

**Board for Financing Water Projects
Capital Improvements Grant Program
May 2024**

Capital Improvements Grant Program Funding Update as of April 29, 2024

Current Cash¹:	\$ 6,009,752.27¹
Reserved for Administration:	\$ 18,808.02
Committed bond funds not yet disbursed:	\$ 5,537,527.36
Projects for Consideration:	\$ 0.00
Un-committed funds:	\$ 636,106.26²

Current Bond authority:

NRS 349.986(1): The State Board of Finance shall issue general obligation bonds of the State of Nevada to support the purposes of the program established by <u>NRS 349.981</u> . The aggregate principal amount of such bonds outstanding at any one time may not exceed \$125,000,000.	\$125,000,000
Outstanding general obligation bonds as of April 1, 2024	(\$17,004,223)
Available to request issuance	\$107,995,777

Bond Series	2021B	
Legislative Authority	AB492 (81st Session) \$8,000,000	
Date of Issuance	December 07, 2021	
Initial Proceeds	\$ 8,082,775.25	
Treasurer's Interest ²	\$ 406,407.02	
Total Proceeds	\$ 8,489,182.27	
6 months	\$ (81,028.81)	0.95%
12 months	\$ (81,028.81)	0.95%
18 months	\$ (83,699.34)	0.99%
24 months	\$ (645,672.63)	7.61%
30 months	\$ (2,498,406.76)	29.43%
36 months	\$ (2,498,406.76)	29.43%
48 months	\$ (2,498,406.76)	29.43%
Unspent Proceeds	\$ 5,990,775.51	70.57%

¹ From all sources including bond proceeds, administration fees, and treasurer's interest.

² Includes estimated bond interest earnings for the next 12 months at 2.00%.

Name: Alamo Sewer and Water GID		Project ID:	GP2104
Project: Arsenic Treatment		Population:	900
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public GID
Partner funding: DWSRF-DW2107	\$ 1,000,000.00	Capital Improvement Grant Program	
Partner funding: _____	\$ -	Commitment:	\$ 693,026.00
Local Funding: _____	\$ -	Amount Drawn:	\$ 545,798.27
Capital Improvement Grant Program	\$ 693,026.00	Amount Outstanding:	\$ 147,227.73
Total Project Cost	\$ 1,693,026.00	Date Last Draw:	4/22/2024
Status of Project		Date of Commitment:	8/2/2021
Project experienced delays with equipment. Equipment being delivered for Arsenic treatment. Planned to be installed in CY2024 with initiation of operations by Dec 2024.			

Name: Las Vegas Valley Water District-Big Bend		Project ID:	GP2103
Project: Infrastructure Rehabilitation		Population:	2200
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public
Partner funding: DWSRF-DW2108	\$ 1,504,020.00	Capital Improvement Grant Program	
Partner funding: _____	\$ -	Commitment:	\$ 1,733,980.00
Local Funding: _____	\$ -	Amount Drawn:	\$ 1,122,254.40
Capital Improvement Grant Program	\$ 1,733,980.00	Amount Outstanding:	\$ 611,725.60
Total Project Cost	\$ 3,238,000.00	Date Last Draw:	3/14/2024
Status of Project		Date of Commitment:	1/10/2021
Project is under construction with a completion date of December 2024.			

Name: Las Vegas Valley Water District-Big Bend		Project ID:	GP2201
Project: Riverbank Filtration Well Build-Out		Population:	2200
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public
Partner funding: DWSRF-DW2207	\$ 232,000.00	Capital Improvement Grant Program	
Partner funding: _____	\$ -	Commitment:	\$ 568,000.00
Local Funding: _____	\$ -	Amount Drawn:	\$ 52,554.02
Capital Improvement Grant Program	\$ 568,000.00	Amount Outstanding:	\$ 515,445.98
Total Project Cost	\$ 800,000.00	Date Last Draw:	Pending draw
Status of Project		Date of Commitment:	4/19/2022
Project has experienced a bid exceedance of 35% of anticipated costs. Project is being considered for de-obligation due to lack of additional funds to complete project.			

Name: Las Vegas Valley Water District-Blue Diamond		Project ID:	GP2105
Project: Storage; transmission; distribution; backup well		Population:	50
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public
Partner funding: Army Corp of Eng.	\$ 11,031,332.00	Capital Improvement Grant Program	
Partner funding: _____	\$ -	Commitment:	\$ 4,200,280.00
Local Funding: _____	\$ 3,224,880.00	Amount Drawn:	\$ 760,314.88
Capital Improvement Grant Program	\$ 4,200,280.00	Amount Outstanding:	\$ 3,439,965.12
Total Project Cost	\$ 18,456,492.00	Date Last Draw:	2/22/2024
Status of Project		Date of Commitment:	3/10/2022
Funding for this project is partnered with Congressional appropriations from the Army Corp of Engineers. Due to delays in federal funding, the project has experienced delays preventing quick drawdown of bond proceeds. Project is phased and parts are in construction, while others are still being designed.			

Name: Topaz Ranch Estates GID		Project ID:	GP2203
Project: Redundant water source (well)		Population:	1545
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public
Partner funding:	USDA-RD	\$	810,480.00
Partner funding:			
Local Funding:			
Capital Improvement Grant Program		\$	1,645,520.00
Total Project Cost		\$	2,456,000.00
		Capital Improvement Grant Program	
		Commitment:	\$ 1,645,520.00
		Amount Drawn:	\$ 1,015,083.98
		Amount Outstanding:	\$ 630,436.02
		Date Last Draw:	12/28/2023
Status of Project		Date of Commitment:	5/17/2022
Delays on project site location due to failed negotiations with land acquisition. Project has been re-located. Project is under construction with a plan to be completed by end of summer 2024.			

Name: Golconda GID		Project ID:	GP2202
Project: Redundant water source (well)		Population:	114
Disadvantaged: Yes		ARPA Funding:	No
		Legal Structure:	Public
Partner funding:	DWSRF-DW2205	\$	604,000.00
Partner funding:			
Local Funding:			
Capital Improvement Grant Program		\$	793,000.00
Total Project Cost		\$	1,397,000.00
		Capital Improvement Grant Program	
		Commitment:	\$ 793,000.00
		Amount Drawn:	\$ 600,273.09
		Amount Outstanding:	\$ 192,726.91
		Date Last Draw:	4/26/2024
Status of Project		Date of Commitment:	8/2/2022
Delays on project for easement under Union Pacific Railroad. Project is under construction with a plan to be completed by summer 2024.			

**Board for Financing Water Projects
Drinking Water State Revolving Fund
May 2024**

Drinking Water Program Funding Updates as of April 29, 2024

Program Cash Balances	DWSRF Base Program	DWSRF Emerging Contaminants	DWSRF Lead Service Lines	Total DWSRF Funding
Cash in the State Account	\$108,512,526.31	\$0.00	\$0.00	\$108,512,526.31
Less bond debt service reserves	(6,015,788)	0	0	(6,015,788)
Add Federal Cash Available for Traditional Loans	35,295,690	0	25,212,000	60,507,690
Cash Available for Loans (both traditional and principal forgiveness loans)	137,792,428.31	-	25,212,000.00	163,004,428.31
Committed funds not yet disbursed	27,019,888	0	0	27,019,888
Add commitments for Board consideration	0	0	0	0
Total committed funds after Board Approval	27,019,888	0	0	27,019,888
Add projects in discussion with OFA	146,301,772	19,000,000	4,000,000	169,301,772
Total committed and potential project loans^A	\$173,321,660.00	\$19,000,000.00	\$4,000,000.00	\$196,321,660.00

^A Nevada evaluates cash over a three-year period to determine the amount of cash available for loan commitments. This practice is highly encouraged by EPA for effective use of funds management. Therefore, the amount committed to projects at any given time *may* be higher than the current cash available in the program accounts.

Principal Forgiveness (PF) Authority^B	DWSRF Base Program	DWSRF Emerging Contaminants	DWSRF Lead Service Lines	Total DWSRF Funding
Required amount to commit to PF loans	\$3,748,225	\$0	\$12,353,880	\$16,102,105
Add pending federal grant requirements	14,044,870	21,768,860		35,813,730
Total Required PF Loan Balance	17,793,095.00	21,768,860.00	12,353,880.00	51,915,835.00
Commitments for Board consideration	0	0	0	0
Add projects in discussion with OFA	15,801,772	19,000,000	4,000,000	38,801,772
Remaining Authority^B	1,991,323	2,768,860	8,353,880	13,114,063

^B Cash available for PF loans is included in the Program Cash Balance table above. This table reflects the federal requirements for Nevada to distribute a portion of the available cash as PF loans.

Drinking Water Cash Flow Projections (Base Program Only)¹

	Jul 01,2024 Year 1	Jul 01,2025 Year 2	Jul 01,2026 Year 3	Jul 01,2027 Year 4
Cash balance forward	\$133,451,598	\$118,616,980	\$84,899,209	\$61,317,077
Receipts from grants awarded	28,783,000	28,783,000	28,783,000	0
Transfer to the CWSRF program ²	(30,000,000)	(30,000,000)	(10,000,000)	(10,000,000)
Receipts from bonds issued	6,000,000	5,000,000	5,000,000	0
Receipts from treasurer's interest ³	3,003,109	2,879,627	1,983,160	1,274,462
Receipts from loan principal	15,141,028	13,522,074	12,918,277	12,963,734
Receipts from loan interest	3,456,502	3,107,540	2,796,898	2,497,451
Payments for debt service on bonds	(4,863,738)	(4,601,675)	(3,447,450)	(3,519,225)
Payments for loan recipients ³	(34,321,182)	(53,490,787)	(61,818,442)	(23,075,000)
Change in debt service reserves	(2,033,337)	1,082,450	202,425	679,725
Cash balance forward	\$118,616,980	\$84,899,209	\$61,317,077	\$42,138,224

²Transfer to CWSRF is dependent upon budget approval and EPA consent

³Estimated at 2% A.P.R. on undisbursed cash in the fund. Subject to change.

Program Updates

Drinking Water Project funding increases

None

Proposed changes to the Board of Finance Debt Management Policy

NDEP received approval from the Board of Finance to amend the State Debt Management Policy, which will continue to incentivize the SRF programs for those borrowers that can afford to take advantage of below market interest loans. A copy of Appendix C of the Debt Management Policy is attached to this report.

- The discount rate is now 50% of the 20 Bond Buyer Index for disadvantaged systems and equivalency projects. The discount rate was previously 54% of the 20 Bond Buyer Index. This provides a greater reduction to the eligible projects.
- The discount rate remains at 59% for standard loans.
- Taxable bonds are indexed to the 20-year U.S. Treasury rate using the same discount percentages as the municipal bonds.
- Revenues bonds require:
 - First lien position unless the entity can demonstrate sufficient security to the State Treasurer.
 - Systems serving more than 10,000 customers would only be required to demonstrate 1.0 times coverage annually.
 - Reserve accounts are required but may be waived if the entity can demonstrate sufficient funds are available to the Treasurer.

¹ Estimate only for planning purposes. All numbers are subject to change.



Proposed Special Incentive Interest Rate for the DWSRF Due To An Excess Amount of Funds

NDEP received approval from the State Treasurer's Office for a limited-time, special incentive interest rate to eligible DWSRF borrowers to help the program move idle cash in a short period of time. Terms are as follows:

- Public entities seeking a traditional loan, with terms up to 30 years or the life of the assets, whichever is shorter, may receive a special, limited-time interest rate of 1.00%.
- The special interest rate would be available on a first-come, first-served basis to the entity (or entities) that have a governing board resolution committing to use the DWSRF program for a project that has been approved by the Board for Financing Water Projects for funding before June 30, 2025.
 - Due to demand, we have asked entities to complete their resolutions and submit full loan applications by July 5, 2024, for the August 21, 2024, board meeting.
- The special interest rate would only be available on the first \$100 million from the DWSRF fund.
- Special interest rate loans would be subject to loan origination fees and service fees as authorized by regulations.
 - Disadvantaged entities are not required to pay the loan origination fees or service fees.
- Special interest rate loans would be subject to all federal and state equivalency requirements.

Drinking Water Intended Use Plan Funding Limitations

Based on the January 2024 Board for Financing Water Projects Workshop, and discussions with NDEP administration, Nevada's 2024 Intended Use Plan has been amended to include the following for Principal Forgiveness Loans:

Construction Projects for acute or chronic health issues **Limit \$2,500,000 per project**

Construction Projects for rehabilitation **Limit \$1,500,000 per system, or \$2,500,000 per system if the system is:**

- Fully funding depreciation, or
- Physically or managerially consolidating a deficient system

Short-term design and planning loans **Preliminary Engineering Reports (PER) and Environmental Documents**

- Limit 80% of the document cost.
- A 20% match will be required upon each draw request.
- DWSRF cannot fund master plans or regional water plans that do not directly contribute to the construction of a capital project.

Test Wells and/or project exploration.

- Limit 80% of the total cost.
- A 20% match will be required upon each draw request.

Design that directly contributes to a capital project. Limited to project funding eligibility.

Requirements for additional funding beyond the limitations *NDEP has additional funds from the grants, AND		
Acute or Chronic Projects	Rehabilitation Projects	
To go over \$2,500,000 per project	To go over \$1,500,000 per system	To go over \$2,500,000 per system
<ul style="list-style-type: none"> Additional funding required to complete the project would raise the average rates by more than 10%, or System is funding a portion of the project with a repayable loan. 	<ul style="list-style-type: none"> System can demonstrate that adding in the full cost of depreciation into their rate structure would increase average rates by more than 30%, or System is funding a portion of the project with a repayable loan. 	<ul style="list-style-type: none"> Additional funding required to complete the project would raise the average rates by more than 10%, or System is funding a portion of the project with a repayable loan.

Drinking Water Intended Use Plan-Other Changes

- User Rates
 - Systems must evaluate the impact of rates to fully fund depreciation.
- Develop and maintain a Capital Replacement Reserve Account
 - NDEP may consider this requirement satisfied if the system is fully funding depreciation.

NDEP sees this as the first step in trying to encourage systems to plan for long-term sustainability.

Water rates information from Rural Community Assistance Corporation:

Answered by Bridget Harris, RCAC Regional Field Manager for Nevada

Q: Are you still seeing a lot of systems using flat rates? Are they reluctant to change to tiered rates?

A: "I actually do not see many systems using flat rates, but those who are reluctant to change because of concerns about affordability, people letting their lawns die, and "giving good water to Vegas." Since tiered rates really are the best for water conservation, help customers have better control over their bills, and are the most equitable of the rate structures often simply showing the systems the impact on the average customer bill, a comparison on equitability, and describing how we develop tiers helps puts folks at ease. Typically, we use current water usage to set the tiers, this way it minimizes the impact on customers in the initial stages."

Q: Are you seeing any systems willing to tie their rates to an index that will help them change over time?

A: "Most people are willing to tie their rates to an inflationary index. On average we [RCAC] will not project rates beyond five years. We work with the system, so they know that five years a lot [of] changes in the area of capital improvements and they need to be doing a rate analysis every 5 years (or more frequently). Traditionally we build in an estimated inflationary raise every year for those 4 years after the rate increases."

Q: Is depreciation still a mystery for many small systems?

A: “Depreciation, most systems don’t think it is real money. RCAC has always taken the approach of developing a CIP with the system. Although we use cash need basis to help them establish contribution limits, we tell them they need to do either full depreciation, or a reserve based on the CIP. (If I read GASB right you can do the great[er] of the two.) This is the area we are seeing the most resistance. People really do not like the “fake money.” We work one on one with systems but we are also doing some trainings next year for full cost recovery.”

Drinking Water User Rate Survey:

NDEP sent out a voluntary survey to our contacts on our email list asking for information on user rates. NDEP received **32 responses**. Here are the results:

Less than 100 residents		11 Respondents	100-499 residents		10 Respondents
Avg Volume of Water per month?	Minimum	Unknown	Avg Volume of Water per month?	Minimum	Unknown
	Maximum	40,000 gal.		Maximum	25,000 gal.
	Average	5,682 gal.		Average	4,792 gal.
System is fully metered?	Yes	5	System is fully metered?	Yes	5
	No	6		No	5
Age of meters, if metered?		New (2) <10yrs (1) 20yrs (2)	Age of meters, if metered?		<10yrs (3) 10-20yrs (1) 20yrs (1)
Rate Structure?	Flat	8	Rate Structure?	Flat	4
	Tiered	3		Tiered	6
Last rate review?		Unknown (3) <5yrs (4) >5yrs (3)	Last rate review?		Unknown (1) <5yrs (5) >5yrs (4)
500-4999 residents		9 Respondents	Greater than 5000 residents		2 Respondents
Avg Volume of Water per month?	Minimum	Unknown	Avg Volume of Water per month?	Minimum	5,000 gal.
	Maximum	18,000 gal.		Maximum	10,348 gal.
	Average	5,742 gal.		Average	7,674 gal.
System is fully metered?	Yes	8	System is fully metered?	Yes	2
	No	1		No	0
Age of meters, if metered?		New (0) <10yrs (5) 20yrs (3)	Age of meters, if metered?		<10yrs (2) 10-20yrs () 20yrs ()
Rate Structure?	Flat	1	Rate Structure?	Flat	0
	Tiered	8		Tiered	2
Last rate review?		Unknown (0) <5yrs (5) >5yrs (4)	Last rate review?		Unknown (0) <5yrs (2) >5yrs (0)

Drinking Water State Revolving Fund

Board for Financing Water Projects

May 2024

Drinking Water Priority List – Effective May 2024

Data

195 Projects

\$1,059,103,454

Total Estimated Costs

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve the Drinking Water Priority List – Effective May 2024.

Priority List Classes

Class I Acute

- Acute health risks: Demonstrated illness attributable to the public water system
- Significant non-compliance
- Court ordered compliance
- Systems addressing acute health issues in the specific project

Class II Chronic

- Chronic health concerns – documented non-compliance with primary & secondary drinking water standards
- Systems addressing chronic health issues in the specific project

Class III Rehabilitation

- Projects that address deteriorated, substandard, or inadequate conditions in a public water system.
 - Treatment
 - Storage
 - Transmission & Distribution
 - Meters
 - Security
 - Planning

Class IV Refinancing

- Refinancing of debt incurred after July 1, 1993

Additional Points for Asset Management System Project for Funding

Projects can receive additional points for the following:

- (5 pts) System is mapped and assets are cataloged/evaluated.
- (5 pts) System has a rate structure that supports O&M.
- (5 pts) System has allocated funds for rehabilitation/replacement of aging infrastructure.

Disadvantaged Systems (Attachment B)

Nevada Administrative Code amended:

“Disadvantaged community” means an area in which, as compared to other communities in this State, residents disproportionately experience economic, environmental, or health issues, including, without limitation, high rates of poverty or unemployment. (NAC 445A.675245)

Federal Drinking Water Act Requirements:

[42 U.S.C §300j-12(b)(d)(3)] The term “disadvantaged community” means the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located.

2023 Drinking Water Intended Use Plan:

- 50 points are needed to qualify for principal forgiveness.
- 25 points will be added to the initial score for systems qualifying as disadvantaged.
- NOTE: The 2024 DRAFT Drinking Water Intended Use Plan does not deviate from this language.

Disadvantaged Criteria:

- Income Factors:
 - Median Household Income (MHI) versus State MHI
 - Poverty levels in the service area
- Population trends:
 - Change in population over three years based upon the latest American Community Survey data available.
- Unemployment:
 - Percent of the population not in the workforce
 - Unemployment rate of service area
- Affordability:
 - Whether or not an interest-bearing loan will increase already sufficient user rates by 10.0%, 20.0%, or 30.0%.
 - This also has a look-back option for five years.
 - Residential rates compared to MHI
 - Based on 1.0%, 1.5%, and 2.0%
- Other Factors:
 - Nature of the project
 - Incentives for project types
 - Financial assistance from government or political subdivisions

Priority List (Attachment A)

- Priority Rank
- *N¹: New to the list*
- *D²: System or project qualifies as disadvantaged*
- *C³: Water System Classification (community/noncommunity)*
- *Entity*
- *PWS ID#*

- *Project Population*
- *Project Service Connections*
- *Total Points*
- *Revised Points*
- *NIFS project ID*
- *Project Description*
- *Estimated Loan Amount*
- *Special Funding (Emerging Contaminants or Lead Service Line Funding)*
- *Funded: Indicates the project has received at least partial funding, is not complete, and must remain on the list.*

Priority List Statistics

	Projects	Disadvantaged Systems or Projects	Small Systems (less than 10,000)
Previous List	198	151	165
New to the List	14	7	11
Removed	(17)	(6)	(2)
Current List	195	152	174
		77.9%	89.2%

	Projects	Disadvantaged Systems or Projects	Small Systems (less than 10,000)
Class I	5	3	3
Class II	23	17	22
Class III	167	132	149
Class IV	0	0	0
Total	195	152	174

Project Readiness and Bypass Process

NDEP may bypass a project on the priority list if NDEP determines the project is not ready to proceed, fails to file a letter of intent, or the applicant requests action to be deferred. (NAC 445A.67573)

- Projects ready to proceed may bypass projects with a higher point score that are not ready to proceed.
- Written notice is given to systems being bypassed.
- Current list readiness-to-proceed: *

Funded/Partially Funded	34 projects (17.4%)
All others	161 projects (82.6%)

*As of May 16, 2024. Data subject to change.

DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the DWSRF. The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP shall not “commit any money in the account for the revolving fund for expenditure ... without obtaining the prior approval of the board for financing water projects” (NRS 445A.265(3)).

RECOMMENDED MOTION FOR THE DWSRF PRIORITY LIST

I move to approve the resolution titled “D08-0524 Nevada Drinking Water State Revolving Fund (DWSRF) Priority List – Effective May 2024,” to establish the priorities for determining which public water systems will receive money or other assistance from the Account for the Revolving Fund as required in NRS 445A.265(3).

RESOLUTION D08-0524

Nevada Drinking Water State Revolving Fund (DWSRF) Priority List – Effective May 2024

WHEREAS:	The Nevada Division of Environmental Protection (NDEP) is authorized pursuant to Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund (DWSRF); and
WHEREAS:	The DWSRF Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the DWSRF and seek public review and comment on the priority list; and
WHEREAS:	NRS 445A.265 (3) requires that NDEP shall not establish the priorities for determining which public water systems will receive money from the Account for the Revolving Fund without obtaining the prior approval of the Board for Financing Water Projects (Board); and
WHEREAS:	NDEP may at any time after receiving approval from the Board revise the ranking of a water project in accordance with Nevada Administrative Code 445A.67567; and
WHEREAS:	NDEP provided notice and held a workshop for public comments on its proposed priority system on May 1, 2024, in-person and via virtual platform; and
WHEREAS:	All substantive comments, suggestions, or recommendations were addressed;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D08-0524 Nevada Drinking Water State Revolving Fund (DWSRF) Priority List – Effective May 2024.”

Section 2: Based on its review of the information and recommendation submitted to the Board concerning the (DWSRF) Priority List – Effective May 2024, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

- (a) NDEP has provided public notice of the DWSRF Priority List – Effective May 2024.
- (b) NDEP held a workshop for public review and comment on the DWSRF Priority List – Effective May 2024; and

Section 3: In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the DWSRF Priority List—Effective May 2024 of public water system projects eligible for funding by the DWSRF.

Section 4: The DWSRF Priority List—Effective May 2024 included as Attachment A to this resolution and by reference incorporated herein is a true and correct copy filed with the Board by NDEP.

