

MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS

Summary Minutes

Thursday, September 10, 2009
9:00 AM
The Bryan Building
901 S. Stewart Street - 1st Floor PEBP Room
Carson City, Nevada 89701

Members Present:

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

Staff Attending:

Nhu Nguyen, DAG
Dave Emme
Adele Basham
Michelle Stamates
Daralyn Dobson
Marcy McDermott
Kathy Rebert

Members Absent: None

A. INTRODUCTION AND ROLL CALL (Non Action)

Chairman Scott opened the meeting and announced that Member Belanger would be a little late due to a transportation issue. He then invited everyone to introduce themselves.

The Chairman noted there were a number of people at the meeting to address one particular agenda item, and he asked that public comments be brief and non-repetitious in an effort to allow everyone a chance to speak and to make the process efficient.

B. APPROVAL OF MINUTES - JULY 24, 2009 MEETING (Action)

Motion: Mr. Goetsch noted the minutes were accurate and moved they be adopted. Mr. Walker seconded and the motion. The motion passed unanimously.

C. SET A DATE FOR THE NEXT 2 BOARD MEETINGS (Action)

The Board was asked to set not only the next quarterly Board meeting but also a special meeting of the Board to address several ARRA SRF loans. October 20, 2009 was set as the date for a meeting to address the ARRA loans. December 7, 2009 was set for the regular quarterly meeting.

D. FUNDING STATUS (Non-Action)

1. DRINKING WATER STATE REVOLVING FUND (DWSRF) ARRA Loan Funds and Capital Improvement Grants Funds (Non-Action)

Daralyn Dobson discussed the information in the related documents from the Board packet. See **ATTACHMENTS 1-3** for a copy of the documents. Ms. Dobson explained the negative unobligated balances under the subsidy and green projects on the ARRA Grant Balance sheet; it is expected that some of the projects will come in under budget. There are additional funds in the white projects to subsidize if needed. Ms. Dobson answered a few questions for the Board.

Responding to Board questions regarding possible cuts to the Capital Improvements Grant fund, Mr. Emme shared with the Board that the bonding authority had already been reduced as part of the FY10/11 budgeting process. He elaborated further on the reduction and noted that there has been no request to further reduce the bond request. Whether that will occur is still uncertain.

E. DRINKING WATER STATE REVOLVING FUND PROGRAM

1a. Discussion & Possible Approval of the Draft 2010 Project Priority List (Action)

Adele Basham provided a summary regarding the 2010 Priority List, including the ranking process and the development of the list. Ms. Basham also presented the 2010 Priority List (revised list handed out at the meeting) and a resolution for adoption of the list. See **ATTACHMENT 4**.

Ms. Basham recommended the Board approve the 2010 Priority List and the presented Resolution.

There was some discussion with regard to changing priorities. Mr. Scott said the Board is not obligated to use the list in strict order. There is some flexibility in using the list according to project readiness and similar criteria, but the list gives the official priority ranking. Ms. Basham pointed out that the total point values and their application are spelled out in the regulation.

Mr. Belanger arrived during Ms. Basham's presentation.

Motion: Mr. Walker moved to approve a resolution designated the "Year 2010 Project Priority List, Drinking Water State Revolving Fund Division of Environmental Protection"; to approve the priorities for determining which water systems will receive money from the account of the revolving fund as required in Nevada Revised Statutes 445A.265(3). Ms. Williams seconded the motion and it passed unanimously.

2. Discussion & Possible Approval of Loan Commitment

a. Devil's Gate GID (Action)

Mr. Walker recused himself from deliberations and voting stating that he has a private practice contract with Devil's Gate GID. Mr. Walker moved to sit in the audience.

Ms. Basham presented a prepared statement detailing the proposed loan commitment, background and alternatives which were investigated. See **ATTACHMENT 5** for the full loan commitment document and resolution. The proposed project is a water main to intertie the two districts and convey water generally from the District #1 storage tank to District #2. The District #2 high arsenic well will be cut and capped. Three pressure tanks and a booster pump station building addition will be installed. It is estimated the project construction will create approximately 10 jobs.

Staff determined that the Devil's Gate GID should be offered additional subsidy for the reasons outlined in the Loan Commitment Document (**ATTACHMENT 5**). Staff recommended the Board approve a loan commitment as specified in the Loan Commitment document.

After Ms. Basham's presentation and at the invitation of the Chairman, Mr. Ron Damele, Public Works Director for Eureka County and Mr. Martin Ugalde, Day Engineering, came forward to answer any questions from the Board.

Ms. Williams asked for clarification on the wells and the flow direction through the pipeline. Mr. Damele answered that there would be two wells in the final system and flow would be in both directions - to and from Districts #1 and #2.

Mr. Belanger referred to the declining water levels in Diamond Valley and asked Mr. Damele what strategies they were developing to deal with this in the future. Mr. Damele answered that they anticipate Phase II of this project is to put in a supply tank that will convert the water system to a gravity system. They anticipated that they will be able to look for a clean source of water for Devil's Gate as well as the town of Eureka.

Mr. Goetsch had a couple questions and said he was pleased to see 21% local participation.

At public comments, Mr. Kelvin Hickenbottom, Nevada Deputy State Engineer, asked about cutting and capping the high arsenic well. Mr. Damele replied that well will be used for construction water.

Motion: Mr. Goetsch recommended the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$565,000 to Devil's Gate GID. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Devil's Gate GID will negotiate the terms and conditions of a loan agreement.

Mr. Goetsch also read the resolution designated the "American Recovery and Reinvestment Act 9-2009 Devil's Gate General Improvement District Project Loan Commitment Resolution" to approve a loan commitment for the purpose of financing certain projects. Ms. Williams seconded the motion. The motion was approved with Mr. Walker abstaining.

F. CAPITAL IMPROVEMENTS GRANT PROGRAMS

1a. Request for increase in Phase 1 project funding, Metropolis Water Irrigation District (Action)

The following is summary of the presentation Mr. Dave Emme provided the Board relating to the Metropolis Water Irrigation District project. For the full written summary see [ATTACHMENT 6](#).

Mr. Emme began with a chronology of the Metropolis Water Irrigation District project and funding, showing a few slides to orient the Board to the project.

Mr. Emme explained that the project was divided into two phases, Phase I was for final design and permitting and Phase II for actual construction. In January 2006 the Board approved a grant for Phase I covering only final design and permitting in the grant amount of \$489,467.

Concerns had been expressed by downstream water users who sent a letter to the Board in March 2006. In May 2006, the Board provided those concerned parties an opportunity to make public comments regarding the project. The general concerns were the overall adequacy of the resource and to ensure their individual, senior water rights downstream would continue to be served if this project were to go forward.

There were Board member field visits in the summers of 2006 and 2007 that generated questions about the project and subsequently a letter was sent to the District. The District responded by letter in February 2008 indicating there were some problems with the environmental work, it was going to cost more than anticipated causing some delays in that regard and there was no firm source of matching funds for recreational facilities. The response caused concerns with the Board and another letter was sent to the District reiterating the only commitment the Board made was for design and permitting, not construction. Also the Board emphasized the need for multi-purpose recreational benefits in order to justify allocation of the significant public funds for the project. The Board also reiterated the concern about adequate financing for operation and maintenance once the facility was built and for funding a capital reserve fund.

In September 2008, the District appeared before the Board requesting a time extension on the grant which the Board approved (expiring September 30, 2009). In the application for the extension, the District indicated it had pursued a federal appropriation of \$2.6 million and that could be channeled through Natural Resource Conservation Service. The District indicated, based on assessments, it would be making some contribution to a capital reserve fund. They also identified potential operators of recreational facilities and made some estimates to operate and maintain the facilities.

In July 2009, the District submitted an application for additional funding totaling \$219,045. Responding to staff comments on the original application, the District submitted a revised application in late August.

Mr. Emme gave an overview on the progress-to-date on the Phase I grant, including those items completed. Total amount of the grant provided to the District for preliminary engineering and for final design and permitting is \$923,967.40; all but \$29,567.13 has been drawn. The remaining amount is being held pending completion of the committed permitting aspects.

Mr. Emme then outlined things that would need to be done prior to applying for construction funding (page 8 **ATTACHMENT 6**).

Mr. Emme discussed the projected cost for construction submitted by the District and some of the potential problems associated with funding the construction project, including the necessity for matching funds, a minimum pool for fisheries, the grant program current financial situation and cuts that have been made to bond fund availability. It is the Board's policy to give preference to grant applications for projects necessary to comply with safe drinking water regulations over those applications for other purposes including water conservation projects related to irrigation systems.

At this point Mr. Emme discussed the line items Summary of Funds Requested - Staff Comments related to the request for additional funds to the Phase I project. Refer to Table 2, page 7 in **ATTACHMENT 6**. Most of the requested items were found to be ineligible either because the items had already been reimbursed by the capital improvements grant program or they were related to recreational elements of the project and simply are ineligible for Board funding. Of the \$219,045 requested, given further clarification, there may be \$49,541 considered eligible for funding.

The staff recommendation outlined uncertainties and some significant risks with the overall viability of this project. Over the history of the project there have been local support and letters of support but not binding commitments. There has been talk of a federal appropriation but that has not been seen yet. The question remains if there are match funds available in the longer term to support this project. Also, there is the question of funding available to support environmental work related to the recreation facilities (which this Board would not be able to fund). And, if an Environmental Impact Study was required and there was extensive mitigation, how would that be funded? These are overall project risks.

If the Board were to choose to provide additional funding for Phase I, of the information presented by the District, only about \$49,000 may be eligible. If the Board were to fund that amount, staff would suggest some related conditions:

- the permit for the dam must be secured from NDWR and ownership of water rights resolved;
- the District must demonstrate adequate funding to at least support environmental assessment of the recreational facilities; and
- any future invoices must clearly distinguish between eligible irrigation aspects of the project and ineligible recreational aspects.

Mr. Emme's presentation being concluded, Chairman Scott asked the Board if there were any questions for him.

Mr. Belanger asked the purpose of the overall project; dam construction, repairs? Mr. Emme said it is restoration of a failed and unsafe irrigation structure. The dam is not functional and needs to be replaced or removed; the last time it was functional was 1984. The two aspects to the project would be to serve the irrigation needs of the Metropolis Water Irrigation District and provide recreational benefits to the public. Although the Board saw benefit to the recreational aspect, the Board cannot fund that portion. Chairman Scott gave additional history and information relating to the project from the Board's perspective.

Chairman Scott opened this agenda item to public comment. A lengthy public comment period and Board interaction followed. To listen to full, complete comments, go to <http://ndep.nv.gov/bffwp/audio0909/indexlan.html>. The following is summation of the comment period.

Mr. Vernon Dalton, Metropolis Water Irrigation District (MWID) Manager, was the first to speak. Mr. Dalton gave additional information on the condition of the dam and said MWID began the project as an irrigation project. He said there is support for the project by other agencies and the public. He referred to a number of proposed "in kind services" and expressed frustration with agencies wanting to commit to MWID only after the dam is built. Mr. Dalton handed the Board a letter of request for assistance from MWID dated September 9, 2009. Chairman Scott told Mr. Dalton the Board would not be deliberating on the letter but would be agreeable to taking it and any other testimony.

Mr. Dan Dyer, Dyer Engineering, next spoke, saying he had provided the engineering services since the start of the project. Mr. Dyer said the information outlined in the letter Mr. Dalton handed out was in response to the negative review given the request for additional funds. Mr. Dyer proceeded to go over the three items of assistance requested in the letter and gave his explanation from MWID's perspective of the items on the Summary of Funds Requested that Mr. Emme presented. Mr. Dyer said there was an impasse on several issues.

Mr. Mike Nannini, past Elko County Commissioner, expressed his support of the project. Mr. Nannini cited numerous examples of alleged support for this project including matching funds from the City of Wells and the County, "in kind" pledges to build the road, including a turn lane from NDOT, and Senator Reed's office dependent on building of the dam. Mr. Nannini referred to a letter of support (letter did not make a commitment of funds) NDOW had issued for the project. Mr. Nannini said another issue associated with the project was the discrepancy of land ownership between Bureau of Land Management (BLM) and the Federal Energy Regulatory Commission (FERC). He said it seems there is just one hurdle after another and there had been a problem getting all the agencies involved in one room and getting them to agree. Saying that was finally accomplished, he alleged the agencies all had signed off in an agreement they will mitigate as they go along.

Chairman Scott made the point that from historic Board reviews and actions, the Board would not have committed \$900,000 to this project if they did not think it had potential. The Board's concerns are more related to the lack of anything in writing to support further commitments. He referred to Mr. Nannini's statement that everybody had signed off at this point but the Board has no written commitments. The Board has been apprehensive about the major commitment for construction until there is documentation which would allow

them to move forward with care to the public trust they represent. The Chairman then asked for Board comments or questions.

Mr. Belanger, clarifying with Mr. Dalton that this project was for the construction of a new dam rather than improving the efficiency of an existing dam, questioned how under the specific language in statute this project qualifies as conservation. Mr. Dalton answered that they would be able to store, control and use the water to irrigate which would be efficient instead of letting the water run off. DAG Nguyen advised that this had been addressed previously in regard to Metropolis and that her DAG predecessor opined that it would be proper under the statute. Ms. Nguyen reminded the Board that the statutes are to be read liberally to carry out the purposes and she does not think it would be improper to assume that conservation efforts would be achieved with building a new dam since it appears the old dam cannot be repaired to achieve conservation efforts.

Ms. Williams said that while the Board may be able to provide additional funds to get the project through the permitting phase, she questioned whether the Board would be able to fund the \$7 million construction portion of this project.

Mr. Walker asked if the Humboldt River Basin Water Authority (HRBWA) had taken a position on this project. Mr. Bennie Hodges, Chairman of the Board of Directors for HRBWA, addressed the Board. Some of the concerns the HRBWA had relating to the MWID project were downstream water users, senior and junior water users, and minimum pool. HRBWA did not formally take a position on upstream storage, however, they did not support the 3 recent applications filed with the Division of Water Resources by MWID for Bishop Creek.

Mr. Walker asked several questions in an attempt to determine what permitting had been done; it appeared no permitting had been done. There was confusion between Mr. Dalton and Mr. Dyer as to whether they had received an Army Corps of Engineers permit. Mr. Walker expressed his frustration that MWID got the engineering done and not the permitting; the permitting should have been done up front. The money has been spent on engineering and MWID wants money for construction but the permitting has not been done. Mr. Walker said the permitting process can stop a project at any point and before he would be able to approve any construction money, the permits need to be done; and that means actual permits with a (permit) number not just MWID saying they have met with someone and they said this or that. Not verbal but written.

Mr. Goetsch agreed with Mr. Walker's comments regarding permitting and the lack of permits. He said significant downstream opposition to the project remains an issue as well as meeting all the appropriate permitting requirements. He also said he would have difficulty approving a project of this cost for the benefit of only six families (approximately \$1.3 million per beneficiary); that was why previously the Board told MWID to prove this project brought significant benefit to Northern Nevada and the whole region (where the dam is located). Another big issue, Mr. Goetsch said, is Operation & Maintenance. He discussed some figures which indicate the O & M expenses would be about \$100,000 a year greater than revenue and wondered how that would be covered. Also, he said he struggles to justify using funds for this project instead of on safe drinking water projects.

Chairman Scott invited other public comments at this time.

John Carpenter, Assemblyman District 33, spoke saying he understands the Board's position yet he does feel this is a good project. He wondered if the permits were obtained and the monies to operate the dam were in writing there would be some way the Board could give a statement of support.

Mr. Demar Dahl, member of the Humboldt River Basin Water Authority, said the dam is not new; downstream water users lived for many years with the dam in place and are protected by the decree and will continue to be if a new dam is built. He asked if a list were composed of what has been done as well as all of the things that need to be done and how MWID intends to do them, there is a way the Board can commit.

Senator Dean Rhoads agreed in general with the preceding speakers, adding that he is worried about the downstream water rights. He would like to see the project going in the right direction and, in the future when the economy gets going again, the dam built.

Jolene Supp, City Manager, City of Wells, spoke about her concern that the existing dam is not safe and if the new dam is not constructed, the negative effects will impact the entire community of Wells, NV which sits on the headwaters of the Humboldt River.

Chris Howell expressed his opposition, as a downstream user, that there is not significant water to support this project and provided some information and figures on the watershed in that area and speculation on how it affects the water rights and minimum pool. A discussion followed between Chairman Scott and Mr. Dyer regarding technical information relating to the hydrology of the area and the project.

Chairman Scott said his observation is the Board thinks the dam is a good project but it is a matter of all of the pieces fitting together. The Board relies very heavily on information provided to staff that, in turn, staff forwards to the Board. He said there has been a real breakdown in this area on this project. For this Board to act on the kind of money being requested, all of the questions need to be answered and all of the documentation in order. He can support the project in concept but he needs to see written documentation in order to approve the next step. And in regard to the economy, the Board may not be in a position to fund the next step, at least right away.

Mr. Belanger pointed out the Board had already invested close to \$1 million dollars for this project and he believes this is something the Board believes should be funded. However, to fund this project is a question of timing; the Board cannot predict what will happen at the next Legislative session. And without permits and other information supplied, it is difficult to move forward. The Board's decision today should be nothing other than an attempt to slow down and get all the information in order.

Mr. Goetsch noted that other entities have not provided much in the way of matching funds; the burden has fallen on the BFFWP. This Board has committed to and has tried to help the project proceed. The Board has said it would support the project if everything else is brought into place which includes other funders making written commitments and the State giving the Board enough money to fund. He does not see that the Board can make a

commitment to fund the MWID project right now; that would leave no money to fund other projects in the biennium.

Mr. JoeyJames Giustino, Lands and Realty Specialist, Elko BLM District shared some information from BLM case files. As a note, he said there has never been written authorization to permit the dam's construction, operation, or maintenance from either the General Land Office (BLM predecessor) or BLM. Mr. Giustino said he found no documentation in the BLM files requiring the section or corner resurvey nor an Environmental Assessment (EA) to which MWID referred. He said he wrote the right-of-way grant and he did not nor does he know of anyone else who required a resurvey; he asked MWID who did. Mr. Dyer said they would have to look that up. Also after going through the case files, Mr. Giustino said he was not able to locate a "project proposal screening worksheet" which provides internal scoping by a BLM resource specialist to determine whether a project is going to require an EIS, EA, DNA, etc. There has never been an internal scoping from a BLM perspective that an EA be done. MWID's reference to an EA and budgeting for an EA is not supported by BLM documentation. He just wanted the Board to be aware of those facts.

Motion: Mr. Walker moved to postpone the action before the Board on the Request for Increase in Phase I funding. In lieu of approving or disapproving that request, the Board asks proponents and staff to refine the permitting requirements and the agreements so there is documentation that everything will be finalized so we can look forward to construction. The motion was seconded by Ms. Williams. Following a discussion, the vote was unanimous in favor of the motion.

Synopsis of the discussion: Discussion took place to see if the Board felt the construction project had merit if the permitting process were completed and answers were obtained to questions raised today. Board members had no strong feelings against the project provided the proponents find contributing funding and matching funds and as long as Board funds are available for this type project.

2a. Board Policy: Funding Level for Irrigation Projects - Sept 2009 revision (Action)

Mr. Dave Emme explained the proposed irrigation projects grant scale policy revision, as presented in the Board packet (**ATTACHMENT 7**). None of the factors changed which are used to assign points to projects to determine their funding level. The divisor was changed so the range of funding level is spread 25% to 85%.

A lengthy discussion followed to assist new Board members with criteria and the methods for determination. Mr. Belanger expressed several concerns about the rating system. The issue of Board discretion and flexibility was raised. Mr. Emme relayed there is a section of statute that says the Board has sole discretion to decide to whom and how much funding to give; he believes this is the statutory authority.

Motion: Mr. Walker moved to approve the format presented by Mr. Emme. Mr. Goetsch seconded the motion and it passed unanimously.

At this point, Mr. Walker had to leave the meeting for a personal commitment.

3. Progress Report for Funded AB198/AB237 Projects (Non-Action)

Ms. Michelle Stamates presented the report on these projects which included a narrated slide show of the Kingsbury GID Project. See **ATTACHMENT 8** for the listing. Spanish Springs funding agreement will expire and they will need to come before the Board next meeting; Ms. Stamates is in the process of researching with Washoe County and NDEP management how to address this. Crystal Clear is significantly delayed and should be completed October 12, 2009.

G. SB62 GRANT PROGRAM

Ms. Stamates reported on the 4 remaining projects: Eureka County, LVVWD - Searchlight, Topaz Ranch Estates GID, and Central Nevada Regional Water Authority. See **ATTACHMENT 9 and 10** for the SB62 Financial Summary and Project Report.

H. BOARD COMMENTS

Chairman Scott announced that technically this is his and Mr. Walker's last meeting; their appointments are expiring. Chairman Scott requested reappointment but has not heard from the Governor.

I. PUBLIC COMMENTS

Ms. Stamates expressed her appreciation for outside agency representatives, such as BLM, not related to Metropolis Water Project who made the trip to attend this Board meeting and to provide input.

Chairman Scott stated that the Board wants Ms. Stamates to receive satisfactory documentation from Metropolis Water Irrigation District and hopes that was clear in the Board's directive today to Metropolis. He said he does not want to waste Board time to deal with the situation. The Board wants Project I to be completed and per the action the Board took at this meeting in regard to the Metropolis project, Ms. Stamates is free to ask MWID for the necessary documentation as Board directed.

Mr. Hickenbottom introduced Malcolm Wilson who is new to the Water Planning section. Mr. Wilson will be attending the meetings to answer questions on water rights or Water Resource issues.

There being no further business, the meeting was adjourned at 1:00 pm.

Minutes prepared by Kathy Rebert, NDEP, Recording Secretary.

ATTACHMENT 1

ARRA Grant Balance sheet as of 8/25/09

**ARRA GRANT BALANCE
as of 8/25/09**

Subsidy Projects		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Schurz Elementary School	327,000
6/18/2009	Hawthorne Utilities	470,000
6/18/2009	Silver Springs Mutual Water Co.	2,871,350
6/18/2009	McDermitt	492,000
6/18/2009	Beatty Water and Sanitation Dist.	2,910,000
7/24/2009	Alamo Sewer and Water GID	302,000
7/24/2009	Silver Springs Mutual Water Co.	791,000
7/24/2009	Tolas Water Works	720,000
7/24/2009	Jackpot	737,000
Total Previously Approved		9,620,350
September Board Submittals		
9/10/2009	Devil's Gate GID	565,000
Total Submitted for Board Approval		565,000
Total		10,185,350
ARRA Requirements		9,750,000
Unobligated Balance		-435,350

Green Projects		
Approval/Board Submittal Date	Water System	Amount
7/24/2009	TMWA	2,000,000
7/24/2009	SNWA	2,000,000
Total Previously Approved		4,000,000
September Board Submittals		
Total Submitted for Board Approval		0
Total		4,000,000
ARRA Requirements		3,900,000
Unobligated Balance		-100,000

White Projects		
Approval/Board Submittal Date	Water System	Amount
6/18/2009	Carson City	3,400,000
7/24/2009	Topaz Lake Water	780,000
Total Previously Approved		4,180,000
September Board Submittals		
Total Submitted for Board Approval		0
Total		4,180,000
ARRA Requirements		5,406,000
Unobligated Balance		1,226,000

Total ARRA Projects Approved/Submitted	18,365,350
Total ARRA Grant Award	19,056,000
Unobligated Balance	690,650

ATTACHMENT 2

Grant Project Summary Sheet

**BOARD FOR FINANCING WATER PROJECTS
GRANT PROJECT SUMMARY SHEET**

Project	Grant Amount	Original Issue Date	Grant Used	Grant Remaining
Walker Irrigation Project	\$ 6,685,163.19	3/14/02	\$ 6,570,377.13	\$ 114,786.06
Kingsbury GID	\$ 9,505,311.39	6/26/02	\$ 7,155,734.00	\$ 2,349,577.39
Wells	\$ 1,102,310.09	12/5/02	\$ 985,090.00	\$ 117,220.09
Jarbidge	\$ 1,287,700.70	12/16/03	\$ 1,257,047.07	\$ 30,653.63
Spanish Springs - Washoe Co	\$ 4,000,000.00	1/27/05	\$ 402,000.00	\$ 3,598,000.00
Virgin Valley	\$ 3,284,117.16	1/27/05	\$ 1,828,166.39	\$ 1,455,950.77
Golconda	\$ 956,478.75	1/27/05	\$ 875,846.14	\$ 80,632.61
Metropolis Irrigation - Engineering design	\$ 489,467.40	1/25/06	\$ 459,900.28	\$ 29,567.12
Beatty PER	\$ 51,850.00	5/3/06	\$ 49,300.00	\$ 2,550.00
Searchlight	\$ 2,536,522.34	8/23/06	\$ 321,842.26	\$ 2,214,680.08
Kyle Canyon	\$ 3,202,511.74	11/9/06	\$ 510,883.59	\$ 2,691,628.15
Topaz Ranch Estates	\$ 1,471,452.01	3/14/07	\$ 950,173.29	\$ 521,278.72
Crystal Clear	\$ 2,663,635.00	9/20/07	\$ 1,531,569.53	\$ 1,132,065.47
Pershing County Irrigation Dist #2	\$ 3,663,021.45	9/20/07	\$ 3,577,738.19	\$ 85,283.26
Moapa Valley Water District	\$ 4,000,000.00	12/13/07	\$ 1,799,524.65	\$ 2,200,475.35
Lovelock Meadows #2	\$ 3,000,000.00	12/13/07	\$ 183,992.35	\$ 2,816,007.65
Alamo Arsenic PER	\$ 102,216.75	3/20/08	\$ 33,500.32	\$ 68,716.43
Gabbs PER Phase II	\$ 63,920.00	6/19/08	\$ -	\$ 63,920.00
Ruth PER	\$ 34,000.00	3/4/09	\$ -	\$ 34,000.00
Pershing County Irrigation Dist #3	\$ 3,810,000.00	6/15/09	\$ -	\$ 3,810,000.00
Pending				
Jackpot	\$ 1,430,000.00	7/24/09	\$ -	\$ 1,430,000.00
Totals - 20 Outstanding Grants	\$ 53,339,677.97		\$ 28,492,685.19	\$ 24,846,992.78

Current Funds Available for Grant Payments	\$ 14,426,216.13
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Administrative Budget FY10/11	\$ 581,683.00
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Estimated Bond Sale Amount for FY10/11 Biennium	\$ 19,000,000.00
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Estimated Funding that may be Committed to New Projects for FY10/11	\$ 7,997,540.35
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ATTACHMENT 3

AB198 Grant Program Projected Cash Flow as of 8/25/09

AB 198 Grant Program
 Projected Cash flow through SFY 2012
 as of 08/25/2009

DESCRIPTION	Available Cash			Available Treasurer's Allocation			Available Statutory Authority			Grant Obligations		
	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE	INCREASE	DECREASE	BALANCE
FY09 Actual			11,210,909			0			46,724,800			
Bond proceeds	12,956,307	0	24,167,216			0		12,956,308	33,768,492			
Interest Payments	415,789		24,583,005			0			33,768,492			
Pay requests		9,717,399	14,865,606			0			33,768,492			
2010 principal repayments on bonds			14,865,606			0		3,677,570	37,446,062			
Transfer to 4155 (Operating Account)		229,121	14,636,485			0			37,446,062			
			14,636,485			0			37,446,062			
July - September 2009 (FY10)			14,636,485			0			37,446,062			25,038,170
Pay Requests		3,150,600	11,485,885	10,500,000		10,500,000			37,446,062		3,150,600	21,887,570
Bond proceeds			11,485,885			10,500,000			37,446,062			21,887,570
2010 principal repayments on bonds			11,485,885			10,500,000		885,000	38,331,062			21,887,570
Transfer to 4155 (Operating Account)		67,063	11,418,822			10,500,000			38,331,062			21,887,570
Adjusted to current Obligations			11,418,822			10,500,000			38,331,062			21,887,570
October - December 2009			11,418,822			10,500,000			38,331,062			21,887,570
Pay Requests		3,150,600	8,268,222			10,500,000			38,331,062		3,150,600	18,736,970
Bond proceeds	10,500,000		18,768,222			10,500,000		10,500,000	27,831,062			18,736,970
2010 principal repayments on bonds			18,768,222			10,500,000		449,878	28,280,940			19,399,619
Interest Payments	207,894		18,976,116			10,500,000			27,831,062			21,887,570
Transfer to 4155 (Operating Account)		67,063	18,909,053			10,500,000			27,831,062			18,736,970
Projected New Grant Awards			18,909,053			10,500,000			27,831,062	1,000,000		19,736,970
January - March 2010			18,909,053			10,500,000			27,831,062			19,736,970
Pay Requests		337,352	18,571,701			10,500,000			27,831,062		337,352	19,399,619
Interest Payments	103,947		18,675,648			10,500,000			27,831,062			19,399,619
Projected Transfer to 4155 (Operating Acct)		67,063	18,608,585			10,500,000			27,831,062			19,399,619
2010 principal repayments on bonds			18,608,585			10,500,000		900,000	28,731,062			19,399,619
			18,608,585			10,500,000			28,731,062			19,399,619
April - June 2010			18,608,585			10,500,000			28,731,062			19,399,619
Projected Pay Requests		337,352	18,271,234			10,500,000			28,731,062		337,352	19,062,267
Interest Payments	103,947		18,375,181			10,500,000			28,731,062			19,062,267
Projected Transfer to 4155 (Operating Acct)		67,063	18,308,118			10,500,000			28,731,062			19,062,267
2010 principal repayments on bonds			18,308,118			10,500,000		1,660,000	30,391,062			19,062,267
Bond Proceeds			18,308,118			10,500,000		0	30,391,062			19,062,267
FY11 Projection			18,308,118			10,500,000			30,391,062			19,062,267
Projected Bond Needs	8,500,000		26,808,118	8,500,000		19,000,000		8,500,000	21,891,062			19,062,267
Projected Pay Requests		4,419,000	22,389,118			19,000,000			21,891,062		4,419,000	14,643,267
Projected Transfer to 4155 (Operating Acct)		313,444	22,075,674			19,000,000			21,891,062			14,643,267
2011 principal repayments on bonds			22,075,674			19,000,000		4,057,186	25,948,248			14,643,267
Projected New Grant Awards			22,075,674			19,000,000			25,948,248	1,300,000		15,943,267
Interest Payments	415,788		22,491,462			19,000,000			25,948,248			15,943,267
FY12 Projection			22,491,462			19,000,000			25,948,248			15,943,267
Projected Bond Needs			22,491,462			19,000,000		0	25,948,248			15,943,267
Projected Pay Requests		1,250,000	21,241,462			19,000,000			25,948,248		1,250,000	14,693,267
Projected Transfer to 4155 (Operating Acct)		313,444	20,928,018			19,000,000			25,948,248			14,693,267
2012 principal repayments on bonds			20,928,018			19,000,000		4,213,212	30,161,460			14,693,267
Projected New Grant Awards			20,928,018			19,000,000			30,161,460	7,850,000		22,543,267
Interest Payments	415,788		21,343,806			19,000,000			30,161,460			22,543,267

