

MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Wednesday, March 4, 2009
9:00 AM
The Bryan Building
901 S. Stewart Street - 2nd floor Tahoe Hearing Room
Carson City, Nevada 89701

Members Present:

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

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott called the meeting to order at 9:00 am.

The Chairman introduced new member, Lori Williams, to the Board. Ms. Williams has been very active in Washoe County, is a former general manager of the Truckee Meadows Water Authority and has an excellent background in water.

At the Chairman's invitation, Board members and individuals in the audience introduced themselves. Others present associated with the Board included Nhu Nguyen, Deputy Attorney General (DAG) and Counsel to the Board, and from the Nevada Division of Environmental Protection (NDEP): Dave Emme, Adele Basham, Michelle Stamatates, Daralyn Dobson, Marcy McDermott, and Kathy Rebert, Recording Secretary.

Chairman Scott announced that Brad Goetsch has been formally re-appointed to this Board for a three-year term. Also, Don Ahern resigned from the Board, creating a vacancy that will hopefully be filled by the next Board meeting.

B. APPROVAL OF MINUTES - DECEMBER 11, 2008 MEETING (Action)

There were no amendments or additions to the minutes of the December 11, 2008, meeting.

Motion: Mr. Walker moved that the minutes be approved as presented. The motion was seconded by Mr. Goetsch and passed, with Ms. Williams abstaining.

C. SET A DATE FOR THE NEXT BOARD MEETING IN JUNE

The Board discussed options for a next meeting date, and it was suggested that, in consideration of the new federal stimulus package, the Board block out two days to address a potentially significant number of new SRF loans in addition to grant requests. Monday and Tuesday, June 15 and 16, 2009, were tentatively scheduled. Tuesday, June 16, 2009, is the first choice if less than two days are required.

Chairman Scott noted that, depending upon the stimulus package and the SRF needs, the Board may have to respond more quickly than quarterly. There may be some special meetings necessary.

D. ELECT BOARD CHAIRMAN AND VICE-CHAIRMAN (Action)

Motion: Mr. Goetsch moved that Mr. Scott remain as Chairman and Mr. Walker seconded the motion. Mr. Walker asked to add that Mr. Goetsch remain as Vice-Chairman and Ms. Williams seconded that motion. The motion was passed unanimously.

E. DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM

1. Elk Point Country Club Homeowners Association Loan Commitment

Ms. Adele Basham noted a change in the proposed loan amount from \$161,000 to \$171,000 and continued her prepared remarks. Ms. Basham's prepared remarks can be found in **Attachment 1**. Staff recommended the resolution approving the loan commitment as stated and with the noted increase.

At the conclusion of Ms. Basham's presentation, Mr. Richard Jared, board member, water coordinator and treasurer of Elk Point Country Club, was asked to answer questions from the Board. Mr. Brent Farr of Farr West Engineering accompanied Mr. Jared to the speakers' table.

Mr. Walker asked if the country club could have used lake water and sold the groundwater rights to fund the project. Mr. Jared explained that the lake water would require surface water treatment facilities that the country club currently does not have.

Ms. Williams asked if the concentrated uranium ends up in the discharge stream that goes into the sewer and, if so, was Douglas County aware of restrictions they may have for any reuse water and/or where the waste stream is ultimately disposed. The concern is that uranium removed from the groundwater would become a uranium problem somewhere else. Mr. Jared explained that currently the groundwater containing uranium is going into the sewer system and that it falls far below the EPA standards. Mr. Farr went on to explain that they provided the parameters of the discharge to the Douglas County Sewage District. They keep close control over the effluent they are receiving, and they are comfortable with the planned concentration levels of uranium in the discharge. Also, there is significant dilution with other basin discharges.

Ms. Williams asked if the proposed pumping reduction would meet fire protection requirements. Mr. Jared referred to the schematic on page 2 of the Elk Point presentation found in the Board packets and explained that fire protection requirements would be met.

Mr. Goetsch stated that the uranium level in the effluent could be important to water systems located further down the water shed and encouraged caution. Mr. Goetsch questioned the

high amount of contingency funds (referring to the chart on page 4 of the presentation in the Board packet) and noted a concern that it might lead to unwarranted costs if the money is made available. Mr. Jared and Mr. Farr both spoke to this issue and explained that the contingency was estimated higher than normal to cover any conditions that may arise during the process. Of concern was the lack of a binding bid on the construction of the treatment piping and also additional requirements that may come from TRPA. The money will be carefully watched and costs minimized.

Ms. Jennifer Carr, NDEP Chief, Bureau of Safe Drinking Water pointed out that it would be wise to have the contingency because her bureau has not completed an engineering design review on this project.

Motion: Mr. Goetsch made a motion that the Board for Financing Water Projects approve a loan commitment to the Elk Point Country Club Home Owners Association. The resolution is designated the "3-2009 Elk Point Country Club Home Owners Association Project Loan Commitment." The Board has determined and does hereby declare that it approves and shall provide a loan to the Applicant in an amount not to exceed \$171,000. The motion was seconded by Ms. Williams and passed unanimously.

F. CAPITAL IMPROVEMENT GRANT PROGRAM

1. Financial Report

Ms. Daralyn Dobson gave an overview of the fiscal health of the AB198 program (see **Attachment 2**). Chairman Scott asked if there could be any potential State budgetary impact on the \$15,000,000 bonding capacity. Mr. Dave Emme responded that \$28 million for this program for fiscal years 2010 & 2011 was included in the Treasurer's Office Debt Capacity Report which was submitted to the Legislature in January. That amount has been incorporated into their planning. Chairman Scott asked that the Board be notified if this becomes an issue as the Board wants to have grant funds available in the future.

2. Letter of Intent & Grant application

a. McGill-Ruth GID PER (Action)

Ms. Michelle Stamates provided some prepared remarks on the area, the water system and preliminary engineering completed in 2004. See **Attachment 3** for Ms. Stamates' prepared remarks. Staff recommended that the letter of intent and grant application for the amended PER be approved subject to the conditions given.

Ms. Stamates introduced Mr. Wayne Cameron, McGill-Ruth GID Chairman, and Mr. Dean Day of Day Engineering.

The Board asked a number of questions for clarification including items related the local terrain, springs and hydrology, towns, other water systems, and the mine.

Mr. Walker observed that many PERs do not adequately address the permitting that may be necessary for the project to proceed, and this has lead to delays in several of the projects funded by this program. Mr. Day stated that all necessary permitting would be summarized in the PER including the costs associated with those permits as the project moves into the final design and construction phase.

The Board questioned the potential for the water system to acquire the well from the mine and then supply the mine with water as necessary. Mr. Day pointed out that the well is on mine property and is powered through transmission lines owned by the mine. Gaining easements for access to the well and resolving the power issue could be a difficult and costly process.

Chairman Scott expressed a concern about the Board being asked to fund a project that did not have a dependable supply in a legal or institutional way. He cited the example of a pipeline run to the mine well and used as a backup source for the Town and then the mine closing and effectively withdrawing that backup source. Mr. Day stated that that was a serious consideration when exploring the alternatives for this project.

Motion: Mr. Walker made a motion that the Board for Financing Water Projects approve the Letter of Intent from the McGill-Ruth Consolidated Sewer and Water General Improvement District to pursue funding from the AB-198 grant program for completion of a PER addendum for the Town of Ruth. The total grant amount is not to exceed \$34,000. The project would be subject to the conditions provided in the staff report and included in the resolution. The motion was seconded by Ms. Williams and passed unanimously.

Motion: Chairman Scott read the staff suggestion that "the Board consider approving the grant under these same conditions and based on the Resolution in the Board binder." This recommendation was so moved by Mr. Walker, seconded by Ms. Williams and passed unanimously.

3. Progress Report for Funded AB198/AB237 Projects (Non Action)

Ms. Stamates presented this report and referred to the map and summary sheets provided in the Board packet, a copy of which can be found in **Attachment 4**. She said that once every two years, before the beginning of the Legislative session, she updates the map showing where grants have been given, to whom and the amount. This map represents the grants approved by the Board through January 2009.

Ms. Stamates introduced Mike Workman, Lyon County Utilities Director, and Donette Barreto, Lyon County Utilities Engineer. Mr. Workman gave a short background of the Crystal Clear project including the lack of maintenance and overall poor condition of the system and its appurtenances when it was privately owned. A treatment alternative that would mitigate the high arsenic and fluoride concentrations found in the local water was costly. He noted that, after exploring options, it was decided that the best option was to connect the small subdivision to the City of Yerington.

Mr. Workman shared some of the details of the project and said the project is coming along nicely. He also pointed out the role the County was playing in the project including the liaison work Ms. Barreto was performing with all parties involved in the project and also the unofficial inspections his staff was doing at the project site. Ms. Barreto then presented a slide show on the Crystal Clear project and outlined some of the issues encountered so far. She also pointed out the tank coating specifications Lyon County Utilities has adopted to assure the coating is done properly and inspected by qualified individuals. Mr. Workman passed around sample of one of the service lines that existed in the community prior to this project. The sediment buildup on the walls of the small service line was significant, and Mr. Workman pointed out that that same sediment issue with the local water would have created a major issue for Point-of-Use type arsenic and fluoride removal systems.

Issues with the location of utilities (e.g., Verizon phone lines) and lack of cooperation from those utilities lead to a significant change order. Mr. Workman commented that pot-holing for existing utility services during the design phase would have eliminated some of the issues encountered during construction, and he recommended that all projects would do well to include time and money spent in the field during the design phase.

Ms. Stamates then provided several brief updates on other grant projects. Some of the projects highlighted were the Battle Mountain Arsenic PER & Exploratory Drilling, the Gabbs Fluoride PER & Exploratory Drilling, the Heppner subdivision project in Washoe County, and the Virgin Valley - Bunkerville arsenic treatment facilities.

Ms. Stamates noted that according to the Board's direction from previous meetings, she has started to compile a list of non-profit and cooperative water companies in the state. Her opinion is that there is not, yet, a concise list of these systems, so it was too soon to add a separate agenda item for a discussion.

Chairman Scott asked the Board's opinion on establishing a general philosophy regarding grant money to non-profits/co-ops in order to respond to possible inquiries as a result of a Bill Draft Request being introduced in the 2009 Legislative session. A discussion ensued. Mr. Goetsch and Ms. Williams expressed concern about private systems that are inadequately maintained or run and then, at some point, have to be bailed out by cities or counties. The preference would be that private, non-profits become part of a public system.

Mr. Walker said that after hearing the comments, the Board is not in favor of financing water projects for or encouraging any more private water companies nor would the Board support a bill that would say any non-profit, mutual water companies should become eligible for the grant program.

Chairman Scott said that what he heard expressed is that there is not enough ability to impose the guidelines the Board feels are important and that the Board's suggestion is that those needy, private systems reorganize as a GID or other political subdivision of the state to qualify for the grant program. The Chairman asked DAG Nguyen if she had done any research on the non-profit concept.

Ms. Nguyen replied that she had not done any research but had reviewed the statutes and the case law that Bryan Stockton (of the Attorney General's office) had provided. Ms. Nguyen agreed that the Board's concerns were legitimate, that there is not the level of oversight the Board would have over non-profits versus public water systems. She said she has not looked into the feasibility for non-profits to convert to a GID, and she does not know the process or ease of doing so.

Mr. Goetsch pointed out that 70-80% of the entities on the list were candidates for incorporation into existing municipal water systems. Ms. Williams concurred with that assessment.

Mr. Walker was approved by the Board to speak for the Board regarding their position concerning non-profits.

G. SB62 GRANT PROGRAM

1. Additional Funding Request

a. Central Nevada Regional Water Authority (Action)

Ms. Stamates provided background regarding SB62 grant money and the status of projects receiving funds. Seven of those projects are closed, and staff recommends any remaining funds be deobligated from the completed projects and obligated to the Central Nevada Regional Water Authority. See **Attachment 5** for Ms. Stamates' prepared remarks.

Mr. Steve Bradhurst, Executive Director of the Central Nevada Regional Water Authority, came forward and introduced himself. Mr. Bradhurst provided a handout to the Board, explaining the maps and expanding on the documents which included the Water Authority's request to use any funds remaining from completed SB62 projects. Following the presentation, Mr. Bradhurst responded to several general Board questions.

Motion: Mr. Walker made a motion that the Board for Financing Water Projects deobligate the remaining funds from the completed projects as shown in the staff report and approve an increase in funding of \$10,443.00 to the original grant amount approved for 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 \$160,443. 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 the motion passed, with Mr. Goetsch abstaining.

Mr. Bradhurst spoke about well abandonment costs and asked if there were a way to plug the well and cap it at less cost. Mr. Rob Martinez, Nevada Division of Water Resources, addressed the question, stating that regulations were modified to allow capping a well in a different manner and provided provisions for economical avenues. No one has come forward with an idea of how to do it less expensively.

Ms. Stamates completed the SB62 presentation (the project and financial summary may be found in **Attachment 6**) saying project information is also available online.

H. BOARD COMMENTS (Non Action)

Ms. Carr provided a report on Arsenic Rule exemptions/extensions. In November 2008, the State Environmental Commission approved 33 Arsenic Rule Exemption extensions. Ms. Carr gave specific information on criteria for extensions. She said extensions were granted up to January 23, 2011, and eligible water systems had to demonstrate adequate progress toward resolving their arsenic issues. Based on the arsenic concentrations in the Safe Drinking Water database, there may be another round of 2-year extension requests late in 2010. The indicator of progress was discussed as well as the requirement for an increasing level of progress for future extensions. Failure to comply will result in court action. Ms. Carr then provided specifics on certain water systems and answered questions from the Board.

Mr. Walker spoke about SB105 which "revises the provisions governing the matching funds required for grants made by the Board for Financing Water Projects." This bill passed unanimously in the Senate and is now scheduled for the Assembly Government Affairs Committee. Mr. Walker will submit his name to speak to officials on the Committee to encourage passage of this bill.

Ms. Basham updated the Board on the recently passed Federal Stimulus Bill. In January, staff started soliciting projects; specifically, projects that were ready to go to construction. An initial priority list has been developed; however, it is not ready to be made public because

additional criteria that came out in the final bill needs to be factored in. In summary, there are 109 projects for a total of \$651 million. The stimulus grant amount to the SRF is \$19.5 million. Staff is now working to determine construction readiness of the projects listed and identifying "green" projects. The priority list should be completed in a week or two, at which point the list will be ready to be made public and will be considered in a public workshop. Ms. Basham answered several questions from the Board.

There being no other comments from the Board or the public, there was a motion to adjourn.

Motion: At 12:09 pm Mr. Walker moved to adjourn. That motion was seconded by Mr. Goetsch and passed unanimously.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

Attachment 1

Item E1 - Project Summary on a Loan Commitment to Elk Point Country Club Homeowners Association

Elk Point Country Club Homeowners Association Loan Commitment

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

Applicant: Elk Point Country Club Homeowners Association
Project: Uranium Removal
Total Cost: \$161,000

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

Elk Point Country Club Homeowners Association (EPCCHOA) is located on the South East side of Lake Tahoe in Zephyr Cove, Nevada. Elk Point Country Club was established as a residential community in 1926. Today there are 93 connections and 100 unit owners. Elk Point Country Club Home Owners Association operates under NRS 116-Community Interest Ownership.

The source of water for EPCCHOA for the last 25 years is groundwater from two wells in the beach area. EPCCHOA also has a recorded Certificate of Appropriation for lake extraction but currently does not use lake water in its community water system.

The EPCCHOA water system exceeds the maximum contaminant level (MCL) for uranium. NDEP Bureau of Safe Drinking Water issued a notice of violation and order of non-compliance on February 13, 2006. Over the last two years, EPCCHOA has evaluated several options and continued to update NDEP on progress toward compliance. Due to the duration of the violation of the uranium standard, EPCCHOA has been identified by the U.S. Environmental Protection Agency to be in significant non-compliance.

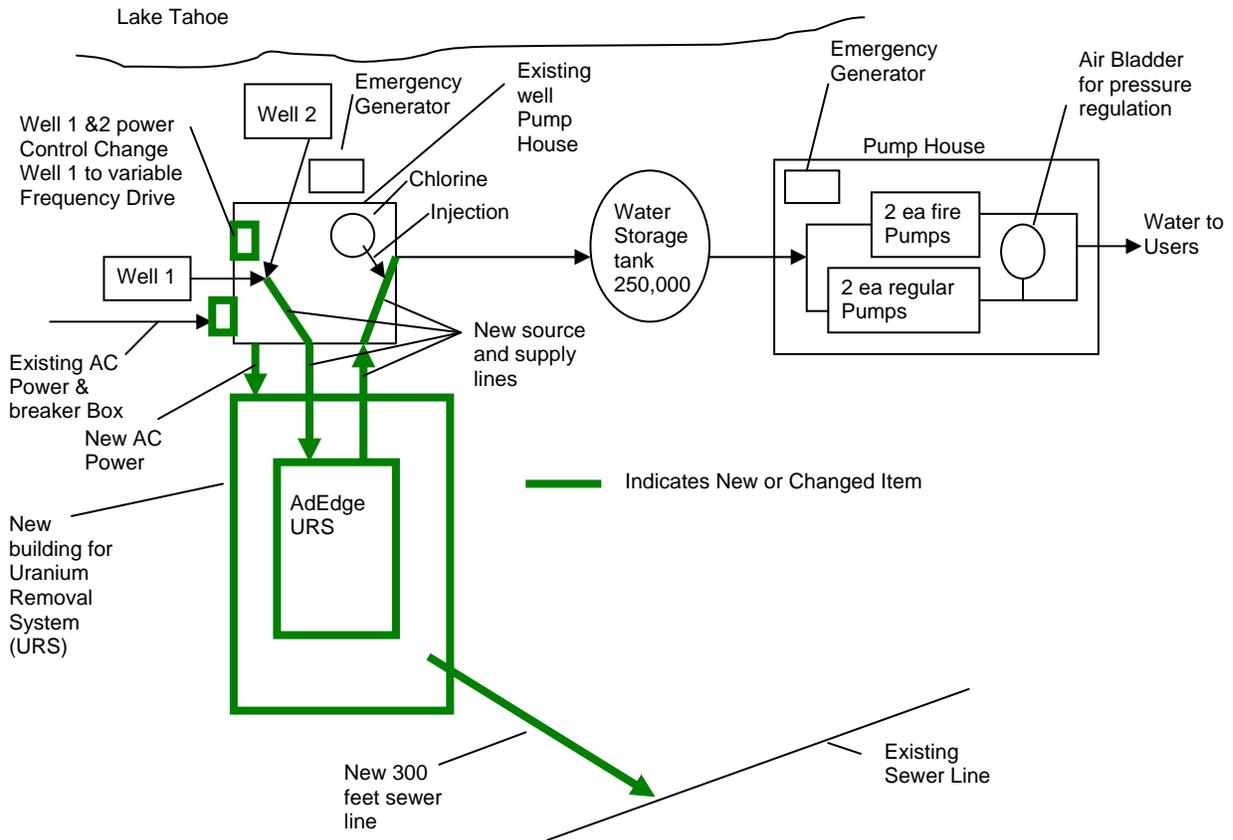
CURRENT SYSTEM

The water system consists of two wells, a 250,000 gallon storage tank and distribution system. Well 1 is the primary well and well 2 is used for emergency backup only. The wells pump water to the 250,000 gallon storage tank. From the storage tank, water goes to a pump house where it is chlorinated and pumped out to the distribution system through a pressure tank.

A manually activated generator is available and is used in the event of a power outage. The generator also can be activated by fire department personnel or the water operator in a special mode that uses higher volume pumps (300 GPM) to help in fire fighting.

A schematic of the water system, including the proposed project, is shown on the next page.

Schematic of EPCCHOA Water System



Customers, Population and Growth

The customers and population served by EPCCHOA are shown in the table below. There is no desire to expand the District's service area.

Service Connection Type	Current	Projected (by year 2025)
Commercial	0	0
Retail Population served winter	40 to 80	42 to 86
Retail population served summer	200 to 600	215 to 630

ALTERNATIVES CONSIDERED

EPCCHOA considered consolidating with Round Hill GID, utilizing lake water, drilling a new well and both central and point of use treatment. Central treatment is the preferred alternative.

There is an existing line connecting EPCCHOA to Round Hill GID for fire emergencies. When EPCCHOA constructed the large storage tank, the arrangement with Round Hill GID was discontinued; however, the line remains. EPCCHOA approached Round Hill GID on the

uranium issue, but Round Hill's facility is close to capacity and the cost estimate to expand is several million. In addition, EPCCHOA would lose their water rights which have an estimated value of \$500,000.

Since EPCCHOA owns surface water rights, the use of lake water was also considered. Use of lake water would require the existing intake line in the lake be extended and surface water treatment be installed.

Drilling a new well was considered. This option is not viable because it is likely that groundwater in the area will not meet the uranium standard. In addition, extended pumping to reduce uranium levels was considered and tested. The extended pumping tests did reduce uranium level but not by an amount sufficient to meet the MCL.

Point of use treatment was not considered an acceptable alternative due to the complications of ownership and maintenance.

EPCCHOA selected central treatment as the preferred alternative. Osmotic filters, anion exchange media and micro filters treatment technologies were considered. Anion exchange was selected because the technology is robust and industry has a good experience base.

PROPOSED PROJECT

Treatment

The proposed project is to construct centralized uranium removal treatment including a building and sewer line for disposal of regeneration water. The selected treatment technology is anion exchange. The anion exchange media will be in two large tanks (30 inches in diameter and 80 inches tall). Once a month, the media is regenerated with salt water. The uranium removed from the media is in the waste salt water and will be disposed of in Douglas County Sewer District. EPCCHOA has received written permission from Douglas County Sewer District to discharge the regeneration water into the sewer system.

Treatment Building

A building 12 feet by 18 feet will house the 5.3 feet wide by 10 feet long by 7.7 feet high skid mounted treatment unit and 30 inch diameter brine tank. The EPCCHOA caretaker will build the enclosure.

Well Upgrade

The selected central treatment system requires only 60 gallons per minute (gpm) to satisfy the maximum use per day. Well 1 pump is rated at 7.5 horsepower and 150 gpm. To address the difference in flow rates, it is proposed to add a variable frequency drive system to well 1 pump to be operated at 60 gpm.

Cost Estimate

The entire project, including engineering and administration, is anticipated to cost \$161,000 of which it is proposed that DWSRF will fund 100% as shown in the following table.

Item	Cost
Design & Engineering	\$15,000
Treatment system	\$63,000
Building & well upgrade	\$24,400
Sewer line for backwash	\$18,600
Contingency	\$40,000
Total	\$161,000

Environmental Review

The proposed project has received TRPA approval. The construction and mitigation best management practices (BMPs) have been designed by a qualified civil engineer and meet the standards of TRPA. The building to house the uranium removal system is located in the flat part of the common area and is greater than 405 feet from the lake high water line. The path of the sewer line was chosen to minimize disturbance to the environment. The BMPs for the sewer line in the flat area are native grass seed with 2-3 inches of pine bark mulch. The BMPs in the sloped area of the sewer line are native grass seed, 2 inches of pine bark mulch, 6 inches cobble slope protection and erosion blanket double staked down in steep areas. This slope protection is to aid in re-vegetation establishment.

Based on the strict permitting and BMP requirements of TRPA, NDEP has made a finding of no significant impact.

Permits

The project will require permits from TRPA, Douglas County and NDEP. The TRPA permit application has been submitted and approved. It is anticipated that the Douglas County and NDEP permit applications will be submitted in early March 2009.

Financial Evaluation

EPCCHOA is requesting a loan to spread the capital expense over four years to help those unit owners who have less discretionary monies. EPCCHOA does not charge separately for water instead the yearly dues of unit owners pay the water system cost. Assuming the annual loan payment is \$43,578, the unit owner will pay an additional \$436 on the yearly assessment. If a unit is sold, there is a transaction fee of \$12,000 which is placed in the asset replacement fund. The audited financial statements for EPCCHOA were reviewed and it has been determined that they have the capacity to cover both operations and debt service based on the following:

- EPCCHOA drinking water is significantly out of compliance with the requirements of the Federal Safe Drinking Water Act.
- Net operating income for fiscal years 2006, 2007 and 2008 was \$84,580 and there is no long-term debt. These facts evidence that Elk Point residents are committed to maintaining fiscally sound operating policies.
- EPCCHOA has already established a fund in which cash is restricted for future maintenance, repairs and replacement, pursuant to NRS 445A.817. The cash is maintained in very low risk investments, such as CDs and Treasury Notes. The Elk Point Home Owners Association has been proactive and responsible with their accounting and fiscal management policies.
- Financial statements currently are, and must continue to be, prepared in accordance with Generally Accepted Accounting Principles, as stated in the loan agreement.
- Collateral, in the form of a Certificate of Deposit, in the amount of 6-months' debt service (one payment) should be funded and the Nevada Division of Environmental

Protection, Office of Financial Assistance, should be assigned as co-owner or beneficiary.

Technical, Managerial and Financial Capacity

EPCCHOA appears to have the technical, managerial and financial capacity to handle the loan and continued operation of the water system.

Compliance with Safe Drinking Water Act

The installation of uranium removal treatment will bring the water system into compliance with the Safe Drinking Water Act.

Public Participation

EPCCHOA unit owners have been involved with the project from the start and have participated in all aspects of the process. The participation culminated with the membership approving the cost and a low-interest, short-term loan at the July 2008 annual unit owners meeting.

Status of Drinking Water State Revolving Loan Fund

Currently, the loan fund has \$20 million in uncommitted funds for future loans. Over the next year, the Fund will receive approximately \$3.85 million in reloan funds (net of debt service) and \$6 million from the 2009 federal allocation which will add another \$13 million to the fund.

RECOMMENDATION

NDEP recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$161,000 to EPCCHOA. The resolution approving the loan commitment is included in Attachment 2.

The loan will be for a term of not to exceed 4 years and at an annual interest rate of 66% of the appropriate Bond Buyers Index at the time the loan contract is signed. The Division and the EPCCHOA will negotiate the terms and conditions of a loan agreement.

Suggested Motion

I make a motion that the Board for Financing Water Projects approve a loan commitment to Elk Point Country Club Home Owners Association. The RESOLUTION is designated the "3-2009 Elk Point Country Club Home Owners Association Project Loan Commitment". The Board has determined, and does hereby declare, that it approves and shall provide a loan to the Applicant in an amount not to exceed \$161,000.

ATTACHMENT 1

LOAN REPAYMENT SAMPLE SCHEDULE

(Final schedule to be provided upon final loan draw)



Nevada Drinking Water State Revolving Fund

Nevada's Solution for Public Water System Financing

LOAN DATA

Borrower Name	Elk Point Country Club HOA
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Basic Loan Information:

Today's Date	Feb 9, 2009
First Payment Due	Jan 1, 2010
Interest Rate	3.60%

Payment Information:

Length of Loan, Years	4
Payments Per Year	2
Total Payments	8
Calculated Payment	\$21,789

Summary Information:

Principal	\$161,000
Interest Paid	\$13,312
Total Paid (P & I)	\$174,312

Customer Cost:

Number of Customers	100
Cost Per Month	\$36.32

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

Attachment 2

Item F1 - AB198 Financial Report

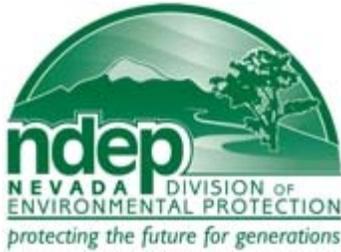
AB 198 Grant Program
 Projected Cash flow through SFY 2009
 as of 2/4/2009

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
FY08 Actual			198,876			22,964,436			76,054,236			
Bond proceeds	32,024,266	0	32,223,142	22,000,000	32,024,266	12,940,170		32,024,266	44,029,970			
Interest Payments	258,086		32,481,228			12,940,170			44,029,970			
Pay requests		21,080,319	11,400,909			12,940,170			44,029,970			
Transfer to Debt Service Fund			11,400,909			12,940,170			44,029,970			
Transfer to 4155 (Operating Account)		190,000	11,210,909			12,940,170			44,029,970			
			11,210,909			12,940,170			44,029,970			
July - September 2008 (FY09)			11,210,909			12,940,170			44,029,970			30,689,158
Pay Requests		2,698,490	8,512,419			12,940,170			44,029,970		2,698,490	27,990,668
Bond proceeds	12,940,170		21,452,588		12,940,170	0		12,940,170	31,089,800			27,990,668
2008 principal repayments on bonds			21,452,588			0	2,635,000		33,724,800			27,990,668
Transfer to 4155 (Operating Account)		50,000	21,402,588			0			33,724,800			27,990,668
Adjusted to current Obligations			21,402,588			0			33,724,800		2,042,655	25,948,013
October - December 2008			21,402,588			0			33,724,800			25,948,013
Pay Requests		2,423,826	18,978,762			0			33,724,800		2,423,826	23,524,187
Bond proceeds	16,138		18,994,900		16,138	0		16,138	33,708,663			23,524,187
Interest Payments	138,918		19,133,818			0			33,708,663			27,990,668
Transfer to 4155 (Operating Account)		61,000	19,072,818			0			33,708,663			23,524,187
Adjusted to current Obligations			19,072,818			0			33,708,663	1,371,941		24,896,128
January - March 2009			19,072,818			0			33,708,663			24,896,128
Projected Pay Requests		4,093,298	14,979,520			0			33,708,663		4,093,298	20,802,830
Interest Payments	135,002		15,114,522			0			33,708,663			20,802,830
Projected Transfer to 4155 (Operating Acct)		61,000	15,053,522			0			33,708,663			20,802,830
			15,053,522			0			33,708,663			20,802,830
			15,053,522			0			33,708,663			20,802,830
April - June 2009			15,053,522			0			33,708,663			20,802,830
Projected Pay Requests		4,093,298	10,960,224			0			33,708,663		4,093,298	16,709,532
Interest Payments	273,920		11,234,144			0			33,708,663			16,709,532
Projected Transfer to 4155 (Operating Acct)		61,000	11,173,144			0			33,708,663			16,709,532
2009 principal repayments on bonds			11,173,144			0	3,677,570		37,386,233			16,709,532
			11,173,144			0			37,386,233			16,709,532
FY10 Projection			11,173,144			28,000,000			37,386,233			16,709,532
Projected Bond Needs	15,000,000		26,173,144		15,000,000	13,000,000		15,000,000	22,386,233			16,709,532
Projected Pay Requests		12,958,698	13,214,446			13,000,000			22,386,233		12,958,698	3,750,834
Projected Transfer to 4155 (Operating Acct)		268,239	12,946,207			13,000,000			22,386,233			3,750,834
2010 principal repayments on bonds			12,946,207			13,000,000	3,894,878		26,281,111			3,750,834
Projected New Grant Awards			12,946,207			13,000,000			26,281,111	9,100,000		12,850,834
			12,946,207			13,000,000			26,281,111			12,850,834
FY11 Projection			12,946,207			13,000,000			26,281,111			12,850,834
Projected Bond Needs	13,000,000		25,946,207		13,000,000	0		13,000,000	13,281,111			12,850,834
Projected Pay Requests		10,850,000	15,096,207			0			13,281,111	10,850,000		2,000,834
Projected Transfer to 4155 (Operating Acct)		313,444	14,782,763			0			13,281,111			2,000,834
2011 principal repayments on bonds			14,782,763			0	4,057,186		17,338,297			2,000,834
Projected New Grant Awards			14,782,763			0			17,338,297	10,100,000		12,100,834
			14,782,763			0			17,338,297			12,100,834

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

Attachment 3

Item F2a - Letter of Intent & Grant Application McGill-Ruth GID PER



BOARD FOR FINANCING WATER PROJECTS

LETTER OF INTENT & GRANT APPLICATION PROJECT SUMMARY MARCH 2009

PROJECT: Ruth Water System – Preliminary Engineering Report Addendum

APPLICANT: McGill-Ruth Sewer & Water GID
29 Fourth Street
PO Box 1376
McGill, Nevada 89318
(775) 235-7701

APPLICANT STATISTICS:

SYSTEM IN EXISTENCE PRIOR TO 1 JAN 1995 & PUBLICLY OWNED (NRS 349.983):	✓	YES	NO
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STATE MEDIAN HOUSEHOLD INCOME:	\$ 44,581	STATE MAX TAX RATE (PER \$100 ASSESSED):	\$ 3.64
COMMUNITY MEDIAN HOUSEHOLD INCOME (RUTH):	\$ 29,821	COMMUNITY TAX RATE (PER \$100 ASSESSED):	\$ 3.64

NUMBER OF RESIDENTIAL UNITS (RUTH ONLY):	235
NUMBER OF COMMERCIAL OR OTHER CONNECTIONS (RUTH ONLY):	13
TOTAL NUMBER OF PERSONS SERVED (RUTH ONLY):	430
TOTAL NUMBER OF CONNECTIONS IN GID (MCGILL & RUTH):	~ 750
PERCENTAGE OF RESIDENCES NOT PRIMARY	~ 7%

IS THE WATER SYSTEM METERED?	✓	YES	NO
IS A METERED RATE CHARGED?	✓	YES	NO
BOARD'S REASONABLE RATE BASED ON:	2% MHI	✓	1.5% MHI
BOARD'S REASONABLE WATER RATE:	\$ 37.28		
CURRENT SYSTEM WATER RATE:	\$ 29.00 (SEE SUMMARY DISCUSSION)		

WATER CONSERVATION PLAN – DATE APPROVED/UPDATED:	PLAN SUBMITTED TO DWR – FEB 2009
AVERAGE USAGE, GPD PER CONNECTION:	~ 180

O&M PROGRAM?	✓	YES	NO
X-CONNECTION CONTROL PROGRAM?	✓	YES	NO
EMERGENCY RESPONSE PROGRAM?	✓	YES	NO
WELLHEAD PROTECTION PROGRAM?	YES	IN- PROGRESS	NO

PREVIOUS GRANT AMOUNTS:	\$ 476,018
TOTAL GRANT AMOUNT USED:	\$ 476,018
CAPITAL REPLACEMENT ACCOUNT FUNDED:	✓ YES NO
AMOUNT CURRENTLY IN FUND:	\$ 200,000 (AS OF 2007)

TOTAL PROJECT COST:	\$ 40,000
TOTAL GRANT ELIGIBLE PROJECT COST:	\$ 40,000
TOTAL COST PER ERU:	~ \$ 53
SRF RANK :	CLASS III – REHABILITATION

LETTERS ON ABILITY/INABILITY TO FINANCE PROVIDED?	YES	NOT APPLICABLE	NO
PER PROVIDED?	YES	NOT APPLICABLE	NO

HISTORY

The Town of Ruth is located approximately 6 miles west of Ely in White Pine County. The famed open-pit copper mines of eastern Nevada's Robinson Mining District, including the Liberty Pit (largest in the state), are located between Ely and Ruth just south of Highway 50. Through the first half of the 20th century, this area produced nearly a billion dollars in copper, gold and silver.

The Robinson Mining District was founded in 1867 when several underground gold and silver mining operations were established. Ore discovered just before 1900 was initially regarded as possible gold and silver. The name Ruth was given this ore deposit by D.C. McDonald, Justice of the Peace and pioneer of the Robinson District, for his daughter. The Town of Ruth was founded in 1903 at the edge of the first large copper mine.

With the opening of the Nevada Northern Railway in 1906, copper production began to boom. By 1910, the Town was reestablished a small distance from the first site. A company town for the Nevada Consolidated Copper Company, the houses in Ruth belonged to and were administered by the mine and the city. Saloons and bordellos were forbidden. At the beginning of the Great Depression, Ruth had some 2,300 inhabitants.

Kennecott Copper assumed ownership of the mine and relocated Ruth in 1953 due to the copper ore available at Ruth's previous location. Kennecott privatized Ruth's housing in 1962 through the John W. Galbreath Company. Due to the frequent moves, Ruth got the name "traveling town."

By 1999, copper in the open mine was diminished, and the mining of copper and the railway were shut down. At that time, the managed pit was last approximately 2 miles long, 1 mile across and 1000 feet deep.

Quadra now owns the mine, and it has reopened. The current mine infrastructure consists of three large open pits; Liberty (previously mined out), Tripp-Veteran and Ruth. The population of Ruth increases and decreases with the mining activity, and as such, population predictions are often tied to the price of copper and gold.

RUTH'S WATER SYSTEM

Ruth's primary water source is a spring area – Ward Mountain Springs – on the Egan Mountain Range approximately 15 miles southeast of Ruth. Around 1920, Consolidated Copper constructed spring capture and pipeline from Ward Mountain to supply the mine, Old Ruth, Kimberly, and Riepetown. The Galbreath Company operated the sewer and water systems until the condition of the facilities and poor

economy forced the company to sell the sewer and water utility to White Pine County. White Pine County established a NRS Chapter 318 sewer and water district for McGill in 1972, and in 1984, established the McGill – Ruth Consolidated Sewer and Water General Improvement District (GID). In 1985, the GID constructed a 750,000-gallon, welded steel, water storage tank and replaced most of the water pipes in Ruth. In 1994, the GID replaced approximately 3 miles of the spring pipeline starting at the Town, and in 1995 some of the springs were sanitarily enclosed. A map of the Ruth water line is included at the end of this summary.

Approximately 14 miles of the Ward Mountain springs pipeline is steel and in poor condition. The pipeline is exposed in places and is generally buried less than 2 feet deep. The water quality of the springs is good; however, numerous leaks from exposed sections of the pipe cause the potential for unsanitary conditions. The US Forest Service (USFS) has a campground connected to the pipeline and ranchers have USFS grazing permits that take stock water from the pipeline. Vandalism and illegal tapping of the pipeline has been known to occur.

In dry years, the springs have not been able to keep up with the demand from Ruth, the campground and the stock watering. The Town of Ruth has a back-up supply that pumps water from the City of Ely's water system. Ely's primary water source is also a spring (Murry Springs), and the additional need to supply water to Ruth stresses the Ely system in dry years. With the exception of a 2000-ft section, the pipeline between Ely and Ruth is ductile iron and in good condition. Pipeline in the Town is C-900 PVC and is in good condition. The water in Ruth is disinfected via a gas chlorinator.

The GID is currently working with the Nevada Division of Environmental Protection, Bureau of Water Pollution Control to develop a wellhead protection plan.

PRELIMINARY ENGINEERING REPORT

A Preliminary Engineering Report (PER), funded by a Community Development Block Grant (CDBG), was prepared in June 2004. A PER is necessary to apply for funding with the USDA-RD and the AB-198 grant program. Five alternatives were considered in planning a solution to Ruth's water supply needs:

- Do nothing – Having a reliable, sanitary water source is not possible without system improvements.
- Pipe burst the existing pipeline and rehabilitate the Ward Mountain Springs – The existing pipeline is barely two feet deep in most locations and travels overland in other locations. Pipe bursting would provide only a temporary fix to the problem, and the current problems associated with the present pipeline would soon resurface. Total estimated project cost (2004) - \$7,937,500; O&M estimated cost \$1,306,513 over 40 years at 4.5%
- Replace pipe and rehabilitate the Ward Mountain Springs – This is an expensive but viable solution. Replacing the pipeline with appropriate pipe, buried as required by regulation, would provide far more security for the system. Total estimated project cost (2004) - \$6,000,000; O&M estimated cost \$743,240 over 40 years at 4.5%
- Reach a water agreement with Quadra (owner of the mine) and pipe water from the mine to Ruth – Quadra owns several wells, all within a 4-mile radius of Ruth. Attempts to negotiate a water supply contract with Quadra have so far been unsuccessful. There is also a concern that these wells might someday succumb to adjacent contamination from years of mining. Total estimated project cost (2004) - \$1,794,000; O&M estimated cost \$1,493,000 over 40 years at 4.5%
- Drill a new well and pipe to Ruth – This option has no guarantee of success. There are "pockets" of water in the area surrounding Ruth (created by cracks and fissures in the underlying rock beds); however, locating these pockets has always proven extremely difficult. The previous mining company, BHP, spent millions of dollars and several unsuccessful attempts at finding water. Of the 4 mine wells, only 2 appear to be able to sustain safe, potable water. Total estimated project cost (2004) - \$2,834,000; O&M estimated cost \$1,583,000 over 40 years at 4.5%

Of the potential solutions proposed, the 2004 PER recommended that the pipeline to Ward Mountain Springs be properly replaced and the springs be rehabilitated at a total project cost of approximately \$6,000,000 with annual O&M costs estimated to be \$40,390 (\$743,240 over 40 years at 4.5%). Since that time, other potential alternatives have been suggested but not fully investigated and project costs have changed. This PER addendum would investigate additional alternatives including, but not limited to:

- The installation of a pipeline from McGill to Ruth via the Pole Line Road. This alternative would require pipeline, a booster station and a new storage tank.
- The installation of a well and appurtenances for Ruth in Steptoe Valley with subsequent wheeling of the water from that well through the Ely water system and existing pipeline to Ruth.

The future construction project was ranked by the Division as a Class III water project per NAC 445A.67569 1 (b) (3)¹. The McGill – Ruth Sewer & Water GID is an eligible AB-198 grant recipient per NRS 349.983 1 (a) and (b)².

PREVIOUS GRANTS & OBSERVANCE OF BOARD POLICY

The McGill – Ruth Sewer & Water GID received an AB-198 grant in September 2002 for the McGill – Ruth water system to install 651 AMR water meters in McGill and Ruth, construct a 12” well in McGill, provide

¹ **NAC 445A.67569 Priority list: Criteria for ranking water projects; prioritizing requests for certain financial assistance.** ([NRS 445A.270](#))

(b) The Division shall place each water project into one of the following four classes:

(3) A Class III water project is intended to address deteriorated, substandard or inadequate conditions in the public water system. The Division shall prioritize Class III water projects, giving projects with a higher score priority over projects with a lower score, according to the total score each project receives for the following types of water projects:

(I) The consolidation of water supplies or facilities to eliminate water supplies that are contaminated, eliminate facilities that do not meet state regulations, or enable systems through a physical or management consolidation to comply with technical, managerial and financial capability requirements, 25 points;

(II) The rehabilitation or replacement of treatment facilities that would improve the quality of drinking water to avoid noncompliance with [NAC 445A.453](#) and [445A.455](#), 20 points;

(III) The rehabilitation, replacement or development of production facilities to replace contaminated sources, 15 points;

(IV) The installation or upgrading of storage facilities associated with finished water reservoirs and reservoirs that are part of a water treatment facility and located on the property where the treatment facility is located to prevent microbiological contaminants from entering the water system, 10 points;

(V) The installation or replacement of transmission pipes to prevent contamination caused by leaks or breaks in the pipes or to improve water pressure to satisfy the requirements of [NAC 445A.6672](#), 8 points;

(VI) The installation or replacement of distribution pipes to prevent contamination caused by leaks or breaks in the pipes or to improve water pressure to satisfy the requirements of [NAC 445A.6672](#), 6 points;

(VII) The installation of equipment, facilities or devices to prevent contamination by backflow or cross-connections and to satisfy the requirements of [NAC 445A.67185](#) to [445A.67255](#), inclusive, 4 points;

(VIII) The installation of metering, if the metering is intended to satisfy the requirements of water conservation plans developed to comply with [NRS 540.121](#) to [540.151](#), inclusive, [704.662](#), [704.6622](#) and [704.6624](#), 3 points; and

(IX) Any other factor as provided in the intended use plan established for the year in which the priority list is developed.

² **NRS 349.983 Purveyors of water that are eligible to receive grants; preference for smaller systems; matching money from other sources.**

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

(a) Were in existence on January 1, 1995; and

(b) Are currently publicly owned.

back-up power to the well facility and abandon the old Town of McGill well. The amount of that grant was \$476,018 (61.5% of the total eligible project cost of \$774,013).

This project was completed in January 2007. According to the funding agreement for that grant, the GID is required to fund a capital replacement account, on a straight-line basis, over the life of the asset. Based on information provided in the audited financial statements and budgets, the GID is reporting \$200,000 in a restricted capital replacement account. This money was deposited into this account prior to 2004 and is not related to the funds that must be deposited into a capital replacement account for the first AB-198 grant. Contributions to the capital replacement account begin after the project is completed. According to the auditor, the GID is contributing \$1,300 per month (\$15,600 per year) into a restricted capital replacement account. This satisfies the requirements of the funding agreement.

At the time of the first grant to the GID (2002), neither Ruth nor McGill were metered. Meters were installed as part of the 2002 project. At that time, the Board's policy on water rates (March 1998) stated that a reasonable water rate for a monthly usage of 22,000 gallons could be calculated based on 1.5% of the median household income (MHI). The minimum water rate that conformed to the Board's policy, based on 1.5% of the MHI of \$29,821, was \$37.28 per month for residential connections. The water rates in the GID at that time included a \$10 water system obligation fee and \$17 per month for the first 10,000 gallons used and \$0.75 per 1,000 gallons over the 10,000-gallon base charge. This equated to a monthly rate of \$36 per month for a 22,000-gallon usage rate. In December 2007, the GID rates were raised and now include a \$10 water system obligation fee and \$19 per month for the first 15,000 gallons used and \$1.25 per 1,000 gallons over the 15,000-gallon base charge. This equates to a monthly rate of \$37.75 per month for a 22,000-gallon usage rate which conformed to the Board's 1998 policy. Note that the \$10 system obligation fee is applied to all parcels – even those not presently receiving water service.

The Board's policy on reasonable water rates changed in November 2006; reducing the monthly amount of water used from 22,000 to 15,000 gallons. This is consistent with the requirements the USDA-RD uses in evaluating a system's need for grant funding. The current residential water rate for the GID based on a usage of 15,000 gallons is \$29.00 per month. This rate does not, currently, conform to the Board's reasonable water rate of \$37.28 per month for residential connections using 15,000 gallons.

RECOMMENDATION

Based on the project costs outlined in NAC 349.471 2³, staff recommends that the letter of intent and grant application for the amended PER be approved subject to the conditions given. The total eligible cost for the amended PER is \$40,000 (see itemized costs in the table on last page of this summary). This amount includes both the engineering analysis and environmental assessments required to apply for funding from the USDA-RD, CDBG, State (AB198) Grant program, State SFR Loan program, or other sources (e.g., Corps of Engineers – WRDA). The grant amount should not exceed \$34,000 (85% of the total eligible project cost).

DESCRIPTION	ELIGIBLE COST	AB198 GRANT (85.0%)
Preliminary Engineering Report	\$40,000	\$34,000
Total	\$40,000	\$34,000

³ NAC 349.471 "Costs traditionally associated with capital improvements" interpreted. (NRS 349.982) For the purposes of NRS 349.980, the Board interprets "costs traditionally associated with capital improvements" to include:

2. Any costs that are not directly related to the actual construction of the capital improvement, including, without limitation, costs:
 - (a) For engineering, design, construction, legal and financial services;
 - (b) Incurred in obtaining a loan from the Account for the Revolving Fund; and
 - (c) For acquisition of water rights, easements and rights-of-way.

Day Engineering - Box 151178 - Ely, Nevada 89315			
PH: (775) 289 - 5353 FAX: (775) 289 - 5354			
McGill-Ruth GID - Ruth Water System - update			
			Day Eng.
No.	Task	Budget	Date
1	PER - General	\$ 500.00	Mar-09
2	PER - Project planning area & environmental report	\$ 10,000.00	Aug-09
3	PER - Existing facilities	\$ 2,500.00	Apr-09
4	PER - Need for the project	\$ 3,000.00	May-09
5	PER - Alternatives considered	\$ 6,500.00	Jun-09
6	PER - Selection of an alternative	\$ 6,500.00	Jul-09
7	PER - Proposed project	\$ 10,000.00	Aug-09
8	PER - Conclusions and recommendations	\$ 1,000.00	Aug-09
TOTAL DAY ENGINEERING FEE		\$ 40,000.00	

CONDITIONS

- The McGill – Ruth Sewer & Water GID is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
- The PER must conform to the USDA-RD RUS Bulletin 1780-2 and the “Quality Control Checklist” developed by the Infrastructure for Nevada Communities’ (INC) Working Group.
- If drilling a new municipal well is proposed, the PER needs to include the results of a contaminate source inventory survey within 3,000 feet of the proposed well and a Wellhead Protection Plan needs to be prepared and submitted to the Bureau of Water Pollution Control, Groundwater Protection Branch for endorsement prior to applying for funding of a construction project.
- Prior to applying to this grant program for any construction grants, the McGill – Ruth Sewer & Water GID must provide a plan and schedule to increase water rates to at least the minimum amount described in the Board’s policy on water rates. Before any construction contract may be awarded, the water rates must conform to the Board’s policy.

The following motion is recommended:

I make a motion that the Board for Financing Water Projects approve the Letter of Intent from the McGill-Ruth Sewer and Water GID to pursue funding from the AB-198 grant program for completion of a PER addendum for the Town of Ruth. The total grant amount should not exceed \$34,000. The project would be subject to the conditions provided in the staff report and included in the resolution.

(If the Letter of Intent motion passes, staff suggests that the Board move to approve the grant under these same conditions and based on the Resolution in the Board binder.)

Attachment 4

Item F3 - Progress Report for Funded AB198/AB237 Projects

PROGRESS REPORT ON OPEN PROJECTS

March 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Walker River Irrigation District	3/13/02 Additional grant funds approved on 1/22/07 increasing total grant amount	\$4,262,750.00 \$6,685,163.19	Farr West, Lumos, RO Anderson, Black Eagle	Ken Spooner	Feb-08	The diversion structure, spillway, and levee are complete. Remote control of the gates via the SCADA system is in progress. The outlet tunnel investigation is now complete with no significant deficiencies noted. The project is in the process of closing.
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	\$5,099,853.10 \$9,505,311.39	Amec	Cameron McKay	Aug-08	The final pipeline replacement (Palady Perkins) is now complete. Services and meters will be completed in this area in the 2009 construction season. The final project element for Phase 1 is Tank 10B. The plans for Tank 10B call for the installation of a pre-stressed concrete tank on property adjacent to the existing Tank 10A. The tank project went out for bid in February 2009. Construction is planned for the 2009 construction season.
Wells	12/5/02 Additional grant funds approved on 1/27/05 increasing total grant amount	\$757,375.60 \$1,102,310.09	TRW Engineering	Jolene Supp	Dec-08	The installation of the well, well house, chlorination system, and SCADA are complete. The new tank has been constructed and the security fence is installed. The tank will be primed and coated in the spring when the weather in Wells warms up. The transmission line from the tank to the distribution system will be bid separately in the spring 2009. The City secured additional funding from CDBG for this part of the project.
Washoe Co for Heppner Subdivision	3/31/04	\$1,280,300.00	Washoe County	Joe Stowell	Feb-09	The Heppner mains and services are complete. Construction of the new storage tank, transmission line, and booster pumps also are complete. Funding from the grant was used to install a new transmission line from Matterhorn Blvd along Oregon Blvd to the new storage tank in the Heppner subdivision to allow efficient use of the imported water from Fish Springs Ranch. Improvements to Lemmon Valley Well #8 are on hold indefinitely. This project is in the process of closing.

