

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

**Summary Minutes**

**Tuesday, September 9, 2014**

**9:00 AM**

**901 S. Stewart St., 2<sup>nd</sup> Floor Tahoe Room  
Carson City, NV 89701**

**Members Present:**

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

**Staff Attending:**

Belinda Suwe, DAG  
Daralyn Dobson  
Michelle Stamates  
Dave Gaskin  
Adele Basham  
Jason Cooper  
Kathy Rebert

**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 - February 19, 2014 MEETING (For Possible Action)**

**Motion:** Mr. Walker moved to accept the minutes as written; the motion was seconded by Mr. Workman. Chairman Scott noted that on the last page of the minutes, the last paragraph should read "July 2014." With that change, the minutes were approved unanimously.

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

**1. DISCUSSION & POSSIBLE APPROVAL OF THE 2015 PRIORITY LIST**

Ms. Stamates presented the 2015 Priority List (ATTACHMENT 1) and explained the process in developing the list. There was some discussion with regard to how and why projects were ranked on the list. Ms. Stamates also explained that projects on the list that were not ready to proceed may be kept on the list for possible future funding. Regulations allow projects that are ready to proceed to bypass projects that are ranked higher on the list but are not ready to proceed.

**Motion:** Mr. Walker moved to approve the 2015 Priority List; the motion was seconded by Mr. Belanger. Chairman Scott read the Resolution Designated the "Year 2015 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) and the motion was approved unanimously.

**2. DISCUSSION & POSSIBLE APPROVAL OF LOAN COMMITMENTS**

Ms. Stamates provided the Board detailed project descriptions and staff recommendations for each of the loan applications on the agenda (with the exception of C2a which was discussed by Ms.

Daralyn Dobson). Office of Financial Assistance (OFA) staff reports for all of the applications are attached to these minutes (ATTACHMENTS 2-9).

**a. Loan Acquisition of Washoe County Loan by Truckee Meadows Water Authority (For Possible Action)**

Mr. Walker recused himself stating he has a financial relationship with the Truckee Meadows Water Authority (TMWA).

Ms. Dobson explained that TMWA intends to acquire Washoe County's drinking water systems and is requesting approval from the Board to acquire the outstanding debt from Washoe County's DWSRF loan, originally approved by the Board in January 2005. Outstanding debt is \$9,109,436.74 plus interest (at the interest rate on the original loan) over the remaining term of the loan which is 10 years, 4 months, maturing January 2025.

TMWA is a financially viable operation with the ability to meet costs of continuing operations and maintenance. TMWA has the financial capability to handle the loan.

Mr. Jeff Tissier, CFO, TMWA was at the meeting and addressed the Board making reference to the work over the last 6 years in merging these water utilities. The transaction is expected to be consummated on January 1, 2015.

**Motion:** Mr. Belanger moved to adopt a Resolution designated the "9-2014 Truckee Meadows Water Authority Loan Commitment Resolution" to approve a loan commitment for the purpose of acquisition of the existing Washoe County DWSRF loan. The motion was seconded by Mr. Workman and passed, with Mr. Walker abstaining.

Ms. Dobson informed the Board that assuming all projects were approved today, there would still be approximately \$15 million available in DWSRF funds. She said the EPA is pushing to get the funds spent, so the Board may see the amount on hand diminish in the future.

**b. Nye County for the Town of Gabbs - Change of Scope (For Possible Action)**

This is a project change of scope and involves no additional funding from the DWSRF. Gabbs is requesting use of the remaining \$48,518.68 from their well project to replace the floor in their water storage tank.

Mr. Jack Osburn, Nye County Public Works, was in attendance to answer any questions the Board may have had and also brought a piece of the damaged floor to show the Board.

**Motion:** Mr. Belanger moved to approve a Resolution designated the "9-2014 Nye County for the Town of Gabbs Project Loan Commitment Resolution" to approve the reallocation of previously approved loan funds in the amount of \$48,518.68 for the purpose of financing certain projects. The motion was seconded by Mr. Walker and was approved unanimously.

**c. Las Vegas Valley Water District (For Possible Action)**

Mr. Belanger recused himself because he is employed by the Las Vegas Valley Water District (LVVWD).

This commitment would be in addition to funds committed in July 2013 for repair of existing reservoir hatch seals and vent screens. The LVVWD is planning large system repairs including

rehabilitation and upgrades of an existing reservoir, pipeline replacement, and service line replacement.

The original loan document was not signed and this commitment would be added to the original commitment for a total of \$20,228,792.

Mr. Greg Kodweis, Director of Infrastructure Management for the LVVWD, and Kathy Flanagan, Management Analyst with Southern Nevada Water Authority, were in attendance to answer any Board questions. Mr. Kodweis provided more details on the types of problems the District is experiencing with the existing mains and service lines.

**Motion:** Mr. Walker moved to approve a Resolution designated the “9-2014 Las Vegas Valley Water District Project Loan Commitment Resolution” for the purpose of financing certain projects to approve additional funds in the amount of \$20,000,000 modifying the loan commitment to \$20,228,792. The motion was seconded by Mr. Workman and was approved by majority, with Mr. Belanger abstaining.

**d. Kingsbury General Improvement District (For Possible Action)**

Kingsbury is seeking a revised loan commitment amount and a change in scope for their existing loan (for LT2 compliance) as well as an additional loan request to complete the project.

The existing KGID water treatment plant sits on land with a nonexclusive easement. The owners of the property are planning to construct a high-end, beach club with residential housing and will not allow the necessary modification of the existing plant to comply with the LT2 rule. After negotiation with the owner, KGID is moving the treatment plant to another location on the property. This has significantly increased the cost of the overall project.

Mr. Cameron McKay, Manager of KGID, was in attendance to provide further information on the costly and time-consuming process to acquire a new location for the plant and current timeline constraints to comply with the LT2 rule. Mr. McKay answered a couple questions about the project for the Board.

**Motion:** Mr. Belanger moved to adopt a Resolution designated the “9-2014 Kingsbury General Improvement District Project Loan Commitment Resolution” to approve additional funds in the amount of \$6,000,000 modifying the existing LT2 loan commitment to \$11,000,000 and to approve a new loan commitment in the amounts of \$6,000,000, both for the purpose of financing certain projects. The motion was seconded by Mr. Workman and was approved unanimously.

**e. Douglas County - Sierra Country Estates (For Possible Action)**

Mr. Walker recused himself due to a financial relationship with Douglas County. Chairman Scott disclosed that he has done work and is doing work relating to sewers with Douglas County; however, he did not see a conflict of interest in this agenda item and would participate.

Having been deemed a failed system by the NDEP, Bureau of Safe Drinking Water, the Douglas County Board of Commissioners directed staff to prepare the necessary documentation to acquire the Sierra Country Estates water system. A preliminary engineering report was prepared to identify system deficiencies and evaluate alternatives to correct those deficiencies.

The proposed project will consolidate the Sierra Country Estates water system with the nearby Job’s Peak water system via a new transmission line and will also add treatment to the Sierra Country Estates Well #1. Funding was proposed in two parts: a \$500,000 principal forgiveness loan

for the purpose of consolidation of the Sierra Country Estates system (a specified use in Nevada's Intended Use Plan) and a \$1,000,000 term loan with interest.

Mr. Nick Charles, Douglas County Public Works, was in attendance and answered some questions for the Board. Mr. Carl Ruschmeyer, Douglas County, and Mr. Evan Maxwell, Sierra Country Estates resident, were also in attendance. Mr. Charles said the residents are pursuing the possibility of an irrigation system to meet the needs of their summer outdoor water demand. If that proves to be a favorable option, the cost of the project could be significantly less as Well #1 would not be equipped with treatment. Mr. Maxwell spoke about the benefit of the collaboration with NDEP, the State Engineer, and Douglas County and shared that the residents have a real interest in responsible water use.

**Motion:** Mr. Workman moved to approve a Resolution designated the "9-2014 Douglas County for Sierra Country Estates Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects for a total amount of \$1,500,000, \$500,000 being principal forgiveness. Mr. Belanger seconded the motion, and the motion was approved with Mr. Walker abstaining.

The following agenda item was taken out of order to allow time for the arrival of a participant in agenda items f and g.

#### **h. Trout Canyon Land and Water Users Association (For Possible Action)**

This loan is to provide funding for a Preliminary Engineering Report and an Environmental Assessment for the purpose of exploring solutions for replacing the destroyed water system.

Mr. Bob McCormick, Chairman of the Trout Canyon Land and Water Users Association, was present at the meeting and showed a video of the flood which was the final, destructive force of the water system. Mr. Walker asked some questions about ground water rights. Ms. Jennifer Carr clarified and Mr. McCormick concurred that there would be major issues regarding water rights if the Association was not able to use the spring source.

**Motion:** Mr. Walker moved to approve a Resolution designated the "9-2014 Trout Canyon PER & ER Loan Commitment Resolution" to approve a loan commitment in the amount of \$44,300, the entire amount to be principal forgiveness. Mr. Belanger seconded the motion, and the motion was approved unanimously.

#### **f. Kingston Town Water Utilities (For Possible Action)**

This project is for a new water storage tank for the Town of Kingston and includes removal of 3 existing tanks.

Mr. Marty Ugalde, Day Engineering, was in attendance to address any questions from the Board. Mr. Workman asked if it wouldn't make more sense to install the 220,000-gallon tank (over the proposed 185,000-gallon) now so there would be enough future storage. Mr. Ugalde replied that the local and other funding source asked for a more economically feasible tank. In addition, site restrictions helped determine the size of the tank.

**Motion:** Mr. Walker moved to approve a Resolution designated the "9-2014 Kingston Town Water Utilities Project Loan Commitment Resolution" to approve a loan commitment in the amount of \$450,434, the entire amount to be principal forgiveness. Mr. Workman seconded the motion, and the motion was approved unanimously.

**g. Sage Valley MHP (For Possible Action)**

Proposed funding is for a project to replace water service lines to the individual mobile home units. The replacement of the lines will diminish the potential for contamination due to scale build-up.

Mr. Ugalde was available to answer questions for this project. Mr. Paul Strasdin, Certified Operator for the Sage Valley Mobile Home Park, was also in attendance and answered a question from Chairman Scott about the manganese treatment. Mr. Strasdin said the manganese treatment was successful; however, the galvanized service lines could not be completely flushed free of the scale build-up. Mr. Ugalde confirmed compliance with manganese requirements.

Ms. Stamates asked about the problem residents were having with black water. Mr. Strasdin replied that the problem had to do with flushing. Once the new service lines are in they will flush from the house out which should take care of the problem.

**Motion:** Mr. Workman moved to approve a Resolution designated the “9-2014 Sage Valley Mobile Home Park Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects in the amount of \$106,000, the entire amount to be principal forgiveness. Mr. Walker seconded the motion, and the motion was approved unanimously.

**D. BOARD COMMENTS - (Non Action)**

Chairman Scott asked for an update on the State’s bond capacity which Ms. Adele Basham, NDEP Chief of the Bureau of Administrative Services, provided.

Ms. Basham reported that when the State Treasurer was putting together the projected capital improvement program bonds, they requested input on the various Department of Conservation & Natural Resources (DCNR) needs. Ms. Basham selected a couple high priority projects off the priority list, totaling \$3.3 million, to include in DCNR’s response to the Treasurer’s Office. The Treasurer’s Office has not yet informed DCNR if there is additional bonding capacity or not.

Chairman Scott asked Ms. Stamates for the possible next meeting date; her answer was that it would possibly be January 2015.

Ms. Carr said there is another system she is trying to get consolidated, and that could possibly change the priority list which may create the need for a meeting before January.

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

Ms. Cheryl Couch, US Department of Agriculture-Rural Development (USDA-RD), updated the Board with the USDA-RD funding program and lack of available projects to fund this year.

**F. ADJOURNMENT**

There being no other business, the Board meeting adjourned at 11:56 AM.

## ATTACHMENTS

- ATTACHMENT 1: 2015 Drinking Water Priority List
- ATTACHMENT 2: Loan Acquisition of Washoe County Loan by Truckee Meadows Water Authority
- ATTACHMENT 3: Nye County for the Town of Gabbs - Change of Scope
- ATTACHMENT 4: Las Vegas Valley Water District
- ATTACHMENT 5: Kingsbury General Improvement District
- ATTACHMENT 6: Douglas County - Sierra Country Estates
- ATTACHMENT 7: Kingston Town Water Utilities
- ATTACHMENT 8: Sage Valley MHP
- ATTACHMENT 9: Trout Canyon Land and Water Users Association

# ATTACHMENT 1

## 2015 Drinking Water Priority List

## Year 2015 Priority List

### Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2014

#### 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.

As specified in NAC 445A.67569, points assigned 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); and
3. Transient, non-community water systems (Non-profit only).

The NAC that governs the Drinking Water State Revolving Fund allow NDEP to consider any other factor as provided in the Intended Use Plan established for the year in which the priority list is developed.

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.

#### 2015 PRIORITY LIST DEVELOPMENT

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

projects. The following 25 new projects have submitted pre-applications to be added to the 2015 Priority List.

<b>Rank</b>	<b>Applicant</b>	<b>Project</b>
6	<b>Truckee Meadows Water Authority</b>	Groundwater treatment (arsenic, iron, manganese) for reliable source during drought
11	<b>Lamoille Valley Plaza</b>	Arsenic compliance; distribution system looping; booster pump
12	<b>Rosemount Water Company</b>	Uranium compliance; storage tank refurbishment
13	<b>Mt Rose Bowl HOA</b>	PER; Lead & Copper Rule; new storage tank
15	<b>Douglas Co (Sierra Country Estates)</b>	Lead & Copper Rule - Consolidation
19	<b>Spirit Mountain Utility</b>	New well; transmission & distribution lines
21	<b>Elko Co (Jackpot)</b>	Removal of old concrete storage tank & installation of new steel storage tank
24	<b>Las Vegas Valley Water District</b>	Backflow retrofit; pipeline replacement; storage tank rehab; well rehab; meter, service, & valve repair
34	<b>Douglas Co (Lake Tahoe Systems)</b>	Replacement/upgrade: storage tank, booster stations, water line & SCADA; addition of redundant treatment
37	<b>Gold Country Water Company</b>	Acquisition/consolidation of Star City POA water system
41	<b>Nye County (Gabbs)</b>	Replace storage tank floor
44	<b>Virgin Valley Water District</b>	New Source(s)
48	<b>Truckee Meadows Water Authority</b>	TMWA Production Well Additions
51	<b>Goldfield Town Water</b>	Storage tank recoating
65	<b>Las Vegas Valley Water District</b>	Fayle reservoir rehabilitation
66	<b>Virgin Valley Water District</b>	Transmission main – Mesquite to Bunkerville
67	<b>Virgin Valley Water District</b>	Transmission main – Mesquite Heights to Pulte
69	<b>Truckee Meadows Water Authority</b>	North Valleys groundwater integration project
71	<b>City of West Wendover</b>	Sycamore Way waterline improvement project
72	<b>Douglas Co (West Valley Water System)</b>	New source
74	<b>City of Ely</b>	Upgrade distribution line from Golf Course Well
75	<b>Elko Co (Tuscarora)</b>	Distribution system looping
79	<b>City of West Wendover</b>	Water meter & meter yolk replacement
83	<b>Trout Canyon Land &amp; Water Users Association</b>	Repair/rehab spring or replace with well; replace transmission & distribution lines; chlorination; storage

Seven 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. Two public workshops were held in Carson City – one on May 21, 2014 and a second on August 26, 2014 to consider additional pre-applications that came in late. Prior to each workshop, the proposed revised list and notice of the workshop was sent to all systems with projects on the list. A public notice of each workshop was published in newspapers in Reno, Las Vegas, Carson City, and Elko. No general comments regarding the priority list were received, but requests for project additions to the priority list were addressed.

**Recommendation**

It is recommended that the Board for Financing Water Projects approve the Year 2015 Priority List. A resolution to that effect is attached.

## RESOLUTION

**A RESOLUTION DESIGNATED THE “YEAR 2015 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 workshops for public comments on its proposed priority system on May 21, 2014 and August 26, 2014 in Carson City; and

*WHEREAS*, all substantive comments, suggestions or recommendations were addressed;

***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 2015 Priority List Resolution.”

**Section 2.** Based on its review of the information and recommendation submitted to the Board concerning the Year 2015 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 2015 Priority List;

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

(c) The Nevada Division of Environmental Protection has addressed all 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 2015 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

**Section 4.** The Year 2015 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 September 9, 2014.**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# Attachment A

## 2015 Priority List

**DRAFT FINAL Year 2015 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	Kingsbury GID	5	0.65	3.24	Public	DO	NV0000004	3,839	2,450	Surface water treatment plant relocation	\$6,000,000
2	Douglas County (Zephyr WUD)	3	0.72	2.15	Public	DO	NV0000258	1,193	477	L2E surface water treatment, distribution	\$1,300,000
<b>Total Class I</b>											<b>\$7,300,000</b>
<b>Class II--Chronic Health Risks Community Water Systems</b>											
3	Roark Estates HOA	10	2.04	20.43	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
4	Wildes Manor MHP	10	1.92	19.16	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
5	McDermitt GID	10	1.36	13.59	Public	HU	NV0000162	200	100	Arsenic compliance	\$500,000
6	Truckee Meadows Water Authority	11	1.13	12.44	Public	WA	NV0000190	325,000	91,000	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought	\$27,065,038
7	Holbrooke Station MHP	10	1.21	12.05	Private	DO	NV0002046	168	84	Arsenic compliance	\$103,000
8	Carson City Utilities	10	1.00	10.02	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance (pipeline to Douglas Co and transmission within Carson City)	\$12,124,000
9	Silver Knolls Mutual Water Co	10	1.00	10.02	Private	WA	NV0004021	120	63	Arsenic compliance	\$400,000
10	Shoshone Estates HOA	10	0.74	7.36	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
11	Lamoille Valley Plaza	10	0.72	7.16	Private	EL	NV0000928	25	4	Arsenic compliance; distribution system looping; booster pump	\$260,000
12	Rosemount Water Company	10	0.70	6.99	Private	WA	NV0000767	55	23	Uranium compliance, storage tank refurbishment	\$63,000
13	Mt Rose Bowl HOA	10	0.70	6.99	Private	WA	NV0000732	40	15	PER, Lead Compliance, new storage tank	\$214,144
14	Douglas County (Fairgrounds/Sunrise Estates)	10	0.64	6.41	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
15	Douglas Co (Sierra Country Estates)	10	0.58	5.79	Public	DO	NV0000931	39	17	Lead Compliance - Consolidation & Treatment	\$1,300,000
<b>Class II--Chronic Health Risks Non Community Water Systems</b>											
16	Verdi Business Park	10	0.67	6.67	Private	WA	NV0005061	225	16	Arsenic compliance through consolidation with TMWA	\$635,200
<b>Total Class II</b>											<b>\$47,618,382</b>
<b>Class III--Rehabilitation Community Public Water Systems</b>											
17	City of Caliente	29	2.17	62.90	Public	LI	NV0000013	1,123	465	Well upgrades, transmission line & distribution line repair/replace	\$1,905,000
18	Lovelock Meadows Water District	43	1.26	54.32	Public	PE	NV0000161	5,278	1,409	New well, transmission line, storage, treatment	\$4,000,000
19	Spirit Mountain Utility	21	2.43	51.11	Public	CL	NV0000221	244	120	New well, transmission, & distribution lines	\$1,287,500
20	Lyon County Utilities (Dayton)	39	1.02	39.87	Public	LY	NV0000838	1,578	895	New well storage, upgrade transmission & distribution	\$1,720,000
21	Elko Co (Jackpot)	18	2.20	39.57	Public	EL	NV0000088	308	88	Removal of old concrete storage tank & installation of new steel 1M-gal storage tank	\$1,416,235
22	Beatty Water & Sanitation District	21	1.85	38.91	Public	NY	NV0000009	1,010	446	Transmission line replacement, storage tanks, & controls	\$2,582,830
23	Palrn Gardens Water Coop	33	1.16	38.43	Private	CL	NV0000819	58	51	Treatment, storage, security (fencing)	\$163,000
24	Las Vegas Valley Water District	35	1.03	35.99	Public	CL	NV0000090	1,306,410	354,123	Backflow retrofit; pipeline replacement; storage tank rehab; well rehab; meter, service, & valve repair	\$20,000,000
25	City of West Wendover	24	1.40	33.56	Public	EL	NV0000246	4,990	1,103	Transmission line, distribution, storage	\$1,341,600
26	Elko Co (Mountain City)	23	1.45	33.39	Public	EL	NV0000170	134	40	Spring rehabilitation & transmission line replacement	\$60,000
27	Elko Co (Jackpot)	15	2.20	32.98	Public	EL	NV0000088	1,195	98	PER - Well 3 replacement	\$50,000
28	Goldfield Town Water	23	1.31	30.05	Public	ES	NV0000072	375	276	Well rehabilitation, transmission line replacement, booster pump replacement	\$5,920,200
29	Storey County (Virginia City)	24	1.24	29.85	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
30	Beatty Water & Sanitation District	15	1.85	27.79	Public	NY	NV0000009	1,010	446	New source	\$4,811,035

