

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

Drinking Water Program Funding Updates as of August 2, 2024

Program Cash Balances	DWSRF Base Program	DWSRF Emerging Contaminants	DWSRF Lead Service Lines	Total DWSRF Funding
Cash in the State Account	\$113,214,062.26	\$0.00	\$0.00	\$113,214,062.26
Less bond debt service reserves	(8,049,125)	0	0	(8,049,125)
Add Federal Cash Available for Loans	34,147,760	5,867,860	7,339,578	47,355,198
Add pending federal grants by Oct 1, 2024	19,793,640	15,901,000	0	35,694,640
Cash Available for Loans	\$159,106,337.26	\$21,768,860.00	\$7,339,578.00	188,214,775.26
Committed funds not yet disbursed	25,224,364	0	0	25,224,364
Add commitments for Board consideration	139,971,870	6,000,000	0	145,971,870
Total committed funds after Board Approval	165,196,234	6,000,000	0	171,196,234
Add projects in discussion with OFA	13,835,000	10,000,000	0	23,835,000
Total committed and potential project loans^A	\$179,031,234.00	\$16,000,000.00	\$0.00	\$195,031,234.00

^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.

Program Cash Balances for Principal Forgiveness (PF) Loans^B	DWSRF Base Program	DWSRF Emerging Contaminants	DWSRF Lead Service Lines	Total DWSRF Funding
Required amount to commit to PF loans	27,790,695	5,867,860	7,051,752	40,710,307
Add pending federal grant requirements	14,061,040	15,901,000	0	29,962,040
Total Required PF Loan Balance	41,851,735	21,768,860	7,051,752	70,672,347
Committed funds not yet disbursed	23,731,543	0	0	23,731,543
Commitments for Board consideration	4,456,000	6,000,000	0	10,456,000
Add projects in discussion with OFA	7,835,000	10,000,000	0	17,835,000
Remaining Authority^B	\$5,829,192	\$5,768,860	\$7,051,752	\$18,649,804

^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	Jul 01,2025	Jul 01,2026	Jul 01,2027
	Year 1	Year 2	Year 3	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

DW2108 Las Vegas Valley Water District (Big Bend)

Increase Amount	Total Contract Amount
\$325,358 (21.6% increase)	\$1,829,378

Reason for increase

The overall project costs increased \$500,000 as presented in the June 26, 2024, staff report for the project. \$174,642 was committed by the Board from the Capital Improvements Grant Program through resolution G09-0624.

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

Drinking Water Capitalization Grants

Federal Grant Awards available to Nevada			
	Available	Current Plan	Future Plan
2022 Base Appropriation Re-allotment	\$33,000	\$33,000	\$0
2024 Base Appropriation	\$4,832,000	\$4,832,000	\$0
Subtotal Base funding	\$4,865,000	\$4,865,000	\$0
2024 BIL Supplemental	\$23,831,000	\$23,831,000	\$0
2022 BIL (EC) Re-allotment	\$59,000	\$59,000	\$0
2023 BIL Emerging Contaminants (EC)	\$7,921,000	\$7,921,000	\$0
2024 BIL Emerging Contaminants (EC)	\$7,921,000	\$7,921,000	\$0
2024 BIL Lead Service Lines (LSL)	\$28,650,000	\$0	\$0
Subtotal BIL Funding	\$68,382,000	\$39,732,000	\$0
Total Federal Funding	\$73,247,000	\$44,597,000	\$0

Base Appropriation requirements in dollars			
	2021 Base	2024 Base	Total
Total Amount Provided as Subsidy	\$16,170	\$2,367,680	\$2,383,850
Mandate to Disadvantaged Communities	\$11,550	\$1,691,200	\$1,702,750
Mandate to qualified entities	\$4,620	\$676,480	\$681,100
Total Amount for Set-asides	\$16,830	\$1,497,920	\$1,514,750
2% Small systems technical assistance	\$11,880	\$96,640	\$108,520
4% Administration	\$0	\$193,280	\$193,280
10% State program management	\$0	\$483,200	\$483,200
15% Local assistance	\$4,950	\$724,800	\$729,750
Amount provided as Loans	\$0	\$966,400	\$966,400
Total Amount of grant	\$33,000	\$4,832,000	\$4,865,000
Federal Match requirement	\$6,600	\$966,400	\$973,000

BIL funding requirements in dollars					
	Supplemental	2022 EC	2023 EC	2024 EC	Total
Total Amount Provided as Subsidy	\$11,677,190	\$59,000	\$7,921,000	\$7,921,000	\$27,578,190
Mandate to Disadvantaged Communities	\$11,677,190	\$14,750	\$1,980,250	\$1,980,250	\$15,652,440
Mandate to qualified entities	\$0	\$44,250	\$5,940,750	\$5,940,750	\$11,925,750
Total Amount for Set-asides	\$7,387,610	\$0	\$0	\$0	\$7,387,610
2% Small systems technical assistance	\$476,620	\$0	\$0	\$0	\$476,620
4% Administration	\$953,240	\$0	\$0	\$0	\$953,240
10% State program management	\$2,383,100	\$0	\$0	\$0	\$2,383,100
15% Local assistance	\$3,574,650	\$0	\$0	\$0	\$3,574,650
Amount provided as Loans	\$4,766,200	\$0	\$0	\$0	\$4,766,200
Total Amount of grant	\$23,831,000	\$59,000	\$7,921,000	\$7,921,000	\$39,732,000
Federal Match requirement	\$4,766,200	\$0	\$0	\$0	\$4,766,200

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

Capital Improvements Grant Program Funding Update as of August 6, 2024

Current Cash¹:	\$ 4,769,033.19¹	
Less Funds for Administration:	\$ 21,801.52	
Add Projected treasurer's Interest:	\$108,990.64	
Cash Available for Projects:		\$4,856,222.31
Committed bond funds not yet disbursed:	\$ 4,694,447.41	
Projects for Consideration:	\$ 55,754	
Un-committed funds:		\$106,020.90²

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	\$	479,845.16
Total Proceeds	\$	8,562,620.41
6 months	\$ (81,028.81)	0.95%
12 months	\$ (81,028.81)	0.95%
18 months	\$ (83,699.34)	0.98%
24 months	\$ (645,672.63)	7.54%
30 months	\$ (2,531,723.28)	29.57%
36 months	\$ (3,840,587.95)	44.85%
42 months	\$ (3,840,587.95)	44.85%
Unspent Proceeds	\$ 4,722,032.46	55.15%

Since June 26, 2024, \$1,272,550.14 has been disbursed from the bond.