Note: Available Statutory Authority reflects the \$125 million cap less outstanding debt obligations plus principal payments on debt as of FY09.

ATTACHMENT 4

Resolution and Year 2010 Priority List

Draft Year 2010 Priority List--Drinking Water State Revolving Fund

Rank	Water System	Total Points	Arsenic Factor	Adjst. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
Class I--Acute Health Risks													
none													
\$0													

Class II--Chronic Health Risks

1	Alamo Sewer & Water GID	10	1.0	10	1.36	13.58	Public	LI	NV0000005	900	275	Arsenic compliance, new well, storage, distrib.	\$2,087,380
2	McDermitt	10	0.5	5	2.69	13.46	Public	HU	NV0000162	200	100	Arsenic compliance	\$478,000
3	Carvers Smokey Valley RV	10	1.0	10	1.24	12.38	Private	NY	NV0000218	180	120	Arsenic compliance	\$100,000
4	Truckee Meadows Water Authority	11	1	11	1.10	12.10	Public	WA	NV0000190	325,000	91,000	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought	\$27,065,038
5	Carson City Utilities	10	1.0	10	1.07	10.66	Public	CC	NV0000015	56,000	16,447	Arsenic & uranium compliance	\$6,000,000
6	Frontier Village MHP	10	1.0	10	1.00	9.99	Private	CL	NV0000147	60	71	Arsenic compliance	\$145,920
7	Churchill Co (Moody Ln Treatment)	10	0.8	8	1.09	8.74	Public	CH	?	503	183	Arsenic compliance	\$2,000,000
8	Old River	10	0.8	8	1.09	8.74	Private	CH	NV0000303	300	110	Arsenic compliance	\$1,451,835
9	Shoshone Estates	10	0.7	7	1.24	8.66	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
10	Indian Hills GID	10	1.0	10	0.79	7.95	Public	DO	NV0000355	5,800	244	Arsenic compliance	\$4,320,000
11	Wildes Manor	10	0.5	5	1.58	7.90	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
12	Carson River Estates	10	0.7	7	1.09	7.65	Private	CH	NV0003068	90	34	Arsenic compliance	\$131,425
13	Panaca	10	0.5	5	1.50	7.48	Public	LI	NV0000185	800	349	Arsenic compliance	\$1,984,750
14	Spring Creek MHP (Elko Co.)	10	1.0	10	0.74	7.42	Private	EL	NV0000036	12,000	4,053	Arsenic compliance	\$3,950,000
15	Searchlight	10	0.4	4	1.83	7.31	Public	CL	NV0000219	760	290	Arsenic compliance, two new wells, storage	\$11,125,300
16	Caliente	10	0.4	4	1.73	6.90	Public	LN	NV0000013	1,500	427	New well, distribution	\$2,519,027
17	East Valley	10	0.9	9	0.75	6.74	Public	DO	NV0002216	3,845	1,479	Arsenic compliance	\$7,500,000
18	Crescent Valley	10	0.5	5	1.19	5.97	Public	HU	NV0000043	400	280	Arsenic compliance	\$1,110,000
19	Yerington	10	0.4	4	1.43	5.72	Public	LY	NV0000255	2,900	1,835	Arsenic compliane	\$4,430,000
20	Lander Co. - Austin	10	0.4	4	1.32	5.26	Public	LA	NV0000006	350	164	Arsenic compliance	\$500,000
21	Lander Co. - Battle Mountain	10	0.5	5	1.04	5.19	Public	LA	NV0000008	4,600	1,145	Water treatment (arsenic), transmission, distribution, storage	\$11,510,910
22	Roark	10	0.5	5	1.01	5.06	Private	CL	NV0000319	64	27	Arsenic compliance	\$300,000
23	Spring Creek (Washoe Co.)	10	0.5	5	0.97	4.87	Public	WA	NV0004082	1,850	743	Arsenic compliance	\$3,516,613
24	Tonopah	10	0.4	4	1.19	4.77	Public	NY	NV0000237	2,600	1,500	Arsenic compliance	\$127,000
25	So. Truckee Meadows Water Treatment Facility (includes Double Diamond)	10	0.4	4	1.10	4.40	Public	WA	NV0000215 NV0000832	34,500	12,250	Arsenic compliance	\$21,500,000
26	Lemmon Valley	10	0.4	4	1.10	4.40	Public	WA	NV0000202	2,853	1,179	Arsenic compliance	\$2,060,664
27	Truckee Canyon	10	0.4	4	1.10	4.40	Public	WA	NV0000978	25	5	Arsenic compliance	\$975,000
28	Churchill Co (Waterline to Soda Lake)	10	0.4	4	1.09	4.37	Public	CH	NV0000406	336	3	Connect Sage Valley, R&M and OK MHPs	\$1,500,000
29	Desert Springs	10	0.4	4	0.97	3.90	Public	WA	NV0001085	7,629	3,869	Arsenic compliance	\$3,859,680
30	Sunrise Estates (Douglas Co)	10	0.5	5	0.78	3.88	Public	DO	NV0000887	91	37	Arsenic compliance	\$1,400,000
31	Gabbs	1	NA	1	1.56	1.56	Public	NY	NV0000063	411	160	Fluoride compliance	\$300,000
32	Sage Valley MHP	1	NA	1	1.09	1.09	Private	CH	NV0002023	188	47	Manganese compliance, distribution, well house	\$93,000

Total Class II \$126,076,542

Class III--Rehabilitation

Community Public Water Systems

33	Riverbend MHP	20	NA	20	2.23	44.58	Private	WA	NV0000754	80	39	Treatment	\$20,000
34	Imlay	18	NA	18	2.35	42.23	Public	PE	NV0000226	150	90	Distribution	\$575,000
35	Golconda GID	23	NA	23	1.78	41.01	Public	HU	NV0005029	115	90	Transmission, spring rehabilitation	\$400,000
36	Reno Sahara MHP	25	NA	25	1.42	35.40	Private	WA	NV0000701	90	30	Consolidation with TMWA	\$175,000
37	Foothill MHP	25	NA	25	1.42	35.40	Private	WA	NV0000200	35	17	Consolidation with TMWA	\$100,000
38	Walker Lake GID	25	NA	25	1.36	33.89	Public	MI	NV0000268	400	160	New well, storage	\$1,620,000
39	Big Bend Water District	26	NA	26	1.21	31.42	Public	CL	NV0004092	8,843	2,035	Distribution (TTHM control), treatment upgrades	\$5,012,000
40	Stagecoach GID	23	NA	23	1.30	29.82	Public	LY	NV0000224	1,471	574	New well, transmission	\$856,000
41	Ruth	18	NA	18	1.49	26.91	Public	WP	NV0000164	700	320	Pipe, pump water from existing Steptoe Valley wells in	\$7,000,000
42	Mount Rose	34	NA	34	0.78	26.69	Public	WA	NV0003030	1,650	793	Nitrate treatment, extend water main to Fawn Lane to	\$1,950,000
43	Lyon County - Moundhouse	24	NA	24	1.10	26.29	Public	LY	NV0000838	1,578	895	Storage, upgrade transmission & distribution	\$1,720,000
44	Palm Gardens	33	NA	33	0.79	26.00	Private	CL	NV0000819	60	18	Treatment, storage, security (fencing)	\$163,000
45	Lamoille Water Users, Inc	39	NA	39	0.66	25.81	Private	EL	NV0000273	200	71	New well, storage, transmission, distribution	\$1,200,000
46	Eureka	25	NA	25	1.02	25.57	Public	EU	NV0000044	450	297	Tank, booster station, well modification	\$4,100,000
47	Churchill Co (Wild Goose)	23	NA	23	1.09	25.13	Public	CH	NV0000406	3,000	1,090	New well, transmission	\$2,000,000

Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Owner-ship of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description		
48	Fallon	20	NA	20	1.24	24.81	Public	CH	NV0000045	8,500	3,355	Replace hydrated lime with sodium hydroxide	\$120,000
49	Kyle Canyon	34	NA	34	0.71	24.01	Public	CL	NV0000142	1,040	353	New well, storage, distribution, water meters	\$3,591,184
50	Storey County (Virginia City)	24	NA	19	0.98	23.55	Public	ST	NV0000240	2,517	694	Tank, transmission	\$15,337,905
51	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Solar Photovoltaic Panels at AMS treatment plant, other energy or conservation projects	\$21,000,000
52	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Water treatment pilot plant for process optimization	\$10,290,000
53	Southern Nevada Water Authority	20	NA	20	1.01	20.23	Public	CL	NV0000289	2,000,000	NA	Treatment (filter valve replacement)	\$2,000,000
54	Fernley	20	NA	20	1.00	19.95	Public	LY	NV0000062	19,585	7,136	Mechanical solids dewater at treatment plant	\$5,000,000
55	LVVWD - Blue Diamond	24	NA	24	0.82	19.78	Public	WA	NV0000010	282	125	New wells, replace distribution	\$4,173,693
56	Hawthorne Utilities	15	NA	6	1.30	19.43	Public	MI	NV0000073	2,960	1,684	Distribution	\$6,000,000
57	Carson City Utilities	18	NA	18	1.07	19.19	Public	CC	NV0000015	56,000	16,447	Tank, transmission	\$5,000,000
58	Douglas County (Zephyr WUD)	26	NA	26	0.73	19.05	Public	DO	NV0000258	1,193	477	LT2ESWTR treatment, distribution	\$3,300,000
59	Star City Property Owners Assoc	19	NA	19	0.95	18.14	Private	HU	NV0000252	363	199	Storage, distribution, meters, backup power	\$1,768,575
60	Truckee Meadows Water Authority	15	NA	15	1.10	16.50	Public	WA	NV0000190	325,000	90,000	Replace diversion at Glendale Treatment Plant	\$7,650,000
61	Lightning W	28	NA	28	0.57	15.92	Public	WA	NV0000865	90	55	Uranium treatment plant	\$850,000
62	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Pump motor variable frequency drive	\$3,000,000
63	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	PLC at pump stations (energy efficiency)	\$5,060,000
64	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (pump station)	\$121,000,000
65	Southern Nevada Water Authority	15	NA	15	1.01	15.17	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (underground pumping forebay, well shafts and tunnels)	\$115,500,000
66	Minden Town	18	NA	18	0.78	14.13	Public	DO	NV0000168	7,120	3,231	Storage, transmission (to supply East Valley)	\$3,750,000
67	Douglas County (Jobs Peak)	20	NA	20	0.70	14.01	Public	DO	NV0000959	373	154	Treatment (corrosion control)	\$1,275,000
68	Douglas County (West Valley)	15	NA	15	0.86	12.90	Public	DO	NV0002054	980	980	New well	\$1,900,000
69	Incline Village GID	20	NA	20	0.64	12.84	Public	WA	NV0000158	8,900	4,200	Replace ozone generators	\$600,000
70	Washoe Co DWR (Lemmon Valley)	18	NA	18	0.66	11.91	Public	WA	NV0000202	8,000	7,500	Transmission, storage	\$13,000,000
71	Minden Town	15	NA	15	0.78	11.77	Public	DO	NV0000168	7,120	3,231	New well, existing well rehab (supply to East Valley)	\$3,000,000
72	Washoe Co DWR (Desert Springs)	18	NA	18	0.55	9.98	Public	WA	NV0001085	11,980	5,800	Tank relocation, transmission	\$2,898,300
73	Incline Village GID	15	NA	15	0.64	9.63	Public	WA	NV0000158	8,900	4,200	Pump station replacement and upgrade	\$4,750,000
74	Washoe Co DWR (Heppner)	14	NA	14	0.68	9.53	Public	WA	NV0000202	265	115	Transmission, distribution to serve residents currently on domestic wells	\$1,500,000
75	Washoe Co DWR (Double Diamond)	15	NA	15	0.60	8.99	Public	WA	NV0000832	15,800	6,240	Equip (pumps, house, piping) new wells, disinfection	\$2,437,000
76	Gold Country Water Company	10	NA	10	0.88	8.76	Private	HU	NV0003079	1,300	530	New tank (share w/ Star City, Winnemucca Airport)	\$300,000
77	Round Hill GID	10	NA	10	0.85	8.48	Public	DO	NV0000260	1700	479	Replace storage	\$2,000,000
78	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	South Valley lateral transmission pipe	\$20,000,000
79	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	Transmission pipeline discharge modifications	\$30,000,000
80	Southern Nevada Water Authority	8	NA	8	1.01	8.09	Public	CL	NV0000289	2,000,000	NA	Lake Mead Intake #3 (2,000 feet of 12 ft dia pipe)	\$27,500,000
81	Indian Hills GID	10	NA	10	0.79	7.95	Public	DO	NV0000355	5800	1,810	Repair/replace storage tanks	\$427,000
82	Stagecoach GID	6	NA	6	1.30	7.78	Public	LY	NV0000224	1,471	574	Distribution (undersized lines)	\$634,465
83	Hawthorne Utilities	6	NA	6	1.30	7.77	Public	MI	NV0000073	2,960	1,684	Distribution	\$2,049,000
84	Fallon	6	NA	6	1.24	7.44	Public	CH	NV0000045	8500	3,355	Distribution	\$1,150,000
85	Ely	6	NA	6	1.22	7.35	Public	WP	NV0000038	5,500	2,200	Distribution	\$6,420,000
86	Carlin	8	NA	8	0.90	7.19	Public	EL	NV0000014	2,450	840	Transmission	\$1,000,000
87	Washoe Co DWR (STMGID)	15	NA	15	0.46	6.91	Public	WA	NV0000215	10,828	4,708	New well, disinfection	\$1,020,000
88	Truckee Meadows Water Authority	6	NA	6	1.10	6.60	Public	WA	NV0000190	325,000	90,000	Valley Road main replacement	\$1,300,000
89	Truckee Meadows Water Authority	6	NA	6	1.10	6.60	Public	WA	NV0000190	325,000	90,000	Sparks feeder main	\$5,700,000
90	Sun Valley GID	6	NA	6	1.08	6.47	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$450,300
91	Minden Town	8	NA	8	0.78	6.28	Public	DO	NV0000168	7,120	3,231	Transmission (Pole Line ditch), booster pump	\$4,750,000
92	Minden Town	8	NA	8	0.78	6.28	Public	DO	NV0000168	7,120	3,231	Transmission (2nd East Valley connection)	\$3,500,000
93	Eureka	6	NA	6	1.02	6.14	Public	EU	NV0000044	450	297	Distribution	\$2,445,000
94	Southern Nevada Water Authority	6	NA	6	1.01	6.07	Public	CL	NV0000289	2,000,000	NA	Valve replacement at rate-of-flow stations	\$4,000,000
95	Gardnerville Ranchos GID	6	NA	6	0.91	5.48	Public	DO	NV0000066	12,000	4,600	Distribution - replace AC pipe	\$10,260,000
96	Henderson	6	NA	6	0.80	4.78	Public	CL	NV0000076	246,000	77,889	Distribution - Wigwam/US 95, PRV	\$1,577,000
97	Henderson	6	NA	6	0.80	4.78	Public	CL	NV0000076	246,000	77,889	Distribution - W226, Misc PRV	\$1,370,000
98	Incline Village GID	6	NA	6	0.64	3.85	Public	WA	NV0000158	8,900	4,200	Distribution line replacement	\$4,102,485
99	Dutchman Acres	3	NA	3	1.10	3.29	Private	HU	NV0000809	145	165	Security	\$90,000
100	Kingsbury GID	3	NA	3	1.03	3.10	Public	DO	NV0000004	3,832	2,560	Meters	\$3,500,000
101	Lyon County - Dayton	3	NA	3	1.02	3.07	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves	\$1,150,000

Total Class III \$528,342,907

Class IV--Refinance
None

State MHI (Median Household Income) is \$44,581 based on 2000 Census.

PWS MHI is based on 2000 Census where data is available for the community. If 2000 Census community data is not available, 2000 Census county data, site specific income survey or other appropriate method was used. Contact NDEP for detailed information.

ATTACHMENT 5

Devil's Gate GID Loan Commitment

Devil's Gate GID Loan Commitment

Board for Financing Water Projects Summary Drinking Water State Revolving Fund September 2009

Applicant: Devils Gate GID
Project: Water System Improvements
ARRA Funds: \$565,000

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 Act. The SDWA authorizes 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 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, Operating Agreement with EPA and an assortment of policy directives and guidance from 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).

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. The Devil's Gate General Improvement District project, if approved, will utilize ARRA funds.

The Devil's Gate GID lies within Diamond Valley and has two separate districts, District #1 and District #2. District #1 is located approximately 4 miles northwest of the Town of Eureka on U.S. Highway 50 and encompasses an area on both sides of the highway. District #2 is located approximately six miles northwest of the Town of Eureka on State Route 278 and encompasses an area to the west of the state route.

The Devil's Gate GID water system originated as a private system. Due to repeated boil water orders, Eureka County took over the system in 1996 and established the Devil's Gate GID.

To address arsenic compliance in District #2, the proposed project is to connect District #1 and District #2 with a 12" pipeline.

CURRENT SYSTEM

District #1

District 1 is currently served by one groundwater well drilled in 1998 which is capable of producing approximately 70 gpm. The GID began improvements to the distribution system in 1998, replacing much of the 3-inch and 4-inch water lines with 6-inch PVC pipe. The average day demand for District #1 is 4,668 gallons. The maximum day demand is estimated at 11,890 gallons which is within the production capability of 70 gpm or 100,800 gallons per day. District #1 has no storage.

District #2

District #2 is served by two wells, one drilled around the time the GID was created and the other well was originally agriculture irrigation well. Due to declining water levels, both wells will most likely be unusable by 2014 to 2016. A new well, which produces 240 gpm, for District 2 was drilled in 2006. Unfortunately, this well exceeds the drinking water standard for arsenic.

The GID began improvements to the distribution system in 1998. Waterlines were replaced with 6-inch laterals and an 8-inch main down El Centro Drive; however, some 2-inch lines still remain. A 250,000 gallon tank was constructed in addition to a pump station including duplex 75 gpm boosters and a 960 gpm fire pump.

The average day demand for District #2 is 18,498 gallons. The maximum day demand is estimated at 54,060 gallons. The 60 gpm well produces 86,400 gallons a day which is dangerously close to the maximum day without back-up.

Customers, Population and Growth

District #1 has 14 service connections and District #2 has 40 service connections. District #2 also has 24 metered lots that are not served due to a lack of sufficient water quantity. If adequate water were available, District #2 could serve a total of 112 lots located within the District boundaries and an additional 12 lots in the Ruby Hills area east of District #2. There is the possibility of at least 122 additional lots in the Ruby Hills area if development occurs as planned.

PROPOSED PROJECT

General Description

The project consists of approximately 11,500 feet of 12 inch diameter water main to intertie District #2 to District #1. The intertie will convey water from District #1 to District #2 water storage tank via one-way flow. District #2 high arsenic well W03 will be cut and capped. The project also includes three 119 gallon pressure tanks and booster pump station building addition to be installed at District #2.

Alternatives to Proposed Project

The alternatives investigated included:

- Bottled water for customers in District #2
- Under-the-counter treatment units (point of use) for customers in District #2
- Water treatment at District #2 tank site well
- Connecting the two water Districts and a gravity tank
- Drilling and constructing a new well

Each alternative was ranked based costs, operation and maintenance, constructability, complexity, regulations, and environmental issues.

The bottled water and under-the-counter treatment alternatives are attractive because the initial costs and set up are minimal. Space requirements are minimal and there are no environmental issues associated with these alternatives. Although the bottled water and under-the-counter filter treatment alternatives scored well in the ranking matrix, the two major components that affect the selection of an alternative include:

- Maintaining operations and maintenance costs to a minimum; and
- Providing a redundant source of supply.

The operations and maintenance costs of bottled water and under-the-counter treatment are significant. EPA does not allow bottled water as a long term compliance solution. These two alternatives don't address the water quantity issue which is critical for District #2.

The preferred alternative is to connect the Districts, and install a new gravity tank and new well in the next 3 years.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612. NDEP has made a finding of no significant impact (FONSI) for the Devils Gate intertie. The basis of this determination is that the project construction is temporary and in areas which have been previously disturbed.

Permits

The NDEP Bureau of Safe Drinking Water approval has already been obtained. The easement through private property also has been obtained.

Jobs Created

It is estimated that project construction will create approximately 10 jobs.

Financial Evaluation

In order to receive the ARRA grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 50% 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 ARRA Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community. The Nevada Administrative Code 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. Based on the 2000 census 80 percent of Nevada's MHI is \$35,668.

There is not a 2000 Census Block Group that covers just Devils Gate. In June 2009, Eureka County Public Works conducted an income survey. Eureka County utilized the CDBG income survey methodology. Unfortunately this methodology does not produce a MHI, but instead determines income range based on number in the household. CDBG has reviewed the results of the June 2009 Devils Gate income survey and determined that the community meets the definition of low to moderate income. In addition, the cost per customer for a 0% interest loan for Devil's Gate is \$42/month just to cover debt service which would require a rate increase of nearly 100%.

NDEP has determined that the Devils Gate GID should be offered additional subsidy for the following reasons.

- Meets CDBG definition of low to moderate income
- Small number of customers results in unaffordable loan payments
- Project is ranked high on the ARRA Priority List
- Project is “shovel ready”
- NDEP required by ARRA to provide 50% of EPA grant as additional subsidy
- Eureka County providing a larger percent local match than other subsidy projects

Cost Estimate – ARRA Funding

Total Project Cost	\$721,000
Local Contribution	\$156,000
ARRA Loan	\$565,000

The NDEP Office of Financial Assistance (OFA) recommends that the Devils Gate GID be granted a principal forgiveness loan in the amount of \$565,000 through the American Recovery and Reinvestment Act (ARRA) Drinking Water State Revolving Fund Grant.

Water Rates

The monthly residential water rate is \$34.15 a month for water usage plus \$1.97 per 1,000 gallons resulting in an average or “typical” monthly water bill of \$48.00.

Technical, Managerial and Financial Capacity

The water quality currently meets the MCLs with the exception of arsenic and all monitoring requirements have been met. The GID employs a certified operator who has the technical knowledge and ability to operate the system. The proposed project will bring the system into compliance with the MCLs. The GID has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards.

Compliance with Safe Drinking Water Act

The Devil’s Gate GID 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.

Status of Drinking Water State Revolving Loan Fund ARRA Funds

Nevada received \$19.5 million in ARRA funds for the DWSRF. After reserving set-asides, \$19,056,000 remains available for loans. Of the \$19,056,000, the Board committed \$10,469,350 at the June 15, 2009 Board meeting and \$7,330,000 at the July 24, 2009 Board meeting leaving \$1,255,650 in uncommitted loan funds.

Division Recommendations

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF ARRA funds in the amount of \$565,000 to Devils Gate GID. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan for ARRA, 100% of the principal will be forgiven. The Division and the Devil’s Gate GID will negotiate the terms and conditions of a loan agreement.

ATTACHMENT 6

Project Summary for Metropolis Irrigation District

**BOARD FOR FINANCING WATER PROJECTS
GRANT APPLICATION FOR AB 198/237 GRANT**

**PROJECT SUMMARY
SEPTEMBER 2009**

APPLICANT: Metropolis Irrigation District
D. Vernon Dalton, District Manager
HC 60 Box 130
Wells, Nevada 89835
775.752.3498 or 775.752.3626

IRRIGATION DISTRICT
FORMED: November 18, 2002

PROJECT TITLE: **Phase 1 – Final Engineering Design and Permitting for the
Metropolis Irrigation Restoration Project**

ORIGINAL ESTIMATED COST:

**Total Project
Cost Summary**

Final Engineering Design	\$ 575,844
Construction (Includes Environmental Mitigation)	\$ 5,466,763
Construction Quality Assurance	\$ 355,340
Contingency (15% of Construction)	\$ 820,057
District Project Administration (3%)	\$ 164,003
TOTAL	\$ 7,382,007

**Engineering
Cost Summary**

Prepare Grant Application	\$ 8,000
Conveyance System Design	\$ 46,519
Diversion Structure Design	\$ 29,925
Dam Design	\$ 323,738
Access Road Design	\$ 104,200
Financial Assessment	\$ 27,940
Environmental Issues	\$ 35,500
TOTAL	\$ 575,822

USERS: Six families/entities, Approximate acreage irrigated with surface water has been reported to be 2,400 acres.

BACKGROUND:

Grants for Water Conservation: Assembly Bill 237 established a program to provide grants of money to eligible recipients to pay for the cost of improvements to conserve water, including, without limitation:

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

Bishop Creek Dam, constructed by the Pacific Reclamation Water Company, is the primary component of the water irrigation system in the Metropolis area. It was completed around 1913 and had a potential storage capacity of over 30,000 acre-feet of water. The project was a speculative venture by New York real estate interests designed to stimulate land sales. The development did not mature because of water rights issues and the project subsequently dwindled to an irrigation project with limited use. Eventually, the land and water was sold to farming ventures.

In 1919, the Government Land Office (GLO) in Elko issued a Right-of-Way (ROW) Grant to the Metropolis Land Company, the apparent successor to the Pacific Reclamation Water Company, in which the Grantee was authorized to construct, operate, and maintain the Bishop Creek Reservoir and its associated irrigation ditches. This ROW was authorized in perpetuity.

In May of 1943 the State Engineer imposed a water gauge height limitation on the dam of 55 feet. This limitation significantly reduced the efficiency of the storage system.

A dam safety inspection was prepared by the Corps of Engineers for the structure in May of 1979 as part of the National Program for Inspection of Dams. The dam was classified as intermediate in size (80 feet high) with a hazard classification of one (high hazard). The dam was described as an "unsafe structure" as a result of the dam safety inspection in 1979 and it was recommended that the dam not be filled above the level (55 feet) previously recommended by the State Engineer.

Because of a lack of storage, the facility eventually ceased to be a viable irrigation project. The dam continued to provide limited flood control, in that it detained the peak runoff during storm events.

The outlet gate became bound and inoperable while partially open early in 1984 because of limited use and deterioration. With the gate partially open, the runoff events of 1984 stored water to a depth of about 57 feet. As a result, the dam developed a major leak causing embankment failure. The primary area of the leak was at a height of about 42 feet. The dam eventually drained down without catastrophic failure.

With the embankment failure and the gate inoperable, little water can be stored in the facility. Except for routine inspection of the structure, there has been no work on the Bishop Creek Dam since the 1984 failure. The facility continues to deteriorate. There is no metering on the system. Most of the head works are inoperable.

In November 2002, the irrigation system became known as the Metropolis Water Irrigation District (District). Because of reduced water availability, some of the original irrigation ditches have been abandoned. The irrigation season in the existing District is limited by the normal runoff season

because there is no storage. Therefore, croplands are reduced in size and are occasionally lost due to inadequate water supply.

PREVIOUS GRANTS AWARDED BY THE BOARD:

The Board for Financing Water Projects (Board) approved a grant for a preliminary design report for the Metropolis Water Irrigation District in June 2003 in an amount not to exceed \$434,500 (85% of the eligible project cost of \$511,000). The Preliminary Design Report was completed in August 2005. All grant funds were drawn.

In November 2005, the Board approved a letter of intent, with the exception of the recreation area costs, which the Attorney General's office determined were not eligible for grant funding under this program. This project was divided into two phases: Phase 1 consists of the engineering and permitting; Phase 2 will consist of the construction, construction quality assurance and the administrative costs. The reason for dividing the project was two fold: 1) the time period for the permitting may be longer than is anticipated, which may result in the construction costs being invalid by the time the project is ready for construction; and 2) if the project is delayed for several years the money would be tied up, affecting the availability of funds for other projects.

The Board approved a grant for the engineering design and permitting of the new Bishop Creek Dam (Phase 1) in an amount not to exceed \$489,467.40 (85% of the eligible project cost of \$575,844). The grant approved for the District in January 2006 included funding for the engineering design and permitting of the new Bishop Creek Dam (Phase 1). This grant was for the final engineering and permitting only and did not include any construction. The final engineering included:

1. the final design of the earthfill Bishop Creek embankment dam, including the associated spillway, foundation treatment and construction drawings and specifications; and the final drilling program to refine the foundation design
2. the final design for the diversion and conveyance structures for irrigation restoration
3. the design of the 6.51-mile construction access road to the dam

The total amount of grant approved by the Board for the Metropolis Water Irrigation District to date is \$923,967.40. \$29,567.13 remains on the engineering design (Phase 1) grant and is pending payment to the District.

In September 2008, the Board extended the District's Phase 1 funding agreement for an additional year to September 30, 2009. In May 2009, staff received a copy of the design drawings and specifications, bid documents, and a baseline environmental report on the Metropolis Irrigation Restoration Project. The design has also been submitted to the Division of Water Resources for review and permitting of the new dam and irrigation structures.

In general, the items that staff consider outstanding related to this project include:

Dam Permit from the Division of Water Resources and clarification of water rights. The design is still under review by NDWR. In addition, the District noted in their letter dated February 22, 2008 that the Pacific Reclamation Water Company has the certificated permits for water on Bishop Creek. It is unclear if NDWR requires that these rights be in the name of the Metropolis Water Irrigation District.

Permits, easements, rights-of-way, etc., as required by the BLM, Corps of Engineers, the Federal Energy Regulatory Commission, for removal of the old dam, construction of the new dam and construction of the recreation facilities. There are uncertainties about federal land status. While BLM's predecessor, the Government Land Office, issued a Right of Way (ROW) to the Metropolis Land Company in perpetuity, BLM has no record of authorizing the existing dam. BLM also has no record showing a change in name for the ROW to the Metropolis Water Irrigation District. In

addition, research provided by the BLM office in Elko indicates the public land upon which the dam sits has been withdrawn by the Federal Energy Regulatory Commission (FERC). This withdrawal was completed in April 2001. It is currently shown as withdrawn land based on the application by Wells Rural Electric for feasibility studies in developing a hydroelectric project.

Regarding environmental work, BLM was unable to confirm that any programmatic agreement is in the works. At this point, it is uncertain whether an Environmental Assessment (EA) or a full Environmental Impact Statement (EIS) will be required. Any significant cultural finding during the EA could potentially trigger an EIS. This would be determined by the lead agency. It appears that in the case of the dam, the lead agency is FERC and in the case of the proposed recreational facilities and reservoir it is the BLM.

Flow gauges on the inlets and outlet of the reservoir for monitoring purposes. Downstream users holding water rights that are senior to the Metropolis Water and Irrigation District have previously expressed concern that flows are inadequate to support irrigation uses and upstream storage, particularly a minimum pool needed for a fishery. In addition, NDOW has required as a condition of providing recreational facility funding that gauges be installed to verify the inflow and outflow. There has been discussion over the possibility of an increase in flow since the earthquake in 2008; however, the subsurface hydrology can be difficult to predict. Another possible theory is that this increase may be due to only a finite lens of water that the shift in the earth structure is releasing from storage and that the flows could diminish at any time. Since the gauges have not, yet, been installed and there is no history of the flows into and out of the reservoir, it is a guess as to how much water is flowing today, and future flows are equally as hard to predict.

Obtaining of match funding for the construction of the dam and funding for construction of the recreation facilities. The District has previously stated that the Nevada Department of Wildlife (NDOW) would participate in the funding of a boat ramp, in funding for the dam structure, in a possible fishery and on-going maintenance of the dam. The District has been unable to come to an agreement with NDOW regarding a minimum pool for the reservoir. After reviewing this issue with NDOW, it is staff's understanding that without an agreement to a minimum pool, NDOW will not be in a position to offer funding toward the recreation facilities. Note that, should an agreement ultimately be reached with NDOW, there is a required match in funding that the District would have to provide. Match funding for recreation facilities cannot come from the capital improvements grant program.

The District has also made note of possible funding from the Nevada Division of State Parks (State Parks) for hiking trails. This funding has not been confirmed and the inclusion of hiking trails in the region extends the area that would be covered in the environmental assessments that must be made prior to any BLM approval.

When the Board approved funding for the Phase 1 project, they were told that the City of Wells intended to apply for a grant from the Nevada Department of Transportation (NDOT) for a grant for engineering design and construction of the road for the dam construction. In addition, Elko County had intended to donate in-kind labor to construct the road with the intent that the City of Wells would have sufficient funds remaining from the NDOT grant to complete the recreational facilities. It is not clear if, in the 3 ½ years since the grant was approved, this funding and in-kind commitment has been secured.

Demonstration of a revenue source to cover operation and maintenance and to support a capital replacement fund. NRS 359.948 requires that a grantee has sufficient financial resources to place the water project in operation and to continue its operation. This is interpreted to mean that the Metropolis Water Irrigation District must continually fund the needed maintenance and capital reserve fund of the dam and the irrigation system. Required maintenance for the irrigation system will include, at a minimum, controlling vegetation on the dam and in the conveyance structures, controlling rodents, keeping trash out of the system, and maintaining the mechanical equipment. The dam should have a useful life of approximately 80 years according to the DWR.

The estimated annual operation and maintenance for the project is \$60,000 (letter dated February 22, 2008). This amount appears to be low. An item that has apparently been overlooked is the USGS stream gauges which have an annual O&M cost of \$20,800 each. Staff understands that there will be three of these gauges – one upstream on Bishop Creek (below the confluence with Johnson Creek), a second on Bishop Creek below the dam and a third on the irrigation diversion channel. The USGS may be able to assist with up to 50% of the cost of the gauges and their maintenance on Bishop Creek. No financial assistance would be available for the gauge on the irrigation diversion. If the USGS were able to assist with 50% of the eligible maintenance cost, that would still leave the District with \$41,600 for the stream gauges alone.

Commitment of water rights or other mechanism to assure a minimum pool for the creation of a reservoir that may be used for recreation (boating, fishing, etc.) In a letter dated August 26, 2009, NDOW indicates that a minimum pool to support a fishery would be 20 feet deep, approximately 1700 ac-ft. NDOW indicates a binding agreement would be necessary. To date, no agreement with NDOW to assure a minimum pool has been secured.

An entity committed to operating/overseeing the recreation facility and fee collection. As made clear in its September 11, 2008, request for a time extension, the District is unable to fund operation of recreation facilities and has not yet identified an entity to assume this responsibility. There has been recent mention of Elko County assuming this responsibility through an R&PP lease from BLM, though staff are unaware if a lease has been applied for or whether Elko County is willing to commit any funds toward developing and operating the facilities.

DISTRICT'S REQUEST FOR ADDITIONAL GRANT FUNDING FOR THE PHASE 1 PROJECT

The District submitted an application for additional funds dated July 30, 2009. Based on comments from staff, the District submitted a revised application and cover letter on August 27, 2009 requesting an additional \$219,045. The revised application indicates engineering cost overruns and additional project costs related to environmental and recreation design fees.

The District discussed in a narrative a number of specific items for which they were requesting additional funds. These items total to \$175,502 and are reviewed below. A number was assigned to each section in the application letter for ease of discussion.

1. Survey Requirements for Dam Access Road. The District cites expenses of \$9,585 related to survey costs so that they could begin construction of the access road. A construction project has not yet been approved by the Board. These costs may be considered eligible for reimbursement or for match when a construction project (Phase 2) is approved.

2. Survey Questioned by NDOT. The District requests \$5,050 to resolve survey accuracy issues with NDOT. If there was an issue with survey accuracy, this is not a cost that is eligible for reimbursement. Funding Agreement provision B.1.f. states "The STATE shall not be responsible for increased costs including, but not limited to, those due to errors and omissions in the preliminary engineering report, grant application, plans, specifications and contract documents; defective specifications; failure to meet the project's performance standards; failure of the GRANTEE to exercise sound business judgment and good administrative practice, including grant and contract management; change orders not accepted by the STATE; and unmeritorious contractor claims."

3. Prepare Funding Applications to NDOW, NDSP, and NRCS. The District is requesting additional funding in the amount of \$13,299.40 for agency coordination. Four of the invoices included in Tab 5 (1856, 1832, 1827, 1820) have been reimbursed by this program already. Invoice 1875 is pending reimbursement on the final draw for this grant. The remaining two invoices included in Tab 5 (1830 and 1831), totaling \$8,899.40, are specifically for coordination with NDOW and State Parks for recreational facilities which are not reimbursable under this grant

program. According to the Dyer Engineering, the rationale for requesting funding for items already reimbursed is that these items were not included in the original engineering design contract and took away from the engineering budget, resulting in cost overruns.

4. Relocation of Recreation Facility. The District is requesting \$11,755 in grant funds to cover the cost of redesign and location of the recreational facilities. Staff is not aware of any funding offered by NDOW for the construction of the dam. The relocation of the boat ramp was recommended by NDOW due to the limited pool size and the desire to maximize recreation. The recreation design is not eligible for grant funding.

5. Construction Training and Observation. The District is requesting \$2,934.25 in engineering inspection for the construction of the access road. Once again, a construction project has not, yet, been approved by the Board. These costs may be considered eligible for reimbursement or for match when a construction project (Phase 2) is approved.

6. Agency Team Coordination Meeting. The District is requesting \$28,078 for past, present and future coordination meetings. The application references past costs totaling \$11,633 represented by invoices 1832, 1856, 1875 and 1964. As referenced under item 3, invoices 1832 and 1856 have been paid (totaling \$10,061.92) and invoice 1875 is pending reimbursement on the final draw for the project for an additional \$1,560. These three invoices total \$11,621.92. Invoice 1964 was not provided. Recent coordination costs of \$11,404 are also requested, referencing invoice 1559. This invoice was not included in the application, though the bulleted items related to this invoice all appear related to the proposed recreational facilities and as such would be ineligible. Finally, future costs for coordination meetings are estimated at \$5,041. Again, the applicant is arguing that these costs are beyond the original scope and to the extent they have been reimbursed, have taken away budget from the original scope of work, resulting in cost overruns.

7. Environmental Studies. The District is requesting \$94,000 for additional environmental studies. This includes \$2,500 to file for a Corps of Engineers permit, \$2,000 to finalize the Baseline report, \$35,000 to perform NEPA analysis (EA), and \$10,000 to complete the Cultural Inventory. Staff has requested that the applicant distinguish costs associated with recreational facilities, which are ineligible vs costs related to the irrigation project that are eligible. The cover letter from Dyer Engineering estimates the costs at \$49,500 related to the recreational facility and \$44,500 related to the dam. Based on this response, \$44,500 may be considered eligible for program funding.

8. Engineering Revisions. The District is requesting \$10,800 for engineering design changes that may be required to comply with future environmental needs. The application states that there appears to be no environmental issues that will stop progress on the project; if that's the case, this additional contingency funding should not be necessary and may be premature to estimate at this point in the environmental assessment process.

There are two tables in the revised application. The table staff refers to as Table 1 – Costs for Completed Final Design Phase – shows a difference between budgeted and actual cost of \$124,503. The application explains that this difference includes \$69,204 in engineering cost overruns and \$43,544 in costs for Environmental studies and miscellaneous fees. It is unclear how these figures relate to the items requesting additional funding, listed above.

The second table (referred to as Table 2) shows a summary of items 1 – 8 and an additional item not discussed in the narrative list. That additional item is \$43,544 for environmental expenses paid by the District and refers to Tab 5. A table in Tab 5 lists invoices from Great Basin Ecology and SRK Consulting that total to \$43,544. These invoices have, with the exception of 1146, all been reimbursed. A summary of the requested funding and staff comments and recommendations is provided in the table below:

Table 2. Summary of Funds Requested—Staff Comments/Recommendation

Item	Total Request	Staff Comment/Recommendation
1. Survey of Section Corners and Road Centerline	\$9,585	Construction related expense, may be eligible in Phase 2.
2. Survey Error Review	\$5,050	Ineligible.
3. Funding Application	\$13,299	These costs have either been reimbursed or are ineligible.
4. Relocation of Boat Ramp/Rec Facility	\$11,755	Ineligible.
5. Construction costs	\$2,934	Ineligible.
6. Agency Team Coordination	\$28,078	Past costs of \$11,622 already funded; current costs of \$11,404 are not documented; future costs of \$5,041 may be eligible.
Past Environmental Expenses Paid by the District	\$43,544	These past costs have already been reimbursed.
7. Proposed Environmental Studies	\$94,000	The cover letter from Dyer Engineering represents that \$44,500 is unrelated to recreational facilities and may be eligible.
8. Engineering Revs following EA	\$10,800	May be unnecessary
Totals	\$219,045	Up to \$49,541 may be eligible based on the information provided.

FINANCIAL ANALYSIS:

In terms of the overall project, the Board has made clear the need to provide public recreational benefits in order for the Board to consider funding construction of this project with State funds. The District to date has been unable to clearly demonstrate a viable means of supporting either development or operation of recreational facilities. Nor has the District demonstrated a means of providing matching funds for construction costs. Finally, as fiscal staff has informed the Board previously, a significant (32%) reduction in available bond funding to the program, due to the economic downturn, makes it very unlikely the Board would be able to fund construction of this project during this biennium without competing with the needs of drinking water projects

With regard to the application for additional funds, the District has included a number of ineligible expenses or expenses that have already been reimbursed. The argument that some of these costs already reimbursed have taken away from the original project budget resulting in overruns is muddy at best. A more clear approach would have been to simply delineate and justify the engineering overruns.

RECOMMENDATION:

There are uncertainties about the overall financial viability of this project. There are unanswered questions about the adequacy of the water resource to serve both recreational and irrigation needs. There has been only limited engagement with federal land managers to resolve ownership issues and clearly identify environmental work needed. Similarly efforts to secure funding and agreements needed to develop and operate recreational facilities have so far been ineffective. This is unfortunate given an investment of State funds of over \$900,000 toward design and permitting over a period of several years.