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

PASSED, ADOPTED, AND SIGNED May 15, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

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

Board for Financing Water Projects

May 2024

Weed Heights Development

Amount and Term	Recommendation
<p><u>\$ 1,481,300</u></p> <p>Principal Forgiveness from DWSRF</p> <p><u>No cost change</u></p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a change of scope to Weed Heights Development for the rehabilitation and upgrading to meet OSHA requirements of four system storage tanks.</p>

Original commitments

Project	The project is for Weed Heights Development (NV0000242) tank project. The approved project included the interior and exterior recoating of four system water tanks: the Austin North tank (640,000-gallon capacity), Austin South tank (640,000-gallon capacity), Dome tank (230,000-gallon capacity), and the BLM tank (1,000,000-gallon capacity). Other improvements include the addition of OSHA required safety improvements and tank access for inspections.
Resolution and conditions	Resolution D15-1221 for the Weed Heights Development Project Loan Commitment was adopted on December 15, 2021. This board resolution approved a not-to-exceed amount of \$981,300.00 in principal forgiveness funds from the Drinking Water State Revolving Fund. Resolution D08-0323 for the Weed Heights Development Project Loan Commitment was adopted on March 22, 2023. This board resolution approved an increase in principal forgiveness funding from the Drinking Water State Revolving Fund for an overall not-to-exceed amount of \$1,481,300.00.
Request for a change of scope	The project has been completed under budget. With the remaining funds, Weed Heights would like to direct the remaining funds to telemetry/SCADA improvements for the tank. The original design included the installation of telemetry/SCADA specifically for the tank but was intended on being paid for from local sources.

Sources of Project Funding	Budget from DWSRF Funding	Previously drawn amount as of as of April 18, 2024	Remaining Balance
	Planning	\$0.00	\$0.00
Design, inspection, & Construction Management	\$69,600.00	\$69,040.98	\$559.02
Land Acquisition	\$0.00	\$0.00	\$0.00
Equipment & Materials	\$0.00	\$0.00	\$0.00
Construction / Improvements	\$1,253,600.00	\$1,253,600.00	\$0.00
Administration	\$37,700.00	\$21,960.00	\$15,740.00
Financing	\$0.00	\$0.00	\$0.00
Construction Contingency	\$120,400.00	\$34,877.89	\$85,522.11
Totals	\$1,481,300.00	\$1,379,478.87	\$101,821.13

Explanation for changes in budget Weed Heights is asking for the ability to use \$15,085 of the remaining funds to install tank monitoring and controls. The project is anticipated to be completed by the end of May 2024.

Capital Replacement Reserve Weed Heights has established a Capital Replacement Reserve Account. The current balance is \$109,000. They are committed to funding the account annually at a rate of \$79,000.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to adopt the resolution titled "D09-0524 Weed Heights Development Project," to include telemetry and SCADA controls within the project. The project funding remains at an amount not-to-exceed \$1,481,300.

RESOLUTION D09-0524

Weed Heights Development District Project

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On May 15, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective May 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Weed Heights Development (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Project is included as project #113 on the Priority List of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW2206 on June 1, 2022, in order to pay for storage rehabilitation; and
- WHEREAS:** The Board approved additional funding to the DW2206 loan contract on March 22, 2023 due to bid exceedances, and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D09-0524 Weed Heights Development Project.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include the terms and conditions as outlined in the staff report dated May 15, 2024, and must comply with all applicable provisions in the Nevada Drinking Water Intended Use Plan.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves the inclusion of telemetry and SCADA controls in the project. The total commitment to loan DW2206 would remain at \$1,481,300.

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

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

PASSED, ADOPTED, AND SIGNED May 15, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Commitments from the Drinking Water State Revolving Fund

Board for Financing Water Projects

May 2024

NDEP Authority to change contract amounts under certain conditions

Need In recent years, the cost of materials, supplies, and labor have become extremely volatile due to many factors. This has caused borrowers to face the hard choices of re-bidding a project, delaying phases of a project, or cancelling a project all together.

Additionally, unforeseen circumstances may arise in the planning or design phases of the project that require additional funds to keep projects moving forward.

This is counterproductive to NDEP's mission and goals of providing below market financing, including principal forgiveness funding, for the purpose of supplying Nevadans with safe drinking water. It also reduces the effectiveness of the Drinking Water State Revolving Fund in distributing money in a timely and expeditious manner that demonstrates to the Environmental Protection Agency Nevada's need for federal resources.

Ask NDEP has received advanced approval from the Board for Financing Water Projects to increase the overall amount of a contract up to thirty percent (30%), or \$2,000,000 over the Board's "amount not to exceed" value in the funding agreement. Resolution D09-0622 was passed, adopted, and signed on June 29, 2022.

This amendment to D09-0622 provides for:

- Increasing the amount from \$2,000,000 to \$2,500,000 that NDEP may commit. This aligns with the maximum amount a system may receive as outlined in the current intended use plan.
- Allowing NDEP to also increase funding for planning and design only loans, should unforeseen circumstances arise that would not have been planned for in advance.
- A commitment from the Board that NDEP is under no obligation to increase the amounts within Board approved resolutions under this authority, and may, at NDEP's discretion, bring the project back to the next regularly scheduled Board meeting for additional funding consideration.
- All other sections of the resolution D09-0622 remain unchanged.

DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the DWSRF. The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP shall not “commit any money in the account for the revolving fund for expenditure ... without obtaining the prior approval of the board for financing water projects” (NRS 445A.265(3)).

RECOMMENDED MOTION FOR THE RESOLUTION

I move to approve the resolution titled “D10-0524 NDEP Amended Authority to Change Drinking Water Contract Amounts Under Certain Conditions,” which amends the Boards previous resolution D09-0622. This grants NDEP the authority to increase Board approved funding agreements under certain circumstances without prior Board approval.

RESOLUTION D10-0524

NDEP Amended Authority to Change Drinking Water Revolving Fund Contracts Under Certain Situations

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275; and
- WHEREAS:** Planning and design costs may change due to unanticipated discoveries during the planning and design process; and
- WHEREAS:** Construction project costs can escalate above engineer estimates due to volatile market conditions for materials, supplies, and human resources resulting in projects needing additional funds to be able to solicit construction bids and procure materials; and
- WHEREAS:** Time delays in obtaining additional funding approval from the Board goes against the Board's desire to assist drinking water systems in the most expeditious manner; and
- WHEREAS:** Additional processing of paperwork for a Board approved project reduces NDEP's ability to timely and expeditiously utilize funds.
- WHEREAS:** The Board approved Resolution "D9-0622 NDEP Authority to Change Drinking Water Contract Amounts Under Certain Conditions" on June 29, 2022.

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D10-0524 NDEP Amended Authority to Change Drinking Water Contract Amounts Under Certain Conditions.”

Section 2: Board resolution “D9-0622 NDEP Authority to Change Drinking Water Contract Amounts Under Certain Conditions” is hereby amended.

Section 3: Board resolution “D9-0622 NDEP Authority to Change Drinking Water Contract Amounts Under Certain Conditions” sections 2 through 7 will now read as follows:

Section 2: Based on NDEP’s review of sufficient evidence presented on the project, NDEP shall have the authority to increase the funding agreement “amount not to exceed” up to thirty percent (30%), or \$2,500,000, whichever is less, if necessary cost increases occur within a Board approved planning, design, or construction project, without prior approval from the Board. NDEP is under no obligation to increase funding agreements, and may at the discretion of NDEP, present the project at the next regular meeting of the Board.

Section 3: NDEP shall present any increases at the next regularly scheduled Board meeting.

Section 4: All other terms and conditions negotiated in the original contracts shall remain the same.

Section 5: Planning, design, and construction project loan resolutions may contain a clause allowing NDEP the authority granted in this resolution.

Section 6: This resolution shall be effective on its passage and approval.

Section 7. This resolution shall remain in effect until amended or rescinded.

PASSED, ADOPTED, AND SIGNED May 15, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects