

**Meeting Minutes**  
**BOARD FOR FINANCING WATER PROJECTS**  
**December 6, 2022**  
**9:00 am.**

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

Held virtually using Microsoft Teams:  
 Meeting ID: 291 349 481 49

**Members present:**

Bruce Scott, Chair  
 Andrew Belanger, Vice Chair  
 Carl Ruschmeyer  
 Mike Workman  
 Abigail Yacoben  
 Andrea Seifert ex-officio member

**Legal counsel present:**

Nathan Holland, Senior Deputy Attorney General

**NDEP staff present:**

Jason Cooper  
 Elizabeth Kingsland  
 Kyle Casci  
 Duane Bays  
 Sheryl Fontaine  
 Benjamin Miller  
 Marcy McDermott

**Public present:**

Dave Mendiola, Humboldt County  
 Jim French, Humboldt County Commissioners  
 Mark Foree, Gold Country Water Company  
 Kirk Swanson, Farr West Engineering  
 Kathy Flanagan, Southern Nevada Water Authority  
 Matt Martensen, Silver Springs Mutual Water Company  
 Emery LaRue, Esmeralda County Public Works  
 Chad Marchand, Beatty Water and Sanitation District  
 Shari Whalen, TRI-GID  
 Gina Rackley, Humboldt County  
 Don Kalkoske, Humboldt County  
 Annalise Porter, Southern Nevada Water Authority

## 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 October 6, 2022 regular meeting

Vice Chair Andrew Belanger motioned to approve the minutes. The motion was seconded by Board Member Mike Workman. The motion carried unanimously with Board Member Abigail Yacoben abstaining from vote.

### 5) Funding and updates 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 November 17, 2022, there was \$80,708,366 in the bank, with \$21,356,200 committed funds not yet disbursed. Mr. Cooper indicated staff was presenting commitments to the board in the amount of \$5,011,500. Over the next three years, the lowest cash balance would be \$78,508,859.

Mr. Cooper displayed projects for the next three years. DWSRF currently has \$5,823,553 available in principal forgiveness funding.

Mr. Cooper provided an update that the Bi-partisan Infrastructure Bill funding application is currently being worked on to be submitted for funding to possibly be available in the spring of 2023.

Chair Scott commented with the additional federal funding being received there is a great opportunity to address chronic issues water systems have encountered to provide the water systems the upgrades and improvements needed to be able to provide better drinking water to residents across Nevada.

Board Member Workman asked if staff could provide the Board members information on the project funding commitments currently in Clean Water. Mr. Cooper responded there are currently 32 open projects in drinking water and 12 open projects in clean water, but the clean water projects are higher in dollar amount. There is a lot of demand on the clean water side and EPA has been concerned about the idle funds sitting in the drinking water fund, so to alleviate that issue a transfer

of funds from drinking water to clean water will assist the need in clean water.

Mr. Cooper stated that with the additional funding forthcoming EPA has encouraged State's to open priority lists quarterly or semi-annually compared to once a year. Nevada will move to collecting pre-applications throughout the year but will open the priority list twice a year and review the applications and add them to the priority list at that time.

## **6) Funding update for the Capital Improvements Grant Program**

Mr. Cooper stated as of November 17, 2022, there was \$9,761,719.75 in the bank, with \$29,511.40 reserved for administration, and \$9,686,769.95 committed to projects not yet disbursed. There are zero funds available to commit to projects currently.

Vice Chair Belanger inquired if there is going to be a request for additional capital improvement grant funding at the next legislative session. Mr. Cooper answered the department is in ongoing negotiations with the Governor's office to request additional funds.

Chair Scott asked if staff monitors the draw progress of open projects in order the systems to submit requests and funding disbursed. Mr. Cooper responded yes, staff has internal controls for all open projects to ensure grant and bond proceeds are spent in a timely fashion.

## **7) Adoption of Consent Items: Funding for Preliminary Engineering Reports and Environmental Reviews**

- a. **Esmeralda County** – [See staff report, Exhibit 7A](#)
- b. **TRI-GID** – [See staff report, Exhibit 7b](#)

These two projects requested funding for a Preliminary Engineering Report (PER) and Environmental Report (ER).

Board Member Workman motioned to approve consent items 7a and 7b, funding – in the amounts specified – a PER and ER. The motion was seconded by Board Member Yacoben. The motion carried unanimously.

## **Project list for consideration**

### **8) Humboldt County**

[See staff report, Exhibit 8](#)

Elizabeth Kingsland, with NDEP recommended the board approve a total of \$2,400,000 in loan commitments to Humboldt County. The money will fund the consolidation of Gold Country Water Company with the Star City properties public water system, which is owned and operated by Humboldt County. Also, funds will be used to refinance the debt of Gold Country and construction of a new well and transmission main connection to address high nitrate levels. The estimated project cost is \$2,400,000 of which \$550,000 will be a traditional loan and \$1,850,000 principal forgiveness loan from the Drinking Water State Revolving Fund split into three separate loans.

Board Member Workman inquired if there was contingency figured into the project's cost estimate regarding material and construction costs. Charlie Wolf, with NDEP answered that 10% was added to the construction improvements budget line as contingency to ensure costs increase could be

captured if incurred.

Andrea Seifert with the Bureau of Safe Drinking Water asked if Humboldt County had certified operators on staff to oversee the system when ownership is taken over by the County. Dave Mendiola, with Humboldt County responded the county's public works department are currently working on operator certifications, but the county has a contract with SPB Utilities to provide certified operator service.

Board Member Carl Ruschmeyer questioned if the region contains all septic systems or if there is an opportunity to do septic to sewer conversion. Ms. Kingsland replied all the residents are currently on septic system, but there have been discussions about a potential conversion project in the future between staff and Humboldt County. Mr. Mendiola commented that it is the county's intention to do a large septic to sewer conversion project soon.

Chair Scott inquired as to how the value of the purchase of the system was determined. Mr. Mendiola answered an appraisal of the system value was \$1.6 million and a determination of assets led to the price. Mr. Cooper commented the intended use plan offered \$500,000 in funding to consolidation projects, which was applied to this project.

Chair Scott commented consolidation of small systems to a bigger system better equipped to operate the system is a goal of the board.

Jim French, with Humboldt County remarked this project is going to assist into mitigating the nitrate level issues that have long plagued the area.

Mark Foree, with Gold Country Water Company thanked the staff and board for the support provided to his system over the years.

Mr. Mendiola commented staff has been very attentive and responsive in providing advice and assistance in understanding the funding process.

Vice Chair Belanger motioned to approve the Resolutions D08A-1222, D08B-1222, D08C-1222 Humboldt County Project Loan Commitment. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

## **9) Beatty Water & Sanitation District**

[See staff report, Exhibit 9](#)

Ms. Kingsland recommended the board approve a \$1,050,000 loan commitment to Beatty Water and Sanitation District. The money will fund the relining of three system tanks and replacement of the booster tank. The estimated project cost is \$1,080,000 of which \$1,050,000 will be a principal forgiveness loan from the Drinking Water State Revolving Fund. The system will be responsible for the remaining \$30,000 of project costs.

Board Member Ruschmeyer inquired if cathodic protection is going to be added. Mr. Wolf answered it was not addressed in the project application, but it could be addressed with the system as the project progressed.

Board Member Workman asked if the cost on the booster tank included an altitude valve or control system components. Mr. Wolf responded the design will determine which valves and components

are needed for the project.

Board Member Yacoben motioned to approve the Resolution D09-1222 Beatty Water & Sanitation District Project Loan Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously.

## **10) Silver Springs Mutual Water Company**

[See staff report, Exhibit 10](#)

Ms. Kingsland recommended the board approve a \$1,400,000 loan commitment to Silver Springs Mutual Water Company. The money will fund the replacement of the Lake Street Well. The estimated project cost is \$1,475,000 of which \$1,400,000 will be a principal forgiveness loan from the Drinking Water State Revolving Fund. The system will be responsible for the remaining \$75,000 of project costs.

Board Member Workman asked for explanation on well cap failure. Matt Martensen, with Silver Springs Mutual Water Company explained the well was drilled in 1979 and it contains a steel plate instead of a bull nose at the bottom of the well. The steel plate is corroded which allows for inclusion of debris in the well.

Kirk Swanson, with Farr West Engineering commented the cap failing is so significant as most of the water enters the well at that depth. If the water came in at a different level the water quality would not be affected by the debris entering the well.

Board Member Workman motioned to approve the Resolution D10-1222 Silver Springs Mutual Water Company Project Loan Commitment. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

## **11) Assembly Bill 20 Presentation**

[See staff report, Exhibit 11](#)

Mr. Cooper gave a presentation on Assembly Bill 20 pertaining to proposed changes to Nevada's Clean Water State Revolving Statutes, the Drinking Water State Revolving Statutes, the Capital Improvements Grant Program and the Board for Financing Water Projects Statues. The Federal statutes for Clean Water State Revolving Fund provide the ability to fund more projects and entities than Nevada's statutes currently allow. This proposed change will expand the eligible recipients of the clean water program in Nevada's Statutes. Additional changes to the drinking water statutes are to align the clean water program and drinking water program collectively. Federal Drinking Water State Revolving Fund can do more than Nevada's Drinking Water State Revolving Fund with the set-asides that come through grants—that they can provide loans for septic-to-sewer conversions and well abandonment. Nevada's Legislature made a declaration of the protection of water and resources in the state of Nevada in the Clean Water Program, but it made no such declaration in drinking water and we are ensuring that declaration is input in the drinking water statutes. There is a proposed change for the voting members of the board of Financing Water Projects to remove the requirement for partisan politics, but then require that no more than two voting members be from the same county and one member be knowledgeable in the development or management of water resources. Current Nevada Capital Improvements Grant Program statues allow for the program to fund septic-to-sewer connections fees only if there is a mandate from NDEP, but a proposed change will expand funding ability of septic to sewer conversions if the

Division approves a program to protect groundwater resources. Also, the statutes will be updated to allow the Capital Improvements Grant Program to pay for the costs associated with abandoning a well and connecting the property formerly served by a well to a municipal water system. Assembly Bill 20 will require a 2/3 vote in both the Assembly and Senate to pass due to the increased eligible recipients in the Clean Water State Revolving Fund Program that would be subject to a program service fee.

Vice Chair Belanger inquired as to what the 4% being taken out of in section 11 does. Mr. Cooper responded the 4% is specifically addressing the set aside in clean water that we can use for administering the clean water SRF program. Federally, that law has been changed to allow for up to three different options for the State to use. The proposed change in this section is to align Nevada Statutes with Federal Statutes to allow for more flexibility in what is requested in the grants. The drinking water statutes currently list each set aside of 2%, 4%, 10%, and 15%, respectively. The proposed language would simply say the program will follow the federal requirements for each set-aside.

Vice Chair Belanger commented on the section pertaining to the partisan makeup of the board should be amended to say not more than one board member from any county in Nevada.

Chair Scott asked for clarification on the stated summary pertaining to voting board member county of residency. Mr. Cooper provided clarification that the language states that no more than two voting members of the board may be residents of the same county.

Board Member Workman inquired what costs in septic-to-sewer conversion projects are eligible for program funding. Mr. Cooper responded the clean water program will allow the funding of the entire lateral from the house to the connection. The proposed language being added in is section authorizes funding for an eligible recipient to receive program funding for the costs associated with abandoning and individual sewage disposal system and connecting this property to a community sewage disposal system if the Division of Environmental Protection approves a program or project for protection of ground water quality. Additionally, any local or regional fee for connection and the cost of any capital improvement required to comply with statute are eligible for funding.

Chair Scott asked if the clean water program and drinking water program will be able to provide partner funding for septic-to-sewer conversion projects. Mr. Cooper answered staff has been working with federal EPA on justifying the use of drinking water funds for septic-to-sewer conversion projects.

Chair Scott remarked the board should consider action on the best way for the board to provide support of Assembly Bill 20.

Vice Chair Belanger suggested a board letter of support, or a board member being authorized to speak on behalf of the board at the Legislature meetings for the bill.

Chair Scott stated items in this bill will benefit septic-to-sewer issues across Nevada. He proposed the board having a brief meeting in January prior to discuss support of the bill.

Mr. Cooper commented a brief meeting with Assembly Bill 20 as the agenda item could be arranged. Also, he requested a member of the board draft a letter on behalf of the board in support of the bill.

Vice Chair Belanger agreed to draft a letter on behalf of the board in support of the bill to be discussed at the meeting in January.

Chair Scott summarized there will be a board meeting scheduled in January to determine a potential letter of support and discuss the board's approach to the legislature regarding testimony or representation as a board.

## **12) Board Comments**

There were no board comments.

## **13) Public comment**

Benjamin Miller, with NDEP mentioned that staff is proposing that starting in Fiscal Year 2024 board meeting to be held on a quarterly basis. The meetings will be held either the second or third Wednesday of the second month of each quarter. The meetings will be posted on the Office of Financial Assistance Website in advance to provide notice and application due dates for borrowers.

Shari Whalen, with TRI General Improvement District stated support for having board meetings and loan application deadlines dates scheduled in advance.

## **14) Adjourn the Board for Financing Water Projects meeting**

The board meeting adjourned at 11:08 am.

## **2) ATTACHMENTS**

# Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

December 2022

## Esmeralda County-Goldfield

Amount and Term	Recommendation
\$ 63,750.00 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan commitment to Esmeralda County for study of arsenic treatment process and expansion alternatives for the Goldfield Town Water system.

### Management and Structure

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**Loan Recipient  
and Structure** Esmeralda County is a nonprofit public water system.

**Project system** The project is for Goldfield Town Water in Esmeralda County, water system NV0000072.

### System Project for Funding

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**Priority List** Priority #4

**Need** The arsenic removal treatment process in the Goldfield Town Water system does not have sufficient settling storage for proper backwash of the ferric arsenate. The six-minute backwash settling duration does not allow the ferric arsenate to settle. It then is pumped back into the filters, damaging the filters and decreasing the effectiveness of treatment. In addition to the backwash volume, settlement of the ferric arsenate compound has been problematic, and prohibits reuse.

The existing treatment building does not have a ventilation system or sensors to remove harmful gases from the treatment chemicals stored for treatment use. This is especially concerning with the stored hydrochloric acid that can pose a danger to staff.

**Chosen Project** A Preliminary Engineering Review (PER) is proposed to study possible solutions to this arsenic treatment backwash issue. Possible solutions include 1) the addition of a settling tank to increase volume and allow the ferric arsenate to settle during backwash and 2) the removal of the existing settling tank and installation of a larger tank to increase the volume and allow settling during backwash. Options will also

be considered to obtain settlement of the ferric arsenate flocculent, which will make the arsenic treatment more effective and is also a requirement for re-use.

With the required expansion of the building housing the arsenic treatment facilities for either alternative, it is proposed that an isolated room be constructed with sensors and ventilation for storage of chemicals for the safety of the system operators.

**Project Alternatives** Alternative approaches to mitigating the Goldfield Town Water system arsenic removal issues will be evaluated with the proposed PER. The treatment alternatives function/operation, maintenance requirements, and project costs will be evaluated to determine the most functionally and economically viable project.

**Maps** Maps are attached to this report.

**Timeline**

Design: June 2023

Construction Bid: N/A

Construction Start: N/A

Initiation of Operations: N/A

**Sources of Project Funding**

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Design, inspection, and Construction Management	\$63,750.00	\$0.00	\$11,250.00	<b>\$75,000</b>
Land Acquisition	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Equipment & Materials	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Construction / Improvements	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Administration	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Financing	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Construction Contingency	\$0.00	\$0.00	\$0.00	<b>\$</b>
<b>Totals</b>	<b>\$63,750</b>	<b>\$0</b>	<b>\$11,250</b>	<b>\$75,000</b>

## **System Previous Commitments and Studies**

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### **Esmeralda County Goldfield Utility Preliminary Engineering Report for Water Supply and Treatment System**

This report, dated June 2014, was prepared by Shaw Engineering, and recommended the repairing and recoating of the 366,000-gallon storage tank and the connection of the water system to the Shriver Well.

### **Preliminary Engineering Report Amendment – Town of Goldfield, Esmeralda County, Nevada**

This amendment, dated June 2013, was prepared by Day Engineering and was an addendum and update to the arsenic mitigation strategies presented in the 2007 Lumos and Associates PER.

### **Goldfield Water Utility Arsenic Compliance Preliminary Engineering Report**

This report, dated November 2007, was prepared by Lumos and Associates and identified alternatives to address compliance issues for the Goldfield Town Water system.

## **Environmental Review**

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Preparation of PER and Environmental Review (ER) documentation will determine the best alternative for improved arsenic treatment. The current process involves precipitation of ferric arsenate in a settling tank. Either a larger tank or an additional smaller tank will be needed. In either case, a major component of the project will be expansion of the treatment building. There will be no environmental consequences from the project until prior to initiation of construction.

## **Community Engagement**

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Commissioner's meetings, which encouraged public attendance and participation, were held at the following dates with agenda items (described below) related to this project.

September 6, 2022: Agenda item to approve submittal of a Letter of Intent.

September 6, 2022: Agenda item to approve the advertisement of a Request for Qualifications to address arsenic treatment/removal assistance needs.

October 4, 2022: Statement of Qualifications opened at commissioners meeting and offered for approval.

October 18, 2022: Board approved the engineer procurement based on Statement of Qualifications.

November 15, 2022: Board approved the resolution to obtain DWSRF funding to produce a PER.

## Esmeralda County Information

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**System Location** Esmeralda County

**System  
Population** 298

**System Service  
Connections** 311 Residential; 54 Other

**System  
Infrastructure** The Goldfield Town Water system relies on Klondike Well 2 for water supply and utilizes two water storage tanks with 200,000 gallon and 366,000-gallon capacities. Klondike Well 1 has been abandoned and plugged, but a proposed well (Klondike Well 1R) is proposed at the same location for system redundancy. There are two booster pump stations, each with a 20,000-gallon booster storage tank. The water is conveyed through a 65,590' - 6" Asbestos Cement Pipe from the Klondike Well Field to the town of Goldfield. Water treatment is accomplished by an arsenic reduction system. Water meters are currently used in the Goldfield community, but an upgrade to "radio-read" meters is proposed as a future DWSRF project.

**Compliance** The Goldfield Town Water system includes arsenic treatment. Samples at this treatment facility have shown an arsenic exceedance in each of the following years:

2009	2010	2011	2012
2013	2019	2020	2021

<b>User Water Rates</b>	<ul style="list-style-type: none"><li>• Residential base rate per user per month: \$26.00 (0-2,000 gallons of water)</li><li>• Commodity Rate: \$2.50/1,000 gallons over the base gallons</li><li>• Average Water Rate/Use for system: \$53.00 (8,000 gallons)</li></ul> <p>The established water rates sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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## Goldfield Information

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**Water  
Conservation Plan** The Goldfield Town Conservation Plan, dated June 2020, has been adopted by the Esmeralda County Board of County Commissioners and uploaded to the Nevada Division of Water Resources "Water Conservation Plans" web page.

**Technical Capacity** The Goldfield Town Water arsenic treatment plant requires operator certification level T-2 and certification level D-1 for the operation of the source, storage, and distribution system. The system operator has active certification for D-2 and T-2, which surpasses the system requirements.

**Managerial Capacity** Goldfield is governed by a three-member board subject and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was October 18, 2022. The system has demonstrated managerial capacity for NDEP to recommend funding.

**Financial Capacity** Financial Information as of 6/30/2021

Unrestricted Cash: \$363,978

Days cash on hand: 797

Outstanding Debt: \$1,087,885

Operating Income before Depreciation: (\$56,478)

Current Ratio: 5.53

Debt Coverage: -1.22

\*Financial information is independently audited by Daniel C McArthur LTD

Goldfield has demonstrated financial capacity for NDEP to recommend funding support.

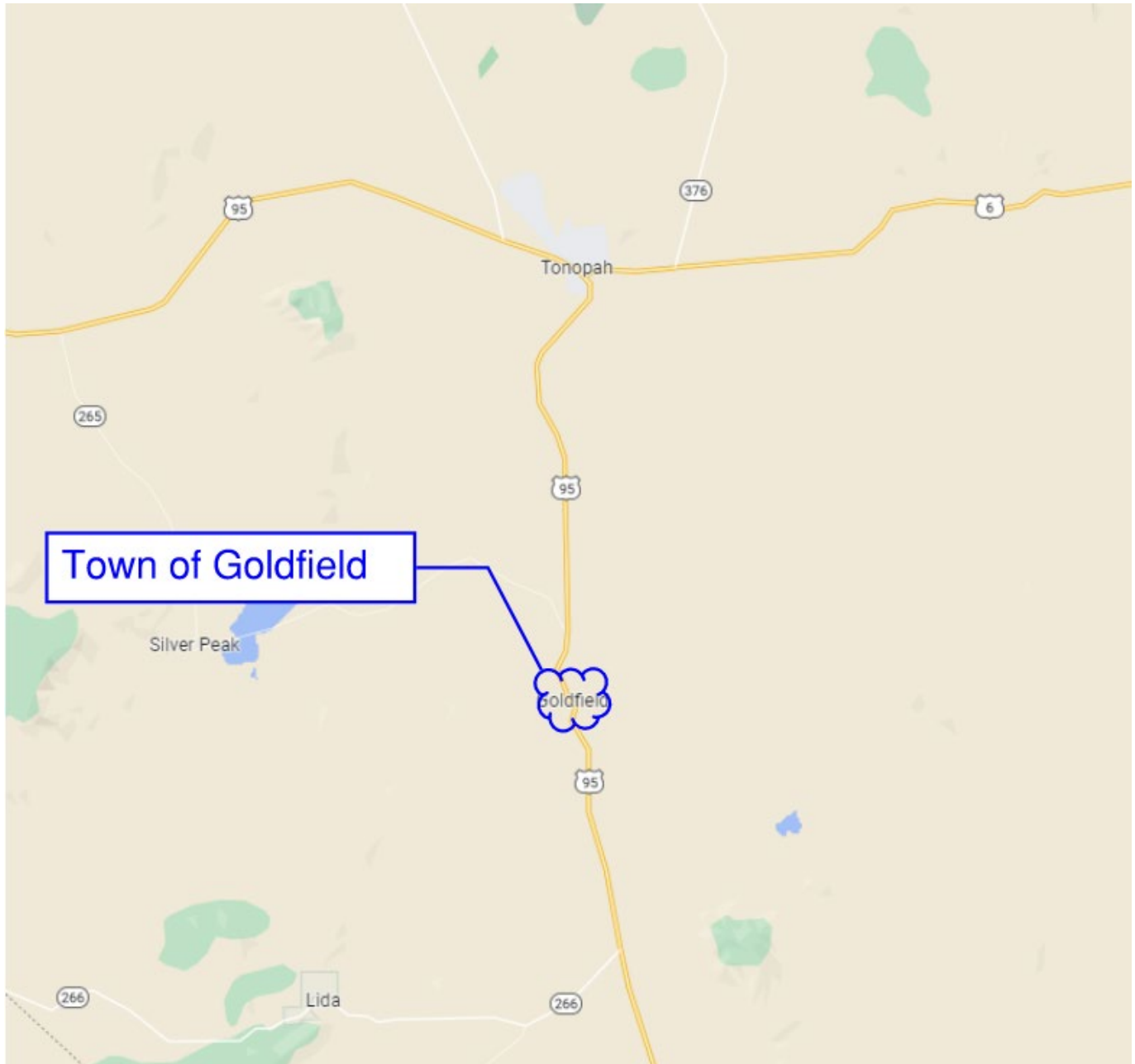
**Fiscal Sustainability Plan** Goldfield has a Capital Improvement Plan.

**Capital Replacement Reserve Account** Goldfield has established a reserve account for Capital Replacement. The balance in the account as of June 30, 2021 was \$345,023

**DWSRF Principal Forgiveness Eligibility Criteria** Goldfield qualifies for principal forgiveness funding as a disadvantaged community.

## Maps and Exhibits

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Goldfield Location Map



Goldfield Water Tanks and Treatment Facility

## DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the 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 and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP 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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

## DWSRF Loan Conditions

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The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request is required.
- The PER must meet the conditions of NDEP’s guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER must address the chosen project(s) area of impact to move the project into the design phase for funding. Should the document not meet these conditions, the funding awarded to create the document must be repaid to NDEP’s Office of Financial Assistance (OFA).
- OFA will request planning meetings with borrowers and their selected engineering professional to discuss the status of the document. OFA may reimburse eligible expenses in connection with these meetings throughout the creation of the documents.

Percentage of completion of document	Eligible reimbursement
30%	30%
60%	60%
90%	90%
100%	100%

Should no reimbursements be requested that meet the percentage of completion requirement, NDEP will request the following planning meetings:

Months	Eligible reimbursement
6 months	30%
9 months	60%
12 months	90%
15 months and every 3 months thereafter	90% until complete

## **RECOMMENDED MOTION FOR THE DWSRF LOAN**

I move to approve the resolution titled “D7A-1222 Esmeralda County Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$63,750.00. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

# RESOLUTION D7A-1222

## *Esmeralda County 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Esmeralda County (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding for a study of arsenic treatment process and expansion alternatives for the Goldfield Town Water system. (Project); and
- WHEREAS:** The Project is included as project #4 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D7A-1222 Esmeralda County 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.

**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 funds in the amount not to exceed \$63,750 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed: \_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest: \_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

# Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

December 2022

## TRI General Improvement District

Amount and Term	Recommendation
<u>\$97,750.00</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to TRI General Improvement District (TRI GID) for Arsenic Treatment and Blending – Preliminary Engineering Report (PER) and Environmental Review (ER).

### Management and Structure

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**Loan Recipient  
and Structure** TRI GID is a nonprofit public water system.

**Project system** Project is for TRI GID (NV0000913).

### System Project for Funding

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**Priority List** Priority #16

**Need** High arsenic concentrations have been documented in the TRI GID water system since the wells were brought into production, especially at well 2. Arsenic treatment was constructed at Well 2 in 2019; however, increased water usage and demand is resulting in higher arsenic concentrations and exceedance is predicted. A PER is needed to evaluate treatment and blending options to allow the TRI GID water system to continue to meet the system needs and still meet arsenic concentration requirements.

**Chosen Project** Identification of a project to mitigate the TRI GID high arsenic concentration issue is the intent of the PER and ER.

**Project  
Alternatives** The PER will consider alternatives and weigh them considering functionality, cost to construct, cost to maintain, environmental impacts, and other relevant factors. Of the alternatives to be considered are blending, arsenic treatment at the well source, and arsenic treatment at a central location.

**Maps** Maps are attached to this report.

## Timeline

Design: July 2023

Construction Bid: N/A

Construction Start: N/A

Initiation of Operations: N/A

### Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$0.00	\$0.00	\$0.00	\$0
Design, inspection, and Construction Management	\$97,750.00	\$0.00	\$17,250.00	\$115,000
Land Acquisition	\$0.00	\$0.00	\$0.00	\$0
Equipment & Materials	\$0.00	\$0.00	\$0.00	\$0
Construction / Improvements	\$0.00	\$0.00	\$0.00	\$0
Administration	\$0.00	\$0.00	\$0.00	\$0
Financing	\$0.00	\$0.00	\$0.00	\$0
Construction Contingency	\$0.00	\$0.00	\$0.00	\$0
<b>Totals</b>	<b>\$97,750.00</b>	<b>\$0.00</b>	<b>\$17,250.00</b>	<b>\$115,000</b>

## System Previous Commitments and Studies

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### Well 2 Arsenic Treatment Plant Preliminary Engineering Report

This report, dated November 30, 2017, was prepared by Farr West Engineering, and included an alternatives analysis to address the high arsenic concentrations at Well 2. The report recommended arsenic treatment to be constructed at well 2.

## Environmental Review

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The PER and ER preparation for which funding is requested will examine potential options for arsenic treatment in the existing drinking water system. TRI GID is a large industrial business park located in Storey County. TRI GID serves approximately 20,000 individuals employed in the area from eight municipal wells. TRI GID is in compliance with Federal arsenic limits in 2022 but is concerned that arsenic

levels may increase as additional groundwater is pumped. The PER and ER will study potential mitigation measures and alternatives.

The PER and ER preparation will also include a rate study and potential water conservation and environmental consequences. In addition, the potential of groundwater blending for arsenic level reduction will be considered.

## Community Engagement

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TRI GID has discussed this item at their Board of Trustees meeting during the budget process in 2021 and 2022. In addition, this project is included as a part of the approved Five-year Capital Improvement Plan. The TRI GID Board of Trustees voted to submit a Letter of Intent on September 1, 2022.

## TRI GID Information

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<b>System Location</b>	Storey County
<b>System Population</b>	20,000 (non-residential: transient)
<b>System Service Connections</b>	0 Residential; 193 Other
<b>System Infrastructure</b>	<p>The TRI GID water system consists of eight wells for water source with chlorinators at well sites 1, 3, 4, 5, and 6. Well 2 has an arsenic removal treatment system at the well site. Water storage for the system consists of seven storage tanks. The designation and capacity are listed below:</p> <p>Water Tank 1 – 1,200,000 gallons</p> <p>Water Tank 2 – 1,200,000 gallons</p> <p>Water Tank 3 – 2,100,000 gallons</p> <p>Water Tank 4 – 1,300,000 gallons</p> <p>Water Tank 5 (Tesla) – 1,500,000 gallons</p> <p>Water Tank 6 (Comstock) – 1,500,000 gallons</p> <p>Water Tank 7 (Switch) – 3,000,000 gallons</p> <p>The TRI GID system utilizes two booster stations with on-site chlorinators and an extensive transmission and distribution system. Backup generators have been installed at the arsenic treatment plant at Well 2 and at the three booster pump locations.</p>
<b>Compliance</b>	<p>The TRI GID water system documented an iron exceedance in 2022 at Well 3 and an arsenic exceedance in 2010 at Well 2. Arsenic treatment was installed at Well 2 in 2019, but high arsenic concentrations continue to be an issue as demand increases. Other compliance issues related to monitoring have been documented.</p>

<b>User Water Rates</b>	<ul style="list-style-type: none"> <li>Commercial and industrial water usage rates are shown below:</li> </ul>					
	COMMERCIAL					
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Customer	\$37.61	\$38.70	\$45.80	\$49.48	\$50.92
	Fire	\$109.37	\$112.54	\$133.17	\$143.89	\$148.06
	<b>Total Fixed</b>	<b>\$146.98</b>	<b>\$151.24</b>	<b>\$178.97</b>	<b>\$193.37</b>	<b>\$198.98</b>
	<b>Meter Charge</b>	3/4"	\$31.02	\$31.91	\$37.77	\$41.99
		1"	\$51.69	\$53.19	\$62.94	\$69.98
		1-1/2"	\$103.38	\$106.38	\$125.89	\$139.96
		2"	\$165.41	\$170.21	\$201.42	\$223.93
		3"	\$330.83	\$340.42	\$402.84	\$447.87
		4"	\$516.92	\$531.91	\$629.43	\$699.79
		6"	\$1,033.84	\$1,063.82	\$1,258.87	\$1,399.59
		8"	\$1,654.14	\$1,702.11	\$2,014.19	\$2,239.34
		10"	\$4,342.11	\$4,468.03	\$5,287.24	\$5,878.27
	Volume per kgal:	\$3.44	\$3.54	\$4.19	\$4.53	\$4.66
	INDUSTRIAL					
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Customer	\$ 37.61	\$38.70	\$45.80	\$ 49.48	\$50.92
	Fire	\$218.73	\$225.08	\$266.34	\$287.77	\$296.12
	<b>Total Fixed</b>	<b>\$256.34</b>	<b>\$263.78</b>	<b>\$312.14</b>	<b>\$337.25</b>	<b>\$347.03</b>
	<b>Meter Charge</b>	3/4"	\$31.02	\$31.91	\$37.77	\$41.99
		1"	\$51.69	\$53.19	\$62.94	\$69.98
		1-1/2"	\$103.38	\$106.38	\$125.89	\$139.96
		2"	\$165.41	\$170.21	\$201.42	\$223.93
		3"	\$330.83	\$340.42	\$402.84	\$447.87
		4"	\$516.92	\$531.91	\$629.43	\$699.79
		6"	\$ 1,033.84	\$ 1,063.82	\$ 1,258.87	\$1,399.59
		8"	\$ 1,654.14	\$ 1,702.11	\$ 2,014.19	\$2,239.34
		10"	\$ 4,342.11	\$ 4,468.03	\$ 5,287.24	\$5,878.27
	Volume per kgal:	\$3.44	\$3.54	\$4.19	\$4.53	\$4.66
The established water rates sufficiently cover operation, maintenance, debt service, and reserves of the system.						

## TRI GID Information

### Water Conservation Plan

A water conservation plan has not been uploaded to the Nevada Division of Water Resources "Water Conservation Plans" web page. A water conservation plan will be required to be created during the development of the PER.

**Technical Capacity** The TRI GID water system requires the operating/treatment capacity of “T-3” for treatment facilities and “D-3” for the source, storage, and distribution system. There are three operators that maintain this system. Operator 1 has active certifications to operate T-2 and D-2 systems. Operator 2 has active certifications to operate T-1 and D-1 systems. Operator 3 has active certifications to operate T-4 and D-4 systems, which exceeds operating capacity requirements for a T-3 and D-3 systems.

**Managerial Capacity** TRI GID is governed by a three-member board and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was September 1, 2022. The system has demonstrated managerial capacity for NDEP to recommend funding.

### **Financial Capacity**

#### Financial Information as of June 30, 2021\*

Unrestricted Cash: 5,647,619

Days cash on hand: 1030

Outstanding Debt: 0

Operating Income before Depreciation: \$1,380,812

Current Ratio: 11.90

\*Financial information is independently audited by DiPietro & Thornton

TRI GID has demonstrated financial capacity for NDEP to recommend funding support.

**Asset Management Plan** An Asset Management Plan will not be required as part of the condition for funding the PER.

**Capital Replacement Reserve Account** TRI GID has sufficient cash on hand to cover reserve account requirements. A reserve account will not be part of the condition for funding the PER.

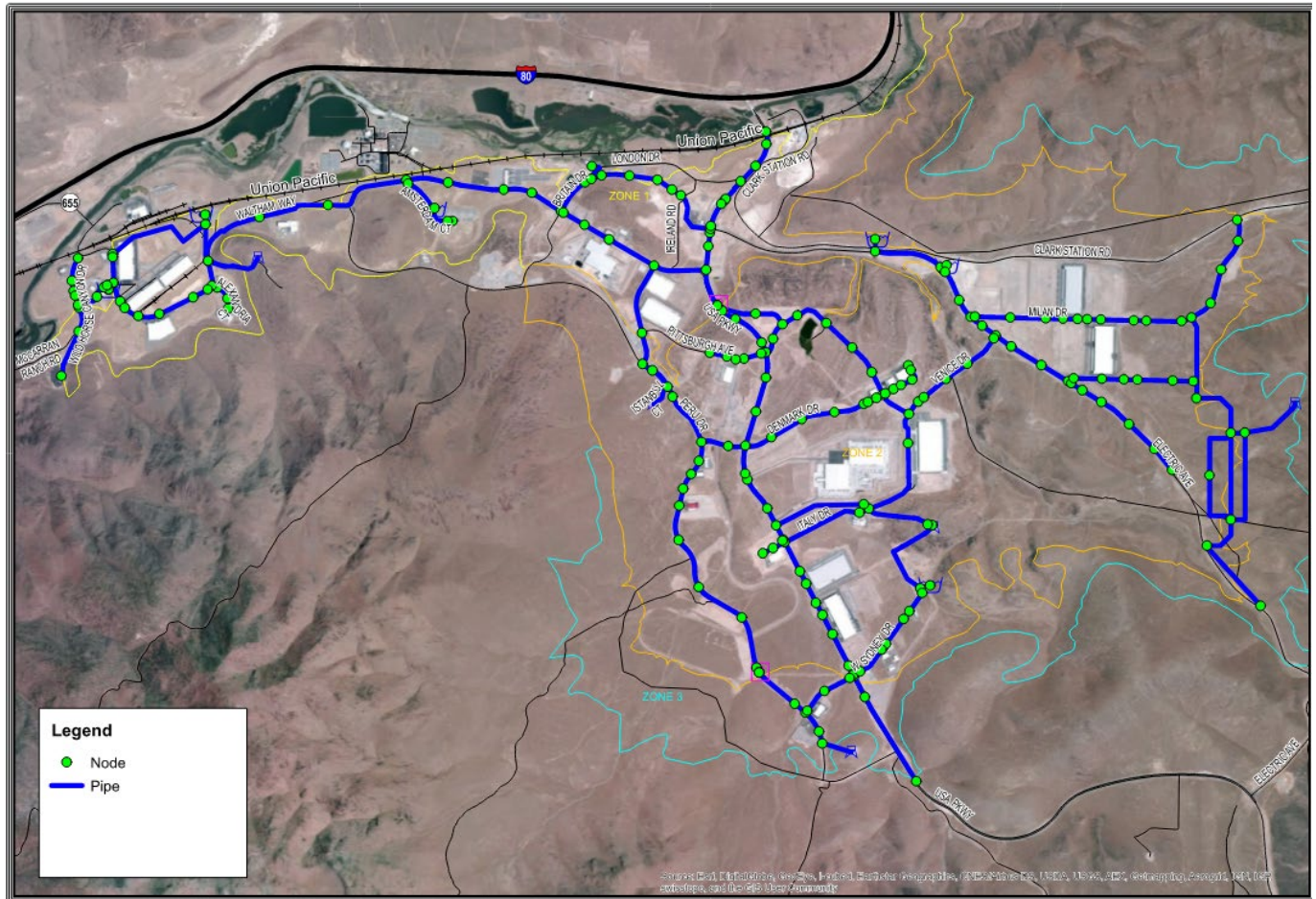
**DWSRF Principal Forgiveness Eligibility Criteria** The proposed project is a PER, which qualifies for principal forgiveness funding.

## Maps and Exhibits

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TRI-GID Location Map



## TRI GID Map

## DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the 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 and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP 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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

## DWSRF Loan Conditions

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The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request is required.
- The PER must meet the conditions of NDEP’s guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER must address the chosen project(s) area of impact to move the project into the design phase for funding. Should the document not meet these conditions, the funding awarded to create the document must be repaid to the NDEP Office of Financial Assistance (OFA).
- OFA will request planning meetings with borrowers and their selected engineering professional to discuss the status of the document. OFA may reimburse eligible expenses in connection with these meetings throughout the creation of the documents.

Percentage of completion of document	Eligible reimbursement
30%	30%
60%	60%
90%	90%
100%	100%

Should no reimbursements be requested that meet the percentage of completion requirement, NDEP will request the following planning meetings:

Months	Eligible reimbursement
6 months	30%
9 months	60%
12 months	90%
15 months and every 3 months thereafter	90% until complete

## **RECOMMENDED MOTION FOR THE DWSRF LOAN**

I move to approve the resolution titled “D7B-1222 TRI GID Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$97,750.00. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

# RESOLUTION D7B-1222

## *TRI GID District 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** TRI GID (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project for Arsenic Treatment and Blending – Preliminary Engineering Report (PER) and Environmental Review (ER). (Project); and
- WHEREAS:** The Project is included as project #16 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D7B-1222 TRI GID 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.

**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 funds in the amount not to exceed \$97,750 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed: \_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest: \_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

# Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

December 2022

## Humboldt County

Amount and Term	Recommendation
<u>\$ 1,850,000</u> Principal Forgiveness from DWSRF	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve three loan commitments to Humboldt County.</p> <ul style="list-style-type: none"><li>• \$1,350,000 principal forgiveness to drill a new well and transmission main to mitigate nitrates.</li><li>• \$500,000 principal forgiveness loan to consolidate the Gold Country Water Company into Humboldt County for managerial and financial capacity.</li><li>• \$550,000 traditional loan to refinance existing DWSRF Gold Country Estates loans into Humboldt County</li></ul>
<u>\$550,000</u> Traditional Loan from DWSRF	

## Management and Structure

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**Loan Recipient and Structure** Humboldt County is a nonprofit public water system.

**Project system** Two of the loans are for the consolidation of Gold Country Water Company public water system (NV0003079) with the Star City Properties public water system (NV0000252), owned and operated by Humboldt County. One loan is for the acquisition of Gold Country assets. The other loan is to refinance the debt of Gold Country. All DWSRF program requirements were met through the original loan process and the refinance of these loans for Humboldt County is program eligible.

The third loan would construct a new well, Well #5, and construct a 4,275-ft transmission main connection.

## System Project for Funding

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### Priority List    Priority #1 and #170

**Need**    The Gold Country Water Company public water system has nitrate concentrations from water sources that approach the Maximum Contaminant Level (MCL). Well 1 has been inactive since 2011 because of high nitrate concentrations; in 2011 Well 1 nitrate concentrations exceeded the MCL of 10 milligrams per liter (mg/l). Groundwater modeling has predicted that Well 2 will soon exceed nitrate MCLs and will not be usable. Nitrate levels in Well 2 increased from 1.7 mg/l in April 2017 to 9.0 mg/l in July 2021. This water system requires a new water source to use for blending, lacks the resources to address this nitrate concentration issue, and risks falling out of compliance as septic systems and local agriculture add to the nitrogen load in the valley.

**Chosen Project**    Humboldt County purchased the Star City Properties public water system in 2020, which is adjacent to the Gold Country Estates water system. The purchase of the Gold Country Water Company system will allow connection and consolidation with the Star City Properties public water system. This consolidation will allow further blending to meet nitrate drinking water standards in the short term and will increase, reliability, redundancy, and sustainability for both systems. However, the temporary decrease in nitrate levels with this consolidation is not a long-term solution. The addition of a new well (Well #5) at Location 1 is required for sufficient blending to keep the nitrate concentrations below the MCL. Location 1 was selected as it is the only location considered that is far enough from the Humboldt River to meet Nevada Division of Water Resources Order #1329.

**Project Alternatives**    Several alternatives were considered to address the high concentrations of nitrate in the Gold Country Water Company system. These alternatives were evaluated and ranked using a point system without cost as a factor. The top five ranked alternatives are summarized below:

- 1.) Construct a new (Well #5) at Location 1 (See Exhibit) and install 3,640 feet of 8" pipe to connect to Well #2 for 1:1 blending to decrease nitrate concentrations.
- 2.) Construct a new (Well #5) at Location 2 (See Exhibit) and install 3,500 feet of 8" pipe to connect to Well #2 for 1:1 blending to decrease nitrate concentrations.
- 3.) Construct a new (Well #5) at Location 3 (See Exhibit) and install 2,700 feet of 8" pipe to connect to Well #2 for 1:1 blending to decrease nitrate concentrations.
- 4.) Construct a new (Well #5) at Location 4 (See Exhibit) and install 4,200 feet of 8" pipe to connect to Well #2 for 1:1 blending to decrease nitrate concentrations.
- 5.) Consolidation with Star City Water System with a 300-foot 8" main connection.

**Maps** Maps are attached to this report.

**Timeline**

Design: March 2023 to August 2023

Construction Bid: August/September 2023

Construction Start: September 2023

Initiation of Operations: April/May 2024

**Sources of  
Project  
Funding**

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Design, inspection, and Construction Management	\$150,000.00	\$0.00	\$0.00	<b>\$150,000.00</b>
Land Acquisition	\$50,000.00	\$0.00	\$0.00	<b>\$50,000.00</b>
Equipment & Materials	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Construction / Improvements	\$1,100,000.00	\$0.00	\$0.00	<b>\$1,100,000.00</b>
Administration	\$50,000.00	\$0.00	\$0.00	<b>\$50,000.00</b>
Financing	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Construction Contingency	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Refinance	\$550,000.00	\$0.00	\$0.00	<b>\$550,000.00</b>
Other/Consolidation	\$500,000.00	\$0.00	\$0.00	<b>\$500,000.00</b>
<b>Totals</b>	<b>\$2,400,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,400,000.00</b>

## System Previous Commitments and Studies

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### Gold Country Water Company Nitrate Mitigation Assessment – Preliminary Engineering Report

This report was created by One Water Consulting and is dated February 18, 2022. This report evaluated possible mitigation strategies to address the nitrate issue for this water system.

### Evaluation of Groundwater Nitrate Contamination within the Gold Country Water System

This study conducted and published by Greg Pohll, Ph.D. and Christian Kropf, Ph. D., dated June 2021, investigated the hydrogeologic properties of aquifer systems near Winnemucca, Nevada, and conducted modeling to study nitrate contamination.

## Manhard Engineering Hydraulic Analysis

This report, dated April 5, 2012, modeled the Gold Country Water Company system needs for various scenarios including Max Day, Peak Hour, and Max Day plus Fire Flow.

### SRF Loans

The system previously obtained two separate loans through the DWSRF program.

GCWco-1 committed July 23, 2008	Initial Amount: \$373,222.44
Outstanding Balance: \$157,115.73	Interest Rate: 3.43%
Installation of 380 water meters, well pump, variable flow drive, valves, and service line connections.	

DW1103 committed Jan 25, 2011	Initial Amount: \$661,713.31
Outstanding Balance: \$278,792.52	Interest Rate: 3.68%
New well, piping and Supervisory Control and Data Acquisition (SCADA) for blending high nitrate levels.	

Both loans are proposed for refinancing to Humboldt County. Current interest rates range between 2.00% and 2.25%. Final interest rates are subject to change and are based upon market conditions and loan closing timeline.

## Environmental Review

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Nitrate levels in groundwater and drinking water are high in the area served by the Gold Country Water Company public water system (NV0003079). Nitrate is an acute health issue for infants six months in age or less. Elevated nitrate levels are produced by numerous individual septic tank systems in the area and by 275 acres of agricultural land managed by Winnemucca Farms.

The Gold Country Water Company system provides water through 353 metered service connections. A non-transient population of 737 and a residential population of 958 individuals are served by the system. Humboldt County proposes purchase of the Gold Country Water Company water system. If acquired by Humboldt County, the Gold Country Water Company system would be merged with the Star City water system (NV0000252). The Star City Properties public water system serves a mobile home park (residential population of 285 individuals) through 122 drinking water service connections. The Star City Properties public water system has already been acquired by Humboldt County.

The Gold Country Water Company water system has relied on four production wells to meet demand for drinking water. Well 1 and Well 2 are approaching the maximum contaminant level of 10 mg/l for nitrate maximum contaminant level (MCL). Blending with water from the Star City Properties public water system will reduce nitrate levels in the shorter term.

The submitted proposal documentation from One Water Consulting divides alternatives into three categories: 1) Blending and Distribution System Alternatives, 2) Hydrogeologic Alternatives, and 3) Nitrate Removal Alternatives.

The Blending and Distribution System Alternatives would create no new water sources for the Gold Country Water Company but would consolidate the system with the existing adjacent Star City Properties public

water system. This option would reduce nitrate levels temporarily by blending but would not provide a long-term solution. Consolidation between the Gold Country Water Company and Star City Properties public water systems is an initial step in the probable regionalization of drinking water systems in the area. This alternative category would likely precede selection of a hydrogeologic alternative.

The Hydrogeologic Alternatives would examine a No Action alternative and five action alternatives. Four of the alternatives would drill a new well at one of four different locations. The preliminary recommended alternative is to drill a new well, Well #5, at alternative well site 1. A new well at this location is projected to produce 600 gallons per minute (gpm) with nitrate concentrations below 4 mg/l.

Environmental consequences of the proposed action would depend somewhat on the new well location. The proposed site for Well #5 would be south of the existing Star City Properties public water system and southwest of Mary Way. The location is on private land in a previously disturbed area. A 4,275-foot extension of the existing water main would connect the new well to existing water storage tanks.

The Nitrate Removal Alternatives would include eventual construction of a wastewater treatment plant to replace multiple individual septic systems in the area. One purpose of a wastewater treatment plant, potentially constructed with financial assistance from the Clean Water State Revolving Fund, would be to reduce nitrate levels in area groundwater.

## Community Engagement

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The Humboldt County Board of Commissioners held a public meeting on November 21, 2022, to obtain approval to submit a loan application to the DWSRF program for the proposed project. Mailings are used by the Gold Country Water Company to engage the community.

When funding for the construction phase of the project is requested, public involvement will be solicited through publication of a Finding of No Significant Impact (FONSI) on the Nevada State Clearinghouse website.

If the alternative of a new well, Well #5, is selected, the project would be described under a FONSI. In accordance with NAC 445A.67583(3), the project is not eligible for a Categorical Exclusion; NAC 445A.67583(3)(a) states that a water project that creates a new source of water supply is ineligible for a categorical exclusion.

## Information

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<b>System Location</b>	Humboldt County
<b>System Population</b>	1,634
<b>System Service Connections</b>	480 Residential; 10 Other

**System Infrastructure** The Gold Country Water Company water system currently has four system wells but only uses three of them for water supply. One 285,000-gallon storage tank manages water storage for the system, and water distribution is handled with a booster pump station and a network of transmission and distribution lines. The water system is controlled by SCADA. The booster pump has a backup generator in case of outages. A backup generator is located such that it can supply power to both Well #3 and Well #4. Wells #1 and #2 do not have backup generators. Water meters are used to measure consumption and help identify leaks. Approximately 95% of the transmission and distribution water lines are C900 PVC, but there is one Asbestos Cement Pipe that is 3,100' in length.

**Compliance** While high nitrate levels threaten exceedance, blending has been successful in managing nitrate levels as the last nitrate violation was in 2012. A violation was logged in 2020 for exceedance of state MCL for color at Well #2.

- User Water Rates**
- Residential base rate per user per month: \$36.75 (0-8,000 gallons of water)
  - Commodity Rate: \$1.05/1,000 gallons over the base gallons
  - Fire Protection flat rate per user per month: \$9.47
  - Average Water Rate/Use for system: \$50.00 residential (21,000 gallons per month)

The established water rates sufficiently cover operation, maintenance, debt service and reserves of the system.

## Gold Country Water Company and Humboldt County Information

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**Water Conservation Plan** A Water Conservation Plan has not been uploaded to the State of Nevada Division of Water Resources "Water Conservation Plans" page. However, the Gold Country Water Company water system utilizes water meters and a tiered rate structure to encourage conservation, which will be perpetuated by Humboldt County with this proposed consolidation.

**Technical Capacity** The Gold Country Water Company water system requires the operating capacity of "T-0" for treatment facilities and "D-2" for the source, storage, and distribution system. The operator has active certifications to operate T-3 and D-3 systems, which exceeds the operational requirements of this system.

**Managerial Capacity** Gold Country Water Company is privately owned and regulated by the Public Utilities Commission.

Humboldt County and the Star City Properties public water system is governed by a five-member board and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was

November 21, 2022. The system has demonstrated managerial capacity for NDEP to recommend funding and consolidation.

**Financial Capacity** Financial Information provided for Gold Country. Humboldt County has been operating and reporting other managed systems as separately stated with their annual financial reports. The Gold Country Water Company water system's water rates currently cover the operations and maintenance of the system, including debt service. This debt service will be slightly reduced with the refinance of the debt by Humboldt County.

Financial Information as of 12/31/2021

Unrestricted Cash: \$196,561  
Days cash on hand: 305  
Outstanding Debt: \$570,487  
Operating Income before Depreciation: \$43,522  
Current Ratio: 7.99  
Debt Coverage: 2.02

\*Financial information is provided by PUC Submissions by Mark Foree.

Humboldt County/Gold Country has demonstrated financial capacity for NDEP to recommend funding support.

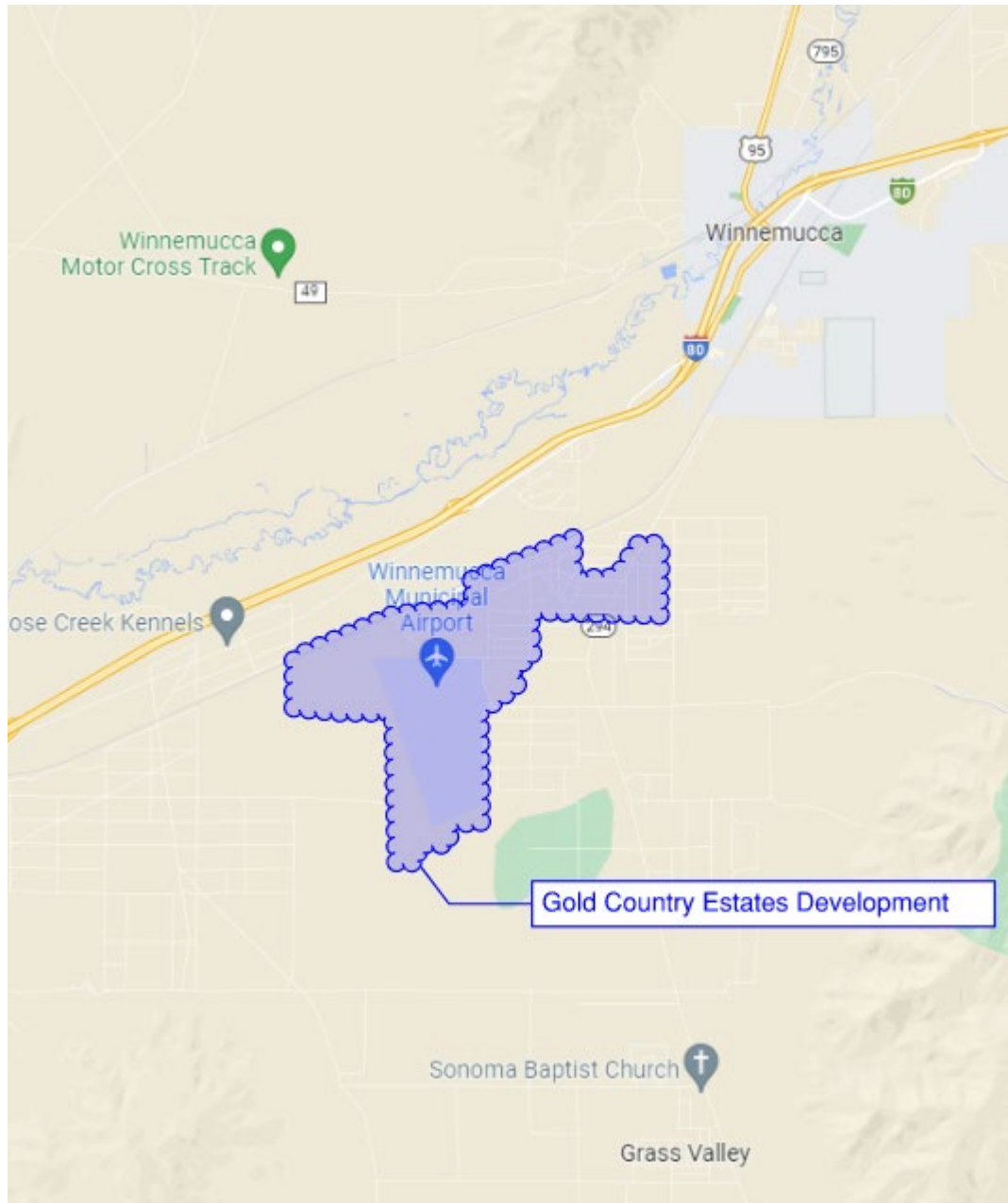
**Asset Management Plan** An Asset Management Plan will be part of the loan conditions for principal forgiveness funding.

**Capital Replacement Reserve Account** A Capital Replacement Reserve Account will be maintained by Humboldt County as part of this loan agreement.

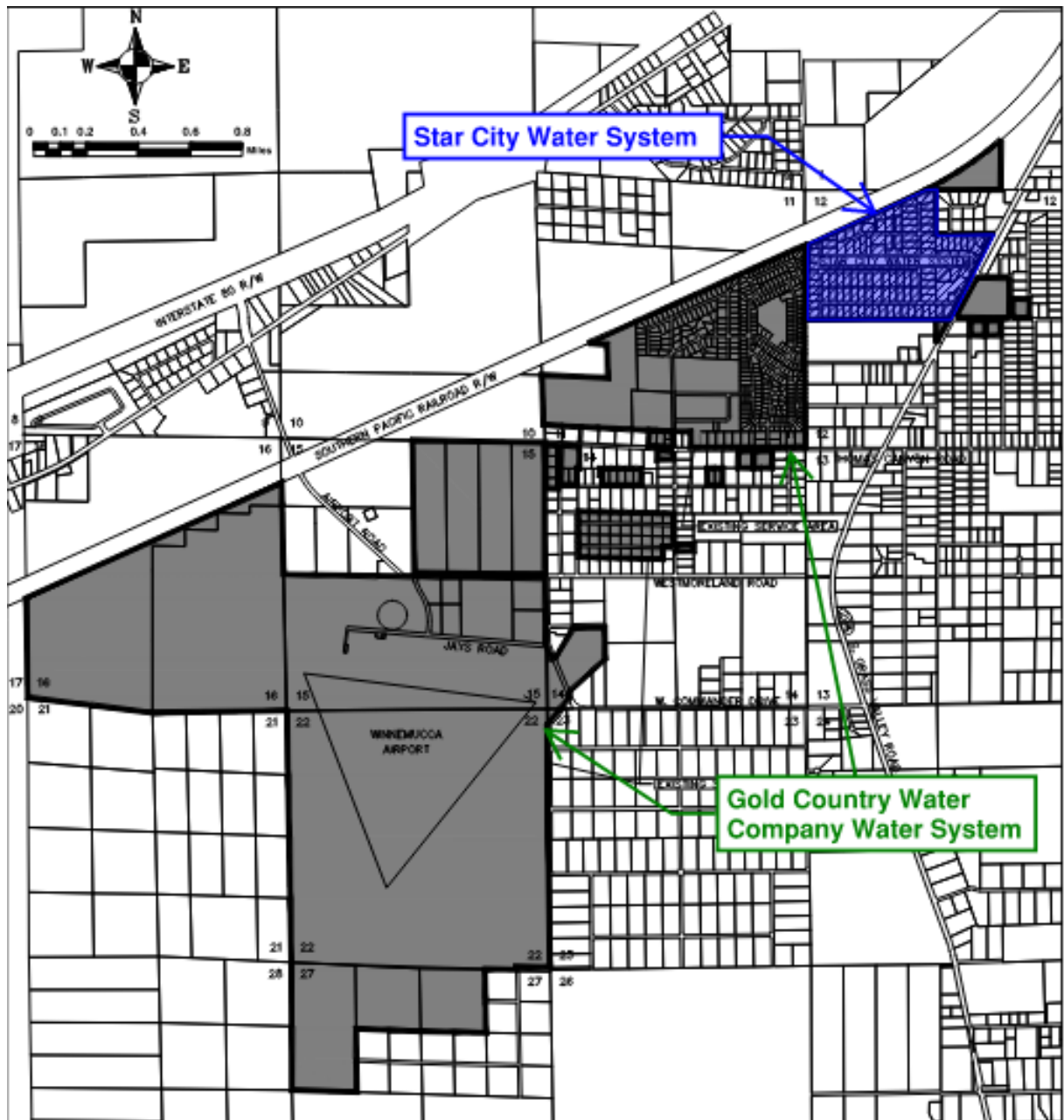
**DWSRF Principal Forgiveness Eligibility Criteria** This project qualifies for DWSRF Principal Forgiveness as a consolidation. The cost of the well qualifies for DWSRF Principal Forgiveness by addressing an acute health risk.

## Maps and Exhibits

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Gold Country Estates Location



Star City Properties public water system Location

## **DWSRF Authority and Purpose**

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the 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 and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP 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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

## **DWSRF Loan Conditions for consolidation and well construction**

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The principal forgiveness loan for consolidation and well construction will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five (5) years.
- Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years.

## **RECOMMENDED MOTION FOR THE DWSRF LOAN**

I move to approve three loan resolutions to Humboldt County totaling \$2,400,000 for the projects specified in the staff report. \$1,850,000 of the total commitment to Humboldt County would be in the form of principal forgiveness funding.

# RESOLUTION D8<sup>A</sup>-1222

## *Humboldt County 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to drill a new well and transmission main to mitigate nitrates (Project); and
- WHEREAS:** The Project is included as project #1 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D8A-1222 Humboldt County Project Loan Commitment”

**Section 2:** The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP except for the board condition that the Recipient: 1) Review user rates at least every three (3) years for the life of the loan; 2) maintain an asset management plan and review the plan every five (5) years; and 3) Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years. These terms will include 100% principal forgiveness.

**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 funds in the amount not to exceed \$1,350,000 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed: \_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest: \_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

# RESOLUTION D8B-1222

## *Humboldt County 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to consolidate Gold Country with Humboldt County (Star City) for nitrate mitigation (Project); and
- WHEREAS:** The Project is included as project #1 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D8B-1222 Humboldt County Project Loan Commitment”

**Section 2:** The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP except for the board condition that the Recipient: 1) Review user rates at least every three (3) years for the life of the loan; 2) maintain an asset management plan and review the plan every five (5) years; and 3) Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years. These terms will include 100% principal forgiveness.

**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 funds in the amount not to exceed \$500,000 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed: \_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest: \_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

# RESOLUTION D8C-1222

## *Humboldt County 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to consolidate Gold Country with Humboldt County (Star City) for nitrate mitigation (Project); and
- WHEREAS:** The Project is included as project #170 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D8C-1222 Humboldt County Project Loan Commitment”

**Section 2:** The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP.

**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 funds in the amount not to exceed \$550,000 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed:\_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest:\_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

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

Board for Financing Water Projects

*December 2022*

## **Beatty Water & Sanitation General Improvement District**

<b>Amount and Term</b>	<b>Recommendation</b>
<u>\$1,050,000.00</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to the Beatty Water & Sanitation General Improvement District for the relining of three system tanks and replacement of the booster tank.

### **Management and Structure**

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<b>Loan Recipient and Structure</b>	Beatty Water & Sanitation General Improvement District owns and operates a public water system.
<b>Project system</b>	The project is for the Beatty Water & Sanitation General Improvement District (PWS NV0000009).

### **System Project for Funding**

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**Priority List** Project #17

**Need** Dive inspection reports indicate that the interior coating is failing and there is significant rust and corrosion on the interior of the Beatty Water & Sanitation General Improvement District tanks.

These failing coating systems could allow the introduction of contaminants into the drinking water system and pose a health risk to the community. Additionally, the structural integrity of these water tanks may be compromised if the interior coating deficiencies are not addressed. This damage, if not arrested, could render the tanks unable to be rehabilitated, requiring replacement at a much higher cost.

Additionally, storage deficiencies have been identified that prohibit the water system from functioning with the pressure and reliability that is needed by the community.

**Chosen Project** Beatty Water and Sanitation District has multiple components that are in need of replacement, rehabilitation, and upgrade. The “*Beatty Water System Rehabilitation: Tank Phase*” will primarily focus on addressing the replacement and rehabilitation of the system water storage tanks. While there are many system needs identified, timely coating of the water storage tanks will allow them to be lined rather than requiring replacement at a significantly greater cost. Additional phases of the Beatty Water System Rehabilitation are needed and will continue to be evaluated for priority and funding.

The Beatty Water & Sanitation District water storage needs consist of rehabilitation, replacement, and new construction. Based on dive reports, the 250,000-gallon Middle tank, 250,000-gallon South tank, and 260,000-gallon Indian Springs tank all are in the need of interior recoating. External recoating is a maintenance activity and is not fundable by the State Revolving Fund (SRF).

The Beatty Water & Sanitation General Improvement District’s Booster storage tank is in poor condition and lacks adequate capacity. This 10,000-gallon tank is proposed to be replaced with a 25,000-gallon tank within the same footprint.

Additional storage needs to provide system demands and fire flow capacity will be addressed in a future project with the construction of an additional 500,000-gallon water tank.

**Project Alternatives** An extensive alternatives analysis was completed for the whole system to ensure that projects of the highest priority are addressed first and that each project/phase will benefit of the water system as a whole and is the best use of the state and water system funding. The storage/tank phase of the water system was selected as the highest priority as the existing storage tanks are in need of lining and will fail if the lining is not replaced. This phase started with an evaluation of the current system storage as compared to the system requirements. It was determined that additional storage is needed to meet system reliability, delivery, and fire flow requirements.

This capacity analysis determined that an additional 500,000-gallon water tank is a system need to be addressed in the future after the protection of existing water storage is accomplished.

The “Do Nothing” approach was the first alternative studied. If the “Do Nothing” approach is selected the existing water tank lining, which is already in need of replacement, will further degrade and develop leaks as well as deteriorate beyond repair. In addition to the high cost of constructing replacement water tanks, the water loss from the deterioration of the tanks would be significant, as would be the impacts to reliability and effectiveness of water delivery. Also, contaminants could be introduced into the drinking water as the system deteriorates. The water supply system would eventually fail if this alternative is selected.

The other alternative considered to address the Beatty community water system storage needs is to repair and reline the existing tanks and plan for the expansion of the water storage system with a future 500,000-gallon water tank to meet system needs as mentioned above.

The 10,000-gallon booster tank at well site EW-4 has been determined to be undersized and is in poor condition. Because of the condition and need for additional storage at this booster station, a 25,000-gallon tank is proposed to be constructed in the same location as the existing 10,000-gallon tank. Alternatives for this tank were “do nothing,” “reline/rehabilitate tank,” and “replace tank.” The “do nothing” and “reline/rehabilitate tank” options did not address the capacity deficiencies of the tank and also had uncertain outcomes as the condition of the tank is poor and a relining operation may not be possible, or may not extend the tank life enough to justify the expense. The larger tank will also decrease the pump cycles and decrease the cost of operation as well as extend the life of the pump.

**Maps** Maps are attached to this report.

#### Timeline

Design: February 1, 2023

Construction Bid: May 1, 2023

Construction Start: June 1, 2023

Initiation of Operations: September 1, 2023

#### Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$5,000.00	\$0.00	\$5,000.00	<b>\$10,000.00</b>
Design, inspection, and Construction Management	\$110,400.00	\$0.00	\$0.00	<b>\$110,400.00</b>
Land Acquisition	\$0.00	\$0.00	\$0.00	
Equipment & Materials	\$0.00	\$0.00	\$0.00	
Construction / Improvements	\$736,000.00	\$0.00	\$0.00	<b>\$736,000.00</b>
Administration	\$25,000.00	\$0.00	\$25,000.00	<b>\$50,000.00</b>
Financing	\$100,000.00	\$0.00	\$0.00	<b>\$100,000.00</b>
Construction Contingency	\$73,600.00	\$0.00	\$0.00	<b>\$73,600.00</b>
<b>Totals</b>	<b>\$1,050,000.00</b>	<b>\$0.00</b>	<b>\$30,000.00</b>	<b>\$1,080,000.00</b>

## System Previous Commitments and Studies

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### **Project ID: DW 1912; Executed August 2019; Loan Amount \$100,000.00**

Project funded a Preliminary Engineering Report, dated May 2022 and produced by Day Engineering, to analyze problems and propose projects to mitigate within the Beatty Water & Sanitation General Improvement District.

### **Project ID: DW 1913; Executed August 2019; Loan Amount \$475,000.00**

Project replaced 2,000 feet of Asbestos Cement Pipe with 8" PVC pipe.

### **Project ID: S-BEATTY1: ARRA; Executed July 2009; Loan Amount \$2,912,624.48**

Project installed a central treatment plant at the well EW-4 site to remove arsenic and fluoride.

## Environmental Review

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All three water tanks to be rehabilitated are located on land managed by the Bureau of Land Management (BLM). BLM Rights of Way (ROWs) were renewed in 2021 and National Environmental Policy Act requirements were met by Categorical Exclusion under DOI-BLM-NV-B020-2021-0022-CX, "Right of Way Renewal Notices for Beatty Water & Sanitization District":

<https://eplanning.blm.gov/eplanning-ui/project/2012572/510>

The BLM case file numbers for the tank ROWs are N-54004, N-54021, and N-66534.

All rehabilitation and recoating work will be conducted on previously disturbed land and on existing water tank structures. No sensitive, threatened, or endangered species are known to be present in proximity to the water tanks. No critical habitat for migratory birds is present in the immediate vicinity of the project areas. No wetlands are impacted by the project. The three water tanks are located some distance from the Amargosa River, which is a potential flood hazard zone as designated by the Federal Emergency Management Agency. The project is in compliance with the Farmlands Protection Policy Act because no farmlands or rangelands are affected by the project.

Best Management Practices will be applied during construction. Surface disturbance areas will be regraded to lessen erosion potential and to reduce the potential for noxious weed growth.

The Beatty storage tank rehabilitation is the first phase of general improvements to the Beatty drinking water system. Later phases may include placement of a redundant transmission main pipeline and repairs to the distribution system.

## Community Engagement

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The Beatty Water & Sanitation General Improvement District meets each month in a meeting that is open to the public. The needs of the Beatty Water & Sanitation General Improvement District system have been discussed in this forum since the beginning of 2017. Additionally, the Beatty Town Advisory Board, Chamber of Commerce, and community members have expressed support for projects that improve the Beatty Water & Sanitation General Improvement District water system. As various phases of the Beatty Water & Sanitation General Improvement District rehabilitation projects approach

commencement, the Beatty Water & Sanitation General Improvement District intends to hold special meetings and send “mail-outs” to increase public awareness.

Public engagement has been sought by publication of BLM Categorical Exclusions for Right of Way renewal on the BLM National ePlanning website in March 2021. Public comment will be invited for the tank rehabilitation project by publication of an SRF Categorical Exclusion on the Nevada State Clearinghouse website in 2022-2023.

## System Information

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**System Location** Nye County

**System  
Population** 847

**System Service  
Connections** 540 Residential; 85 Other

**System  
Infrastructure** The existing water supply system consists of three permitted production wells and four unpermitted wells that are not for regular use. The permitted wells are the Indian Springs Well (W04), well EW-4 (W07) and the Summit Well (W06). The Middle Well (W05) and Well W-1 (W01) are inactive and no longer used by the district. Well-2 (W02) and Well-3 (W03) are only used in emergencies.

Water storage consists of three primary tanks and one booster tank. The Booster tank has a 10,000-gallon capacity and is badly deteriorated. The South Tank and Middle Tank have 250,000-gallon capacity, and the Indian Springs Tank has a 260,000-gallon capacity.

Drinking water is distributed by 168,378 feet of pipe, which is largely PVC ranging from 1.5” to 12” in diameter. However, almost 40,000 feet of Asbestos Cement Pipe (ACP) and 2,713 feet of steel pipe remain in service but are in poor condition. The ACP and steel pipe vary from 45 to 60 years in age and are approaching the end of their service life.

Consumption is monitored with water meters that are upgraded by 15-25 meters per year.

A Supervisory Control and Data Acquisition (SCADA) system with components of varying age is used to manage the water system. The system is set up to operate independently and the main SCADA system has an expected remaining service life of 5-7 years.

The Beatty Water & Sanitation General Improvement District operates a Water treatment plant at the site of well EW-4 for the removal of arsenic and fluoride.

The Beatty Water & Sanitation General Improvement District system lacks backup power.

**Compliance** Sample Station 29, Building 1 revealed samples in 2013 and 2014 exceeding the Maximum Contaminant Levels for Arsenic and Fluoride. The same sample

point revealed Arsenic exceedance in 2018 and 2019, and Fluoride exceedance in 2018 and 2021.

**User Water Rates**

- Residential base rate per user per month: \$23.70 (0-2,000 gallons of water)
- Commodity Rate: \$1.47 surcharge/thousand (2,001 gallons to 6,000 gallons)
- Commodity Rate: \$2.05 surcharge/thousand (6,001 gallons to 7,000 gallons)
- Commodity Rate: \$2.47 surcharge/thousand (7,001 gallons to 15,000 gallons)
- Commodity Rate: \$3.26 surcharge/thousand (usage greater than 15,000 gallons)
- Average Water Rate/Use for system: \$23.70 (2,000 gallons)

The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.

## Beatty Water and Sanitation District Information

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**Water Conservation Plan**

The Beatty Water & Sanitation General Improvement District has a Water Conservation and Drought Contingency Plan that was last updated on June 1, 2019.

**Technical Capacity**

The Beatty Water & Sanitation General Improvement District requires the operating/technical capacity of "T-2" for treatment facilities and "D-2" for the source, storage, and distribution system. The operator has active certifications to operate T-2 and D-3 systems, which exceed the system requirements.

**Managerial Capacity**

Beatty Water & Sanitation General Improvement District is governed by a five-member board subject to open meeting laws. The last time this project was addressed at a public meeting was July 20, 2022. The system has demonstrated managerial capacity for NDEP to recommend funding.

**Financial Capacity**

Financial Information as of 6/30/2021\*

Unrestricted Cash: \$132,058

Days cash on hand: 150

Outstanding Debt: \$64,232

Operating Income before Depreciation: \$123,419

Current Ratio: 5.58

\*Financial information is independently audited by Daniel C McArthur Ltd.

Beatty Water & Sanitation General Improvement District has demonstrated financial capacity for NDEP to recommend funding support.

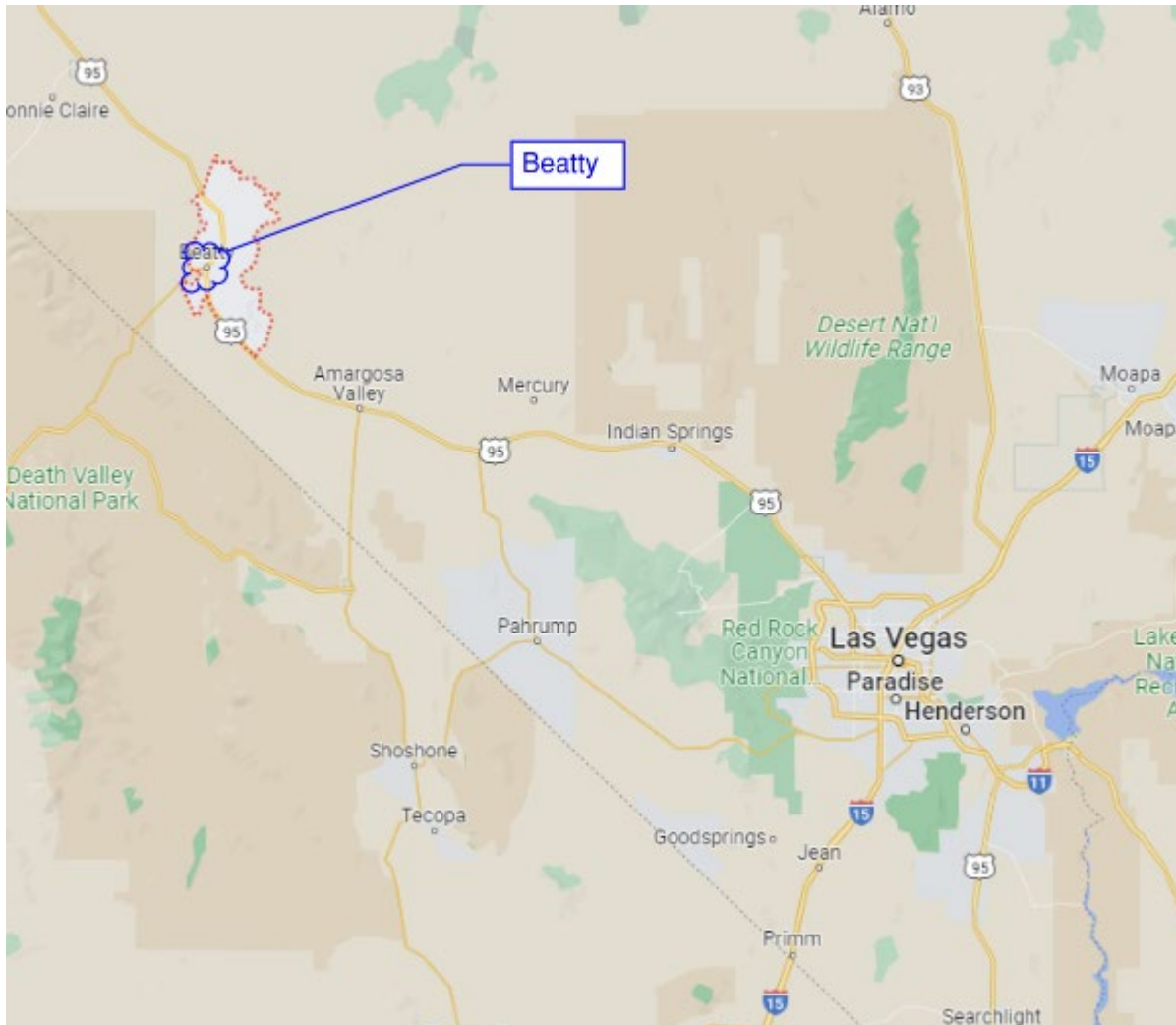
**Fiscal Sustainability Plan** Beatty Water & Sanitation General Improvement District has an Asset Management Plan in place.

**Capital Replacement Reserve Account** Beatty Water & Sanitation General Improvement District has established a reserve account for Capital Replacement. The balance in the account as of June 30, 2021 was \$368,859.

**DWSRF Principal Forgiveness Eligibility Criteria** Beatty Water & Sanitation General Improvement District is considered a disadvantaged system under Median Household Income guidelines and is eligible to receive principal forgiveness funding.

## Maps and Exhibits

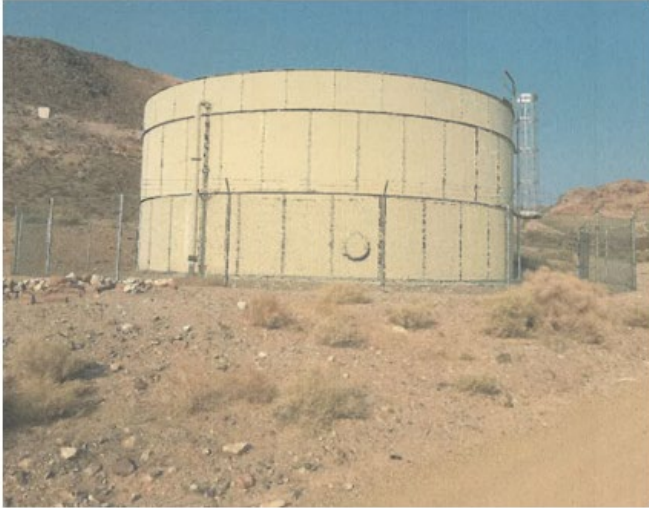
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Beatty Location Map.



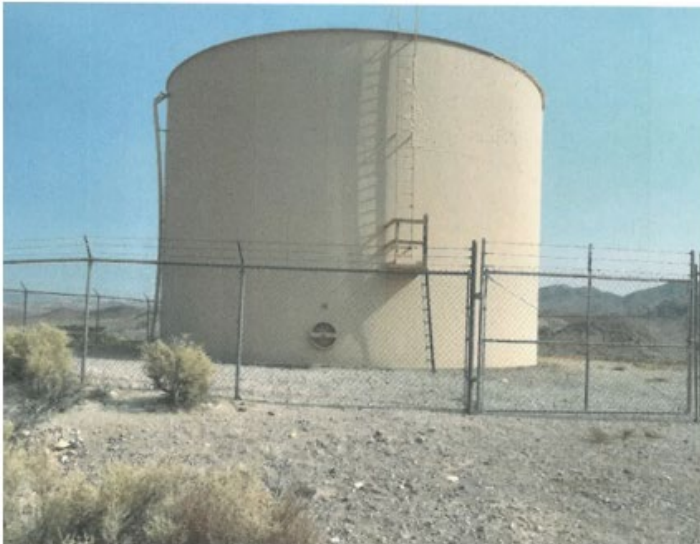
Satellite image of the town of Beatty.



Indian Springs Water Tank



South Water Tank



Middle Water Tank



Booster Water Tank

## DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the 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 and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP 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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

## DWSRF Loan Conditions

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The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five (5) years.
- Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years.

## RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D09-1222 Beatty Water & Sanitation General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,050,000. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

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# RESOLUTION D09-1222

## *Beatty Water & Sanitation General Improvement District 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Beatty Water & Sanitation General Improvement District (Recipient) owns and operates a public water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project for replacement of the booster tank and relining of three system tanks. (Project); and
- WHEREAS:** The Project is included as project #17 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D09-1222 Beatty Water & Sanitation General Improvement 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.

**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 funds in the amount not to exceed \$1,050,000 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed:\_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest:\_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

# Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

December 2022

## Silver Springs Mutual Water Company

Amount and Term	Recommendation
<u>\$ 1,400,000.00</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to the Silver Springs Mutual Water Company for the replacement of the Lake Street Well.

### Management and Structure

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**Loan Recipient and Structure** Silver Springs Mutual Water Company owns and operates a public water system.

**Project system** The project is for the Silver Springs Mutual Water Company (SSMWC) (PWS NV0000223).

### System Project for Funding

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**Priority List** Project #59

**Need** The Lake Street Well is in a state of failure and is offline. SSMWC re-equipped the Lake Street Well with a new submersible motor, pump, drop pipe, and variable frequency drive for the motor. During the initial startup of the new equipment it was observed that other issues existed aside from the need to replace all downhole equipment. Large amounts of sand and gravel were being carried through the pump in the discharge. The sediment load was significant enough that continued operation of the Lake Street Well would destroy the new pump. It was determined that the well cap had failed on this 1979 well. SSMWC's Idaho Street Well and Deodar Street Well are currently able to meet system demands but, if either were to have issues the system would not be able to meet water delivery demands. Additionally, the Idaho Street Well (installed in 1973) is nearing the end of its service life, making failure of this well more probable. Without this redundancy the water system is out of compliance with NAC 445A.6686 and NAC 445A.66655.

An arsenic treatment facility is located at the Lake Street Well site, significantly lowering the arsenic concentrations from this water source. This water source is

required for blending with the other water sources to lower the arsenic concentrations and meet the maximum contaminant level requirements for arsenic.

**Chosen Project** Alternative 2 was the most viable alternative and was selected to progress. This alternative proposes a new well to be installed at the Lake Street Well site.

**Project Alternatives** Six alternatives were considered to address the issue created by the Lake Street Well failure. Alternative 1, the “No Action” approach, would leave the system without redundancy and out of compliance with NAC 445A.6686 and NAC 445A.66655. Alternative 2 proposes the installation of a replacement well at the Lake Street Well site and the abandonment of the existing Lake Street Well. Alternative 3 considered surface water sources for drinking water. Alternative 4 evaluated options to consolidate with other water systems. Alternative 5 explored alternative sites for the installation of a replacement well. And Alternative 6 investigated the attributes of the existing Lake Street Well to determine if rehabilitation was a viable option. As noted above, Alternative 2, to replace the Lake Street Well at the same location, was the most functionally, fiscally, and operationally viable alternative.

**Maps** Maps are attached to this report.

**Timeline**

Design: March 1, 2023

Construction Bid: April 1, 2023

Construction Start: June 1, 2023

Initiation of Operations: March 1, 2024

<b>Sources of Project Funding</b>	<b>DWSRF</b>	<b>Capital Improvement Grant</b>	<b>Local</b>	<b>Total</b>
Planning	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Design, inspection, and Construction Management	\$151,000.00	\$0.00	\$0.00	<b>\$151,000.00</b>
Land Acquisition	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Equipment & Materials	\$0.00	\$0.00	\$75,000.00	<b>\$75,000.00</b>
Construction / Improvements	\$984,200.00	\$0.00	\$0.00	<b>\$984,200.00</b>
Administration	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Financing	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Construction Contingency	\$264,800.00	\$0.00	\$0.00	<b>\$264,800.00</b>
<b>Totals</b>	<b>\$1,400,000.00</b>	<b>\$0.00</b>	<b>\$75,000.00</b>	<b>\$1,475,000.00</b>

## System Previous Commitments and Studies

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**Project ID: DW 2209; Executed February 2022; Loan Amount \$88,680.00**

Preliminary Engineering Report to determine need and viability of the HWY 50 transmission line redundancy project.

**Project ID: DW 2208; Executed February 2022; Loan Amount \$119,900.00**

Preliminary Engineering Report to determine action for the failed Lake Street Well.

**Project ID: DW 1911 Executed July 2019, Loan Amount \$279,270.00**

North Tank #1 Rehabilitation and recoating.

**Project ID: DW 1802; Executed July 2017; Loan Amount \$591,577.00**

Drilling and construction of replacement Deodar Street Well.

**Project ID: DW 1604; Executed August 2015; Loan Amount \$178,011.69**

Water resource categorization including aquifer testing for new well to replace failing Deodar Street Well.

**Project ID: S-SSMWC1 (ARRA); Executed August 2009; Loan Amount \$3,662,307.00**

Septic to Sewer conversion project including Biolac mechanical plant to treat effluent for reuse on fields at Silver Springs airport.

**Project ID: C32-9801; Executed July, 2000; Loan Amount: \$2,700,000.00**

Septic to Sewer conversion project including Biolac mechanical plant to treat effluent for reuse on fields at Silver Springs.

## Environmental Review

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If funding for the Lake Street replacement well is approved, NDEP will issue a Finding of No Significant Impact (FONSI) for the project for a 30-day public comment period. In accordance with NAC 445A.67583(3), the project is not eligible for a Categorical Exclusion; NAC 445A.67583(3)(a) states that a water project that creates a new source of water supply is ineligible for a categorical exclusion.

The replacement well will be deeper than the existing 350-foot well in order to increase the probability of a continuous drinking water supply from groundwater. A test bore of drillhole of 650 feet is proposed by the consultant to confirm depth of aquifers and sufficient groundwater production. The final well depth is expected to be approximately 600 feet.

The replacement well location will be adjacent to the existing well in a previously disturbed area. Surfaces would be regraded to pre-construction conditions to lessen erosion potential and to reduce potential for growth of noxious weeds. There are no wetlands associated with the project. The Federal Emergency Management Agency terms the area as Zone AE for flood insurance, which indicates an area with 100-year flood potential. No known flooding has occurred at the well location. The project would be in compliance with the Farmland Protection Policy Act because there are no farming activities in the project area.

NDEP assessed the potential environmental effects of the proposed project and determined that it is unlikely to have a negative effect, either individually or cumulatively, on the quality of the human environment. The construction activities will be restricted to daylight hours and will be coordinated with area residents in order to minimize traffic disruptions and conflicts.

## Community Engagement

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On July 15, 2021, the SSMWC held a Board of Director's Meeting during which the need for this project was presented. The Board approved the submission of project applications for DWSRF funding for this project. Public notice for "DWSRF Funding for Project to Replace Lake Street Well" will be posted for public comment for 30 days at the State Clearinghouse website. The request for funding was approved by a resolution at the July 15, 2021, SSMWC Board of Directors Meeting.

## System Information

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**System Location** Lyon County

**System Population** 3,070

**System Service Connections** 1,194 Residential; 104 Other

**System Infrastructure** The existing water supply system consists of two production wells that are in-use (Idaho Street and Deodar Street), one that was in use until failure in July 2021 (Lake Street), and two monitoring wells (Atkins and Fort Churchill Street). Water storage consists of three 1-million-gallon tanks and water is distributed by 194,470 feet of pipe, which is largely PVC ranging from 2" to 14" in diameter. Consumption is monitored with "touch-read" water meters; however, the system is currently being converted to Automated Meter Reading radio read meters. The arsenic treatment plant located at the lake street well utilizes a Supervisory Control and Data Acquisition system installed in 2010 for remote operation and control of system wells, tanks, and the water treatment facility. Two generators are installed on the system: one at the water treatment plant with the capability of operating both the treatment plant and the Lake Street Well, and a second at the Spruce Street Booster Pump.

**Compliance** There are no records of water system violations in the last ten years.

**User Water Rates**

- Residential base rate per user per month: Varies - see table below (0 - 15,000 gallons of water)
- Commodity Rate: \$2.00/1,000 gallons over the 15,000 base gallons of water.
- Average Water Rate/Use for system: \$54.00 (15,000 gallons)

The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.

Connection (in)	Zone 1 Residential Base <sup>1</sup>	Zone 2 Residential Base <sup>1</sup>
¾	\$50.00	\$54.00
1	\$83.50	\$90.18
1 ½	\$166.50	\$179.82
2	\$266.50	\$287.82
3	\$533.50	\$576.18
4	\$833.50	\$900.18
6	\$1,666.50	\$1,799.82

<sup>1</sup>\$2.00 per 1,000 gallons after 15,000 gallons.

## Silver Springs Information

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**Water Conservation Plan** Water conservation will be realized by limiting potential losses from leaks in the water conveyance from the Idaho Street Well to the water treatment plant. While losses in this line are expected to be minimal with the total system loss estimated at 6%, the significantly shorter conveyance from the Lake Street replacement well to the water treatment plant minimizes water loss. Silver Springs has a water conservation plan that was reviewed and approved by the Nevada Division of Water Resources in 2020.

**Technical Capacity** SSMWC requires the operating capacity of “T-2” for treatment facilities and “D-2” for the source, storage, and distribution system. The operator has active certifications to operate T-2 and D-3 systems.

**Managerial Capacity** SSMWC is governed by a seven-member board and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was July 15, 2021. The system has demonstrated managerial capacity for NDEP to recommend funding and consolidation.

### Financial Capacity

#### Financial Information as of 12/31/2021\*

Unrestricted Cash: \$618,219

Days cash on hand: 290

Outstanding Debt: \$1,884,207

Operating Income before Depreciation: \$208,296

Current Ratio: 4.64

Debt Coverage: 11.4

\*Financial information is independently audited Eide Bailey

Silver Springs Mutual Water Company has demonstrated financial capacity for NDEP to recommend funding support.

**Asset Management Plan** An Asset Management Plan will be part of the loan conditions for principal forgiveness funding.

**Capital  
Replacement  
Reserve Account**

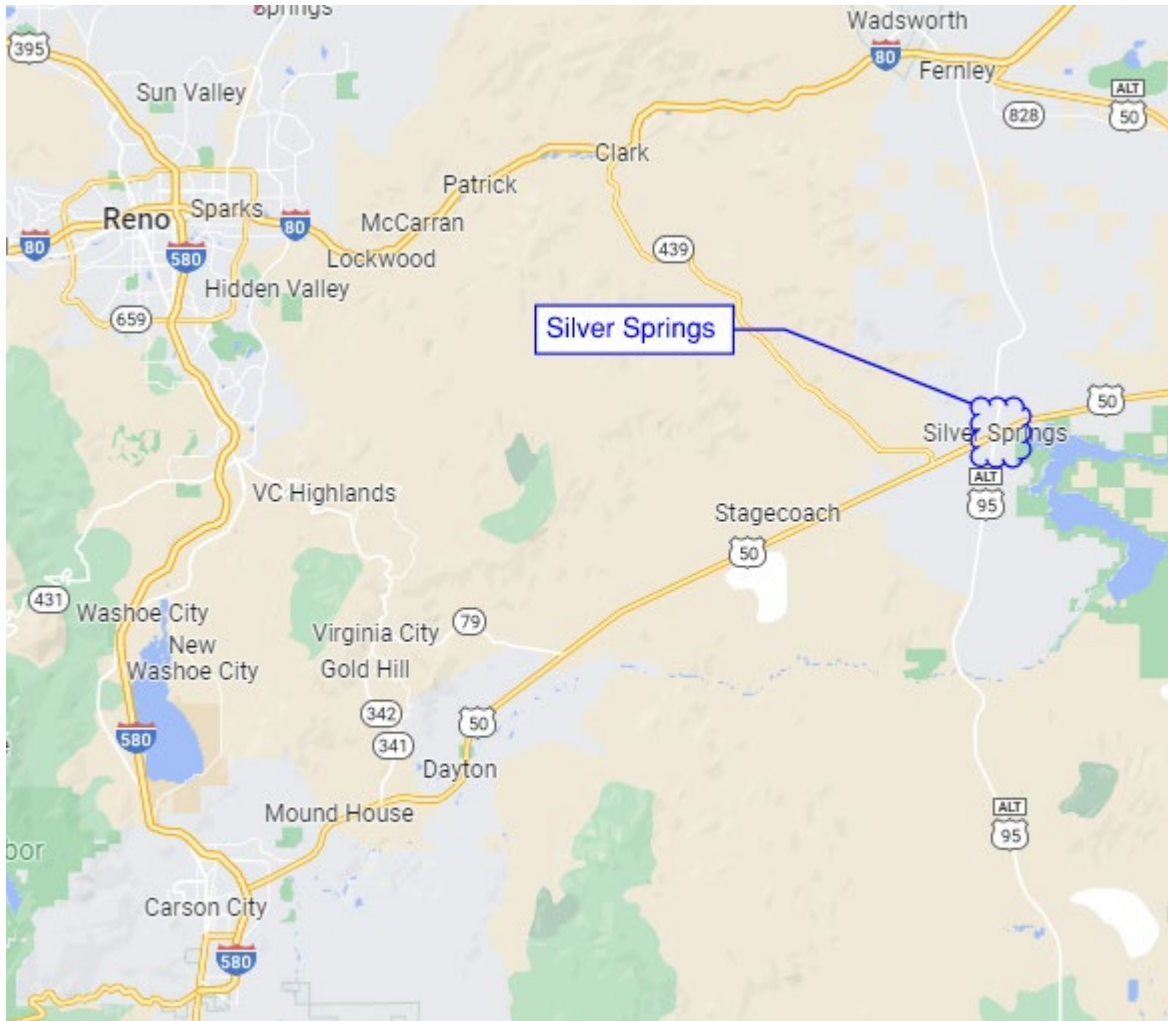
SSMWC has a Capital Replacement Reserve account established. The balance in the reserve account as of December 31, 2021, was \$200,416.

**DWSRF Principal  
Forgiveness  
Eligibility Criteria**

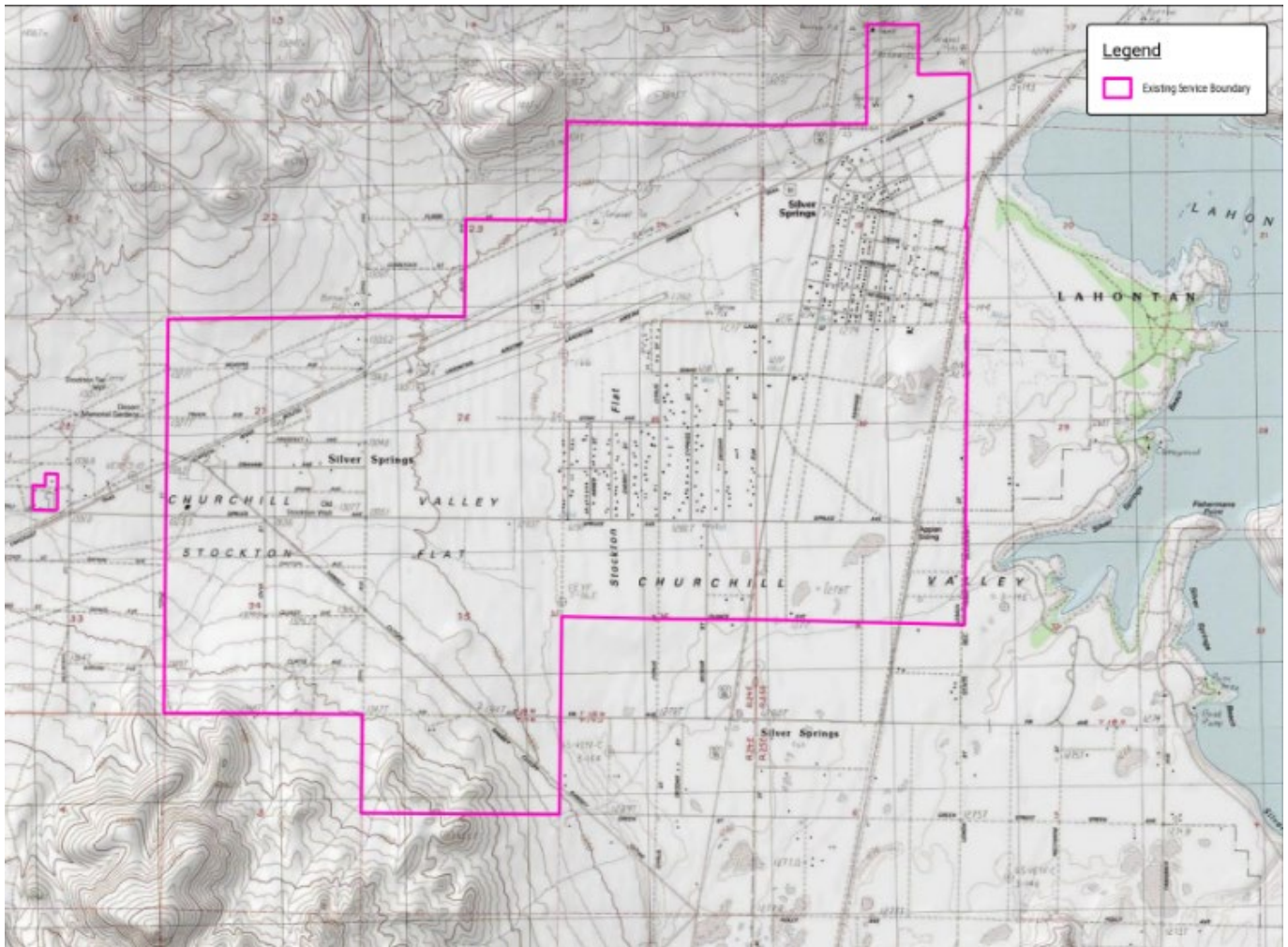
SSMWC is disadvantaged as defined by Median Household income and is eligible for principal forgiveness funding.

## Maps and Exhibits

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Silver Springs Location Map.



Silver Springs Water System Service Map

## DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the 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 and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP 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 Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

## DWSRF Loan Conditions

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The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five (5) years.
- Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years.

## RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D10-1222 Silver Springs Mutual Water Company Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,400,000. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

# RESOLUTION D10-1222

## *Silver Springs Mutual Water Company 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 June 29, 2022, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2022, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Silver Springs Mutual Water Company (Recipient) owns and operates a private water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to replace the Lake Street Well (Project); and
- WHEREAS:** The Project is included as project #59 on the Priority List Effective June 2022 of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; 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 “D10-1222 Silver Springs Mutual Water Company 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.

**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 funds in the amount not to exceed \$1,400,000 from the revolving fund account consistent with NRS 445A.265(3).

**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 December 6, 2022**

Signed: \_\_\_\_\_

**Chair**  
Board for Financing Water Projects

Attest: \_\_\_\_\_

**Advisor**  
Board for Financing Water Projects

## **Proposed Changes to Clean Water State Revolving Fund Statutes**

NRS 445A.060-445A.160

Sections 1-14 of Assembly Bill 20 (BDR 40-227)

- Define Administrator
- Change program authority from Department Director to NDEP Administrator
- Remove approvals from the Governor's Finance Office to issue or purchase bonds
- Broaden program eligibility FROM municipalities and interstate agencies TO eligible recipients, which include municipalities and interstate agencies
  - Municipalities
  - Interstate Agencies
  - Entities performing water conservation projects that are eligible under federal law
  - The regulations adopted by the State Environmental Commission must prescribe, in accordance with federal law, the entities eligible to receive assistance.
- Allow NDEP to negotiate interagency agreements, subgrants, contracts, or memorandum of understanding, for technical assistance now authorized under the federal Clean Water Act.

## **Proposed Changes to the Drinking Water State Revolving Fund Statutes**

NRS 445A.200-445A.295

Sections 15-20 of Assembly Bill 20 (BDR 40-227)

- The account to fund projects and set-aside projects to be created in the Water Projects Fund.
- The account for set-aside activities to be broadened to allow loans and grants.
- The State Environmental Commission to adopt regulations that prescribe, in accordance with federal law, the authorized use of the money in the account for loans and set-aside activities.
- The Legislative declaration of the importance of protecting water and establishing the account to finance the construction and improvement of drinking water infrastructure and set-aside programs.

## **Proposed Changes to the Capital Improvements Grant Program and the Board for Financing Water Projects Statutes**

NRS 349.935 – 349.987

Sections 21-28 of Assembly Bill 20 (BDR 40-227)

- Change from the Director of the State Department of Business and Industry to the Director of the State Department of Conservation and Natural Resources

- State Environmental Commission to adopt regulations as necessary to carry out the provisions of the program.
- Remove the requirements that not more than three voting members of the Board may be members of the same political party.
- Change the Board requirements that not more than two voting members of the Board be residents of the same county.
- Change the Board requirements that one member is knowledgeable in the development or the management of water resources.
- Adding the authority of the Capital Improvements Grant Program to pay for costs associated with abandoning an individual sewage disposal system and connecting the property to a community sewage disposal system, if the Division approves a program or project for the protection of groundwater quality.
- Updating the authority of the Capital Improvements Grant Program to pay for costs associated with abandoning a well and connecting the property formerly served by the well to a municipal water system.

Assembly Bill will require a 2/3 vote in both the Assembly and Senate to pass due to the increased eligible recipients in the Clean Water SRF program that would be subject to a program fee.

The Bill would become law upon passage.

SUMMARY—Revises provisions relating to water. (BDR 40-227)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Yes.

AN ACT relating to water; making various changes to provisions relating to the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects; making various changes to provisions relating to the Account for the Revolving Fund and the Account for Set-Aside Programs; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Under federal law, the Clean Water State Revolving Fund is established to assist states by providing financial assistance for various water infrastructure projects and projects for the control of water pollution. (33 U.S.C. §§ 1381 et seq.) Existing state law establishes the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects to receive and distribute money from the Clean Water State Revolving Fund. (NRS 445A.120) **Sections 1-14** of this bill make various changes to provisions relating to the Account.

Existing law provides that a municipality or an interstate agency is eligible to receive assistance from the Account. (NRS 445A.140) **Section 4** of this bill defines “eligible recipient” to mean a legal entity that is eligible to receive assistance from the Account under federal law, including a



municipality or an interstate agency. **Sections 5, 7, 8, 11, 13 and 14** of this bill make conforming changes to expand the entities eligible to receive assistance from the account to any eligible recipient. **Section 9** of this bill requires the regulations adopted by the State Environmental Commission to set forth the eligible entities in accordance with federal law.

Existing law: (1) charges the State Department of Conservation and Natural Resources with administering the Account; and (2) authorizes the Director of the Department to take certain actions to impose and collect fees, employ expert services and issue bonds. (NRS 445A.130, 445A.140-445A.155) **Sections 8 and 11-14** transfer the responsibility for administering the Account to the Division of Environmental Protection of the Department and the Administrator of the Division. **Sections 2 and 3** of this bill define “Administrator” and “Division,” respectively, and **section 27** of this bill repeals unnecessary definitions.

**Section 6** of this bill makes conforming changes to indicate the proper placement of the new definitions into chapter 445A of the Nevada Revised Statutes.

Existing law sets forth certain limitations on the use of money in the Account. (NRS 445A.140) **Section 10** of this bill provides that, with certain exceptions, the money in the Account may be used only in accordance with federal law and requires the regulations adopted by the State Environmental Commission to prescribe the authorized uses of the money in the Account.

Existing state law provides that not more than 4 percent of each grant awarded may be spent to administer the Account. (NRS 445A.145) **Section 11** provides instead that not more than the amount or percentage authorized by federal law may be spent to administer the Account, provide technical assistance or for any other use authorized by federal law.



Existing federal law creates the Drinking Water State Revolving Fund to assist states with providing financial assistance for drinking water infrastructure projects, with certain set-asides to provide technical assistance, management and certain other assistance for projects. (42 U.S.C. § 300j-12) To receive and distribute money in accordance with federal law, existing state law creates: (1) the Account to Finance the Construction of Projects, known as the Account for the Revolving Fund; and (2) the account to fund activities, other than projects, authorized by the federal Safe Drinking Water Act, known as the Account for Set-Aside Programs. (NRS 445A.255) **Sections 15-20** of this bill make various changes to provisions relating to the Account for the Revolving Fund and the Account for Set-Aside Programs.

Existing federal law authorizes the Account for Set-Aside Programs to make loans and grants and to provide certain limited types of assistance to projects authorized by the Safe Drinking Water Act. (42 U.S.C. §§ 300f et seq.) Existing state law creates the Account for Set-Aside Programs in the Fund for the Municipal Bond Bank. (NRS 445A.255) **Section 15** provides instead that the Account for Set-Aside Programs is created in the Fund for Water Projects Loans to reflect that the Account may be used for certain project-related activities. **Section 25** of this bill makes a conforming change to create an exception to the general requirement that all revenues from certain lending projects be deposited in the Fund for the Municipal Bond Bank. **Sections 16 and 17** of this bill make changes to existing state law to provide that the Account for Set-Aside Programs may be used to make loans and grants in accordance with federal law.

Existing law sets forth certain limitations on the use of money in the Account for the Revolving Fund and the Account for Set-Aside Programs. (NRS 445A.275) **Section 18** of this bill provides



that, with certain exceptions, the money in these accounts may be used only in accordance with federal law and requires the State Environmental Commission to adopt regulations prescribing the authorized uses of the money.

Existing law prohibits the Administrator from spending more than a certain percentage of federal grants for administration, certain types of activities authorized pursuant to federal law and technical assistance to small water systems. (NRS 445A.280) **Section 19** of this bill instead prohibits the Administrator from spending more than the amount or percentage authorized by federal law for administering the account or certain programs authorized by federal law.

**Section 20** revises the legislative findings and declarations to emphasize the importance of the Account for the Revolving Fund and the Account for Set-Aside Programs.

Existing law charges the Director of the Department of Business and Industry with overseeing the financing of water projects. (NRS 349.946) **Section 21** of this bill transfers this responsibility to the Director of the State Department of Conservation and Natural Resources. **Section 22** of this bill authorizes the State Environmental Commission to adopt regulations relating to the financing of water projects.

Existing law establishes the Board for Financing Water Projects which may not contain more than three voting members who are members of the same political party and not more than two members who are residents of the same county. (NRS 349.957) **Section 23** of this bill removes the requirement that not more than three members may be members of the same political party.

Existing law establishes a program to provide grants of money to purveyors of water and eligible recipients to pay for certain costs related to water conservation and capital improvements



to water systems. (NRS 349.981) **Section 24** of this bill expands the list of eligible recipients and costs to include costs associated with abandoning an individual sewage disposal system and connecting the property formerly served to a community sewage disposal system, if the Division approves certain programs or projects for the protection of groundwater quality developed by the State or a local government.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 445A of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

**Sec. 2.** *“Administrator” means the Administrator of the Division.*

**Sec. 3.** *“Division” means the Division of Environmental Protection of the State Department of Conservation and Natural Resources.*

**Sec. 4.** *“Eligible recipient” means a legal entity that is eligible to receive assistance from the Account in accordance with the provisions of the Clean Water Act, 33 U.S.C. §§ 1381 et seq., including, without limitation, a municipality or interstate agency.*

**Sec. 5.** NRS 445A.060 is hereby amended to read as follows:

445A.060 1. The Legislature finds that:



(a) The construction, rehabilitation, operation and maintenance of modern and efficient treatment works and other pollution control projects are essential for the protection and improvement of the waters of this State and the public health of the residents of this State; and

(b) The protection of the waters of this arid state justifies the State's participation and assistance in a program which provides long-term financing to aid ~~{municipalities and interstate ageneies}~~ *eligible recipients* in the construction of treatment works and the implementation of pollution control projects. The provisions of NRS 445A.060 to 445A.160, inclusive, *and sections 2, 3 and 4 of this act* shall be liberally construed to carry out the purposes of NRS 445A.060 to 445A.160, inclusive ~~{ }~~, *and sections 2, 3 and 4 of this act.*

2. The Legislature declares that the creation of an Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects will enable the State to receive its maximum share of the federal money available pursuant to the Federal Water Pollution Control Act of 1972 (33 U.S.C. §§ 1251 et seq.) and ensure that the ~~{municipalities in this State and interstate ageneies}~~ *eligible recipients in this State* receive federal money for treatment works and *projects and* programs for the control of pollution.

3. The Legislature finds and declares that any general obligation bonds or revenue bonds issued pursuant to NRS 445A.155 are necessary for the protection and preservation of the natural resources of this State and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Constitution of the State of Nevada.

**Sec. 6.** NRS 445A.065 is hereby amended to read as follows:



445A.065 As used in NRS 445A.060 to 445A.160, inclusive, *and sections 2, 3 and 4 of this act*, unless the context otherwise requires, the words and terms defined in NRS 445A.070 to 445A.115, inclusive, *and sections 2, 3 and 4 of this act* have the meanings ascribed to them in those sections.

**Sec. 7.** NRS 445A.125 is hereby amended to read as follows:

445A.125 1. The interest and income earned on money in the Account must be credited to the Account.

2. All payments of principal and interest on all loans made to ~~{a municipality or interstate agency}~~ *an eligible recipient* and all proceeds from the sale, refunding or prepayment of obligations of ~~{a municipality or interstate agency}~~ *an eligible recipient* acquired or loans made in carrying out the purposes of the Account must be deposited in the State Treasury for credit to the Account.

3. The ~~{Department}~~ *Division* may accept gifts, grants and bequests of money from any public or private source. The money must be deposited in the State Treasury for credit to the Account.

**Sec. 8.** NRS 445A.130 is hereby amended to read as follows:

445A.130 1. The ~~{Department}~~ *Division* shall : ~~{with the approval of the Office of Finance:}~~

(a) Use the money in the Account for the purposes set forth in 33 U.S.C. §§ 1381 et seq.

(b) Determine whether ~~{publicly owned treatment works}~~ *eligible recipients* which receive money or other assistance from the Account comply with the requirements set forth in 33 U.S.C. §§ 1381 et seq.



2. The ~~{Department}~~ *Division* may : ~~{, with the approval of the Office of Finance:}~~

(a) Enter into an agreement with the Federal Government for the acceptance of grants of money for the Account.

(b) Provide services relating to the preparation of any plan or report concerning the Account.

*(c) Perform or cause to be performed by a nonprofit organization or any other eligible recipient under 33 U.S.C. §§ 1381 et seq. through an interagency agreement, subgrant, contract or memorandum of understanding any programs, projects or activities authorized pursuant to 33 U.S.C. §§ 1381 et seq.*

**Sec. 9.** NRS 445A.135 is hereby amended to read as follows:

445A.135 The Commission shall adopt regulations to carry out the provisions of NRS 445A.060 to 445A.160, inclusive. *The regulations adopted by the Commission must, without limitation, set forth the entities that are eligible to receive assistance in accordance with 33 U.S.C. §§ 1381 et seq.*

**Sec. 10.** NRS 445A.140 is hereby amended to read as follows:

445A.140 1. Except as otherwise provided in NRS 445A.145, money in the Account , *including, without limitation, repayments of principal and interest on loans, and interest and income earned on money in the Account,* may be used only ~~{to:~~

~~—(a) Make loans at or below the market rate to municipalities or interstate agencies for the construction of treatment works and the implementation of pollution control projects.~~

~~—(b) Buy or refinance at or below the market rate the debt obligations of municipalities or interstate agencies if:~~



~~— (1) The project for which the obligations were incurred meets the requirements of 33 U.S.C. §§ 1251 et seq.; and~~

~~— (2) The debt obligations were incurred and construction of the project began after March 7, 1985.~~

~~— (c) Guarantee or purchase insurance for local obligations if such action would improve access to the credit markets or reduce the rate of interest.~~

~~— (d) Secure the sale of bonds issued by the State if the net proceeds from the sale of those bonds are deposited in the Account.~~

~~— 2. A municipality or interstate agency which requests a loan or other financial assistance must demonstrate that it has complied with the provisions of~~ *in accordance with* 33 U.S.C. §§ 1381 et seq.

*2. The regulations adopted by the Commission pursuant to NRS 445A.135 must prescribe, in accordance with federal law, the authorized uses of the money in the Account.*

**Sec. 11.** NRS 445A.145 is hereby amended to read as follows:

445A.145 1. The ~~{Director}~~ *Administrator* shall not:

(a) Spend more than ~~{4 percent of each grant awarded}~~ *the amount or percentage authorized pursuant to 33 U.S.C. §§ 1381 et seq.* to administer the Account ~~{;}~~ *, provide technical assistance or for any other use authorized pursuant to federal law;* or

(b) Use any money generated pursuant to NRS 445A.155 for the costs of administering the Account unless authorized by the Legislature.



2. The ~~{Director}~~ *Administrator* may ~~{, with the approval of the Office of Finance,}~~ impose and collect a fee from each ~~{municipality or interstate agency}~~ *eligible recipient* which receives a loan or other financial assistance from the Account. The fee must be used to defray the costs of administering the Account.

3. If the ~~{Director}~~ *Administrator* imposes a fee, the Commission shall adopt regulations establishing the amount of the fee required to be collected pursuant to subsection 2.

**Sec. 12.** NRS 445A.150 is hereby amended to read as follows:

445A.150 The ~~{Director}~~ *Administrator* may ~~{, with the approval of the Office of Finance,}~~ employ any legal, fiscal or other expert services necessary to carry out his or her duties pursuant to NRS 445A.060 to 445A.160, inclusive ~~{,}~~ *, and sections 2, 3 and 4 of this act.*

**Sec. 13.** NRS 445A.155 is hereby amended to read as follows:

445A.155 1. The ~~{Director}~~ *Administrator* may ~~{, with the approval of the Office of Finance,}~~ authorize the State Treasurer to issue, sell or deliver general obligation bonds of the State or revenue bonds if viable to support the purposes of the Account.

2. If the ~~{Director}~~ *Administrator* authorizes the issuance of those bonds, the State Treasurer may:

(a) Sue and be sued to establish or enforce any right arising out of a project receiving financial assistance or of any state securities issued pursuant to this authorization;

(b) Acquire and hold municipal securities, and exercise all of the rights of holders of those securities;



- (c) Sell or otherwise dispose of municipal securities and assets acquired in connection with those securities, unless limited by any agreement which relates to the securities;
- (d) Make contracts and execute all necessary or convenient instruments;
- (e) Accept grants of money from the Federal Government, the State, any agency or political subdivision, or any other person;
- (f) Adopt regulations relating to projects receiving financial assistance and the administration of those projects;
- (g) Employ for ~~{himself or herself}~~ *the Administrator* or for any ~~{municipality or interstate agency,}~~ *eligible recipient* any necessary legal, fiscal, engineering and other expert services in connection with projects receiving financial assistance and with the authorization, sale and issuance of state securities and municipal securities;
- (h) Enter into agreements and arrangements consistent with NRS 445A.060 to 445A.160, inclusive, *and sections 2, 3 and 4 of this act* concerning the issuance of state securities and the purchase of municipal securities; and
- (i) Undertake other matters which ~~{he or she}~~ *the Administrator* determines to be necessary or desirable to accomplish the purposes of NRS 445A.060 to 445A.160, inclusive ~~{,}~~ *, and sections 2, 3 and 4 of this act.*

3. Before any bonds are issued pursuant to this section, the State Board of Finance must certify that sufficient revenue will be available in the Account to pay the interest and installments of principal as they become due.



4. The money in the Account that is available for the payment of the interest and installments of principal on the bonds must be pledged as the primary source for the payment of the bonds. The full faith and credit of the State may be pledged.

**Sec. 14.** NRS 445A.160 is hereby amended to read as follows:

445A.160 1. The Commission shall adopt regulations relating to the environmental review process required by 33 U.S.C. §§ 1381 et seq.

2. Each ~~{municipality or interstate agency}~~ *eligible recipient* which receives money from the Account shall prepare an environmental assessment which complies with the regulations adopted by the Commission and submit it to the ~~{Department}~~ *Division* for review.

3. The ~~{Department}~~ *Division* shall review each such assessment.

**Sec. 15.** NRS 445A.255 is hereby amended to read as follows:

445A.255 1. The Account to Finance the Construction of Projects, to be known as the Account for the Revolving Fund, is hereby created in the Fund for Water Projects Loans.

2. The account to fund activities ~~{, other than}~~ *and* projects, authorized by the Safe Drinking Water Act, to be known as the Account for Set-Aside Programs, is hereby created in the Fund for ~~{the Municipal Bond Bank.}~~ *Water Projects Loans.*

3. The money in the Account for the Revolving Fund and the Account for Set-Aside Programs may be used only for the purposes set forth in the Safe Drinking Water Act.

4. All claims against the Account for the Revolving Fund and the Account for Set-Aside Programs must be paid as other claims against the State are paid.



5. The faith of the State is hereby pledged that the money in the Account for the Revolving Fund and the Account for Set-Aside Programs will not be used for purposes other than those authorized by the Safe Drinking Water Act.

**Sec. 16.** NRS 445A.260 is hereby amended to read as follows:

445A.260 1. The interest and income earned on money in the Account for the Revolving Fund and the Account for Set-Aside Programs must be credited to the Account for the Revolving Fund and the Account for Set-Aside Programs, respectively.

2. All payments of principal and interest on all loans made to a public water system and all proceeds from the sale, refunding or prepayment of obligations of a public water system acquired or loans made in carrying out the purposes of the Account for the Revolving Fund *or the Account for Set-Aside Programs* must be deposited in the State Treasury for credit to the Account for the Revolving Fund ~~H~~ *or the Account for Set-Aside Programs, respectively.*

3. The Division may accept gifts, appropriations from the State General Fund, contributions, grants and bequests of money from any public or private source. The money so accepted must be deposited in the State Treasury for credit to the Account for the Revolving Fund, or the Account for Set-Aside Programs, and can be used to provide money from the State to match the federal grant, as required by the Safe Drinking Water Act.

4. Except as otherwise provided in subsection 5, only federal money deposited in a separate subaccount of the Account for the Revolving Fund, including repayments of principal and interest on loans made solely from federal money, and interest and income earned on federal money in the



Account for the Revolving Fund, may be used to benefit public water systems not governmentally owned.

5. In addition to the sources described in subsection 4, the proceeds of state securities that are solely secured by and solely payable from one or more of the sources set forth in subsection 4 may be used to benefit public water systems not governmentally owned.

**Sec. 17.** NRS 445A.265 is hereby amended to read as follows:

445A.265 1. The Division shall:

(a) Use the money in the Account for the Revolving Fund and the Account for Set-Aside Programs for the purposes set forth in the Safe Drinking Water Act.

(b) Determine whether public water systems which receive money or other assistance from the Account for the Revolving Fund or the Account for Set-Aside Programs comply with the Safe Drinking Water Act and regulations adopted pursuant thereto.

2. The Division may:

(a) Prepare and enter into required agreements with the Federal Government for the acceptance of grants of money for the Account for the Revolving Fund and the Account for Set-Aside Programs.

(b) Bind itself to terms of the required agreements.

(c) Accept grants made pursuant to the Safe Drinking Water Act.

(d) Manage the Account for the Revolving Fund and the Account for Set-Aside Programs in accordance with the requirements and objectives of the Safe Drinking Water Act.



(e) Provide services relating to management and administration of the Account for the Revolving Fund and the Account for Set-Aside Programs, including the preparation of any agreement, plan or report.

(f) Perform, or cause to be performed by the Nevada Rural Water Association or other persons, agencies or organizations through interagency agreement, subgrant, contract or memorandum of understanding, set-aside programs pursuant to 42 U.S.C. § 300j-12 of the Safe Drinking Water Act.

*(g) Make loans or grants from the Account for Set-Aside Programs to borrowers for set-aside programs that meet the requirements of 42 U.S.C. § 300j-12 of the Safe Drinking Water Act.*

3. The Division shall not:

(a) Commit any money in the Account for the Revolving Fund for expenditure for the purposes set forth in NRS 445A.275; or

(b) Establish the priorities for determining which public water systems will receive money or other assistance from the Account for the Revolving Fund,

➡ without obtaining the prior approval of the Board for Financing Water Projects.

**Sec. 18.** NRS 445A.275 is hereby amended to read as follows:

445A.275 1. Except as otherwise provided in NRS 445A.260 and 445A.280, money in the Account for the Revolving Fund, including repayments of principal and interest on loans, and interest and income earned on money in the Account for the Revolving Fund ~~[-, may be used only to:]~~



~~—(a) Make loans at or below the market rate to public water systems for the construction of projects.~~

~~—(b) Buy or refinance at or below the market rate the obligations of public water systems if:~~

~~——(1) The project for which the obligations were incurred complies with the Safe Drinking Water Act and regulations adopted pursuant thereto; and~~

~~——(2) The obligations were incurred after July 1, 1993.~~

~~—(c) Guarantee or purchase insurance for local obligations, including nongovernmental debt or municipal debt, if the action would improve access to credit or reduce the rate of interest applicable to the obligation.~~

~~—(d) Arrange for the sale of state securities, including state securities issued to provide money from the State to match the federal grant, as required by the Safe Drinking Water Act, if the net proceeds from the sale of those state securities are deposited in the Account for the Revolving Fund.~~

~~—(e) Provide or guarantee loans or as a source of reserve and security for leveraged loans, except that repayments of interest on loans, and interest and income earned on money in the Account for the Revolving Fund, may be used to secure the sale of state securities or otherwise be pledged to provide money from the State to match the federal grant, as required by the Safe Drinking Water Act.~~

~~—2. Money} and money~~ in the Account for Set-Aside Programs may be used only ~~{to fund set-aside programs authorized by}~~ *in accordance with* the Safe Drinking Water Act. Money in the



Account for Set-Aside Programs may be transferred to the Account for the Revolving Fund pursuant to the Safe Drinking Water Act.

~~{3-}~~ 2. A public water system which requests a loan or other financial assistance must demonstrate that it has:

- (a) Complied with the Safe Drinking Water Act and regulations adopted pursuant thereto; or
- (b) Agreed to take actions that are needed to ensure that it has the capability to comply with the Safe Drinking Water Act and regulations adopted pursuant thereto.

~~{4-}~~ 3. Funding from the Account for the Revolving Fund may not be given to an existing public water system unless it has the technical, managerial and financial capability to ensure compliance with the Safe Drinking Water Act and regulations adopted pursuant thereto. A new public water system, to receive such funding, must demonstrate that it has the technical, managerial and financial capability to ensure compliance with the Safe Drinking Water Act and regulations adopted pursuant thereto.

*4. The Commission shall adopt regulations which must prescribe, in accordance with federal law, the authorized uses of the money in the Account for the Revolving Fund and the Account for Set-Aside Programs.*

**Sec. 19.** NRS 445A.280 is hereby amended to read as follows:

445A.280 1. The Administrator shall not:

- (a) Spend more than ~~{4 percent of the federal grant for a set-aside program}~~ *the amount or percentage authorized* for ~~{administration}~~ *administering the Account for the Revolving Fund*



*and the Account for Set-Aside Programs* pursuant to 42 U.S.C. § ~~{300j-12(g)(2)}~~ *300j-12* of the Safe Drinking Water Act; *or*

(b) Spend more than ~~{10 percent of the federal grant}~~ *the amount or percentage authorized* for ~~{a}~~ set-aside ~~{program for activities authorized}~~ *programs* pursuant to 42 U.S.C. § ~~{300j-12(g)(2)}~~ *300j-12* of the Safe Drinking Water Act . ~~{if matched equally by the State;~~

~~—(c) Spend more than 2 percent of the federal grant for a set-aside program for technical assistance to small water systems pursuant to 42 U.S.C. § 300j-12(g)(2) of the Safe Drinking Water Act; or~~

~~—(d) Spend more than 15 percent of the federal grant for a set-aside program for activities authorized pursuant to 42 U.S.C. § 300j-12(k) of the Safe Drinking Water Act.]~~

2. The Administrator may impose and collect a fee from each public water system that receives a loan or other financial assistance from the Account for the Revolving Fund or the Account for Set-Aside Programs. The fee must be used to defray the costs of administering the Account for the Revolving Fund or the Account for Set-Aside Programs.

3. If the Administrator imposes a fee pursuant to subsection 2, the Commission shall adopt regulations establishing the amount of the fee to be collected.

**Sec. 20.** NRS 445A.290 is hereby amended to read as follows:

445A.290 1. *The Legislature finds and declares that:*

*(a) The construction, rehabilitation, operation and maintenance of modern and efficient drinking water systems are essential for the public health of the residents of this State.*



*(b) The protection of the waters in this arid State justifies the participation and assistance of the State in a program which provides long-term financing to eligible recipients for the construction and improvement of drinking water infrastructure and set-aside programs. The provisions of NRS 445A.200 to 445A.295, inclusive, shall be liberally construed to carry out the purposes of NRS 445A.200 to 445A.295, inclusive.*

*(c) The creation of the Account for the Revolving Fund and the Account for Set-Aside Programs will enable the State to receive the maximum share of the federal money available to the State pursuant to the Safe Drinking Water Act and ensure that eligible recipients in this State receive federal money for the construction of drinking water infrastructure and set-aside programs.*

2. The Legislature finds and declares that any state securities issued pursuant to this section are necessary for the protection and preservation of the property and natural resources of this State and for the purpose of obtaining the benefits thereof, and their issuance constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Constitution of the State of Nevada.

~~{2-}~~ 3. The Administrator may authorize the State Treasurer to issue, sell or deliver state securities as general obligations or secured by pledged revenue if viable to carry out the purposes of the Account for the Revolving Fund, or to provide money from the State to match the federal grant as required by the Safe Drinking Water Act.

~~{3-}~~ 4. If the Administrator authorizes the issuance of state securities, the State Treasurer may:



- (a) Sue and be sued to establish or enforce any right arising out of a project receiving financial assistance or of any state securities issued pursuant to this authorization;
- (b) Acquire and hold municipal securities, and exercise all of the rights of holders of those securities;
- (c) Sell or otherwise dispose of municipal securities and assets acquired in connection with those securities, unless limited by any agreement which relates to the securities;
- (d) Make contracts and execute all necessary or convenient instruments;
- (e) Accept grants of money from the Federal Government, the State, any agency or political subdivision thereof, or any other person;
- (f) Adopt financial regulations relating to projects receiving financial assistance and the administration of those projects;
- (g) Employ for ~~himself or herself~~ *the Administrator* or for any public water system, any necessary legal, fiscal, engineering and other expert services in connection with projects receiving financial assistance and with the authorization, sale and issuance of state securities, and the purchase of municipal securities or nongovernmental debt;
- (h) Enter into agreements and arrangements consistent with NRS 445A.200 to 445A.295, inclusive, concerning the authorization, sale and issuance of state securities and the purchase of municipal securities or nongovernmental debt;
- (i) Require, as appropriate to secure a nongovernmental debt, enhancements of credit or the pledge of any variety of collateral or other types of security, such as corporate or personal guarantees; and



(j) Undertake other matters which ~~he or she~~ *the Administrator* determines to be necessary or desirable to accomplish the purposes of NRS 445A.200 to 445A.295, inclusive.

~~{4.}~~ 5. The money in the Account for the Revolving Fund which is available for the payment of the interest and installments of principal on the state securities must be pledged as the primary source for the payment of the state securities. The full faith and credit of the State may be pledged as additional security for the payment of the state securities.

**Sec. 21.** NRS 349.938 is hereby amended to read as follows:

349.938 “Director” means the Director of the *State* Department of ~~{Business}~~ *Conservation* and ~~{Industry}~~ *Natural Resources* or any person within the *State* Department of ~~{Business}~~ *Conservation* and ~~{Industry}~~ *Natural Resources* designated by the Director to perform duties in connection with a water project or the issuance of bonds.

**Sec. 22.** NRS 349.946 is hereby amended to read as follows:

349.946 The Director has all the powers necessary to accomplish the purposes set forth in NRS 349.935 to 349.961, inclusive. These powers must be exercised for the health, safety, convenience, prosperity and welfare of the inhabitants of this state. The ~~{Director}~~ *State Environmental Commission* may adopt such regulations as are necessary to carry out the provisions of NRS 349.935 to 349.961, inclusive.

**Sec. 23.** NRS 349.957 is hereby amended to read as follows:

349.957 1. The Board for Financing Water Projects is hereby created. The Board consists of one ex officio member and five members appointed by the Governor.

2. The Governor shall appoint to the Board:



- (a) One member who is a representative of the county with the largest population in the State;
- (b) One member who is a representative of the county with the second largest population in the State; and
- (c) Three members who are representatives of counties in the State whose populations are less than 100,000,
  - of whom one member is knowledgeable in the field of municipal finance and the remaining members are knowledgeable in the fields of planning , ~~{and the}~~ development ~~{and reclamation}~~ *or the management* of water resources.

3. The Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources, or a person ~~{he or she}~~ *the Administrator* designates, shall serve ex officio as a nonvoting member of the Board.

4. Not more than ~~{three}~~ *two* voting members of the Board may be ~~{members of the same political party, and not more than two may be}~~ residents of the same county.

**Sec. 24.** NRS 349.981 is hereby amended to read as follows:

349.981 1. There is hereby established a program to provide grants of money to:

(a) A purveyor of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned nontransient water systems required or made necessary by the State Environmental Commission pursuant to NRS 445A.800 to 445A.955, inclusive, or made necessary by the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., and the regulations adopted pursuant thereto.



(b) An eligible recipient to pay for the cost of improvements to conserve water, including, without limitation:

- (1) Piping or lining of an irrigation canal;
- (2) Recovery or recycling of wastewater or tailwater;
- (3) Scheduling of irrigation;
- (4) Measurement or metering of the use of water;
- (5) Improving the efficiency of irrigation operations; and
- (6) Improving the efficiency of the operation of a facility for the storage of water, including, without limitation, efficiency in diverting water to such a facility.

(c) An eligible recipient to pay the following costs associated with connecting a domestic well or well with a temporary permit to a municipal water system, if the well was in existence on or before October 1, 1999, and the well is located in an area designated by the State Engineer pursuant to NRS 534.120 as an area where the groundwater basin is being depleted:

- (1) Any local or regional fee for connection to the municipal water system.
- (2) The cost of any capital improvement that is required to comply with a decision or regulation of the State Engineer.

(d) An eligible recipient to pay the following costs associated with abandoning an individual sewage disposal system and connecting the property formerly served by the abandoned individual sewage disposal system to a community sewage disposal system, if the Division of Environmental Protection requires the individual sewage disposal system to be abandoned and the property upon which the individual sewage disposal system was located to be connected to a community sewage



disposal system pursuant to the provisions of NRS 445A.300 to 445A.730, inclusive, or any regulations adopted pursuant thereto:

- (1) Any local or regional fee for connection to the community sewage disposal system.
- (2) The cost of any capital improvement that is required to comply with a statute of this State or a decision, directive, order or regulation of the Division of Environmental Protection.

(e) *An eligible recipient to pay the following costs associated with abandoning an individual sewage disposal system and connecting the property formerly served by the abandoned individual sewage disposal system to a community sewage disposal system, if the Division of Environmental Protection approves a program or project for the protection of groundwater quality developed by the State or a local government that provides for the abandonment of an individual sewage disposal system and the connection of the property upon which the individual sewage disposal system was located to a community sewage disposal system pursuant to the provisions of NRS 445A.300 to 445A.730, inclusive, or any regulations adopted pursuant thereto:*

- (1) Any local or regional fee for connection to the community sewage disposal system.*
- (2) The cost of any capital improvement that is required to comply with a statute of this State or a decision, directive, order or regulation of the Division of Environmental Protection.*

(f) An eligible recipient to pay the following costs associated with ~~connecting~~ *abandoning* a well *and connecting the property formerly served by the well* to a municipal water system, if the quality of the water of the well fails to comply with the standards of the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., and the regulations adopted pursuant thereto:



- (1) Any local or regional fee for connection to the municipal water system.
- (2) The cost of any capital improvement that is required for the water quality in the area where the well is located to comply with the standards of the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., and the regulations adopted pursuant thereto.

~~(f)~~ (g) A governing body to pay the costs associated with developing and maintaining a water resource plan.

2. Except as otherwise provided in NRS 349.983, the determination of who is to receive a grant is solely within the discretion of the Board.

3. For any construction work paid for in whole or in part by a grant provided pursuant to this section to a nonprofit association or nonprofit cooperative corporation that is an eligible recipient, the provisions of NRS 338.013 to 338.090, inclusive, apply to:

(a) Require the nonprofit association or nonprofit cooperative corporation to include in the contract for the construction work the contractual provisions and stipulations that are required to be included in a contract for a public work pursuant to those statutory provisions.

(b) Require the nonprofit association or nonprofit cooperative corporation to comply with those statutory provisions in the same manner as if it was a public body that had undertaken the project or had awarded the contract.

(c) Require the contractor who is awarded the contract for the construction work, or a subcontractor on the project, to comply with those statutory provisions in the same manner as if he or she was a contractor or subcontractor, as applicable, engaged on a public work.

4. As used in this section:



(a) “Eligible recipient” means:

(1) A political subdivision of this State, including, without limitation, a city, county, unincorporated town, water authority, conservation district, irrigation district, water district or water conservancy district.

(2) A nonprofit association or nonprofit cooperative corporation that provides water service only to its members.

(b) “Governing body” has the meaning ascribed to it in NRS 278.015.

(c) “Water resource plan” means a water resource plan created pursuant to NRS 278.0228.

**Sec. 25.** NRS 350A.190 is hereby amended to read as follows:

350A.190 1. ~~{A}H~~ *Except as otherwise provided in NRS 445A.255, all* revenues from lending projects must be deposited in the Fund for the Municipal Bond Bank in the State Treasury, which is hereby created as a special revenue fund.

2. Any revenue from lending projects which is in the Fund must be applied in the following order of priority:

(a) Deposited into the Consolidated Bond Interest and Redemption Fund created pursuant to NRS 349.090 in amounts necessary to pay the principal of, interest on and redemption premiums due in connection with state securities issued pursuant to this chapter.

(b) Deposited into any reserve account created for the payment of the principal of, interest on and redemption premiums due in connection with state securities issued pursuant to this chapter, in amounts and at times determined to be necessary.

(c) Paid out for expenses of operation and maintenance.



(d) On July 1 of each odd-numbered year, to the extent of any uncommitted balance in the Fund, deposited in the State General Fund.

**Sec. 26.** 1. Any administrative regulations adopted by an officer or an agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency remain in force until amended by the officer or agency to which the responsibility for the adoption of the regulations has been transferred.

2. Any contracts or other agreements entered into by an officer or agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency are binding upon the officer or agency to which the responsibility for the administration of the provisions of the contract or other agreement has been transferred. Such contracts and other agreements may be enforced by the officer or agency to which the responsibility for the enforcement of the provisions of the contract or other agreement has been transferred.

3. Any action taken by an officer or agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency remains in effect as if taken by the officer or agency to which the responsibility for the enforcement of such actions has been transferred.

**Sec. 27.** NRS 445A.085 and 445A.090 are hereby repealed.

**Sec. 28.** This act becomes effective upon passage and approval.



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## TEXT OF REPEALED SECTIONS

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**445A.085 “Department” defined.** “Department” means the State Department of Conservation and Natural Resources.

**445A.090 “Director” defined.** “Director” means the Director of the State Department of Conservation and Natural Resources.