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 Community Public Water Systems</b>											
31	LVVVD (Blue Diamond)	24	1.14	27.33	Public	CL	NV00000010	282	125	New wells, replace distribution	\$4,173,693
32	Orovada GID	19	1.42	27.02	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
33	Gerlach GID	9	2.78	25.03	Public	WA	NV00000071	200	140	Distribution line looping, replacement of service saddles	\$510,000
34	Douglas Co (Lake Tahoe Systems)	34	0.73	24.88	Public	DO	NV0000258 & NV0000259	2,800	1,085	Replacement/upgrade: Storage tank, booster stations, water line, & SCADA; addition of redundant treatment microfiltration system	\$14,225,000
35	Lamoille Water Users, Inc	39	0.63	24.72	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
36	Silver Springs Mutual Water Co	15	1.62	24.29	Private	LY	NV0000223	2,500	1,015	Replacement well	\$730,000
37	Gold Country Water Co	25	0.93	23.32	Private	HU	NV0003079	360	122	Acquisition/consolidation of Star City POA water system	\$675,000
38	Virgin Valley Water District	18	1.25	22.44	Public	CL	NV0000167	18,000	8,071	Transmission main & storage tank - Pulte	\$5,265,000
39	Kingston Town Water Utilities	10	2.18	21.79	Public	LA	NV0000265	300	144	New storage tank	\$570,000
40	Roark Estates HOA	10	2.10	20.98	Private	CL	NV0000319	62	27	New storage tank	\$92,500
41	Nye County (Gabbs)	10	2.07	20.88	Public	NY	NV0000063	411	160	Replace storage tank floor	\$113,625
42	Panaca Farmstead	15	1.35	20.19	Public	LI	NV0000185	963	425	Back-up well	\$500,000
43	City of Yerington	14	1.35	18.96	Public	LY	NV0000255	2,695	1,573	Distribution line replacement - Phase 1	\$5,431,250
44	Virgin Valley Water District	15	1.25	18.70	Public	CL	NV0000167	18,000	8,071	New source(s)	\$4,050,000
45	Elko Co (Montello)	13	1.39	18.13	Public	EL	NV0000169	150	73	Storage tank, SCADA	\$375,375
46	Walker Lake GID	11	1.64	18.03	Public	MI	NV0000268	400	160	Distribution rehabilitation	\$2,000,000
47	McGill - Ruth GID	18	0.98	17.67	Public	WP	NV0000164	700	320	New potable water source	\$1,624,000
48	Truckee Meadows Water Authority	15	1.13	16.97	Public	WA	NV0000190	325,000	91,000	TMWA Production Well Additions - 2015	\$4,000,000
49	Tonopah Public Utilities	10	1.55	15.45	Public	NY	NV0000237	2,600	1,500	Airport storage tank replacement & booster pump re-conditioning	\$291,220
50	Sage Valley MHP & RVP	6	2.35	14.11	Private	CH	NV0002023	188	147	Replace existing MHP water services (50 connections)	\$75,000
51	Goldfield Town Water	10	1.31	13.07	Public	ES	NV0000072	375	276	Storage tank recoating	\$40,000
52	Nye County (Gabbs)	6	2.07	12.41	Public	NY	NV0000063	411	160	Distribution line replacement	\$785,000
53	Tonopah Public Utilities	8	1.55	12.36	Public	NY	NV0000237	2,600	1,500	Transmission line replacement	\$5,700,000
54	Lyon County Utilities (Silver City)	14	0.84	11.75	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$1,900,000
55	Palm Gardens Water Coop	10	1.16	11.64	Private	CL	NV0000819	58	51	Solar Power for Well	\$39,988
56	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
57	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
58	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$4,700,000
59	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
60	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
61	Beatty Water & Sanitation District	6	1.85	11.12	Public	NY	NV0000009	1,010	446	Distribution line replacement	\$3,304,712
62	Stagecoach GID	8	1.33	10.65	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
63	McGill - Ruth GID	10	1.04	10.39	Public	WP	NV0000164	700	320	New storage tank	\$975,000
64	Las Vegas Valley Water District	10	1.03	10.28	Public	CL	NV0000090	1,306,410	354,123	Repair / replace reservoir hatches & vent screens (various)	\$228,792
65	Las Vegas Valley Water District	10	1.03	10.28	Public	CL	NV0000090	1,306,410	354,123	Faye Reservoir Rehabilitation	\$11,035,000
66	Virgin Valley Water District	8	1.25	9.97	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite to Bunkerville	\$3,375,000
67	Virgin Valley Water District	8	1.25	9.97	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite Heights to Pulte	\$1,080,000
68	Steamboat Springs Water Works	10	0.91	9.06	Private	WA	NV0000282	750	297	Telemetry, isolation valves	\$60,000
69	Truckee Meadows Water Authority	8	1.13	9.05	Public	WA	NV0000190	325,000	91,000	North Valleys Groundwater Integration Project	\$14,350,000
70	Round Hill GID	10	0.88	8.83	Public	DO	NV0000260	1,700	502	Replace Upper storage tank	\$900,000
71	City of West Wendover	6	1.40	8.42	Public	EL	NV0000246	4,990	1,103	Sycamore Way Waterline Improvement Project	\$675,400
72	Douglas Co (West Valley Water System)	15	0.51	7.60	Public	DO	NV0002564 & NV0002054	1,090	421	New source	\$750,000

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>											
73	City of Ely	6	1.26	7.59	Public	WP	NV0000038	5,500	2,200	Distribution system improvements	\$6,420,000
74	City of Ely	6	1.26	7.59	Public	WP	NV0000038	5,500	2,200	Upgrade distribution line from Golf Course Well	\$1,122,500
75	Eiko Co (Tuscarora)	6	1.25	7.51	Public	EL	NV0000189	40	21	Distribution system looping	\$229,704
76	Old River Water Company	6	0.99	5.95	Private	CH	NV0000303	300	112	Distribution lines	\$1,451,835
77	Sun Valley GID	6	0.94	5.65	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
78	Tonopah Public Utilities	3	1.55	4.64	Public	NY	NV0000237	2,600	1,500	Metering system upgrade to radio read	\$576,000
79	City of West Wendover	3	1.40	4.21	Public	EL	NV0000246	4,990	1,103	Water meter & meter yolk replacement	\$1,034,100
80	McDermitt GID	3	1.36	4.08	Public	HU	NV0000162	200	100	Meters	\$80,000
81	Panaca Farmstead	3	1.35	4.04	Public	LI	NV0000185	963	425	Metering system upgrade to radio read	\$400,000
82	Lyon County Utilities (Dayton)	3	1.02	3.07	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves	\$1,150,000

<b>Class III--Rehabilitation</b>											
<b>Non-Community Public Water Systems</b>											
83	Trout Canyon Land & Water Users Assoc	59	1.26	74.55	Private	CL	NV0004060	140	70	Repair/rehab spring or replace with well; replace transmission & distribution lines; chlorination; additional storage	\$2,996,000
84	Nye County Complex	44	1.32	57.99	Public	NY	NV0002152	100	13	Storage tank replacement, treatment, transmission line replacement, SCADA, & back-up generator	\$405,405
85	Humboldt River Ranch Assoc	15	1.06	15.88	Private	PE	NV0001125	150	10	PER, back-up well & other system requirements	\$150,000
86	City of Reno	10	1.13	11.31	Public	WA	NV0000760	50	1	New storage tank for Sky Tavern	\$750,000
<b>Total Class III</b>											<b>\$178,034,399</b>
<b>Class IV--Refinance</b>											
87	Sun Valley GID	0	1.21	0.00	Public	WA	NV0000211	17,000	6,000	Refinancing of two previous DWSRF loans	\$8,884,965
<b>Total Class IV</b>											<b>\$8,884,965</b>
<b>TOTAL FOR ALL PROJECTS</b>											<b>\$241,837,746</b>

## ATTACHMENT 2

Loan Acquisition of Washoe County Loan by Truckee  
Meadows Water Authority

# **Truckee Meadows Water Authority Acquisition of Washoe County Water System**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2014**

**Applicant:** Truckee Meadows Water Authority  
**Project:** Acquisition of Washoe County Drinking Water System

### **BACKGROUND**

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

Truckee Meadows Water Authority (TMWA) is requesting approval from the Board for financing water projects (Board) to acquire the outstanding debt of Washoe County’s DWSRF loan originally approved by the Board in January 2005.

### **PROPOSED ACQUISITION**

TMWA intends to acquire Washoe County’s (County) drinking water system.

In January 2005, the Board approved a DWSRF loan to Washoe County totaling \$14.463 million to fund the Hidden Valley water system. The loan is secured by a Bond which is pledged by water revenues. Once TMWA has completed this acquisition, the County will no longer operate a public water system that generates revenue.

Washoe County’s current outstanding principal balance on this DWSRF loan is \$9,109,436.74. TMWA will acquire the loan debt and does not intend to change the interest rate or the debt service schedule from what is currently set forth in the existing loan contract and bond.

### ***Financial Evaluation***

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

- In order to ensure sustainable long-term financial management practices, the TMWA maintains a comprehensive financial model that considers projected growth, water sales, sales tax projections, debt services costs and other variables. This model is updated annually, and more frequently as conditions warrant. TMWA meticulously tracks water billing and usage statistics to guide its rate making decisions assuring generation of sufficient revenue to pay all proper operation and maintenance (including replacement) costs of the water system.

- Ratio analysis indicates that TMWA has the ability to repay the loan.

TMWA is scheduled to adopt its revenue bond resolution in the Fall of 2014. The remaining term of the loan is 10 years, 4 months (maturing January 1, 2025) with an annual percentage rate of 2.81%.

**Division Recommendations**

The Division recommends approval of TMWA acquiring the outstanding debt of Washoe County's DWSRF 2005 loan. The Division and the TMWA will negotiate the terms and conditions of a loan agreement.

# Attachment 1

Resolution of the Board for Financing Water Projects

Loan Acquisition from the

Account for the Revolving Fund

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2014 TRUCKEE MEADOWS WATER AUTHORITY LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF ACQUISITION OF WASHOE COUNTY DWSRF LOAN.**

**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**, Truckee Meadows Water Authority (TMWA) is a municipal water agency, created under a joint powers agreement between Washoe County and the cities of Reno and Sparks, serving the greater Reno-Sparks metropolitan area in Northern Nevada; and

**WHEREAS**, TMWA's water system is a public water system located in Washoe County, Nevada; and

**WHEREAS**, the TMWA has submitted a proposal to acquire Washoe County's water system and outstanding debt; 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 “9-2014 Truckee Meadows Water Authority Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated between the Truckee Meadows Water Authority and the Division.

*Section 3.* Based on the review of the TMWA acquisition proposal by the Division and based on the recommendation submitted by the Division to the Board concerning the proposal, 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 \$9,109,436.74 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 September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 3

Nye County for the Town of Gabbs - Change of Scope

**Nye County for the Town of Gabbs  
Project Change of Scope**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
September 2014**

**Project: Water System Improvements for Fluoride Compliance – Project Change of Scope**  
**DWSRF Loan Amount: \$1,021,376**

**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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

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

**Background**

The Town of Gabbs is a small rural town of approximately 270 people located in northwestern Nye County approximately 80 miles southeast of Fallon. The groundwater source of supply exceeded the State Drinking Water Secondary Standard Maximum Contaminant Level (MCL) of 2.0 milligrams per Liter (mg/L also referred to as parts per million, ppm) for fluoride. A DWSRF principal forgiveness loan in the total amount of \$1,021,376 was approved by the Board for Financing Water Projects to Nye County for a Gabbs water project which consisted of drilling and connecting a new municipal well to the existing water distribution system that serves the community. The new well facility was completed and placed into service in December 2013 with approximately \$48,518 remaining in DWSRF funding.

Concurrent with the well project, Nye County received a Community Development Block Grant (CDBG) from the Governor's Office of Economic Development in the amount of \$123,777 for repair and recoating of the Gabbs water storage tank. The project was expected to include connecting the town to a temporary water tank, draining the primary water tank and repairing any holes in the floor, and recoating the interior. After the project commenced, it was soon discovered that the water tank floor could not simply be patched; the extent of the corrosion was such that repair of the structure was not feasible and quotes were obtained to place a new floor in the tank.

The total cost for repair and recoating of the tank was \$242,947.81: original scope of work - \$115,883.00; tank floor replacement added as change order #1 for \$113,629.02; and an additional \$13,435.79 for the temporary water tank rental.

Nye County is requesting the Board for Financing Water Projects approve a change of scope on the well project to allow the use of the remaining \$48,518.68 in DWSRF funds for the storage tank floor replacement. The Gabbs Water System supplied the remaining funds. The final cost breakdown for the tank would be as follows:

CDBG	\$123,777.00
DWSRF	\$48,518.68
<u>Gabbs Water</u>	<u>\$70,652.13</u>
Total	\$242,947.81

**Recommendation**

NDEP recommends that Board for Financing Water Projects approve the requested change of scope.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2014 NYE COUNTY FOR THE TOWN OF GABBS PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

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

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

**WHEREAS**, on September 9, 2014 the Board, pursuant to NRS 445A.265, approved the 2015 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 project is included on the 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

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

**WHEREAS**, In Resolution 9-2011 Nye County for the Town of Gabbs Project Loan Commitment, the Board approved a commitment of funds in an amount not to exceed \$806,376 from the account for the revolving fund in accordance with NRS 445A.265 for the "Project";

**WHEREAS**, In Resolution 1-2013 Nye County for the Town of Gabbs Project Loan Commitment, the Board approved a commitment of additional funds to the original project in the amount

not to exceed \$215,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$1,021,376 for the “Project”;

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

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

*Section 1.* This Resolution shall be known as the “9-2014 Nye County for the Town of Gabbs Project Loan Commitment Resolution.”

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

*Section 3.* Based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a change of scope for this project allowing all remaining funds to be applied to the amended Project.

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

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

**PASSED, ADOPTED AND SIGNED September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 4

Las Vegas Valley Water District

**Las Vegas Valley Water District  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
September 2014**

**Applicant:** Las Vegas Valley Water District  
**Project:** Reservoir & Pipeline Rehabilitation/Replacement  
**Previous DWSRF Loan Amount:** \$228,792  
**Additional DWSRF Loan Funds:** \$20,000,000

**GENERAL**

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

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

**BACKGROUND**

The Las Vegas Valley Water District (LVVWD) is a not-for-profit water supply agency that has been providing water to the Las Vegas Valley since 1954. The district helped build the area's water delivery system and now provides water to more than one million people in Southern Nevada. The Water District is a member agency of the Southern Nevada Water Authority, a regional organization that provides wholesale water treatment and delivery for the greater Las Vegas Valley and is responsible for acquiring and managing long-term water resources for Southern Nevada.

**PROJECTS**

Fayle Reservoir Rehabilitation – Rehabilitation of the existing 40-million gallon Fayle Reservoir and electrical upgrades to the existing pump motors and site power. Site improvements will be incorporated into this project to ensure the facility is in compliance with current Clark County code requirements.

Following an assessment of the reservoir's structural condition in November 2012, rehabilitation was deemed necessary to meet current statutory standards, state health regulations, and seismic zone requirements. The steel pipe roof support columns exhibit a small amount of section loss due to corrosion and must be sand blasted and repainted. The column base plate anchor bolts are also

corroded, which could result in a total collapse of the roof should a seismic event occur; therefore, new anchor bolts must be installed in the base plates. The tension tie rods, which resist lateral loads, also require replacement as they are in danger of failure. To prevent further corrosion, a new cathodic protection system must be installed. The reservoir floor liner has exceeded its life expectancy and also requires replacement. The roof structure and seals no longer meet current statutory requirements and are in need of replacement to meet current standards. In addition, isolation valve improvements will be installed to allow pumping station isolation when maintenance is required. It is anticipated that these upgrades will result in an additional 25 years of service life to the reservoir.

AC Pipeline Replacements – Replacement of approximately 18,000 linear feet of asbestos cement pipeline with PVC pipeline in residential neighborhoods in the Las Vegas Valley. The existing asbestos cement pipelines have reached the end of their useful life and are degrading. As a result, these lines have experienced and will continue to experience pipe failures, resulting in water loss and maintenance costs.

Service Lateral Replacements – Replacement of aging, leaking, polyethylene service lines installed in the 1980s and early 1990s throughout the Las Vegas Valley. A considerable amount of this work will be accomplished within the two master-planned residential communities of Los Prados and Desert Shores.

### ***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 SNWA 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 facilities and pipeline that will be rehabilitated serve the existing population, and any future growth would require the addition of facilities.

### ***Environmental Review***

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.

The project involves repairs to existing storage facilities and pipeline within District-owned properties and easements. NDEP 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.

**Permits**

No permits are anticipated for this project.

**Cost Estimate**

Budget Item	DWSRF Funding	Other	Totals by Use
Planning	\$600,000		<b>\$600,000</b>
Design & Engineering	\$1,850,000		<b>\$1,850,000</b>
Land Acquisition			
Equipment/Materials			
Construction/Improvements	\$17,550,000		<b>\$17,550,000</b>
Administrative			
Financing Costs			
<b>Totals by Source</b>	<b>20,000,000</b>		<b>20,000,000</b>

**FINANCIAL EVALUATION**

LVVWD is a financially viable operation with the ability to meet costs of continuing operations and maintenance.

Specific financial information for the applicant is as follows:

- Current ratio shows LVVWD is able to meet their current obligations (1.287 times).
- Cash Flow from operations is +\$97,530,939. Earnings before interest and depreciation is +\$90,073,679. Unrestricted cash as of June 30, 2013 for the district is \$104,719,688.
- The LVVWD has authority to issue general obligation bonds for water projects and does not have any statutory debt limit. A general obligation bond will be issued to guarantee this loan equal to the amount of the loan. LVVWD bonds contain a covenant for a debt service reserve equal to six months of interest and one year of principal payments.
- The 2015 priority list used \$52,601 as the Las Vegas area Median Household Income (MHI). This is currently below the State’s MHI of \$54,083, but not enough to qualify as disadvantaged.
- LVVWD has recently adjusted their rate structure to meet operating, maintenance, and debt service coverage. Rates are reviewed at least annually to ensure adequate cash to meet these requirements.

**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.

**DIVISION RECOMMENDATION**

In July 2013, the Board for Financing Water Projects (Board) approved a resolution committing \$228,792 in loan funds from the DWSRF. These funds were needed by the LVVWD to repair existing reservoir hatch seals and vent screens that were not in compliance with NAC requirements. The LVVWD was unable to provide a bond for the loan at that time and no loan contract has been signed. At this time, the LVVWD is in the process of bonding for much larger system rehabilitation projects and wishes to combine its earlier approved funding with the funding request before the Board today.