PROGRESS REPORT ON OPEN PROJECTS

March 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Washoe Co for Spanish Springs	1/27/05	\$4,000,000.00	Washoe County	Joe Stowell	May-07	<p>The 1st of a 9-phase sewer project is complete. The entire project is expected to take 20 years.</p> <p>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. The next project phase may begin in 2009 pending the resolution of funding issues.</p>
Virgin Valley Water District	1/27/05 Additional grant funds approved on 6/19/08 increasing total grant amount	\$2,000,137.00 \$3,284,177.16	Bowen, Collins & Associates	Mike Winters	Dec-08	<p>The new coagulation-filtration arsenic treatment facilities for the 2 Bunkerville sites are approximately 90% complete. Start-up is anticipated in late March to early April 2009.</p> <p>In January 2009, the District raised water rates for Bunkerville commensurate with the requirements of the Board's policy to meet the conditions of the amended funding agreement.</p>
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	Feb-09	<p>Engineering design and environmental and cultural assessments for BLM permitting is currently in progress. Soil boring/sampling was conducted in August 2008.</p> <p>In January 2009, staff met with NDOW and State Parks to discuss their participation in the funding of a recreation area at the proposed Bishop Creek Reservoir. A subsequent meeting was held in February with the BLM and others to review the BLM requirements to complete permitting. Environmental and cultural assessments for the dam and reservoir appear to be nearly complete; however, there is still considerable work to be done for the recreation facilities.</p>
Beatty Arsenic PER	5/3/06 Extended funding agreement by 1 year on 9/25/08 with no further increase in grant funds	\$51,850.00	Farr West	Ray Williams	Dec-08	<p>Two technologies were pilot tested: 1) coagulation/filtration with alum addition as the coagulant and 2) electrochemical flocculation (ARS). ARS involves replacing the alum with large, electrically charged aluminum plates.</p> <p>Staff is awaiting receipt of the PER document with the recommended arsenic mitigation project.</p>

PROGRESS REPORT ON OPEN PROJECTS

March 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Yerington Arsenic PER	5/3/06	\$47,600.00	Farr West	Dan Newell		<p>Pilot testing of adsorption media is complete. No coagulation-filtration technologies were pilot tested. A final decision on the type of arsenic treatment (adsorption or coagulation-filtration) has not been made.</p> <p>It does not appear that Yerington will seek state grant funding for the construction of arsenic treatment facilities.</p>
Pershing Co Water Conservation District	<p>5/3/06</p> <p>The original grant was closed & the remaining funds from that grant and additional grant funds were approved on a new grant on 9/20/07 for the Rogers Dam</p>	<p>\$3,956,282.50</p> <p>\$3,663,021.45</p>	Farr West & Dyer Engineering	Bennie Hodges	Jan-09	<p>Engineering design and permitting of the Pitt Taylor (aka Thacker) Diversion Dam and Diversion Structure is currently in progress. This is the only other project element currently approved for funding by the Board.</p> <p>The District is planning to seek grant funding from this program for construction of the new Pitt Taylor Diversion Dam, Diversion Structure, Pitt Taylor Diversion Canal and the necessary work on the Pitt Taylor Reservoirs at the June 2009 Board meeting.</p>
LVVWD for Searchlight	8/23/06	\$2,536,522.34	LVVWD	Dianna Ballash	Aug-07	<p>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 is now required by the BLM for construction of production wells, pipeline, and appurtenances.</p> <p>Issues with Areas of Critical Environmental Concern will preclude well construction of several of the originally planned monitoring wells but should not affect the new production wells. The engineering design for the new wells and appurtenances is in progress. Drilling of the new wells will begin as soon as BLM approval of the EA and ROW is received.</p>
LVVWD for Kyle Canyon – Ph 2 & 3	11/09/06	\$3,202,511.74	LVVWD	Kara Petersen	Sep-08	<p>Due to the short construction seasons, this project will likely take 3 summers to complete. Installation of upgraded/new mains, services, and meters at Echo View and Cathedral Rock were completed in November 2008. Replacement of mains and services and installation of meters will be completed in Upper Rainbow and Old Town in 2009. The Upper Rainbow/Old Town project phase went out to bid in January 2009.</p>

PROGRESS REPORT ON OPEN PROJECTS

March 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Topaz Ranch Estates	3/14/07	\$1,471,452.01	TEC	Larry Offenstein	Feb-09	The project for the new well and replacement of the water main (on Sandstone, Granite, Gray Hill and Limestone) – Project Phase 3 – was awarded to Atlas Contractors. Construction began in November 2008 with the drilling of the new well. The pipeline, service connections and well are now complete. The well house and controls are currently in progress.
Lyon Co Utilities for Crystal Clear	9/20/07	\$2,663,635.00	Farr West	Mike Workman	Feb-09	<p>The project that will tie Crystal Clear to the Yerington water system, install a new storage tank at Crystal Clear, and upgrade mains and services in the subdivision was awarded to Cambell Construction. Construction began in November 2008. Issues with undisclosed Verizon phone lines in the right-of-way planned for the new transmission main required significant effort from the contractor and some redesign.</p> <p>The mains and services in the system are complete, the tank is constructed (coating prep and coating will take place in March – weather permitting) and Cambell Construction is now working on the transmission main and booster station between Yerington and Crystal Clear.</p> <p>Mike Workman will present an update on the project at the March 2009 Board meeting.</p>
Lovelock Meadows Phase II	12/13/07	\$3,000,000.00	Farr West	Tom Glab	Apr-08	The new well will be drilled in the well field in Oreana between existing wells 5 and 7. Design of the Phase 2 pipeline improvements is nearing completion. The District intends to bid the well and pipeline separately.
Moapa Valley	12/13/07	\$4,000,000.00	Bowen, Collins & Associates	Brad Huza	Dec-08	The Arrow Canyon arsenic treatment plant was brought on line in January 2009. The Baldwin Springs plant is expected to be on line in March 2009. The water system is in compliance with the arsenic rule.
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 possibly arsenic pilot testing. Packer testing of the industrial well was completed in October 2008.

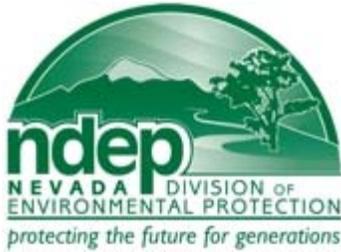
PROGRESS REPORT ON OPEN PROJECTS

March 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Battle Mountain Arsenic Mitigation PER	3/20/08	\$117,000	Shaw Engineering	Hank Blair	Sep-08	<p>The drilling of the exploratory wells was bid in August with only one bid received from Eklund Drilling. Eklund (now Boart Longyear) drilled the first exploratory hole in Nov 2008 hitting bedrock at 240' and continuing to 800'. Sample results showed arsenic levels <5ppb at all depths.</p> <p>Eklund drilled a second exploratory hole the last week in Nov 2008 near the golf course (northwest of the first exploratory hole); 600' of which was in gravels. Favorable water quality was also observed in the water chemistry from this hole. The residents who rely on private wells are concerned about municipal development in this area south of town. Their wells have experienced significant drawdown in the past few years.</p> <p>Battle Mountain is reconsidering the options available to them for a new municipal supply (either near the exploratory wells or in Copper Basin) vs treatment.</p>
Gabbs Phase II PER	6/19/08	\$63,920	Day Engineering	Oz Wichman	Oct-08	<p>The initial PER for the town of Gabbs was completed in April 2008. A new source of supply may be possible and exploratory drilling was recommended prior to pursuing a construction project.</p> <p>An exploratory well was drilled near the airport in December 2008. Water quantity met expectations; however, the water quality testing revealed arsenic at approximately 17-18 ppb and fluoride at approximately 9-10 ppm – both exceeding the MCL.</p> <p>Permission to test the water at the Holly Well (a stock water well) in Lodi Valley was granted. The water quality results indicate that the water chemistry meets the MCLs for arsenic and fluoride although arsenic is at the limit of 10 ppb. The engineer and County are discussing the possibility of drilling an exploratory well in Lodi Valley.</p>

Attachment 5

Item G1 - Additional Funding Request - Central Nevada Regional Water Authority



BOARD FOR FINANCING WATER PROJECTS

GRANT INCREASE APPLICATION

PROJECT SUMMARY

MARCH 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 Board approved a resolution to obligate the full \$1,000,000 in grant funds at their January 2006 Board meeting. Five applicants demonstrated the efforts to secure other funding for their projects and were given the full grant amount requested up to the cap. Eight applicants shared the remainder of the \$1,000,000 in funding. One project did not meet the intent of SB62 and was not funded. The Board required that grantees submit a detailed scope of work and a project timeline before a funding agreement would be finalized.

The Central Nevada Regional Water Authority (Authority), an Authority made up of representatives from nine member counties, demonstrated match funding and was awarded the maximum grant amount made available, \$150,000. The Authority is nearing completion of their proposed project. They 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.

The Authority is requesting the use of any grant funds remaining from SB62 projects that are now complete. The table below shows all of the grants awarded, the status of those grants, and summarizes the grant funds remaining from completed projects.

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING	PROJECT COMPLETE	AVAILABLE FUNDS
Central NV Regional Water Auth.	\$150,000.00	\$137,553.03	\$12,446.97		
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	\$24,671.25	\$14,009.34		
Gerlach GID	\$92,833.42	\$77,373.62	\$15,459.80		
Humboldt River Basin Water Auth.	\$120,000.00	\$111,439.17	\$8,560.83	YES	\$8,560.83
LVVWD - Kyle Canyon	\$27,184.72	\$26,702.02	\$482.70	YES	\$482.70
LVVWD - Searchlight	\$150,000.00	\$11,721.76	\$138,278.24		
Topaz Ranch Estate GID	\$5,221.88		\$5,221.88		
Town of Tonopah	\$11,250.00	\$11,250.00		YES	
Virgin Valley Water District	\$116,041.77	\$92,754.05	\$23,287.72		
White Pine County	\$116,041.77	\$114,642.00	\$1,399.77	YES	\$1,399.77
TOTALS	\$1,000,000.00	\$750,852.75	\$249,147.25		\$10,443.30

Six projects are complete. Of the funds approved for those six projects, a total of \$10,443.30 remained after all requests for reimbursement were fulfilled.

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 \$10,443. The new total grant would not exceed \$160,443 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 projects as shown in the staff report and approve an increase in funding of \$10,443.00 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 \$160,443. 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.

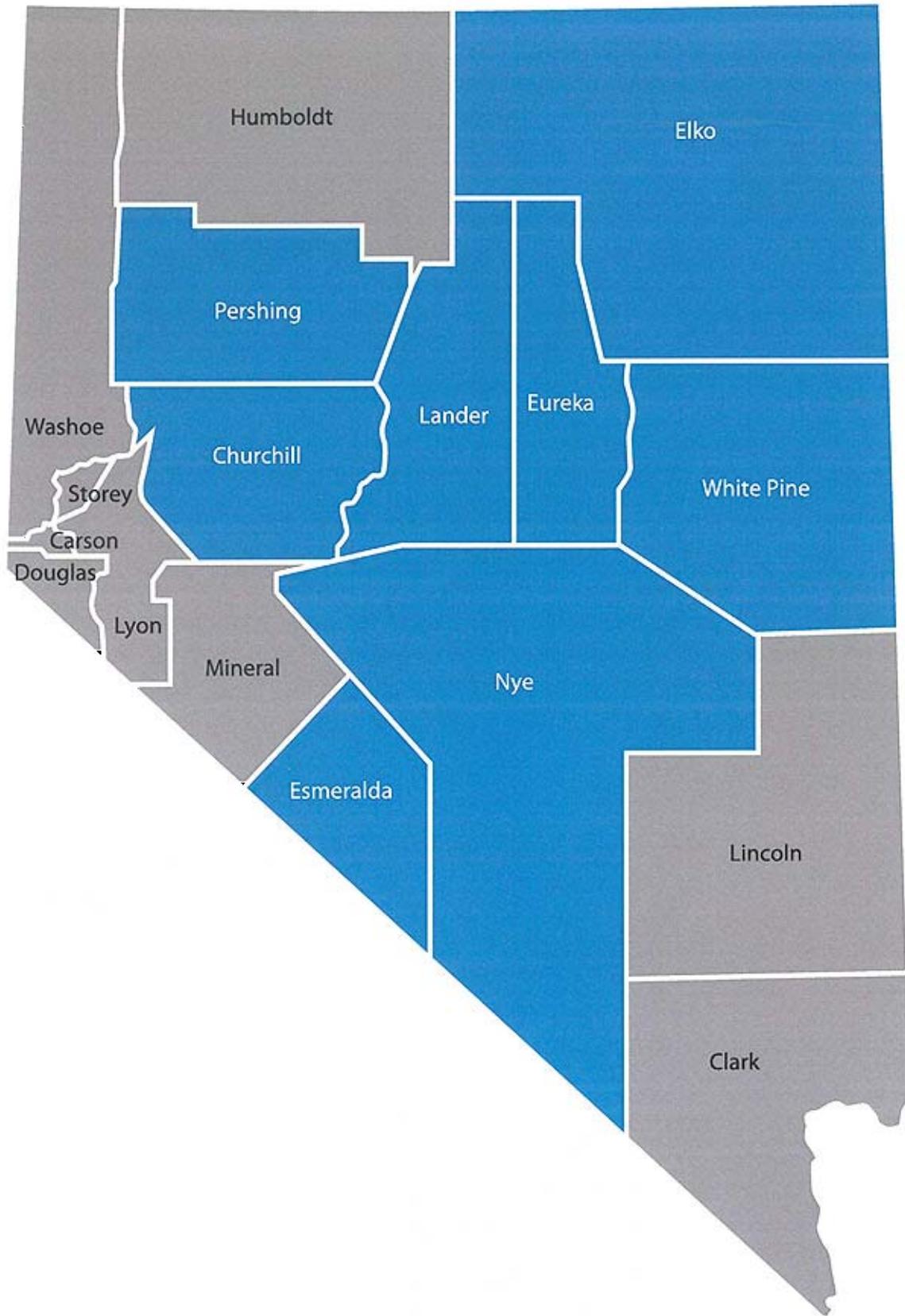
Funding is hereby deobligated from the following completed projects:

Humboldt River Basin Water Authority - \$8,560.83

Las Vegas Valley Water District for Kyle Canyon - \$482.70

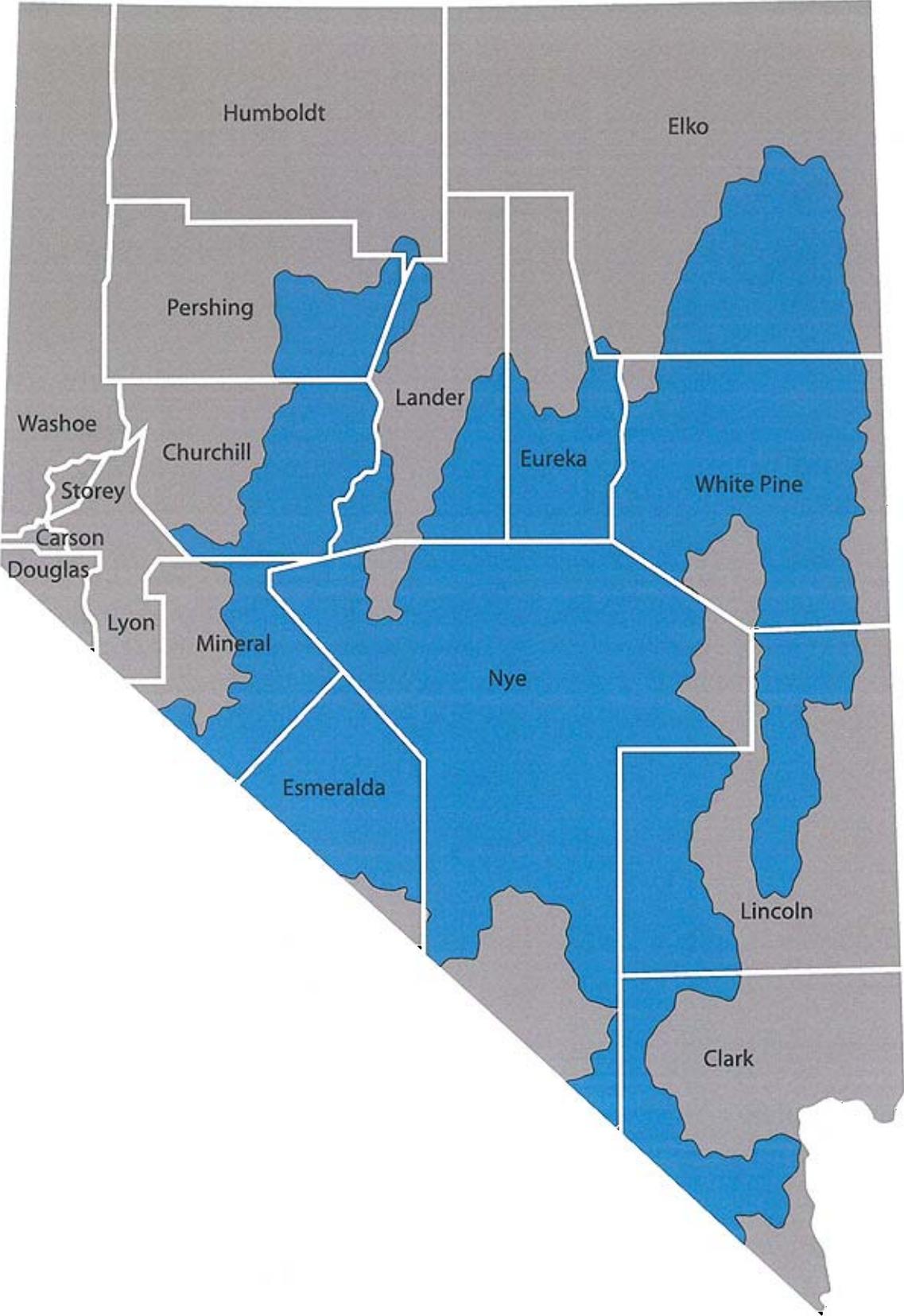
White Pine County - \$1,399.77

Central Nevada Regional Water Authority



Member Counties: Churchill • Elko • Esmeralda • Eureka • Lander • Nye • Pershing • White Pine

Central Hydrographic Region



Member Counties: Churchill • Elko • Esmeralda • Eureka • Lander • Nye • Pershing • White Pine

Central Nevada Regional Water Authority

485 West B Street • Suite 103 • Fallon, NV 89406 • 775-747-2038



January 26, 2009

Board for Financing Water Projects
c/o Michelle Stamates, P.E.
Nevada Division of Environmental Protection
901 South Stewart Street, Suite 4001
Carson City, Nevada 89701-5249

Subject: Request by the Central Nevada Regional Water Authority for SB62 Grant funds remaining from completed SB62 Grant projects

Dear Michelle,

The Central Nevada Regional Water Authority (Authority) requests that the Board for Financing Water Projects award SB62 Grant funds remaining from completed SB62 Grant projects to the Authority. The Authority discussed and endorsed this request at its last two meetings (September 26, 2008 and December 12, 2008).

As you know, the Authority has a SB62 Grant for \$150,000. The work tasks associated with the Grant are as follows:

1. **Work Task 1:** Identify wells and water level information associated with those wells by doing the following: a) determine the source, characteristics, and the quality of ground water level data, b) compile, assess and process ground-water level measurements and supporting attributes into a map-based website that can be easily accessed by the public, and c) inventory a limited number of water basins to determine condition of wells, well locations and areas where additional ground-water data is needed.
2. **Work Task 2:** Enhance Nevada Division of Water Resources water data information management and dissemination capabilities in order to integrate the Authority's desired functionality and water level data.
3. **Work Task 3:** Develop and implement a website in order to do the following: a) distribute Authority meeting agendas, minutes and supporting material to the public, b) develop and post water resource information pertinent to the Central Hydrographic Region, c) develop a secure intranet work-space to support interaction among Authority work groups, and d) provide a link to water resource organizations.

The focus of Work Tasks 1 and 2 is to develop an understanding of the water resources in the Central Hydrographic Region in order to 1) evaluate the sustainability of basin ground water supplies, 2) identify impacts of future development, and 3) support future actions in member counties that pertain to economic development and the protection of the natural environment. Work Task 3 is about 1) improving public communication and education, and 2) enhancing the decision-making by local governments.

Work Tasks 2 and 3 have been completed, and the current effort associated with Work Task 1 will be completed in June. Work Task 1 is part of a phased Authority program to assess the water resources of the Central Hydrographic Region. Please see the enclosed document entitled "Central Nevada Regional Water Authority Program to Assess the Water Resources of the Central Hydrographic Region, December 12, 2008." The implementation of this Program is important not only to Authority member counties, but to the State of Nevada. The Authority realizes a significant amount of work and funds will be needed to implement the Program; that is, to have an improved understanding of the water resources of the Central Hydrographic Region. Also, the Authority realizes it is better to get started on implementing the Program than to do nothing or to say it is too ambitious.

The SB62 Grant has allowed the Authority to start the Program, and the work completed to date is impressive and useful. The Authority would like to continue its efforts to implement the Program, and therefore requests that the Board consider granting SB62 Grant funds remaining from completed SB62 Grant projects to the Authority for this purpose.

The Authority would like to continue working with the USGS via the Joint Funding Agreement vehicle in order to have expert assistance in implementing the Program, and also to receive matching federal funds (i.e., make the SB62 dollar go farther). It is also important to note that the Authority has not used SB62 funds to pay for Authority operation and staff costs related to implementing its SB62 Grant.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Steve Bradhurst
Executive Director

Enclosure

c: Central Nevada Regional Water Authority Board of Directors
Tracy Taylor, Nevada State Engineer
Kimball E. Goddard, Director, USGS, Nevada Science Center

Central Nevada Regional Water Authority

485 West B Street • Suite 103 • Fallon, NV 89406 • 775-747-2038



Central Nevada Regional Water Authority Program to Assess the Water Resources of the Central Hydrographic Region December 12, 2008

Introduction: The Central Nevada Regional Water Authority (Authority) was established by county commissions that have a part of their counties in the Nevada Central Hydrographic Region (CHR). The Authority is a unit of local government, and it has delegated authority separate and apart from its member counties. The Authority has eight member counties, and they are Churchill, Elko, Esmeralda, Eureka, Lander, Pershing, Nye and White Pine Counties. The Mission of the Authority is to 1) collaboratively and proactively address water resource issues common to the eight counties, and 2) protect water resources in the eight county area so the area not only has an economic future, but its valued quality of life and natural environment will be maintained. The CHR is the largest hydrographic region in Nevada, and it has 78 ground-water basins in 12 counties. Hydrographic information in the CHR is limited; many basins have been studied only at the reconnaissance level. Data that do exist are held by a variety of federal and state agencies, local government, private and non-governmental organizations, making the widely dispersed data difficult to access for decision makers. Developing an understanding of the water resources in the CHR is important to 1) evaluate the sustainability of basin ground-water supplies, 2) identify impacts of future development, and 3) support future actions to secure a sustainable water supply of good quality for use by member counties.

Cooperative Program with USGS and NDWR: The U.S. Geological Survey (USGS) and the State of Nevada Division of Water Resources (NDWR), working in cooperation with the Authority, began a collaborative program in 2006 of identifying wells in the CHR and the water level information associated with those wells. This effort determined the source, characteristics, and quality of ground-water level data for the CHR. All available ground-water level measurements and supporting attributes were compiled, assessed and processed into a map-based website that could easily be accessed by member counties. This website is available from NDWR at <http://webmap.water.nv.gov/>. In addition, three basins were inventoried during field investigations to 1) evaluate the condition of existing wells, 2) establish well locations so they can be easily revisited, and 3) identify areas where additional ground-water data is needed. The three inventoried basins demonstrated a useful method of evaluating and collecting ground-water level data in areas that do not have recent information. During 2009 the USGS will inventory wells in four more basins, as well as collect water-level information for those wells and process the data for inclusion on the NDWR website. This work is in accordance with the scope of work in a USGS/Authority joint funding agreement for federal fiscal year 2009.

The ground-water level information collected can be used to 1) determine temporal trends, 2) identify the occurrence and movement of ground water, and 3) help quantify subsurface flow between basins.

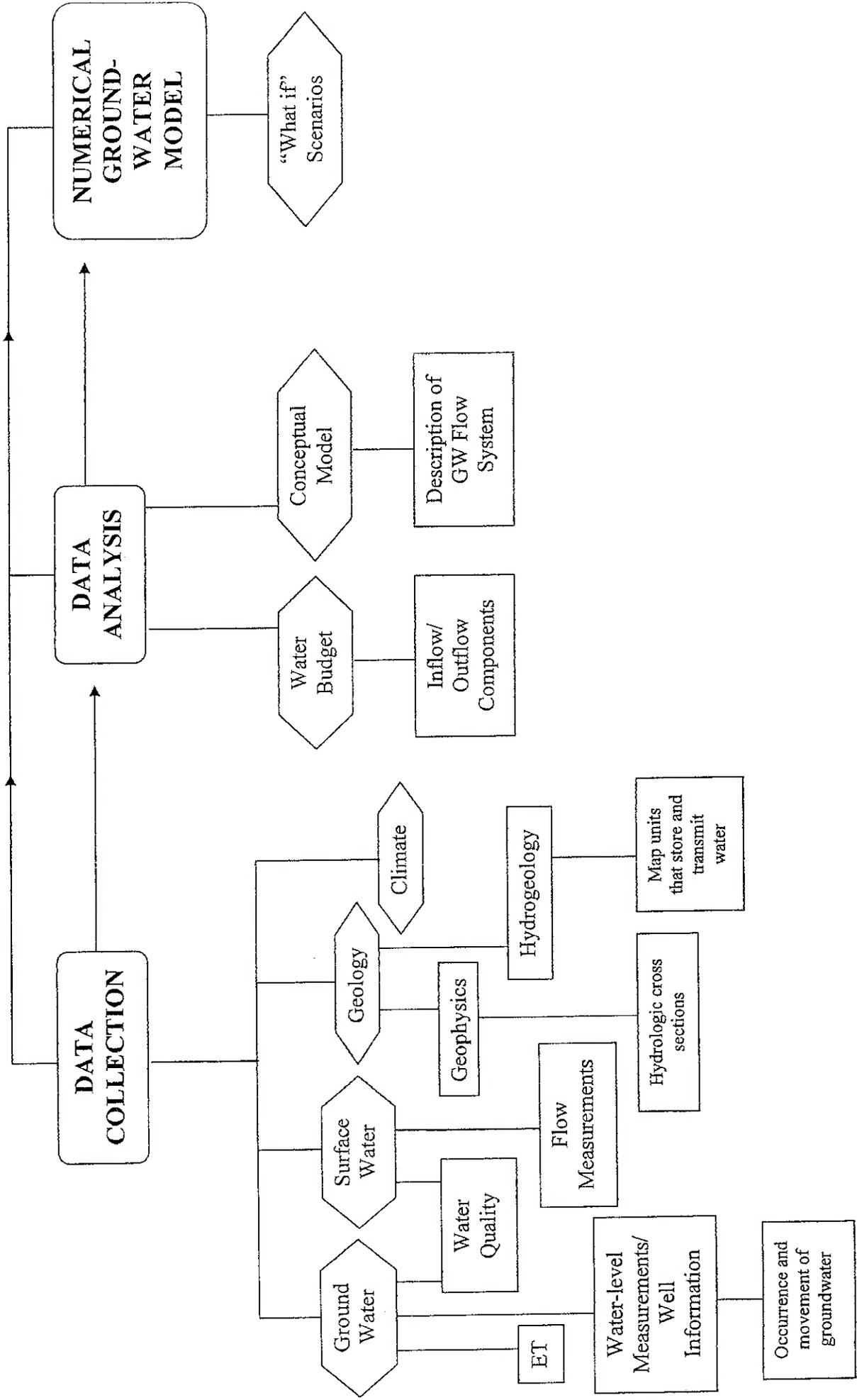
The Authority, USGS and NDWR work has demonstrated a successful collaboration of federal, state and county governments to assess, collect and disseminate water-resource information for the State of Nevada. The project also highlighted the critical need for additional water resource information for the CHR.

Benefits of Obtaining Additional Water Resource Information: Management of water resource information as well as water-resource planning is an Authority commitment that benefits all communities within the Authority counties. Member counties understand the issues specific to their region and can provide valuable guidance as to where additional water resource information is needed. For example, this input could establish priorities for continued field investigation of existing wells and for the establishment of a ground-water monitoring network. Baseline water-level data for the CHR is a critical first step in developing a framework for all subsequent water resources studies in the CHR. The attached document entitled “Water Resources Investigation Flowchart” identifies the data and analysis needed to have a better understanding of a basin’s sustainable water resources.

Phased Program: Assessment of the CHR water-resources can be accomplished in a phased, multi-year approach with specific products defined at each stage. The attached document entitled “Water Resources Investigation Flowchart” describes the phased program, with the first phase being data collection. Without a good database there will not be a foundation for the two subsequent phases – data analysis and the numerical ground-water model. The Authority and the USGS initiated the data collection phase in 2006 by inventorying wells in the CHR and collecting water-level information from those wells. The well inventory work needs to be completed in order to have a comprehensive water-level dataset for the portion of the CHR that is located in the Authority counties. The dataset will come from the wells used in a ground-water monitoring network, a network that has to be developed and maintained. County personnel will need to be trained to collect water-level data on a regular basis for submittal to the USGS. The USGS will evaluate and incorporate the collected data into an existing database and make the database accessible to NDWR’s map-based web interface. Other high priority work in the data collection phase includes determining the occurrence and movement of groundwater, and collecting evapotranspiration and climate data. With critical baseline data in hand, work can begin on the data analysis phase, with a focus on identifying high priority basins for refining water budgets and estimating perennial yield.

This phased approach keeps in mind the importance of an on-going program to collect water level, evapotranspiration and climate data, as well as the storage and dissemination of the collected data. The collaborative effort between Authority, USGS and NDWR creates an environment where water resource data can be effectively and efficiently managed, and the data can be readily accessed through a map-based web interface.

WATER RESOURCES INVESTIGATION FLOWCHART





United States Department of the Interior

U. S. GEOLOGICAL SURVEY
NEVADA WATER SCIENCE CENTER (NWSC)
2730 N. Deer Run Road
Carson City, Nevada 89701
Phone: 775-887-7600; Fax: 775-887-7629
Website: <http://www.usgs.gov/>

January 28, 2008

Steve Bradhurst
Central Nevada Regional Water Authority
PO Box 1510
Reno, Nevada 89505

Subject: Delay in Billing for All Agreements

ATTN: Billing Contact: Steve Bradhurst

Dear Mr. Bradhurst:

We are undergoing significant changes in how we record agreements in our financial system to reflect unfilled customer orders and therefore, are unable to bill you until this agreement has been converted. We expect the entire process to be completed by the end of March 2009, at which time our billings will resume according to the terms of the agreement.

Per your request, I have enclosed a Form DI-1040 reflecting an amount that I estimated the 1st Quarter Billing to be. I have also included a copy of the signed Joint Funding Agreement between Central Nevada Regional Water Authority and the U.S. Geological Survey. I believe the attached information will be sufficient documentation for your board meeting.

Should you have any questions, please contact me at the email or number listed below. I would like to also take this time to update you on staffing changes in our office:

Our Budget Analyst (formerly Jennifer Kirkpatrick):
Helen Houston / email: hhouston@usgs.gov / phone: (775) 887-7605

Our Financial Specialist (principal contact on agreements and billing):
Linda McCord-Kolsky / email: lmkolsky@usgs.gov / phone: (775) 887-7602

Thank you,

Linda K. McCord-Kolsky
Financial Specialist, USGS, Nevada Water Science Center

Enclosures

Form DI-1040

**United States
Department of the Interior
Geological Survey**

NV087

Bill No: 9-9705-00000

Bill Date:
Due Date:

BILL FOR COLLECTION

Mail Check To:
DOI - USGS
BOX 70934
CHARLOTTE NC 28272-0934

Customer Address: CENTRAL NEVADA REGIONAL WATER NV087
AUTHORITY
Attention: STEVE BRADHURST
PO BOX 1510
RENO, NV 89505

Send Overnight/Express Mail To:
QLP Wholesale Lockbox - NC 0810

Lockbox # 70934
1525 West WT Harris Blvd
Charlotte, NC 28262

Checks must be made payable to: DOI-USGS and must include a copy of this bill or reference the Bill No above.

Notice: Payments to USGS may be made by all major credit cards, either by email to USGS address: amhall@usgs.gov OR by phone (703.648.7605).

Description:	Quantity	Unit Price	Unit Issue	Amount
Federal FY2009 - 1st Quarter Billing (10/01/08 thru 12/31/08)	1	9090.75	EA	\$9090.75

JFA#09W4NV01700 (Please see attached JFA)
Technical Point of Contact: Steve Bradhurst

Federal Regulations require interest at the annual rate of 3% (0.25%/month) be assessed from the date of this bill if payment is not received by the Due Date. Regulations also require that a Penalty at the rate of 6% (.5% /month) be assessed from the date of the bill if this bill becomes 90 days delinquent. No interest will be charged if payment is made by the due date.
I certify that this bill is correct, in accordance with the terms of the order/signed agreement, and payment has not been received.

Prepared by: Linda K McCord-Kolsky 775-887-7602 **Amount Due This Bill:** \$9090.75

USGS ACCOUNTING CLASSIFICATION SECTION:

Reimbursable Agreement #	BFY	EFY	Cust#	Amount	Fund	Rev Src	Cost Center
09W4NV01700	2009		NV087	\$9090.75			
				\$9090.75	*Total		

Routing Slip:
Created By: Linda K McCord-Kolsky
Supervisor:
OFM Contact: Denis J Sheehan/APS/USGS/DOI 703-648-7642
CC: TIN:

01/28/2009

Form 9-1366
(Oct. 2005)

**U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement**

Customer #: NV087
Agreement #: 09W4NV01700
Project #: 9705-00247
TIN #: 88-6000039
Fixed Cost Agreement Yes No

Page 1 of 2

**FOR
WATER RESOURCES INVESTIGATIONS**

THIS AGREEMENT is entered into as of the 9th day of September, 2008, by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the CENTRAL NEVADA REGIONAL WATER AUTHORITY, party of the second part.

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation to develop an improved understanding of the water resources within the CNRWA counties by conducting ground water level basin inventories for identified priority basins within CNRWA, and process the data for inclusion in the USGS NWIS system, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.
2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of \$.

(a) \$16,363 by the party of the first part during the period
October 1, 2008 to September 30, 2009

(b) \$20,000 by the party of the second part during the period
October 1, 2008 to September 30, 2009

- (c) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
 - (d) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.
3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
 4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
 5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.
 6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.
 7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

Form 9-1366
continued

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement

Customer #: NV087
Agreement #: 09W4NV01700
Project #: 9705-00247
TIN #: 88-6000039

- 8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties.
- 9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered **quarterly**. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983).

U.S. Geological Survey
United States
Department of the Interior

CENTRAL NEVADA REGIONAL WATER
AUTHORITY

USGS Point of Contact

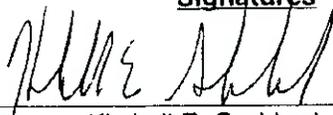
Customer Point of Contact

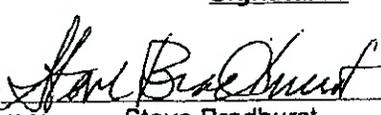
Name: Eva Bauer
Address: 2730 N. Deer Run Road
Carson City NV 89701
Telephone: 775-887-7666
Email: ebauer@usgs.gov

Name: Steve Bradhurst
Address: PO Box 1510
Reno NV 89505
Telephone: 775-846-4410 (cell)
Email: sbradhurst@gmail.com

Signatures

Signatures

By  Date 9/9/2008
Name: Kimball E. Goddard
Title: Director, USGS, NWSC

By  Date 10/9/08
Name: Steve Bradhurst
Title: Executive Director, CNRWA

By _____ Date _____
Name:
Title:



United States Department of the Interior

U. S. GEOLOGICAL SURVEY
NEVADA WATER SCIENCE CENTER
2730 N. Deer Run Road
Carson City, Nevada 89701

January 22, 2009

Steve Bradhurst, Program Manager
Central Nevada Regional Water Authority
P.O. Box 1510
Reno, NV 89505

Dear Mr. Bradhurst:

Following is our quarterly report for the "Well inventories for select basins in the Central Region of Nevada" study FY 2009 First Quarter.

PROGRESS THIS QUARTER:

Planning meetings with CNRWA Executive Director and Board of Directors were held to establish priority basins for new well-inventories (November 13 and 25, December 12). A preliminary climatological data inventory from Western Region Climate Center database was conducted and presented to the Authority on November 13. The individual CNRWA member counties were consulted to help identify a list of priority basins in each county and the selection was determined on which basins the well inventory field work would begin. The designated basins are: Butte, Railroad, and Jakes Valleys in eastern Nevada and Kumiva and Granite Springs Valleys in west central Nevada.

PLANS FOR NEXT QUARTER:

The field work will start sometime in early spring when travel is permissible on the county roads and before irrigation pumping begins. Well inventories will consist of identifying sites in the NWIS database, outlining the field work, performing the field investigation that includes evaluating the condition of existing wells, establishing well locations so they can be easily

revisited, measuring water-levels and identifying areas where additional ground-water data is needed. Collected information will be processed and entered into NWIS. A fact sheet that summarizes results of the inventories and presents opportunities to collect additional water-resources data (water-level and precipitation) for monitoring long-term hydrologic change will be provided.

Budget:

CNRWA:	\$20,000
Federal Matching Funds:	\$16,000
Total:	\$36,000

Please call me at (775) 887-7637 if you have any questions or concerns.

Sincerely,

Mary Tumbusch
Hydrologist
USGS NWSC

CNRWA Project Mission

Develop an accessible, current, and maintained hydrologic database for basins in the member counties

USGS Objectives

- Identify existing data sources
- Evaluate and document existing data
- Compile existing water-level data
- Prepare a map of available water levels
- Prioritize collection of new water-levels

Relevance and Benefits

- Evaluate sustainability of present ground-water supplies
- Analyze impacts of future developments
- Support future actions to secure water for use by member counties
- Information management and water-resources planning benefits communities

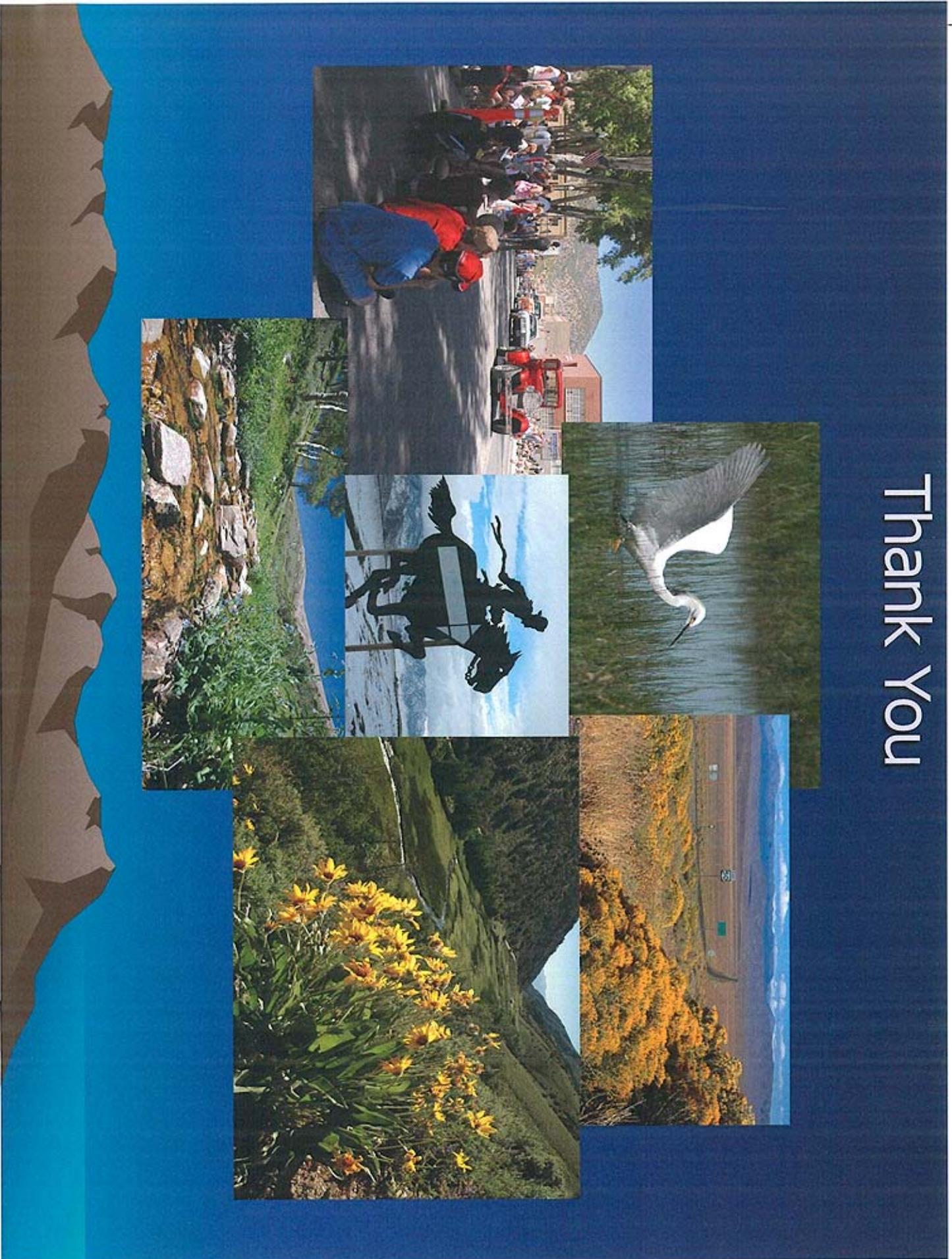
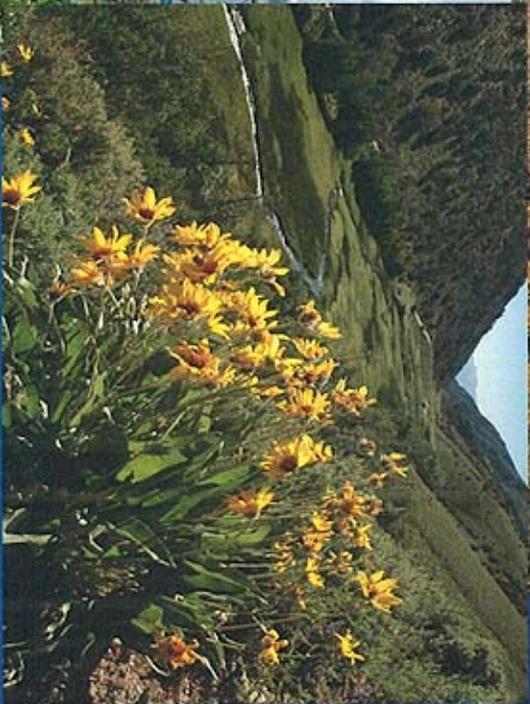
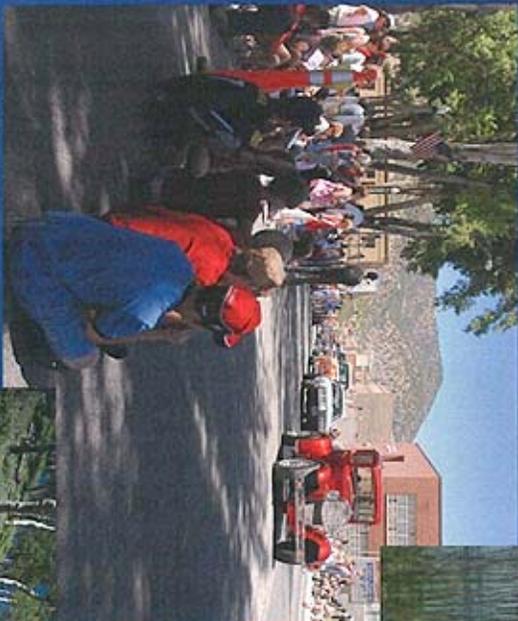
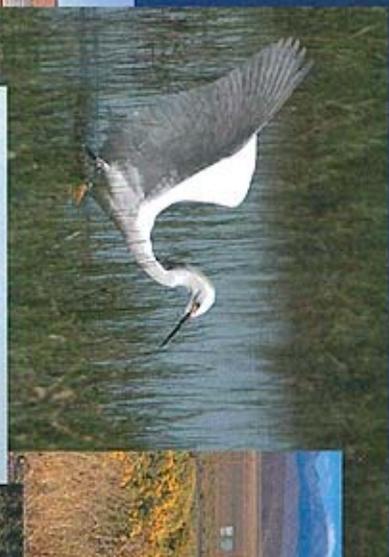
Well Inventories and Water-Level Measurements How Are They Used?

- Inventories establish well locations so they can be easily revisited
- Measurements are used to:
 1. Identify trends in water-level change
 2. Identify directions of ground-water flow
 3. Quantify subsurface flow between basins

Possible Future Cooperative Work

- Basin Well Inventories (Each County Would Identify Its Basin Priorities)
- Conceptual Models
 1. Extent of Aquifers
 2. Occurrence and movement of ground water
 3. Water Budgets
- Ground-Water Flow Models

Thank You



Attachment 6

Item G2 - Progress and Financial Report for Funded SB62 Projects

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

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	150,000.00	137,553.03	12,446.97
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	24,671.25	14,009.34
Gerlach GID	92,833.42	77,373.62	15,459.80
Humboldt River Basin Water Auth.	120,000.00	111,439.17	8,560.83
LVVWD - Kyle Canyon	27,184.72	26,702.02	482.70
LVVWD - Searchlight	150,000.00	11,721.76	138,278.24
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	92,754.05	23,287.72
White Pine County	116,041.77	114,642.00	1,399.77
TOTALS	1,000,000.00	754,539.10	245,460.90

SB62 Program Summary - Inception to present

Total Grant Funds	1,000,000.00
FY 06 Expenditures	45,888.68
FY 07 Expenditures	398,263.00
FY 08 Expenditures	206,473.02
FY 09 Expenditures	103,914.40
Total Grant Funds Used	754,539.10
Remaining Authority	245,460.90

Budget Account 3175 - Summary of FY09 Activity through

02/19/09

Beginning Cash	349,375.00
Balance Forward	
Total Receipts / Funding Available	349,375.00
Total Payments to Grantees to Date	103,914.40
Current Funds Available for Grants	245,460.60

SB 62 PROJECT REPORT
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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>
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>
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/kc wd_sb62_final.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>

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Project	Grant Amount	Project Summary
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 (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov). The project is in the process of closing.</p>
Eureka County	\$120,000.00	<p>The project develops improved estimates of basin discharge and flow system interconnection.</p> <p>Progress Report, June 2008: The project objectives were modified. The objectives are to quantify basin discharge from phreatophyte vegetation, quantify basin discharge by crop use, refine estimates of basin thickness, and estimate subsurface flow between discharge basins.</p>
Gerlach	\$92,833.42	<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, November 2008: Data loggers & flow meters were installed at both springs; Monitoring of water level and discharge rate from the springs is in progress and is being used in 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 has made an initial review of the steady state model and given a positive review. They have also reviewed the data logging methods for the long-term spring flow and planned to reinforce the importance of continuing to collect this data with the operator on a site visit in November 2008 when they observed the modeled area and springs. The County will review the transient model as soon as it is completed – estimated completion in December 08/January 09.</p>
Virgin Valley Water District	\$116,041.77	<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 predevelopment conditions of the regional groundwater flow systems utilizing modifications of previous models to develop a comprehensive numerical model.</p> <p>Progress Report, December 2009: The District submitted a thesis on the <u>Interaction of Surface and Subsurface Hydrological Processes in the Lower Virgin Valley</u> and a progress report on the status of the Lower Virgin groundwater model. The ground water model is approximately 65% complete and is expected to be finished within the next year.</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>

SB 62 PROJECT REPORT
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Project	Grant Amount	Project Summary
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, September 2008: LVVWD evaluated monitoring well locations in Piute Valley and drilled 4 exploratory wells in 2007. An Environmental Assessment for the monitoring well was submitted to the BLM in February 2008. Approval of the EA and granting of ROW by the BLM was expected by in late 2008; however, issues with ACEC (Areas of Critical Environmental Concern) will preclude well construction of several of the originally planned monitoring wells. An alternate site for the monitoring well to be funded by this grant has been selected. Drilling of the monitoring wells and production wells will occur on the same bid. Expected completion of the monitoring well is June 2009.</p>
Topaz Ranch Estates	\$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, February 2009: The GID was awaiting the construction and testing of the new well to begin this project. The points of use/place of diversion for existing water rights are to be moved to this new well pending approval by the State Engineer. Mapping is currently in progress.</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, November 2008: 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. Some delays were experienced as NDWR awaited the arrival of a new server for the Map Guide software. The CNRWA has continued to plan for future project phases of data collection in concert with the USGS.</p>