

**MEETING OF THE  
STATE BOARD FOR FINANCING WATER PROJECTS**

**Summary Minutes**

**Wednesday, February 19, 2014**

**9:00 AM**

**901 S. Stewart St., 2<sup>nd</sup> Floor Tahoe Room  
Carson City, NV 89701**

**Members Present:**

Bruce Scott, Chairman  
Andrew Belanger, Vice-Chairman  
Lori Williams  
Steve Walker  
Mike Workman  
Jennifer Carr, Ex-officio Member

**Staff Attending:**

Katie Armstrong, DAG  
Daralyn Dobson  
Michelle Stamates  
Dave Emme  
Adele Basham  
Jason Cooper  
Kathy Rebert

**A. INTRODUCTION AND ROLL CALL (Non Action)**

Chairman Scott opened the meeting and invited Board members and others present to introduce themselves.

**B. APPROVAL OF MINUTES - July 9, 2013 MEETING (For Possible Action)**

**Motion:** Mr. Belanger moved to accept the minutes as written. The motion was seconded by Mr. Walker and passed by majority with Ms. Williams abstaining, saying she had not attended that meeting.

**C. DRINKING WATER STATE REVOLVING FUND PROGRAM**

**1. DISCUSSION & POSSIBLE APPROVAL OF LOAN COMMITMENTS**

Ms. Michelle Stamates provided the Board detailed project descriptions and staff recommendations for each of the loan applications on the agenda. Office of Financial Assistance (OFA) staff reports for all of the applications are attached to these minutes (ATTACHMENTS 1-5).

Ms. Stamates informed the Board that on January 17, 2014, the Consolidated Appropriations Act of 2014 was enacted. This Act affects appropriations for both Clean Water and Drinking Water SRF programs for FY2014. In this Act, a clause has been added that includes a Buy American requirement for all programs. The Buy American requirement stipulates that all iron and steel products used in the project must be produced in the United States. This will affect the loan applications on this agenda.

**a. Verdi Business Park revised Loan Commitment (For Possible Action)**

Mr. Walker recused himself because of his business affiliation with the Truckee Meadows Water Authority (TMWA). This project is a consolidation of the Verdi Business Park water system with the TMWA water system, and TMWA will be assuming the loan debt when the project is completed.

This proposal was for an increase of \$264,800 to the original project amount of \$635,200. Additional expenses were incurred as a result of higher than expected legal and administrative costs, changes to the design due to easement issues, and increased construction costs due to the realignment.

Mr. John Collins, General Manager for the Verdi Business Park Cooperative, was in attendance to answer a few questions for the Board.

**Motion:** Mr. Belanger moved to approve a Resolution designated the “02-2014 Verdi Business Park Water Cooperative Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects in the amount of \$264,800 which would bring the total loan commitment to \$900,000. This additional loan amount (\$264,800) will be principal forgiveness. The motion was seconded by Ms. Williams and passed, with Mr. Walker abstaining.

#### **b. Carson City (For Possible Action)**

Mr. Walker recused himself from this proposed loan also due to business affiliation with Carson City. Chairman Scott acknowledged he has some business affiliation with Carson City but they are not related to this project so he would participate in the discussion.

The project generally consists of two major components, continuation of the Regional Water Project and funds for capital distribution line maintenance projects. The loan application was in the amount of \$6,000,000.

Mr. Dave Bruketta, Utility Manager, and Mr. Tom Grundy, Project Manager for Carson City, addressed the Board and answered questions. There was question regarding the blending of Minden water with water from Carson City to mitigate the uranium concentrations in several of the Carson City wells and also a short discussion on Carson City’s progressive rate structures.

**Motion:** Mr. Workman moved to approve a Resolution designated the “02-2014 Carson City Public Works Water System Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects in an amount not to exceed \$6,000,000 which was seconded by Ms. Williams. The motion passed by majority “yes” vote by Workman, Williams, and Belanger, with Mr. Walker and Chairman Scott abstaining.

#### **c. McDermitt GID (For Possible Action)**

The loan application, in the amount of \$500,000, will fund a project which includes 1) well drilling and construction, 2) development, aquifer testing, and water quality sampling and evaluation; and 3) connection to the existing system. Prior to negotiating a signed contract, the GID will be required to develop a rate plan that would cover all of the costs of the water system and meet the reasonable rate expected by the OFA. The GID is currently working with Nevada Rural Water on this plan.

Mr. Kirk Swanson, hydrogeologist for Farr West Engineering, and Mr. Gary Wilson, Board Member with the McDermitt GID, were in attendance. Mr. Swanson offered some information on the existing well and water testing results as well as an explanation of the new project. Mr. Wilson provided some details of the proposed new water rate structure.

Mr. Walker expressed a concern that the engineering costs were excessively high (32% of budget) to which Mr. Swanson offered some explanation.

**Motion:** Ms. Williams moved to approve a Resolution designated the “2-2014 McDermitt Water System Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects in the amount of \$500,000 which will be principal forgiveness and is contingent upon the McDermitt GID establishing an appropriate new water rate structure. The motion was seconded by Mr. Workman and was approved.

**d. Silver Knolls Mutual Water Company (For Possible Action)**

Chairman Scott recused himself from participation in this loan application, and Vice-Chairman Belanger chaired the meeting for this agenda item.

The proposed project will install an ISOLUX™ adsorptive media arsenic treatment system and upgrade/replace some of the existing electrical and control equipment.

Approval of this loan as principal forgiveness is conditioned upon the Silver Knolls Mutual Water Company (SKMWC) revising the rate structure to meet requirements set by OFA. The SKMWC will need to hire and/or train a certified treatment level 2 operator prior to the beginning of construction. In addition, due to the limited experience of the Board members, managerial training of the Board, as set forth by the OFA, will be required.

The original proposal by staff included \$50,000 of funding for the project to be paid by SKMWC; however, after some discussion by the Board and additional input provided by Mr. Jason Cooper, Accountant with the OFA program, the Board expressed their desire to fund the entire project with SRF money.

Mr. Tim Russell, engineer with Resource Concepts Inc, provided information to the Board regarding arsenic levels in the Silver Knolls well water and planned project construction. Tina Pope, Chairwoman for the Silver Knolls HOA, also provided information and answered questions for the Board relating to water rates.

**Motion:** Mr. Workman moved to adopt a Resolution designated the “2-2014 Silver Knolls Water System Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects. The loan will be principal forgiveness for the entire estimated cost of the project - \$336,500 - and is conditioned upon Silver Knolls establishing a new water rate structure. Mr. Walker seconded and the motion passed, with Chairman Scott abstaining.

**e. Gerlach GID (For Possible Action)**

The Board was presented information on an application for the financing of a project for the Gerlach GID in the amount of \$434,640 to replace seriously corroded service saddles.

Mr. Willey Courtney, Chairman of the Gerlach GID, and Mr. Jon Farnsworth, Operator for the Gerlach GID, were in attendance and answered some questions for the Board.

**Motion:** Mr. Walker moved to approve a Resolution designated the “2-2014 Gerlach Water System Project Loan Commitment Resolution” to approve a loan commitment for the purpose of financing certain projects in the amount of \$434,640 which will be principal forgiveness. Ms. Williams seconded the motion, and the motion was approved.

**D. BOARD COMMENTS - (Non Action)**

Ms. Williams verified with Ms. Daralyn Dobson, Administrative Services Officer with OFA, the remaining balance in the DWSRF after approval of the loans on this agenda. Ms. Dobson informed the Board that OFA will receive more in grant money this year as a result of the Needs Survey prepared by Ms. Adele Basham, Chief of the Bureau of Administrative Services.

Ms. Jennifer Carr, Chief of the Bureau of Safe Drinking Water, responded to a question from Mr. Walker about the ramification for entities that do not meet the deadline for arsenic compliance. Ms. Carr responded that the State Environmental Commission (SEC) would have to be consulted with respect to moving forward with any Administrative Order prior to the January 2015 arsenic compliance deadline. Otherwise, she envisions the SEC exemptions will run their course through January 2015 and Administrative Orders would go into effect after that time so there is no lapse in enforcement. She briefed the Board on a couple systems which remain out of compliance.

Chairman Scott asked for clarification on when the next meeting would be. It will be scheduled for July 2014.

**E. PUBLIC COMMENTS - (Non Action)**

None.

**F. ADJOURNMENT**

There being no other business, the Board meeting adjourned at 11:15 AM.

## ATTACHMENTS

- ATTACHMENT 1: VERDI BUSINESS PARK REVISED LOAN COMMITMENT
- ATTACHMENT 2: CARSON CITY
- ATTACHMENT 3: MCDERMOTT GID
- ATTACHMENT 4: SILVER KNOLLS HOA
- ATTACHMENT 5: GERLACH GID

# ATTACHMENT 1

VERDI BUSINESS PARK REVISED LOAN COMMITMENT

**Verdi Business Park  
Revised Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
February 2014**

**Applicant: Verdi Business Park**  
**Project: Arsenic Mitigation through Consolidation**  
**Previous SRF Loan Amount: \$635,200**  
**Additional SRF Loan Amount: \$264,800**

**GENERAL**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from the EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division 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, subsection 3).

**Background**

The Verdi Business Park (VBP) is located approximately 9 miles west of Reno. The business park was created in 1986. The non-transient, non-community water system that serves the VBP is a privately-owned cooperative made up of the property owners of the parcels within the VBP. The Co-Op serves 16 metered customers in the 17.6 acre area. The existing system exceeds the maximum contaminant level for arsenic. After reviewing alternatives, it was decided that VBP would best be served if the system were connected and turned over to the larger, public water system, Truckee Meadows Water Authority (TMWA).

In April 2012, the Board for Financing Water Projects (Board) approved a loan in the amount of \$635,200 to fund construction improvements that would consolidate the VBP with TMWA. Unexpected expenses were incurred due to the following: legal and administrative costs associated with the PUC; changes in the design were necessary due to easement issues with one of the property

owners; and the pipeline realignment increased construction and construction management costs. The project was bid in November and awarded in December. Work commenced in January 6, 2014.

**RECOMMENDATION**

In Nevada’s 2014 Intended Use Plan (IUP), projects for consolidation of systems are eligible for additional subsidy. This type of project was not eligible for additional subsidy in the Nevada 2012 IUP unless the community was considered disadvantaged. Funds committed to this project as of the 2014 IUP may be considered for additional subsidy.

NDEP recommends that Board for Financing Water Projects approve a resolution committing additional funds in the amount of \$264,800 and modifying the loan commitment of the DWSRF to \$900,000 to the Verdi Business Park for consolidation with TMWA. Since the project – a consolidation of the Verdi Business Park system – is eligible for additional subsidy as specified in Nevada’s 2014 Intended Use Plan, 100% of the additional \$264,800 in principal will be forgiven. The Division and the Verdi Business Park will negotiate the terms and conditions of a loan agreement. The resolution modifying the loan commitment is attached.

## **RESOLUTION**

**A RESOLUTION DESIGNATED THE "02-2014 THE VERDI BUSINESS PARK WATER COOPERATIVE PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve for the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on July 9, 2013, the Board, pursuant to NRS 445A.265, approved the Year 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Verdi Business Park Water Cooperative ("Verdi Business Park") owns and operates a public water system located in Verdi, Nevada; and

**WHEREAS**, the Division ranked the Project as #14 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, Verdi Business Park's Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; and

**WHEREAS**, the Division has determined that Verdi Business Park has the technical, managerial and financial capability to manage and repay a loan for funding a portion of the Project; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, on April 17, 2012, in the 04-2012 the Verdi Business Park Cooperative Project Loan Commitment Resolution, the Board approved a commitment of funds in the amount not to exceed \$635,200 from the account for the revolving fund in accordance with NRS 445A.265; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:

**Section 1.** This Resolution shall be known as the “02-2014 Verdi Business Park Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated by the Verdi Business Park Water Cooperative with the Division. These terms will include 100% Principal Forgiveness for the additional funds approved for this project.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$264,800 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$900,000

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

**PASSED, ADOPTED AND SIGNED FEBRUARY 19, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 2

CARSON CITY

**Carson City Public Works Water System  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
February 2014**

**Applicant:** Carson City  
**Project:** Water System Improvements  
**Total Loan:** \$6,000,000

**BACKGROUND**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from the EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division 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, subsection 3).

Carson City entered into interlocal agreements with Douglas County, Indian Hills General Improvement District, and the Town of Minden to implement the North Douglas County Regional Water Project. The regional water system interconnects the Minden, North Douglas County, Indian Hills General Improvement District, Carson City, and Lyon County (Dayton) water systems (see maps in Attachment 1). Minden will supply up to 12,000 gallons per minute of water to the regional system. As a part of the arsenic and uranium mitigation plan, Carson City owned water from the Town of Minden is piped through Douglas County to an intertie point at the south end of Carson City to blend with high uranium water from wells on the west side of town. DWSRF funds have been utilized to construct blending lines, booster pump stations, and storage within Carson City. This loan is a continuation of the Regional Water Project and completes the Douglas Costco Intertie, the East/West Phase 2A-1, and a small booster station at Winnie Lane and Roop Street. In addition, waterline replacement is planned for both the Division Street area and the Sherman Lane area as a part of the City’s capital improvement program.

**Existing System - General**

Carson City utilizes both surface water and groundwater. The average daily consumption is 6 MGD in the winter and 22 MGD in the summer. The combined source design capacity is 23.6 MGD (16,389 GPM). The combined storage capacity is 26 million gallons.

**Customers, Population and Growth**

The number of service connections/persons currently served and to be served in future years is shown in the table below.

	<b>Current</b>	<b>Projected</b>
Residential Connections	14,189	18,020
Commercial Connections	2,039	2,589
Other – Government	212	220
Estimated Population served	57,000	75,000

**PROPOSED PROJECT**

**General Description**

Douglas Costco Intertie. Currently, this large section of the City is on a dead end water line. The goal of this project is to provide an additional point of connection to Douglas County to create redundancy in the water system (see map in Attachment 2). This phase allows water from Douglas County to be transported to the Carson City system; as well as installing a stub for a future project that will allow Carson City’s water to flow into Douglas County. Approximately 1,376 feet of new 14-inch PVC water line will be installed in Vista Grande Blvd from Old Clear Creek Road to Topsy Lane, 1,750 feet of new 12-inch PVC water line will be installed in Old Clear Creek Road, and PRVs (with vaults, sample hydrants, and flow meters) will be installed in Carson City and Douglas County. All work will be performed on City owned property and rights-of-way.

East/West Phase 2A-1 and Small Booster Station. This phase of the project will continue the Regional intertie which is a component of the uranium blending plan. From the terminus of the East-West Transmission Main (Project Phase1) at the intersection of E. Robinson Street and Saliman Road, the new water line will be installed through Mills Lane Park to the intersection of E. Washington and N. Roop Streets (see map in Attachment 2). From there water will travel through existing pipe network to a new small booster pump station which will be constructed near the intersection of N. Roop Street and Winnie Lane. This new booster pump station will push water into a higher pressure zone which serves western and northern areas of the City. This alternative was chosen because it maximized use of the existing pipe network and minimized conflicts with sewer laterals. All work will be performed on existing City owned property and utility rights-of-way.

Water Line Replacement. Carson City’s waterline replacement/rehabilitation program is a multi-year program intended to repair and replace aging and deteriorated infrastructure (see maps in Attachment 2). Replacement priorities are based on the age, repair history, and existing pipe materials. This project will address the Division Street area (Sierra Circle, Lane Circle, Hillview Circle, Meyer and North Nevada, and Division between Bath and Fleischman) and Sherman Lane area (Nye Lane – Airport to Kit Sierra, Sherman Lane – Airport to Kit Sierra, Viking Way, Lukens Lane, Merrimac Way and Nye Lane – Merrimac to Bowers).

**Alternatives to Proposed Project**

Carson City has concluded that the most cost effective method to manage and reduce uranium levels in its drinking water is to import water from the Town of Minden and deliver it through a regional distribution system through Douglas County and into Carson City. The only other alternative is to construct an approximate \$40 million uranium treatment plant which would require an additional \$1.4 million per year for ongoing uranium disposal and operation costs.

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a finding of no significant impact because the proposed route of the new water lines and booster pump station are in already disturbed areas and existing street right-of-ways. The remaining items are system rehabilitation. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring the customers receive water that is safe to drink. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

**Public Participation**

Proposed Capital Improvement Plan projects, Capital Budget preparation, bonding and rate increases are approved by the Board of Supervisors at publicly noticed meetings. Projects are updated quarterly and project status is presented to the Board of Supervisors, Regional Transportation Commission, Parks and Recreation Commission, and posted on the Carson City website. At their public meeting on November 7, 2013, the Board of Supervisors adopted Resolution #2013-R-42. This resolution proposed to issue general obligation bonds in the amount of \$6,000,000 to be purchase by the State for this DWSRF loan.

**Permits**

The following permits will be required: Carson City building permit; design approval from the Bureau of Safe Drinking Water.

**Cost Estimate**

Budget Item	DWSRF Funding	Local/Other Funding	Totals by Use
Planning			
Design & Engineering	\$615,000		\$615,000
Land Acquisition			
Equipment/Materials			
Construction/Improvements & Inspection/Testing	\$5,325,000		\$5,325,000
Administrative			
Financing Costs	\$60,000		\$60,000
Totals by Source	\$6,000,000		\$6,000,000

***Financial Evaluation***

Carson City is a financially viable operation with the ability to meet costs of continuing operations and maintenance. The city has authority to issue general obligation bonds for water projects, and a general obligation bond will be issued to guarantee this loan. Funds distributed for this project will benefit the applicant by:

- Continue funding for a regional water distribution project by completing the Douglas Costco intertie
- Start the East/West phase 2A-1 and small booster station at Winnie and Roop Street
- Initiate rehabilitation of water lines in the Division Street and Sherman Lane areas

Carson City has recently adjusted their rate structure to meet operating, maintenance, and debt service coverage. The city's board reviews the rates at least annually to ensure they have adequate cash to meet these requirements. The DWSRF program will also rely on the extensive credit history obtained by bond counsel during the process of issuing the required general obligation bonds which will provide collateral and security.

***Technical, Managerial and Financial Capacity***

Carson City has addressed all of the deficiencies identified on the most recent sanitary survey. All monitoring and water quality requirements have been met. The system employs certified operators. Carson City has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards. The Carson City water system is in compliance with requirements of the Safe Drinking Water Act. This project will ensure continued compliance with the Safe Drinking Water Act.

**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF funds in the amount of \$6,000,000 to the Carson City Public Works. The Division and the Carson City will negotiate the terms and conditions of a loan agreement. A resolution approving the loan commitment to Carson City is attached.

## **List of Attachments**

Map of Regional System & Planned Projects

Attachment 1

Maps of Proposed Improvements

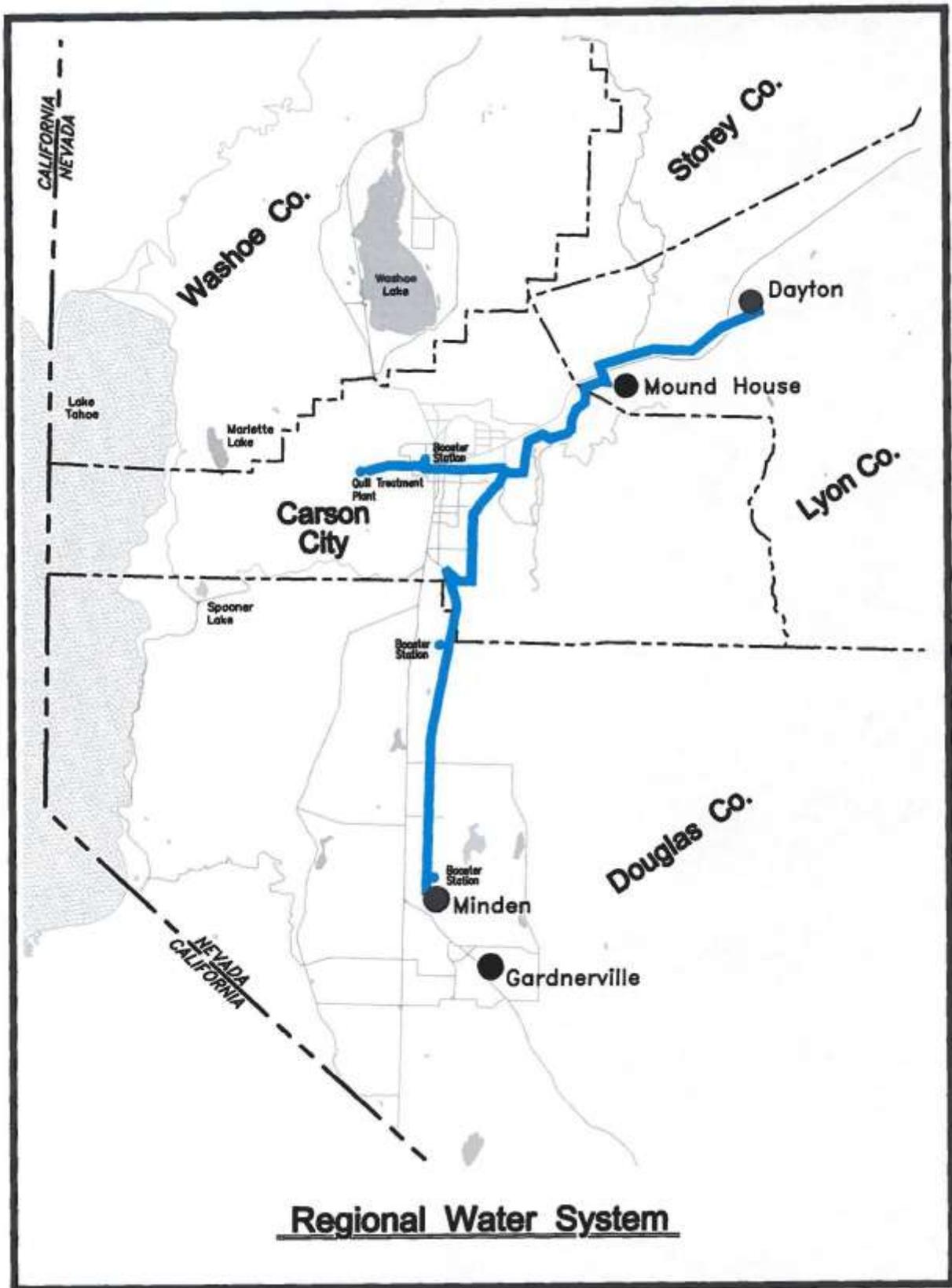
Attachment 2

Resolution

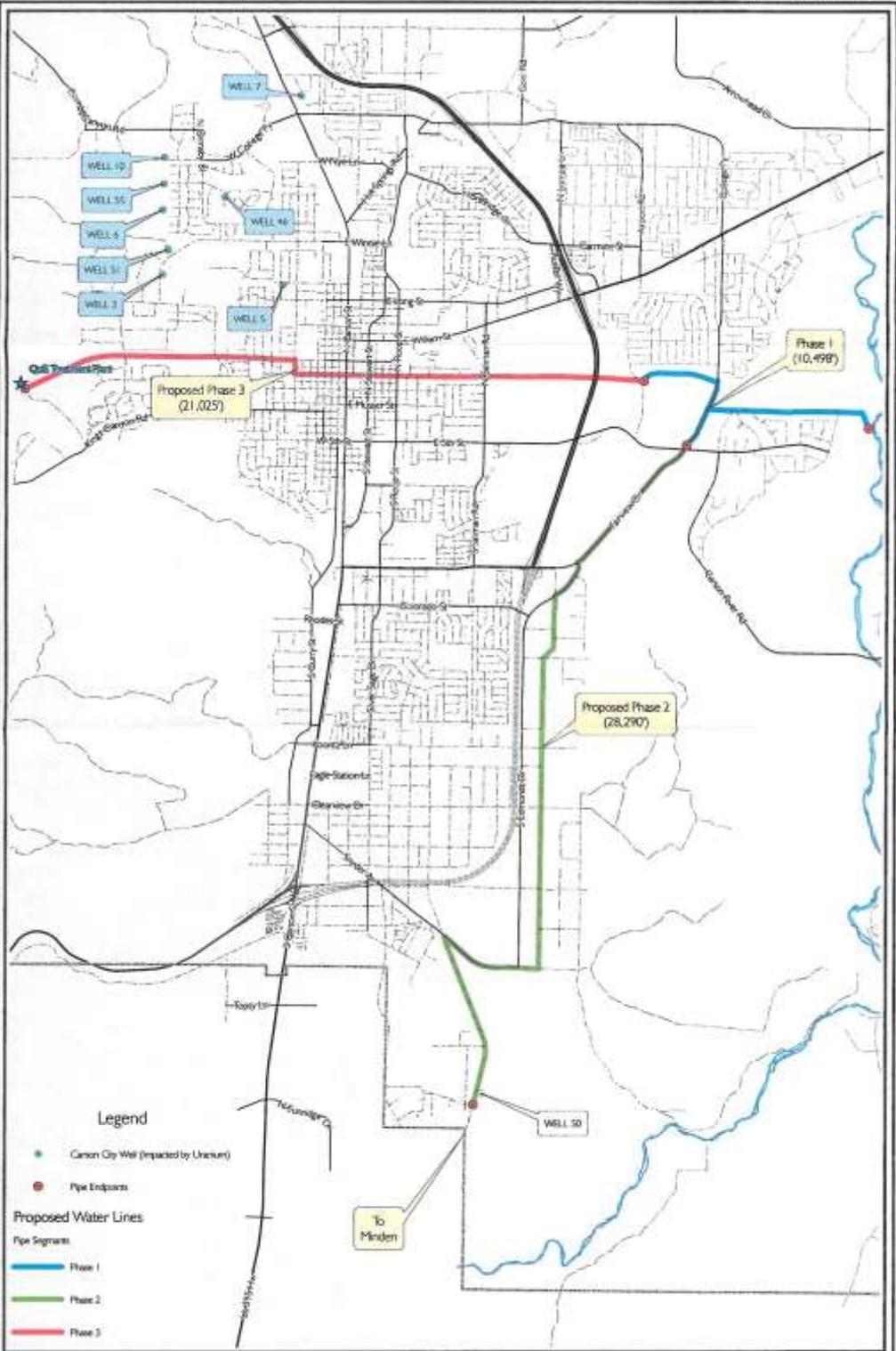
Attachment 3

# Attachment 1

Map of Regional System & Planned Projects



Regional Water System

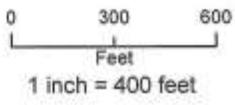


# Attachment 2

Maps of Proposed Improvements

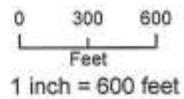


Douglas Costco Intertie





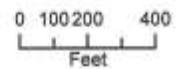
**E-W Water Transmission Main Project Phase 2A-1 and Small Booster Pump Station at Winnie and Roop**





### Water Main Replacement (Division St. Area)

- Sierra Circle
- Lane Circle
- Hillside Way
- Meyer and N. Nevada
- Division St. - Bath to Fleischmann

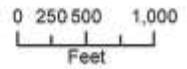


1 inch = 400 feet



**Water Main Replacement (Sherman Ln Area)**

- Nye Lane - Airport to Kit Sierra
- Sherman Lane - Airport to Kit Sierra
- Viking Way
- Lukens Lane
- Merrimac Way
- Nye Lane - Merrimac to Bowers



1 inch = 1,000 feet

## Attachment 3

Resolution of the Board for Financing Water Projects

Commitment of Funds from the

Account for the Revolving Fund

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "2-2014 CARSON CITY PUBLIC WORKS WATER SYSTEM PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on July 9, 2013 the Board, pursuant to NRS 445A.265, approved the 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, Carson City Public Works owns and operates the public water system; and

**WHEREAS**, the Carson City Public Works submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #7 on the Year 2014 Priority List of water projects, which was approved by the Board July 9, 2013; and

**WHEREAS**, the Carson City Public Works submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Carson City Public Works project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Carson City Public Works Water System has the technical, managerial and financial capability to manage and repay a loan for the Project; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

*Section 1.* This Resolution shall be known as the “2-2014 Carson City Public Works Water System Project Loan Commitment Resolution.”

*Section 2.* The terms and conditions for providing a loan to the Applicant shall be negotiated between the Carson City Public Works and the Division.

*Section 3.* Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$6,000,000 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

**PASSED, ADOPTED AND SIGNED February 19, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 3

MCDERMITT GID

**McDermitt Water System  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
February 2014**

**Applicant: McDermitt General Improvement District**  
**Project: Arsenic Mitigation**  
**Total Estimated Project Cost: \$500,000**  
**Loan Amount: \$500,000**

**BACKGROUND**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from the EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division 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, subsection 3).

The community of McDermitt is located approximately 75 miles north of Winnemucca on the Nevada – Oregon border. Concentrations of arsenic in the two municipal wells have varied between 5 parts per billion (ppb) and 20 ppb commonly exceeding the maximum contaminant level (MCL) of 10 ppb. The McDermitt GID is currently operating under an extension to their arsenic exemption provided by the State Environmental Commission until January 23, 2015.

***Existing System***

The McDermitt water system consists of two wells, a 250,000-gallon storage tank, and the distribution system. Each of the wells pumps directly into the distribution system. The wells turn on when the storage tank calls for water. Well #2 has a chlorinator, but Well #1 does not. Currently, McDermitt is operating with only Well #1 as it has the lower concentration of arsenic of the two wells and meets the operating needs of the community.

In May 2009, the Board for Financing Water Projects approved a principal forgiveness loan to the McDermitt GID for \$492,000 for a hydrogeologic evaluation to identify drilling targets that would intercept an aquifer with a sufficient source of water that meets all drinking water standards. An additional \$32,402.37 was added to the agreement for purchase of a generator.

Sampling and source water characterization of wells within the community and also within an approximate 5-mile radius of the town show many areas that are under the 10 ppb arsenic MCL. Two exploratory wells were drilled during the course of the project – one at the storage tank and one approximately 2 miles south of McDermitt along Highway 95. The first exploratory well near the tank yielded low quantities of water and varying arsenic levels at or just below the MCL. The aquifer in the area of the test well south of McDermitt appears to have generally low production potential in the zones of favorable water quality (arsenic levels below the MCL), and a production well in this area is not recommended at this site at this time.

The existing municipal Wells #1 and #2 were rehabilitated as a part of this project. Due to higher arsenic concentrations (>17 ppb), Well #2 was put on standby for emergency purposes only. Modifications to Well #1's pump intake and pumping cycle were made in an effort to mitigate the high arsenic level and identify those intervals contributing to the higher arsenic concentrations. Water quality samples under different pumping scenarios were inconsistent with respect to arsenic. It appears that arsenic concentrations contributed from the lowest, screened section of the well (below 365 feet) may be the primary reason this well cannot meet the arsenic MCL even on the basis of a running annual average. The well testing completed to-date has been unsuccessful in completely isolating this lower screen section of the well. While it may be possible to pump concrete or bentonite into the lower part of Well #1 and seal it off, the GID is reluctant to attempt this modification to their primary well until they have a compliant source of supply in place.

#### ***Customers, Population and Growth***

According to information provided in the 2013 McDermitt GID Master Plan, there are approximately 111 metered connections (98 residential and 13 commercial) with 88 of them currently active. The population is approximately 172 based on the 2010 census. Growth in McDermitt is not anticipated.

### **PROPOSED PROJECT**

#### ***General Description***

Based on the results of the hydrogeologic investigation, the GID is proposing to drill and construct a new 8-inch municipal well within approximately 30 feet of their existing Well #1. This land parcel is owned by Humboldt County. The project will comply with all planning and zoning requirements of Humboldt County.

The project includes three components: (1) well drilling and construction; (2) development, aquifer testing, and water quality sampling and evaluation; and (3) connection to the existing system. Component 1 of the project includes well drilling, lithologic characterization, air lift development, and initial water quality sampling. Component 2 of the project includes well development, step and constant rate aquifer testing, and water quality sampling and evaluation. The new well will be drilled to target the productive zones with water quality expected to be below the arsenic MCL – generally the intervals from 115 to 180 feet below ground surface (bgs) and 315 to 365 feet bgs.

The new well will share the existing Well #1 well house for the system tie-in and required appurtenances. Component 3 of the project is the design and construction that will connect the new well to the existing water system. The surface completion will include a pitless adapter and pipeline into the Well #1 well house. This component will not be completed if the water quality results of the new well do not meet all water quality standards.

***Alternatives to Proposed Project***

No action. No action at this point would result in the McDermitt GID missing its final arsenic compliance date. If this water system is not in compliance with the running annual average concentration for arsenic (10 ppb) by January 23, 2015, it will be assessed a violation for failure to meet the MCL. Violations can result in potential Administrative Fines of \$2,500/day/violation plus a Civil Penalty of \$5,000/day/violation. A Finding of Alleged Violation and Order would follow.

New source outside of the Town. Exploratory drilling efforts have not identified a new source with sufficient quality and production to merit installation of a well and water line outside of Town.

Centralized treatment at Well #1. Constructing a central treatment facility for the McDermitt water system was considered. Investigation of treatment options was not funded by the first DWSRF loan as it was felt that a viable non-treatment solution could be found. While it appears that the installation of arsenic treatment could provide a possible solution, the increase in the cost of water service due to higher annual O&M costs would place a significant burden on the limited number of users. A preliminary treatment evaluation indicated that a lower cost adsorption technology may not be viable because of relatively high silica concentrations in the water. In addition, this community does not have a certified operator in or near the Town.

Consolidation with Fort McDermitt Water System. A separation of approximately 4 miles exists between the Town and the Reservation. The requirement for a cooperative agreement between the state and federal regulated water systems and cost for the connection would make this alternative difficult to implement. The Fort McDermitt Paiute-Shoshone Tribe did not express any interest in a consolidation effort.

***Cost Estimate –***

Project cost is estimated to be \$500,000 (see also Attachment 1).

Budget Item	DWSRF Funding	Local Funding	Totals by Use
Planning			
Design & Engineering	\$120,000		\$120,000
Land Acquisition			
Equipment/Materials			
Construction/Improvements & Inspection/Testing	\$380,000		\$380,000
Administrative			
Financing Costs			
Totals by Source	\$500,000		\$500,000

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a finding of no significant impact because it is unlikely to have a negative effect on the quality of the environment. The proposed new well and short inter-tie pipeline will be drilled on property owned by the county and previously disturbed. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring the customers receive water that is safe to drink. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

### ***Public Participation***

The McDermitt water system has been notifying the public of their non-compliance with the new arsenic rule since January of 2006. McDermitt has an exemption from the arsenic rule through January 23, 2015. In December 2013, the GID held a publicly noticed workshop to review the results of the hydrogeologic investigation and recommendations for compliance with the arsenic rule.

### ***Permits***

This project will require approval from the NDEP Bureau of Safe Drinking Water for drilling, equipping, and connecting a new well to the system.

### ***Financial Evaluation***

Since 2010, grant awards from EPA have required that the State of Nevada agree to use 20-30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that additional subsidy up to \$500,000 will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. 80 percent of Nevada's MHI is \$44,442. Based upon the 2014 priority list, the MHI for McDermitt is \$38,781. Therefore, McDermitt meets the requirements for additional subsidy, making a principal forgiveness loan appropriate.

Nevada's 2014 Intended Use Plan included a requirement that a disadvantaged community receiving additional subsidy in the form of principal forgiveness would be required to charge a reasonable rate for water service to assure the sustainability of the water system. The GID currently charges a base user rate of \$20 per month. This base rate includes the use of 10,000 gallons of water. The commodity rate above the first 10,000 gallons is \$0.80/1,000 gallons. A current customer would pay a total of \$24 for a monthly usage of 15,000 gallons of water. Based on the best available MHI information, a reasonable monthly rate for using 15,000 gallons is \$48.48. The GID's current rates do not meet the DWSRF's requirements. Therefore, the GID will be required to set a rate of \$48.48 for a residence using 15,000 gallons in a month and will have three years to implement the full rate increase. The GID is currently working with Nevada Rural Water Association to determine appropriate rates that would cover all of the costs of the water system and meet the reasonable rate expected by the DWSRF. A contract between McDermitt and NDEP will not be signed until the rate plan is in place.

***Technical, Managerial and Financial Capacity***

With the exception of arsenic, the water quality currently meets the MCLs and all monitoring requirements have been met. The McDermitt water system employs a certified, contract operator who has the technical knowledge and ability to operate the system. No significant deficiencies were identified during the latest sanitary survey.

The McDermitt water system is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. This project will bring the system into compliance with the Safe Drinking Water Act.

**DIVISION RECOMMENDATION**

McDermitt's loan application was for \$500,000 which included drilling a new well and connecting it to the existing water system. The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$500,000 to the McDermitt General Improvement District. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and the McDermitt General Improvement District will negotiate the terms and conditions of a loan agreement.

The McDermitt GID is required to establish appropriate water rates that cover all of the costs of the water system and meet the reasonable rate expected by the DWSRF.

## **Attachments**

Proposed Improvement & Cost Estimate

Attachment 1

Resolution

Attachment 2

# **ATTACHMENT 1**

## **Proposed Improvement & Cost Estimate**



Stateline Rd

Buckskin Rd

Olavaria St

New Well

Marga

Disaster Peak Rd

Gordero Mine Rd

McDermitt, NV, USA

**MCDERMITT PHASE II NEW WELL INSTALLATION**

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
<b>Component 1</b>					
1	Well Drilling and Installation. 8-Inch casing to 365 Ft (6-Inch Casing Optional)	1	LS	\$ 187,970.00	\$ 187,970.00
2	Collection of Cuttings and Water Quality	1	LS	\$ 36,400.00	\$ 36,400.00
				Sub Total =	\$ 224,370.00
<b>Component 2</b>					
3	Pump Development and Step and Constant Rate Aquifer Testing	1	LS	\$ 16,400.00	\$ 16,400.00
				Sub Total =	\$ 16,400.00
<b>Component 3</b>					
4	Well Pump, Motor and Drop Pipe	1	LS	\$ 27,300.00	\$ 27,300.00
5	Pitless Adaptor	1	LS	\$ 9,100.00	\$ 9,100.00
6	6-Inch Water Line to Connect to Existing Water System	1	LS	\$ 4,550.00	\$ 4,550.00
7	Valving Connection (Flow Meter, Pump to Waste, Check Valve, etc.)	1	LS	\$ 13,650.00	\$ 13,650.00
8	Site Work Connection to System	1	LS	\$ 13,650.00	\$ 13,650.00
9	Electrical Installation VFD/SCADA	1	LS	\$ 27,300.00	\$ 27,300.00
10	Pump/Pitless Installation	1	LS	\$ 9,100.00	\$ 9,100.00
				Sub Total =	\$ 104,650.00
				Sub Total =	\$ 345,420.00
				Contingency =	\$ 34,580.00
				Construction Sub Total =	\$ 380,000.00
				Land/ROW Costs =	\$ -
				Legal/Admin =	\$ -
				Civil Engineering and Construction Inspection	\$ 120,000.00
				<b>Total =</b>	<b>\$ 500,000.00</b>

## **ATTACHMENT 2**

**Resolution of the Board for Financing Water Projects**

**Commitment of Funds from the**

**Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "2-2014 MCDERMITT WATER SYSTEM PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on July 9, 2013, the Board, pursuant to NRS 445A.265, approved the Year 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the McDermitt General Improvement District owns and operates the public water system; and

**WHEREAS**, the McDermitt General Improvement District submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #4 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, the McDermitt General Improvement District submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the McDermitt General Improvement District project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the McDermitt General Improvement District has the technical, managerial and financial capability to manage a loan for the Project; and

**WHEREAS**, the McDermitt General Improvement District meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada’s Intended Use Plan; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

**Section 1.** This Resolution shall be known as the “2-2014 McDermitt Water System Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated between the McDermitt General Improvement District and the Division. These terms will include 100% Principal Forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the

amount not to exceed \$500,000 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

**PASSED, ADOPTED AND SIGNED February 19, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 4

SILVER KNOLLS HOA

**Silver Knolls Water System  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
February 2014**

**Applicant: Silver Knolls Mutual Water Company**  
**Project: Arsenic Treatment**  
**Total Estimated Project Cost: \$336,500**  
**Loan Amount: \$286,500**

**BACKGROUND**

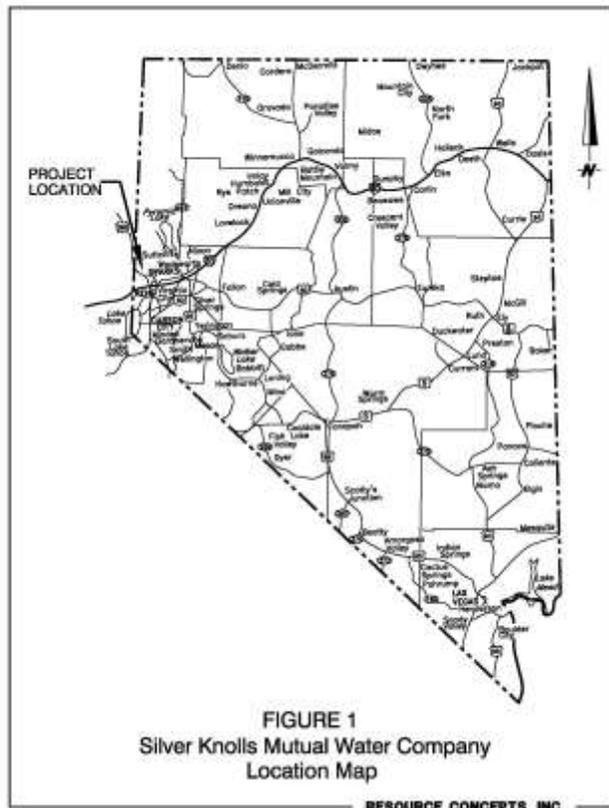
The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from the EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division 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, subsection 3).

**Existing System**

The Silver Knolls Mutual Water Company (SKMWC) is located in Washoe County approximately 15 miles north of Reno off Red Rock Road. SKMWC was formed in 1981 and provides water services to 63 residential lots and a 20-acre regional park maintained by Washoe County.

The system has two municipal wells – the Lower Well, drilled in 1972, and the



Upper Well, drilled in 2000. The Lower Well is the primary source of water with a capacity of 330 gallons per minute. The meters on both wells are no longer functioning properly and need to be replaced in order to have accurate production records.

Both wells show arsenic concentrations of 8 – 15 part per billion (ppb) and are out of compliance with the maximum contaminant level for arsenic (10 ppb). In December 2012, SKMWC was issued a Final arsenic exemption extension by the State Environmental Commission with the stipulation that by January 23, 2015, the water system will be in compliance with the federal arsenic standard.

The SKMWC has one welded steel storage tank with a total operating capacity of 211,500 gallons. The distribution system operates with a single pressure zone; however, the storage tank is at the same elevation as the residential area, and a booster pump system is used to provide system pressure. All water system appurtenances are located on land owned by the SKMWC.

The distribution system is made up primarily of asbestos cement pipe. Historic data dating back to 2000 provides generally accurate production and use information and shows an average water loss of 10%. This can be considered acceptable; however, the information is old, and it is uncertain how water loss may have changed. The appurtenances of the distribution system (e.g., valves and hydrants) have received little routine maintenance.

#### ***Customers, Population and Growth***

According to information provided in the loan application, there are 64 metered connections. The population is approximately 170. Future growth in Silver Knolls is not, currently, anticipated.

### **PROPOSED PROJECT**

#### ***General Description***

The proposed project is the installation of an ISOLUX™ adsorptive media arsenic treatment system. Raw water from the SKMWC wells will first flow through the ISOLUX™ treatment system and then into the existing storage tank for use in the system. The piping and treatment unit will require an expansion of the existing booster station building (located at the storage tank), a chemical feed system, upgrade of existing electrical components, and upgrade of the existing control system. In addition, the Lower Well will be re-equipped with a 185-gpm pump. This smaller pump reduces electrical demand charges for the well while also reducing the size of the required treatment unit.

The ISOLUX™ media targets arsenic – both As[III] & As[V]. ISOLUX™ utilizes a patented cartridge design where the media is contained in individual cartridges that are replaced when the media is exhausted. There is no backwashing, no handling of bulk media, no contact with spent media and no hazardous waste disposal.

The arsenic concentration in the untreated groundwater is low enough that the SKMWC will not need to treat 100% of their raw water. With the new pump installed in the Lower Well, and based on water quality sampling data, the SKMWC should only need a 75-gpm treatment unit to meet the water quality standards for arsenic.

Adsorptive media adsorbs silica and other competing ions in addition to arsenic. In water containing little or no calcium and/or magnesium, adsorbed silica will polymerize and form a gelatinous mass within the media bed. The gelatinous silica plugs the small particle sized media and prevents arsenic from being adsorbed. Based on the results of water quality and pilot testing, the addition of calcium chloride to the raw water entering the treatment system is recommended.

The higher concentration of phosphorus found in the Lower Well will lower the cartridge life slightly. The Lower Well is estimated to have a performance in the range of 60-70,000 bed volumes (2.4 – 2.8 million gallons) or approximately 4.5 – 5 months based on current water usage. The Upper well is estimated to have a performance in the range of 75-85,000 bed volumes (3 – 3.4 million gallons) or approximately 5.5 – 6.2 months based on current water usage.

### ***Alternatives to Proposed Project***

No Action. No action may result in Washoe County taking over the system to make the necessary upgrades. The actual impact in terms of cost to the users is unknown, but Washoe County would make all necessary upgrades to the entire system that are deemed necessary for arsenic compliance and system sustainability and will charge the water users for the improvements. Also, if this water system is not in compliance with the running annual average concentration for arsenic (10 ppb) by January 23, 2015, it will be assessed a violation for failure to meet the MCL. Violations can result in potential Administrative Fines of \$2,500/day/violation plus a Civil Penalty of \$5,000/day/violation. A Finding of Alleged Violation and Order would follow.

Direct Feed to Silver Knolls Park. This alternative is not a stand-alone alternative and would be an additional cost included with an arsenic treatment method. The Silver Knolls Park accounts for approximately 23% of the summer water usage within the SKMWC.

Connect the Silver Knolls Park irrigation system to the Upper Well and revise the existing piping to allow the Upper Well to serve 100% of the irrigation needs of the Silver Knolls Park while maintaining a backup connection from the Upper Well to the domestic system in the event of a failure of the Lower Well. This alternative was examined to see if the cost savings of reducing the volume of water requiring arsenic treatment would be enough to justify the capital costs. By dedicating untreated water from the Upper Well for the irrigation needs of the Silver Knolls Park, the size and cost of the arsenic treatment system could be reduced. However, this was not considered a cost effective solution due to the long project pay-back period.

Reverse Osmosis Treatment. This treatment system would be installed similar to the adsorption treatment system proposed. The Reverse Osmosis (RO) system would require a chemical feed system and a means of containing/holding the backwash and filtrate from the system as there is no existing sewer in the area of the SKMWC. The waste stream would be contained on site for periodic disposal at a qualified disposal location. The availability of land for a pond or onsite storage is limited and would most likely require the purchase of property. This alternative had a higher cost as shown in the table below.

Micro-filtration Treatment. This treatment system would be installed similar to the adsorption treatment system proposed. Like the RO system, the Micro-filtration system would require a

chemical feed system and a means of containing/holding the backwash and filtrate from the system as there is no existing sewer in the area of the SKMWC. The waste stream would be contained on site for periodic disposal at a qualified disposal location. The availability of land for a pond or onsite storage is limited and would most likely require the purchase of property. This alternative had a higher cost as shown in the table below.

Consolidation. A preliminary look at a regional interconnection with Truckee Meadows Water Authority (TMWA) was conducted as a potential alternative for arsenic mitigation. The estimated distance to the nearest TMWA water main was 15,500 feet. Based on the high cost of connecting to the nearest TMWA water main and the timing required for SKMWC to comply with the arsenic rule, this alternative was not deemed feasible at this time.

**Present Worth Cost Analysis**

Alternative	Construction Costs (\$)	Non-Construction Costs (\$)	Present Worth of O & M (\$) (20 years @ 2.7% <sup>1/</sup> )	Total Cost (\$)
No Action <sup>2/</sup>	\$ 0	\$ 0	\$ 0	\$ 0
Direct Feed to Silver Knolls Park	\$ 166,530	\$ 81,653	\$ (34,833)	\$ 213,350
Absorption Media Alternative	\$ 241,500	\$ 110,000	\$ 165,566	\$ 517,066
Reverse Osmosis Alternative	\$ 420,000	\$ 126,500	\$ 72,414	\$ 718,914
Micro-Filtration Alternative	\$ 420,000	\$ 126,500	\$ 182,571	\$ 729,071
Pipeline Intertie Alternative	\$ 1,254,750	\$ 217,738	\$ 67,765	\$ 1,540,252

<sup>1/</sup> OMB Circular No. A-94, Real Interest Rates on Treasury Notes and Bonds, December 2013, 20-year rate.

<sup>2/</sup> The No Action Alternative does not have an immediate improvement cost but will result in the loss of control of the system, the requirement to provide bottled water to all residents until arsenic treatment is installed, and the eventual installation of arsenic treatment at the cost of the water system users.

**Cost Estimate**

Project cost is estimated to be \$336,500 (see also Attachment 1). The SKMWC will contribute \$50,000 to the project.

Budget Item	DWSRF Funding	Local Funding	Totals by Use
Planning		\$25,000	\$25,000
Design & Engineering	\$40,000	\$25,000	\$65,000
Land Acquisition			
Equipment/Materials	\$65,000		\$65,000
Construction/Improvements & Inspection/Testing	\$181,500		\$181,500
Administrative			
Financing Costs			
Totals by Source	\$286,500	\$50,000	\$336,500

### ***Environmental Review***

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a categorical exclusion because it is unlikely to have a negative effect on the quality of the environment. The proposed improvements related to the new treatment system and well re-equipping will be within existing disturbed property owned by SKMWC. Best management practices will be utilized during construction. The project will have a beneficial effect by ensuring the customers receive water that is safe to drink. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

### ***Public Participation***

Within the past 6 months the SKMWC has been actively discussing the arsenic issue with the water users through newsletters and publicly noticed board meetings. As the process continues, SKMWC will continue to inform its water customers through public meetings, newsletters, and board meetings open and noticed to all water customers.

### ***Permits***

The Washoe County Health Department will review and approve plans for installation of the new arsenic treatment system.

### ***Financial Evaluation***

Since 2010, grant awards from EPA have required that the State of Nevada agree to use 20-30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that additional subsidy up to \$500,000 will be offered to communities that meet the definition of disadvantaged community. Based upon the 2014 priority list, median household income (MHI) for Washoe County is \$55,813. This is above 80% of the State's MHI and does not designate them as a disadvantaged community per the NAC. Therefore SKMWC does not qualify for a principal forgiveness loan based on MHI. However, the 2014 Intended Use Plan does include a provision for additional subsidy to systems with populations less than 10,000 people when the 20% subsidy requirement has not been met. As the subsidy requirement will not be met without this project; the system's population is only 120; the project addresses a chronic health risk; and based on the financial information provided the community cannot afford the loan the Division feels a principal forgiveness loan is appropriate. The SKMWC has agreed to provide \$50,000 of its own funding.

It is further recommended that the system meet the Office of Financial Assistance's required minimum water rate of 2% of the MHI for 15,000 gallons used per user, per month. Approval of the principal forgiven loan will be conditioned upon the company revising their rate structure to conform to this requirement.

### ***Technical, Managerial and Financial Capacity***

With the exception of arsenic, the water quality currently meets all water quality standards. All monitoring requirements have been met. No significant deficiencies were identified during the latest sanitary survey. The SKMWC employs a certified operator who has the technical knowledge and ability to operate the current system. With the addition of the new treatment system, the SKMWC will need to hire and/or train a certified treatment level 2 operator.

The SKMWC water system is in compliance with requirements of the Safe Drinking Water Act with the exception of the MCL for arsenic. This project will bring the system into compliance with the Safe Drinking Water Act.

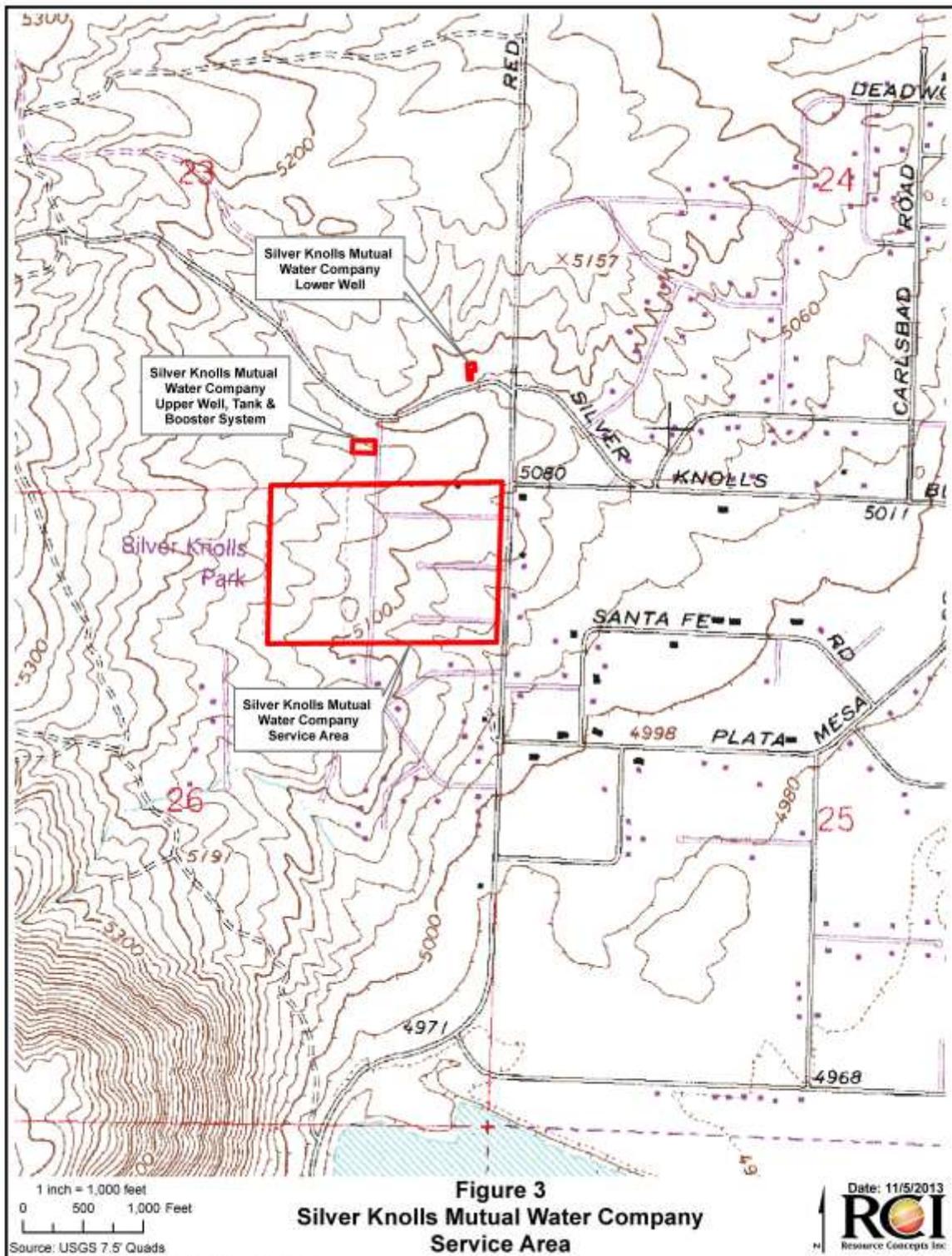
**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$286,500 to the Silver Knolls Mutual Water Company. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan and as determined by the Division, 100% of the principal will be forgiven. The Division and the Silver Knolls Mutual Water Company will negotiate the terms and conditions of a loan agreement.

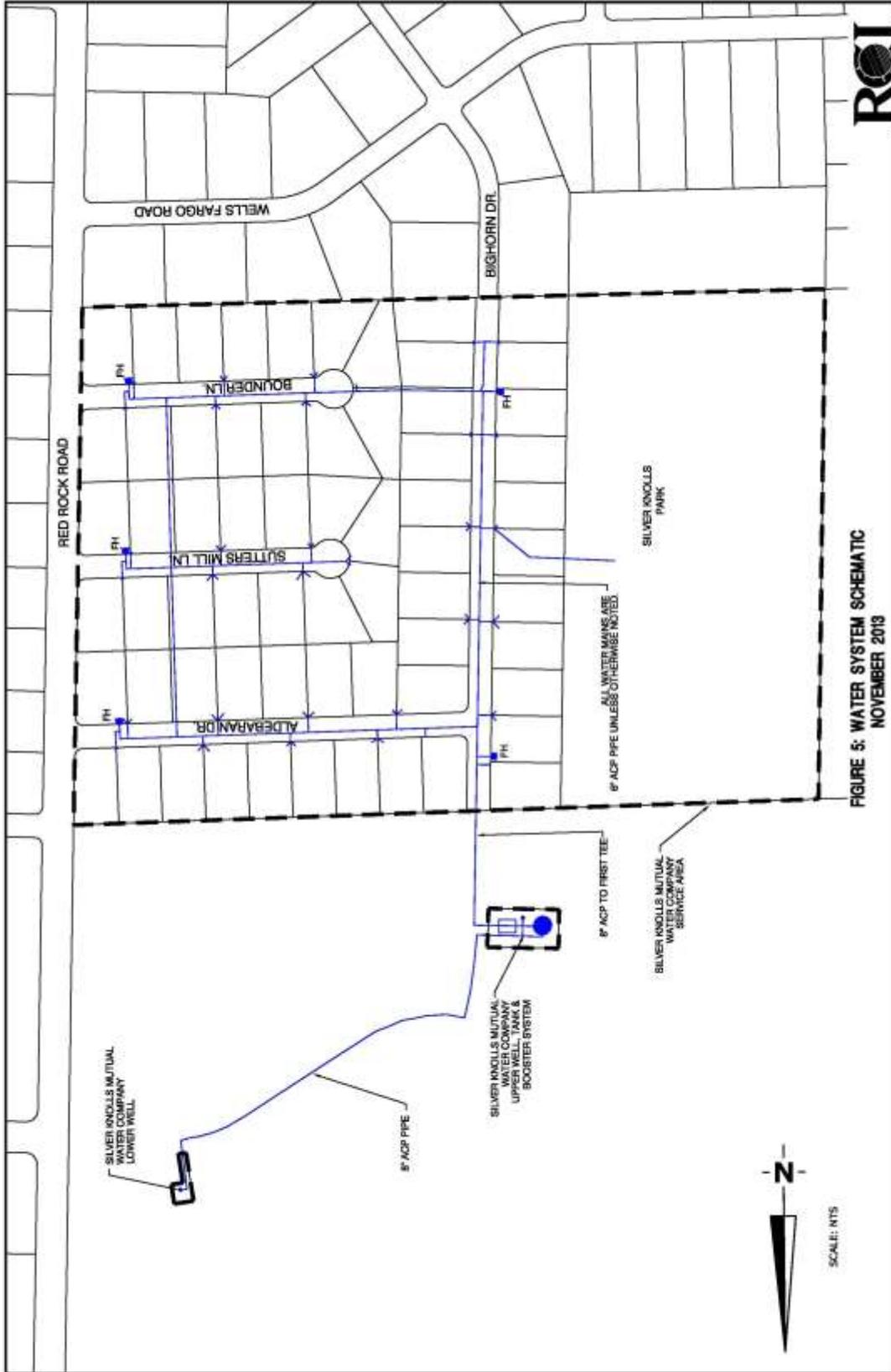
The SKMWC is required to establish appropriate water rates that cover all of the costs of the water system and meet the reasonable rate expected by the DWSRF. With the addition of the new treatment system, the SKMWC will need to hire and/or train a certified treatment level 2 operator prior to the beginning of the treatment system construction. In addition, the Board members have limited experience in managing the water system. The Division will require managerial training of the Board including, but not limited to: open meeting law, asset management and funding for capital replacement, budgeting, record keeping, and public relations and customer service.

## **ATTACHMENT 1**

- **System & Service Area Maps**
- **Proposed Improvement**
- **Cost Estimate**



Path: R:\projects\Silver\_Knolls\_Mutual\_Water\MXD\Service\_Area.mxd

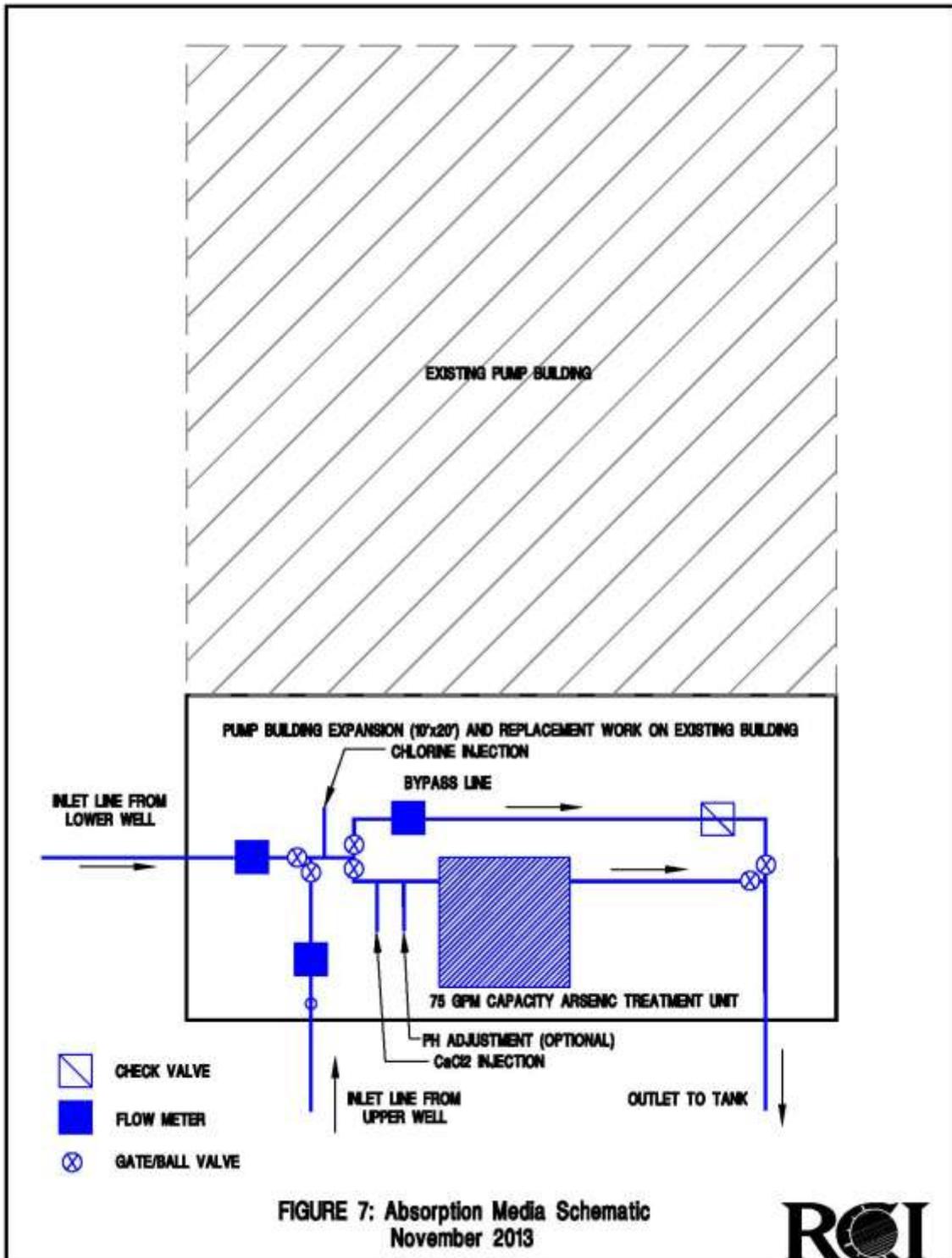


**FIGURE 5: WATER SYSTEM SCHEMATIC**  
NOVEMBER 2013



SCALE: NTS





### Summary of Project Costs

Description	Estimated Cost (\$)
• Construction Costs	
Expansion of Existing Building and New Roof	\$ 60,000.00
Electrical Improvements	\$ 25,000.00
Control Improvements	\$ 20,000.00
New Pump For Lower Well	\$ 20,000.00
Misc. Site Plumbing at Booster Station	\$ 40,000.00
Adsorption Media System, plus chemical feeds	\$ 65,000.00
Contingency	\$ 11,500.00
<i>Subtotal – Construction Costs:</i>	
	<b>\$ 241,500.00</b>
• Non-Construction Costs	
PER (Funding Agency Required Reports)	\$ 25,000
Design & Permitting	\$ 20,000
Other (Geotech, Electrical, Structural, Architect)	\$ 25,000
Testing, Inspection, and Construction Management (includes Davis Bacon and Buy American review services)	\$ 25,000
<i>Subtotal – Non Construction Costs:</i>	
	<b>\$ 95,000</b>
<i>Total Project Costs:</i>	
	<b>\$ 336,500</b>
<b><i>Proposed Funding</i></b>	
SRF Loan	\$ 286,500
SKMWC Available Funds	\$ 50,000

## **ATTACHMENT 2**

### **Resolution of the Board for Financing Water Projects Commitment of Funds from the Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "2-2014 SILVER KNOLLS WATER SYSTEM PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on July 9, 2013, the Board, pursuant to NRS 445A.265, approved the Year 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Silver Knolls Mutual Water Company owns and operates the public water system; and

**WHEREAS**, the Silver Knolls Mutual Water Company submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #8 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, the Silver Knolls Mutual Water Company submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Silver Knolls Mutual Water Company project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Silver Knolls Mutual Water Company has the technical, managerial and financial capability to manage a loan for the Project; and

**WHEREAS**, the Silver Knolls Mutual Water Company meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada’s Intended Use Plan; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

**Section 1.** This Resolution shall be known as the “2-2014 Silver Knolls Water System Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated between the Silver Knolls Mutual Water Company and the Division. These terms will include 100% Principal Forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the

amount not to exceed \$286,500 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

**PASSED, ADOPTED AND SIGNED February 19, 2014**

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Chairman  
Board for Financing Water Projects

Attest:

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Advisor  
Board for Financing Water Projects

# ATTACHMENT 5

GERLACH GID

**Gerlach GID Water System  
Loan Commitment**

**Board for Financing Water Projects Summary  
Drinking Water State Revolving Fund  
February 2014**

**Applicant: Gerlach General Improvement District**  
**Project: Service Saddle Replacement**  
**Total Estimated Project Cost: \$434,640**  
**Loan Amount: \$434,640**

**BACKGROUND**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from the EPA govern the DWSRF program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division 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, subsection 3).

***Existing System***

The community of Gerlach is located approximately 105 miles north of Reno. Gerlach receives its water from two springs located in the Granite Range to the north – Rose Spring and Railroad Spring. Flow from the springs totals approximately 250 gallons per minute. Water initially enters the 150,000-gallon redwood tank (raw water) and then enters the ion exchange treatment system to remove uranium prior to entering the 300,000-gallon welded steel, finish water tank. With the exception of the pumps at the treatment plant, flow from the springs and within the distribution system is by gravity. Both springs are chlorinated and the finish water leaving the ion exchange treatment system is also chlorinated.

***Customers, Population and Growth***

According to information provided in the loan application, there are 140 metered connections (120 residential and 20 commercial). The population is approximately 200.

Closure of the gypsum mine and plant in 2011 in Empire had a negative effect on growth in Gerlach. Future growth in Gerlach is not, currently, anticipated.

**PROPOSED PROJECT**

***General Description***

All cast iron service saddles in the Gerlach General Improvement District (GID) will be replaced. The GID has approximately 120 cast iron service saddles that were installed approximately 25 years ago that need to be replaced. It appears that soil analyses were not done when the system was originally constructed. The corrosive soils in the area have oxidized and damaged the saddles to the point where they are failing and leaking excessively. Eighteen service saddles have been replaced by the system operator. Leaks have occurred throughout the town (see Attachment 1 for a map and photo of the service saddles replaced to-date). Leaks of this type in the distribution system not only waste water, but present a potential risk for allowing contaminants to backflow into the water system during low pressure events. Depending on the length of time it takes to repair the leaks when they are found, a significant amount of water can be drained from the single, finish water, storage tank causing low pressure conditions throughout the distribution system.

The service saddles replaced to-date have been located 3 – 8 feet underground and have presented challenges for the small staff of the GID. Time for replacement has varied from 2 to 11 hours per service. Several excavations to replace leaking saddles have resulted in additional nearby saddles also leaking.

The GID has recently used bronze saddles to replace the leaking cast iron saddles. Depending on material availability, bronze, stainless, or plastic would be suitable materials for the remainder of the replacements.

***Alternatives to Proposed Project***

No action – service saddles. The only alternative to replacing the service saddles is no action. Failure to replace the deteriorated cast iron saddles will result in future leaks. Leaks from the saddles have resulted in the lowering of water in the main storage tank and subsequent low pressure throughout the distribution system.

***Cost Estimate***

Total project cost is estimated to be \$434,640 (see also Attachment 1).

Budget Item	DWSRF Funding	Local Funding	Totals by Use
Planning			
Design & Engineering	\$32,000		\$32,000
Land Acquisition			
Equipment/Materials			
Construction/Improvements & Inspection/Testing	\$392,640		\$392,640
Administrative	\$10,000		\$10,000
Financing Costs			
Totals by Source	\$434,640		\$434,640

**Environmental Review**

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has determined that the project is eligible for a categorical exclusion because it is unlikely to have a negative effect on the quality of the environment. The proposed improvements will be constructed on property within the GID service area that has been previously disturbed. Best management practices will be utilized during construction. Compliance with section 106 of the National Historic Preservation Act will occur before construction begins.

**Public Participation**

The GID reviewed the project for possible funding at a publicly noticed meeting of the GID Board in February 2013. At that meeting, the GID Board approved a motion to pursue funding from the DWSRF.

**Permits**

The Washoe County Health Department will review and approve any plans and bid specification for replacement of the service saddles.

**Financial Evaluation**

Since 2010, grant awards from EPA have required that the State of Nevada agree to use 20-30% of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community up to \$500,000. The NAC defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the median household income (MHI) of the state. Eighty percent of Nevada's MHI is \$44,442.

According to a 2011 Income Survey funded by the US Department of Agriculture and conducted by Rural Community Assistance Corporation, the current MHI for Gerlach is \$19,450. Therefore, Gerlach meets the requirements for additional subsidy, making a principal forgiveness loan appropriate.

Nevada's 2014 Intended Use Plan included a requirement that a disadvantaged community receiving additional subsidy in the form of principal forgiveness would be required to charge a reasonable rate for water service to assure the sustainability of the water system. The GID currently charges a base user rate of \$39.20 per month. This base rate includes the use of 10,000 gallons of water. The commodity rate above the first 10,000 gallons is \$0.80/1,000 gallons. A current customer would pay a total of \$43.20 for a monthly usage of 15,000 gallons of water. Based on the best currently available MHI information, a reasonable monthly rate for using 15,000 gallons is \$24.31; therefore, the GID's current rates meet the DWSRF's requirements.

The GID received grant funding from the Capital Improvements Grant Program (aka AB198 Grant) in 2001. The grant initially funded the installation of water meters and pilot testing for uranium removal treatment. The grant was later increased to cover a portion of the cost of the new treatment system. Conditions of the grant required that the GID implement a metered water rate and charge a reasonable rate for water. In addition, the GID was

required to fund a restricted capital replacement account. As noted above, the GID is charging a reasonable rate for water. The GID is also funding a restricted capital replacement account as required in the conditions of that same grant.

***Technical, Managerial and Financial Capacity***

The Gerlach water system is in compliance with requirements of the Safe Drinking Water Act, and all monitoring requirements have been met. The Gerlach water system employs a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. No significant deficiencies were identified during the latest sanitary survey.

**DIVISION RECOMMENDATION**

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$434,640 to the Gerlach General Improvement District. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and the Gerlach Improvement District will negotiate the terms and conditions of a loan agreement.

## **ATTACHMENT 1**

- **System Map with Proposed Improvement**
- **Mapped Locations of Replaced Service Saddles**
- **Image of Corroded Saddle**
- **Cost Estimate**







Typical cast iron service saddle recently replaced by the GID

Gerlach Water System Improvements Engineer's Estimate

No.	Item	Qty	Unit	Unit Price	Total
1	Mobilization	1	LS	\$ 20,000.00	\$ 20,000.00
2	Replace Service Saddle (and Service Line if Required)	120	EA	\$ 2,520.00	\$ 302,400.00

Sub-Total = \$ 322,400.00  
 Contingency = \$ 32,240.00  
 Engineering = \$ 32,000.00  
 Inspection = \$ 38,000.00  
 Legal/Admin = \$ 10,000.00  
 Services Sub-Total = \$ 112,240.00

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Total = \$ 434,640.00

## **ATTACHMENT 2**

### **Resolution of the Board for Financing Water Projects Commitment of Funds from the Account for the Revolving Fund**

## RESOLUTION

### **A RESOLUTION DESIGNATED THE "2-2014 GERLACH WATER SYSTEM PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.**

**WHEREAS**, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

**WHEREAS**, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

**WHEREAS**, on July 9, 2013, the Board, pursuant to NRS 445A.265, approved the Year 2014 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

**WHEREAS**, the Gerlach General Improvement District owns and operates the public water system; and

**WHEREAS**, the Gerlach General Improvement District submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

**WHEREAS**, the Division ranked the Project as #34 on the Year 2014 Priority List of water projects, which was approved by the Board on July 9, 2013; and

**WHEREAS**, the Gerlach General Improvement District submitted to the Division a Letter of Intent to proceed with the Project; and

**WHEREAS**, the Gerlach General Improvement District project is ready to proceed; and

**WHEREAS**, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

**WHEREAS**, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Gerlach General Improvement District has the technical, managerial and financial capability to manage a loan for the Project; and

**WHEREAS**, the Gerlach General Improvement District meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada’s Intended Use Plan; and

**WHEREAS**, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

**WHEREAS**, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

**Section 1.** This Resolution shall be known as the “2-2014 Gerlach Water System Project Loan Commitment Resolution.”

**Section 2.** The terms and conditions for providing a loan to the Applicant shall be negotiated between the Gerlach General Improvement District and the Division. These terms will include 100% Principal Forgiveness.

**Section 3.** Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the

amount not to exceed \$434,640 from the account for the revolving fund in accordance with NRS 445A.265.

*Section 4.* The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

**PASSED, ADOPTED AND SIGNED February 19, 2014**

\_\_\_\_\_  
Chairman  
Board for Financing Water Projects

Attest:

\_\_\_\_\_  
Advisor  
Board for Financing Water Projects