The Division recommends that the Board approve a resolution committing additional funds in the amount of \$20,000,000 and modifying the loan commitment of the DWSRF to \$20,228,792 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 62.5% 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 "9-2014 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 September 9, 2014 the Board, pursuant to NRS 445A.265, approved the 2015 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 Project is included on the Year 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; 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**, on July 9, 2013, in the 7-2013 Las Vegas Valley Water District Project Loan Commitment Resolution, the Board approved 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; 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 “9-2014 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 additional funds in the amount not to exceed \$20,000,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$20,228,792.

**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 September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 5

Kingsbury General Improvement District

**Kingsbury General Improvement District  
Revised Loan Commitments & Project Change of Scope**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
September 2014**

**Applicant:** Kingsbury General Improvement District  
**Project:** Water System Improvements & Surface Water Treatment Plant Relocation  
**Previous SRF Loan Amount:** \$5,000,000  
**Additional SRF Loan Amount:** \$12,000,000

**GENERAL**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the Act. The SDWA authorizes the US Environmental Protection Agency (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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

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

**Background**

Kingsbury General Improvement District (KGID) provides water to approximately 2,650 customers in the Stateline area in the Lake Tahoe basin. A new water pumping station on the beach area of the Tahoe Shores Mobile Home Park (MHP) was completed in 1990. In 1994, an ozone treatment system was added to meet the EPA regulations of the Surface Water Treatment Rule. Because the treatment plant was located in the upper beach area of the mobile home park, a nonexclusive easement was given to KGID to operate the plant in this area which would allow the residents of the park easy access to their private beach.

In October 2011, KGID retained CH2M HILL as the district engineer for engineering services and preliminary design work for the retrofit of the existing water treatment plant to meet the EPA Long Term 2 Surface Water Treatment Rule (LT2SWTR). This project included replacement of existing ozone generating equipment and make-up air system with a new Liquid Oxygen (LOX) supplied ozone system and the installation of ultraviolet (UV) secondary disinfection. KGID received a loan from the DWSRF in the amount of \$5M for this treatment upgrade.

The new owners of the Tahoe Shores MHP felt the nonexclusive easement did not allow KGID to modify the existing plant in any way and filed a claim against KGID to have the treatment plant moved from its current location. Knowing that this move would increase the cost of the overall project considerably and certain that KGID would have a very good chance of winning any litigation if it went to court, a law firm was retained by KGID in December 2012. As a result, Tahoe Shores chose to delay litigation and requested to enter into negotiations to move the KGID water treatment plant.

Over the next eighteen months KGID was able to negotiate a parcel of land to be dedicated fee title for a new water treatment plant on the southeast corner of the former MHP along with a sizable connection fee for the new development and other considerations.

While the negotiations were ongoing and long before even a tentative agreement was reached, KGID, in good faith, entered into contract with CH2M HILL to design the new water treatment plant at the new location, knowing full well that the negotiations could end abruptly leaving KGID with over \$1.3M in engineering costs without a place to build the new treatment plant.

At that time, the estimated cost to move the treatment plant and start new was an additional \$6M bringing the total construction cost to \$11M; thus the request for amendment to the first loan. The \$11M in loans coupled with approximately \$2M of KGID reserves was thought to be sufficient to cover all engineering and construction costs for this project.

KGID faced a very aggressive schedule in order to have the new treatment plant online by October 1, 2016. This time constraint was eased somewhat by using a Construction Manager at Risk (CMAR) method of construction. This eliminated the need for the bid process for a general contractor and allowed the general contractor to go out to bid directly with subcontractors for prices on materials and supplies.

In the end, the CMAR proposal came in at \$13.83M. This price, along with the total engineering costs to complete the project, put the construction of the new water treatment plant out of reach for KGID without the ability to borrow another sum of money from the DWSRF. Another \$6M will be needed to ensure the completion of the KGID water treatment plant. It is still KGID's intention to use reserve funds where possible to preserve reasonable water rates within the District. The project costs, including contingency, are now estimated at \$17M. KGID is requesting an additional \$12M from the DWSRF to complete the project.

Project	Loan Amount
LT2SWTR compliance using the existing treatment facility	<b>\$5,000,000</b>
LT2SWTR compliance + moving and constructing a new treatment facility	Original \$5,000,000 + \$6,000,000 = <b>\$11,000,000</b>
LT2SWTR compliance + moving and constructing a new treatment facility + increase costs on the final CMAR proposal	Original \$5,000,000 + \$6,000,000 + \$6,000,000 = <b><u>\$17,000,000</u></b>

### **Environmental Review**

The new owners of the Tahoe Shores MHP desire to develop a \$300M condo/townhouse community on the site of the current MHP. In 2008, an environmental impact statement (EIS) for the Beach Club project was prepared on behalf of the Tahoe Regional Planning Agency (TRPA) pursuant to Article VII of the Tahoe Regional Planning Compact and Chapter 5 of the TRPA Code of Ordinances. TRPA is the lead environmental review agency for the project, pursuant to Article VII of the Tahoe Regional Planning Compact, and in order to reduce delay and duplication, has sought input from appropriate federal and non-federal agencies as a means of encouraging early coordination and cooperation with federal agencies, state and local governments, and federally-recognized Indian tribes with jurisdiction by law or special expertise.

An Initial Environmental Checklist for Determination of Environmental Impact (IEC) for the proposed plan revision involves modification to the approved project to relocate the existing KGID facilities (currently located near the Lake Tahoe beach area) to the back of the project site (APN 1318-22-002-002) near the proposed entrance to the Beach Club development. Many of the existing water system facilities will be demolished and removed after the new facilities are completed. To accommodate the relocated facilities, the Beach Club Project improvements (beach club and residential buildings) will need to be shifted to the west. Other than location, no changes in building design, materials, height, etc., of the approved swim and beach club or residential development are proposed. Since an EIS has been prepared and certified by the TRPA Governing Board for the Beach Club Project, this IEC addresses only the potential environmental impacts associated with the proposed revisions that differ from the approved project.

NAC 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed by the Division to meet the requirements of the National Environmental Policy Act. The NACs allow the Division to utilize an environmental review conducted by another agency as long as the review complies with the Division's environmental requirements. If the Division determines that the review and findings of the TRPA satisfies the requirements of the DWSRF, the Division will accept the TRPA environmental review and determination in lieu of conducting a separate environmental review. A public notice of the Division's determination is required before a new loan or amended loan can be signed.

### **Financial Evaluation**

NDEP's Office of Financial Assistance reviewed the financial information submitted with the Project Loan Application for Kingsbury General Improvement District. The materials include:

- Audited Financial Statements for fiscal years ended June 30, 2011, 2012 and 2013
- Confirmation from Douglas County of cash balance for June 30, 2014.

Indicators of KGID's financial capability include the following:

- Financial analysis on 2011 to 2013 financial data for Kingsbury GID shows all current obligations have been met. Current ratio for FY 2013 and FY 2012 were 5.713 and 5.101, respectively.
- Unaudited cash balance on June 30, 2014 is \$5,530,718. The district has maintained a healthy cash balance over the last three years.
- Earnings before interest and depreciation for FY2013 are \$1,845,451. Kingsbury has maintained a consistent earnings rate for the last three years.

- The District has authority to issue general obligation bonds for water projects. The District has not exceeded their authority to issue this debt. A general obligation bond will be issued to guarantee this loan equal to the amount of the revised loan.
- The 2015 priority list used \$83,523 as the Kingsbury Median Household Income (MHI). This is currently above the State's MHI of \$54,083 for the same priority list, disqualifying them for a principal forgiveness loan based upon a disadvantaged community.
- Kingsbury GID's rate structure to meet operating, maintenance, and debt service coverage is reasonable. The current water rate of 15,000 gallons used per month is \$154.45.

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

### **Recommendation**

The Division recommends that the Board for Financing Water Projects (Board) approve a resolution committing additional funds in the amount of \$6,000,000 and modifying the existing loan commitment of the DWSRF to \$11,000,000 to the Kingsbury General Improvement District. The purpose of the original loan was to install additional water treatment facilities to comply with the LT2ESWTR and appurtenances. The additional loan funds are necessary due to the need to relocate the water treatment building.

The Division also recommends that the Board approve a new loan commitment from the loan fund of the DWSRF in the amount of \$6,000,000 to the Kingsbury General Improvement District. The additional loan is necessary to complete the relocation of the water treatment building and appurtenances based on the CMAR proposal. The loan will be for a term not to exceed 20 years and at an annual interest rate of 62.5% of the appropriate Bond Buyer's Index at the time the loan contract is signed. The Division and Kingsbury General Improvement District will negotiate the terms and conditions of the loan agreement.

Kingsbury GID will take advantage of the low interest rate on the original loan by adding the first additional \$6,000,000 to it. In order to have time to address possible cash flow and rate increase issues the second \$6,000,000 will be under a second contract and secured by a second bond.

## **RESOLUTION**

**A RESOLUTION DESIGNATED THE "09-2014 THE KINGSBURY GENERAL IMPROVEMENT DISTRICT PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

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

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

**WHEREAS**, on September 9, 2014, the Board, pursuant to NRS 445A.265, approved the Year 2015 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Kingsbury General Improvement District owns and operates a public water system located in Stateline, Nevada; and

**WHEREAS**, the Division ranked the Project as #1 on the Year 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

**WHEREAS**, the Kingsbury General Improvement District Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; and

**WHEREAS**, the Division has determined that the Kingsbury General Improvement District has the technical, managerial and financial capability to manage and repay a loan for funding a portion of the Project; and

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

**WHEREAS**, on September 28, 2011, in the 09-2011 the Kingsbury General Improvement District Project Loan Commitment Resolution, the Board approved a commitment of funds in the amount not to exceed \$5,000,000 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 “09-2014 the Kingsbury General Improvement District Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing loans to the Applicant shall be negotiated by the Kingsbury General Improvement District with the Division.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$6,000,000 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$11,000,000.

*Section 4.* Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$6,000,000 from the account for the revolving fund for a new loan to cover the remaining expenses of the project in accordance with NRS 445A.265.

*Section 5.* 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 6.* This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED SEPTEMBER 9, 2014**

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

Attest:

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

## ATTACHMENT 6

Douglas County - Sierra Country Estates

**Douglas County – Sierra Country Estates  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
September 2014**

**Applicant:** Douglas County for Sierra Country Estates  
**Project:** Consolidation & Well Treatment  
**Total Project Cost:** \$1,500,000  
**Loan Amount:** \$1,500,000

**GENERAL**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the Act. The SDWA authorizes EPA to award capitalization grants to States that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, 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).

**EXISTING SYSTEM**

Sierra Country Estates is a small subdivision located at the base of the Carson Range of the Sierra Nevada in Douglas County. The subdivision consists of 22 parcels, 17 of which are currently developed. Lots range in size from approximately 1.5 acres to over 3 acres.

Water is provided to residences through a public water system (PWS NV0000931) that consists of two wells, one 250,000-gallon storage tank, and distribution piping. There are 17 residential customers served by the system. Most of the homes currently have a point-of-entry, calcite neutralizing system. Douglas County acquired the water system from a private owner in October 2013 and is working to bring the system into compliance.

Sierra Country Estates lies within a regional planning area encompassing all of the Foothill Regional water service area as delineated in the Douglas County Master Plan. The regional planning area includes the Sierra Country Estates, Job’s Peak, and Sheridan Acres water systems. These systems are all now owned and operated by Douglas County.

Groundwater in Sierra Country Estates is acidic due to elevated levels of dissolved carbon dioxide (CO<sub>2</sub>). Acidic water can result in metals – particularly lead and copper – leaching from piping and plumbing

fixtures. Sierra Country Estates has had a history of compliance issues related to the Lead and Copper Rule. In addition to water quality issues, water usage in Sierra Country Estates is nearly five times greater than what is permitted by Douglas County Code. Excessive water usage is primarily attributable to expansive landscaping found throughout the development. Water meters were installed in December 2013.

The system has been issued a Finding of Alleged Violation by the Office of the State Engineer and a Finding on Alleged Violation and deemed a failed system by the Nevada Division of Environmental Protection Bureau of Safe Drinking Water. In the September 2013 Board of County Commissioners meeting, Douglas County staff was directed to prepare the necessary documentation to acquire the water system. A preliminary engineering report (PER) was prepared to identify system deficiencies and evaluate alternatives to correct system deficiencies.

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

The Sierra Country Estates local planning area is zoned for 2-acre, single family residences. Very limited growth is anticipated in the Sierra Country Estates. Of the 22 parcels in the subdivision, 17 are currently developed.

### **PROJECT**

The project proposes to construct a transmission line from the adjacent Job's Peak water system to the Sierra Country Estates water system and upgrade Sierra Country Estates Well #1. The connection to Job's Peak will provide water to Sierra Country Estates during low demand periods while the upgraded Well #1 will be required to satisfy maximum demands during irrigation periods. The well will be equipped with chemical injection facilities to treat water prior to entry into the distribution system. Based on the results of the impact and present worth analysis reviewed in the PER, 'Alternative 5a – Job's Peak Connection and upgrade Sierra Country Estates Well #1' appears to be the most appropriate alternative to address deficiencies in Sierra Country Estates and meet the expectations of the residents. Two meetings were held with residents of Sierra Country Estates to educate residents and seek feedback. During these meetings, a majority of residents indicated that reducing water usage was not realistic and indicated that they would be willing to pay for a more expensive alternative in order to maintain their investments in landscaping.

Job's Peak provides water to the system via 2 wells. Groundwater in Job's Peak is also acidic due to elevated levels of dissolved  $CO_2$ . In 2011, a diffused air, water treatment plant was installed in Job's Peak with the primary purpose of increasing the pH of the water from the Job's Peak wells to a level that does not result in leaching of lead and copper from water system appurtenances or household plumbing. The Job's Peak water system also provides an emergency connection to the Sheridan Acres water system at the Sheridan Acres water tank.

### ***Project Alternatives***

Alternative 1 – Do Nothing: This alternative would maintain the status quo and not correct any system deficiencies.

Alternative 2 – Point of Entry Treatment: This alternative would upgrade existing calcite neutralizers that are located in most homes in the subdivision as well as upgrade Sierra Country Estates Well 1 and 2.

Alternative 3 – Decentralized Treatment: Under this alternative Sierra Country Estates Well 1 and 2 would be upgraded and equipped with chemical injection equipment to inject chemicals to either neutralize the low pH or a corrosion inhibitor to reduce the risk of corrosion.

Alternative 4 – Centralized Treatment: This alternative proposes constructing a centralized air stripping water treatment plant.

Alternative 5 – Job’s Peak Connection: Under this alternative a transmission line would be constructed from Job’s Peak water system to Sierra Country Estates. Implementation of this alternative would require significant reduction in water usage in Sierra Country Estates.

Alternative 5a – Job’s Peak Connection and upgrade Sierra Country Estates Well 1:

Under this alternative a transmission line would be constructed from Job’s Peak water system to Sierra Country Estates and Sierra Country Estates Well 1 would be upgraded to include chemical injection equipment to neutralize the pH at Well 1 for use during the irrigation season.

Alternative 6 – Sheridan Acres Connection: This alternative proposes constructing a raw water and finished water line to and from Sierra Country Estates to Sheridan Acres. Sierra Country Estates Well 1 would be connected to the Sheridan Acres water treatment plant and a booster station would pump water back into Sierra Country Estates.

#### ***Environmental Review***

NAC 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed by the Division to meet the requirements of the National Environmental Policy Act. The Division determined that the project is eligible for a categorical exclusion because the proposed route of the new water line is unlikely to have a negative effect on the quality of the environment. The small building that will be constructed to house the chemical treatment will be located either next to Well #1 or on a small vacant lot within the subdivision across the street and will have no negative effect on the quality of the environment. All construction will occur in utility easements on private properties. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring the customers receive water that is safe to drink. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

#### ***Required Permits:***

- Nevada Division of Environmental Protection – Bureau of Safe Drinking Water
- Douglas County Design Review
- Douglas County Building Permit
- Douglas County Site Improvement Permit.

## Cost Estimate

Budget Item	DWSRF Funding	Other	Totals by Use
Planning	\$50,000		\$50,000
Design & Engineering	\$110,000		\$110,000
Land Acquisition	\$135,089		\$135,089
Equipment/Materials			
Construction/Improvements	\$957,000		\$957,000
Administrative	\$207,911		\$207,911
Financing Costs	\$40,000		\$40,000
<b>Totals by Source</b>	<b>\$1,500,000</b>		<b>\$1,500,000</b>

## FINANCIAL EVALUATION

Douglas County is requesting a loan of \$1,500,000 with \$500,000 of the principal being forgiven.

In terms of the \$1,000,000 loan portion, Douglas County is a financially viable operation with the ability to meet costs of continuing operations and maintenance. The Carson Valley Water Utility Fund a component of Douglas County has the financial capability to handle the loan based on the following:

- The current ratio shows Douglas County is meeting current obligations.
- Cash as of June 30, 2013 was sufficient with cash balances remaining well above current obligations and debt service requirements.
- Douglas County will be securing a general obligation bond as security.
- The Douglas County Board of Supervisors continues to adjust rates for the users in Sierra Country Estates to cover debt service.

In terms of the \$500,000 of principal forgiveness, 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 subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada will specify in the 2015 Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community or where consolidation of a smaller system to a larger system is part of the project. The MHI for the Sierra County Estates would not meet the definition of a disadvantaged community. However, the system is being consolidated with Douglas County which would qualify for additional subsidy under a consolidation for principal forgiveness in the amount of \$500,000. Therefore, Sierra Estates meets the requirements for additional subsidy, making a principal forgiveness loan in the amount of \$500,000 appropriate. NDEP recommends a \$1,500,000 loan to Douglas County with \$500,000 of the principal to be forgiven.

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

Douglas County employs operators who have the technical knowledge, certification, and ability to operate the system. Douglas County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards, retains a certified public accountant, and utilizes generally accepted accounting principles.

Douglas County Utilities (DCU) provides potable water to customers within an overall service area that includes East Valley, Genoa Lakes, Sunrise Estates, Fairgrounds, China Springs, Job's Peak, Sheridan Acres, Skyland/Cave Rock, Uppaway and Zephyr Cove. This service area is divided into one district and seven sub-districts which operate as separate systems. DCU's Water Conservation Plan includes: conservation goals, water rights quantities, existing and planned conservation measures and incentives, use profile, conservation educational materials, regulatory documents, and drought planning. This plan was designed specifically for DCU and its customers and is compliant with the NRS.

Sierra Country Estates is, currently, not in compliance with the maximum contaminant level requirements of the Safe Drinking Water Act. Through the consolidation with Job's Peak and the addition of treatment on Well #1, the system will be brought back into compliance.

**DIVISION RECOMMENDATION**

The Division recommends that the Board approve a resolution committing funds from the account of the Drinking Water State Revolving Fund in the amount of \$1,500,000 to Douglas County. In accordance with the 2015 Intended Use Plan, projects that promote sustainability through consolidation of a smaller system with a larger system are eligible for additional subsidy, regardless of the financial status of the smaller community. The limit of this additional subsidy is \$500,000. Therefore, \$500,000 of this loan will be provided as a principal forgiveness loan to Douglas County. The remaining \$1,000,000 will be provided as a loan to Douglas County and will be for a term not to exceed 20 years and at an annual interest rate of 62.5% of the appropriate Bond Buyer's Index. The Division and Douglas County will negotiate the terms and conditions of a loan agreement.

