

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

**Summary Minutes**

**Monday, July 24, 2009**

**9:00 AM**

**The Bryan Building**

**901 S. Stewart Street - 2<sup>nd</sup> floor Tahoe Hearing Room  
Carson City, Nevada 89701**

**Members Present:**

Brad Goetsch, Acting Chairman  
Steve Walker  
Lori Williams  
Andrew Belanger  
Jennifer Carr, Ex-officio Member

**Members Absent:**

Bruce Scott

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

Chairman Goetsch called the meeting to order at 9:00 am. Chairman Goetsch announced he was the acting chairman for the meeting as Board Chairman Bruce Scott was not able to attend.

Chairman Goetsch said there will be three items on the agenda today that may require a board member to recuse himself from the vote because of a connection to that item. Ms. Nhu Nguyen, Deputy Attorney General (DAG) and Counsel to the Board, asked that in such a case, the board member state why he/she be recused. She also said that if the board member has a comment, it would be more appropriate to be seated as an audience member, not with the Board, and not participate in the vote.

Next, at the Chairman's invitation, Board members and individuals in the audience introduced themselves. Others present associated with the Board included Nhu Nguyen, DAG, and from the Nevada Division of Environmental Protection (NDEP): Dave Emme, Adele Basham, Michelle Stamates, Daralyn Dobson, Marcy McDermott, and Kathy Rebert.

**B. APPROVAL OF MINUTES - JUNE 15, 2009 MEETING (Action)**

There were no amendments or additions to the minutes of the June 15, 2009, meeting.

**Motion:** Mr. Walker made a motion that the minutes of the June 15, 2009, meeting be approved as written. The motion was seconded by Ms. Williams and passed unanimously.

## C. FUNDING STATUS (Non Action)

### 1. DRINKING WATER STATE REVOLVING FUND (DWSRF) ARRA Loan Funds

Daralyn Dobson discussed the ARRA Funds Balance as of 7/14/09. For a copy of the document, see [ATTACHMENT 1](#).

Chairman Goetsch inquired about the timeframe by which the money must be obligated. Ms. Dobson replied that construction contracts must be in place by February 17, 2010. Adele Basham said staff was hoping to bring the remaining requests to the September 2009 board meeting.

### 2. CAPITAL IMPROVEMENT GRANTS FUNDS

Ms. Dobson referred to a request from the Board, at the last board meeting, for a report of remaining grant obligations for each of the projects. She provided a Grant Project Summary Sheet ([ATTACHMENT 2](#)) showing the current cash available and discussed obligated and unobligated funds over the biennium. She also answered Board questions for clarification.

Next Ms. Dobson reviewed the standard quarterly AB198 Grant Program financial information ([ATTACHMENT 3](#)).

## D. DRINKING WATER STATE REVOLVING FUND PROGRAM

### 1. Discussion & Possible Approval of Loan Commitment

#### a. Truckee Meadows Water Authority (Action)

Mr. Walker asked that he be excused (from participation and vote) because he is a lobbyist for the Truckee Meadows Water Authority (TMWA), and he is compensated by them, so he would have a conflict of interest in the discussion.

Ms. Adele Basham presented background and details on this project including maps. See [ATTACHMENT 4](#) for the full loan commitment document and resolution. Ms. Basham introduced this as a "green project" and explained the proposed project is a combination of concrete channel and siphon to convey raw water from the Truckee River to the Chalk Bluff Water Treatment Plant. It is estimated that project construction will create approximately 33 jobs.

There is \$2 million set aside for this project. Speculating other ARRA projects costs may come in significantly under the engineer's projected costs thus creating additional funds, the Division recommends a loan commitment for \$3 million to TMWA giving the Division the capability of committing funds quickly without having to schedule a Board meeting. The

loan will be for a term not to exceed 20 years with an annual interest rate of 0%. The loan agreement will be for \$2 million. If additional funds become available, the loan agreement can be increased to \$3 million. Ms. Basham referred to the resolution in the Board binder.

Mr. Jeff Tissier, Chief Financial Officer for the TMWA spoke briefly to the Board. Mr. Tissier said that TMWA received the certificate of origin for the steel to be used in the project which was fabricated in Tracy, CA. TMWA also is ready with a change order to comply with the Davis-Bacon Act regarding wages upon approval of the loan commitment by this Board. Mr. Tissier said he would answer any questions regarding the financing of the project and any technical questions would be answered by Mr. Ron Penrose.

Mr. Ron Penrose, Project Manager for TMWA, offered to answer any questions regarding the operation of the canal system or any other technical details. There were just a few clarifications asked of Mr. Tissier and Mr. Penrose.

Chairman Goetsch asked if it was understood exactly what staff is recommending. The board will not be committing \$3 million, it would be committing \$2 million in loan funds to the project, and if things work out and funds are returned from other projects, staff may then increase the loan by an additional \$1 million. Mr. Tissier replied that that was understood.

**Motion:** Ms. Williams made a motion that the Board adopt a resolution designated the "American Recovery and Reinvestment Act 7-2009 Truckee Meadows Water Authority Water Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. The Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$3 million to the Truckee Meadows Water Authority which is \$1 million more than is currently available for the project. The Board approving a loan commitment for more than is currently available for this project will give the Division the capability to commit funds quickly without having to schedule a Board meeting or come back to this Board for approval. Mr. Belanger seconded the motion and the motion passed with Mr. Walker abstaining.

#### **b. Southern Nevada Water Authority (Action)**

Mr. Belanger abstained from voting or participating in discussion on this agenda item because he is an employee of Southern Nevada Water Authority (SNWA). Mr. Belanger moved to sit in the audience for this item.

Ms. Basham said the SNWA project is also a "green project," and she presented the details of the project which will be in two phases. See **ATTACHMENT 5** for the full loan commitment document and resolution.

Phase I funds will be used to perform a facility audit of the Alfred Merritt Smith and River Mountain Water treatment facilities to identify improvements that will yield energy, water, gas and other conservation benefits. This three month process will include a cost-benefit analysis to ensure that loan funding is applied toward the most beneficial facility improvements.

Phase II funds will be used to implement those actions that provide the highest value, both in terms of conservation and cost. The duration of this phase is anticipated to be approximately nine months. The project will result in water, energy and other 'green' infrastructure improvements. Implemented improvements will result in long-term energy, water efficiency and other savings and will reduce the operation and maintenance costs. Since the project involves improvements to existing treatment facilities, the project is eligible for a categorical exclusion. The categorical exclusion process has been initiated but not completed. The number of jobs created cannot be determined until after the Phase I audit identifies specific improvements.

SNWA applied for \$2.75 million in loan funds. There is \$2 million in ARRA funding reserved for the SNWA 'green' project. As with the TMWA loan commitment, it is anticipated that other ARRA project costs may come in significantly under the engineers' projected estimates creating additional funds. The Board approving a loan commitment for more than is currently available for this project will give the Division the capability to commit funds quickly without having to schedule a Board meeting or come back to this Board for approval. The initial loan agreement will be for \$2 million. If additional funds become available, the loan agreement can be increased to \$2.75 million. Ms. Basham referred to the resolution in the Board binder.

Mr. Jeremy Brooks from SNWA spoke to the Board. He said the energy audit approach gives SNWA an opportunity to identify and use these funds for the most efficient purposes, providing for a long term plan for the energy efficiency of the two facilities.

Board members had a few questions in regard to the goal of the conservation plan, what types of things will be looked at and the process. Mr. Brooks provided some specific details and said that once the audit is complete, SNWA will provide a copy of the audit to the Board, outlining the actions the Authority will plan to take.

**Motion:** Mr. Walker made a motion to approve a resolution designated the "American Recovery and Reinvestment Act 7-2009 Southern Nevada Water Authority Water Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. The Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$2.75 million to the Southern Nevada Water Authority which is \$750,000 more than is currently available for the project. The loan will be for a term not to exceed 20 years and at an annual interest rate of 0%. The loan agreement will be for \$2 million. If additional funds become available, the loan agreement will be increased to \$2.75 million. The Division and the Southern Nevada Water Authority will negotiate the terms and conditions of the loan agreement. Once the audit is completed the audit report will be presented as an agenda item for information to the Board at the next regular Board meeting. Ms. Williams seconded the motion, and the motion passed with Mr. Belanger abstaining.

#### **c. Topaz Lake Water Company (Action)**

Ms. Basham described this project and provided detailed information. See **ATTACHMENT 6** for the full loan commitment document and resolution.

The Topaz Water Company wells have arsenic levels exceeding the maximum contaminant level. The proposed project includes the installation of a central treatment system located at well #1, equip and put into operation well #4, abandon well #2, and pipe wells 3 and 4 to central treatment. It is estimated that project construction will create approximately 8 jobs.

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$780,000 to Topaz Lake Water Company. The loan will be for a term not to exceed 20 years and at an annual interest rate of 0%. Ms. Basham referred to the resolution in the Board binder.

Mr. Steve Brigman, Shaw Engineering, spoke to the Board and provided some additional information on the project. There was discussion regarding the number of people using the water system as well as the situation with the Public Utilities Commission (PUC).

Ms. Williams asked if the water company was willing to become a PUC regulated utility if that becomes necessary to increase the rates to a level to repay the loan. Mr. Doug Cannon from Lionel Sawyer & Collins, on behalf of the Topaz Water Company, answered that they do not, yet, have a definitive answer from PUC. They have met and are still working on the Utility Environmental Protection Act process. They anticipate resolving this issue concurrent with the EPA procedures. Mr. Cannon referred to the two scenarios presented in the loan application to provide the Board with sufficient information that the loan will be paid back. He briefed the Board on the scenarios. There is also a personal guaranty from Mr. Rob Cashell, Jr. and there will be infusions into Topaz Lake Water (Company) to cover those additional debt obligations. In addition, the company will post a CD for 2 years of debt service to provide additional security that this will be paid back.

Mr. Belanger asked if those conditions would be part of the loan agreement, and Ms. Basham answered that they would.

Mr. Walker asked if other water sources were looked at. Mr. Brigman answered they had however the cost would have been more than the \$780,000 being requested for the treatment option. Mr. Walker clarified with Ms. Basham that the reason staff was recommending the 0% interest instead of a grant was based on the median household income in the community for which the loan is provided, as defined in the Intended Use Plan.

**Motion:** Mr. Belanger made a motion to adopt a resolution designated the "American Recovery and Reinvestment Act 7-2009 Topaz Lake Water Company Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects in the amount of \$780,000 for a term not to exceed 20 years and at an annual interest rate of 0% subject to terms and conditions that staff and the applicant work out including the assurances regarding payment. The motion was seconded by Mr. Walker and passed unanimously.

#### **d. Alamo Water and Sewer GID (Action)**

Ms. Basham explained that the GID's proposed project to bring the water system into compliance with arsenic concentration requirements includes six components.

Implementation of some of the components is dependent on the outcome of other components. Since the ARRA funds are limited, staff is recommending that only the exploration drilling be funded with the ARRA at this time. In addition, staff is recommending that the engineering costs associated with connecting the Industrial Park well be funded with ARRA funds contingent upon the Bureau of Safe Drinking Water approving the use of the Industrial Park well in the municipal water system. In the event that other ARRA project bids come in under the engineer's estimates, NDEP will need projects that are ready to go in order to meet the February 2010 deadline. Completing the design for connecting the Industrial Park well will generate a project that is ready to go to construction should additional funds become available. Ms. Basham added further explanation of the project. See **ATTACHMENT 7** for the full loan commitment document and resolution.

The Division recommends that the Board approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$302,000 to Alamo Water and Sewer GID. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. Ms. Basham referred to the resolution in the Board binder.

Nancy Browne, Chairman of the Alamo Sewer and Water GID addressed the Board. She said this is very important to them because they are so high in the arsenic content of their well. Some of (the wells) are getting very old; there are some in danger of collapse. They have been working to build reserve accounts, have been actively raising their rates over the last several years, have been promoting conservation and are in the process of separating irrigation water for parks and ballfields for better quality water for drinking.

Mr. Walker asked for clarification of the total projected cost in the Board binder. Ms. Basham said that figure includes all six components of the project, including central treatment. Hopefully, they will be able to find water that does not require central treatment.

Mr. Kirk Swanson, Farr West Engineering, answered questions from Mr. Walker regarding the source of the water chemistry and possible other water sources in the area. He said there is a high probability (a source can be found) allowing the GID to get away from treatment and discussed possibilities and options. There was a discussion of location of existing wells.

Ms. Carr asked that since the proposal is does not include a larger loan commitment should fund become available, could a quick agreement be executed to fund the Industrial Park well? Ms. Basham answered that that request would be brought back to the Board if this project proved viable.

**Motion:** Ms. Williams made a motion to adopt a resolution designated the "American Recovery and Reinvestment Act 7-2009 Alamo Sewer and Water General Improvement District Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain water projects in the amount of \$302,000. That would be a principal forgiveness loan granted from this allocation. The motion was seconded by Mr. Walker. Chairman Goetsch clarified that, as with the other loans, the Division would negotiate with Alamo the terms and conditions of the loan agreement. The motion passed unanimously.

#### e. Silver Springs Mutual Water Company (Action)

Ms. Basham reminded the Board that at the June 15, 2009, meeting, the Board denied a proposed loan commitment to the Five Star Mobile Home Park and requested that this project be brought back at this meeting with specifically requested items:

1. Investigate the feasibility of consolidation with the Silver Springs GID
2. Investigate the feasibility of consolidation with the Silver Springs Mutual Water Company (SSMWC)
3. Determine the financial impact on residents of the mobile home park if a 0% loan is offered

Ms. Basham said that because Silver Springs GID provides only sewer service and Lyon County does not have any utility operators working in Silver Springs, Lyon County agreed that it would make more sense to work with the Mutual Water Company to take the lead on consolidation.

The costs of running a water line from the SSMWC to the Five Star Mobile Home Park were updated using the results of a recent bid award. Ms. Basham referred to the map in the binder showing the point of connection and the line to the Mobile Home Park. Five Star Mobile Home Park would no longer exist as a public water system and would become a customer of the SSMWC with a master meter. The existing well would need to be abandoned and the water rights transferred to the SSMWC. The estimated monthly user fee by SSMWC to Five Star Mobile Home Park customers is \$26.00. The total estimate for the consolidation with SSMWC is \$791,000. Ms. Basham discussed the benefits of this alternative. See **ATTACHMENT 8** for the full amended loan commitment document and resolution.

Ms. Basham also noted that the Board had requested information on the cost per customer for a 0% interest loan for the project of drilling a new well and installing treatment. A 20 year loan at 0% interest for 29 connections works out to cost per customer of \$83.33. The cost per customer for a 30 year loan at 0% is \$55.56.

Staff recommends that the Board approve the amendment for additional funds for the existing Silver Springs Mutual Water Company loan commitment to cover the cost of installing a pipeline to consolidate Five Star Mobile Home Park (the agreement approved by the Board at the June 15, 2009, meeting has not been finalized and the additional amount could be added to it). The amount of additional funds needed is \$791,000. The source of these funds is ARRA. Since both Five Star and Silver Springs Mutual Water Company meet the definition of a disadvantaged community, principal forgiveness is recommended.

Mr. Brent Farr, Farr Engineering, spoke in regard to this loan commitment and reminded the Board of a meeting where a similar agreement was approved for the Silver Springs Mobile Home Park. He said he feels there is positive change going on in Silver Springs in terms of eliminating smaller, hard to maintain, water systems with significant environmental risks. He agrees with this commitment as there are a lot of advantages to the project.

A short discussion followed, with some information and clarifications provided to Board members by Mr. Dick Lenderman, Silver Springs Mutual Water Company Board and Mr. Michael Jackson, owner of the mobile home park.

**Motion:** Mr. Walker made a motion to approve a resolution designated the “American Recovery and Reinvestment Act 7-2009 Silver Springs Mutual Water Company Additional Funds Project Loan Commitment Resolution” to approve additional funds to the Silver Springs Mutual Water Company Loan Commitment for the purpose of consolidating Five Star Mobile Home Park. The additional funds are \$791,000 and this is to be a principal forgiveness loan. Ms. Williams seconded the motion and it passed unanimously.

#### f. Tolas Water Works (Action)

Chairman Goetsch introduced this agenda item and recused himself from participation in discussion and vote because he is the County Manager for Churchill County. The County and City have both worked on this project and both have involvement. Mr. Walker acted as Chairman during this agenda item.

Ms. Basham provided an overview of the project and a chronology of meetings and other discussions that have occurred with the involvement of the City of Fallon, Churchill County, the Bureau of Safe Drinking Water, NDEP, the mobile home parks involved, and others. The full loan commitment document and resolution may be found in [ATTACHMENT 9](#).

The proposed project is to provide safe drinking water to residents in the Deluxe, Tolas and South Maine Mobile Home Parks by constructing a new well and arsenic removal treatment facility. The three mobile home parks are out of compliance with the Safe Drinking Water Act. The water supply for all three of the mobile home parks exceeds the drinking water standard for arsenic, and Ms. Basham outlined other drinking water issues.

Tolas Waterworks is a nonprofit entity created to solve the water problems of the three mobile home parks. The residents of the mobile home parks are very low income, and creation of a water cooperative will provide the institutional structure to address technical, managerial and financial issues. Ms. Basham provided specifics on the proposed project as well as a summary of compliance issues for each of the parks. The proposed project will result in the creation of approximately 10 jobs related to construction.

Alternatives to the proposed project which were considered: consolidation with the City of Fallon, tapping into the Navy’s supply line, consolidation with Churchill County, and point of use treatment. Due to costs or other various reasons noted in Ms. Basham’s full document, these alternatives were deemed not possible.

The Division recommends that the Board approve a loan commitment from the DWSRF ARRA funds in the amount of \$720,000 to the Tolas Waterworks. Since the project is eligible for additional subsidy (as specified in Nevada’s Intended Use Plan for ARRA), it is recommended that 100% of the principal will be forgiven. Ms. Basham referred to the resolution in the Board binder.

At this time, Mr. Walker invited the audience to comment if they wished.

Jim Vandevier, owner of Tolas Mobile Home Park, introduced himself, however, deferred to Pat Huber, with Deluxe Mobile Home Park. Ms. Huber acknowledged that Ms. Basham had done an excellent job of providing the important details to the Board. Ms. Huber said that with respect to the issue of disadvantaged community, in her particular park of mostly seniors, the average annual income is \$14,300. That is one of the reasons why it has not been possible to increase rents or raise money to increase the efficiency of the water system they are using. The opportunity for ARRA funding of this project is appreciated.

Mr. Belanger noted that he was concerned that this is an intermediate solution and that a permanent solution is necessary. He would like to be assured that Tolas Water Works will become self-sustaining and will build reserves so the water cooperative in the future will not continuously have to appear before the Board to obtain financial assistance with water quality issues. Ms. Huber answered that she is qualified, able, and capable to provide good business practices and capable of managing a budget and operating a water system. She described actions which have been or will be taken.

Ms. Williams shared the concern that, ideally, the Board would have liked to see a consolidation with the City system or the County system, however, she recognized, from the background information, that, at this time, that was not a viable alternative. She would like to see something put in place to oversee the system so the Board can be assured that the money continues to be well spent in maintenance or equipment installation.

Mr. Walker expressed his frustration with the political issues involved in possible alternatives causing creation of two treatment facilities within about two square miles in Fallon. For the record, he finds it distasteful that politics is forcing \$720,000 expenditure for a poor solution.

Mr. Misha Stojicevic, Churchill County Capital Projects and Engineering Manager, spoke at length to the Board regarding this project. Mr. Stojicevic discussed some of the issues relating to the city and county water consolidation alternatives. He also discussed technical issues of the project and his estimate of the cost, which is more than proposed. He said the city and county water systems were financed from federal and state money sources, and he feels it is like saying "Here is something I got from the State and I don't want to share with others." Mr. Stojicevic said his personal and professional position is to help (the mobile home parks). What has happened in this case is the need to spend \$720,000 or more just because somebody will not allow 150 feet of pipeline. Mr. Stojicevic's full comments can be heard in the taped version of the meeting on NDEP's website (<http://ndep.nv.gov/bffwp/audio0709/indexlan.html>).

Chairman Goetsch, as a private citizen, said the County wants to help the people and is concerned the project may have been underestimated and there are going to be significantly more costs that the County may be required to "picking up." We just want to make sure the engineer is giving a realistic estimate, that it is being funded appropriately and there aren't liabilities or financial shortfall that would fall on the County or the people afterward. The County would really like to see the State pressure the municipalities.

Mr. Robert Martinez, State Engineer's Office, asked a couple questions of staff regarding use of water relating to water rights, saying there are some shortcomings in water right issues. The State Engineer's Office is willing to assist the mobile home parks in their water rights issues.

Mr. Tom Porta, Deputy Administrator for NDEP, relayed what he is hearing from the Board is that there should have been an alternative to this project. He said more that more than two years of effort by NDEP trying to work with the City of Fallon has gone into this effort, to no avail. He said NDEP is very disappointed in the outcome and referenced, as a result, the cost differential. Mr. Porta said we are at the point where a choice needs to be made with respect to getting these folks clean, safe, drinking water or continue the battle. At this point he thinks we need to move on the clean, safe, drinking water for these residents. Fortunately, the ARRA money is available now, the primary purpose of which is to put people to work, over half the ARRA money is supposed to be a designated subsidy, and he thinks if there ever was a "poster child" for this money, this would be the case.

Mr. Porta also pointed out the other issue the Board raised was about long-term compliance. He said he specifically gave Ms. Carr instructions to follow this project closely, insure this water system maintains compliance, maintains its viability in both maintenance and economics so we don't have problems in the future. He urges support for approval of this subsidized loan.

A discussion ensued regarding whether leverage or mandates could be used to force the City to connect the mobile home park to the City system.

Mr. Walker suggested a letter be formulated from the BFFWP to the Mayor and the City Council of Fallon, have it put on the agenda for a City Council meeting, and have a Board member present it at the meeting. At least if (the City) says no, it is from the elected officials' standpoint.

The idea of the letter was appropriate to the Board, however, it was felt that this loan commitment would need to be decided today to get the project started, with or without pressure to the City of Fallon. Ms. Carr made the point that there is a very serious health threat to the people in these mobile home parks, a bacteriological contamination in an area where most of the residents are elderly and in a most susceptible position. Ms. Carr said she appreciates the Board's attention to solution of this public health issue in the short-term.

**Motion:** Ms. Williams made a motion to approve a resolution designated the "American Recovery and Reinvestment Act 7-2009 Tolas Water Works Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain water projects with a total value of \$720,000 that would be a principal forgiveness loan with 100% principal forgiveness as recommended by staff. In addition, a letter will be drafted from the Board for Financing Water Projects to be presented publically to the City of Fallon urging the city to provide water connection to these residents. If the public request from the Board to the City of Fallon is unsuccessful, the project will proceed to protect the public health of these residents. Motion was seconded by Mr. Belanger and approved unanimously.

After a brief break, Chairman Goetsch reopened the meeting.

## E. DRINKING WATER STATE REVOLVING FUND & CAPITAL IMPROVEMENTS GRANT PROGRAMS

### 1. Discussion & Possible Approval of Loan/Letter of Intent/Grant Application

#### a. Jackpot (Action)

Ms. Michele Stamates provided background information and specifics for this agenda item. The applicant, Elko County, is seeking funds for a water system improvement project and uranium mitigation in the Town of Jackpot. Funds are to be combined from the SRF ARRA loan program and the AB198 grant program for which a grant application is on file. The County has also submitted a loan application to the USDA-RD.

Ms. Stamates identified several problems with the town's existing system. There is presence of uranium in all of the town's wells and uranium in Well #2 is above the drinking water standard. Well #2 has been determined to be above the uranium MCL and cannot be used without some form of mitigation. The motor at Well #5 causes voltage dips resulting in high power costs and hydraulic surges in the distribution system and usage rate in summer months per equivalent residential unit is double the typical peak demand for systems of similar size and environmental conditions. Due to limited storage, a sustained power outage during the summer could require emergency operation actions by the operator to avoid losing all storage and system pressure. These conditions result in a deficiency of an adequate water supply to the town. According to the "Water System Master Plan" prepared for the town by High Desert Engineering in March 2004, if the town does nothing, the system will remain in non-compliance with Nevada Administrative Code requirements for system pressure and capacity.

The recommended project includes new Well #6, two small booster pumps to help alleviate low pressure in the northern portion of Town, upgrades to the electrical system at Well #5, and abandonment of the existing Well #2.

In order to be eligible to receive grant funding, meet future debt service and make capital/asset replacements, the Town of Jackpot will need to increase rates. Elko County, with the approval of the Town Advisory Board and Board of County Commissioners, has provided a tentative metered rate plan which will be monitored to assure the implemented metered rate meets all of the water system financial requirements to remain viable.

The project funding was outlined in the Board binder, page 6, of the SRF ARRA Loan/Letter of Intent/Grant Application Project Summary (a copy may be viewed in [ATTACHMENT 10](#) to these minutes). The Division recommends approval of a principal forgiveness loan commitment in the amount of \$737,000 to Elko County for the Town of Jackpot for Project 1.

The Division also recommends that the grant application for the proposed uranium mitigation and distribution system up-grade project be approved subject to the grant conditions given. The grant amount would not exceed \$1,432,000. Match funding for Project 2 will come from a loan provided by the USDA-RD in the amount of \$695,000.

Lynn Forsberg, Public Works Director for Elko County, Jeff Young, Jackpot Advisory Board, and Ray Kruth, engineer from Ecologic, provided information to the Board about the economic problems and water system issues Jackpot is facing.

Board members shared the opinion that full system metering, implementation of sufficient water rates, and establishment of a capital assets replacement program and reserve will need to occur by completion of the project. Chairman Goetsch made it clear that any motion would contain assurances that those be met before the last of the funds are released.

Mr. Walker had a few questions regarding tank location and plans for recycled water.

Ms. Carr asked if there is a cross-connection control program. Mr. Forsberg answered that part of the Town ordinance addresses cross-connection control. Ms. Carr asked if it was an adequate program, and Mr. Forsberg answered that it is adequate because the casinos, the biggest users, are very conscientious about cross-connections. There is a draft ordinance in process for compliance assurance.

Rob Stokes, Elko County Manager, replied to a question from Mr. Walker, that the Board of County Commissioners is the agency responsible for increasing rates and the County Commission is aware of what is occurring.

Chairman Goetsch recapped the discussion: rates being increased, meters being purchased and placed prior to release of all money, an account isolated for capitalization, and compliance with a cross-connection control program.

A discussion followed regarding increasing rates, amount and the timing.

**Motion:** Mr. Walker made a motion that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$737,000 to Elko County in accordance with the resolution designated the "American Recovery and Reinvestment Act 7-2009 Elko County for the Town of Jackpot Project Loan Commitment" to approve a loan commitment for the purpose of financing certain projects. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and Elko County will negotiate the terms and conditions of a loan agreement.

Mr. Walker continued with motion that the Board for Financing Water Projects approve the Letter of Intent from Elko County for the Town of Jackpot to pursue funding from the capital improvements grant program for completion of a distribution system improvements project. The total grant amount should not exceed \$1,432,000. The project would be subject to the conditions provided in the staff report as well as the "additional conditions" that the flat rate be increased in the next six months to \$26.00 per ERU and that 10% of the total grant amount be withheld until all connections are metered. Also, an isolated capitalization fund must be created that meets the conditions of the staff report.

The motion was seconded by Mr. Belanger and passed unanimously.

**Motion:** Ms. Williams moved the Board for Financing Water Projects approve a grant from the capital improvements grant program to Elko County for the Town of Jackpot for a uranium mitigation project in accordance with the resolution designated the "07-09-E1a Town of Jackpot Uranium Mitigation Project"; pertaining to the determination by the Board for Financing Water Projects of the State of Nevada to provide a grant for the purpose of financing certain projects; making certain findings of fact and providing other details in connection herewith. The total grant amount should not exceed \$1,432,000 for a period of 5 years. The project would be subject to the conditions provided in the staff report and included in the resolution and the "additional conditions" requirement of the resolution passed by this Board. The motion was seconded by Mr. Walker and passed unanimously.

Mr. Walker then left the meeting for other commitments.

## **F. CAPITAL IMPROVEMENT GRANT PROGRAM**

### **1. Board Policies**

#### **a. July 2009 Scale to Determine Grant Amount - revision (Action)**

Mr. Dave Emme said he updated the Board's existing policy on the grant scale to reflect changes to statute made by the 2009 Legislature through SB105. He said he did not change any of the point system criteria or factors, he just changed some of the language and gave examples. He included a graph and explained it illustrated the effect of this change comparing the existing with the proposed change. Documents were included in the Board binder.

A short discussion followed. Mr. Belanger requested that the irrigation conservation grants policy also be revised to reflect the change.

**Motion:** Ms. Williams made a motion to accept the policy as drafted by staff. Mr. Belanger seconded the motion and it passed with Mr. Walker not voting.

#### **b. July 2009 Proposed Non Profit Systems (Action)**

Mr. Emme presented the second policy change relating to non profit water systems and the change is related to another bill in the last Legislative session, AB236. This change expresses what Mr. Emme heard from the Board as their desire to support consolidation as a feasible option to grants for improvements to non profits. Document included in the Board binder.

**Motion:** Mr. Belanger made a motion to adopt the policy as drafted by staff. Ms. Williams seconded the motion and it passed with Mr. Walker not voting.

## **G. BOARD COMMENTS**

Chairman Goetsch asked about the letter to the City of Fallon recommended in the portion of the meeting regarding Tolas Water Works. After some discussion, it was decided that

staff would draft the letter requesting that the City of Fallon reconsider consolidation of the mobile home parks with the City system. In the BFFWP view, this would provide a better outcome. Chairman Goetsch said, in the letter, it should be mentioned that the BFFWP provided some financial assistance to the City's water system projects in the past and note those specific projects and make the point that those projects were for the good of all of the people in the community. There also will be a request to the City to be put on their council agenda to formally present the letter. After staff has drafted the letter, Mr. Goetsch and Ms. Williams will review the draft, and upon acceptance by the Board, Ms. Williams will present it at a City Council meeting.

There were no other Board comments.

Ms. Stamates mentioned the Potential Future Capital Improvement Projects Requesting Grant Funding listing in C2. Staff will be working on this for the Board to prioritize at a future date.

#### **H. PUBLIC COMMENTS (Non Action)**

There being no other comments from the Board or the public, Chairman Goetsch adjourned the meeting at 12:45 pm.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

# ATTACHMENT 1

ARRA Funds Balance Sheet as of 7/14/09

**ARRA Grant Balance  
as of 7/14/09**

<b>Subsidy Projects</b>		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Schurz Elementary School	327,000
6/18/2009	Hawthorne Utilities	470,000
6/18/2009	Silver Springs Mutual Water Co.	2,871,350
6/18/2009	McDermitt	492,000
6/18/2009	Beatty Water and Sanitation Dist.	2,910,000
Total Previously Approved		7,070,350
July Board Submittals		
7/24/2009	Alamo Sewer and Water GID	302,000
7/24/2009	Silver Springs Mutual Water Co.	791,000
7/24/2009	Tolas Water Works	720,000
7/24/2009	Jackpot	737,000
Total Submitted for Board Approval		2,550,000
Total		9,620,350
ARRA Requirements		9,750,000
Remaining		129,650

<b>Green Projects</b>		
Approval/Board Submittal Date	Water System	Amount
Total Previously Approved		0
July Board Submittals		
7/24/2009	TMWA	2,000,000
7/24/2009	SNWA	2,000,000
Total Submitted for Board Approval		4,000,000
Total		4,000,000
ARRA Requirements		3,900,000
Remaining		-100,000

<b>White Projects</b>		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Carson City	3,400,000
Total Previously Approved		3,400,000
July Board Submittals		
7/24/2009	Topaz Lake Water	780,000
Total Submitted for Board Approval		780,000
Total		4,180,000
ARRA Requirements		5,296,000
Remaining		1,116,000

Total ARRA Projects Approved/Submitted	17,800,350
Total ARRA Grant Award	18,946,000
Remaining	1,145,650

## ATTACHMENT 2

Capital Improvements Grant Funding Summary Sheet

**BOARD FOR FINANCING WATER PROJECTS  
GRANT PROJECT SUMMARY SHEET**

<b>Project</b>	<b>Grant Amount</b>	<b>Original Issue Date</b>	<b>Grant Used</b>	<b>Grant Remaining</b>
Walker Irrigation Project	\$ 6,685,163.19	3/14/02	\$ 6,570,377.13	\$ 114,786.06
Kingsbury GID	\$ 9,505,311.39	6/26/02	\$ 7,067,903.58	\$ 2,437,407.81
Wells	\$ 1,102,310.09	12/5/02	\$ 985,090.00	\$ 117,220.09
Jarbidge	\$ 1,287,700.70	12/16/03	\$ 1,257,047.07	\$ 30,653.63
Spanish Springs - Washoe Co	\$ 4,000,000.00	1/27/05	\$ 402,000.00	\$ 3,598,000.00
Virgin Valley	\$ 3,284,117.16	1/27/05	\$ 1,828,166.39	\$ 1,455,950.77
Golconda	\$ 956,478.75	1/27/05	\$ 875,846.14	\$ 80,632.61
Metropolis Irrigation - Engineering des	\$ 489,467.40	1/25/06	\$ 410,396.36	\$ 79,071.04
Beatty PER	\$ 51,850.00	5/3/06	\$ 45,900.00	\$ 5,950.00
Searchlight	\$ 2,536,522.34	8/23/06	\$ 321,842.26	\$ 2,214,680.08
Kyle Canyon	\$ 3,202,511.74	11/9/06	\$ 91,283.54	\$ 3,111,228.20
Topaz Ranch Estates	\$ 1,471,452.01	3/14/07	\$ 886,228.62	\$ 585,223.39
Crystal Clear	\$ 2,663,635.00	9/20/07	\$ 1,531,569.53	\$ 1,132,065.47
Pershing County Irrigation Dist #2	\$ 3,663,021.45	9/20/07	\$ 3,577,738.19	\$ 85,283.26
Moapa Valley Water District	\$ 4,000,000.00	12/13/07	\$ 1,799,524.65	\$ 2,200,475.35
Lovelock Meadows #2	\$ 3,000,000.00	12/13/07	\$ 151,917.19	\$ 2,848,082.81
Alamo Arsenic PER	\$ 102,216.75	3/20/08	\$ 33,500.32	\$ 68,716.43
Gabbs PER Phase II	\$ 63,920.00	6/19/08	\$ -	\$ 63,920.00
Ruth PER	\$ 34,000.00	3/4/09	\$ -	\$ 34,000.00
<b>Pending</b>				
Pershing County Irrigation Dist #3	\$ 3,810,000.00	6/15/09	\$ -	\$ 3,810,000.00
<b>Totals - 20 Outstanding Grants</b>	<b>\$ 51,909,677.97</b>		<b>\$ 27,836,330.97</b>	<b>\$ 24,073,347.00</b>

<b>Current Funds Available for Grant Payments</b>	<b>\$ 15,086,260.77</b>
---------------------------------------------------	-------------------------

<b>Administrative Budget FY10/11</b>	<b>\$ 581,683.00</b>
--------------------------------------	----------------------

<b>Estimated Bond Sale Amount for FY10/11 Biennium</b>	<b>\$ 19,000,000.00</b>
--------------------------------------------------------	-------------------------

<b>Estimated Funding that may be Committed to New Projects for FY10/11</b>	<b>\$ 9,431,230.77</b>
----------------------------------------------------------------------------	------------------------

# ATTACHMENT 3

Capital Improvements Grant Program Projected Cash Flow

**AB 198 Grant Program  
Projected Cash Flow through SFY11  
as of 5/18/09**

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
<b>FY08 Actual</b>			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			
Pay requests	258,086	21,080,319	32,481,228			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			
			11,210,909			12,940,170			44,029,970			
<b>July - September 2008 (FY09)</b>			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			33,724,800			27,990,668
Transfer to 4155 (Operating Account)		50,000	21,402,588			0	2,635,000		33,724,800			27,990,668
Adjusted to current Obligations			21,402,588			0			33,724,800		2,042,655	25,948,013
<b>October - December 2008</b>			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
<b>January - March 2009</b>			19,072,818			0			33,708,663			24,896,128
Projected Pay Requests		2,137,498	16,935,320			0			33,708,663		2,137,498	22,758,629
Interest Payments	135,002		17,070,321			0			33,708,663			22,758,629
Projected Transfer to 4155 (Operating Acct)		61,000	17,009,321			0			33,708,663			22,758,629
			17,009,321			0			33,708,663			22,758,629
			17,009,321			0			33,708,663			22,758,629
<b>April - June 2009</b>			17,009,321			0			33,708,663			22,758,629
Projected Pay Requests		2,508,752	14,500,569			0			33,708,663		2,508,752	20,249,877
Interest Payments	157,119		14,657,688			0			33,708,663			20,249,877
Projected Transfer to 4155 (Operating Acct)		27,000	14,630,688			0			33,708,663			20,249,877
2009 principal repayments on bonds			14,630,688			0	3,677,570		37,386,233			20,249,877
			14,630,688			0			37,386,233			20,249,877
<b>FY10 Projection</b>			14,630,688			19,000,000			37,386,233			20,249,877
Projected Bond Needs	10,500,000		25,130,688		10,500,000	8,500,000		10,500,000	26,886,233			20,249,877
Projected Pay Requests		9,999,600	15,131,088			8,500,000			26,886,233		9,999,600	10,250,277
Projected Transfer to 4155 (Operating Acct)		268,239	14,862,849			8,500,000			26,886,233			10,250,277
2010 principal repayments on bonds			14,862,849			8,500,000	3,894,878		30,781,111			10,250,277
Projected New Grant Awards			14,862,849			8,500,000			30,781,111	13,950,000		24,200,277
			14,862,849			8,500,000			30,781,111			24,200,277
<b>FY11 Projection</b>			14,862,849			8,500,000			30,781,111			24,200,277
Projected Bond Needs	8,500,000		23,362,849		8,500,000	0		8,500,000	22,281,111			24,200,277
Projected Pay Requests		9,999,600	13,363,249			0			22,281,111		9,999,600	14,200,677
Projected Transfer to 4155 (Operating Acct)		313,444	13,049,805			0			22,281,111			14,200,677
2011 principal repayments on bonds			13,049,805			0	4,057,186		26,338,297			14,200,677
Projected New Grant Awards			13,049,805			0			26,338,297	10,850,000		25,050,677
			13,049,805			0			26,338,297			25,050,677

Note: Debt service payments reflect debt as of FY09 and do not include estimated payments for future bond issues. Available Statutory Authority reflects balance remaining toward \$125 mil cap.

# ATTACHMENT 4

Truckee Meadows Water Authority Loan Commitment

**Truckee Meadows Water Authority  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
July 2009**

**Applicant: Truckee Meadows Water Authority**  
**Project: Mogul Bypass**  
**Total Cost: \$13,155,000**  
**ARRA Funds: \$3,000,000**

**BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Truckee Meadows Water Authority project, if approved, will utilize ARRA funds.

The proposed project is to replace the section of the flume adjacent to the Mogul subdivision with a combination of concrete channel and siphon to convey raw water from the Truckee River to the Chalk Bluff Water Treatment Plant. Since this project will result in significant energy and water savings, it qualifies as “green” under ARRA.

**PROJECT PURPOSE AND NEED**

The Highland Canal is used to convey water diverted from the Truckee River by the Washoe Dam for irrigation and municipal water supply. In April 2008, an earthquake destroyed the wooden flume section of the canal adjacent to the Mogul subdivision west of Reno, Nevada. Built by Chinese laborers in the 1800s, the wooden flumes have been restored throughout the years. Due to extreme terrain and proximity to residential structures, repairing the flume is not considered a viable option. The proposed project is a combination of concrete channel and siphon to convey raw water from the Truckee River to the Chalk Bluff Water Treatment Plant.

The immediate area and entire region will receive economic, environmental and public safety benefits from the bypass project. The project will allow TMWA to eliminate an approximate 2-mile section of flume and unlined canal section.

### **DESIGN FEATURES**

The new pipeline will begin along the south side of Interstate 80 (I-80) approximately ¼ mile west of the Mogul overpass and will end approximately ½ mile east of the 4<sup>th</sup> Street overpass where it will connect to the existing Highland Canal. The new pipeline will be approximately 8,400 linear feet long consisting of 69-inch diameter mortar-lined and coated-steel pipe (aerial photo of project site is included in Attachment 1).

### **GREEN FEATURES**

The project will increase the percentage of gravity flow thereby significantly reducing power and maintenance expenses related to the pumped supplies. Upon completion of the Mogul Bypass, the capacity of the Highland Canal, a gravity flow canal system, will almost double from a current 55 million gallons per day (MGD) capacity to about 95 MGD. The Bypass will allow exclusive use of the Highland Canal System for most of the year which will significantly reduce TMWA's existing reliance on supplementary peak summertime pumping from the Truckee River. The secondary pumped supply source will be relegated to emergency use and use during brief periods when preventive maintenance is required on the canal system. This reduction in pumping results in a reduction of energy costs of \$350,000-\$400,000 per year.

The pipeline will replace an unlined ditch and wooden flume that have been used to convey raw water to the Chalk Bluff Water Treatment Plant. The wooden flumes were built by Chinese laborers in the 1800s. Although some sections have been restored throughout the years, the flumes leak a significant amount of water. Based on available data, the amount of water conserved due to eliminating leakage and evaporation is estimated to be approximate 500 acre-feet or 163 million gallons per year based on current canal flow rate of 55 MGD.

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

Residential service connections	81,400
Non-Residential service connections	9,000
Population	325,000

### ***Environmental Review***

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

A Cultural Resources Survey of the construction site has been completed by Kautz Environmental Consultants. This Survey recommended that no further management consideration is required regarding the cultural resources observed within the project area prior

to implementation of the project. Consultation with the State Historic Preservation Office for compliance with section 106 of the National Historic Preservation Act has been initiated.

**Permits**

The following permits are required for the project:

1. Corp of Engineers 404 Permit
2. Washoe County District Health

**Cost Estimate**

The total project cost is estimated to be \$13,155,000.

TMWA Contribution	\$11,155,000
Loan Amount*	\$2,000,000
Total	\$13,155,000

\* NDEP is requesting the Board approve a loan commitment for \$3 million with the understanding that only \$2 million is available at this time. Since ARRA funds must be under construction contract by February 2010, if additional funds become available close to the deadline, the Division will need to have the capability to commit funds quickly.

**Jobs Created**

It is estimated that project construction will create approximately 33 jobs.

**Financial Evaluation**

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

- TMWA meticulously tracks water billing and usage statistics to guide its rate making decisions assuring generation of sufficient revenue to pay all proper operation and maintenance (including replacement) costs of the water system.
- Ratio analysis indicates that TMWA has the ability to repay the loan.

A resolution will be presented to the Board of Directors of the Truckee Meadows Water Authority, Nevada on July 14, 2009, authorizing the issuance by the TMWA, Nevada of its Water Revenue Bond Series 2009A, in the maximum aggregate principal amount of \$3,000,000.

The term of the loan is expected to be for up to 20 years with an annual percentage rate of 0%.

**Water Rates**

TMWA has several rate categories. Residential rates are based on meter size from ¾ inch up to 6 inch. The following are the residential rates for the ¾ inch meter.

- Flat rate (unmetered) ¾ inch meter: \$84.20/month
- Metered rate ¾ inch meter: \$49.24/month for 15,000 gallons

**Technical, Managerial and Financial Capacity**

TMWA was formed as a Joint Powers Authority pursuant to chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is governed by a seven-member board comprised of three Directors appointed by the City of Reno, two Directors appointed by the City of Sparks, one Director appointed by Washoe County, and one-at-large Director. TMWA has broad powers to finance, construct and operate the water system, for the

diversion, treatment, distribution and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to approval by the TMWA Board of Directors. TMWA is a large utility with highly qualified staff.

In 2005, the Truckee Meadows Water Authority received a \$9 million Drinking Water State Revolving Fund loan from NDEP for modifications to the water system to comply with the new arsenic standard. Through diligent and creative work on the part of the TMWA staff, the estimated cost to comply with the new arsenic standard was reduced to at least half of the initial cost estimates. Innovation continued through project construction and upon project completion, the total amount of loan requested was only \$5 million of the \$9 million approved.

NDEP nominated the TMWA arsenic project for the "2006 DWSRF EPA Award for Sustainable Public Health Protection" because of the project's innovative planning and substantial cost savings. TMWA won the Award for Nevada.

### ***Compliance with Safe Drinking Water Act***

TMWA is in compliance with requirements of the Safe Drinking Water Act.

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

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.946 million remains available for loans. Of the \$18.46 million, the Board committed \$10,469,350 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.17 million in uncommitted ARRA loan funds will remain.

### ***Division Recommendations***

There is \$2 million in ARRA funding reserved for the TMWA green project. However, the exact cost for a number of other ARRA funded projects approved by the Board is unknown since these projects have not yet gone out to bid. If bids come in significantly below the engineer's estimate, there will be extra ARRA funds that will need to be committed to construction contracts in a relatively short period of time. The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$3 million to the Truckee Meadows Water Authority which is \$1 million more than is currently available for the TMWA project. The Board approving a loan commitment for more than is currently available for this project will give the Division the capability to commit funds quickly without having to schedule a Board meeting.

The loan will be for a term of not to exceed 20 years and at an annual interest rate of 0%. The loan agreement will be for \$2 million. If additional funds become available, the loan agreement will be increased to \$3 million. The Division and the Truckee Meadows Water Authority will negotiate the terms and conditions of a loan agreement.

# ATTACHMENT 5

Southern Nevada Water Authority Loan Commitment

# **Southern Nevada Water Authority Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2009**

**Applicant: Southern Nevada Water Authority**  
**Project: Energy Audit and Implementation**  
**ARRA Funds: \$2,750,000**

### **BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Southern Nevada Water Authority project, if approved, will utilize ARRA funds.

The Southern Nevada Water Authority (SNWA) is requesting \$2.75 million from the DWSRF to implement “green” infrastructure improvements at the Alfred Merritt Smith and River Mountains water treatment facilities.

### **DESIGN FEATURES**

The project includes two phases: Phase 1 funds will be utilized to perform a facility audit of the Alfred Merritt Smith and River Mountain Water treatment facilities to identify improvements that will yield energy, water, gas and other conservation benefits. This three month process will include a cost-benefit analysis to ensure that loan funding is applied toward the most beneficial facility improvements. Phase II funds will be used to implement those actions that provide the highest value, both in terms of conservation and cost. The duration of this phase is anticipated to be approximately nine months.

## **GREEN FEATURES**

The project will result in water, energy and other green infrastructure improvements at the Alfred Merritt Smith and River Mountains Water Treatment Facilities. Implemented improvements will result in long-term energy, water efficiencies or other savings and will reduce operation and maintenance costs associated with these facilities.

### ***Water Conservation***

In the past few years, SNWA has witnessed extraordinary conservation achievements. Participation in the SNWA rebate programs realized record-breaking results, including peak participation levels in almost every area. These efforts resulted in a reduction of Southern Nevada's annual water consumption by nearly 21 billion gallons (between 2002 and 2008), despite a population increase of 400,000 people during that span. Available data indicate that in 2008, the SNWA achieved its 2005 conservation goal of 250 GPCD – two years ahead of schedule.

In May 2009, the Conservation Plan was updated and adopted by the SWNA Board of Directors. The 2009-2013 Plan establishes a new conservation goal to reach 199 GPCD by 2035.

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

The Southern Nevada Water System (SNWS) is the wholesale water provider to the Big Bend Water District, City of Boulder City, City of Henderson, City of Las Vegas, City of North Las Vegas, Clark County Water Reclamation District and Las Vegas Valley Water District. The estimated population served by SNWS is 2,000,000.

The estimated future population is 3,000,000 by 2020.

### ***Environmental Review***

Since the project involves improvements to existing treatment facilities, the project is eligible for a Categorical Exclusion. At the time of the preparation of this report, the Categorical Exclusion process had been initiated but not yet completed. The environmental review process will be completed prior to the Division entering into a loan agreement with SNWA.

### ***Permits***

No permits are anticipated for this project.

### ***Cost Estimate***

The estimated total project cost is \$2.75 million.

### ***Jobs Created***

The energy audit will recommend specific improvements. Since the actual improvements have not yet been identified, the estimated number of jobs cannot be determined.

### ***Financial Evaluation***

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

- In order to ensure sustainable long-term financial management practices, the SNWA maintains a comprehensive financial model that considers projected growth, water sales, sales tax projections, debt services costs and other variables. This model is updated annually, and more frequently as conditions warrant. SNWA meticulously tracks water

billing and usage statistics to guide its rate making decisions assuring generation of sufficient revenue to pay all proper operation and maintenance (including replacement) costs of the water system.

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

SMWA is scheduled to adopt its revenue bond resolution on August 20, 2009. The term of the loan is expected to be for up to 20 years with an annual percentage rate of 0%.

**Water Rates**

The proposed energy audit and improvements will be conducted at the Southern Nevada Water System (SNWS) facilities. Since SNWS is a wholesale water provider, water rates are not applicable.

The SNWA has the following sources of revenue:

<b>Revenue Source</b>	<b>Audited 2006/2007 Collection Total</b>
Regional Connection Charge	\$121,359,088
Regional Commodity Charge	\$15,049,243
Regional Reliability Surcharge	\$3,779,815
Sales Tax	\$51,527,635

**Technical, Managerial and Financial Capacity**

SNWA is the largest utility in the state and employs highly qualified individuals. The SNWA services its outstanding debt obligations through commodity and reliability charges, sales tax revenues, and regional connection charges. In order to ensure sustainable long-term financial management practices, the SNWA maintains a comprehensive financial model that considers projected growth, water sales, sales tax projections, debt services costs and other variables. This model is updated annually, and more frequently as conditions warrant. The SNWA also has a sophisticated asset management program.

**Compliance with Safe Drinking Water Act**

SNWA is in compliance with requirements of the Safe Drinking Water Act.

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

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.946 million remains available for loans. Of the \$18.46 million, the Board committed \$10,469,350 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.17 million in uncommitted ARRA loan funds will remain.

**Division Recommendations**

There is \$2 million in ARRA funding reserved for the SNWA green project. However, the exact cost for a number of other ARRA funded projects approved by the Board is unknown since these projects have not yet gone out to bid. If bids come in significantly below the engineer's estimate, there will be extra ARRA funds that will need to be committed to construction contracts in a relatively short period of time. The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$2.75 million to the Southern Nevada Water Authority which is \$750,000 more than is currently available for the SNWA project. The Board approving a loan

commitment for more than is currently available for this project will give the Division the capability to commit funds quickly without having to schedule a Board meeting.

The loan will be for a term of not to exceed 20 years and at an annual interest rate of 0%. The loan agreement will be for \$2 million. If additional funds become available, the loan agreement will be increased to \$2.75 million. The Division and the Southern Nevada Water Authority will negotiate the terms and conditions of a loan agreement.

# ATTACHMENT 6

Topaz Lake Water Company Loan Commitment

# **Topaz Lake Water Company Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund May 2009**

**Applicant: Topaz Lake Water Company, Inc.**  
**Project: Water System Improvements**  
**Total Cost: \$780,000**

### **BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Topaz Lake Water Company project, if approved, will utilize ARRA funds.

Topaz Lake Water Company service area encompasses approximately 40 acres and is situated between US Highway 395 and the west shore of Topaz Lake. Topaz Lake is a recreational destination. The water company currently serves 15 residences and 3 commercial operations.

The Topaz Water Company wells have arsenic levels that average between 20 ppb to 49 ppb, which exceeds the maximum contaminant level (MCL) for arsenic of 10 ppb.

### **CURRENT SYSTEM**

The source of water is 3 wells with a combined source design capacity of 150 gpm. The average daily production is 28 gpm. A carbon filter is installed on well #1 to remove VOCs. The water system has one 300,000 gallon storage tank and the distribution system.

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

The water company currently serves 15 residences and 3 commercial operations. The commercial services include the Topaz Lake facility (7 service connections to the various lodge facilities, 2 of which serve approximately 50 RV spaces), East Fork Fire Department fire house and Topaz Lake Marina and RV Park (approximately 12 RV spaces). No system expansion is proposed, planned or anticipated.

## **PROPOSED PROJECT**

### ***General Description***

The proposed project includes the installation of a central treatment system located at well #1, equip well 4, located approximately 250 feet southwest of the proposed treatment facility, abandon well 2 and pipe wells 3 and 4 to central treatment. A packaged coagulation/filtration arsenic treatment unit is recommended that would consist of three 42-inch diameter filtration vessels that would use Adedge AD 26 GS+ media which is a manganese dioxide media. The coagulation/filtration process will require a ferric chloride oxidant feed ahead of filtration. A CO<sub>2</sub> gas injection system will be installed to adjust pH. Additionally, a disinfection system using sodium hypochlorite is proposed.

The coagulation/filtration process will require regular backwashing. Backwash water will be sent to a holding tank where it will be pumped to the wastewater treatment plant.

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

The alternatives of drilling a new well locally or off-site, using surface water and piping water from Topaz Ranch Estates were analyzed for bringing the Topaz Lake water supply into compliance with the arsenic standard. An arsenic free new water source is not available in the immediate vicinity of the project area. Potentially, new water sources may be located northwest several miles from the project site. Importing water from the northwest was determined to be a very expensive option and would be time consuming in terms of implementation, in particular with land and right-of-way acquisitions for well fields and transmission piping. Utilizing Topaz Lake water was also determined to be a high cost option because it would require the construction of a surface water treatment plant, installation of pumps and transmission.

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has made a finding of no significant impact (FONSI) for the Topaz Lake Water Company project. The basis of this determination is that the project construction consists mostly of rehabilitation of existing infrastructure. The location of the new treatment plant is on property owned by Topaz Lake Water Company and this property has been previously disturbed. Best management practices will be utilized during construction.

### ***Permits***

The following permits are required for the project:

1. NDEP Bureau of Safe Drinking Water Approval
2. Douglas County Building Permit
3. PUC UEPA Permit

### ***Cost Estimate***

The total cost is \$780,000

**Jobs Created**

It is estimated that project construction will create approximately 8 jobs.

**Financial Evaluation**

The Topaz Lake Water Company appears to have the capability to repay the loan through income from the properties served by the water company.

NDEP and Topaz Water Company will agree on the security for the loan as part of the loan contract negotiation process. Security will likely include a personal assurance from the Company President and Director of the Corporation and a CD equal to two year's debt service. The Company President's financial statements have been reviewed and it appears he has the ability to provide adequate security with a personal assurance.

**Water Rates**

Currently, each residential customer pays \$180 per year for service, the marina pays \$900 and the County firehouse gets its water service for free. In order to pay for the cost and continued operation of the treatment facility, these rates will have to be increased significantly, including rates for the County firehouse. At a minimum, the Water Company will have revenues of about \$24,000 per year. Due to a statutory interpretation issue, there is some question whether the Water Company can increase its annual revenues above \$25,000 per year without becoming subject to the jurisdiction of the Public Utilities Commission of Nevada (PUCN). The Water Company is currently seeking clarification on this issue from the regulatory operations staff of the PUCN. If allowed, the Water Company would increase its annual revenue to about \$50,000 per year.

**Technical, Managerial and Financial Capacity**

The water quality currently meets the MCLs and all monitoring requirements have been met. Topaz Lake Water Company employs a certified operator who has the technical knowledge and ability to operate the system. The proposed project will bring the system into compliance with the MCLs. The Water Company has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

**Compliance with Safe Drinking Water Act**

The Topaz Lake Water Company is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. This project will bring the system into compliance with the Safe Drinking Water Act.

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

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.46 million remains available for loans. Of the \$18.46 million, the Board committed approximately \$10.7 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.15 million in uncommitted loan funds will remain.

**Division Recommendations**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$780,000 to Topaz Lake Water Company. The loan will be for a term of not to exceed 20 years and at an annual interest rate of 0%. The Division and the Topaz Lake Water Company will negotiate the terms and conditions of a loan agreement.

# ATTACHMENT 7

Alamo Water and Sewer GID Loan Commitment

# **Alamo Sewer and Water GID Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2009**

**Applicant: Alamo Water and Sewer GID**  
**Project: Water System Improvements**  
**Total Cost: \$302,000**

### **BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Alamo Sewer and Water General Improvement District project, if approved, will utilize ARRA funds.

The unincorporated town of Alamo is located in Lincoln County, Nevada approximately 90 miles north of Las Vegas and is home to the Pahranaagat National Wildlife Refuge. The primary industry of the town is ranching. Alamo is also a bedroom community for many who work in Las Vegas even though the commute is over 100 miles one way.

The arsenic concentration in Alamo’s water exceeds 30 ppb which makes them ineligible for an extension to their arsenic exemption. The Alamo Water and Sewer GID is currently under an NDEP Administrative Order.

### **CURRENT SYSTEM**

The Alamo Sewer and Water General Improvement District (ASWGID) water system is supplied by four wells. A 500,000-gallon, welded, steel tank provides all of the system’s

storage. The distribution system piping, valves and tank are within their useful life, and the water supply wells have undergone regular maintenance.

**Customers, Population and Growth**

	Active	Inactive	Total
Residential Connections	275	37	312
Commercial Connections	10	8	18
Population	950	NA	950

**PROPOSED PROJECT**

**General Description**

The proposed project to bring the water system into compliance with the arsenic standard includes the following components:

1. Connect the Industrial Park well to the water system. The Industrial Park well has the lowest arsenic concentration.
2. Separate predominantly irrigation uses from the potable water supply. Serving irrigation users (ballfields and parks) from poorer water quality wells that are separated from the drinking water system will conserve water with the lowest arsenic concentration and thus reduce operational costs.
3. Exploration drilling for a backup water supply. Exploring for water with a lower arsenic concentration and higher production capacity will result in lower operation and maintenance costs. Water with lower arsenic concentrations has been sampled north of the community.
4. Installation of the backup water supply well with lower arsenic concentration and higher capacity at the location and depth identified during exploration drilling
5. Installation of pipe to connect the backup well.
6. Construct treatment if needed.

Implementation of some of the above components is dependent on the outcome of other components. Since the ARRA funds are limited and the fact that ARRA requires that all funds be under construction or construction contract by February 2010, staff is recommending that exploration drilling be funded with ARRA funds at this time. In addition, staff is recommending the engineering costs associated with connecting the Industrial Park well be funded with ARRA funds contingent upon the Bureau of Safe Drinking Water approving the use of the Industrial Park well in the municipal water system. In the event that other ARRA projects bids come in under the engineer’s estimate, NDEP will need projects that are ready to go in order to meet the February 2010 deadline. Completing the design for connecting the Industrial Park well will generate a project that is ready to go to construction should additional funds become available.

**Alternatives to Proposed Project**

The significant difference between arsenic concentrations in the existing and proposed water resources is justification for attempting to develop alternative water sources. Arsenic concentrations in the existing wells are between 25 and 50 ppb and concentrations in the carbonate aquifer north of Alamo are less than 5 ppb. Funding of exploratory drilling will provide the information to complete the alternatives analysis.

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has made a finding of no significant impact (FONSI) for the Alamo Water and Sewer GID exploratory drilling. The basis of this determination is that the project construction is temporary and in areas which have been previously disturbed. The process for issuing a FONSI has been initiated, but is not yet complete. The FONSI will be issued prior to NDEP executing the loan contract.

**Permits**

The following permits are required for the project:

1. NDEP Bureau of Safe Drinking Water Approval
2. Exploratory wells will require: Underground Clearance, Exploratory Well Waiver, Affidavit of Intent to Abandon and Intent to Drill

**Cost Estimate**

The total cost for two exploratory wells and design to connect the Industrial Park well is \$302,000.

**Jobs Created**

It is estimated that project construction will create approximately 8 jobs.

**Financial Evaluation**

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

According to a 2009 income survey conducted by Nevada Rural Water Association, the MHI for the population served by the Alamo Sewer and Water GID is \$32,833. Therefore, Alamo meets the requirements for additional subsidies, making a principal forgiveness loan granted to the Alamo Sewer and Water GID appropriate.

**Cost Estimate – ARRA Funding**

Total Project Cost	\$3,863,700
Alamo/Other Contribution	\$3,561,700
ARRA Loan	\$302,000

The NDEP Office of Financial Assistance (OFA) recommends that the Alamo Water and Sewer GID be granted a principal forgiveness loan in the amount of \$302,000 through the American Recovery and Reinvestment Act (ARRA) Drinking Water State Revolving Fund Grant. As described above, Alamo has proposed a multi phase project. At this time, it is not known if all phases will be needed to achieve compliance with the arsenic standard. The total project cost in the above table is for all phases.

**Water Rates**

The monthly water fee is \$27.00 plus \$0.50/1,000 gallons resulting in an average or “typical” monthly water bill of \$30.75 for 15,000 gallons.

**Technical, Managerial and Financial Capacity**

The water quality currently meets the MCLs with the exception of arsenic and in general all monitoring requirements have been met. The GID employs a certified operator who has the technical knowledge and ability to operate the system. The proposed project is the first phase towards bringing the system into compliance with the MCLs. The GID has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

**Compliance with Safe Drinking Water Act**

The Alamo Water and Sewer GID is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. This project is the first phase toward bringing the system into compliance with the Safe Drinking Water Act.

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

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.946 million remains available for loans. Of the \$18.46 million, the Board committed \$10,469,350 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.15 million in uncommitted loan funds will remain.

**Division Recommendations**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$302,000 to Alamo Water and Sewer GID. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Alamo Water and Sewer GID will negotiate the terms and conditions of a loan agreement.

## ATTACHMENT 8

Silver Springs Mutual Water Company Loan Commitment

**Request to Amend  
Silver Springs Mutual Water Company  
American Recovery and Reinvestment Act  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
July 2009**

**Applicant: Silver Springs Mutual Water Company**  
**Project: Consolidate Five Star Mobile Home Park**  
**ARRA Funds: \$791,000**

**BACKGROUND**

At the June 15, 2009 Board for Financing Water Projects meeting, the Board denied a proposed loan commitment for the Five Star Mobile Home Park. The Board requested that this project be brought back to the July meeting and specifically requested that the following three items be addressed:

1. Investigate the feasibility of consolidation with the Silver Springs GID
2. Investigate the feasibility of consolidation with the Silver Springs Mutual Water Company
3. Determine the financial impact on residents of the mobile home park if a 0% loan is offered.

**Feasibility of Consolidating with Silver Springs GID**

Given that Silver Springs GID provides sewer service only and that Lyon County does not have any utility operators located in Silver Springs, Lyon County agreed that it makes more sense for the Mutual Water Company to take the lead on consolidation.

**Feasibility of Consolidating with Silver Springs Mutual Water Company**

Numbers on the cost of running a water line from the Mutual Water Company to Five Star Mobile Home Park were updated using results of recent bid awards. The Mutual Water Company maintains two pressure zones. The feasibility of extending the water mains from the closest possible location from each of the pressure zones was analyzed and it was determined that it is more advantageous to extend a water main from the higher pressure zone.

The map in Attachment 1 shows the proposed point of connection with the Mutual Water Company water system. The point of connection would be on Ramsey Weeks cutoff, where a 12-inch waterline currently exists. The water main extension would be approximately 17,000 feet long.

Five Star Mobile Home Park would become a customer of the Mutual Water Company, served through a master meter, and no longer exist as a public water system. The existing well would need to be abandoned and the water rights transferred to the Mutual Water Company. The park does have sufficient water rights for all 29 units.

**Rate Impact**

The estimated monthly user fee that would be charged by Silver Springs Mutual Water Company to Five Star Mobile Home Park customers is \$26.00.

**Cost Estimate**

The total estimate for the consolidation with the Mutual Water Company alternative is \$791,000.

**Benefits**

Although this is an expensive project for 29 customers, consolidation has the following benefits over constructing a new well and treatment facility to serve only Five Star MHP:

1. The Five Star MHP water system would no longer exist.
2. Fire protection is provided.
3. 3 miles of new pipeline would open up a significant amount of highway frontage to development.
4. The new pipeline would provide many existing residences, currently on domestic wells, access to safe, reliable water. Based on prior surveys and field work, almost every private well in the area exceeds the drinking water standard for arsenic.
5. Consolidation provides a more reliable and less costly source of water.

**0% Interest loan**

The cost per customer for the 29 mobile home park residents for the project of drilling a new well and installing central treatment financed with a 20 year 0% interest loan is \$83.33. The cost for a 30 year 0% interest loan is \$55.56.

**STAFF RECOMMENDATION**

Staff recommends that the Board approve additional funds for the existing Silver Springs Mutual Water Company loan commitment to cover the cost of installing a pipeline to consolidate Five Star Mobile Home Park. The amount of additional funds needed is \$791,000. The source of these funds is ARRA. Since both Five Star and Silver Springs Mutual Water Company meet the definition of a disadvantaged community, principal forgiveness is recommended.

## ATTACHMENT 9

Tolas Water Works Loan Commitment

# **Tolas Water Works American Recovery and Reinvestment Act Loan Commitment**

## **Board for Financing Water Projects Summary Drinking Water State Revolving Fund July 2009**

**Applicant: Tolas Water Works**  
**Project: Water System Improvements**  
**Total Cost: \$720,000**

### **BACKGROUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Tolas Waterworks project, if approved, will utilize ARRA funds.

The proposed project is to provide safe drinking water to residents in the Deluxe, Tolas and South Maine Mobile Home Parks (MHPs) by constructing a new well and arsenic removal treatment plant. The water supply in all three of the mobile home parks exceeds the drinking water standard for arsenic. Two of the three parks have recurrent bacteriological contamination resulting in the state issuing standing boil water orders. Water in one of the parks also exceeds the drinking water standard for uranium.

Tolas Waterworks is nonprofit entity created to solve the water problems of the three mobile home parks. The residents of these mobile home parks are very low income. Creation of a water cooperative will provide the institutional structure to address technical, managerial and financial issues.

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

The total residential customers for all three parks is 110 serving a total population of approximately 250.

## **PROPOSED PROJECT**

### ***General Description***

The newly created Tolas Waterworks, a nonprofit organization, is proposing to install a new deep well to replace the existing wells and draw water from the basalt aquifer. Since arsenic concentrations in the deep aquifer exceed the arsenic drinking water standard, an arsenic removal treatment facility is proposed. For a small water system, the best available technology is granulated ferric hydroxide adsorptive media. This technology does not require backwash and therefore disposal of arsenic laden backwash water is not an issue. The filters will need to be "fluffed". It is proposed that the fluff water be recycled to the head of the treatment plant.

### ***Compliance Issues***

Each of the MHPs has a number of serious compliance issues. The most serious compliance issues are summarized below.

#### Deluxe:

- Well does not comply with 50' seal requirement
- Boil Water Order issued after confirmed acute total coliform MCL violation for E.Coli 11/29/07. Boil Water Order still in effect
- Arsenic exceeds MCL – exemption extension issued

#### Tolas:

- Well does not comply with 50' seal requirement and near irrigation ditch
- Boil Water Order until new source is available
- Arsenic exceeds MCL – exemption extension issued

#### South Maine:

- Wells do not have required 50' sanitary seal
- Arsenic exceeds MCL – not eligible for exemption extension
- Uranium exceeds MCL

## **ALTERNATIVES TO THE PROPOSED PROJECT**

### ***Consolidation with the City of Fallon***

Starting in 2004, efforts have focused on consolidating the Mobile Home Parks with the City of Fallon since City water is very close. The City code requires that in order to receive water service, the Mobile Home Parks must annex into the City. Prior to annexation, the Mobile Home Parks must comply with the following conformance conditions:

- Connect to sewer
- Install curb and gutter
- Pave interior streets
- Provide a minimum of 1,650 square feet per trailer
- Install street lighting

The connection costs, which includes water rights and sewer connection, for all three parks is over \$1 million. Consolidation with a municipal system is the preferred alternative, even with

the connection cost alone totaling more than the proposed project. However, the additional conditions listed above required by the City prior to annexation make consolidation infeasible. The cost of paving interior streets, installing curb and gutter and providing street lighting are prohibitive. In addition, the current configuration of the three mobile parks do not meet the minimum space requirement of a minimum of 1,650 square feet per. To satisfy this requirement, trailer pads and all utilities would need to be moved.

For the past 5 years, there have been repeated attempts to negotiate with the City of Fallon for a reasonable compromise on the above conformance conditions. Efforts have included several meetings with the Mayor and meetings with all stakeholders. None of these attempts have produced a solution. Attached in Appendix 1 is the most recent correspondence from the City of Fallon regarding providing water to the MHPs.

### ***Navy Water***

Tapping into the Navy's supply line which is adjacent to the MHPs was also investigated. However, the Navy would not grant permission.

### ***Consolidation with Churchill County***

Connection to the Churchill County's Sand Creek Water Operations Center was evaluated. Constructing a waterline from the MHPs to Sand Creek is estimated to cost in excess of \$3 million according to the County engineer at a meeting held with all stakeholders in July 2008.

The County suggested "wheeling" county water through the City distribution system to wholesale to the MHPs. The City will not allow any "non City" water in their distribution system.

### ***Point of Use***

Point of use treatment was considered as an option for treatment. For point of use to be approved by the Bureau of Safe Drinking Water, all water users must agree to allow the operator access to their home to maintain the filter unit. Point of use treatment does not address the wells lacking sanitary seals and therefore does not address the issues that prompted the boil water orders.

## **ENVIRONMENTAL REVIEW**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a finding of no significant impact since construction will take place on already disturbed land. The location of the proposed well and treatment facility is on property owned by the mobile home parks and this property has been previously disturbed. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring that the customers receive water that is safe to drink. Consultation with the State Historic Preservation Office has been initiated. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

## **PUBLIC PARTICIPATION**

There has been informal and formal public notification about the arsenic exemption and administrative order.

## **PERMITS**

The following permits are required for the project:

1. NDEP Bureau of Safe Drinking Water Approval

2. Churchill County Building Department – Permit for building to house the water treatment plant
3. Churchill County Planning - Roadway Easment in Tolas Place to install a new water main to connect all three mobile home parks to the proposed treatment plant
4. Water Resources – permit to drill the new well

**FINANCIAL REVIEW**

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

The median household income of the census block within Fallon that includes the mobile home parks is \$28,231. This MHI meets, the requirement for additional subsidy, making a principal forgiveness loan appropriate for the Tolas Waterworks.

**COST ESTIMATE**

The total project cost is \$720,000.

New well	\$260,000
Treatment	\$460,000
Total	\$720,000

The cost estimate does not include the cost of replacing water lines within each of the parks. The amount of ARRA funds is limited and in order to fund as many of the state’s highest priority projects related to compliance with drinking water standards, only project elements directly related compliance have been recommended for funding on this and other ARRA funded projects.

The three mobile home parks have made contributions to the project by paying for the attorney to create the nonprofit cooperative. They will pay the costs of additional water rights required. The amount of additional water rights has not been determined by the state engineer’s office.

Staff is recommending an ARRA loan with 100% principal forgiveness in the amount of \$720,000.

**JOBS CREATED**

The proposed project will result in the creation of approximately 10 jobs related to construction.

**TECHNICAL, MANAGERIAL AND FINANCIAL CAPACITY**

Tolas Waterworks is nonprofit entity created to solve the water problems of the three mobile home parks. The nonprofit water cooperative will provide the institutional structure to address technical, managerial and financial issues. Tolas Waterworks will be required to hire an operator certified at the appropriate level to operate the new treatment plant. The ownership of the three water systems changing to a single entity should save cost on hiring a certified operator and sampling costs.

The estimated cost to operate and maintain the new treatment system is included in Attachment 2. Also in Attachment 2 is an estimate of reasonable amount to contribute towards capital replacement fund. The loan contract between Tolas Waterworks and the Division will include requirements to pay the cost of operation, maintenance and capital replacement.

#### **COMPLIANCE WITH THE SAFE DRINKING WATER ACT**

As discussed in the compliance issues section above, the 3 mobile home parks are out of compliance with the Safe Drinking Water Act. This project is intended to bring the consolidated system into compliance with the Safe Drinking Water Act.

#### **STATUS OF DWSRF ARRA FUNDS**

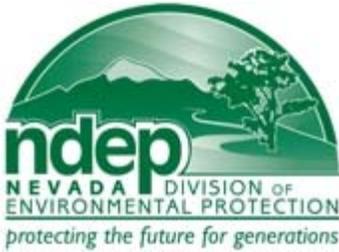
Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.946 million remains available for loans. Of the \$18.46 million, the Board committed \$10,469,350 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.15 million in uncommitted loan funds will remain.

#### **DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$720,000 to the Tolas Waterworks. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Tolas Waterworks will negotiate the terms and conditions of a loan agreement.

## ATTACHMENT 10

Jackpot Loan/Letter of Intent/Grant Application



# BOARD FOR FINANCING WATER PROJECTS

## SRF ARRA LOAN/LETTER OF INTENT/GRANT APPLICATION

### PROJECT SUMMARY

#### JULY 2009

**PROJECT:** Uranium Mitigation & Water System Improvements Project

**APPLICANT:** Elko County for the Town of Jackpot  
 Lynn Forsberg, Public Works Director  
 155 South 9<sup>th</sup> Street  
 Elko, Nevada 89801  
 (775) 738-6816

**APPLICANT STATISTICS:**

SYSTEM IN EXISTENCE PRIOR TO 1 JAN 1995 & PUBLICLY OWNED (NRS 349.983):	✓	Yes	No
-------------------------------------------------------------------------	---	-----	----

STATE MHI:	\$ 44,581
COMMUNITY MHI:	<b>\$ 30,488</b>

STATE MAX TAX RATE (PER \$100 ASSESSED):	\$ 3.64
COMMUNITY TAX RATE (PER \$100 ASSESSED):	<b>\$ 3.35</b>

NUMBER OF RESIDENTIAL UNITS:	516
NUMBER OF COMMERCIAL OR OTHER CONNECTIONS:	39
TOTAL NUMBER OF PERSONS SERVED:	1,250
PERCENTAGE OF RESIDENCES NOT PRIMARY	<5%

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:	\$ 38.11		
CURRENT SYSTEM WATER RATE:	<b>\$ 13.00</b>		

WATER CONSERVATION PLAN – DATE APPROVED/UPDATED:	NO CONSERVATION PLAN ON FILE WITH DWR		
O&M PROGRAM?	✓	YES	NO
X-CONNECTION CONTROL PROGRAM?	YES	✓	NO
EMERGENCY RESPONSE PROGRAM?	✓	YES	NO
WELLHEAD PROTECTION PROGRAM?	✓	YES	NO

PREVIOUS GRANT AMOUNTS:	NOT APPLICABLE
TOTAL GRANT AMOUNT USED:	NOT APPLICABLE
CAPITAL REPLACEMENT ACCOUNT FUNDED:	✓ YES NO
AMOUNT CURRENTLY IN FUND:	\$

TOTAL PROJECT COST:	\$ 2,846,000
TOTAL GRANT ELIGIBLE PROJECT COST:	\$ 2,846,000
TOTAL COST PER RESIDENTIAL CONNECTION:	~ \$ 5,516
SRF RANK :	CLASS II – CHRONIC (URANIUM)

LETTERS ON ABILITY/INABILITY TO FINANCE PROVIDED?	✓ YES NO
PER PROVIDED?	✓ YES NO

**BACKGROUND**

The Town of Jackpot is located on US 93 at the Idaho-Nevada line. This community, about 50 miles south of Twin Falls, was the first casino boomtown in Nevada after Las Vegas. There are approximately 1,250 permanent residents in Jackpot now, and although the town lacks a cemetery, it does have a school, a golf course, a magnificent enclosed swimming pool, tennis courts, over 100 RV spaces and an airport. Collectively Jackpot-area casinos are the largest employer in southern Idaho.

Jackpot may owe its existence to the presidential ambitions of Senator Estes Kefauver of Tennessee, who did Nevada a big favor in the early 1950s by crusading against illegal slot machines around the country. After Idaho outlawed all forms of casino gaming in 1954, "Cactus Pete" Piersanti and Don French moved their slot machine operations from Idaho to the Jackpot townsite. Piersanti's and French's gaming establishments were named Cactus Pete's and the Horseshoe Club respectively.

The Jarbidge Wilderness Area is in the mountains to the southwest of Jackpot, and the majority of the state's record deer have come from this part of the state. Sage grouse, chukar and pheasant hunting are also popular. There are many opportunities for stream, river and lake fishing. The Little Salmon River and its tributaries offer rainbow and brown trout, and Salmon Falls reservoir across the line in Idaho, boasts nine varieties of game fish including trout, salmon, bass and walleye.

**STATE DRINKING WATER REVOLVING FUND**

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

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

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Town of Jackpot Public Works project, if approved, will utilize ARRA funds for certain project elements relating to the chronic issue of uranium found in one of the town’s wells.

#### **PREVIOUS GRANTS & OBSERVANCE OF BOARD POLICY**

There have been no previous SRF loans or state grants made to Elko County for Jackpot’s water system. Elko County (County) is an eligible grant recipient per NRS 349.983 1 (a) and (b)<sup>1</sup>.

#### **EXISTING SYSTEM**

The Town currently has 5 wells. Wells 1, 2, and 3 together only provide approximately 1,200 gpm. Well 4 is currently disconnected from the system and provides irrigation for the golf course only. Well 5 is the largest well and operates at approximately 2,400 gpm. Chlorination is supplied to the distribution system at Wells 1 and 5. Based on the demands, the system cannot meet the average summer day demand with the largest well out of service.

The system has 1,400,000 gallons of storage across three storage tanks: Tank #1 – 1-million gallons, Tank #2 – 300,000-gallon, and Tank #3 – 100,000-gallon.

In March 2004, High Desert Engineering prepared a “Water System Master Plan” for the Town of Jackpot. In July 2008, ECO:LOGIC prepared a Preliminary Engineering Report that updated costs and alternatives for the water system to come into compliance with the requirements of the Nevada Administrative Code (NAC). Costs were again up-dated in June 2009.

Well 5 is powered by a 250-horsepower vertical, hollowshaft motor. The motor is started across-the-line without reduced voltage starting and causes voltage dips in the vicinity of the well on start-up. It also contributes to high power bills due to the “demand charge” portion of the electric bill, which is based on the peak power consumption observed at the service during the start-up period. In addition to the voltage dips, the start-up can contribute to hydraulic surges in the distribution system.

Water quality testing has revealed that uranium is present in all of the Town wells and is above the drinking water standard in Well 2. Uranium is a naturally occurring element found at low levels in virtually all rock, soil and water. Alpha radiation is not particularly dangerous unless ingested into the body, which is why uranium is a concern in drinking water.

The existing water system is unmetered. Based on the average day usage during the summer months, the usage rated per equivalent residential unit appears to be nearly double the typical peak demand for systems of similar size and environmental conditions.

---

<sup>1</sup> **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.

## **CUSTOMERS, POPULATION AND GROWTH**

The number of persons currently served is approximately 1,250. The Master Plan projected a growth rate for the community of 1½% for the 20-year design period.

## **PRELIMINARY ENGINEERING REPORT**

If the Town elects to do nothing, the system will remain in non-compliance with NAC requirements for system pressure and the ability to operate with the largest well out of service. Due to the limited amount of storage available, it is also likely that a sustained power outage in the summer could require emergency actions by the operator to avoid losing all storage and loss of system pressure. Well 2 has been determined to be above the uranium MCL, and cannot be used without some form of mitigation. These conditions result in a deficiency of adequate water supply to the Town.

The Jackpot water system was inspected by the Nevada Bureau of Safe Drinking Water (BSDW) in June, 2007, and the BSDW observed that the concrete underground Tank No. 1 has openings that could allow contamination to enter the tank. They recommend abandonment and/or replacement of the underground concrete tank, due to a cracked seam, visible rebar, and holes in the tank. It is, therefore, recommended that the use of this tank be discontinued.

It was noted in the applicant statistics that the Town of Jackpot does not have a cross-connection control program. According to the County, there is a cross-connection control program for the Town, and it is included in County Ordinances. It is not clear how well cross-connection control is observed in Jackpot.

Jackpot receives its power from Raft River Electric in Malta, Idaho, and according to residents, when a power outage does occur it is not uncommon for the electricity to be off for several hours at a time. If a prolonged power outage were to occur in July or August, as often happens, and the well with the standby engine generator were off line for some reason, the system would not be able to meet the demand and would rapidly deplete the available storage.

Under the NAC, the Jackpot system needs to have a total capacity sufficient that it can supply: (1) maximum day demand, fire flow, and fire demand when all the facilities of the system are functioning; and (2) average day demand, fire flow and fire demand when the most productive well of the system is not functioning. Based on the analysis, the system has adequate supply with all existing facilities operating to meet the maximum day demand scenario. However, it cannot currently meet average day demand if the largest well (Well 5) is taken out of service.

The recommended project includes a new Well 6 to allow the system to operate and meet NAC requirements with the current largest well (Well 5) off-line, two small booster pumps to help alleviate low pressures in the north of the system, and abandonment of existing Well 2 which exceeds the uranium MCL. The Division ranked this project as a Class II water project per NAC 445A.67569 1 (b) (2)<sup>2</sup>.

The project plans to drill Well 6 within approximately 1,000 feet of the existing Well 5. The geology and hydrogeology of this area is relatively complex. Recent studies have shown inconsistencies in the subsurface flow. Well logs in the vicinity of Well 4 and Well 5 indicate that the areas consist of either

---

<sup>2</sup> **NAC 445A.67569 Priority list: Criteria for ranking water projects; prioritizing requests for certain financial assistance.** ([NRS 445A.270](#))

(2) A Class II water project is intended to address chronic health concerns by satisfying the requirements for water quality set forth in [NAC 445A.453](#) and [445A.455](#). The Division shall prioritize Class II water projects, giving projects with a higher score priority over projects with a lower score, according to the total score each receives for:

(I) Demonstrated or documented noncompliance with any one of the requirements for water quality set forth in [NAC 445A.453](#), 10 points each;

(II) Exceeding any one of the secondary drinking water standards found in [NAC 445A.455](#), 1 point each; or

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

volcanic ash or sandstone to a depth of approximately 150 feet, underlain predominantly by massive or fractured rhyolite. The upper ash and sandstone are not productive and screened intervals are limited to the fractured rhyolite below a depth of 400 feet. Given the uncertainties, it is recommended that an exploratory well be constructed, test pumped and sampled prior to installing a new production well. The cost of this exploratory well is included in the estimates.

Well 2 has been determined to be above the MCL for uranium. This well will have to be blended or treated before the water can be used in the system. If the new Well 6 is constructed, this will provide adequate supply so that the water system can afford to abandon Well 2. Since regulations can change in the future, and it is possible that the blending option may no longer be viable, it is recommended that this well be abandoned and the water rights relocated to the new Well 6. Note that if the water rights are removed from a production well, the Division of Water Resources (DWR) requires that the well be plugged. The recommended project includes abandonment and plugging of Well 2.

Two small booster pumps, at the new Well 6, are included in the project to alleviate low pressures in the northern portion of the community. The two pumps will not be designed to provide fire flow, since this can be provided from the existing system through a check valve. The installation of these pumps will create two pressure zones to avoid the low pressure issues in the northeast portions of the town.

Well 5 will also be provided standby power through a cable run from the proposed Well 6 back to Well 5. In this fashion, either well will be able to be run by the generator.

The Town adopted a wellhead protection program in 2005. A contaminate source inventory survey within 3,000 feet of the new well needs to be conducted prior to drilling. The location of the new Well 6 needs to be incorporated into Jackpot's Wellhead Protection Plan and submitted to the Bureau of Water Pollution Control, Groundwater Protection Branch for endorsement.

According to the DWR, the Town of Jackpot does not, currently, have a Water Conservation Plan on file with the division. It appears, however, that the Town has a draft Water Conservation Plan prepared in 2001. A Water Conservation Plan needs to be approved by DWR in accordance with NRS 540.131 to 540.151 inclusive.

Staff from the BSDW have reviewed the proposed system changes and up-grades (see Memorandum, Seifert to Stamates, July 9, 2009) and have found them made necessary to comply with regulations for Public Water Systems pursuant to Nevada Revised Statutes and the Safe Drinking Water Act.

#### **ALTERNATIVES TO PROPOSED PROJECT**

A short-term alternative to constructing a new back-up well for Well 5 was the construction of a well house to blend water from Well 2 (high in uranium) with water from Well 3 (low or non-detect for uranium) so that the blended water entering the distribution system would meet the MCL for uranium. The cost of the blending alternative for mitigation of uranium was estimated to be \$586,100.

This alternative, however, would not eliminate the need for a back-up well for Well 5 or equivalent storage to assure compliance with the NAC.

#### **ENVIRONMENTAL REVIEW**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP can utilize environmental reviews conducted by other agencies. USDA is conducting an environmental review on the entire project, including the SRF ARRA funded component. After USDA has completed their environmental review which is anticipated in the next week or two, NDEP will verify that the USDA analysis satisfies the requirements of NAC 445A.6758 to 445A.67612. If the NAC requirements are met, NDEP will concur with USDA's determination.

## PUBLIC PARTICIPATION

The proposed project is part of the Master Plan which was prepared for the Town of Jackpot in March 2004. The project was reviewed with the Town Advisory Board and the Board of County Commissioners at public meetings. The Town supports the installation of water meters and the new, tentative water meter rate proposed. That new rate is approximately \$30 per month for a base water usage of 5,000 gallons and an approximate \$0.82 per 1,000 gallons above the first 5,000-gallon base. This water rate would meeting the Board's policy for a metered water rate at 1.5% of the median household income for 15,000 gallons used in a month or \$38.20 per month for a residential customer using 15,000 gallons of water.

## PERMITS

A building permit will be required from the County Building Department. Also, the plans must be approved by NDEP, Bureau of Safe Drinking Water. Elko County owns the parcel where Well 5 sits and is also the parcel where the proposed Well 6 will be drilled and equipped.

## COST ESTIMATE

The total engineering and construction costs are estimated to be \$2,846,000. Bond counsel is estimated by the USDA to be approximately \$18,000. Elko County has stated that they expect the bond counsel to be significantly less; however, the conservative estimate of \$18,000 is used here. In addition, Elko County has agreed to provide necessary interim funding for the project at zero percent interest. The project will be funded as shown in the table below. An itemization of the engineering and construction funding is included as Attachment 2 at the end of this summary.

	<b>SFR ARRA (Stimulus Funds)</b>	<b>State Grant Funds (~50%)</b>	<b>USDA ARRA Loan Funds</b>
<b>Project 1: Drill &amp; Test New Well 6, Abandon Well 2; Engineering, Inspection &amp; Contingency</b>	\$737,000		
<b>Project 2: Well house &amp; Equip Well 6; Water Meter Installation; Up-grades to Well 5; Engineering, Inspection &amp; Contingency</b>		\$1,423,000	\$686,000
<b>Bond Counsel</b>		\$9,000	\$9,000
<b>Totals</b>	<b>\$737,000</b>	<b>\$1,432,000</b>	<b>\$695,000</b>

Note that Elko County and the Town of Jackpot have expended their own funds for the Master Plan (2004), Preliminary Engineering Report (2008), Amendment to the Preliminary Engineering Report (2009) and Environmental Report (2009). The total cost of this preliminary work was approximately \$153,827.

The state grant funding percentage is less than the Board's Grant Scale policy of 2007 and proposed amended policy of 2009 as the Jackpot water system enterprise fund has some debt capacity and is eligible for loan funds from the USDA. The USDA loan will be a 20-year loan.

## JOBS CREATED

The number of jobs created by construction of the project depends on the scope and size that is accepted by the funding agencies. It could be anywhere from 50 to a couple hundred depending on the size of the project.

## **FINANCIAL EVALUATION**

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

The Town of Jackpot is an enterprise fund of Elko County. It is a financially viable operation with the ability to meet costs of continuing operations and maintenance. According to the 2000 Census, the MHI for the population served by the Town of Jackpot water system is \$30,488. Therefore, Jackpot meets the requirements for additional subsidies, making a principal forgiveness loan, in the amount of \$737,000, granted to Elko County for the Town of Jackpot appropriate.

The Jackpot water system is not, currently, metered. The flat water rate monthly water rate per equivalent residential unit is \$13 per month. The minimum water rate that conforms to the Board's policy, based on 1.5% of the median household income (MHI) of \$30,488 and a 15,000-gallon usage, is \$38.11 per month for residential users. There are 516 active residential connections and 39 non-residential users. However, of the residential connections, only 41 are single family homes.

Based on future debt service, short term asset replacement savings and capital replacement savings resulting from this project, Elko County will need to increase water user rates for the Town of Jackpot. In order to be eligible to receive grant funding from the state capital improvements program or grant funding from the USDA-RD, there must be a plan to increase rates to conform with the required 1.5% of MHI.

Elko County, with the approval of the Town Advisory Board and Board of County Commissioners, has provided a tentative metered rate plan. Elko County and the Town of Jackpot will monitor the water usage after the water meters are installed to determine the usage by category and meter size and assure that the metered rate implemented meets all of the water system financial requirements to remain viable.

The water system contributes \$20,000 annually to a capital replacement fund. This is not a restricted fund however and it appears that transfers are made regularly to the Town fund for other projects. Any remaining money in this fund had been used to replace and refurbish worn out equipment within the water system.

## **TECHNICAL, MANAGERIAL AND FINANCIAL CAPACITY**

The Town of Jackpot is addressing all of the deficiencies identified on the most recent sanitary survey with this project. All monitoring and water quality requirements have been met. The system employs certified operators. Elko County has the ability to conduct the administrative and financial affairs for the Town of Jackpot and the Jackpot water system enterprise fund in a manner that ensures compliance with all applicable standards.

## **COMPLIANCE WITH THE SAFE DRINKING WATER ACT**

The Town of Jackpot water system had a maximum contaminant violation (#2007-531) on 1/2/2007 for uranium. No other violations have been reported and the system is in compliance with requirements of the Safe Drinking Water Act. This project will ensure continued compliance with the Safe Drinking Water Act. In addition, this project will bring the Jackpot water system in compliance with the NAC.

## **STATUS OF DRINKING WATER STATE REVOLVING LOAN FUND ARRA FUNDS**

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$18.946 million remains available for loans. Of the \$18.46 million, the Board committed \$10,469,350 at the June 15, 2009 Board meeting. If all of the loan commitments on the July 24, 2009 Board agenda are approved, \$1.15 million in uncommitted loan funds will remain.

## **DIVISION SRF RECOMMENDATIONS**

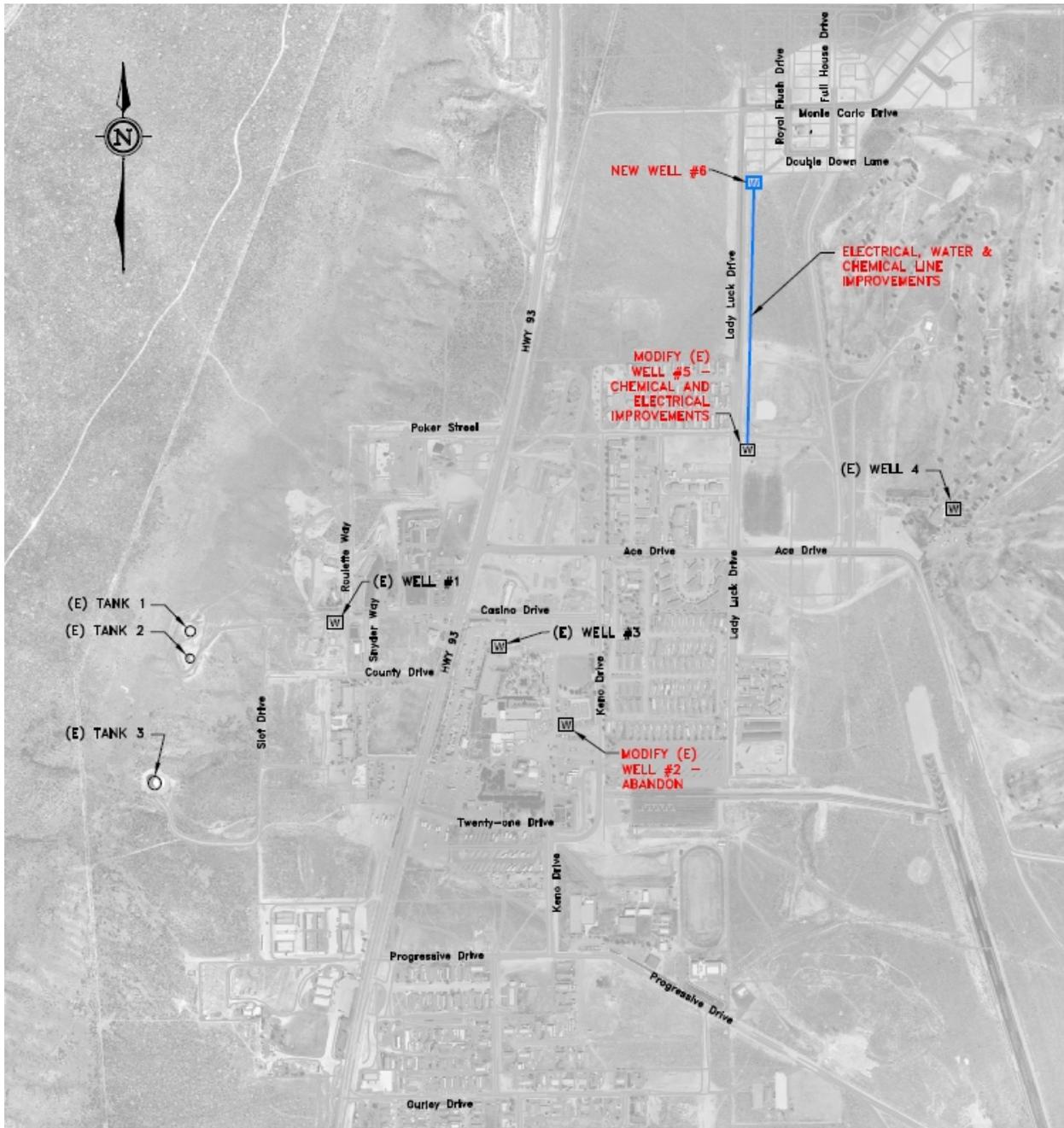
The Division recommends that the Board for Financing Water Projects approve a principal forgiveness loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$737,000 to Elko County for the Town of Jackpot for Project 1 as outlined above. The Division and Elko County will negotiate the terms and conditions of a loan agreement.

## **DIVISION CAPITAL IMPROVEMENTS GRANT PROGRAM RECOMMENDATIONS**

The Division also recommends that the grant application for the proposed uranium mitigation and distribution system up-grade project be approved subject to the conditions given. The grant amount would not exceed \$1,432,000 (approximately 50% of the total eligible project cost of \$2,864,000). Match funding for Project 2 will come from a loan provided by the USDA-RD in the amount of \$695,000.

## **GRANT CONDITIONS**

1. Elko County is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
2. Prior to the execution of the Funding Agreement, a Water Conservation Plan must be approved by the Division of Water Resources and adopted by the Grantee in accordance with NRS 540.131, .141 and .151.
3. The new well location needs to be incorporated into Jackpot's Wellhead Protection Plan and submitted to the Bureau of Water Pollution Control, Groundwater Protection Branch for endorsement.
4. Elko County must provide final a plan and schedule to increase water rates to at least the minimum amount described in the Board's policy on water rates. A metered rate must be in place within 180 days after completion of the water meter installation.



**SITE MAP**

SCALE: 1" = 800'

Item No.	Description	Qty.	Unit	Unit Cost	Cost	ka / rk 06-18-09	
<b>STIMULUS FUNDED PORTION OF PROJECT</b>							
1.0	<b>New Well No. 6</b>						
	<b>Well Drilling Items</b>						
1.1	Mobilization / Demobilization	1	LS	\$25,000	\$25,000		
1.2	Test Wells with Packer Testing at Intervals	2	Ea.	\$50,000	\$100,000		
1.3	36" Conductor Casing, w/seal	30	LF	\$500	\$15,000		
1.4	26-Inch Diameter Bore Hole	400	LF	\$175	\$70,000		
1.5	Bore Hole Geophysical Log	1	LS	\$4,500	\$4,500		
1.6	18-Inch Diameter Blank Stainless Steel Casing	230	LF	\$300	\$69,000		
1.7	18-inch Diameter Stainless Steel Screen	200	LF	\$400	\$80,000		
1.8	Gravel Filter Pack	25	CY	\$1,200	\$30,000		
1.9	Sanitary Seal	20	CY	\$600	\$12,000		
1.10	Well Development	1	LS	\$20,000	\$20,000		
1.11	Testing, Mobilization & Demob.	1	LS	\$10,000	\$10,000		
1.12	Install and Remove Test Pump	500	LF	\$50	\$25,000		
1.12	Test Pumping	36	HR	\$750	\$27,000		
1.13	Laboratory Testing	1	LS	\$5,000	\$5,000		
				<b>Subtotal</b>	<b>\$493,000</b>		
2.0	<b>Well 2 Abandonment</b>						
2.1	Salvage Existing Mechanical Equipment	1	LS	\$10,000	\$10,000		
2.2	Demolish Existing Wellhouse	1	LS	\$15,000	\$15,000		
2.3	Mobilize Drill Rig	1	LS	\$15,000	\$15,000		
2.4	Plug and Abandon Well 2	1	LS	\$35,000	\$35,000		
2.5	Restore Site and Landscaping	1	LS	\$5,000	\$5,000		
				<b>Subtotal</b>	<b>\$80,000</b>		
				<b>Construction Total:</b>	<b>\$573,000</b>		
	Design Engineering	8%			\$48,000		
	Construction Field Hydrogeology Services	1			\$50,000		
	Construction Management	2%			\$11,000		
	Construction Contingency	10%			\$57,000		
				<b>Subtotal</b>	<b>\$164,000</b>		
	<b>Total Design / Construction Cost</b>					<b>\$ 737,000</b>	

Item No.	Description	Qty.	Unit	Unit Cost	Cost	ka / ik 06-15-09
<b>New Well No. 6 Well Equipping</b>						
1.01	Mobilization / Demobilization	1	LB	\$40,000	\$40,000	
1.02	Site Work	1	LB	\$40,000	\$40,000	
1.03	Underground Exterior Piping	1	LB	\$50,000	\$50,000	
1.04	Water Lube Vertical Turbine Pump and Motor	1	LB	\$50,000	\$50,000	
1.05	New Wellhouse Building	1,000	Sq. Ft.	\$250	\$250,000	
1.06	New Wellhouse Inside Piping, including Blowoff to Waste	1	LB	\$75,000	\$75,000	
1.07	New Wellhouse Power Electrical (Soft Starter)	1	LB	\$200,000	\$200,000	
1.08	New Wellhouse HVAC	1	LB	\$15,000	\$15,000	
1.09	Onsite Hypochlorite Generator, 40 PPD	1	LB	\$70,000	\$70,000	
1.10	Flow meter with Installation	1	Ea	\$10,000	\$10,000	
1.11	Telemetry and Control	1	LB	\$30,000	\$30,000	
1.12	Standby Engine Generator and Transfer Switch	1	LB	\$125,000	\$125,000	
1.13	Power Feed to Well No. 5	1,500	LF	\$20	\$30,000	
1.14	Zone Booster Pumps at Well 6 (100 gal / min)	2	Ea.	\$15,000	\$30,000	
1.15	Check Valve and Vault for Zone Isolation	1	LB	\$25,000	\$25,000	
1.16	Bladder Hydropneumatic Tank (500 gallon capacity)	1	LB	\$20,000	\$20,000	
				Subtotal	\$1,080,000	
C	<b>Additional Costs</b>					
	Design Engineering	8%			\$85,000	
	Construction Management	7%			\$74,000	
	Construction Contingency	10%			\$106,000	
				Subtotal	\$265,000	
<b>Total Design / Construction Cost for Well 6</b>					<b>\$</b>	<b>1,325,000</b>

<b>2.0 Water Meter Installation (Sensus Radio Read)</b>						
2.1	Mobilization / Demobilization	1	L.S.	\$20,000	\$20,000	
2.2	3/4" Meters	50	Ea.	1,000	\$50,000	
2.3	1" Meters	5	Ea.	1,200	\$6,000	
2.4	1-1/2" Meters	10	Ea.	2,200	\$22,000	
2.5	2" Meters	5	Ea.	3,500	\$18,000	
2.6	3" Meters	9	Ea.	10,000	\$90,000	
2.7	4" Meters	4	Ea.	20,000	\$80,000	
2.8	6" Meters	2	Ea.	35,000	\$70,000	
2.9	Software / Miscellaneous	1	LB	15,000	\$15,000	
				Construction Subtotal	\$371,000	
	<b>Additional Costs</b>					
	Design Engineering	10%			\$37,000	
	Construction Management	8%			\$30,000	
	Construction Contingency	10%			\$37,000	
				Subtotal	\$104,000	
<b>Total Design / Construction Cost for Water Meters</b>					<b>\$</b>	<b>475,000</b>

9.0	<b>Well No. 5 Electrical / Mechanical / Chemical Improvements</b>					
3.1	Power Electrical, incl. New Service, Soft Starter, Transformer	1	Ea.	\$150,000	\$150,000	
3.2	Hypochlorite Storage and Feed	1	LB	\$15,000	\$15,000	
3.3	Telemetry and Controls	1	LB	\$15,000	\$15,000	
3.4	Mechanical Piping / Misc Improvements	1	L.F	\$30,000	\$30,000	
				<b>Construction Subtotal</b>	<b>\$210,000</b>	
	Design Engineering, Excluding Electrical	5%			\$13,000	
	Electrical Design Engineering	1	LB		\$20,000	
	Construction Management	7%			\$15,000	
	Construction Contingency	10%			\$21,000	
				<b>Subtotal</b>	<b>\$89,000</b>	
<b>Total Design / Construction Cost for Well No. 5 Improvements</b>						<b>\$ 279,000</b>

<b>Well 5 &amp; 6 and Meter Cost Subtotal</b>					<b>\$ 2,079,000</b>

6.0	<b>Additional Project Costs</b>					
6.1	Project Administration	1	LB	\$20,000	\$20,000	
6.2	Right of Way and Easements	1	LB	\$10,000	\$10,000	
<b>Total Additional Costs</b>						<b>\$ 30,000</b>

<b>Total Project Cost:</b>					<b>\$ 2,846,000</b>