

Meeting Minutes
STATE BOARD FOR FINANCING WATER PROJECTS
Wednesday, March 7, 2018
1:30 PM

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

Members Present:	Staff Attending:	Public Present:
Bruce Scott, Chairman	Katie Armstrong, DAG	Erik Ringle
Andrew Belanger, Vice Chairman	Jason Cooper	Cameron McKay
Lori Williams	Michelle Stamates	Paul Winkleman
Mike Workman	Rachel McFarland	Michael Anderson
Carl Ruschmeyer	Kyle Casci	Susan Dudley
My-Linh Nguyen, ex-officio member	Valerie King	Marty Ugalde
		Max Sosa
		Matt Van Dyne
		Brent Farr
		Cheryl Couch
		Gwen Jones
		De Winser

Begin Meeting Minutes

1) Introduction and Roll Call (Discussion):

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

2) Public Comments (Discussion):

There were no public comments.

3) Approval of Minutes—November 8, 2017 Meeting (Action Item):

Motion: Member Lori Williams moved to accept the minutes as written and with amendments. Amendments involved a misspelled name and specific language on voting abstention by Member Andrew Belanger on Riverbelle and Chairman Scott on Esmeralda County. Member Mike Workman seconded the motion. Member Carl Ruschmeyer was not part of the Board at the time of the last meeting and therefore abstained. The motion was passed unanimously.

Drinking Water State Revolving Fund Program and Capital Improvements Grant Program

4) Program Funding Availability (Discussion):

Mr. Jason Cooper stated that \$18,461,357.00 is currently available from the State Revolving Loan Fund program. He explained that if the projects proposed for the meeting were approved—for a total of \$571,508.00—\$17,889,849.00 would still be available. There is currently \$1,400,000.00 available in subsidies which staff has already began working to commit.

Chairman Scott asked for clarification on the \$1.4 million. Mr. Cooper responded that NDEP staff is currently working with applicants for future board approval and the full amount is not currently available.

Chairman Scott asked for an explanation on the cycle for replenishing funds. Mr. Cooper answered that loan repayments are received in July and federal grant award funds have not been finalized.

Discussion and Possible Approval of DWSRF Loan Commitments and Capital Improvement Grant Commitments

5) Lander County Sewer & Water District 2 (Austin)—DWSRF Loan (Action Item):

Representing the Nevada Division of Environmental Protection (NDEP), Ms. Michelle Stamates recommended that the Board approve a \$72,000 loan for Water District #2. She explained that the loan would only fund the *design* of a total water main replacement project expected to cost \$1,040,000. The remaining \$968,000 of the project would be funded by a grant and loan package through the US Department of Agriculture (USDA). Ms. Stamates explained that the district needs funding immediately to meet a requirement to complete and submit 60% of the designs to the Nevada Division of Transportation (NDOT) by April 2018. NDOT is replacing the highway through town where the pipe is located, and Austin's plan is to have the pipe replaced during that time. By partnering with NDOT on the project, the district would save money on environmental review, bidding, traffic control, excavation, backfill and paving.

Mr. Martin Ugalde contextualized Ms. Stamates presentation, explaining that there are two water lines near the project and one of the lines needs to be replaced with larger diameter pipe for better fire flow protection. Mr. Ugalde reaffirmed that 60% of the design needs to be completed by the end of April 2018 so that NDOT can lead an effective bid process for the project.

Mr. Workman asked why the pipe size for the second line would not be increased. Mr. Ugalde answered that the area lacked enough clearance to accommodate both a larger pipe and a new box culvert.

Mr. Workman asked if all the valves were still in working condition on that line. Mr. Ugalde answered that the valves were still working.

Mr. Ruschmeyer asked about the status of the agreement with NDOT on the project. Mr. Ugalde replied that they had met with NDOT and would continue to coordinate with them during the process.

Chairman Scott asked USDA to explain the status of funding for the project. Ms. Cheryl Couch stated they had been running funding scenarios for the project. She qualified that they were still waiting to see how much grant funding they would have available for the next fiscal year. Currently the funding scenario would be a 50/50 grant and loan split.

Mr. Belanger asked about the probability that USDA would have the funding available. Ms. Couch responded that she did not know the status but hoped to know more by the end of March.

Mr. Belanger asked if there was a backup plan should the USDA fail to have funding available. Ms. Couch replied that all funding options should remain on the table but noted that the cost to the community of Austin is a concern. She stated that the financial effect of a water rate hike on the community needs to be considered.

Mr. Belanger asked if the DWSRF program had the flexibility to make funding exceptions for small communities like Austin. Mr. Cooper responded that exceptions can be considered under Nevada's Intended Use Plan; although it isn't stated specifically, there is a little room for consideration. He reiterated that the funding partnership with USDA was an effective way for Austin to keep costs down.

Ms. Williams asked why it was better to use USDA funding rather than additional DWSRF funding. Mr. Cooper answered that the USDA loan terms were more beneficial to Austin. Austin would receive partial grant and partial loan funding with USDA. Furthermore, the DWSRF rates have been higher than USDA recently, and USDA loan terms are 40 years as opposed to the DWSRF's 20 years.

Mr. Belanger stated that he appreciated the effort to combine funding from a spectrum of sources to complete the project. Ms. Williams agreed with Mr. Belanger's statement and remarked that it was a good idea to collaborate with NDOT on the project. She stated that funding through USDA, DWSRF, or Lander Counter needed to be secured quickly to preserve the valuable partnership. Ms. Gwen Jones stated that Austin is pursuing every funding possibility to secure the opportunity to collaborate with NDOT.

Motion: Mr. Belanger moved to adopt the \$72,000 loan commitment for Lander County Combined Sewer & Water District #2. Ms. Williams seconded the motion, and it passed unanimously.

6) Kingsbury GID—DWSRF Loan (Action Item):

Representing NDEP, Ms. Stamates recommended that the Board approve a \$100,000 loan for the Kingsbury General Improvement District (KGID). Ms. Stamates explained that the loan would help fund preliminary engineering and environmental reviews to analyze current water system problems. The KGID last produced a review in 2002. Since then, KGID has added a new water treatment plant and replaced many water lines and water components throughout the system. Ms. Stamates noted that it was time to review system operation and prioritize system improvements. The estimated project cost would be \$105,000—\$100,000 of which would come from DWSRF.

Mr. Cameron McKay stated that KGID had spent close to \$30 million over the last 20 years to replace older water lines within the district. The engineering report would help the district evaluate and prioritize issues.

Mr. Ruschmeyer disclosed that he sat on a local board, Tahoe Water Association with Mr. McKay in the past but explained that there was no conflict of interest. He asked if the review would address fire coding changes. Mr. McKay answered that it would be addressed; however, he noted that fire codes change faster than water lines can be replaced.

Mr. Matt Van Dyne stated that the Bureau of Safe Drinking Water would not approve additional water line replacement projects until the water plan had been updated.

Motion: Mr. Workman moved to adopt the “3-2018 Kingsbury General Improvement District Project Loan Commitment” of \$100,000. Ms. Williams seconded the motion, and it passed unanimously.

7) Esmeralda County (Silver Peak)—DWSRF Loan (Action Item):

Representing NDEP, Ms. Stamates recommended that the Board approve a \$399,508 loan for Esmeralda County for the town of Silver Peak. Ms. Stamates stated that Esmeralda County was asking for a loan to fund the second phase of an ongoing project. The project would replace 65 service saddles and corp stops, two 6 inch 45-degree fittings, and eight corroded fire hydrants. In May 2016 the Board funded the first phase of the project. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal would be forgiven.

Chairman Scott asked if provisions were being made to counteract the corrosive soil. Mr. Paul Winkleman affirmed that they would double-wrap all piping and use plastic pipes and metallic hardware.

Motion: Ms. Williams moved to adopt the “03-2018 Esmeralda County Silver Peak Phase 2 Project Loan Commitment” for \$399,508. Mr. Ruschmeyer seconded the motion, and it passed unanimously.

Supplemental Items

8) Capital Improvement Grants Program Policies Overview & Discussion on Nevada’s Drinking Water Intended Use Plan (Discussion):

Mr. Cooper provided an overview of needed changes, repeals, edits, and discussions on Capital Improvement Grant policies. This included the 17 current policies broken into 5 categories by staff for board review. All policies are located online at <https://ndep.nv.gov/water/financing-infrastructure/board-for-financing-waterprojects/regulations-boardpolicies>. Policy recommendations included:

No recommended changes: Length of Grant; Scale to Determine Grant; and Water Meters. The Board made no comments on these policies.

Recommended for repeal: Arsenic Projects; Authorization to Request a Change in Grant; Deadline for Projects; Nevada Water & Wastewater Pre-application; and Phased Grant Projects. The Board made no comments on these policies.

Recommended for administrative edits: Administrative Funding; Funding Level for Irrigation Projects; and Requests for Changes to Grant Funding or Project Scope. The Board made no comments on these policies.

Recommended for changes: Alternative Funding; Nonprofit Public Water Systems; and Septic to Community Sewage System Connections. The Board made no comments on these policies.

Recommended for workshop discussion: Construction; Engineering and Contingency; Depreciation Capital Replacement Funds; Reasonable Water Rates; and a new proposed policy, Fiscal Sustainability Plan.

Mr. Belanger asked if federal agencies consider urban areas or primarily focus on rural areas. Mr. Cooper responded that the U.S. Department of Agriculture cannot fund metro areas and that the Community Development Block Grant program focuses on economic development. He noted that rural areas are at a disadvantage to larger systems that often have more cash on hand.

Mr. Belanger asked if there is a greater demand for projects in rural areas than other areas. Mr. Cooper explained that most funding agencies keep specific guidelines for funding disadvantaged communities and that many other states have a ratio of funding. Projects for larger systems are often completed all at once and normally pull from a large funding pool. Smaller system, on the other hand, often complete projects in phases which is why they approach the Board more regularly.

Mr. Belanger cautioned against unintentionally discriminating against urban areas for funding.

Mr. Cooper emphasized that NDEP staff doesn't discriminate based on the size of the community or water system.

Chairman Scott praised the efforts of NDEP staff to support all water systems and rally every funding opportunity when working with communities.

Mr. Cooper proposed the date of April 11 for a board policy workshop to discuss Capital Improvement Grant policies. This workshop would include the Board, all funders, entities, and engineer firms. The Board agreed to hold the workshop on April 11 at 1:30pm.

Mr. Belanger asked for clarification on which policies applied to the Capital Improvement Grant program and which applied to the DWSRF program. Mr. Cooper replied that the workshop would only cover the Capital Improvement Grant program.

Mr. Workman asked if there had been any discussion on storm water protection at the state level. Mr. Cooper answered that it had been discussed and that storm water is often funded through the Clean Water State Revolving Fund.

9) Board Comments—(Discussion):

There were no board comments.

10) Public Comments—(Discussion):

There were no public comments.

11) Adjournment

The board meeting adjourned at 3:22 PM.