## **RESOLUTION**

### **A RESOLUTION DESIGNATED THE "9-2014 DOUGLAS COUNTY FOR SIERRA COUNTRY ESTATES 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 September 9, 2014 the Board, pursuant to NRS 445A.265, approved the 2015 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Douglas County owns and operates a public water systems in Douglas County, Nevada; and

**WHEREAS**, Douglas 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 Project is included in the Year 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

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

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

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

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

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

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

***Section 1.*** This Resolution shall be known as the “9-2014 Douglas County for Sierra Country Estates Project Loan Commitment Resolution.”

***Section 2.*** The terms and conditions for providing a loan to Douglas County shall be negotiated between Douglas County and the Division. As this project includes consolidation and is eligible to receive additional subsidy as spelled out in Nevada’s 2014 Intended Use Plan, these terms will include \$500,000 in principal forgiveness loan.

**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 total commitment of funds in the amount not to exceed \$1,500,000 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 September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 7

### Kingston Town Water Utilities

# Kingston Town Water Utilities Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2014

**Applicant: Kingston Town Water Utilities**

**Project: New Water Storage Tank**

**Estimated Project Cost: \$614,434**

**Loan Amount: \$450,434**

### **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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, 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).

### **CURRENT SYSTEM**

The Town of Kingston is located in Lander County approximately 28 miles south of Austin and 16 miles south of the junction of Highway 50 and State Route 376 in Big Smoky Valley.

The Kingston water system is served by two production wells, a 239,000-gallon welded-steel storage tank, and a distribution system. The system is chlorinated. The wells are located approximately 50 feet apart and rely on Kingston Creek for recharge. Both wells cannot operate concurrently; however, each well can meet the requirements of the NACs for existing system capacity. Distribution mains are adequately sized to maintain stable system pressures at different demands and also provide adequate fire flows throughout. The system contains 5 PRV stations separating the system into 4 pressure zones. Three 20,000-gallon glass-lined storage tanks were taken off-line in 2003 due to their age. These tanks are located the end of Hill Road on the site proposed for a new storage tank.

Average daily water use is approximately 286 gallons/day/customer with a maximum usage of 485 gallons/day/customer. Kingston has adequate groundwater rights through build-out and maintains these rights in good standing.

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

Kingston currently has 160 residential and 4 non-residential service connections and serves approximately 125 fulltime residents. Growth in the Kingston area appears to be consistent and averages 2% per year. Growth in Kingston – and the county as whole – is generally due to an increase in mining activity. Due to the added benefit of being a recreational community, some residents maintain property in the area for recreation and retirement.

While ground water supply, pumping water rights and distribution are adequate, additional storage is required now and will again be required at build-out (400 service connections). Additional water distribution infrastructure will also be required as the service area expands.

### **PROPOSED PROJECT**

The project will consist of demolishing the 3 existing 20,000-gallon glass-lined tanks (offline since 2003) and installing a new 185,000-gallon welded-steel tank on the site along with necessary site preparation and appurtenances. The Town of Kingston owns this parcel.

The new 185,000-gallon tank will make use of the existing altitude valve and system tie-in that currently exists; however, the altitude valve vault will be relocated closer to the tank due to property issues and the tank inlet/outlet line will be upsized from 8-inches to 10-inches. In order to match the existing tank's high water level, the new tank will be 24-feet high by 38-feet in diameter and will require seismic restraint by way of a concrete ring-wall and hold-downs. The proposed tank includes a gravity block wall against the hillside to reduce the amount of cut required. The tank overflow and drain lines will daylight at an existing roadside drainage to eliminate drainage onto existing properties and to the creek. New telemetry, site grading, and a perimeter security fence will also be included as part of this project.

Approximately 185,000 gallons of storage is needed to comply with State requirements. A new tank on Hill Court would match the elevation of the existing Black Hill tank and provide additional storage to meet the increased demand and balance system flows. This will also provide adequate temporary storage during maintenance of the Black Hill tank and minimize possible system downtime if the wells are off-line.

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

The project alternatives also included: 1) no action; 2) install a 220,000-gallon storage tank. The 'no action' alternative would not address the inadequate storage capacity or system redundancy issue. Installing a 220,000-gallon storage tank would have the same advantages as installing a 185,000-gallon tank and would not require seismic restraint; however, the cost would be higher.

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612, inclusive. An environmental review was conducted in 2014 for an application made to the US Department of Housing & Urban Development, Community Development Block Grant (CDBG) program 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. NDEP Bureau of Safe Drinking Water approval of Plans and Specifications

**Cost Estimate**

Other: Planning and design for the tank were completed with a grant from CDBG.

Local Funding: Lander County is providing \$84,000 and the Town of Kingston is providing \$80,000 for the construction of the tank.

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning			Complete	
Design & Engineering			Complete	
Land Acquisition				
Equipment/Materials				
Construction/Improvements	450,434	66,176		516,610
Construction Administrative 7% of construction total		36,163		36,163
Contingency		51,661		51,661
Bidding		5,000		5,000
Legal/Administration		5,000		5,000
Financing Costs				
Totals by Source	450,434	164,000		614,434

Project Total

**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 subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada will specify in the 2015 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 household income (MHI) is less than 80% of the MHI of the state. Based on the 2008-2012 Community Survey, 80% of Nevada's MHI is \$43,266. According to the same community survey, the MHI for the Kingston area is \$24,821. Therefore, Kingston meets the requirements for additional subsidy, making a principal forgiveness loan appropriate. Lander County and the Town of Kinston plan to contribute \$164,000 of their funds to the project.

Kingston is a fully metered system. The current rate for residential use is:

\$31.50 per month for 1 – 10,000 gallons

\$42.00 per month for 10,001 – 25,000 gallons

\$1.10 per thousand gallons – over 25,000 gallons

The current rate for commercial users as well as multi-residential rates is the same as the single residential rate outlined above. The water utility has stipulated, via ordinance, that an annual increase in the base rate of approximately 10% will take place each September starting in 2013 and continuing through 2017.

Nevada's 2015 Intended Use Plan will include a requirement that a disadvantaged community receiving additional subsidy in the form of principal forgiveness would be required to charge a reasonable rate for water service to assure the sustainability of the water system. Based on the best available MHI information for the Kingston area, a reasonable monthly rate for using 15,000 gallons is at least \$31.03. With a current water rate of \$42.00 for a monthly use of 15,000 gallons, Kingston's rate is considered reasonable.

Lander County administers all billing for the Town of Kingston and employs a financial manager. Kingston does not have any debt at this time and maintains an investment fund with the State Treasurer's Office for capital replacement as required by grants received from the State Capital Improvements Grant Program (AB-198 Grant). The contribution to this fund is \$34,560 annually and is funded through water user fees. Money from this fund has also been used to update the Preliminary Engineering Report and system mapping for this project.

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

Capacity surveys of the utility were completed in 2007 and 2011. Both surveys resulted in a total capacity score of 92%. The water quality is in compliance with all maximum contaminant levels and all monitoring requirements have been met. Kingston employs a certified operator who has the technical knowledge and ability to operate the system. No significant deficiencies were identified during the most recent (October 2011) sanitary survey. All federal and state regulations relating to health and safety of the end users are strictly adhered to.

**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 \$450,434 to the Kingston Town Water Utilities 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 Kingston will negotiate the terms and conditions of a loan agreement.

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "9-2014 KINGSTON TOWN WATER UTILITIES 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 September 9, 2014, the Board, pursuant to NRS 445A.265, approved the 2015 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Kingston Town Water Utilities owns and operates the public water system; and

**WHEREAS**, Kingston Town Water Utilities 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 Project is included on the 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

**WHEREAS**, Kingston Town Water Utilities submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Kingston Town Water Utilities Project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, Kingston Town Water Utilities 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 Kingston Town Water Utilities has the technical, managerial and financial capability to manage a loan for the Project; and

**WHEREAS**, the Kingston Town Water Utilities 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 “9-2014 Kingston Town Water Utilities Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Kingston Town Water Utilities shall be negotiated between the Kingston Town Water Utilities 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 \$450,434 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 September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 8

## Sage Valley MHP

**Sage Valley RV & Mobile Home Park  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
September 2014**

**Applicant: Sage Valley RV & Mobile Home Park**  
**Project: Water Service Line Replacements**  
**Total Estimated Project Cost: \$106,000**  
**DWSRF Funds: \$106,000**

**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 Sage Valley RV & Mobile Home Park is located in Churchill County and has a 50 unit capacity in the mobile home park.

**CURRENT SYSTEM**

The water system consists of one well which is 75 feet deep, a 600-gallon pressure tank, a manganese treatment system, and the distribution system.

***Customers, Population and Growth***

Sage Valley Mobile Home Park currently has 50 residential connections which serve an estimated population of 188.

**PROPOSED PROJECT**

All ¾-inch galvanized water service lines from the water main to the individual mobile units will be replaced with new ¾-inch PVC water service lines, including new saddle and corp stop, new yard hydrants and connections to the existing water service line under the units. The existing, deteriorating services experience low water pressures and have the potential for contamination due to scale build-up.

**Alternatives to Proposed Project**

The only alternative to this project is no action. If the service lines are not replaced, the low pressure issues and potential for contamination will persist.

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. 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 properties. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins. Best management practices will be utilized during construction.

**Permits**

The NDEP Bureau of Safe Drinking Water approval will be required.

**Financial Evaluation**

Since 2010, grant awards from EPA have required that the State of Nevada agree to use 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 will specify in the Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community up to \$500,000. The NAC defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Based on the 2008-2012 American Community Survey, eighty percent of Nevada's MHI is \$43,266.

Churchill County conducted an income survey of the Park and determined the median household income is approximately \$23,000. Therefore, Sage Valley not only meets, but far exceeds the requirements for additional subsidies, making a principal forgiveness loan to the Sage Valley Mobile Home Park appropriate.

**Water Rates**

Water is included in the monthly space rent which is \$315. Considering the current economic conditions, Sage Valley is not contemplating a rate increase at this time.

**Cost Estimate**

**SAGE VALLEY MHP  
WATER SERVICE REPLACEMENT  
PRELIMINARY COST ESTIMATE**

ITEM - UNIT	QUANTITY	UNIT PRICE	TOTAL PRICE
Mob/Demob	1	\$ 10,000	\$ 10,000
Replace Water Services	50	\$ 1,200	\$ 60,000
Additional Potholing	1	\$ 5,000	\$ 5,000
Asphalt Patch	1	\$ 5,000	\$ 5,000
Landscaping/Gravel Dwy	1	\$ 5,000	\$ 5,000
Construction Subtotal			<b>\$ 85,000</b>
Contingency (10%)			<b>\$ 8,500</b>
<b>CONSTRUCTION TOTAL</b>			<b>\$ 93,500</b>
<b>15% ENGINEERING DESIGN &amp; INSPECTION</b>			<b>\$ 12,500</b>
<b>TOTAL</b>			<b>\$ 106,000</b>

Includes potholing to expose services, no saddles on mains, remove existing galv. water service pipe and replace w/1" Sch. 40 PVC service pipe from corp stop on main and 3/4" flex above ground from 1" service to connection at unit

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

The Sage Valley Mobile Home Park is in compliance with requirements of the Safe Drinking Water Act and all monitoring requirements have been met. The Sage Valley Mobile Home Park employs a certified operator who has the technical knowledge and ability to operate the system.

**Division Recommendations**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ~~ARRA~~ funds in the amount of \$106,000 to Sage Valley Mobile Home Park. 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 "9-2014 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 September 9, 2014 the Board, pursuant to NRS 445A.265, approved the 2015 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 Project is included on the Year 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

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

**WHEREAS**, the Sage Valley Mobile Home Park project is ready to proceed; and

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

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the 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**, 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 “9-2014 Sage Valley Mobile Home Park Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant 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 funds in the amount not to exceed \$106,000 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 SEPTEMBER 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

## ATTACHMENT 9

Trout Canyon Land and Water Users Association

# Trout Canyon Land & Water Users Association Loan Commitment

## Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2014

**Applicant:** Trout Canyon Land & Water Users Association  
**Project:** Preliminary Engineering Report & Environmental Assessment  
**Estimated Project Cost:** \$74,300  
**Loan Amount:** \$44,300

### **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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, 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).

Trout Canyon is located approximately 16 miles from Pahrump on the southwest side of the Spring Mountains. The residential community is 6.4 miles from State Route 160 on a, now, well-graded gravel road and is actually located in Clark County. Trout Canyon does not currently have a reliable source of supply, transmission line, water storage, treatment, or a distribution system that meets the requirements of the NAC.

### **CURRENT SYSTEM**

Over the past 50 years or so, the collection of about two dozen vacation homes and full-time residences drew water through a privately-owned, gravity-fed, transmission system connected to a mountain spring about three miles up the canyon in a cave. Perennial spring flows are estimated to be approximately 10 cfs (4,500 gpm). The metal transmission line that conveyed water via gravity from Trout Canyon Spring to the community was mostly made from World War II-era munitions canisters and was supported by boulders and laid in washes, leaving it vulnerable.

In early July 2013, a lightning strike that hit Mount Charleston sparked a forest fire that eventually blackened nearly 30,000 acres of the mountain. The ‘Carpenter 1’ fire burned much of the vegetation

in the drainage basin above the Trout Canyon community and seriously damaged the transmission line in many places.

As a temporary fix, a repair crew from the Las Vegas Valley Water District spent about two weeks patching the old pipe using donated materials. Two months after the fire and within days of reinstating spring flow to the community, a series of high-intensity summer storms produced flash flooding. With the trees and underbrush burned away, there was nothing to stop stormwater from scouring away the soil as it rushed down Trout Canyon, obliterating the transmission line. The floods also washed out the dirt road leading up the canyon and sent enough water, mud, and debris across nearby State Route 160 to close the highway between Las Vegas and Pahrump. The flood waters, which reportedly reached depths of 17 feet in some places, erased any real hope of reconnecting the old transmission line to the community.

Residents in Trout Canyon are currently filling jugs and hauling their own water to their residences from a shared water spigot from a private well in the community. This well is reported to be more than 800 feet deep and flow at about 8 gpm. Two other residents have also drilled their own private wells.

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

Trout Canyon currently has 11 fulltime water users hauling water from the central community source. There are a total 22 service connections existing in the community today. There are an estimated 40 – 60 future service connections based on parcel sized and current ownership.

### **PROPOSED PROJECT**

Trout Canyon is currently working toward solutions for replacing the water system, beginning with a Preliminary Engineering Report (PER) and an Environmental Assessment (EA). At least three alternatives that will be considered in the PER include: 1) repairing the spring collection source and replacing the transmission line to town, constructing adequate storage, and replacing the distribution system in the community; 2) drilling a new well as the source of supply, constructing adequate storage and treatment at sufficient elevation to pressurize the distribution system, and replacing the distribution system in the community; 3) drilling a new well as the source of supply, constructing adequate storage and treatment, constructing a booster pump system to pressurize the distribution system and replacing the distribution system in the community; and 4) drilling private wells for the residents.

Particular challenges to the project include: 1) topography, 2) siting improvements on Forest Service lands, 3) water rights, 4) availability of power sources, and 5) funding. Based on the results of the PER, Trout Canyon intends to proceed with the preferred alternative with the goal of providing a reliable water source to the community that meets the requirements of the NRS and the NAC.

### ***Environmental Review***

An environmental assessment will be prepared along with the PER. Should Trout Canyon pursue funding from the DWSRF for a drinking water project, NDEP will use the EA in its review pursuant to NAC 445A.6758 to 445A.67612, inclusive.

**Cost Estimate**

<b>Budget Item</b>	<b>DWSRF Funding</b>	<b>USDA Grant</b>	<b>Totals by Use</b>
<b>Planning</b>	\$44,300	\$30,000	\$74,300
<b>Design &amp; Engineering</b>			
<b>Land Acquisition</b>			
<b>Equipment/Materials</b>			
<b>Construction/Improvements</b>			
<b>Administrative</b>			
<b>Financing Costs</b>			
<b>Totals by Source</b>	<b>\$44,300</b>	<b>\$30,000</b>	<b>\$74,300</b>

**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 subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada will specify in the 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 (MHI) is less than 80% of the MHI of the state. Based on the 2008-2012 Community Survey, 80% of Nevada’s MHI is \$43,266. According to an income survey conducted by the USDA – RD, the MHI for Trout Canyon is \$42,800. Therefore, Trout Canyon meets the requirements for additional subsidy, making a principal forgiveness loan appropriate.

There are currently no meters on the residences in Trout Canyon. With the recent formation of the association, members are assessed water use fees based on their status as voting or non-voting members:

Full membership per parcel using water share: this is the monthly fee required per parcel using water shares at any point during the year, the association does not offer seasonal water shares at this time. It is forbidden to use a water share across multiple parcels; each parcel using water is required to purchase its own water share. Full voting rights are granted with this payment. Fee = \$50 per month

Membership per parcel not using water share: this is the monthly fee required per parcel not using water at any point during the year in order to remain a member in good standing and not incur the new construction hookup fee at a later date when a water share is desired. This is a non-voting membership level. Fee = \$15 per month

The Office of Financial Assistance believes it is important to further ensure sustainability of smaller water systems by requiring a minimum water user rate equal to 1.5% of the MHI for 15,000 gallons used in a month. For the Trout Canyon Land & Water Users Association, a rate equal to 1.5% of the MHI is \$53.50. Trout Canyon currently does not have a way to measure usage by residential connection due to the lack of water meters and the lack of water service that resulted from the fire and subsequent flood that recently destroyed the transmission system from the spring. Due to the small size of the community and current infrastructure condition, a higher rate may be needed to sustain a new water system. The PER will provide the association with much needed information on the future cost obligations based on the alternatives presented. Reasonable rates to cover the costs of O&M,

debt service, and savings (e.g., capital replacement, emergency reserves) for the chosen alternative will need to be presented as a part of the final PER and will need to have an implementation schedule if future funding is requested from the DWSRF program.

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

NAC 445A.67563 states: “The Division shall not provide financial assistance from the Account for the Revolving Fund for the following costs associated with a water project: 7. A water project for a public water system that lacks adequate capability, unless the financial assistance will ensure that the system acquires adequate capability.” The Trout Canyon Land & Water Users Association was formed as a non-profit entity after the natural disasters destroyed the private water system that had existed for 50 years. The community hired a certified, contract operator to complete necessary testing and on-going system operation, monitoring, and testing in order to assure that the residents had a safe, central source of drinking water to use in the interim. They also requested and evaluated statements of qualification and hired an engineering firm to get the PER and EA underway. A condition of this loan will include Board training and financial planning in order to assure that this Association understands its responsibilities in operating a sustainable drinking water system that will be able to provide consistently safe drinking water for years to come.

**RECOMMENDATION**

The water system is not eligible for assistance from the Federal Emergency Management Agency or other sources of emergency funding. The USDA-RD is providing the maximum grant they have available for planning for a disadvantaged community. This amount must be matched with sufficient funds to complete a PER and ER for Trout Canyon in order for the USDA-RD funds to be obligated to this task. 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 \$44,300 to the Trout Canyon Land & Water Users Association for a Preliminary Engineering Report and Environmental Assessment. Since the project is eligible for additional subsidy as will be specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. The Division and Trout Canyon will negotiate the terms and conditions of a loan agreement.

## **RESOLUTION**

### **A RESOLUTION DESIGNATED THE "9-2014 TROUT CANYON PER & ER 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 September 9, 2014, the Board, pursuant to NRS 445A.265, approved the 2015 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 Trout Canyon Land & Water Users Association 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 Project is included on the 2015 Priority List of water projects, which was approved by the Board on September 9, 2014; and

**WHEREAS**, the Trout Canyon Land & Water Users Association submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Trout Canyon Land & Water Users Association Project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Trout Canyon Land & Water Users Association has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Trout Canyon Land & Water Users Association 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 “9-2014 Trout Canyon PER & ER Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Trout Canyon Land & Water Users Association shall be negotiated between the Trout Canyon Land & Water Users Association 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 \$44,300 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 September 9, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects