9, 2013 Board agenda are approved, \$29 million in uncommitted loan funds will remain.

## **DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$228,792 to the Las Vegas Valley Water District. The loan will be for a term not to exceed 20 years and at an annual interest rate of 66% of the appropriate Bond Buyer's Index. The Division and the Las Vegas Valley Water District will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "7-2013 LAS VEGAS VALLEY WATER 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 July 9, 2013 the Board, pursuant to NRS 445A.265, approved the 2014 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 Las Vegas Valley Water District owns and operates a public water system in Las Vegas, Nevada; and

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

**WHEREAS**, the Division ranked the Project as #53 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, the Las Vegas Valley Water District submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Las Vegas Valley Water District project is ready to proceed; and

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

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

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

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

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

*Section 1.* This Resolution shall be known as the “7-2013 Las Vegas Valley Water District Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Las Vegas Valley Water District shall be negotiated between the Las Vegas Valley Water District 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 \$228,792 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 July 9, 2013**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects