

Meeting Minutes
BOARD FOR FINANCING WATER PROJECTS
October 6, 2021
10:00 am.

Tahoe Hearing Room
901 South Stewart Street, 2nd floor
Carson City, NV 89701
Lifesize:
<https://call.lifesizecloud.com/4155018>

Members present:

Bruce Scott, Chair
Andrew Belanger, Vice Chair
Christine Vuletich
Carl Ruschmeyer
Mike Workman

Public present:

Kathy Flanagan, Las Vegas Valley Water District
Sally Sue Broili, Mount Rose Bowl POWC
Eric Lentz, Heggen Lentz Engineering
Ingrid Heggen, Heggen Lentz Engineering

Legal counsel present:

Katie Armstrong, Senior Deputy Attorney General

NDEP staff present:

Jason Cooper
Sharada Maligireddy
Kyle Casci
Sheryl Fontaine
Elise Akers
Marcy McDermott
Ross Cooper

1) Board for Financing Water Projects Regular Meeting

1) Call to order

Chair Bruce Scott opened the meeting and invited introductions from board members and those present in person and on the phone.

2) Introduction/establish quorum

Chair Scott established a quorum as all board members were present.

3) Public comment

There were no public comments.

4) Approval of minutes from the July 27, 2021 meeting

Board Member Mike Workman motioned to approve the minutes. The motion was seconded by Board Member Carl Ruschmeyer. The motion carried unanimously.

5) Funding update for the Drinking Water State Revolving Fund (DWSRF)

Jason Cooper, with the Nevada Division of Environmental Protection (NDEP), gave an update on the Drinking Water State Revolving Fund (DWSRF). As of September 24, 2021, there was \$69,973,068 in the bank, and \$35,180,463 funds committed not yet disbursed. Mr. Cooper indicated staff was presenting to the board a commitment in the amount of \$475,000. Over the next three years, the lowest cash balance would be \$46,664,915. There are projects in discussion with staff for future funding totaling \$37,274,920.

Chair Scott commented the financial support is there to be provided for water systems that have need within Nevada.

6) Mount Rose Bowl POWC-Increased Funding to Board-Approved Loan

See staff report, Exhibit 6

Mr. Cooper recommended the Board approve a \$475,000 additional loan commitment to Mount Rose Bowl Property Owners' Water Company. The additional funds would provide funding to cover construction bids which exceeded the budget and would provide contingency in the event of change orders or unforeseen changes in the project. The estimated total project cost is \$1,622,300 of which \$1,000,000 would come from the DWSRF and the remaining \$622,300 from USDA.

Board Member Workman inquired if the easements needed to proceed with the project had been acquired. Eric Lentz, with Heggen Lentz Engineering answered yes, the three easements needed had been purchased.

Board Member Christine Vuletich asked if the USDA loan was executed and had been signed. Sally Sue Broili, with Mount Rose Bowl POC responded the USDA funding is secured, and the documents can be signed once this Board has approved the additional funding.

Board Member Vuletich and Board Member Ruschmeyer expressed their support in the addition of contingency funds to a project's cost estimate.

Chair Scott asked did the City of Reno decline to allow Mount Rose Bowl to tie into the fire flow water system at Sky Tavern. Mr. Lentz answered yes, the city did decline the tie in as they were concerned about taking away fire flow from the ski lodge.

Chair Scott suggested staff be aware of any overages on the project and ensure good use of the funds provided.

Mr. Cooper explained staff has not proposed contingencies in the past as we have relied on engineer's estimates who have a better knowledge of markets than staff. Staff is unsure of a comfortable percentage or approach the Board would feel comfortable supporting and would like the board's guidance on this approach.

Chair Scott requested a discussion regarding contingency approach to be put on the next Board meeting agenda. He added that he would be open to sitting down with staff and provide suggested input which may be workable.

Vice Chair Andrew Belanger motioned to approve Resolution D06-1021 Mount Rose Bowl POWC Project Loan Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously.

7) Board comments

There were no Board comments.

8) Public comment

There were no public comments.

9) Next board meeting

Mr. Cooper stated the next Board meeting will take place on December 15, 2021 at 1:00pm.

10) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 10:19 am.

2) ATTACHMENTS

**Loan Commitment from the Drinking Water
State Revolving Fund**

Board for Financing Water Projects

October 2021

Mount Rose Bowl Property Owners' Water Company

Amount and Term	Recommendation
<u>\$475,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Mount Rose Bowl Property Owner's Water Company (MRBPOWC) for loan contract DW1907.
<u>\$1,000,000</u> Total DWSRF commitment	

Original commitments

- Project** Primary source of supply for the 15 residents has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525). In addition, the only storage for the community (10,000-gallon redwood storage tank) has developed leaks and requires replacement. In June 2017, the Board approved a principal forgiveness loan from the Drinking Water State Revolving Fund for \$73,000 to prepare a preliminary engineering report (PER) and environmental review (ER) to determine the best alternative to correct both deficiencies. The chosen alternative was to install aeration to correct the Lead and Copper deficiencies and install a new storage tank.
- Resolution and conditions** 4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution adopted April 17, 2019. The board approved an amount not-to-exceed \$500,000 in principal forgiveness funds from the Drinking Water State Revolving Fund.
- D07C-0121 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution adopted January 20, 2021. The board approved an additional amount of \$25,000 for a combined amount-not-to-exceed \$525,000.

Need for additional funds

The original estimate of construction cost of \$460,000 (funding split between DWSRF and USDA) was developed in the Preliminary Engineering Report in 2017. MRBPOWC encountered a number of unforeseen obstacles during the development of this project, such as water quality change during design and difficulty securing necessary easements. This extended schedule has also impacted the budget for the project, as construction costs have seen a significant increase in the last two years partially as a direct result of the continuing pandemic. This project is located in a topographically challenging area as well as being at 7,700 feet above sea level where weather will have a significant impact on construction. Two bids were submitted as a result of the most recent request for bids. The low bid was \$995,960 and the 2nd bid was \$1,334,886. Additionally, with the supply chain still recovering from the pandemic we feel that having ample contingency funds will ensure the completion of the project.

DWSRF would partially support the bid exceedances totaling \$150,000. \$325,000 will only be provided in the event of change orders or unforeseen changes in scope to the project that would require the additional funds after all other funding is utilized.

Timeline

	Original	2 nd Update
Design	October 2019	Completed & Approved Oct 2, 2020
Construction Bid	March 2020	July-Aug 2021
Tree Removal		Fall 2021 (weather dependent)
Construction Start	May 2020	May 2022
Initiation of Operations	July 2020	Aug 2022

Explanation of timeline changes

MRBPOWC, Water Tank and Treatment Facility Project was advertised for bidding on Tuesday July 6th, 2021. The project was posted on QuestCDN and Sierra Contractor’s Source, as well as individually sent to eight area contractors who were qualified to build the project. Two bids were received and were opened on Tuesday Aug. 31st, 2021. The bids are valid for 60 days or until Oct 30th, 2021. If enough funding is secured, we would propose to get the low bidder under contract as soon as possible and cancel the other bid.

**DWSRF
Project
cost
changes**

DWSRF Funding Only	Original	1st Update	2nd Update	Total
Planning, Design, inspection, & Construction Management	\$166,000	\$25,000	\$0	\$191,000
Easements	\$13,800	\$0	\$0	\$13,800
Construction / Improvements / materials	\$306,400	\$0	\$150,000	\$456,400
Administration	\$13,800	\$0	\$0	\$13,800
Financing	\$0	\$0	\$0	\$0
Construction Contingency	\$0	\$0	\$325,000	\$325,000
Totals	\$500,000	\$25,000	\$475,000	\$1,000,000

Total Project Funding	DWSRF	USDA-RD	Local	Total Project
Planning, Design, inspection, & Construction Management	\$191,000	\$20,500	\$0	\$211,500
Easements	\$13,800	\$1,635	\$0	\$15,435
Construction / Improvements / materials	\$456,400	\$539,560	\$0	\$995,960
Administration	\$13,800	\$10,600	\$0	\$24,400
Financing	\$0	\$0	\$0	\$0
Construction Contingency	\$325,000	\$50,005	\$0	\$375,005
Totals	\$1,000,000	\$622,300	\$0	\$1,622,300

**Opportunity for
other funding**

The total cost of the project is partially being funded with USDA loan and grant funds. Total project cost is now \$1,622,300. USDA has increased the amount of grant funds available to them and any additional funds would be in the form of a loan. The USDA loan carries a 40-year term and a 1.75% interest rate. The community is already paying \$175 per month for water to meet the needs of the current funding plan and system operations. It seems unaffordable for the community to take on more loan at this time.

Conditions for funding

In order to ensure partner funding is included in this project and the additional funds being requested in this resolution are reserved for contingency items, funds would be made available from all sources DWSRF in the following order:

DWSRF Principal Forgiveness Funds	\$525,000
USDA Loan Funds	\$40,000
USDA Grant Funds	\$279,000
DWSRF Principal Forgiveness Funds	\$150,000
USDA Grant Funds	\$303,300
DWSRF Principal Forgiveness Funds	\$325,000
Total Project Costs	\$1,622,300

RESOLUTION D06-1021

Mount Rose Bowl POWC Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On July 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Mount Rose Bowl POWC (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Project is included as project #11 on the Priority List of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW1907 on July 25, 2019 in order to pay for a new tank, aeration, and related equipment and materials necessary to treat an acidic water supply; and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D06-1021 Mount Rose Bowl POWC Project Loan Commitment”

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness and the conditions for funding as outlined in the staff report.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of additional funds in the amount not-to-exceed \$475,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1907 would therefore be \$1,000,000.

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

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

PASSED, ADOPTED, AND SIGNED OCTOBER 6, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects