

MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Tuesday, December 8, 2009

9:30 AM

The Bryan Building

901 S. Stewart Street - 2nd Floor, Tahoe Room
Carson City, Nevada 89701

Members Present:

Bruce Scott, Chairman

Steve Walker

Lori Williams

Andrew Belanger

Jennifer Carr, Ex-officio Member

BY PHONE: Brad Goetsch, Vice-Chairman

Members Absent: None

Staff Attending:

Nhu Nguyen, DAG

Dave Emme

Adele Basham

Michelle Stamates

Daralyn Dobson

Kathy Rebert

A. INTRODUCTION AND ROLL CALL (Non Action)

At the invitation of the Chairman, Board members and others present introduced themselves. Board member Goetsch participated via telephone conference call.

B. APPROVAL OF MINUTES - SEPTEMBER 10, 2009 MEETING (Action)

There were no changes to the minutes as written.

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

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

It was decided the meeting be conducted at the Nevada Rural Water conference on Thursday, March 11, 2010 in Reno.

D. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Discussion & Possible Approval of Revision 1 to 2010 Priority List (Action)

Ms. Adele Basham presented Revision 1 to the 2010 Priority List which includes addition of projects for Topaz Ranch Estates GID and O.K. Mobile Home Park. See **ATTACHMENT 1** for Ms. Basham's summary and the 2010 Priority List.

Ms. Basham gave a brief explanation of projects on the list, public review process and workshop held, notifications, postings, and newspaper publishing of the list. Staff recommended approval of Revision 1 to the 2010 Priority List.

Motion: Mr. Walker moved to approve Revision 1 to the Year 2010 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). Ms. Williams seconded the motion, and the motion passed unanimously.

2. Discussion and Possible Approval of Loan Commitments

a. Truckee Meadows Water Authority (Action)

Mr. Walker recused himself because he is a state lobbyist for Truckee Meadows Water Authority (TMWA). Ms. Williams recused herself because she works for Tri Sage Consulting which has begun some work for TMWA. Mr. Walker and Ms. Williams moved to the audience.

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 2** for the full loan summary. TMWA is seeking a loan to replace the intake structure for the Glendale Water Treatment Plant. The existing intake structure is essentially a pile of rock and rubble in the Truckee River that backs up water just upstream of the plant. The existing structure cannot supply enough water to allow operation at full capacity, in drought years cannot capture all of the community's water that has been released from upstream storage reservoirs, has leaks, and requires repairs after every major flooding event. The structure also does not provide fish or boat passage.

The proposed project entails the reconstruction of the existing diversion and intake structure. Elements include removal of the rock-rubble structure in the river, construction of a low profile weir with roughened channel, pool, and shoot fish-way/boat-way, and new intake channel, fish screens and fish return. Five alternatives were explored and evaluated, after which this project was recommended.

Ms. Basham said that TMWA has the financial capability to handle the loan. 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 costs including replacement costs. NDEP recommends approval of this loan commitment.

Mr. Goetsch said this project looks good but asked if the Board makes a loan this large, would there be enough money to continue with the rest of the projects the Board will be looking at within the next couple meetings. Ms. Basham answered that of the applications she knows will be received for consideration the next 2 meetings, there should be sufficient funds.

Chairman Scott asked about the repayment on amounts loaned. Ms. Basham replied that \$1.3 million twice a year is received.

Ron Penrose, project manager, and Jeff Tissier, CFO from TMWA, responded to several Board questions for project clarification.

Motion: Mr. Bellanger moved the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$8.5 million to Truckee Meadows Water Authority. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate bond buyers index at the time the loan contract is signed. The Division and TMWA will negotiate the terms and conditions of a loan agreement. Mr. Goetsch seconded. Chairman Scott read into the record "for approval of resolution designated the '12-2009 Truckee Meadows Water Authority Project Loan Commitment Resolution' to approve a loan commitment for the purpose of financing certain projects." The motion was approved with Mr. Walker and Ms. Williams abstaining.

b. Douglas County - Foothill Water System (Job's Peak) (Action)

At this point Ms. Williams returned to the Board table; Mr. Walker recused himself from this agenda item and remained in the audience.

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 3** for the full loan summary. The Foothill water system serves the Job's Peak subdivision. The water system has experienced corrosion of the copper piping in pressure reducing valve stations and some residents have experienced failure of copper piping within their homes. NDEP notified the County that corrosion control treatment is required. Testing and assessment of corrosion related issues were conducted at Job's Peak Well No. 1 and No. 2. A corrosion control feasibility study identified air stripping as a technology that would mitigate the system corrosion issue.

Four options were considered with this alternative determined the best. Douglas County proposes to construct a diffused air treatment plant to treat water from the two Job's Peak wells. The project consists of construction of a new building, diffused air water treatment system, and an automated chlorination system.

Ms. Basham said the Foothill water system has the financial capability to handle the loan. Douglas County is currently conducting a water rate study to determine future appropriate rates. The Division recommends approval of this loan commitment.

There were 3 representatives from Douglas County at the hearing: Karen Lommori, Accountant, Ron Roman, Senior Engineer and Project Manager, and Carl Ruschmeyer, Director of Public Works. They provided brief updates relating to architectural issues and general obligation bonds. Chairman Scott asked for clarification of the Job's Peak water system. Mr. Roman replied that there is one fund but two separate rate structures, one for Job's Peak subdivision and one for Sheraton Acres subdivision. Mr. Ruschmeyer stated that both Job's Peak and Sheraton Acres are fully metered.

Motion: Ms. Williams moved to adopt resolution designated as "12-2009 Douglas County Foothill Water System Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain water projects in the amount of

\$1,150,000 to be paid back over a 20 year period at a rate of 66% of the bond buyers index at the time of the loan. Mr. Bellanger seconded the motion, and the motion passed with Mr. Walker abstaining.

c. Dutchman Acres (Action)

Mr. Walker returned to the Board table.

Ms. Basham presented background information and details of this proposed project. See **ATTACHMENT 4** for the full loan summary. Dutchman Acres is seeking a \$50,000 loan to construct a shop. It is a privately owned water system regulated by the Public Utilities Commission (PUC). The PUC recommended that Dutchman Acres construct a shop/office to house parts and materials crucial to the operation of the water system. The building will allow the parts to be stored indoors and protected from the elements, theft, and vandalism.

Ms. Basham said the water company is a financially viable operation with the ability to meet the cost of continuing operations and maintenance. The company has sufficient assets to secure the loan and net income to meet the debt service. A surcharge has been approved by the PUC and will be dedicated to repayment of the loan. NDEP and Dutchman Acres will agree on the security for the loan as part of the loan contract negotiation process. The Division recommends the Board approve this loan commitment.

Ms. Basham answered some questions for Mr. Bellanger regarding assurances the company will repay the loan and the role of the PUC. Ms. Basham said recourse would be through the Attorney General. Mr. Scott said funding could not be considered with the AB198 program for a private system; funding is only available through the SRF which is more flexible.

Mr. Goetsch asked that the contract include assurance or requirement that the building be used only for the purpose of storing parts or materials for the water system and not for any other storage or commercial purposes. Ms. Basham responded that it could be included in the loan contract.

Motion: Mr. Goetsch moved the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$50,000 to Dutchman Acres Water Company. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate bond buyers index. The loan money and any structure built with federal funds may not be used for any purpose other than maintenance and operations of the water system itself. The Division and the Dutchman Acres Water Company will negotiate the terms and conditions of the loan agreement. The Board approves the resolution designated the "12-2009 Dutchman Acres Water Company Project Loan Commitment Resolution" for a loan commitment for the purpose of financing certain projects. Mr. Walker seconded the motion, and the motion passed unanimously.

E. CAPITAL IMPROVEMENTS GRANT PROGRAM

1. Financial Report (Non Action)

Ms. Daralyn Dobson gave a summary of the Capital Improvements Grant Program budget. See [ATTACHMENT 5](#) for the summary sheet. There was a short discussion regarding the available funding of \$6,773,000 for new projects. Ms. Carr asked about outstanding applications for money because NDEP has a lot of administrative orders for compliance. Ms. Stamates answered that Tonopah and Indian Hills are expected to submit applications.

2. Funding Agreement Time Extension for Washoe County Water Resources (Spanish Springs) (Action)

Ms. Stamates presented this request for an extension of 5 years on the Spanish Springs grant project, see [ATTACHMENT 6](#). The extension is requested by Washoe County Department of Water Resources. Staff recommends the Board approve the requested time extension.

Mr. Goetsch asked if the developer was required to install a sewer system. Rosemary Menard, Director of Washoe County Department of Water Resources, answered that these homes were built in the 1980s, and at that time there were no requirements for sewer systems. She also noted that this project includes only existing homes. In Phase 1a, only 8 homes have not, yet, connected to the new sewer system.

Ms. Menard explained that the state grant is approximately 8% of the cost of the total project. There are federal monies becoming available to help in funding this project.

Chairman Scott noted the remaining \$3.6 million (of the original \$4 million committed) is a part of the \$23 million in obligated funding shown on the AB198 summary. The rate at which the commitment funds for this project will be used is extended over many years and from a budgeting standpoint may offer a little more short-term flexibility in our actual grant funds available for other project.

Motion: Mr. Bellanger moved the BFFWP approve a 5-year time extension to Funding Agreement '01-05-4a Washoe County Spanish Springs Septic to Community Sewer Project.' The funding agreement will be administered through January 27, 2015, contingent upon the grantee continuing to make reasonable progress on this project and adhere to all of the conditions and requirements of the funding agreement. The motion was seconded by Ms. Williams and passed unanimously.

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

Ms. Stamates provided a progress report on open projects. For the complete list, see [ATTACHMENT 7](#).

Ms. Stamates stated that many of the projects are in the process of closing. She noted that during the last four years, projects have included completion of 4 arsenic treatment

plants, a uranium treatment plant, a CO2 stripping system, 10 new water storage tanks, 4 new municipal wells, and a significant number of miles of new water pipeline.

Mr. Walker asked about the Metropolis Water Irrigation District and whether they had provided information to Ms. Stamates since the July 2009 meeting. Ms. Stamates said that between the July meeting and October, Metropolis made no further progress. The BLM stepped up and gave Metropolis some direction and assistance which included contacts at the Army Corps of Engineers who could help with the Section 404 permit process. The BLM will likely be the lead agency for the NEPA process.

Ms. Stamates attended a meeting December 1, 2009, with all interested parties. Randy Brown, Elko County Planning and Zoning and Natural Resource Manager, will assist in coordinating future efforts concerning the Metropolis project. There is another meeting January 19, 2010, to prepare a bulleted list of what needs to be done for the various aspect of this project. Ms. Stamates said she included the list of outstanding items that have been discussed at our Board meetings on the Board's website so there is no future misunderstanding: <http://ndep.nv.gov/bffwp/metropolis.htm>

At the request of Chairman Scott, Ms. Stamates provided a brief update on McGill/Ruth and Topaz Ranch Estates. The status of these two projects is outlined on the list (ATTACHMENT 8) included in the Board packet.

Ms. Carr noted there is a significant degree of Congressional scrutiny for compliance with the arsenic rule and she appreciates the assistance the Board gave Virgin Valley Water District who is now operating within compliance.

Chairman Scott asked Ms. Stamates to expand on the summary information regarding the projects and facilities in which the Board and the program have been involved.

F. WATER RIGHTS TECHNICAL SUPPORT GRANT PROGRAM

1. Additional Funding Request - Central Nevada Regional Water Authority (Action)

Mr. Goetsch recused himself from participating in this agenda item because he is a member of the Central Nevada Regional Water Authority Board.

Ms. Stamates referred to SB62 which created the water rights technical support fund, with which the Board is familiar. She went on to say that at the November 2005 quarterly Board meeting, the Board developed an allocation plan, setting a cap on these grants of \$150,000. Ms. Stamates provided background information on the Central Nevada Regional Water Authority and previous grant allocations, including a request in March 2009 of \$10,443 remaining grant funding from other completed SB62 projects bringing the total of \$160,443 grant funding to the Authority. After all reimbursement requests for SB62 grant money have been fulfilled for recently closed projects, there remains a balance of \$9,259.80 which the Authority is now requesting.

Staff recommends the grant funds remaining from the projects now closed be deobligated from the previous projects and obligated to the Authority for a period of

one year, subject to the conditions given in the original funding agreement and the resolution. Ms. Stamates' memo to the Board is included in **ATTACHMENT 8**.

Steve Bradhurst from Central Nevada Regional Water Authority was present at the Board meeting. He handed out an informational packet from the Authority and discussed the work being done which includes the current water level monitoring program and including that information on DWR's website.

Motion: Mr. Walker moved the Board for Financing Water Projects deobligate the remaining funds from the completed project as shown in the staff report and approve an increase in funding of \$9,259.80 to the grant amount allocated to the Water Rights Technical Support project funded under '1-06-E3 - The Central Nevada Regional Water Authority.' The total grant to the Central Nevada Regional Water Authority with this addition is \$169,702.80. This increase is contingent upon the grantee continuing to make reasonable progress on this project and adhere to all of the conditions and requirements of the original funding agreement. The motion was seconded by Ms. Williams and passed, with Mr. Goetsch abstaining.

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

Ms. Stamates provided a brief progress report on open projects (see **ATTACHMENT 9**). She said at this point all but four projects are closed. Two project funding agreements expired this past summer: Topaz Ranch Estates GID and Eureka.

Eureka County is currently awaiting the Phase II final report from USGS which has taken longer than expected. Ms. Stamates read an informational letter from Jake Tibbitts, Eureka County Natural Resource Manager. There was discussion regarding whether formal action was necessary to the original funding agreement to extend the time. Upon Ms. Nguyen's advice that there is flexibility in the funding agreement and Board consensus, it was decided when the report is issued the remaining \$30,000 could be released without Board action.

Larry Offenstein, Topaz Ranch Estates GID (TREGID), and Greg Bilyeu, TEC Civil Engineering Consultants, expanded on information presented in the Board packet on the TRE project. Ms. Carr asked a question regarding the possible integration of the Holbrook area water system with the TREGID. Mr. Offenstein said the water board has been investigating whether a main pipeline could be run to the trailer park.

G. BOARD COMMENTS

Chairman Scott informed the Board of two invitations he recently received, as a representative of the Board, to fundraisers.

Chairman Scott also announced that Mr. Steve Walker was reappointed to the Board.

Ms. Carr commented that new appropriations for the SRF include an ongoing green component. She said she wanted to make the Board aware that a number of states, including Nevada, have spoken to the EPA of concerns over a green projects mandate

when drinking water compliance is a much more important issue with regard to public health. In response to a question regarding arsenic compliance from Mr. Walker, Ms. Carr suggested she provide a list of those systems out of compliance and those who have attained compliance at the next meeting.

H. PUBLIC COMMENTS

There were no public comments.

The meeting was adjourned at 11:55 am.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

ATTACHMENTS

- ATTACHMENT 1: Ms. Basham's Summary for Revision 1 Year 2010 Priority List
- 2 pages
- ATTACHMENT 2: Truckee Meadows Loan Summary - 7 pages
- ATTACHMENT 3: Douglas County - Foothill Water System Loan Summary - 7 pages
- ATTACHMENT 4: Dutchman Acres Loan Summary - 6 pages
- ATTACHMENT 5: Capital Improvements Grant Program Financial Summary - 1 page
- ATTACHMENT 6: Request for Time Extension for the Spanish Springs Project - 2 pages
- ATTACHMENT 7: Progress Report for Capital Improvements Grant Projects - 4 pages
- ATTACHMENT 8: Central Nevada Regional Water Authority Water Rights Technical
Support Project Summary - 2 pages
- ATTACHMENT 9: Progress Report Technical Water Rights Support Grants - 4 pages

ATTACHMENT 1

Ms. Basham's Summary for Revision 1 Year 2010 Priority List

Year 2010 Priority List

Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2009

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. Significant health risks;
2. Primary and secondary drinking water standards;
3. Infrastructure replacement; and
4. Refinance of existing debt.

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

1. Community public water systems;
2. Non-profit, non-transient, non-community water systems;
3. Non-profit transient, non-community water system.

The NAC that governs the Drinking Water State Revolving Fund allow NDEP to consider any other factor as provided in the Intended Use Plan established for the year in which the priority list is developed. In the 2009 Intended Use Plan, NDEP identified additional prioritization for arsenic projects. Water systems under a Administrative Order on Consent for violations of the primary drinking water standard for arsenic have been given a higher priority than those water systems that have received or are eligible to receive an exemption for arsenic. For those systems eligible for an exemption, ranking of projects was adjusted based on the arsenic concentration, with higher arsenic concentrations ranking higher based on exemption eligibility criteria in the following order:

1. Arsenic concentration between 36 ppb and 50 ppb
2. Arsenic concentration between 31 ppb and 36 ppb
3. Arsenic concentration between 26 ppb and 30 ppb
4. Arsenic concentration between 21 ppb and 25 ppb
5. Arsenic concentration between 16 ppb and 20 ppb
6. Arsenic concentration between 11 ppb and 15 ppb

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

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

2010 PRIORITY LIST DEVELOPMENT

In late November 2008, in anticipation of Congress passing economic stimulus legislation, NDEP sent a solicitation to all community and non-transient non-community water systems for proposed water projects that could be ready to go to construction within 6 to 9 months. The deadline for submitting projects was January 5, 2009. Despite the short solicitation, NDEP received a large number of projects. The Board for Financing Water Projects approved the American Recovery and Reinvestment Act (ARRA) Priority List at a special meeting on April 24, 2009.

The solicitation for ARRA projects occurred at the same time of year that solicitation for the next year’s Priority List would ordinarily occur. Due to limited staff resources to implement both ARRA and the traditional SRF programs, a decision was made to carry all projects from the previous Priority List and the ARRA Priority List over to the 2010 Priority List with the exception of projects that have been fully funded.

A brief solicitation for new projects was conducted during the month of August. The following five new projects have submitted Pre-applications to be added to the 2010 Priority List.

NEW PROJECTS	DESCRIPTION
Douglas County – Zephyr Water Utility District	UV and chlorine disinfection to comply with Long Term 2 Enhanced Surface Water Treatment Rule, replace undersized lines
Douglas County – West Valley	New well and well building
River Bend Mobile Home Park	Upgrade water treatment
Gold Country Water Company	Elevated storage to serve Gold Country, Star City Estates and the City of Winnemucca airport
Las Vegas Valley Water District – Blue Diamond	New wells, replace distribution, install meters
Palm Gardens	Reverse osmosis to remove fluoride and nitrate

In the past, the Priority List was developed based on the calendar year. To make the Priority List consistent with the Intended Use Plan, the EPA grant award and the Clean Water SRF Priority List, this year the list is being changed to represent the state fiscal year (July 2009 – June 2010).

Public Participation

Federal regulations require that the priority ranking process go through a public review process. State regulations require that NDEP hold a public workshop which was held in Carson City on

September 9, 2009. The proposed revised list and notice of the workshop was sent to all systems with projects on the list. A public notice of the workshop was published in newspapers in Reno, Las Vegas, Carson City and Elko.

Recommendation

It is recommended that the Board for Financing Water Projects approve the Year 2010 Priority List. A resolution to that effect is attached.

Draft Year 2010 Priority List--Drinking Water State Revolving Fund

Rank	Water System	Total Points	Arsenic Factor	Adjst. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
Class I--Acute Health Risks													\$0
none													
Class II--Chronic Health Risks													
1	Alamo Sewer & Water GID	10	1.0	10	1.36	13.58	Public	LI	NV0000005	900	275	Arsenic compliance, new well, storage, distrib.	\$2,087,380
2	McDermitt	10	0.5	5	2.69	13.46	Public	HU	NV0000162	200	100	Arsenic compliance	\$478,000
3	Carvers Smokey Valley RV	10	1.0	10	1.24	12.38	Private	NY	NV0000218	180	120	Arsenic compliance	\$100,000
4	Truckee Meadows Water Authority	11	1	11	1.10	12.10	Public	WA	NV0000190	325,000	91,000	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought	\$27,065,038
5	Carson City Utilities	10	1.0	10	1.07	10.66	Public	CC	NV0000015	56,000	16,447	Arsenic & uranium compliance	\$6,000,000
6	Frontier Village MHP	10	1.0	10	1.00	9.99	Private	CL	NV0000147	60	71	Arsenic compliance	\$145,920
7	Churchill Co (Moody Ln Treatment)	10	0.8	8	1.09	8.74	Public	CH	?	503	183	Arsenic compliance	\$2,000,000
8	Old River	10	0.8	8	1.09	8.74	Private	CH	NV0000303	300	110	Arsenic compliance	\$1,451,835
9	Shoshone Estates	10	0.7	7	1.24	8.66	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
10	Indian Hills GID	10	1.0	10	0.79	7.95	Public	DO	NV0000355	5,800	244	Arsenic compliance	\$4,320,000
11	Wildes Manor	10	0.5	5	1.58	7.90	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
12	Carson River Estates	10	0.7	7	1.09	7.65	Private	CH	NV0003068	90	34	Arsenic compliance	\$131,425
13	Panaca	10	0.5	5	1.50	7.48	Public	LI	NV0000185	800	349	Arsenic compliance	\$1,984,750
14	Spring Creek MHP (Elko Co.)	10	1.0	10	0.74	7.42	Private	EL	NV0000036	12,000	4,053	Arsenic compliance	\$3,950,000
15	Searchlight	10	0.4	4	1.83	7.31	Public	CL	NV0000219	760	290	Arsenic compliance, two new wells, storage	\$11,125,300
16	Caliente	10	0.4	4	1.73	6.90	Public	LN	NV0000013	1,500	427	New well, distribution	\$2,519,027
17	East Valley	10	0.9	9	0.75	6.74	Public	DO	NV0002216	3,845	1,479	Arsenic compliance	\$7,500,000
18	Crescent Valley	10	0.5	5	1.19	5.97	Public	HU	NV0000043	400	280	Arsenic compliance	\$1,110,000
19	Yerington	10	0.4	4	1.43	5.72	Public	LY	NV0000255	2,900	1,835	Arsenic compliane	\$4,430,000
20	Lander Co. - Austin	10	0.4	4	1.32	5.26	Public	LA	NV0000006	350	164	Arsenic compliance	\$500,000
21	Lander Co. - Battle Mountain	10	0.5	5	1.04	5.19	Public	LA	NV0000008	4,600	1,145	Water treatment (arsenic), transmission, distribution, storage	\$11,510,910
22	Roark	10	0.5	5	1.01	5.06	Private	CL	NV0000319	64	27	Arsenic compliance	\$300,000
23	Spring Creek (Washoe Co.)	10	0.5	5	0.97	4.87	Public	WA	NV0004082	1,850	743	Arsenic compliance	\$3,516,613
24	Tonopah	10	0.4	4	1.19	4.77	Public	NY	NV0000237	2,600	1,500	Arsenic compliance	\$127,000
25	So. Truckee Meadows Water Treatment Facility (includes Double Diamond)	10	0.4	4	1.10	4.40	Public	WA	NV0000215 NV0000832	34,500	12,250	Arsenic compliance	\$21,500,000
26	Lemmon Valley	10	0.4	4	1.10	4.40	Public	WA	NV0000202	2,853	1,179	Arsenic compliance	\$2,060,664
27	Truckee Canyon	10	0.4	4	1.10	4.40	Public	WA	NV0000978	25	5	Arsenic compliance	\$975,000
28	Churchill Co (Waterline to Soda Lake)	10	0.4	4	1.09	4.37	Public	CH	NV0000406	336	3	Connect Sage Valley, R&M and OK MHPs	\$1,500,000
29	Desert Springs	10	0.4	4	0.97	3.90	Public	WA	NV0001085	7,629	3,869	Arsenic compliance	\$3,859,680
30	Sunrise Estates (Douglas Co)	10	0.5	5	0.78	3.88	Public	DO	NV0000887	91	37	Arsenic compliance	\$1,400,000
31	Gabbs	1	NA	1	1.56	1.56	Public	NY	NV0000063	411	160	Fluoride compliance	\$300,000
32	Sage Valley MHP	1	NA	1	1.09	1.09	Private	CH	NV0002023	188	47	Manganese compliance, distribution, well house	\$93,000

Total Class II \$126,076,542

**Class III--Rehabilitation
Community Public Water Systems**

33	Riverbend MHP	20	NA	20	2.23	44.58	Private	WA	NV0000754	80	39	Treatment	\$20,000
34	Imlay	18	NA	18	2.35	42.23	Public	PE	NV0000226	150	90	Distribution	\$575,000
35	Golconda GID	23	NA	23	1.78	41.01	Public	HU	NV0005029	115	90	Transmission, spring rehabilitation	\$400,000
36	Reno Sahara MHP	25	NA	25	1.42	35.40	Private	WA	NV0000701	90	30	Consolidation with TMWA	\$175,000
37	Foothill MHP	25	NA	25	1.42	35.40	Private	WA	NV0000200	35	17	Consolidation with TMWA	\$100,000
38	Walker Lake GID	25	NA	25	1.36	33.89	Public	MI	NV0000268	400	160	New well, storage	\$1,620,000
39	Big Bend Water District	26	NA	26	1.21	31.42	Public	CL	NV0004092	8,843	2,035	Distribution (TTHM control), treatment upgrades	\$5,012,000
40	Stagecoach GID	23	NA	23	1.30	29.82	Public	LY	NV0000224	1,471	574	New well, transmission	\$856,000
41	Ruth	18	NA	18	1.49	26.91	Public	WP	NV0000164	700	320	Pipe, pump water from existing Steptoe Valley wells in	\$7,000,000
42	Mount Rose	34	NA	34	0.78	26.69	Public	WA	NV0003030	1,650	793	Nitrate treatment, extend water main to Fawn Lane to	\$1,950,000
43	Lyon County - Moundhouse	24	NA	24	1.10	26.29	Public	LY	NV0000838	1,578	895	Storage, upgrade transmission & distribution	\$1,720,000
44	Palm Gardens	33	NA	33	0.79	26.00	Private	CL	NV0000819	60	18	Treatment, storage, security (fencing)	\$163,000
45	Lamoille Water Users, Inc	39	NA	39	0.66	25.81	Private	EL	NV0000273	200	71	New well, storage, transmission, distribution	\$1,200,000
46	Eureka	25	NA	25	1.02	25.57	Public	EU	NV0000044	450	297	Tank, booster station, well modification	\$4,100,000
47	Churchill Co (Wild Goose)	23	NA	23	1.09	25.13	Public	CH	NV0000406	3,000	1,090	New well, transmission	\$2,000,000

Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description		
48	Fallon	20	NA	20	1.24	24.81	Public	CH	NV0000045	8,500	3,355	Replace hydrated lime with sodium hydroxide	\$120,000
49	Kyle Canyon	34	NA	34	0.71	24.01	Public	CL	NV0000142	1,040	353	New well, storage, distribution, water meters	\$3,591,184
50	Storey County (Virginia City)	24	NA	19	0.98	23.55	Public	ST	NV0000240	2,517	694	Tank, transmission	\$15,337,905
51	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Solar Photovoltaic Panels at AMS treatment plant, other energy or conservation projects	\$21,000,000
52	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Water treatment pilot plant for process optimization	\$10,290,000
53	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Treatment (filter valve replacement)	\$2,000,000
54	Fernley	20	NA	20	1.00	19.95	Public	LY	NV0000062	19,585	7,136	Mechanical solids dewater at treatment plant	\$5,000,000
55	LVVWD - Blue Diamond	24	NA	24	0.82	19.78	Public	WA	NV0000010	282	125	New wells, replace distribution	\$4,173,693
56	Hawthorne Utilities	15	NA	6	1.30	19.43	Public	MI	NV0000073	2,960	1,684	Distribution	\$6,000,000
57	Carson City Utilities	18	NA	18	1.07	19.19	Public	CC	NV0000015	56,000	16,447	Tank, transmission	\$5,000,000
58	Douglas County (Zephyr WUD)	26	NA	26	0.73	19.05	Public	DO	NV0000258	1,193	477	LT2ESWTR treatment, distribution	\$3,300,000
59	Star City Property Owners Assoc	19	NA	19	0.95	18.14	Private	HU	NV0000252	363	199	Storage, distribution, meters, backup power	\$1,768,575
60	Truckee Meadows Water Authority	15	NA	15	1.10	16.50	Public	WA	NV0000190	325,000	90,000	Replace diversion at Glendale Treatment Plant	\$7,650,000
61	Lightning W	28	NA	28	0.57	15.92	Public	WA	NV0000865	90	55	Uranium treatment plant	\$850,000
62	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Pump motor variable frequency drive	\$3,000,000
63	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	PLC at pump stations (energy efficiency)	\$5,060,000
64	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (pump station)	\$121,000,000
65	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (underground pumping forebay, well shafts and tunnels)	\$115,500,000
66	Minden Town	18	NA	18	0.78	14.13	Public	DO	NV0000168	7,120	3,231	Storage, transmission (to supply East Valley)	\$3,750,000
67	Douglas County (Jobs Peak)	20	NA	20	0.70	14.01	Public	DO	NV0000959	373	154	Treatment (corrosion control)	\$1,275,000
68	Douglas County (West Valley)	15	NA	15	0.86	12.90	Public	DO	NV0002054	980	980	New well	\$1,900,000
69	Incline Village GID	20	NA	20	0.64	12.84	Public	WA	NV0000158	8,900	4,200	Replace ozone generators	\$600,000
70	Washoe Co DWR (Lemmon Valley)	18	NA	18	0.66	11.91	Public	WA	NV0000202	8,000	7,500	Transmission, storage	\$13,000,000
71	Minden Town	15	NA	15	0.78	11.77	Public	DO	NV0000168	7,120	3,231	New well, existing well rehab (supply to East Valley)	\$3,000,000
72	Washoe Co DWR (Desert Springs)	18	NA	18	0.55	9.98	Public	WA	NV0001085	11,980	5,800	Tank relocation, transmission	\$2,898,300
73	Incline Village GID	15	NA	15	0.64	9.63	Public	WA	NV0000158	8,900	4,200	Pump station replacement and upgrade	\$4,750,000
74	Washoe Co DWR (Heppner)	14	NA	14	0.68	9.53	Public	WA	NV0000202	265	115	Transmission, distribution to serve residents currently on domestic wells	\$1,500,000
75	Washoe Co DWR (Double Diamond)	15	NA	15	0.60	8.99	Public	WA	NV0000832	15,800	6,240	Equip (pumps, house, piping) new wells, disinfection	\$2,437,000
76	Gold Country Water Company	10	NA	10	0.88	8.76	Private	HU	NV0003079	1,300	530	New tank (share w/ Star City, Winnemucca Airport)	\$300,000
77	Round Hill GID	10	NA	10	0.85	8.48	Public	DO	NV0000260	1700	479	Replace storage	\$2,000,000
78	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	South Valley lateral transmission pipe	\$20,000,000
79	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	Transmission pipeline discharge modifications	\$30,000,000
80	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (2,000 feet of 12 ft dia pipe)	\$27,500,000
81	Indian Hills GID	10	NA	10	0.79	7.95	Public	DO	NV0000355	5800	1,810	Repair/replace storage tanks	\$427,000
82	Stagecoach GID	6	NA	6	1.30	7.78	Public	LY	NV0000224	1,471	574	Distribution (undersized lines)	\$634,465
83	Hawthorne Utilities	6	NA	6	1.30	7.77	Public	MI	NV0000073	2,960	1,684	Distribution	\$2,049,000
84	Fallon	6	NA	6	1.24	7.44	Public	CH	NV0000045	8500	3,355	Distribution	\$1,150,000
85	Ely	6	NA	6	1.22	7.35	Public	WP	NV0000038	5,500	2,200	Distribution	\$6,420,000
86	Carlin	8	NA	8	0.90	7.19	Public	EL	NV0000014	2,450	840	Transmission	\$1,000,000
87	Washoe Co DWR (STMGID)	15	NA	15	0.46	6.91	Public	WA	NV0000215	10,828	4,708	New well, disinfection	\$1,020,000
88	Truckee Meadows Water Authority	6	NA	6	1.10	6.60	Public	WA	NV0000190	325,000	90,000	Valley Road main replacement	\$1,300,000
89	Truckee Meadows Water Authority	6	NA	6	1.10	6.60	Public	WA	NV0000190	325,000	90,000	Sparks feeder main	\$5,700,000
90	Sun Valley GID	6	NA	6	1.08	6.47	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$450,300
91	Minden Town	8	NA	8	0.78	6.28	Public	DO	NV0000168	7,120	3,231	Transmission (Pole Line ditch), booster pump	\$4,750,000
92	Minden Town	8	NA	8	0.78	6.28	Public	DO	NV0000168	7,120	3,231	Transmission (2nd East Valley connection)	\$3,500,000
93	Eureka	6	NA	6	1.02	6.14	Public	EU	NV0000044	450	297	Distribution	\$2,445,000
94	Southern Nevada Water Authority	6	NA	6	1.01	6.07	Public	CL	NV0000289	2,000,000	NA	Valve replacement at rate-of-flow stations	\$4,000,000
95	Gardnerville Ranchos GID	6	NA	6	0.91	5.48	Public	DO	NV0000066	12,000	4,600	Distribution - replace AC pipe	\$10,260,000
96	Henderson	6	NA	6	0.80	4.78	Public	CL	NV0000076	246,000	77,889	Distribution - Wigwam/US 95, PRV	\$1,577,000
97	Henderson	6	NA	6	0.80	4.78	Public	CL	NV0000076	246,000	77,889	Distribution - W226, Misc PRV	\$1,370,000
98	Incline Village GID	6	NA	6	0.64	3.85	Public	WA	NV0000158	8,900	4,200	Distribution line replacement	\$4,102,485
99	Dutchman Acres	3	NA	3	1.10	3.29	Private	HU	NV0000809	145	165	Security	\$90,000
100	Kingsbury GID	3	NA	3	1.03	3.10	Public	DO	NV0000004	3,832	2,560	Meters	\$3,500,000
101	Lyon County - Dayton	3	NA	3	1.02	3.07	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves	\$1,150,000

Total Class III \$528,342,907

Class IV--Refinance
None

State MHI (Median Household Income) is \$44,581 based on 2000 Census.

PWS MHI is based on 2000 Census where data is available for the community. If 2000 Census community data is not available, 2000 Census county data, site specific income survey or other appropriate method was used. Contact NDEP for detailed information.

ATTACHMENT 2

Truckee Meadows Loan Summary

TRUCKEE MEADOWS WATER AUTHORITY

Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund November 2009

Applicant: Truckee Meadows Water Authority
Project: Glendale Diversion
Total Cost: \$8,500,000

GENERAL

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

BACKGROUND

Truckee Meadows Water Authority (TMWA) is a joint powers authority municipal water agency formed in November 2000, pursuant to a Cooperative Agreement among the City of Reno, City of Sparks and Washoe County. TMWA serves approximately 81,400 residential and commercial customers in the greater Reno-Sparks metropolitan area in Northern Nevada.

TMWA is seeking a loan for \$8.5 million from the Drinking Water State Revolving Fund (DWSRF) to revamp the intake structure for the Glendale Plant. The existing intake structure for TMWA's Glendale Plant is essentially a pile of rock and rubble in the Truckee River that backs up water just upstream of the plant. The existing intake structure has the following deficiencies:

- In normal years, the intake structure cannot supply enough water to the Glendale plant to allow the plant to operate at full capacity.
- In drought years, the intake structure cannot capture all of the community's water that has been released from upstream storage reservoirs.
- After several drought years, TMWA must go into the river with heavy equipment to try to "plug the leaks" in the structure so it can capture all of the water released by TMWA.
- TMWA also needs to put heavy equipment into the river after every major flooding event to repair the structure.
- The structure does not provide fish or boat passage.

The proposed project is to replace the diversion/intake structure. This project is listed as Project No. 62 the Year 2010 Priority List, which was approved by the Board for Financing Water Projects on September 10, 2009.

CURRENT SYSTEM

TMWA utilizes a mix of treated surface water and groundwater to fulfill the demand requirement of its customers. Surface water is the major source of supply providing approximately 80 percent of the annual demand and 60 to 80 percent of supply during peak demand periods. Groundwater supplies are used for peaking purposes and for extreme conditions (such as

drought). In addition, TMWA recharges a number of wells with treated surface water during the off peak months as part of its aquifer storage and recovery program. These supplies are then drawn off during the late spring-summer months to meet peak demands. TMWA currently sends groundwater from three wells, with combined rated capacity of 6.5 MGD, to its Glendale Surface Water Treatment Facility, where arsenic is removed using conventional water treatment (coagulation, flocculation, sedimentation and filtration). Alternatively, the groundwater can be blended with the treated surface water to bring the water into compliance with the drinking water standard for arsenic.

Customers, Population and Growth

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

Service Connection Type	Current
Residential	81,400
Commercial, industrial, irrigation	9,000
Retail Population Served	925,000
Wholesale Population Served	42,000

PROPOSED PROJECT

Description

The Glendale Water Treatment Plant was originally placed into service in 1975. Through the years, the plant has been upgraded to improve capability and capacity. The Glendale Plant treats Truckee River water prior to distribution to the customers. The existing Truckee River intake structure does not provide the flow necessary to operate the plant to its fully rated capacity. Also, the diversion structure leaks, precluding full capture of municipal water that is released from TMWA's upstream reservoirs during dry years.

The proposed project entails the reconstruction of the existing diversion and intake structure to TMWA's Glendale Water Treatment Facility. Elements of the project include the following:

1. removal of rock-rubble structure in the river
2. construction of a low profile weir with roughened channel, a pool and shoot fish-way and boat-way.
3. new intake channel, new fish screens and fish return

Replacement of the Glendale intake structure project further assures compliance with the Safe Drinking Water Act as it relates to arsenic compliance. Upon completion of the project, the hydraulic capacity of the intake structure will increase from 28 MGD to 37.5 MGD. This will improve TMWA's ability to blend treated surface water with groundwater supplies which contain arsenic exceeding the standard.

Alternatives to Proposed Project

In August 2004, TMWA formed a "Working Group" to obtain agency and public input on reconstruction of the diversion facility for the Glendale Water Treatment Plant. The Working Group consisted of representatives of various agencies and groups with an interest in maintaining and enhancing the functionality of the Truckee River. A project alternatives evaluation was performed in conjunction with the Working Group. In addition to the recommended project, the following five other project alternatives were evaluated.

1. Use of the existing location for an infiltration gallery
2. Use of the existing location with a 2% side channel for fish passage
3. Locating the weir structure 500 feet upstream with a 2% slope
4. Locating the weir structure 700 feet upstream
5. Locating the weir structure 1200 feet upstream

The primary elements evaluated for each alternative were:

- Location
- Diversion slope
- Water delivery method
- Point of diversion
- Environmental effects
- Flood hydraulics

Each of the five alternatives was evaluated against the primary criteria. After careful analysis, discussion and deliberation, the Working Group agreed with the design team's recommendation to construct a low-head concrete weir on the river at approximately the same location as the existing structure.

Environmental Review

Environmental review of water projects is conducted by the NDEP pursuant to NAC 445A.6758 to 445A.67612. Since the project includes the placement of fill in Waters of the United States, a Clean Water Act Section 404 permit from the U.S. Army Corps of Engineers (ACOE) is required. As part of the ACOE 404 permit process, formal consultation with the U.S. Fish and Wildlife Service (USFWS) was initiated and completed. The USFWS Biological Opinion contained mandatory terms and conditions which were incorporated into the ACOE 404 permit. Since consultation with the USFWS has been completed and the 404 permit has been issued, no further environmental review is necessary and the project is eligible for a finding of no significant impact (FONSI) under the Drinking Water State Revolving Fund. The mandatory conditions of the 404 permit will be part of the loan contract between the Division and TMWA.