If the Board wishes to provide additional funding toward permitting and design of this project, staff recommends that the amount be limited to \$49,541, based on the information presented. With the following conditions prior to any disbursement of funds:

1. The permit for the dam must be secured from NDWR and ownership of water rights resolved;
2. The District must demonstrate adequate funding to at least support environmental assessment of the recreational facilities; and
3. Any future invoices must clearly distinguish between eligible irrigation aspects of the project and ineligible recreational aspects.

Maps and background on this project are provided in your binders for the benefit of those Board members who were not present for earlier hearings regarding this project.

Metropolis Water Irrigation District

HC 60 Box 130, Wells, NV 89835

Directors:
James Bradish Dalton, President
Carl Uhlig
Carl O. Peavey

D. Vernon Dalton
District Manager
775-752-3498 p
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July 30, 2009
(Revised August 27, 2009)

Michelle Stamates, Grant Program Coordinator
Office of Financial Assistance
Nevada Division of Environmental Protection
901 S. Stewart Street, Suite 4001
Carson City, Nevada 89701-5249

Subject: **Project Status and
Request for Additional funds
Metropolis Irrigation Restoration Project**

Dear Ms. Stamates:

This letter provides a project progress report and serves as a request for additional funding for the above referenced project.

PROJECT STATUS

The following summary describes the status of the project:

1. The District, through their engineer, Dyer Engineering Consultants, Inc. has completed the final design of the project. The project has been reviewed by NDWR. Some corrections to the design have been made and submitted to NDWR. NDWR is reviewing the final submittal. There appears to be no issue that stops progress on the project.
2. A Baseline Biological Report has been prepared by Great Basin Ecology. The results show there are no biological issues that would stop progress on the project. A copy of this document is attached in Tab 1.
3. A permit has been issued for construction of the Access Road. A copy of the permit is included in Tab 2. The Access Road is ready to proceed with construction when funding is available.

4. BLM has stated that cultural resources studies are required for the embankment and the Recreation Area. Two reports have already been completed for the embankment area. They are:

- Cultural Resources Inventory of the Bishop Creek Dam and Irrigation System, Elko County, Nevada, December 2003, by Kautz Environmental
- Bishop Creek Dam Access road Survey and Final Mitigation Plan, Elko, Nevada, September 23, 2008, by Kautz Environmental

Because these are extensive reports, only the Title Page, Table of Contents and Management Summary are included here in Tab 3. The additional work will be done by Kautz Environmental. The additional work will begin when funding is available.

5. A Corp of Engineer's permit is required. While this is not a major effort, \$2,500, this work has not been completed. This will be done by Great Basin Ecology.
6. An Environmental Assessment is required for the project. This document will wrap the Baseline Report, Cultural Resources and Corp of Engineers permits into one assessment. This work will not be completed until all other environmental issues are resolved. Work may begin as soon as funding is available. This work will be done by Great Basin Ecology as described below.
7. Nevada Division of Wildlife has sent a letter to Metropolis Water Irrigation District expressing support for the project. They are willing to provide financial support for the dam construction provided a minimum pool of 20 feet of water depth or 1,700 acre feet of water storage is maintained. A copy of this letter is included in Tab 3.
8. Elko County has prepared a letter expressing willingness to accept the responsibility for a portion of the Recreation Facility and Access Road maintenance costs. A copy of this letter from the county is included in Tab 3.
9. It appears that the project will be approved from both technical and environmental standpoints. Construction is projected for the spring of 2010.

SUMMARY OF COSTS FOR COMPLETED FINAL DESIGN PHASE

Costs for Completed Final Design Phase are shown in Table 1.

Table 1 Project Budget and Actual Costs

Cost Item	Budgeted Amount, \$	Actual Cost, \$
Prepare Grant Application	8,000	8,000
Conveyance System Design	46,519	59,452
Diversion Structure Design	29,925	45,716
Dam Design	323,738	322,889
Access Road Design	104,200	118,659
Financial Assessment	27,940	33,312
Administration & Environmental Coord.	35,500	56,998
Subtotal		645,026
Environmental Studies and misc. project related fees without budget	0	\$55,299
Total	\$575,822	\$700,325.00

In summary, the engineer is \$69,204 (\$645,026-\$575,822) over budget on the Final Design. In addition, Metropolis Water District has paid \$43,544 for additional environmental and recreation design fees for which no budget was provided.

DESCRIPTION OF FUNDS REQUESTED

This is a request for additional funding for professional engineering and environmental services in connection with the Metropolis Irrigation Restoration Project. These funds are requested to cover the cost of services performed by Metropolis Water Irrigation District as part of the final engineering design (DEC) but were not covered or anticipated in the Final Engineering Design contract.

The following represents a description of the services provided for which no compensation was included in the professional engineering contract:

Survey Requirement for Dam Access Road

The BLM requested that section corners related to the Dam Access Road be located or set, if missing. This effort was required to insure that the access road was located on private land. The engineer hired the survey company at a cost of \$3,950. A copy of the invoice is shown in Tab 4.

The District requested that the centerline of the road be surveyed so that construction could begin. The work was performed after full environmental approval was obtained, nevertheless, construction approval had no been obtained from the Board of Water

Financing. Questions were raised as to whether the work could be used for in-kind service, so at that point the work dozer stopped. The cost of this survey was \$5,635. This fee was initially paid by the Engineer and later reimbursed by the District.

The cost of this survey overrun is \$9,585. Right-of-way for the road has been obtained. A copy of the invoice is shown in Tab 4.

Survey Questioned by NDOT

The NDOT has questioned the accuracy of the survey of the section corner because it appears to be in conflict with old highway records. It is anticipated that the surveyor will be required work with NDOT to resolve this issue. The surveyor will charge the District for this work regardless of the outcome because his information has been used in the road design. The Highway Encroachment permit from NDOT is pending resolution of this discrepancy.

The cost to resolve the matter will be \$5,050.00. A breakdown of engineering fees is included in Table 1 in Tab 5.

Prepare funding applications to NDOW, NDSP and NRCS

Significant effort has been expended to the finding funding for the project. Most of this effort was anticipated. It was not anticipated that major funding application package would be required after the initial approval of funds was acknowledged. Neither was it anticipated that there would be six funding sources in addition to the Metropolis Water Irrigation District and the Board of Water Financing.

Various federal and state agencies have been approached for grants or low interest loans to complete the funding package required. Letters, telephone calls and e-mails have been exchanged on behalf of this matter and meetings have been held to discuss project funding. There have been several letters, telephone calls and discussions with the Nevada Department of Wildlife and the Nevada Division of State Parks. These efforts were anticipated.

The final funding will not be resolved in this Final Design Package because the funding sources are unwilling to commit their funds based on the final design. All funding will be finalized within the construction phase and after all environmental issues are resolved.

The District did not anticipate the agency involvement in this complex project. NDOW, NDSP (Nevada Division of State Parks) and NRCS required major applications expending approximately \$13,299. A breakdown of the costs to date is summarized as follows:

NDOW	\$ 1,475.00
NDSP	\$ 7,424.40
NRCS	<u>\$ 4,400.00</u>
Total	\$13,299.40

The cost of \$4,440 for the funding applications is included in administration or Agency involvement. The portion of the Administration invoice 1895 for \$5,988.75 which went to preparation of the NRCS application is \$4,440. Table 2 in Tab 5 represents the costs for this work item. The remainder of invoice 1895 is \$1,548.75 is applied correctly to administration. Copies of the specific invoices for each of these tasks are attached in Tab 5.

Relocation of Recreation Facility

NDOW requested that the recreation facility be moved if they were to provide funding. While the design of the recreation facility was not part of the approved funding, it was a necessity to comply with the potential funding source requirements. Therefore, it was part of the dam design.

The site of the proposed recreation facility was relocated at the request of the staff of the NDOW to an area nearer the proposed dam site. No formal request was made by NDOW because the project had not been approved. The purpose of the relocation was to ensure a longer boating season. The new location moves the proposed boat ramp closer to the dam. After the boat ramp was moved, NDOW explained that the funding is not available this year, as the money must be used before the District completed the environmental requirements. The extra cost to relocate the recreation facility to accommodate this potential funding source was been \$11,755.

The District requests funds to reimburse the engineer for this work because the relocation was required to help secure construction funds for the dam. A breakdown of engineering fees is represented in the invoices in Tab 5. See invoice numbers: 1823, 1870, 1896, and 1918.

Construction Training and Observations

The District identified the opportunity to begin construction of the proposed access road and expended funds associated with that work. Because contractors in the area are short of work, equipment became available and was donated by local contractors to begin work on the Access Road. As part of that effort, the District requested that the engineering begin construction observations to confirm the quality of the work, to locate the centerline of the proposed road, to confirm the quality of the work and to train the contractor on recording his work effort so the contractor can be convert his labor and equipment expenses to "In-kind services." This request is for the money expended by the engineer to do this work. It is not a requested for construction itself.

All construction to date has been performed as "in-kind services." The construction work is well documented and it will be described adequately, in detail when the District comes to the Board to request construction funding.

The cost of the additional engineering effort to inspect the road has been \$2,934.25. A breakdown of engineering fees is included in Tab 5.

Administration and Agency Team Coordination Meeting

The staff time and effort to set up the Agency Team Coordinating Meeting in Elko on February 10, 2009 required effort and time. A breakdown of the engineering fees is included in Tab 5. It is estimated that the cost to the Metropolis Water Irrigation District was \$11,633.17. This time includes assistance with mapping and responses to Elko County and BLM as they attempted to transfer ownership of the dam to the County. This work includes Invoices Nos. 1832, 1856, 1875 and 1964.

Several additional Agency Team Coordination Meeting have been held including:

- An Agency Team Coordination Meeting in Elko with the Board of Water Financing, Elko County, BLM, NDOW, City of Wells, and the Engineer.
- A meeting with Elko County and BLM to identify the environmental requirements. No resolution was reached.

Additional Agency Coordination meetings and unanticipated management tasks were completed recently. This recent cost of \$11,404.12 is represented on Invoice No.1559 in Tab 5. This work included:

- Preparation of documentation to assist BLM and Elko County in coordinating the project boundaries and site characteristics, included site maps, and boundary descriptions.
- A meeting with Elko County and NDOW to clarify their involvement of the NDOW and their possible requirements for minimum pool. The outcome of the meeting is the letter describing their support. The letter is included in Tab 3.
- A meeting with Elko County Board of Commissioners to request their assistance with the Recreation Facility. The outcome of the meeting is represented in the letter from them included in Tab 3.
- Coordination with FERC for regulatory requirements

Future Agency Coordination will also be required to complete the environmental compliance. The engineer, the County Commissioners and the owner will meet with BLM and the Board to coordinate the agency input to the project. It is planned that at least two more agency team coordination meetings will be required. The cost the additional coordination meetings is \$5,041. The additional costs are estimated on Table 1 attached in Tab 5.

The total Agency Coordination costs which are beyond the original Final Design scope of work are summarized as follows:

Agency Coordination	\$11,633
Recent cost	\$11,404
Future costs	<u>\$ 5,041</u>
	\$28,078

Environmental Studies

A draft of the Environmental Baseline study has been completed. There is no evidence of any significant environmental impacts at this time. There are several important environmental issues to be resolved which are required by BLM and by potential funding agencies. A letter describing these items is included in Tab 6. The items and the costs expected to complete the environmental surveys are listed as follows:

• Corp of Engineers permit	\$2,500
• Baseline Report, finalization	\$2,000
• Cultural Resource Inventory	\$45,000
• NEPA Analysis	<u>\$35,000</u>
Total Environmental	\$84,500

Great Basin Ecology, Inc. is prepared to move ahead on this phase of the project when funding is available. The work will be coordinated by Dyer Engineering Consultants. The anticipated fee for the additional environmental studies is \$9,500.

Engineering Revisions

The final engineering design has been submitted to the District, the State of Nevada and the Board of Water Financing. Some corrections to the design have been made and will be submitted to NDWR during the week of August 31, 2009. There appears to be no environmental issues that will stop progress on the project. And it appears that technical approval could come well before environmental approvals are obtained.

It is anticipated that some effort will be required to adjust the design to meet the future demands of the environmental mitigation. However, potential design mitigation is unknown at this time. Nevertheless, we have estimated that approximately \$10,800 will be required for engineering design changes to comply with future environmental needs. A breakdown of the costs is presented in Table 1 in Tab 5.

Summary of Additional Costs

The items described above describe the extra work required to complete the permitting for the Metropolis Water Irrigation District. The total cost for extra work represented above is \$219,045. The following table summarizes these costs:

We hereby request your favorable consideration of additional funding and hope that the project can move forward to construction. The following Table 2 summarizes the information presented above and the anticipated additional costs.

Table 2 Summary of Funds Requested

Item	Costs (expended to date)	Future Costs	Total Additional Funds Requested	Comments
Survey of Section Corners & Survey of Centerline of Road	\$9,585	0	\$9,585	Cost paid by the Engineer and reimbursed by District
Survey Error Review	0	\$5,050	\$5,050	This is an anticipated future cost.
Funding Application	\$13,299	0	\$13,299	Cost was paid by District. Reimbursement requested.
Relocation of Boat Ramp/Rec. Facility	\$11,755	0	\$11,755	Reimbursement requested as money was used to help secure funding for dam.
Construction Costs	\$2,934.25	0	\$2,934	Future construction not included
Agency Team Coordination	\$23,037	\$5,041	\$28,078	Proposed future cost is \$5,041, see Tab 5.
Past Environmental Expenses Paid by the District	\$43,544	\$0	\$43,544	Reimbursement requested. See Tab 5.
Proposed Environmental Studies	0	\$94,000	\$94,000	\$84,500 to Great Basin Ecology & \$9,500 to DEC
Engineering Revs. following EA	0	\$10,800	\$10,800	This cost is unknown, but estimated in Table 1, Tab5
Totals	\$104,154.25	\$114,891.00	\$219,045.00	

Cost Summary

The cost to complete the engineering and environmental permitting for the Metropolis Irrigation Restoration Project is \$219,045. This does not include any contingencies. This cost does not include the engineering design fee to finalize the recreation facility design except at it pertained to requirement from NDOW for financing a portion of the dam. This cost does include the environmental assessment and the cultural resource survey.

The original budget was \$575,822. With the proposed increase of \$219,045 the total budget for the final design and environmental work is projected to be \$794,867.

Project Construction Costs are summarized as follows:

Cost for Dam, Road & Irrigation System	\$8,165,000
Recreational Facility	\$1,573,000
Highway 93 Intersection	\$ 472,000
Engineering Inspection and Testing	\$ 464,000
Contingencies @ 15%	<u>\$1,601,330</u>
 The Total Project Cost in year 2010 is	 \$12,275,330

Please call us should you have any questions.

Sincerely,

METROPOLIS WATER IRRIGATION DISTRICT



Vernon Dalton
Project Manager



Reservoir side of Bishop Creek Dam



View from top of Bishop Creek Dam looking downstream



Downstream face of Dam



Reservoir side of Dam



Diversion structure downstream of Dam



Irrigation canal at Diversion structure

Project Chronology

- **June 2003.** BFWP approves a grant for a preliminary engineering design report for Metropolis Irrigation District for \$434,500.
- **August 2005.** The preliminary design report was completed. All grant funds were drawn.
- **November 2005.** BFWP approves a letter of intent for Phase I of the project which included final design and permitting, excluding the recreational facilities which were deemed ineligible for program funding. Phase II would be construction.
- **January 2006.** BFWP approves a grant for Phase I final design and engineering for \$489,467, excluding recreation facilities (85% of total Phase I costs of \$575,844)

Project Chronology

- **March 2006.** Letter to BFWP from downstream irrigators/users, expressing concern that their water rights continue to be served.
- **April 2006.** Letter from NDWR to staff responds to a March 2006 letter from downstream users. NDWR explains the project has adequate water rights for the project.
- **May 2006.** BFWP hears public comment on the Metropolis project from the Howell's, representing downstream water users.

Project Chronology

- **October 2007.** Letter from staff to Metropolis posing questions raised during field visits.
- **February 2008.** Letter from Metropolis to staff responding to October 2007 letter from staff. Key points:
 - EA field work not completed. Cultural survey est. at \$300,000. EA work est. at \$40,000. District has no funding for env. costs.
 - No intention to establish a fishery or commit to a minimum pool. No recreational facility operator identified.
 - No firm source of matching funds for construction.
 - Projecting total income of \$48,000/yr by assessing \$24/ac.
- **April 2008.** Letter from BFWP to Metropolis. Key concerns:
 - The Board has only committed to Phase I of the project.
 - A viable fishery needed for public recreational benefits.
 - Demonstrate adequate financing of operating/reserve.

Project Chronology

- **September 2008.** BFWP approves a one year time extension of the Phase I grant. In their application for a time extension, Metropolis states that:
 - a fishery will be included in the project.
 - a federal appropriation of \$2.6 million has been requested to fund design and development of recreational facilities, to be administered by NRCS.
 - irrigation O&M costs are estimated at \$60,000/yr, including \$35,000 contribution to capital reserve fund. Assessments of water users are estimated to generate \$58,000/yr.
 - Potential operators of the recreation facilities are listed. O&M costs are estimated at \$53,000/yr. Potential revenue includes Elko County, City of Wells, NDOW and user fees.
- **July/August 2009.** Application for additional funding (\$219,045) submitted to BFWP staff.

Current Project Status

- Progress to date on Phase I grant (all but \$29K has been drawn):
 - Final design submitted to NDWR for review.
 - A permit has been issued for the access road.
 - Baseline Biological Report has been completed.
 - Cultural Resources Inventory of the Dam and Irrigation system has been completed.
- Work remaining, prior to any application for construction funding:
 - Permitting of dam by NDWR and resolving ownership of water rights
 - Permits, easements, right of ways from BLM, Corps of Engineers, FERC, including NEPA analysis
 - Flow gauges on inlets and outlets
 - Securing match funds for dam construction and funds for recreational development
 - Demonstration of revenue sufficient to support O&M and capital replacement fund (previous cost estimates do not include operating stream gauges at \$41,600/yr)
 - Commitment of water rights or other mechanism to assure a minimum pool
 - Identify an entity to operate and oversee recreational facilities

Overall Project Finance

- Estimated project construction costs:

– Dam, road, irrigation system	\$8,165,000
– Engineering inspection, testing	\$464,000
– Highway 93 intersection	\$472,000
– Recreational facility (ineligible)	\$1,573,000
– Contingencies @15%	<u>\$1,601,330</u>
Total	\$12,275,330
- Estimated project match requirement:

– 15% match	\$1,841,299
-------------	-------------
- Reductions in bond funds allocated to the program in FY10-12 due to economy.

Summary and Review of Request for Additional Funding

Item	Total Request	Staff Comment/Recommendation
1. Survey of Section Corners and Road Centerline	\$9,585	Construction related expense, may be eligible in Phase 2.
2. Survey Error Review	\$5,050	Ineligible.
3. Funding Application	\$13,299	These costs have either been reimbursed or are ineligible.
4. Relocation of Boat Ramp/Rec Facility	\$11,755	Ineligible.
5. Construction costs	\$2,934	Ineligible.
6. Agency Team Coordination	\$28,078	Past costs of \$11,622 already funded; current costs of \$11,404 are not documented; future costs of \$5,041 may be eligible.
Past Environmental Expenses Paid by the District	\$43,544	These past costs have already been reimbursed.
7. Proposed Environmental Studies	\$94,000	The cover letter from Dyer Engineering represents that \$44,500 is unrelated to recreational facilities and may be eligible.
8. Engineering Revs following EA	\$10,800	May be unnecessary
Totals	\$219,045	Up to \$49,541 may be eligible based on the information provided.

Recommendation

- There are significant risks with the overall project. Eligible work that could be funded, if the Board chose to (\$49,541):
 - NEPA analysis of dam and irrigation structures (\$35,000)
 - Engineering oversight of NEPA work (\$9,500)
 - Additional coordination meetings (\$5,041)
- Suggested conditions prior to disbursement of funds:
 - Obtain dam permit and resolve water rights ownership
 - Demonstrate adequate funding for NEPA analysis of recreational facilities
 - Distinguish eligible irrigation related expenses from non-eligible recreation area costs on future invoices.

ATTACHMENT 7

Proposed Policy: Funding Level for Irrigation Projects

<p>BOARD FOR FINANCING WATER PROJECTS</p> <p>PROPOSED POLICY</p>	<p>DATE</p> <p>9/10/09</p>	<p>PAGE</p> <p>Page 1 of 3</p>
<p>SUBJECT: FUNDING LEVEL FOR IRRIGATION PROJECTS</p>		

STATEMENT OF POLICY:

It is the policy of the Board for Financing Water Projects to provide a reasonable level of support for water conservation projects associated with irrigated agriculture, recognizing both the important economic role of agriculture in rural Nevada communities and other competing needs for available funds.

PURPOSE:

To establish a policy for determining the amount of grant funds the Board for Financing Water Projects can award for irrigation projects and a reasonable level of required matching funds.

REFERENCE:

NRS 349.981 1(b) provides that water conservation improvements related to irrigation systems are eligible to receive grant funds awarded by the Board for Financing Water Projects. Eligibility for these water conservation projects was included in AB 237, adopted by the 1999 Nevada Legislature. This bill also increased the bonding authority for the grants program from \$40 million to \$50 million. NRS 349.381 2 gives the Board sole discretion of who is to receive a grant.

BOARD POLICY:

1. It is the policy of the Board to give preference to grant applications for projects necessary to comply with safe drinking water regulations over those applications for other purposes including water conservation projects related to irrigation systems. In addition, Board staff are directed to give similar preference when budgeting projected biennial bond fund needs in the event staff are asked by the Department of Administration or State Treasurer to reduce AB198 projected bond fund needs due to other competing needs for State capital.
2. The Board may fund up to 85% of eligible project costs for irrigation projects deemed eligible for grant funding pursuant to NRS 349.981 when the applicant has shown they are unable to fund the project or obtain alternate funding from other sources. The following scale shall be used to determine the grant scale and amount of local match:

BOARD FOR FINANCING WATER PROJECTS	DATE	PAGE
PROPOSED POLICY	9/10/09	Page 2 of 3
SUBJECT: FUNDING LEVEL FOR IRRIGATION PROJECTS		

	POINTS	MAX PTS
<u>I. Water Conservation.</u>		
A. Project will improve the efficiency of the overall irrigation system through:		
1. piping or lining of irrigation canals;	5	5
2. recovery or recycling of wastewater or tailwater;	5	5
3. measurement or metering of the use of water;	5	5
4. improvements in irrigation system operations.	5	5
B. Project will conserve water and contribute to downstream uses and users.	5	5
C. Impact of the conservation project on groundwater recharge has been adequately evaluated.	5	5
<u>II. Finance and Planning.</u>		
A. Applicant has implemented a facility maintenance plan;	5	5
B. Applicant has developed a long term capital improvement plan;	5	5
C. User fees support a reasonable capital reserve fund.	10	10
<u>III. System Capacity and Economic Benefit.</u>		
A. Number of system users:		
more than 200	5	5
70 to 200	3	
10 to 70	1	
B. Irrigated acreage:		
more than 20,000 acres	5	5
5,000 to 20,000 acres	3	
less than 5,000 acres	1	
C. Storage capacity under control of the grantee:		
more than 50,000 ac-ft	5	5
10,000 to 50,000 ac-ft	3	
less than 10,000 ac-ft	1	
D. Economic benefit:		
Project results in availability of new water resource	5	5
Project restores irrigation storage and diversion systems	3	
Project maintains existing irrigation systems	1	

BOARD FOR FINANCING WATER PROJECTS	DATE	PAGE
PROPOSED POLICY	9/10/09	Page 3 of 3
SUBJECT: FUNDING LEVEL FOR IRRIGATION PROJECTS		

<u>IV. Other benefits of the system and/or project.</u>		
A. Improves flood control for downstream population centers	10	10
B. Provides significant public recreational opportunities	5	5
C. Enhances tourism	5	5
D. Provides public recreational opportunities related to a fishery	5	5
V. <u>Board evaluation of project value and need.</u>	5	5
VI. <u>Deductions.</u>		
A. Applicant did not perform adequately on prior grant project as demonstrated by preventable project delays and cost over-runs.	-20	
B. Applicant failed to submit required financial and progress reports for prior grant project.	-10	
	MAX. PTS	100

MAXIMUM POINTS ARE 100
MAXIMUM GRANT AMOUNT IS 85% OF ELIGIBLE PROJECT COSTS

Number of points _____ /1.67 = _____ + 25 = Grant Percent _____ %

Grant Amount = ___% x eligible project costs of \$ _____ = a grant of \$ _____

Eligible Project Costs of \$ _____ less the grant amount of \$ _____ =

the amount of matching money required from other sources, \$ _____

ATTACHMENT 8

Progress Report on Open AB198/AB237 Projects

PROGRESS REPORT ON OPEN PROJECTS

September 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Walker River Irrigation District	3/13/02 Additional grant funds approved on 1/22/07 increasing total grant amount	\$6,685,163.19	Farr West, Lumos, RO Anderson, Black Eagle	Ken Spooner	Jun-09	The diversion structure, spillway, and levee are complete. Remote control of the gates via the SCADA system is in progress. The outlet tunnel investigation is now complete with no significant deficiencies noted. Staff is reviewing the final project documents and the project is in the process of closing.
Kingsbury GID	6/26/02 Additional grant funds approved on 8/23/06 increasing total grant amount Extended funding agreement by 2 years on 6/19/08 with no further increase in grant funds	\$9,505,311.39	Amec	Cameron McKay	Sep-09	The final pipeline replacement (Palady Perkins) is now complete. Services and meters for Phase 1 are also complete. The final project element for Phase 1 is Tank 10B. The plans for Tank 10B called for the installation of a pre-stressed concrete tank on property adjacent to the existing Tank 10A. The tank project was bid in the spring 2009 with the project awarded to Aspen Developers Corp and tank sub NATGUN. Construction began in May 2009. The site excavation is complete and the tank foundation has been poured. The walls and dome are being poured off site. The schedule calls for the walls and dome to be placed starting September 8, 2009.
Wells	12/5/02 Additional grant funds approved on 1/27/05 increasing total grant amount	\$1,102,310.09	TRW Engineering	Jolene Supp	Jun-09	The installation of the well, well house, chlorination system, tank and SCADA are complete. The final project element – the transmission line – started construction in Aug 2009.
Washoe Co for Spanish Springs	1/27/05	\$4,000,000.00	Washoe County	Joe Stowell	May-07	The 1 st of a 9-phase sewer project is complete. The entire project is expected to take 20 years. The Phase 1A sewer project is complete and approximately 171 homes have abandoned their septic systems and connected to the new sewer to date. The County is now waiting for federal grant funding to begin installation of the next sewer line phase. The next project phase may begin in 2009 pending the resolution of funding issues.

PROGRESS REPORT ON OPEN PROJECTS

September 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Virgin Valley Water District	1/27/05 Additional grant funds approved on 6/19/08 increasing total grant amount	\$3,284,177.16	Bowen, Collins & Associates	Mike Winters	Jul-09	The new coagulation-filtration arsenic treatment facilities for the 2 Bunkerville sites are complete. This project is in the process of closing.
Metropolis Irrigation District	1/25/06 Extended funding agreement by 1 year on 9/25/08 with no further increase in grant funds	\$489,467.40	Dyer Engineering	Vernon Dalton	Jun-09	Dyer Engineering delivered the design and bid documents for the dam in May 2009. Permitting by DWR is pending. ROW from BLM and/or FERC is still necessary to construct the dam.
Beatty Arsenic PER	5/3/06 Extended funding agreement by 1 year on 9/25/08 with no further increase in grant funds	\$51,850.00	Farr West	Ray Williams	Dec-08	Two technologies were pilot tested: 1) coagulation/filtration with alum addition as the coagulant and 2) electrochemical flocculation (ARS). ARS involves replacing the alum with large, electrically charged aluminum plates. Updates to the PER are pending. An arsenic treatment facility will be funded with federal stimulus money. Fluoride mitigation will continue to be achieved through a blending process.
Pershing Co Water Conservation District	9/20/07	\$3,663,021.45	Farr West & Dyer Engineering	Bennie Hodges	Aug-09	Permitting of the Pitt Taylor (aka Thacker) Diversion Dam and Diversion Structure is pending from DWR. This project is currently in the process of closing.
LVVWD for Searchlight	8/23/06	\$2,536,522.34	LVVWD	Jordan Bunker	Aug-07	All four exploratory wells are complete. Two wells were to become production wells while the other two exploratory wells were to become monitoring wells. An approved EA was required by the BLM prior to exploratory drilling and another EA was required by the BLM for construction of production wells, pipeline, and appurtenances. Issues with Areas of Critical Environmental Concern precluded construction of several of the originally planned monitoring wells but will not affect the new production wells. Bids were opened for the drilling project in June 2009 and drilling began in Aug 2009.

PROGRESS REPORT ON OPEN PROJECTS

September 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
LVVWD for Kyle Canyon – Ph 2 & 3	11/09/06	\$3,202,511.74	LVVWD	Jordan Bunker	Sep-08	Due to the short construction seasons, this project will take 3 summers to complete. Installation of upgraded/new mains, services, and meters at Echo View and Cathedral Rock were completed in November 2008. Replacement of mains and services and installation of meters is underway and will be completed in Upper Rainbow and Old Town in 2009.
Topaz Ranch Estates	3/14/07	\$1,471,452.01	TEC	Larry Offenstein	Jul-09	Construction began in November 2008 with the drilling of the new well. The pipeline, service connections and well were completed in April 2009. The well house and controls are nearing completion; however, running permanent power to the well is pending the resolution of NV Energy's easement issues in the GID. For project completion purposes, the new well will be tested with the new backup generator.
Lyon Co Utilities for Crystal Clear	9/20/07	\$2,663,635.00	Farr West	Mike Workman	May-09	<p>The project interties Crystal Clear to the Yerington water system. Construction began in November 2008. Issues with undisclosed Verizon phone lines in the right-of-way planned for the new transmission main required significant effort from the contractor and some redesign.</p> <p>The mains and services in the development are complete as are the new storage tank, booster pumps and transmission main from the Yerington water system. Issues with the design of the booster pump motors delayed charging of the system to the service areas and tank. Further delays have been experience due to failures in the water quality testing and pressure testing of the new lines. Project completion appears to be delayed by two months.</p>
Lovelock Meadows Phase II	12/13/07	\$3,000,000.00	Farr West	Tom Glab	Aug-09	<p>Drilling of the new backup well in Oreana began at the end of May 2009. The initial drilling was unsuccessful and the driller requested and was granted a variance to the drilling method specified. A second drilling attempt began in Aug 17, 2009, and a new well was constructed with no unexpected problems.</p> <p>The pipeline replacement project began in Aug 2009.</p>
Moapa Valley	12/13/07	\$4,000,000.00	Bowen, Collins & Associates	Brad Huza	Apr-09	The Arrow Canyon and Baldwin Springs arsenic treatment facilities are on-line. The District held an open house on April 15, 2009. The project is in the process of close out.

PROGRESS REPORT ON OPEN PROJECTS

September 2009

GRANTEE	DATE APPROVED	TOTAL GRANT AMOUNT	ENGINEER	OWNER'S REPRESENTATIVE	LAST STAFF SITE VISIT	PROGRESS
Alamo Arsenic Mitigation PER	3/20/08	\$102,216.75	Farr West	James Poulsen	May-08	This PER will include water quality sampling, well testing, and possibly arsenic pilot testing. Packer testing and sampling of the industrial well was completed in October 2008. Alamo received SRF ARRA funding to drill two exploratory wells in an attempt to determine the depth to the carbonate aquifer and potentially encounter a source of drinking water that meets all MCLs.
Gabbs Phase II PER	6/19/08	\$63,920.00	Day Engineering	Oz Wichman	Oct-08	<p>The initial PER for the town of Gabbs was completed in April 2008. It was hoped that a new source of supply might be possible and exploratory drilling was recommended prior to pursuing a construction project.</p> <p>Two exploratory wells were drilled (airport - Dec 2008; Lodi Valley - July 2009). Water quantity met expectations; however, the water quality testing revealed both arsenic and fluoride exceeding the MCL.</p> <p>It appears that Gabbs may continue to use their existing wells and pursue a small fluoride treatment facility to treat water from Well 8 (backup well) when necessary if another source cannot be located. Both Well 1 and Well 8 currently meet the arsenic MCL.</p>
McGill – Ruth PER	3/04/09	\$34,000.00	Day Engineering	Wayne Cameron	Jun-09	This PER amendment will investigate options to improve the reliability of the water supply to Ruth. In addition to the PER revision, the CDBG granted White Pine County funds to do a regional study of water and wastewater in an attempt to better define the current and future needs in Ely, McGill and Ruth and to better pursue cost effective solutions for the area as a whole.
Austin Arsenic Mitigation PER	6/15/09	\$126,650.00	Day Engineering	Louis Lani		This PER will include exploratory drilling to attempt to find a new groundwater source that meets the arsenic MCL and can be used to blend with the existing well for arsenic mitigation.
Pershing County Water Conservation District - #2	6/15/09	\$3,810,000.00	Farr West Engineering	Bennie Hodges	Aug-09	The District received grant funding for construction of the new Pitt Taylor Dam and Diversion Structure, Pitt Taylor Diversion Canal, the Pitt Taylor Reservoirs, and the plug. The District is pursuing final permitting from the Corps and environmental and cultural assessment for SHPO in order to bid the Thacker Dam construction.
Jackpot	7/24/09	\$1,430,000.00	ECO:LOGIC	Lynn Forsberg		This project will combine SRF ARRA funds, grant funds, and USDA ARRA loan funds to drill a back-up well for the community. The project will also upgrade the electrical appurtenances for the existing Well 5, abandon Well 2 (high in uranium), install booster pumps at the new well to increase pressure in the northern part of town and install water meters.

ATTACHMENT 9

SB62 Financial Summary

**BOARD FOR FINANCING WATER PROJECTS
SB62 FINANCIAL SUMMARY**

PROJECT NAME	GRANT AMOUNT	GRANT USED	GRANT REMAINING
Central NV Regional Water Auth.	160,443.00	150,400.66	10,042.34
Churchill County	36,500.00	36,500.00	
Esmeralda County	16,245.85	16,245.85	
Eureka County	120,000.00	90,000.00	30,000.00
City of Fernley	38,680.59	38,680.59	
Gerlach GID	92,833.42	83,573.62	9,259.80
Humboldt River Basin Water Auth.	111,439.47	111,439.17	
LVVWD - Kyle Canyon	26,702.02	26,702.02	
LVVWD - Searchlight	150,000.00	21,178.73	128,821.27
Topaz Ranch Estate GID	5,221.88	3,686.35	1,535.53
Town of Tonopah	11,250.00	11,250.00	
Virgin Valley Water District	116,041.77	116,041.77	0.00
White Pine County	114,642.00	114,642.00	
TOTALS	1,000,000.00	820,340.76	179,658.94

SB62 Program Summary - Inception to present

Total Grant Funds	1,000,000.00
FY 06 Expenditures	45,888.68
FY 07 Expenditures	398,263.00
FY 08 Expenditures	206,473.02
FY 09 Expenditures	169,716.06
FY 10 Expenditures	
Total Grant Funds Used	820,340.76
Remaining Authority	179,659.24

Budget Account 3175 - Summary of FY09 Activity through

08/26/09

Beginning Cash	349,375.00
Balance Forward	
Total Receipts / Funding Available	349,375.00
Total Payments to Grantees to Date	169,716.06
Current Funds Available for Grants	179,658.94

ATTACHMENT 10

SB62 Project Report

SB 62 PROJECT REPORT
September 2009

Project	Grant Amount	Project Summary
Humboldt River Basin Water Authority	\$120,000.00 (Project Complete)	<p>Assemble existing information into a water resources database in support of threats to water rights. Develop recommendations for collection of additional necessary data. Develop a public information program. Deliver a summary report for each county describing available forecast of economic/demographic conditions and related water.</p> <p>Progress Report, December 2007: The Humboldt River Basin Water Authority project is complete and the documents produced as a part of that project are available electronically on NDEP's website at http://ndep.nv.gov/bffwp/ http://ndep.nv.gov/bffwp/hrbwa_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Esmeralda County	\$16,245.85 (Project Complete)	<p>The project plan was to conduct a physical reconnaissance of the County's present water uses and existing water rights and develop a strategy to enhance and protect the County's water rights to ensure present and future water demands can be met as well as preparing a Water Rights Management Plan. All water rights identified in four hydrographic basins were reviewed. A field reconnaissance trip was conducted with the State Engineers office to physically site the locations for the point of diversion for water rights and ascertain the manner by which the appropriated water is being exercised.</p> <p>Progress Report, June 2007: The Esmeralda County Water Rights Plan is complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/esmeralda%20county_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
White Pine County	\$116,041.77 (Project Complete)	<p>Update information (including: hydrogeologic framework, groundwater hydrology, and regional groundwater flow system) on County's water resources and update the Water Resources Plan to assist in identifying potential water use and needs based on scenarios for growth and development. The County also added GIS capability in order to maintain and update information as it becomes available.</p> <p>Progress Report, January 2008: White Pine County's Water Resources Plan is complete and available at the NDEP offices in Carson City as well as electronically on NDEP's website at http://ndep.nv.gov/bffwp/whitepineco_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Town of Tonopah	\$11,250.00 (Project Complete)	<p>Assemble all active surface and groundwater rights for Ralston Valley Hydrographic Basin No. 141, Big Smokey – Tonopah Flat Hydrographic Basin No. 137, and Alkali Spring Valley Hydrographic Basin No. 142.</p> <p>Progress Report, Dec 2007: The water rights inventory and map of those rights are complete and available electronically on NDEP's website at http://ndep.nv.gov/bffwp/tonopah_sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Churchill County	\$36,500.00 (Project Complete)	<p>Update of the County's Water Resources Plan for surface and groundwater resources. Review of all county records relating to water resource requirements, both existing and projected. Update of the water resource ownership in the County.</p> <p>Progress Report, June 2007: The Churchill County Water Resources Plan update is complete and available on the County's website at http://www.churchillcounty.org/planning/waterplan.php and is linked to NDEP's website at http://ndep.nv.gov/bffwp/sb62.htm (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>

SB 62 PROJECT REPORT
September 2009

Project	Grant Amount	Project Summary
LVVWD – Kyle Canyon	\$27,184.72 (Project Complete)	<p>Install 100 Permalog units for the detection of subsurface leaks and acquisition of a Patroller unit for data collection. This system will allow operators to find and repair leaks, protecting millions of gallons of water previously lost to the system.</p> <p>Progress Report, June 2008: The leak detection units have been installed and the project is complete. A final project report was received in June 2008 and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/kcwg_sb62_final.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
City of Fernley	\$38,680.59 (Project Complete)	<p>Reconcile all past and future mapping difficulties by attempting to develop a new GIS map of all Truckee Diversion surface water rights within the City of Fernley.</p> <p>Progress Report, January 2009: The mapping project is complete. The final report is on file at NDEP and is available electronically on NDEP’s website at http://ndep.nv.gov/bffwp/docs/initial_mapping_effort_pdf_final_feb_25.pdf (contact: Michelle Stamates at 775.687.9331 or mstamate@ndep.nv.gov).</p>
Gerlach	\$92,833.42 (Project Complete)	<p>A database of spring flow and water quality will be created and a groundwater model will be developed to determine any changes that might result from the proposed development in the basin that might adversely affects the two springs (Garden and Railroad Springs) that provide water to Gerlach.</p> <p>Progress Report, August 2009: The project is complete. Data loggers & flow meters were installed at both springs and monitoring of water level and discharge rate from the springs was used in the calibration of the groundwater model. Water rights were researched and compiled into tabular format. Other model parameter data (e.g., DEM, geology, structure, well logs, rainfall) were compiled and added to the model. Washoe County Water Resources reviewed the steady state model. The County also reviewed the data logging methods for the long-term spring flow and reinforced the importance of continuing to collect this data with the GID. The final report and groundwater model were received in August 2009. The report and model are on file at NDEP and will be available electronically in September 2009.</p>
Virgin Valley Water District	\$116,041.77 (Project Complete)	<p>Analyze water quality information from throughout the watershed region to develop a conceptual model of groundwater flow, mixing and hydrologic connection through naturally occurring chemical tracers, and develop a steady-state representation of the pre-development conditions of the regional groundwater flow systems utilizing modifications of previous models to develop a comprehensive numerical model.</p> <p>Progress Report, July 2009: The project is complete. The District submitted a thesis on the <u>Interaction of Surface and Subsurface Hydrological Processes in the Lower Virgin Valley</u> and a brief report on the Lower Virgin River groundwater model. The model report is on file at NDEP and will be available electronically in September 2009.</p>
Eureka County	\$120,000.00	<p>The project develops improved estimates of basin discharge and flow system interconnection for the Diamond Valley flow system.</p> <p>Progress Report, August 2009: The final report is now in peer review. This project is expected to be finalized in December 2009.</p>

SB 62 PROJECT REPORT
September 2009

Project	Grant Amount	Project Summary
LVVWD – Searchlight	\$150,000.00	<p>Drill and develop 4 new monitoring wells to better understand the groundwater resource and groundwater quality in Paiute Valley and the Eldorado Valley Basins. One of the 4 wells will be funded by this grant.</p> <p>Progress Report, August 2009: LVVWD evaluated monitoring well locations in Piute Valley and drilled 4 exploratory wells in 2007. Approval of the EA and granting of ROW by the BLM was expected by late 2008; however, issues with Areas of Critical Environmental Concern precluded well construction of several of the originally planned monitoring wells. An alternate site for the monitoring well was selected. Drilling of the monitoring well will begin in late August or early September 2009.</p>
Topaz Ranch Estates GID	\$5221.88	<p>Identification and mapping of proposed point of use/place of diversion for the existing 9 water rights permits.</p> <p>Progress Report, August 2009: The GID and its engineering firm are working to clarify the product of the project approved for this grant. The original contract supplied by the engineer was never approved and signed by the GID leaving uncertainty of the final deliverables. It appears that the mapping is approximately 40% complete and the GID is working with the engineer to finalize the project deliverable.</p>
Central Nevada Regional Water Authority	\$150,000.00	<p>Compile and document the baseline information required to determine long-term changes in groundwater levels in the Central Hydrographic Region (including: Churchill, Elko, Esmeralda, Eureka, Lander, Nye, White Pine, and Pershing counties) in order to evaluate the sustainability of present groundwater supplies secured under existing water rights, analyze the impacts of future development, and support future actions by local governments.</p> <p>Progress Report, July 2009: A spreadsheet containing water-level data, supporting database attributes and data-quality information; maps showing spatial distribution of water-level data; and an analysis of data gaps are complete and the data is accessible through an electronic mapping system – Map Guide by Websoft – hosted on the NDWR website. A summary report that documents methods and findings and identifies areas needing additional new water-level measurements was generated. The website that hosts the information for the Central Nevada Regional Water Authority is located at http://www.cnrwa.com/home/index.asp and will soon link to the Map Guide system (http://webmap.water.nv.gov/) developed with NDWR. The CNRWA received a small amount of SB62 funds left from completed projects to continue data collection and has continued to plan for future project phases with the USGS.</p>