

Meeting Minutes
BOARD FOR FINANCING WATER PROJECTS
July 29, 2022
2:30 pm.

To be held virtually using Lifesize:
<https://call.lifesizecloud.com/4155018>

Members present:

Andrew Belanger, Vice Chair
 Carl Ruschmeyer
 Mike Workman
 Andrea Seifert, ex-officio member

Legal counsel present:

Katie Armstrong, Senior Deputy Attorney
 General

NDEP staff present:

Jason Cooper
 Elis Akers
 Kyle Casci
 Jennie Johnson
 Sheryl Fontaine
 Charles Wolf
 Alisha Auch

Public present:

Ryan Collins, Pershing County Water
 Conservation District
 Jeff McDaniel, Logan Creek Estates General
 Improvement District
 Mark Svoboda, Logan Creek Estates General
 Improvement District
 Ana Conway, Hawthorne Utilities
 Larry Grant, Hawthorne Utilities
 Mitch Dion, Kingsbury General Improvement
 District
 Mike Malinowski, Clark County Water
 Reclamation District
 Emily McKenzie, Farr West Engineering
 Connie Lucido, Washoe County
 Latricia Lord, Washoe County Health District
 Kurt Carson, McGill Ruth Consolidated Sewer
 & Water General Improvement District
 Steffi Gavin, Farr West Engineering
 Priscilla Howell, City of Henderson
 Stephani Elliott, Nye County
 Honey Menefee, Storey County

1) Board for Financing Water Projects regular meeting

1) Call to order

Vice Chair Andrew Belanger opened the meeting and invited introductions from board members and those present in person and on the phone.

2) Introduction/establish quorum

Vice Chair Belanger established a quorum as three board members were present. Chair Bruce Scott and Board Member Christine Vuletich were absent.

3) Public comment

There were no public comments.

4) Approval of minutes from the December 15, 2022 regular meeting

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

5) Election of Board Chair and Vice Chair

Vice Chair Belanger suggested to retain Bruce Scott as Chair and himself as Vice Chair.

Board Member Workman motioned to approve the continuation of current chair and vice chair. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

6) 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 June 1, 2022, there was \$83,061,505.95 in the bank, with \$26,224,812.70 committed funds not yet disbursed. Mr. Cooper indicated staff was presenting commitments to the board in the amount of \$563,100. Over the next three years, the lowest cash balance would be \$49,308,519.

Mr. Cooper displayed projections for the next three years. DWSRF currently has \$2,717,801 available in principal forgiveness funding. Mr. Cooper said with the two projects for consideration today totaling \$563,100 and projects in discussion for funding in an amount of \$1,850,000 that leaves \$304,701 on the table to commit to other projects.

Mr. Cooper provided an update on the Bi-partisan Infrastructure Bill. Nevada should not expect to start applying for the funds until January 2023. Nevada had to show project need prior to being able to apply for the additional funds from those grants.

Mr. Cooper explained NDEP is going through the process of proposing changes to the State Debt Management Policy. Also, NDEP is going to recommend updates to Drinking Water regulations which include: the definition of disadvantaged community, address emergency situations for drinking water systems, and charging an administrative fee for loans.

Board Member Workman asked if changing the definition of disadvantaged community would make it more flexible. Mr. Cooper responded yes it will add additional criteria to the definition whereas currently it is only determined based on median household income.

Board Member Ruschmeyer inquired as to the current interest rate for loans. Elsie Akers, with NDEP responded that current interest rates are around 2.5%. Mr. Cooper added that the DWSRF interest rates are always lower interest rates compared to the standard market.

Board Member asked about the Build America Buy America Act requirements that were added to the Bi-partisan Infrastructure Bill. Mr. Cooper explained the added requirements cover American and Iron Steel, manufactured materials, and production materials.

7) Funding update for the Capital Improvements Grant Program

Mr. Cooper stated as of June 1, 2022, there was \$10,210,138.02 in the bank, with \$18,714.83 reserved for administration, and \$10,158,482.11 committed to projects not yet disbursed. There are zero funds available to commit to projects currently. The Capital Improvement Grant Program has bond authority to issue up to \$125,000,000 in general obligation bonds if it is available in the governor's budget to request it.

Vice Chair asked if the cost of construction goes up effects matching funds for an applicant. Mr. Cooper responded the Board approved a scale that staff uses to determine how much of a project's total cost is eligible for Capital Improvement Grant funds.

8) Approval of the Nevada Drinking Water Priority List-Effective June 2022

[See staff report, Exhibit 8](#)

Mr. Cooper gave a presentation outlining the Drinking Water State Revolving Fund (DWSRF) Project Priority List Effective June 2022 ranking criteria. The ranking reflects the policies and goals of NDEP regarding the use of the DWSRF.

Mr. Cooper began by discussing how projects are ranked:

- **Class 1:** Address demonstrated illnesses that are attributed to a public water system. These projects are for significant non-compliance, such as court-ordered compliance issues and acute health risks as defined by NDEP and the Environmental Protection Agency (EPA).
- **Class 2:** Address systems with chronic contaminants.
- **Class 3:** Address rehabilitation of a deteriorated system.
- **Class 4:** Address systems that need refinancing. These projects incurred debt after July 1, 1993 and followed federal requirements.

Review of projects on the priority list, project readiness to proceed, and bypassing projects on the priority list

Mr. Cooper gave a presentation on reviewing projects on the DWSRF Priority List, project readiness to proceed, and bypassing projects on the priority list. Mr. Cooper noted that applicants must be on the priority list in order to receive funds. Once applicants are on the list, they are left on the list until their projects are complete in case additional funding is needed.

The priority list currently has 170 projects:

- **29 – Fundable projects that are moving forward** (cost of \$477,289,106)

- **125 – Projects that are not ready to proceed** (cost of \$473,694,393)
- **16 – Projects that are already funded** (cost of \$19,702,567)

Board Member Ruschmeyer asked about the driving factor behind the increase of projects to the priority list this year. Mr. Cooper responded staffs outreach efforts to water systems about the state revolving program and its benefits resulted in the increase in projects.

Board Member Ruschmeyer inquired how a septic conversion project was eligible for the drinking water priority list. Mr. Cooper answered staff has encouraged septic conversion project to apply under certain situations including addressing direct ground water nitrate problems and addressing water source recapture.

Board Member Ruschmeyer questioned about the transfer of funds from drinking water program to the clean water program stated on the program's cash flow model. Mr. Cooper replied the two programs are allowed to transfer up to 33% of any program funds each year between them up to the cumulative value of the grants to support projects as needed. He added that some very large clean water project has come forward is why the transfer from drinking water to clean water has been planned on the cash flow model for future funding.

Vice Chair Belanger thanked staff for their outreach efforts to capture Nevada's project needs and to satisfy the requirements of the Bi-partisan Infrastructure Bill which is reflective in the expansion of number of projects on the priority list.

Board Member Ruschmeyer motioned to approve the Nevada Drinking Water Priority List-Effective June 2022. The motion was seconded by Board Member Workman. The motion carried unanimously.

9) Authority to change DWSRF contract amount under certain situations

[See staff report, Exhibit 9](#)

Mr. Cooper provided the Board information proposing a resolution to authorize staff the change an approved contract amount under certain situations up to 20%.

Vice Chair Belanger asked if this would work in the same way as a contingency fund. Mr. Cooper responded this resolution would give the staff ability to raise the project's budget to keep a project moving forward without having to call a special board meeting in order to approve an increase in funding.

Vice Chair Belanger stated that this a prudent approach given the increase in cost of construction materials to ensure a project can be completed on time.

Board Member Workman proposed raising the staff authorized amount to be between 25%-30%. Mr. Cooper said staff was open to whatever percentage and conditions the board would like to approve and have written into the resolution.

Vice Chair Belanger said he was comfortable with an authorization of 25% or 30% for staff.

Board Member Ruschmeyer stated his support for an increase of 25% or 30% authorization.

Andrea Seifert, with the Bureau of Safe Drinking Water asked if this change effected principal forgiveness loan and if there was a monetary cap that the board did not want to go over with the increase. Mr. Cooper responded the current intended use plan caps principal forgiveness loans at

1 million except for certain circumstances, but the new intended use plan has no cap as long as there is cash available.

Board Member Workman proposed capping a total project cost authorization increase to not exceed \$2,000,000. Mr. Cooper clarified the board's discussion intent of a 30% increase authorization up to \$2,000,000 whichever is greater without having to bring a project back to the board for additional fund approval.

Ms. Seifert commented that a cap will be helpful to have staff work under pertaining to funding decisions for projects.

Mr. Cooper stated in the next intended use plan it is proposed to raise the max in a principal forgiveness loan from \$1,000,000 to \$1,500,000.

Board Member Workman commented the staff report provided showing the recent history of project increases was valuable,

Board Member Workman motioned to approve the resolution D9-066 NDEP Authority to Change Drinking Water Contract Amounts Under Certain Conditions which would authorize NDEP to increase board approved funding up to 30% and not to exceed \$2,000,000 whichever is less without prior approval from the board. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

10) Adoption of consent items: Increased funding to board-approved principal forgiveness loans

a. **Hawthorne Utilities** – [See staff report, Exhibit 10A](#)

b. **McGill Ruth Consolidates Sewer & Water**– [See staff report, Exhibit 10B](#)

Mr. Cooper presented to the board a consent item option to assist in streamlining the agenda process. The two projects on the agenda were all requesting additional funds for a previously approved principal forgiveness loan. The projects were available for discussion individually or approval with a single motion and resolution.

Board Member Ruschmeyer motioned to approve consent items 10A, and 10B increasing the loan amount – as specified – for each of the previously-approved principal forgiveness loans. The motion was seconded by Board Member Workman. The motion carried unanimously.

11) Septic to Sewer Conversion Policy

Vice Chair Belanger stated this discussion was going to be postponed to a future meeting.

12) Irrigation Project Policy

[See staff report, Exhibit 12](#)

Mr. Cooper gave a presentation recommending edits to the Capital Improvements Grant Irrigation Project Policy.

Board Member Workman asked if irrigation projects are eligible for the drinking water priority list. Mr. Cooper answered irrigation projects are not eligible to be placed on either the clean water or

drinking water priority list. A purveyor of water must be placed on a priority list, but an eligible recipient does not have to be on the priority list in order to receive funding.

Vice Chair Belanger commented there is a real value in asking for more money for the capital improvements grant program to assist the various eligible need statewide. He added that cleaning up the language in this policy should assist in removing barriers that constrain ability to fund projects.

Board member Ruschmeyer stated an irrigation project has value if it can be shown by conserving water that it supports drinking water.

Ms. Seifert asked if a capital improvement grant recipient must be on the priority list. Mr. Cooper responded only if they are a purveyor of water; that they must be on the list to receive funds.

Board Member Workman motioned to approve the staff edits of the policy. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

13) Board comment

There were no board comments

14) Public comment

Ryan Collins, with Pershing County Water Conservation District thanked the board for cleaning up irrigation project policy so it provides more clarification

145 Next Board Meeting

Vice Chair Belanger asked if the September scheduled board member could be rescheduled. Mr. Cooper responded that staff would look at available dates and reschedule the next board meeting for a different date.

16) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 4:00 pm.

2) ATTACHMENTS