Permits

The Army Corp of Engineers 404 permit including Biological Opinion from the US Fish and Wildlife Service was issued in July 2007.

Cost Estimate

The entire project, including engineering and administration, is anticipated to cost \$8,500,000.

Financial Evaluation

Truckee Meadows Water Authority has the financial capability to handle the loan. Indicators of their financial capability include:

- 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.

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. See Attachment 1 for a sample loan amortization schedule.

Technical, Managerial and Financial Capacity

TMWA was formed as a Joint Powers Authority pursuant to chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is governed by a seven-member board comprised of three Directors appointed by the City of Reno, two Directors appointed by the City of Sparks, one Director appointed by Washoe County, and one-at-large Director. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution and retail sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to approval by the TMWA Board of Directors. TMWA is a large utility with highly qualified staff.

Compliance with Safe Drinking Water Act

TMWA currently complies with all the Safe Drinking Water Act requirements.

Public Participation

In August 2004, TMWA formed a "Working Group" to obtain agency and public input on reconstruction of the diversion facility for the Glendale Water Treatment Plant. The Working Group consisted of representatives of various agencies and groups with an interest in maintaining and enhancing the functionality of the Truckee River. Eleven working group meetings were held from August 2004 to December 2005.

Status of Drinking Water State Revolving Loan Fund

Currently, there is close to \$20 million available in the loan fund. In addition NDEP will be applying for additional federal funds available to Nevada which will add approximately \$15 million to the loan fund.

NDEP RECOMMENDATIONS

NDEP recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$8.5 million to Truckee Meadows Water Authority. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate Bond Buyers Index at the time the loan contract is signed. The Division and TMWA will negotiate the terms and conditions of a loan agreement.

ATTACHMENT 3

Douglas County - Foothill Water System Loan Summary

Douglas County – Foothill Water System Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund December 2009

Applicant: Douglas County
Project: Air Stripping Treatment
Total Cost: \$1,150,000

GENERAL

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

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

BACKGROUND

Foothill water system serves the Job's Peak subdivision which is comprised of residential lots located off of Foothill Road, south of Kingsbury Grade. Douglas County acquired the Foothill water system on February 6, 2006. The water system has experienced corrosion of copper piping in pressure reducing valve stations and some residents have experienced failure of copper piping within their homes. NDEP has notified the County that corrosion control treatment is required.

Douglas County completed testing and an assessment to evaluate water chemistry and likelihood of corrosion related problems with the Job's Peak Well No.1 and Well No.2. This work characterized water from both wells as poorly mineralized, extremely soft, lightly buffered, slightly acidic and heavily supersaturated with carbon dioxide and likely problematic relative copper corrosion.

A corrosion control feasibility study identified air stripping as a technology that would significantly reduce the excess carbon dioxide and increase the pH of the water to mitigate the system corrosion issue. Douglas County proposes to construct a diffused air treatment plant to treat water from the two Job's Peak wells.

CURRENT SYSTEM

The Job's Peak water system consists of two wells, both with submersible pumps that pump directly into a 525,000 gallon storage tank. The water from both wells is chlorinated as it is pumped out of the well before it enters the distribution system. The average daily consumption for Job's Peak is 86,300 gallons and the peak consumption is 186,300 gallons

Customers, Population and Growth

The number of service connections/persons currently served and to be served in future years by the Foothill water system is shown in the table below.

	Current	Future Additional
Residential connections – Sheridan Acres	89	33
Residential connections – Job's Peak	54	93
Other – Sheridan Acres	2	0
Total connections	145	126
Estimated Population served	358	315

PROPOSED PROJECT

General Description

Douglas County proposes to construct a treatment facility to treat corrosive source water that is slightly acidic and heavily supersaturated with dissolved carbon dioxide. The project will improve system reliability and reduce maintenance of water system facilities such as pressure reducing valves. The project will bring the water system into compliance with the lead and copper rule.

The proposed project consists of constructing a new building and diffused air water treatment system to treat water from both well no. 1 and well no. 2. The project also includes an automated chlorination system for combined sources, electrical, SCADA and controls.

Alternatives to Proposed Project

Four alternatives were evaluated:

1. Two buildings, new chlorination
2. Two buildings, use existing chlorination
3. One building and treat well no.1 only
4. One building, treat both wells, new chlorination

After analyzing each alternative, the County determined that alternative #4 was best for a variety of reasons. Originally, the building was planned to replace the existing building at Job's Peak Well No.1 site. However, due to a neighbor's opposition to locating the treatment facility at the well site, two additional sites were identified and analyzed.

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 Finding of No Significant Impact (FONSI). The basis of this determination is that no floodplains, wetlands, cultural

resources or important farmlands will be affected by this project. Adverse impacts from construction will be reduced through implementation of best management practices (BMPs).

Permits

The following is a list of permits that are required for the project, and the estimated date that permits will be obtained:

1. Douglas County Design Review	December 2009
2. NDEP Bureau of Safe Drinking Water Approval	February 2010
3. Douglas County Building Permit	February 2010
4. Douglas County Site Improvement Permit	February 2010

Cost Estimate

The project is estimated to cost \$1,150,000.

Financial Evaluation

The Douglas County Board of Commissioners approved interim monthly water rates for the Job's Peak Water System on September 3, 2009. The interim rates are necessary to allow for time to complete the water rate study that would consolidate the Douglas County water systems. The study included the proposed capital improvement plans and the projected future water rates necessary for repayment of the loan.

Job's Peak Water System has the financial capability to handle the loan. Indicators of their financial capability include:

- Douglas County is currently conducting a water rates study to determine future appropriate rates. The cost of the proposed capital improvement plan is included in the study and will fund the payments for this loan.
- Nevada's statutes dictate the amount of debt Douglas County can have outstanding. The County budgets very conservatively and as a result, is well below the State's statutory level of debt.
- Balance Sheet items, ratios and profitability indicators exceed industry statistics for counties in Nevada.

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

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs and all monitoring requirements have been met. Douglas County employs operators who have the technical knowledge and ability to operate the system. The infrastructure and related equipment are maintained on a regular basis. Douglas County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards. The County retains a certified public accountant and utilizes generally accepted accounting principles. Annual financial statements are prepared.

Public Notice

The County has been working on this project since the County accepted ownership of the water system on February 6, 2006. The public meetings are summarized below.

- (a) January 23, 2006 Community Workshop – County staff presented information on the proposed water treatment facility. The meeting was attended by approximately 22 residents.
- (b) June 1, 2006 Board of County Commissioners meeting – the Board approved a contract with HDR Engineering for design of the water treatment facility.
- (c) February 5, 2009 Board of County Commissioners meeting – Status report to the Board on development of a comprehensive CIP and the Board approved a contract with ECO:LOGIC for hydrogeologic service for replacement of Well No. 2.
- (d) May 7, 2009 Board of County Commissioners meeting – the Board approved a contract with Aqua Drilling and Pump Service, Inc. to drill a replacement well for Well No. 2.
- (e) July 2, 2009 Board of County Commissioners meeting – the Board directed staff to submit a DWSRF loan application.
- (f) September 3, 2009 Board of County Commissioners meeting – the Board approved Resolution 2009R-066 concerning financing of a water project and directing the Clerk to notify the Douglas County Debt Management Commission of the County's proposal to issue general obligation water bonds.
- (g) October 1, 2009 Board of County Commissioners meeting – the Board approved Resolution 2009R-079 proposing the issuance of water bonds to finance the Job's Peak water system project.

Well No. 1 is situated on private property, which is encumbered with a well maintenance easement. The County received objections to the project planned for Well No.1 from the land owner. The land owner filed a complaint in the state district court in Douglas County. The County and land owner reached a settlement that included the County agreeing to build the air stripping facility on the alternative open space site.

Status of Drinking Water State Revolving Loan Fund

Currently, there is close to \$20 million available in the loan fund. In addition, NDEP will be applying for additional federal funds available to Nevada which will add approximately \$15 million to the loan fund.

Division Recommendation

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$1,150,000 to Douglas County for improvements to the Foothill water system. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate bond buyers index at the time the loan contract is signed. The Division and Douglas County will negotiate the terms and conditions of a loan agreement.

ATTACHMENT 4

Dutchman Acres Loan Summary

Dutchman Acres Water Company Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund December 2009

Applicant: Dutchman Acres
Project: Construct Shop
Funds: \$50,000

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).

Dutchman Acres is a privately owned water system, regulated by the Public Utilities Commission (PUC) located near Winnemucca, Nevada. The PUC has recommended that Dutchman Acres construct a shop/office to house spare parts and materials crucial to the operation of the water system.

CURRENT SYSTEM

The water system consists of two wells, a 15,000 gallon storage tank and the distribution system. The average daily production capacity is 1200 gallons per day.

Customers, Population and Growth

The Dutchman Acres water system serves 125 residential connections which serve an estimated population of 121.

PROPOSED PROJECT

Dutchman Acres Water Company is proposing to construct a shop/office. The building will allow the water utility to house spare parts and materials crucial to the operation of the water system indoors, protected from the elements and theft and vandalism. Having spare parts

available will reduce the amount of time that service may be interrupted by normal, routine repairs and maintenance. The proposed project is to construct a 30'x30'x14' steel clad building.

Alternatives to Proposed Project

The only alternative to materials storage is to not construct a building and therefore not have materials stored on site.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the Dutchman Acres Water Company project is eligible for a Categorical Exclusion exempting it from further environmental review. The basis of this determination is that the project is construction of a small structure on an existing site (NAC 445A.67583.2.c).

Permits

A Pershing County building permit will be required.

Financial Evaluation

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

- Dutchman Acres has sufficient assets to secure the loan and demonstrates net income that will meet debt service for the requested SRF loan.
- A surcharge of \$2.19 per month for each customer was approved and will be dedicated to the repayment of the SRF loan. This surcharge will increase annual revenue by approximately \$3,285, which will meet the annual debt service.

While NDEP recommends approval of the loan, it is also recommended that Dutchman Acres review and consider a rate increase to augment net revenue to a level sufficient to fund depreciation.

NDEP and Dutchman Acres will agree on the security for the loan as part of the loan contract negotiation process. Security will likely include a CD equaled to one year's debt service prior to the first loan disbursement.

Cost Estimate

The total cost for the project is \$50,000.

Technical, Managerial and Financial Capacity

The water quality complies with the MCLs and monitoring requirements are currently being met. The Dutchman Acres water system employs a certified operator who has the technical knowledge and ability to operate the system. The PUC oversees the financial position of the water company on a regular basis. Rate increases must be approved by the PUC.

Compliance with Safe Drinking Water Act

The Dutchman Acres Water Company is in compliance with requirements of the Safe Drinking Water Act.

Status of Drinking Water State Revolving Loan Fund

Currently, there is close to \$20 million available in the loan fund. In addition, NDEP will be applying for additional federal funds available to Nevada which will add approximately \$15 million to the loan fund.

Division Recommendations

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$50,000 to Dutchman Acres Water Company. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 66% of the appropriate bond buyers index. The Division and the Dutchman Acres Water Company will negotiate the terms and conditions of the loan agreement.

ATTACHMENT 5

Capital Improvements Grant Program Financial Summary

AB 198 Grant Program
 Projected Cash flow through SFY 2012
 as of 11/16/2009

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
FY09 Actual			11,210,909			0			46,681,108			
Bond proceeds	12,956,307	0	24,167,216			0		12,956,308	33,724,800			
Interest Payments	415,789		24,583,005			0			33,724,800			
Pay requests		9,717,399	14,865,606			0			33,724,800			
2010 principal repayments on bonds			14,865,606			0	3,677,570		37,402,370			
Transfer to 4155 (Operating Account)		229,121	14,636,485			0			37,402,370			
			14,636,485			0			37,402,370			
July - September 2009 (FY10)			14,636,485			0			37,402,370			25,144,066
Pay Requests		1,222,891	13,413,594	10,500,000		10,500,000			37,402,370		1,222,891	23,921,176
Bond proceeds			13,413,594			10,500,000			37,402,370			23,921,176
2010 principal repayments on bonds			13,413,594			10,500,000	885,000		38,287,370			23,921,176
Transfer to 4155 (Operating Account)		67,062	13,346,532			10,500,000			38,287,370			23,921,176
Adjusted New/Deobligated Grants			13,346,532			10,500,000			38,287,370		48,368	23,872,808
October - December 2009			13,346,532			10,500,000			38,287,370			23,872,808
Projected Pay Requests		4,977,559	8,368,973			10,500,000			38,287,370		4,977,559	18,895,249
Bond proceeds			8,368,973			10,500,000			38,287,370			18,895,249
2010 principal repayments on bonds			8,368,973			10,500,000	449,878		38,737,248			18,895,249
Projected Interest Payments	103,947		8,472,920			10,500,000			38,737,248			18,895,249
Transfer to 4155 (Operating Account)		67,063	8,405,857			10,500,000			38,737,248			18,895,249
Adjusted New/Deobligated Grants			8,405,857			10,500,000			38,737,248	1,000,000		19,895,249
January - March 2010			8,405,857			10,500,000			38,737,248			19,895,249
Projected Pay Requests		2,009,500	6,396,357			10,500,000			38,737,248		2,009,500	17,885,749
Bond proceeds	10,500,000		16,896,357			10,500,000		10,500,000	28,237,248			17,885,749
Projected Interest Payments	103,947		17,000,304			10,500,000			28,237,248			17,885,749
Projected Transfer to 4155 (Operating Acct)		67,063	16,933,241			10,500,000			28,237,248			17,885,749
2010 principal repayments on bonds			16,933,241			10,500,000	900,000		29,137,248			17,885,749
Adjusted New/Deobligated Grants			16,933,241			10,500,000			29,137,248			17,885,749
April - June 2010			16,933,241			10,500,000			29,137,248			17,885,749
Projected Pay Requests		2,009,500	14,923,741			10,500,000			29,137,248		2,009,500	15,876,249
Interest Payments	207,894		15,131,635			10,500,000			29,137,248			15,876,249
Projected Transfer to 4155 (Operating Acct)		67,063	15,064,572			10,500,000			29,137,248			15,876,249
2010 principal repayments on bonds			15,064,572			10,500,000	1,660,000		30,797,248			15,876,249
Bond Proceeds			15,064,572			10,500,000			30,797,248			15,876,249
FY11 Projection			15,064,572			10,500,000			30,797,248			15,876,249
Projected Bond Needs	8,500,000		23,564,572	8,500,000		19,000,000		8,500,000	22,297,248			15,876,249
Projected Pay Requests		8,400,000	15,164,572			19,000,000			22,297,248		8,400,000	7,476,249
Projected Transfer to 4155 (Operating Acct)		313,444	14,851,128			19,000,000			22,297,248			7,476,249
2011 principal repayments on bonds			14,851,128			19,000,000	4,057,186		26,354,434			7,476,249
Projected New Grant Awards			14,851,128			19,000,000			26,354,434	1,300,000		8,776,249
Interest Payments	415,788		15,266,916			19,000,000			26,354,434			8,776,249
FY12 Projection			15,266,916			19,000,000			26,354,434			8,776,249
Projected Bond Needs	10,500,000		25,766,916			19,000,000			26,354,434			8,776,249
Projected Pay Requests		8,400,000	17,366,916			19,000,000			26,354,434		1,250,000	7,526,249
Projected Transfer to 4155 (Operating Acct)		313,444	17,053,472			19,000,000			26,354,434			7,526,249
2012 principal repayments on bonds			17,053,472			19,000,000	4,213,212		30,567,646			7,526,249
Projected New Grant Awards			17,053,472			19,000,000			30,567,646	7,850,000		15,376,249
Interest Payments	415,788		17,469,260			19,000,000			30,567,646			15,376,249

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

ATTACHMENT 6

Request for Time Extension for the Spanish Springs Project

Jim Gibbons
Governor

STATE OF NEVADA

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

Adele Basham
Program Manager DWSRF
Technical Assistant AB198/AB237



Michelle Stamates
Engineer AB198/AB237

Non-Voting Member:
Jennifer Carr

Nhu Q. Nguyen
Deputy Attorney General

STATE BOARD FOR FINANCING WATER PROJECTS

November 23, 2009

To: Members of the Board for Financing Water Projects

From: Michelle Stamates

Subject: Extension of Funding Agreement Time for the Spanish Springs Septic to Sewer Project

Spanish Springs in Washoe County has a problem with nitrate contamination of the groundwater. The USGS did a study of the groundwater and found caffeine, diabetes medication, and other pharmaceuticals in the ground water along with high nitrate levels. The Nevada Division of Environmental Protection ordered the County to start a program to eliminate the septic tanks and connect the homes to a community sewer.

Washoe County Water Resources (DWR) held several heated meetings with the public to explain what the costs would be to each homeowner (estimated to be \$10,000 - \$25,000 each) and the homeowner's options to cover these costs. DWR was able to obtain federal grants to pay for the first phase (Phase 1a) of the project. State Senator Washington was able to get Senate Bill 200 passed in the 2003 Legislative Session. This bill added \$4,000,000 to the fund specifically for financing water projects to help pay for certain costs associates with abandoning septic systems and connecting the homes to a community sewer. The \$4,000,000 was arrived at by multiplying the 2,000 homes in Spanish Springs by \$2,000 per home in state aid. In January 2005, the Board for Financing Water Projects (Board) approved grant funding to the DWR to assist with the Spanish Springs septic to sewer conversion project.

Phase 1a was completed in 2006 and included the installation of 211 laterals to existing homes and one elementary school. At this time, 208 of the homes and the elementary school have connected to the community sewer system (see Figure 1 included with DWR's request).

NAC 349.549 3 (a) limits the funding agreement term to 5 years. The 5-year funding agreement term for this project will expire on January 27, 2010. DWR submitted a request for a 5-year time extension for this project.

Board for Financing Water Projects

November 23, 2009

Page 2

In addition, DWR supplied a figure (Figure 2 included with DWR's request) showing all of the planned phases of this project. Funding from the US Army Corps of Engineers for project Phase 1b is anticipated this fiscal year. The entire project is in DWR's capital improvement program with a new phase occurring each year if federal or other funding is available. The ultimate duration of this entire project may be 15 – 20 years.

\$402,000 in grant funding has been disbursed to date with \$3,598,000 remaining in obligated grant funding for this project. Staff recommends that the Board approve the requested time extension.

Suggested Motion:

I make a motion that the Board for Financing Water Projects approve a 5-year time extension to Funding Agreement '01-05-4.a WASHOE COUNTY SPANISH SPRINGS SEPTIC TO COMMUNITY SEWER PROJECT.' The funding agreement will be administered through January 27, 2015 contingent upon the grantee continuing to make reasonable progress on this project and adhere to all of the conditions and requirements of the funding agreement.

ATTACHMENT 7

Progress Report for Capital Improvements Grant Projects

PROGRESS REPORT ON OPEN PROJECTS

December 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Kingsbury GID	6/26/02 Additional grant funds approved on 8/23/06 increasing total grant amount Extended funding agreement by 2 years on 6/19/08 with no further increase in grant funds	\$9,505,311.39	Amec	Cameron McKay	Nov-09	The pipeline replacement, tank, and meters for Phase 1 are now complete. This project is in the project of closing.
Wells	12/5/02 Additional grant funds approved on 1/27/05 increasing total grant amount	\$1,102,310.09	TRW Engineering	Jolene Supp	Jun-09	The installation of the well, well house, chlorination system, tank and SCADA are complete. The final project element – the transmission line to the new tank – started construction in Aug 2009 and is nearing substantial completion.
Washoe Co for Spanish Springs	1/27/05	\$4,000,000.00	Washoe County	Joe Stowell	May-07	The 1 st of a 9-phase sewer project is complete. The entire project is expected to take 20 years. The Phase 1A sewer project is complete and approximately 171 homes have abandoned their septic systems and connected to the new sewer to date. The County is now waiting for federal grant funding to begin installation of the next sewer line phase.
Virgin Valley Water District	1/27/05 Additional grant funds approved on 6/19/08 increasing total grant amount	\$3,284,177.16	Bowen, Collins & Associates	Mike Winters	Jul-09	The new coagulation-filtration arsenic treatment facilities for the 2 Bunkerville sites are complete. This project is in the process of closing.

PROGRESS REPORT ON OPEN PROJECTS

December 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Metropolis Irrigation District	1/25/06 Extended funding agreement by 1 year on 9/25/08 with no further increase in grant funds	\$489,467.40	Dyer Engineering	Vernon Dalton	Aug-09	The design for the dam is complete and pending permit by DWR. The District is working on permitting (Sec 404, ROW, easements, & other) for construction of the dam and recreational facilities.
Pershing County Water Conservation District	9/20/07	\$3,663,021.45	Farr West & Dyer Engineering	Bennie Hodges	Aug-09	Permitting of the Pitt Taylor (aka Thacker) Diversion Structure is pending from DWR. Cultural and environmental surveying must be completed prior to construction of this facility. This project is currently in the process of closing.
LVVWD for Searchlight	8/23/06	\$2,536,522.34	LVVWD	Jordan Bunker	Aug-07	All four exploratory wells are complete. Two wells were to become production wells while the other two exploratory wells were to become monitoring wells. An approved EA was required by the BLM prior to exploratory drilling and another EA was required by the BLM for construction of production wells, pipeline, and appurtenances. Issues with Areas of Critical Environmental Concern precluded construction of several of the originally planned monitoring wells but will not affect the new production wells. WDC began drilling the production well in Oct 2009. The first of two new production wells is expected to be on-line in 2011.
LVVWD for Kyle Canyon – Ph 2 & 3	11/09/06	\$3,202,511.74	LVVWD	Jordan Bunker	Sep-08	Due to the short construction seasons, this project will take 3 summers to complete. Installation of up-graded/new mains, services, and meters at Echo View and Cathedral Rock were completed in November 2008. Replacement of mains, system appurtenances, and services/meters was 95% completed in Upper Rainbow and Old Town in October 2009. The Lower Rainbow pipeline replacement and services/meter installation will be completed in 2010.
Topaz Ranch Estates	3/14/07	\$1,471,452.01	TEC	Larry Offenstein	Oct-09	Construction began in November 2008 with the drilling of the new well. The pipeline, service connections and well were completed by April 2009. The well house and controls are schedule for completion this year.

PROGRESS REPORT ON OPEN PROJECTS

December 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Lyon Co Utilities for Crystal Clear	9/20/07	\$2,663,635.00	Farr West	Mike Workman	Aug-09	The project provided a new water supply from the Yerington water system. Construction began in November 2008 and substantial completion - with all residents on the new water service and the old water system components abandoned/removed - occurred in October 2009. This project is in the process of closing.
Lovelock Meadows Phase II	12/13/07	\$3,000,000.00	Farr West	Tom Glab	Nov-09	Drilling of the new backup well in Oreana began at the end of May 2009. The initial drilling was unsuccessful and the driller requested and was granted a variance to the drilling method specified. A second drilling attempt began Aug 17, 2009, and a new well was constructed with no significant problems. The pipeline replacement project (Phase 2) began in Aug 2009 and has proceeded smoothly. Substantial completion is planned for February 2010.
Moapa Valley	12/13/07	\$4,000,000.00	Bowen, Collins & Associates	Brad Huza	Apr-09	The Arrow Canyon and Baldwin Springs arsenic treatment facilities are on-line. The District held an open house on April 15, 2009. The project is in the process of closing.
Alamo Arsenic Mitigation PER	3/20/08	\$102,216.75	Farr West	James Poulsen	May-08	This PER will include water quality sampling, well testing, and possible arsenic pilot testing. Packer testing and sampling of the industrial well was completed in October 2008. Alamo received SRF ARRA funding to drill two exploratory wells in an attempt to determine the depth to the carbonate aquifer and potentially encounter a source of drinking water that meets all MCLs.
Gabbs Phase II PER	6/19/08	\$63,920.00	Day Engineering	Oz Wichman	Oct-08	The initial PER for the town of Gabbs was completed in April 2008. It was hoped that a new source of supply might be possible and exploratory drilling was recommended prior to pursuing a construction project. Two exploratory wells were drilled (airport - Dec 2008; Lodi Valley - July 2009). Water quantity met expectations; however, the water quality testing revealed both arsenic and fluoride exceeding the MCL. At this time, it is uncertain if other possible drilling locations can be found. If not, one possible solution to Gabbs' immediate fluoride issue with Well 8 would be to continue to use their existing Well 1 and pursue a small fluoride treatment facility to treat water from Well 8 (backup well) when necessary. Both Well 1 and Well 8 currently meet the arsenic MCL.

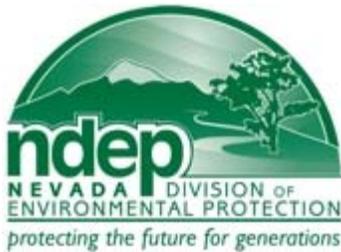
PROGRESS REPORT ON OPEN PROJECTS

December 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
McGill – Ruth PER	3/04/09	\$34,000.00	Day Engineering	Wayne Cameron	Jun-09	This PER amendment will investigate options to improve the reliability of the water supply to Ruth. In addition to the PER revision, CDBG granted White Pine County funds to do a regional study of water and wastewater in an attempt to better define the current and future needs in Ely, McGill and Ruth and to better pursue cost effective solutions for the area as a whole.
Austin Arsenic Mitigation PER	6/15/09	\$126,650.00	Day Engineering	Louis Lani		This PER will include exploratory drilling to attempt to find a new groundwater source that meets the arsenic MCL and can be used to blend with the existing well for arsenic mitigation.
Pershing County Water Conservation District (#2)	6/15/09	\$3,810,000.00	Farr West Engineering	Bennie Hodges	Nov-09	<p>The District received grant funding for construction of the new Pitt Taylor (Thacker) Diversion Structure, Pitt Taylor Diversion Canal, the Pitt Taylor Reservoirs, and the plug. The District is pursuing final permitting from the Corps and environmental and cultural assessments for the Corps & SHPO in order to bid/construct the Thacker Diversion structure.</p> <p>Construction began on the Pitt Taylor Canal in the fall 2009. PCWCD is doing the majority of the work on this 13-mile structure and progress has been significant in the last two months.</p>
Jackpot	7/24/09	\$1,430,000.00	ECO:LOGIC	Lynn Forsberg		<p>This project will combine SRF ARRA funds, grant funds, and USDA ARRA loan funds to drill a back-up well for the community, upgrade the electrical appurtenances for the existing Well 5, abandon Well 2 (high in uranium), install booster pumps at the new well to increase pressure in the northern part of town and install water meters.</p> <p>The planned bid opening for the drilling of the new well is in late December 2009.</p>

ATTACHMENT 8

Central Nevada Regional Water Authority Water Rights Technical Support Project Summary



BOARD FOR FINANCING WATER PROJECTS

GRANT INCREASE APPLICATION

PROJECT SUMMARY

DECEMBER 2009

PROJECT: **Central Nevada Regional Water Authority Water Rights Technical Research Project**

APPLICANT: **Central Nevada Regional Water Authority**
485 West B Street, Suite 103
Fallon, NV 89406

BACKGROUND

Senate Bill 62 (SB62), approved by the 2005 Nevada State Legislature, created the Water Rights Technical Support Fund in the amount of \$1,000,000 to be administered by the Board for Financing Water Projects (Board). The Water Rights Technical Support Fund was established to make grants to local governments for the following purposes:

- To obtain and provide expert and technical assistance to gather data to protect a local government's existing water rights; or
- To fund projects to enhance or protect a local government's existing water rights

SB62 specified that grant money from the Water Rights Technical Support Fund must not be used to pay for any assistance or projects if the only purpose of the assistance or project is to obtain evidence, including, without limitation, technical evidence and oral testimony or to pay for expert witnesses or attorney's fees for or in anticipation of any administrative or judicial proceeding, including, hearings before the State Engineer or in any state or federal court.

At their November 2005 quarterly meeting, the Board developed an allocation plan for the disbursement of funds to projects. The Board set a cap on grants at \$150,000 in an attempt to make funding available to the largest number of projects. In addition, the Board gave applicants who obtained or attempted to obtain other funding the full amount of their request up to the cap. To ensure that applicants' projects met the intent of SB62, legal counsel to the Board reviewed all of the grant proposals to assure that they met the criteria set forth by the Legislature in SB62.

The Central Nevada Regional Water Authority (Authority), an Authority made up of representatives from eight member counties, demonstrated match funding and was awarded the maximum grant amount made available, \$150,000. The Authority presented their project to the Board at the June 2008 Board meeting and outlined future work they were planning in cooperation with the US Geological Survey (USGS), Nevada Division of Water Resources (NDWR) and the member counties to continue the data collection and mapping efforts.

In March 2009, the Authority requested the use of \$10,443 in grant funding remaining from other completed SB62 projects. The Board approved the Authority's request bringing the approved grant amount to \$160,443.

Of the projects recently completed, an additional \$9,259.80 remains after all requests for reimbursement were fulfilled. The Authority is requesting the use of these grant funds. The table below shows all of the grants awarded, the status of those grants, and summarizes the grant funds available from completed projects.

SB62 FINANCIAL SUMMARY

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING	PROJECT COMPLETE	AVAILABLE FUNDS
Central NV Regional Water Auth.	\$ 160,443.00	\$ 150,400.66	\$ 10,042.34		
Churchill County	\$ 36,500.00	\$ 36,500.00	\$ -	YES	
Esmeralda County	\$ 16,245.85	\$ 16,245.85	\$ -	YES	
Eureka County	\$ 120,000.00	\$ 90,000.00	\$ 30,000.00		
City of Fernley	\$ 38,680.59	\$ 38,680.59	\$ -	YES	
Gerlach GID	\$ 92,833.42	\$ 83,573.62	\$ 9,259.80	YES	\$ 9,259.80
Humboldt River Basin Water Auth.	\$ 111,439.47	\$ 111,439.17	\$ -	YES	
LVVWD - Kyle Canyon	\$ 26,702.02	\$ 26,702.02	\$ -	YES	
LVVWD - Searchlight	\$ 150,000.00	\$ 22,598.32	\$ 127,401.68		
Topaz Ranch Estate GID	\$ 5,221.88	\$ 3,686.35	\$ 1,535.53		
Town of Tonopah	\$ 11,250.00	\$ 11,250.00	\$ -	YES	
Virgin Valley Water District	\$ 116,041.77	\$ 116,041.77	\$ -	YES	
White Pine County	\$ 114,642.00	\$ 114,642.00	\$ -	YES	
TOTALS	\$ 1,000,000.00	\$ 821,760.35	\$ 178,239.35		\$ 9,259.80

RECOMMENDATION

The Central Nevada Regional Water Authority has demonstrated an ability to coordinate project goals with the USGS, NDWR and its member counties. At this time, the USGS has pledged match funding for on-going water level data collection efforts. Staff recommends that the grant funds remaining from the projects now closed be deobligated from the previous projects and obligated to the Authority for a period of one year. The additional grant amount would be \$9,259.80. The updated total of the grant approved by the Board to the Authority will not exceed \$169,702.80 and is subject to the conditions given in original funding agreement and the resolution.

Suggested Motion:

I make a motion that the Board for Financing Water Projects deobligate the remaining funds from the completed project as shown in the staff report and approve an increase in funding of \$9259.80 to the grant amount allocated to the Water Rights Technical Support project funded under 01-06-E3 – The Central Nevada Regional Water Authority. The total grant to the Central Nevada Regional Water Authority with this addition is \$169,702.80. This increase is contingent upon the grantee continuing to make reasonable progress on this project and adhere to all of the conditions and requirements of the original funding agreement.

***Funding is hereby deobligated from the following completed projects:
Gerlach GID - \$9259.80***

ATTACHMENT 9

Progress Report Technical Water Rights Support Grants

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

11/19/2009

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	160,443.00	150,400.66	10,042.34
Churchill County	36,500.00	36,500.00	
Esmeralda County	16,245.85	16,245.85	
Eureka County	120,000.00	90,000.00	30,000.00
City of Fernley	38,680.59	38,680.59	
Gerlach GID	92,833.42	83,573.62	9,259.80
Humboldt River Basin Water Auth.	111,439.47	111,439.17	
LVVWD - Kyle Canyon	26,702.02	26,702.02	
LVVWD - Searchlight	150,000.00	24,335.80	125,664.20
Topaz Ranch Estate GID	5,221.88	3,686.35	1,535.53
Town of Tonopah	11,250.00	11,250.00	
Virgin Valley Water District	116,041.77	116,041.77	
White Pine County	114,642.00	114,642.00	
TOTALS	1,000,000.00	823,497.83	176,501.87

SB 62 PROJECT REPORT
December 2009

Project	Grant Amount	Project Summary
Humboldt River Basin Water Authority	\$120,000.00 (Project Complete)	<p>Assemble existing information into a water resources database in support of threats to water rights. Develop recommendations for collection of additional necessary data. Develop a public information program. Deliver a summary report for each county describing available forecast of economic/demographic conditions and related water.</p> <p>Progress Report, December 2007: The Humboldt River Basin Water Authority project is complete and the documents produced as a part of that project are available electronically on NDEP's website at http://ndep.nv.gov/bffwp/ http://ndep.nv.gov/bffwp/hrbwa_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Esmeralda County	\$16,245.85 (Project Complete)	<p>The project plan was to conduct a physical reconnaissance of the County's present water uses and existing water rights and develop a strategy to enhance and protect the County's water rights to ensure present and future water demands can be met as well as preparing a Water Rights Management Plan. All water rights identified in four hydrographic basins were reviewed. A field reconnaissance trip was conducted with the State Engineers office to physically site the locations for the point of diversion for water rights and ascertain the manner by which the appropriated water is being exercised.</p> <p>Progress Report, June 2007: The Esmeralda County Water Rights Plan is complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/esmeralda%20county_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
White Pine County	\$116,041.77 (Project Complete)	<p>Update information (including: hydrogeologic framework, groundwater hydrology, and regional groundwater flow system) on County's water resources and update the Water Resources Plan to assist in identifying potential water use and needs based on scenarios for growth and development. The County also added GIS capability in order to maintain and update information as it becomes available.</p> <p>Progress Report, January 2008: White Pine County's Water Resources Plan is complete and available at the NDEP offices in Carson City as well as electronically on NDEP's website at http://ndep.nv.gov/bffwp/whitepineco_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Town of Tonopah	\$11,250.00 (Project Complete)	<p>Assemble all active surface and groundwater rights for Ralston Valley Hydrographic Basin No. 141, Big Smokey – Tonopah Flat Hydrographic Basin No. 137, and Alkali Spring Valley Hydrographic Basin No. 142.</p> <p>Progress Report, Dec 2007: The water rights inventory and map of those rights are complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/tonopah_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Churchill County	\$36,500.00 (Project Complete)	<p>Update of the County's Water Resources Plan for surface and groundwater resources. Review of all county records relating to water resource requirements, both existing and projected. Update of the water resource ownership in the County.</p> <p>Progress Report, June 2007: The Churchill County Water Resources Plan update is complete and available on the County's website at http://www.churchillcounty.org/planning/waterplan.php and is linked to NDEP's website at http://ndep.nv.gov/bffwp/sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>

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LVVWD – Kyle Canyon	\$27,184.72 (Project Complete)	<p>Install 100 Permalog units for the detection of subsurface leaks and acquisition of a Patroller unit for data collection. This system will allow operators to find and repair leaks, protecting millions of gallons of water previously lost to the system.</p> <p>Progress Report, June 2008: The leak detection units have been installed and the project is complete. A final project report was received in June 2008 and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/kcwg_sb62_final.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
City of Fernley	\$38,680.59 (Project Complete)	<p>Reconcile all past and future mapping difficulties by attempting to develop a new GIS map of all Truckee Diversion surface water rights within the City of Fernley.</p> <p>Progress Report, January 2009: The mapping project is complete. The final report is on file at NDEP and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/initial_mapping_effort_pdf_final_feb_25.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Virgin Valley Water District	\$116,041.77 (Project Complete)	<p>Analyze water quality information from throughout the watershed region to develop a conceptual model of groundwater flow, mixing and hydrologic connection through naturally occurring chemical tracers, and develop a steady-state representation of the pre-development conditions of the regional groundwater flow systems utilizing modifications of previous models to develop a comprehensive numerical model.</p> <p>Progress Report, July 2009: The project is complete. The District submitted a thesis on the <u>Interaction of Surface and Subsurface Hydrological Processes in the Lower Virgin Valley</u>, a report on the Lower Virgin River groundwater model, and the Modflow model files for the steady state and transient models. The final report and model are on file at NDEP and available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/vvwd_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Gerlach	\$92,833.42 (Project Complete)	<p>A database of spring flow and water quality will be created and a groundwater model will be developed to determine any changes that might result from the proposed development in the basin that might adversely affects the two springs (Garden and Railroad Springs) that provide water to Gerlach.</p> <p>Progress Report, August 2009: The project is complete. Data loggers & flow meters were installed at both springs and monitoring of water level and discharge rate from the springs was used in the calibration of the groundwater model. Water rights were researched and compiled into tabular format. Other model parameter data (e.g., DEM, geology, structure, well logs, rainfall) were compiled and added to the model. Washoe County Water Resources reviewed the steady state model. The County also reviewed the data logging methods for the long-term spring flow and reinforced the importance of continuing to collect this data with the GID. The final report and groundwater model were received in August 2009. The final report and model are on file at NDEP and available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/gerlach_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Eureka County	\$120,000.00	<p>The project develops improved estimates of basin discharge and flow system interconnection for the Diamond Valley flow system.</p> <p>Progress Report, August 2009: The final report is now in peer review. This project was expected to be finalized in December 2009.</p>

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LVVWD – Searchlight	\$150,000.00	<p>Drill and develop 4 new monitoring wells to better understand the groundwater resource and groundwater quality in Paiute Valley and the Eldorado Valley Basins. One of the 4 wells will be funded by this grant.</p> <p>Progress Report, August 2009: LVVWD evaluated monitoring well locations in Piute Valley and drilled 4 exploratory wells in 2007. Approval of the EA and granting of ROW by the BLM was expected by late 2008; however, issues with Areas of Critical Environmental Concern precluded well construction of several of the originally planned monitoring wells. An alternate site for the monitoring well was selected. Drilling of the monitoring began in October 2009.</p>
Topaz Ranch Estates GID	\$5221.88	<p>Identification and mapping of proposed point of use/place of diversion for the existing 9 water rights permits.</p> <p>Progress Report, September 2009: The GID and its engineering firm are working to clarify the product of the project approved for this grant. The original contract supplied by the engineer was never approved and signed by the GID leaving uncertainty of the final deliverables. It appears that the mapping is approximately 50% complete and the GID is working with the engineer to finalize the project.</p>
Central Nevada Regional Water Authority	\$150,000.00	<p>Compile and document the baseline information required to determine long-term changes in groundwater levels in the Central Hydrographic Region (including: Churchill, Elko, Esmeralda, Eureka, Lander, Nye, White Pine, and Pershing counties) in order to evaluate the sustainability of present groundwater supplies secured under existing water rights, analyze the impacts of future development, and support future actions by local governments.</p> <p>Progress Report, October 2009: A spreadsheet containing water-level data, supporting database attributes and data-quality information; maps showing spatial distribution of water-level data; and an analysis of data gaps are complete and the data is accessible through an electronic mapping system – Map Guide by Websoft – hosted on the NDWR website. A summary report that documents methods and findings and identifies areas needing additional new water-level measurements was generated. The website that hosts the information for the Central Nevada Regional Water Authority is located at http://www.cnrwa.com/home/index.asp and will soon link to the Map Guide system (http://webmap.water.nv.gov/) developed with NDWR. The CNRWA received a small amount of SB62 funds left from completed projects to continue data collection and has continued to plan for future project phases with the USGS.</p>