

**Meeting Minutes**  
**STATE BOARD FOR FINANCING WATER PROJECTS**  
**Wednesday, June 20, 2018**  
**1:30 PM**

Tahoe Hearing Room  
901 South Stewart Street, 2nd Floor  
Carson City, NV 89701

**Members Present:**

Bruce Scott, Chairman  
Andrew Belanger, Vice Chairman  
Lori Williams  
Mike Workman  
Carl Ruschmeyer  
My-Linh Nguyen, ex-officio member

**NDEP Present:**

Jason Cooper  
Michelle Stamatates  
Rachel McFarland  
Kyle Casci  
Valerie King  
Erik Ringle  
Max Sosa

**Public Present:**

Tom Pyeatte, NV Water Resources  
Bob Foerester, NVRWA  
Darren Schultz, Carson City  
Pam Granger, Carson City  
Sheri Russell, Carson City  
Randy Devaul, North Las Vegas  
Chad Knight, Farr West Engineering  
Brent Farr, Farr West Engineering  
Will Riggs, North Las Vegas  
Kathy Flannagan, SNWA  
Scott Estes, TMWA  
John Peterson, JNA Consulting  
Andy Artusa, Zions Public Finance

**Legal Counsel Present:**

Belinda Suwe, DAG

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**Begin Meeting**

1) **Introduction** (Discussion)

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

2) **Establish Quorum** (Discussion)

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

3) **Public Comment** (Discussion)

There was no public comment.

4) **Approval of Minutes – March 7, 2018 Meeting** (For Possible Action)

Chair Scott requested replacing the word prevention in section 5 with protection and in section 8 replacing ration with ratio. Member Carl Ruschmeyer requested an edit in section 6 of local board Tahoe Water Association to replace state board.

**Motion:** Vice Chair Andrew Belanger motioned the minutes be approved with the inclusion of the word changes. Member Lori Williams seconded the motion, and it passed unanimously.

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**5) Approval of Minutes – April 11, 2018 Workshop** (For Possible Action)

Chair Scott requested replacing the word certifies in section 2 with ensures.

**Motion:** Member Ms. Williams motioned the minutes be approved upon the inclusion of the word change requested by Chair Scott. Member Mike Workman stated he would abstain from voting due to not being present for the workshop. Vice Chair Belanger seconded the motion, and it passed unanimously.

**6) Election of Board Chairman & Vice-Chairman per NRS 349.959** (For Possible Action)

Ms. Williams nominated Chair Scott to retain the title of board chairman and Vice Chair Belanger to remain as vice chairman. Mr. Workman seconded the nomination and the voting passed unanimously.

**Drinking Water State Revolving Fund Program (DWSRF)**

**7) Program Funding Availability** (Discussion)

Mr. Jason Cooper stated that \$47.6 million is currently available from the State Revolving Loan Fund Program. Another \$22 million from grant and loan repayments is anticipated. There is \$30,761,448 of committed funds not yet disbursed and upon the approval of the loans proposed today there will be roughly \$4.6 million available for future projects.

Mr. Belanger inquired if that means between October 2018 and September 2019 only \$4.7 million will be available to fund projects.

Mr. Cooper responded there will be more than that available as State fiscal year 2019 wasn't taken into consideration into the calculations.

**8) DWSRF 2018 Intended Use Plan Principal Forgiveness Requirements** (Discussion)

Mr. Cooper requested if there was any comments on the Principal Forgiveness Requirements for the Intended Use Plan.

Mr. Ruschmeyer asked if median house hold income (MHI) was a problem in determining a community a disadvantaged.

Mr. Cooper responded no, it is not an issue at this time. We are moving away from using MHI for a reasonable water rate analysis, but in statutes it is used as a usage to define a disadvantaged community.

Chair Scott advised editing the portions stating will be provided to say may be provided as to show it is not guaranteed a loan will receive principal forgiveness financing.

Mr. Cooper said changing that wording is a very good idea.

Mr. Belanger asked if there should be a similar flexibility in the 500,000 cap for consolidation projects as there is with projects that address health risks.

Mr. Cooper responded it is not something for seen as needed but can clarify the language.

No public comment provided.

**9) DWSRF 2019 Project Priority List** (For Possible Action)

Representing the Nevada Division of Environmental Protection (NDEP), Ms. Michelle Stamates provided an overview of the process of how the priority list is constructed and the ranking process for the projects on the priority list.

Mr. Ruschmeyer inquired if the systems with arsenic complaint issues are out of compliance and in violation or are they secondary work or sources needed.

Ms. Stamates answered they are systems that are out of compliance.

Ms. My-Linh Nguyen reinforced compliance orders are in effect.

Chair Scott stated the Board and staff has tried to prevent treatment in small communities by evaluation of all other alternatives.

Motion: Ms. Williams motioned to approve the resolution designated the “Year 2019 Drinking Water State Revolving Fund Priority list”. Mr. Ruschmeyer seconded the motion, and it passed unanimously.

**10) DWSRF Loan Commitments**

a. North Las Vegas – DWSRF Loan (For Possible Action)

Representing NDEP, Ms. Stamates recommended that the Board approve a \$23,700,000 loan for the City of North Las Vegas (CNLV). Ms. Stamates explained that the loan would provide funds to CNLV for a project that will upgrade the city’s water meters to an advanced system that will provide automated two-way communication between a smart meter, the customer, and the utilities department. This system will provide real time data on water usage to the consumer and city. The estimated project cost is \$23,700,000 which will all come from the loan with the SRF program.

Mr. Ruschmeyer asked what is the use of life of the new smart meters.

Mr. Randy Devaul, City of North Las Vegas answered the meters last up to 20 years and the batteries last between 10-13 years.

Chair Scott asked for information on how the two way communication operates.

Mr. Devaul stated the vendor develops an online network that the home owner and city can log onto and see usage amounts in real time data.

Chair Scott inquired as to the priority of this project for the City of North Las Vegas, and that funds of the water enterprise is staying in the fund.

Mr. Devaul responded it is a high priority and that the city has a 3% water rate increase annually.

Chair Scott asked if staff feels comfortable with the safe guards in place and monitoring of North Las Vegas with respect to this loan.

Mr. Cooper answered he has monitored North Las Vegas financial statements for over a year and will continue to monitor them as well.

Chair Scott inquired if North Las Vegas’s 3% increase in water will continue moving forward.

Mr. Devaul responded it is a continued increase until the city changes the ordinance. That the City has no desire to do any time soon.

Ms. Williams voiced concern on this high amount project listed at #74 on the priority list when there are numerous more and higher priority projects on the list.

Mr. Cooper responded there is funding available for this project and other higher priority big dollar projects. Staff always reaches out to the projects ranked higher on the list and at this time none have come forward committing that they are ready to proceed. The funds are drawn in increments over a year to two year time frame and not all at once.

**Motion:** Mr. Belanger motioned to approve the resolution titled “06-2018 City of North Las Vegas Project Loan Commitment Resolution”. Mr. Workman seconded the motion and it passed unanimously.

b. Carson City – DWSRF Loan (For Possible Action)

Prior to the presentation Chair Scott disclosed he works for Carson City in the area of water right which is not a conflict of interest, so he will participate in the discussion and voting on the proposal.

Representing NDEP, Ms. Rachel McFarland recommended that the Board approve a \$10,700,000 loan for Carson City. Ms. McFarland explained that the loan would refinance a 2010 taxable “Build America Bond” issued by Carson City to purchase water rights needed to

complete a project in 2010. The Federal Environmental Protection Agency approved a deviation request requesting the allowance of this loan refinancing. By refinancing this debt Carson City will save approximately \$2.1 million. This savings will be used by the city to address other drinking water projects within Carson City.

**Motion:** Mr. Workman moved to adopt the “06-2018 Carson City Refinancing Loan Commitment” in an amount not to exceed \$10,700,000. Mr. Ruschmeyer seconded the motion, and it passed unanimously.

- c. Truckee Meadows Water Authority – DWSRF Loan (For Possible Action)  
Representing (NDEP), Ms. Stamates recommended that the Board approve a \$100,000 loan to Truckee Meadows Water Authority (TMWA). She explained this project consolidates the Old Forty West water system with TMWA. Currently, the Old Fort West water system has elevated levels of arsenic in its groundwater supply. In 2016 this water system’s status changed from a transient water system to a community water system. As a result of this change they have been out of compliance since the 4<sup>th</sup> Quarter of 2016. They received a Notice of Formal Enforcement in February 2018 from the Bureau of Safe Drinking Water. This consolidation will alleviate those issues as it involves a service tap into TMWA’s water main and outfitting the service with appropriate equipment such as a water meter, backflow-prevention assembly, and valves. The estimated project cost would be \$110,000- \$100,000 of which would come from DWSRF. As the project is consolidation of a small non-compliant system with a large compliant system, the project qualifies for additional subsidy in the form of principal forgiveness.

Mr. Ruschmeyer stated he is a strong supporter of consolidation of small water systems with larger systems.

Chair Scott asked what happened in October 2016 to substantially exceed the arsenic levels.

Ms. Stamates answered the change in classification from transient to community water system effected the water system becoming out of compliance.

Chair Scott inquired as to the disposition of water rights associated with Old Forty West.

Ms. Stamates answered there had been an issue with ground water rights, but that had been worked out. She added that Chad Knight of Farr West Engineering could better explain that situation.

Chad Knight, Farr West Engineering responded that the State engineer dedicated 3.96 feet of water rights to this project that had not transferred forward with change of operation. There are additional water rights needed to finalize the project, and they will be purchased by the property owner through TMWA.

**Motion:** Ms. Williams motioned the approval of the resolution titled “06-2018 Truckee Meadows Water Authority Project Loan Commitment Resolution”. Mr. Belanger seconded the motion and it passed unanimously.

### Capital Improvement Grants Program Policies

#### 11) Policies Recommended for Edits and Changes (For Possible Action)

Mr. Cooper informed the Board that the policies recommended for edits and had been previously presented and discussed at the Board meeting on March 7, 2018. He reiterated that these policies aren’t needed anymore and staff can address the ongoing.

Chair Scott commented that all proposed edits and changes were in the best interest to clean up outdated policies to evolve with the change in the times and economy since when first written.

Mr. Belanger stated appreciation for the work staff had done to clean up and reword old policies. He added that starting off each policy with the statement of authority and respective statute is a great addition.

- a. Administrative Funding June 1999
- b. Funding Level for Irrigation Projects March 2008
- c. Request for Changes to Grant Funding or Project Scope May 2006
- d. Alternative Funding March 2008
- e. Nonprofit Public Water Systems July 2009
- f. Septic to Community Sewage System Connections May 2006

**Motion:** Ms. Williams motioned to approve the administrative edits and changes to the Board for financing water projects policies that included administrative funding, funding level for irrigation projects, requests for changes to grant funding or project scope, alternative funding, nonprofit public water systems, and septic to community sewage system connections. Mr. Ruschmeyer seconded the motion, and it passed unanimously.

**12) Policies recommended for repeal (For Possible Action)**

Mr. Cooper informed the Board that the policies recommended for repeal had been previously presented and discussed at the Board meeting on March 7, 2018.

- a. Arsenic Projects January 2006
- b. Authorization to Request a Change in Grant November 2005
- c. Deadline for Projects July 2004
- d. Nevada Water & Wastewater pre-application June 2007
- e. Phased Grant Projects August 2001

**Motion:** Mr. Belanger motioned to repeal the Board for Financing Water policies which included arsenic projects, authorization to request a change in grant, deadline for projects, Nevada water & wastewater pre-application, and phased grant projects. Ms. Williams seconded the motion, and it passed unanimously.

**13) New Policies**

Mr. Cooper informed the Board that the new policies recommended for adoption had been previously presented and discussed at the Board Workshop meeting on April 11, 2018. He added that the edits and wording changes mentioned at that time had been addressed in each policy. The Board chose to vote on each policy individually.

a. Fiscal Sustainability Plan (For Possible Action)

Chair Scott inquired as to how frequent staff monitors a system's fiscal sustainability plan (FSP).

Mr. Cooper responded financial monitoring is completed on an annual basis, and staff would ask the water system if there had been any changes to the FSP since last update.

**Motion:** Ms. Williams motioned the adoption of the policy on Fiscal Sustainability Plan.

Mr. Workman seconded the motion, and it passed unanimously.

b. Capital Replacement Reserve Funds (For Possible Action)

Chair Scott questioned if this policy would preclude a system from keeping backup items on hand as inventory items.

Mr. Cooper responded the intent of the policy is to ensure funds don't get spent on small tools or other items that are already part of their regular operation and maintenance. However, if a system were to buy something and keep on shelf as inventory it would be considered a capital asset.

Chair Scott requested that paragraph two on page two to include "from these reserves" that systems could not use these funds to expand their system.

Mr. Belanger suggested it be stated utilities can-not use capital reserve funds for the purpose of expanding the system.

Mr. Cooper questioned if it would be acceptable wording a bullet to say the utilities cannot use funds in the reserve for purposes to expand their system

**Motion:** Mr. Belanger motioned the Board to adopt the policy on Capital Replacement Reserve Funds with the inclusion of Chair Scott's wording addition. Ms. Williams seconded the motion, and it passed unanimously.

c. Sufficient Water Rates (For Possible Action)

Chair Scott requested the addition of a statement regarding that this policy can- not be used to reduce water rates without prior Division review and Board approval. He added possibly stating it to say this policy may not be used to reduce water rates already in place or approve to take effect in the future unless approved by the Board.

Mr. Cooper responded that a bullet containing that information would be added to the policy.

Mr. Belanger commented he appreciates the new flexible approach the policy will take.

**Motion:** Ms. Williams motioned the Board to adopt the policy on Sufficient Water Rates with the inclusion of Chair Scott's addition. Mr. Ruschmeyer seconded the motion, and it passed unanimously.

d. Construction, Engineering, and Contingency (For Possible Action)

Chair Scott commented that this policy clearly standardizes partner funding requirements, and he appreciates the partnership.

**Motion:** Mr. Ruschmeyer motioned the adoption of the policy on Construction, Engineering, and Contingency. Mr. Workman seconded the motion, and it passed unanimously.

14) **Board Comments** (Discussion)

There were no board comments.

15) **Public Comments** (Discussion)

Mr. Cooper proposed September 12, 2018 as the date for the next board meeting. All members agreed to the date.

16) **Adjourn Board for Financing Water Projects Public Meeting**

The board meeting adjourned at 3:10 PM.