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%.

Status update 8/6/2024

Entity	Contract	Date	Amount	Drawn	Outstanding	Last Draw Date
Las Vegas Valley Water District-Big Bend	GP2103	1/20/2021	\$ 1,908,622.00	1,608,412.81	\$ 300,209.19	7/10/2024
Alamo Sewer and Water GID	GP2104	8/2/2021	\$ 655,623.17	597,613.52	\$ 58,009.65	7/23/2024
Las Vegas Valley Water District-Big Bend	GP2201	4/19/2022	\$ 95,606.99	70,939.10	\$ 24,667.89	6/10/2024
Golconda GID	GP2202	8/2/2022	\$ 793,000.00	674,479.56	\$ 118,520.44	8/2/2024
Topaz Ranch Estates GID	GP2203	5/17/2022	\$ 1,645,520.00	1,304,521.21	\$ 340,998.79	7/10/2024
Beatty Water & Sanitation District	GP2502	7/2/2024	\$ 354,876.00	-	\$ 354,876.00	None
Pershing County	GP2503	6/28/2024	\$ 550,500.00	-	\$ 550,500.00	None
Carlin, City of	GP2504	6/28/2024	\$ 1,648,360.00	53,800.53	\$ 1,594,559.47	8/8/2024
Henderson, City of	GP2505	6/28/2024	\$ 1,694,000.00	341,894.02	\$ 1,352,105.98	8/9/2024

\$ 9,346,108.16 \$ 4,651,660.75 \$ 4,694,447.41

Total Contracts Awarded June 26, 2024 4,422,378.00

Anticipated draw date	Original Forecasted Draw Amount	Amount Drawn	Overage / (Deficiency)	Adjusted Forecast Draw Amount	Running Balance
Draw by July 31, 2024	691,894.10	395,694.55	(296,199.55)	-	4,026,683.45
Draw by August 31, 2024	963,191.86			1,259,391.41	2,767,292.04
Draw by September 30, 2024	1,144,707.19			1,144,707.19	1,622,584.85
Draw by October 31, 2024	1,123,191.30			1,123,191.30	499,393.55
Draw by November 30, 2024	499,393.55			499,393.55	-
	4,422,378.00	395,694.55	(296,199.55)	4,026,683.45	

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

Spirit Mountain Utility

Total Commitment \$76,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Spirit Mountain Utility for a Preliminary Engineering Report and Environmental Report.	
Amount	Resolution	Program and Terms
\$76,000	D07A-0824	DWSRF principal forgiveness loan.

Management and Structure

Loan Recipient and Structure Spirit Mountain Utility is a nonprofit private water system.

System Number NV0000221

System Information

County Clark County

System Population 375

System Service Connections 152

System Infrastructure The Spirit Mountain Utility Public Water System (Spirit Mountain Utility) serves customers within the town of Cal-Nev-Ari and adjacent county areas. The total service area is approximately one square mile. Water is supplied from two (2) drilled wells using vertical line shaft turbine pumps equipped with variable speed drive motors. Above-ground storage consists of a 222,000-gallon reservoir. Full-time disinfection is necessary and is in practice.

Compliance Spirit Mountain Utility is out of compliance with the arsenic standard. Laboratory testing completed in April 2024 resulted in arsenic exceedance at 11.3 mg/L with an MCL of 10.0 mg/L.

System Project for Funding

DWSRF Priority List The project is listed as #22 on the Drinking Water SRF Priority List Effective May 2024.

System need for the project Well #2 cannot meet the demands of the residents in its current state. Additionally, the water quality exceeds the maximum contaminant levels for arsenic.

Project Narrative This project will be to develop a preliminary engineering report (PER) and environmental report for needed infrastructure improvements in Spirit Mountain.

Currently, Well #2 needs to be rehabilitated and have treatment added for the removal of arsenic. Additionally, increased storage is needed, as well as SCADA improvements for the well and tank.

Project Alternatives Evaluated Alternatives will be evaluated as part of the PER.

Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

NDEP is able to provide the following information for further clarification on the project location, need, or scope:

Timeline

Loan Closing: September 2024

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Design and Engineering	\$76,000	\$19,000	\$0	\$95,000
Totals	\$76,000	\$19,000	\$0	\$95,000

Environmental Review

The project will include an environmental review report.

Community Engagement

Spirit Mountain Utility is a private community water system not subject to Open Meeting Laws. It is currently in the initial stages of developing a website. This will provide a convenient portal to inform and engage with customers as it relates to the water system. Additionally, cloud-based billing software programs are being vetted to minimize human error and improve accuracy moving forward.

Loan Recipient Information

Possibility for Consolidation Cal-Nev-Ari is approximately 11 miles south of Searchlight, Nevada and 8 miles north of Palm Gardens, Nevada. Physical consolidation does not seem feasible at this time. Managerial consolidation would be subject to further discussions between the governing board and another public water system with sufficient capacity to manage both systems.

Water Conservation Plan Spirit Mountain Utility is engaged with the Source Water Protection branch in NDEP's Bureau of Safe Drinking Water to develop a program for the community and nearby communities to include short- and long-term goals to protect water resources and prepare emergency planning measures. The plan components conform to Nevada regulations as outlined by the Department of Conservation and Natural Resources, Division of Water Resources. Plan elements address the following areas:

- Encourage reduction in lawn sizes and use of arid and semi-arid plants.
- Identification of specific water conservation measures - Plumbing-Water Conservation Ordinance compliance is checked on new construction, renovation, and expansions within Clark County.
- Provision of a drought contingency plan. Monitoring and recording of water levels at well sites. Identification of local water purveyors to ensure adequate supplies and verification that water can be trucked in emergencies.
- Variable pricing analysis.

**Technical Capacity
(Capability)**

“Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

Spirit Mountain Utility has contracted with Utility Services, Inc. for a certified operator, Grade D3T2. The project will help Spirit Mountain Utility address water quality deficiencies and storage needs.

**Managerial Capacity
(Capability)**

“Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

Spirit Mountain Utility has a three-member governing board that meets quarterly. The Board has been responsive to NDEP in addressing their compliance issues.

**Financial Capacity
(Capability)**

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses; and
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

Spirit Mountain Utility is experiencing growing pains as they bring their systems up to date. In Fiscal Year 2023 (FY23) Materials and Supplies increased by \$7,184 and Contractual Services increased by \$4,283 causing an overall net loss. FY24 is expected to have a net loss as well due to costs of upgrades. Spirit Mountain Utility is currently working with RCAC analyzing costs and rates to ensure proper funding for upgrades and ongoing maintenance as they move forward. Funding for the project chosen from the PER will require sufficient rates be adopted.

Spirit Mountain Utility has demonstrated financial capacity for NDEP to recommend funding support for this project.

¹ NRS 445A.847

² NRS 445A.847

³ NRS 445A.817

Financial Information as of:	June 30, 2023
Financial information independently audited by:	None. Submitted to PUCN
Unrestricted cash	\$4,706
Unrestricted investments	None
Days cash on hand	28
Outstanding debt	\$58,902 Notes Payable
Operating income before depreciation	-\$2,683
Current ratio	1.79
Debt coverage	No debt to calculate

User Water Rates Water user rates were adopted on July 1, 2024:

- Residential base rate per user per month: \$26.68
- Commodity Rate: \$2.54 k/gal after 8,000 gallons
- Average Water Rate/Use for System: Spirit Mountain is working with RCAC to evaluate water usage, users, and rates.

The water rates established are being reviewed with assistance from RCAC to ensure sufficient coverage for current operation, maintenance, debt service, and reserves of the system. Funding for the project chosen from the PER will require sufficient rates be adopted.

Water meters Residential and commercial customers are metered. Meters are installed on new residential services. The four (4) commercial services are all metered.

Asset Management Plan Spirit Mountain is currently working with RCAC to create an Asset Management Plan.

Capital Replacement Reserve Account The system does not have a capital replacement reserve account established. One will be required as a condition on the construction loan once the project is evaluated.

DWSRF Principal Forgiveness Eligibility Criteria The current project is for a preliminary engineering report and environmental report, which is eligible for principal forgiveness funding in Nevada’s current Intended Use Plan.

System Previous Commitments and Studies

None

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$76,000 D07A-0824 DWSRF principal forgiveness loan.

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- The system will develop sufficient user rates to cover operations, maintenance, debt service, and reserves of their current utility needs.
- The preliminary engineering report must meet the conditions of NDEP’s guidance documents and the Rural Utilities Services Bulletin 1780-2.
- The environmental report must address the chosen project’s area of impact to move the project into the design phase for funding. Should the document not meet these conditions, the funding awarded to create the document must be repaid to the NDEP Office of Financial Assistance (OFA).
- A completed rate analysis for financial sustainability shall be completed prior to the final loan draw.
- Financial training through technical assistance shall be completed prior to the final loan draw.
- A 20% match for each disbursement request is required.
- OFA will request planning meetings with borrowers and their selected engineering professional to discuss the status of the document. OFA may reimburse eligible expenses in connection with these meetings throughout the creation of the documents.

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

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D07A-0824 Spirit Mountain Utility Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$76,000. The loan will include terms and conditions as outlined in the resolution and staff report.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

Orovada General Improvement District

Total Commitment \$80,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Orovada General Improvement District for the development of a preliminary engineering report and environmental report.	
Amount	Resolution	Program and Terms
\$80,000	D07B-0824	DWSRF principal forgiveness loan.

Management and Structure

Loan Recipient and Structure Orovada General Improvement District is a nonprofit public water system.

System Number NV0003032

System Information

County	Humboldt County
System Population	200
System Service Connections	49
System Infrastructure	The current drinking water system includes 2 source wells, 2 well treatment chlorinators, the distribution system and 1 storage tank.
Compliance	<p>A Sanitary Survey Inspection dated May 2024 identified 7 significant deficiencies, seven minor deficiencies, and 3 recommendations.</p> <p><i>Significant Deficiencies</i></p> <ul style="list-style-type: none">• Source Well cross-connection protection• Source Well vent pipe height and screen – Well 1• Source Well vent pipe height and screen – Well 2• Distribution System cross-connections need backflow control• Storage Tank needs new roof access hatch gasket for protection• Written cross-connection control plan needed• Consumer Confidence report issuance <p><i>Minor Deficiencies</i></p> <ul style="list-style-type: none">• Chemical storage and labeling at the Treatment facility – Chlorinator 1• Chemical storage and labeling at the Treatment facility – Chlorinator 2• Chemical handling procedures

- Emergency Response and Recovery Plan needed
- Operation and Maintenance Plan needed
- Storage Tank 1 exterior coating on roof needed
- Storage Tank base weed removal

Recommendations

- Total Coliform Site Sampling Plan
- Source Well contaminant sources in capture zone
- Standard procedure needed for hydrant flushing and valve exercising

Orovada General Improvement District is working with technical assistance providers to comprehensively address all deficiencies with a written response due July 30,2024, and completion of required corrective actions by October 8, 2024.

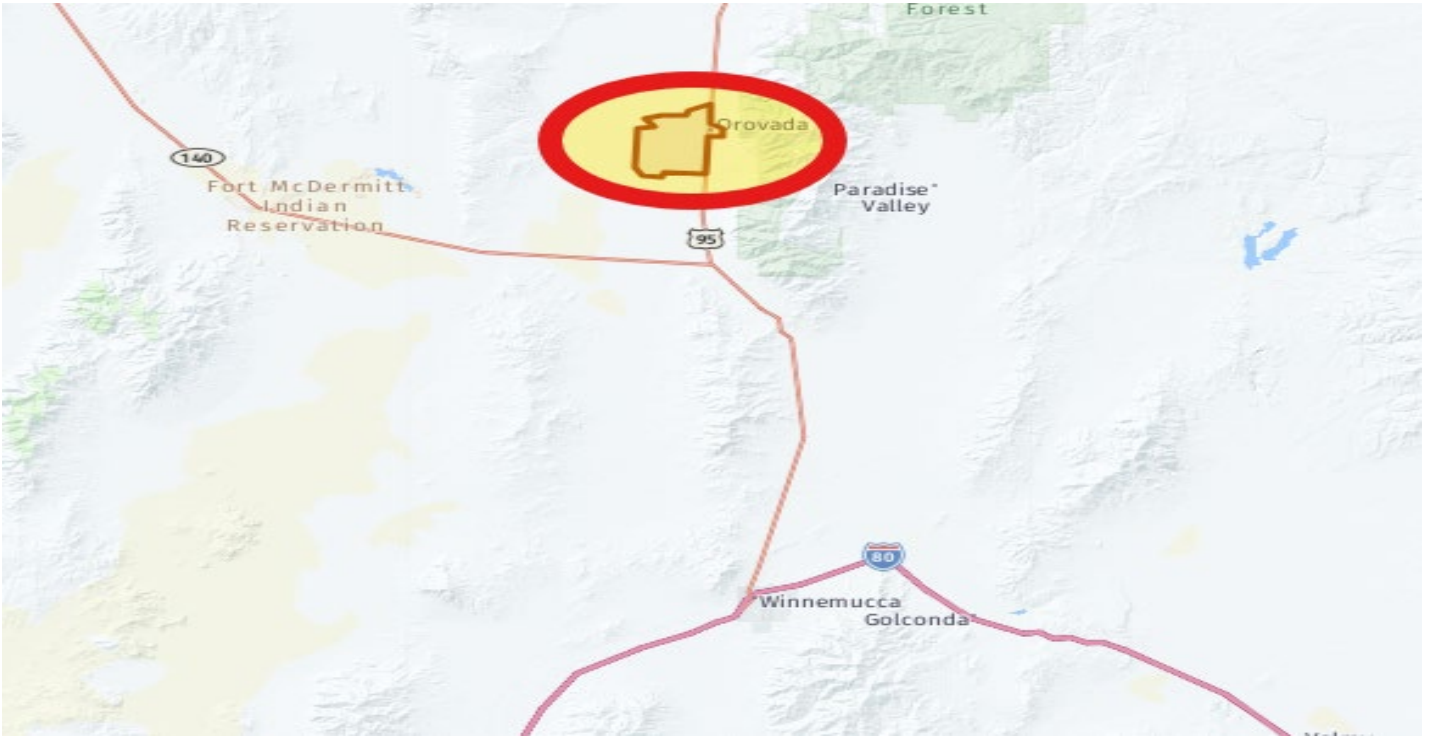
System Project for Funding

DWSRF Priority List	The project is listed as #72 on the Drinking Water SRF Priority List Effective May 2024.
System need for the project	Orovada needs to address water distribution issues and storage to increase capacity, redundancy, and improve water flow.
Project Narrative	Orovada is preparing a preliminary engineering report (PER) and environmental report (ER) to address water distribution, water line looping, up-sizing, and storage to increase capacity, redundancy, and improve water flow.
Project Alternatives Evaluated	Alternatives will be evaluated as part of the preparation of the PER.

Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

NDEP is able to provide the following information for further clarification on the project location, need, or scope:



Timeline

Loan Closing: September 2024

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$0	\$0	\$0	\$0
Other planning costs	\$80,000	\$20,000	\$0	\$100,000
Totals	\$80,000	\$20,000	\$0	\$100,000

Environmental Review

An environmental report necessary for the selected project will be part of this project.

Community Engagement

The need for a PER and ER was discussed at their last public meeting on March 21, 2024.

Loan Recipient Information

Possibility for Consolidation Orovada is approximately 30 miles south of McDermitt, NV. Physical consolidation does not seem feasible at this time. Managerial consolidation would be subject to further discussions between the governing board and another public water system and/or Humboldt County.

Water Conservation Plan Orovada’s Water Conservation Plan was last updated in March 2015. An update will be required as part of this funding agreement.

Technical Capacity (Capability)

“Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

Orovada contracts with SPB Utilities for a D3 operator. The project will enhance their technical capacity in addressing water quality and quantity issues in the system.

Orovada has the technical capacity for NDEP to recommend funding for the project.

Managerial Capacity (Capability)

“Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

Orovada has a four-member board that meets quarterly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project.

Financial Capacity (Capability)

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses; and
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

Orovada GID operates under the Trust of Humboldt County. Humboldt County is the audited entity. The financials reviewed for FY21-FY23 are for water and sewer combined. Orovada has been alerted that moving forward separate financials will be required for the DWSRF and has confirmed they will provide separate financials moving forward. Orovada is a good candidate for the Principal Forgiveness Loan, and this will allow Orovada to implement strategies for future loans with DWSRF.

¹ NRS 445A.847

² NRS 445A.847

³ NRS 445A.817

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Drake Rose Associates for Humboldt County
Unrestricted cash	\$241,401
Unrestricted investments	None
Days cash on hand	1,571
Outstanding debt	None
Operating income before depreciation	\$19,795
Current ratio	No liabilities to calculate
Debt coverage	No debt to calculate

User Water Rates Water user rates were adopted on July 1, 2024:

- Residential base rate per user per month: \$35.93 for 24k/gal
- Commodity Rate: \$3.82 per k/gal after 24,000
- Average Water Rate/Use for System: Orovada is working with RCAC to calculate rates, usage, etc.

The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system based on current information. More evaluation will be needed once they complete evaluations with RCAC on rates and usage.

Water Meters The status of the system’s water meters will be addressed as part of this project.

Asset Management Plan Orovada is working with RCAC for technical assistance to create an Asset Management Plan.

Capital Replacement Reserve Account Orovada currently does not have a Capital Replacement Reserve Account. They have been informed of this requirement moving forward and are currently working with RCAC to learn how to best implement.

DWSRF Principal Forgiveness Eligibility Criteria The current project is for a preliminary engineering report and environmental report, and is eligible for principal forgiveness funding in Nevada’s current Intended Use Plan.

System Previous Commitments and Studies

None

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$80,000 D07B-0824 DWSRF principal forgiveness loan.

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- A Water Conservation Plan update shall be completed prior to the final draw of the loan.
- The preliminary engineering report must meet the conditions of NDEP’s guidance documents and the Rural Utilities Services Bulletin 1780-2.
- The environmental report must address the chosen project(s) area of impact to move the project into the design phase for funding. Should the document not meet these conditions, the funding awarded to create the document must be repaid to the NDEP Office of Financial Assistance (OFA).
- A completed rate analysis for financial sustainability shall be completed prior to the final loan draw.
- Financial training through technical assistance shall be completed prior to the final loan draw.
- A 20% match for each disbursement request is required.
- OFA will request planning meetings with borrowers and their selected engineering professional to discuss the status of the document. OFA may reimburse eligible expenses in connection with these meetings throughout the creation of the documents.

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

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D07B-0824 Orovada General Improvement District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$80,000. The loan will include terms and conditions as outlined in the resolution and staff report.

**Grant Commitment from the
Capital Improvements Grant Program**
Board for Financing Water Projects

August 2024

Topaz Ranch Estates General Improvement District

Total Commitment \$1,701,274	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional grant funds to Topaz Ranch Estates General Improvement District (Topaz) for a capital improvement project to establish new redundant sources, add meters, and various upgrades.	
Amount	Resolution	Program and Terms
\$1,645,520	G14-1221	Previous commitment awarded December 15, 2021
\$55,754	G08-0824	Additional requested grant funds

Original Commitments

Project The original project included drilling a new well to provide redundancy, provide additional backup power options for the booster stations, replacement of 31,260 linear feet of aging two- and four-inch piping with new eight-inch diameter piping, and water modeling, as well as mapping for the entire system.

The project has been modified to include Advanced Metering Infrastructure (AMI) that will help the community maintain billing during the winter months and increase water conservation.

Timeline

	<u>Original</u>	<u>Updated</u>
Design:	Jan 2022	July 2024
Construction Bid:	Feb 2022	July 2024
Construction Start:	Apr 2022	September 2024
Initiation of Operations:	Apr 2023	November 2024

Explanation of Changes

	Original Budget	Additional Funding	Total Costs
Planning cost already incurred	\$0	\$0	\$0
Other planning costs	\$0	\$0	\$0
Design and Engineering	\$245,000	\$0	\$245,000
Land Acquisition	\$0	\$0	\$0
Equipment/Materials	\$0	\$0	\$0
Construction/Improvements	\$1,748,000	\$72,407	\$1,820,407
Administration	\$175,000	\$0	\$175,000
Financing	\$0	\$0	\$0
Construction Contingency	\$288,000	\$0	\$288,000
Other	\$0	\$0	\$0
Totals	\$2,456,000	\$55,754	\$2,528,407
Capital Improvement Grant funds	\$1,645,520	\$55,754	\$1,701,274
USDA-RD grant and loan funds	\$810,480	\$0.00	\$810,480
Funded by local funds	\$0	\$16,653	\$16,653

Explanation for Changes in Budget

The project has been modified to include a Drive-by Advanced Metering Infrastructure (AMI) that will help the community maintain billing during the winter months and increase water conservation. The system currently has 203 old meters that need to be replaced to be included in the AMI system.

The total cost of this inclusion is \$72,407. Of this total, \$55,754 will be from the Capital Improvements Grant Program and \$16,653 will be contributed from local sources.

Opportunity for Other Funding

The United States Department of Agriculture-Rural Development is a partner funder to this project. Additional grant and/or loan dollars are not immediately available and insufficient to help address the modification.

Capital Improvement Grants Program Authority and Purpose

Nevada Revised Statutes (NRS) 349.980 to 349.987 describe the Capital Improvements Grant Program and the powers and duties of the Board for Financing Water Projects (Board). NDEP administers the Capital Improvements Grant Program on behalf of the Board as per NRS 349.982 and Nevada Administrative Code (NAC) 349.430 to 349.574, inclusive. If the Board determines to provide a grant from the Capital Improvements Grant Program, one of the requirements of the NAC is that the Board will adopt a resolution that includes a statement of approval of the Board that sets forth its findings of fact (NAC 349.535, subsection 1).

Capital Improvement Grant Conditions

- Attached to the grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the grant resolution titled "G08-0824 Topaz Ranch Estates General Improvement District Project Grant Commitment," in a total amount not to exceed \$1,701,274.

ATTACHMENT A

The Board for Financing Water Projects hereby approves a grant award subject to the following provisions and conditions:

1. The award of grant funds is contingent upon the availability of grant funds, which may be dependent upon the issuance of additional bonds. While the Board will use best efforts in selling any necessary bonds for the funding of this grant, approval of this grant does not imply or guarantee that any monies have been set aside for this project.
2. The State may enter into a funding agreement with Recipient for the grant funds subject to the following conditions:
 - a. Recipient's costs for obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. An administrative fee of \$1,000 has been paid to the State by the Recipient per NAC 349.549(1).
 - c. The project's plans and specifications must be submitted to the Nevada Division of Environmental Protection for review and approval prior to construction.
 - d. That a sufficient water rate to cover operations, maintenance, debt service and reserves will continue to meet or exceed the Board's policy on sufficient water rates as adopted on June 20, 2018.
 - e. The recipient must adhere to the Policy on Capital Replacement Reserves as adopted on June 20, 2018.
 - f. The recipient must adhere to the Policy on Fiscal Sustainability Plans as adopted on June 20, 2018.
 - g. The recipient is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
 - h. Prior to the execution of the Funding Agreement, Recipient must provide a draw schedule of the monthly disbursement of money, by the State, pursuant to the grant and provide monthly updates. The Director of the Department of Conservation and Natural Resources shall have the authority to de-obligate any undrawn balance in Section 2 of this resolution if Recipient does not draw funds according to the pre-approved draw schedule.
 - i. The recipient must demonstrate that it has obtained all funding outlined in this summary. If funding proposed for this project does not become available, The recipient must demonstrate that it has secured alternate match funding before any construction bids may be awarded.

**Grant Commitment from the
Capital Improvements Grant Program**

Board for Financing Water Projects

December 2021

Topaz Ranch Estates GID

Amount and Term	Recommendation
<u>\$1,645,520</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a grant commitment to Topaz Ranch Estates General Improvement District (TREGID) for a capital improvement project to establish new redundant source and various upgrades (Project).

Management and Structure

Loan Recipient and Structure TREGID is a nonprofit community public water system.

Project system The project is for Topaz Ranch Estates GID (NV0000239).

System Project for Funding

Priority List 27 Class III Rehabilitation

Need The TREGID Public Water System (PWS) has a total of 6 existing wells, here in referred to as Well #1 through #6. Currently, the system relies on a single municipal well (Well #1). Wells #2, #3, #4, and #5 are inactive. In July 2020 the PWS has received funding support to address this and additional systemwide upgrade needs remaining at the conclusion of the United States Department of Agriculture-Rural Development Office (USDA) supported project for the system to prepare a preliminary engineering report (PER). The system is now in need to undertake the work consistent with this PER and outcomes of the evaluation therein.

Some of the PER suggestions included, but not limited to, a redundant production capacity mandatory to comply with Nevada Administrative Code (NAC) 445A.6686. Well #6 rehabilitation project, fiscally supported by USDA, was determined to be no longer a viable water source. To maintain production for the system, including meeting NAC 445A requirements for a redundant source, a new well is needed as a replacement for well 6. There are several abandoned wells that need to be reevaluated and some need to be sealed per Nevada Division of Water Resources (NDWR) requirements in order to protect the groundwater.

The original 2" and 4" pipe in the TREGID distribution system is known to be in very poor condition and system improvements prior to 2015 were estimated to be contributing to a system loss of between 15-25%. Normally, 8-10% are acceptable for system losses, therefore all remaining 2" and 4" pipe in the system needs replacement.

The PER further evaluated booster stations 1 & 2 as well as additional measures/upgrades needed to ensure uninterrupted water supply from Well #1 until a reliable redundant source is established. PER noted a need for new PRV stations and a need to eliminate multiple pressure zones to reduce the operational complexity and maintenance costs.

Chosen Project The proposed project "Topaz Ranch Estates Water System Improvements" intends to drill a new well to provide redundancy, provide additional backup power options for the booster stations, replace 31,260 linear feet of aging two inch and four inch piping with new 8" diameter piping, and water modeling as well as mapping for the entire system.

Further, the PER proposed two phases to address system-wide capacity needs.

Phase 1 would focus on immediately addressing the redundant capacity issue by drilling a new well, then equip the well and a new transmission main connected to the existing system. 85% of the costs are planned Phase 1 would be spent for the new well source and transmission main. The rest of the project components intended to be taken up as Phase 1 and engineer's opinion of probable costs for the same are presented in appendix A.

Phase 2 would focus on completing the previously planned water main rehabilitation projects throughout TREGID. Details of the project components intended to be undertaken as Phase 2 and probable cost estimates were also presented in the PER; these shall be on file with the NDEP for future reference.

The life cycle cost analysis for the proposed alternative was calculated based on a 20-year period for evaluation and amounts to. The current loan, if granted will support the phase 1 of the project.

Project Alternatives The PER has evaluated two other alternatives and conclusions are as follows:

1. No action alternative: The no action alternative for the items other than the redundant well/source would generally lead to increased operations and maintenance costs from fixing leaks on the aging pipeline, loss of revenue due to potential additional water leaks, and added contractor costs during emergency scenarios such as a power outage due to having to hop-scotch a generator around or rent a generator during a prolonged power outage. Lastly, additional leaks and use of substandard and old materials (beyond their useful life) in the water system, could eventually lead to water quality concerns and physical materials breaking down inside of the piping system and making their way to the piping in the homes which are served.
2. This alternative would tie the existing TREGID distribution system into a nearby existing system. The nearest to TREGID is Holbrook Station Mobile Home and RV Park. This system is 1.2 miles away from the westerly boundary of Topaz Ranch Estates. The Holbrook water system only has 90 connections, is privately owned and operated and is considerably smaller than TREGID. The system is significantly undersized to provide any type of backup source or meaningful wholesale connection. In order for Holbrook to

provide sufficient water resources to act as a secondary source or to supply water to TREGID, significant expansion and upgrades would be required on their system.

Both these alternatives are considered the only other reasonably potential alternatives but both are found to be infeasible. As such, a life cost analysis was not conducted to compare with the chosen alternative.

Maps Maps are attached to this report.

Timeline

Design: Jan 2022

Construction Bid: Feb 2022

Construction Start: Apr 2022

Initiation of Operations: Apr 2023

Sources of Project Funding	DWSRF	Capital Improvement Grant	USDA-RD	Total
	Design, inspection, and Construction Management		\$164,150	\$80,850
Construction / Improvements		\$1,171,160	\$576,840	\$1,748,000
Administration		\$117,250	\$57,750	\$175,000
Construction Contingency		\$192,960	\$95,040	\$288,000
Totals		\$1,645,520	\$810,480	\$2,456,000.00

System Previous Commitments and Studies

DW2101 TREGID PER 2020

In July 2020, the DWSRF Board has funded a PER/ER project to address various items of concern for the PWS. The proposed project is chosen based on the analysis presented in this PER.

Environmental Review

NDEP conducts environmental reviews of water projects, as authorized by Nevada law¹. Projects that include replacing equipment or structures that will not have a significant individual

¹ Nevada Administrative Code (NAC) 445A.6758 to 445A.67612

or cumulative effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. If necessary, NDEP will conduct the environmental review for both the phases presented in the PER to facilitate flexibility to undertake the second phase when the system is ready. The project will not affect wetlands, floodplains, agricultural lands, or significant fish or wildlife habitats. National landmarks will also be unaffected, as well as properties with historic, architectural, prehistoric, archeological, or cultural value. The public and the Board will be notified of this project via the electronic DWSRF mailing list. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

TREGID currently holds monthly board meetings that are open to the public where updates on the status of the system are given. As of January 2021, discussions over the installation of a new well source and reviews of draft versions of the 2021 PER have taken place. No other forms of community engagement are currently in use by TREGID.

System Information

System Location Douglas County

System Population 1545

System Service Connections 748

System Infrastructure The TREGID PWS currently only has one reliable well (Well 1) to rely on for water source. Well 1 is currently equipped to pump approximately 500 gallons per minute (GPM) and is capable of meeting system maximum day demand (MDD) as well as average day demand (ADD). The rest of the five wells are inactive.

The three storage tanks maintained in the system are in overall acceptable condition. The interior of tank 1 has recently had epoxy repairs completed on the inside of the tank and is in good condition. Tank 1 and Tank 5 need a new exterior over-coating. Tank 3 is in the worst condition of the three storage tanks and needs exterior sandblasting and recoat in order for it to remain operable.

TREGID operate the two booster stations, booster station 1 has the higher operational capacity at 340gpm compared to 45gpm at booster station 2. The booster pump stations are generally in good condition with sufficient pumping capacity to meet the ADD and MDD of their respective pressure zones. TREGID system has 10 PRV stations. However, TREGID has multiple pressure zones that are not looped adequately.

Most of the pipeline distribution system has been upgraded to either 6", 8", or 10" diameter to aid in meeting the necessary demands and keeping up with fire flows required, however some of the system is still operating with 2" or 4" pipe which is aging and can make meeting delivery flows a challenge.

Compliance TREGID does not have any pending or unresolved compliance items to report.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$45.50 • Commodity Rate: \$2.75/1,000 gallons • Average Water Rate/Use for system: \$64.75 (7,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Topaz Ranch Estates GID Information

Water Conservation Plan A Water Conservation Plan was submitted and approved to the Division of Water Resources on August 19, 2020.

Technical Capacity The entity is maintaining a certified operator and has been responsive to technical needs of the system. Topaz Ranch Estates GID has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity The system has a five-member board the actively meets and engages the community. Topaz Ranch Estates GID has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity

Financial Information as of 6/30/2020

Unrestricted Cash: \$633,593

Days cash on hand: 552

Outstanding Debt: \$4,490,934

Operating Income before Depreciation: \$155,410

Current Ratio: 3.38

Debt Coverage: 1.57

*Financial information is independently audited by VT Accounting Associates

Topaz Ranch Estates GID has demonstrated financial capacity for NDEP to recommend funding support.

Fiscal Sustainability Plan Fiscal Sustainability Plan will be required as a condition of funding.

Capital Replacement Reserve Account Topaz Ranch Estates GID has a previously established Capital Replacement Reserve account in accordance with previous loan requirements.

Capital Improvement Grant Scale determination Topaz Ranch Estates GID qualifies for up to 67% of the project in Cap Grant funding. The amount established is based on current estimates of project costs and could be limited by total funds available in the program.

Appendix A

(Phase 1 – TREGID Project Engineer’s Opinion of Probable Costs)

Topaz Ranch Estates GID						
Alternative 2 Phase 1- New Well & Misc. Items						
Opinion of Probable Cost						
Jul-21						
Item No.	Description	Simerson Construction				
		Unit	Quantity	Unit	Price Per Unit	Total Price
1	Mob/Demob	LS	1	LS	40,000.00	\$40,000.00
2	Drill direct mud rotary plot test hole, 6 to 8-inch diameter	LF	450	LS	55.00	\$24,750.00
3	Install temp conductor casing	LS	1	LS	65,000.00	\$65,000.00
4	Drill 20-inch diameter bore hole, Indding pilot hole and reaming	LF	450	LS	125.00	\$56,250.00
5	Electrical Logging	LS	1	LS	7,000.00	\$7,000.00
6	Furnish & Install 12-inch I.D. Casing, 1/4" wall A53 Grade B steel	LF	300	LS	240.00	\$72,000.00
7	Furnish & Install 12-inch I.D. Mill Slot Perf. Casing, 1/4" wall A53 Grade B steel	LF	150	LS	260.00	\$39,000.00
8	Furnish & Install Gravel Pack from 55 feet to 450 feet	LS	1	LS	12,000.00	\$12,000.00
9	Furnish & Install Sanitary seal from 0 to 55 feet	LS	1	LS	12,000.00	\$12,000.00
10	Well Development by airlifting, swabbing & balling	HR	40	HR	600.00	\$24,000.00
11	Plumbness & Alignment Survey	LS	1	LS	3,500.00	\$3,500.00
12	Install test pump at 400 feet	LS	1	LS	12,000.00	\$12,000.00
13	Pumping Test & data collection	HR	90	HR	290.00	\$26,100.00
14	Final Well Completion video survey	LS	1	LS	3,000.00	\$3,000.00
15	Final Well disinfect and BAC-T samples	LS	1	LS	7,500.00	\$7,500.00
16	Final Site Cleanup, backfill, etc	LS	1	LS	6,000.00	\$6,000.00
17	New Well Mob/Demob	LS	1	LS	60,000.00	\$60,000.00
18	Transmission Main & Valves	LF	1650	LF	180.00	\$297,000.00
19	Jack and Bore (NDOT Crossing)	LF	100	LF	280.00	\$28,000.00
20	System Tie in, Abandonments, Etc.	LS	1	LS	25,000.00	\$25,000.00
21	Well 6 Disconnect	LS	1	LS	20,000.00	\$20,000.00
22	Well Site Utilities	LS	1	LS	35,000.00	\$35,000.00
23	Well Site Access Road Improvements	LS	1	LS	40,000.00	\$40,000.00
23	Well Site Grading & Improvements	LS	1	LS	50,000.00	\$50,000.00
24	Well Building	LS	1	LS	230,000.00	\$230,000.00
25	Well Building Piping, Pump, Appurtenances	LS	1	LS	160,000.00	\$160,000.00
26	Well Building Mechanical, Ventilation, Heating, Etc.	LS	1	LS	40,000.00	\$40,000.00
27	Well Building Electrical, Controls, Etc.	LS	1	LS	110,000.00	\$110,000.00
28	Chlorination System	LS	1	LS	30,000.00	\$30,000.00
29	Site Fencing	LS	1	LS	20,000.00	\$20,000.00
30	System Testing, Flushing, Disinfection	LS	1	LS	20,000.00	\$20,000.00
31	Stationary Generator for Booster Station 1	LS	1	LS	95,000.00	\$95,000.00
32	Stationary Generator for Booster Station 2	LS	1	LS	35,000.00	\$35,000.00
33	Hydraulic Modelling	LS	1	LS	18,000.00	\$18,000.00
34	Mapping for Pressure Zones, PRV's, Valves, and Fire Hydrants	LS	1	LS	20,000.00	\$20,000.00
35	Incorrectly Abandoned Water Lines	LS	1	LS	40,000.00	\$40,000.00
36	SCADA System Upgrades (Back-up Power, Remote Alarms, Etc.)	LS	1	LS	10,000.00	\$10,000.00
37	Auto Read Equipment (Hardware, Software, Etc.	LS	1	LS	60,000.00	\$60,000.00
38	Smartpoint Meter Retrofit	EA	536	EA	166.00	\$88,976.00
Construction Subtotal						\$1,942,076.00
Construction Contingency - 15%						\$291,311.40
Environmental Clearance, Engineering Design, Geotechnical, Surveying - 12%						\$233,049.12
Administrative, Legal and Financial - 2%						\$38,841.52
Contract Documents, Bidding, Construction Oversight and Inspections - 10%						\$194,207.60
Project Total						\$2,699,485.64

Capital Improvement Grants Program Authority and Purpose

Nevada Revised Statute (NRS) 349.980 to 349.987 describes the Capital Improvements Grant Program and the powers and duties of the Board for Financing Water Projects (Board). NDEP administers the Capital Improvements Grant Program on behalf of the Board as per NRS 349.982 and NAC 349.430 to 349.574, inclusive. If the Board determines to provide a grant from the Capital Improvements Grant Program, one of the requirements of the Nevada Administrative Code (NAC) is that the Board will adopt a resolution that includes a statement of approval of the Board that sets forth its findings of fact (NAC 349.535, subsection 1).

Capital Improvement Grant Conditions

Attached to the grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G14-1221 Topaz Ranch Estates GID Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$1,645,520.

ATTACHMENT A

The Board for Financing Water Projects hereby approves a grant award subject to the following provisions and conditions:

1. The award of grant funds is contingent upon the availability of grant funds, which may be dependent upon the issuance of additional bonds. While the Board will use best efforts in selling any necessary bonds for the funding of this grant, approval of this grant does not imply or guarantee that any monies have been set aside for this project.
2. The State may enter into a funding agreement with Applicant for the grant funds subject to the following conditions:
 - a. Applicant's costs of obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. An administrative fee of \$1,000 has been paid to the State by the Applicant per NAC 349.549(1).
 - c. Per NRS 445A.920, the project's plans and specifications must be submitted to the Nevada Division of Environmental Protection for review and approval prior to construction.
 - d. Applicant must assure that a sufficient water rate to cover operations, maintenance, debt service and reserves will continue to meet or exceed the Board's policy on sufficient water rates as adopted on June 20, 2018.
 - e. Applicant must adhere to the Policy on Capital Replacement Reserves as adopted on June 20, 2018.
 - f. Applicant must adhere to the Policy on Fiscal Sustainability Plans as adopted on June 20, 2018.
 - g. Applicant is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
 - h. Prior to the execution of the Funding Agreement, Applicant must provide an estimate of the monthly disbursement of money, by the State, pursuant to the grant and provide monthly updates.
 - i. Applicant must demonstrate that it has obtained all funding outlined in this summary. In the event that funding proposed for this project does not become available, Applicant must demonstrate that it has secured alternate match funding before any construction bids may be awarded.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

Truckee Meadows Water Authority

Total Commitment \$55,000,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve three loan commitments to Truckee Meadows Water Authority (TMWA) for the American Flats Advanced Purified Water Facility (APWF) project.	
Amount	Resolution	Program and Terms
\$150,000	D09A-0824	DWSRF principal forgiveness loan. Qualifies as a loan incentive.
\$48,850,000	D09B-0824	DWSRF traditional loan at 1.0% special interest rate.
\$6,000,000	D09C-0824	DWSRF principal forgiveness loan emerging contaminants grant.

Management and Structure

Loan Recipient and Structure Truckee Meadows Water Authority District (TMWA) is a public water system.

System Number NV0000190

System Information

County Washoe County

System Population 440,000

System Service Connections 137,000

System Infrastructure TMWA produces 190 million gallons of water per day through more than 1,900 miles of water main pipeline, 93 booster pump stations, 140 pressure regulator stations, 92 storage tanks, and 2 treated water reservoirs.

Compliance The proposed project does not address any current compliance violations. However, the project contains components of treatment for emerging contaminants, such as PFAS, pharmaceuticals, and trace constituents of emerging concerns. Therefore, the project is addressing health risks before they become a compliance violation.

System Project for Funding

DWSRF Priority List The emerging contaminants components of this project are listed as #14 and #69 on the Drinking Water SRF Priority List Effective May 2024. The APWF project is listed as #30 on the Drinking Water SRF Priority List Effective May 2024.

System need for the project The need for this project can be looked at through the goals and benefits of the project.

Goals

- Provide immediate solutions to increase sanitary sewer treatment and wastewater effluent management capacities.
- Address policymakers', regional, and stakeholder members' desires for water strategies to reduce wastewater effluent environmental discharges to Swan Lake.
- Create and store advanced purified water (APW) in a groundwater aquifer to meet TMWA's long-term water management objective to develop additional locally controlled and drought-proof water supplies.
- Reduce reliance on Truckee River surface water.
- Mitigate expected climate change impacts which compound water quality challenges from wastewater effluent, environmental discharges, and increased irrigation demands.

Benefits

- Creates a locally controlled, reliable, drought-proof water source.
- Reduces reliance on Truckee River water and imported groundwater supplies by reducing demands on Truckee River water, improving the river's critical habitat, which supports two fish species culturally significant to the Pyramid Lake Paiute Tribe (PLPT)— the threatened Lahontan cutthroat trout and the endangered Cui ui fish.
- Stores groundwater for future use and enhances the region's long-term water supply resiliency.
- By augmenting groundwater supplies, it helps mitigate potential climate impacts on surface water supplies.
- Significantly reduces the Reno-Sparks Water Reclamation Facility effluent discharges to Swan Lake, a closed-basin playa that has experienced flooding in recent years.
- Supports high-paying skilled jobs and training for laborers, carpenters, ironworkers, electricians, inspectors, and engineers.
- Supports long-term skilled technical jobs for water and wastewater treatment operators, electricians, and information technologists.
- It is a preferred long-term effluent management strategy.

Project Narrative TMWA and the City of Reno are jointly planning, designing, and pursuing the first indirect potable reuse project in Nevada, APWF at American Flat. This project is a groundwater recharge and indirect potable reuse project, that intends to address the greater Reno area's water challenges and long-term sustainability. The Project benefits the community by developing a local, reliable, droughtproof drinking water resource and by recharging the groundwater aquifer at American Flats for near term and long-term water banking to help address the future uncertainties of climate change. By reducing the treated water discharged to Swan Lake, the project also reduces potential flood concerns. The project

provides an opportunity to train a local workforce and investigate newer advanced process control strategies with full-scale Advanced Purified Water production and groundwater recharge operations.

**Project
Alternatives
Evaluated**

TMWA and regional partners have been investigating options to address future water supply shortages, and groundwater banking is one of the best drought resiliency strategies in the region. Groundwater banking can provide the Truckee Meadows with a reliable water resource that is not susceptible to evaporation, which will be critical with more intense droughts anticipated under climate change. The project will provide a new water supply and groundwater bank that can be relied on during even the most severe drought periods.

The American Flat Project will produce **2,000 acre-feet (AF)** of water per year by using municipal effluent from RSWRF, treating it to APWF standards, injecting it into the aquifer, and pumping it for potable use. The Project will also provide the capacity to bank groundwater beyond the 2,000 AF. Until the entire 2,000 AF is needed to meet TMWA's commitments for future development, TMWA will leave the newly created APW in the groundwater basin, providing up to **11,000 AF** of banked water that can be managed to help meet regional water needs.

The alternative water supply option for the North Valleys area is to send an additional 2,000 AF of Truckee River water to the area. The American Flat Project will eliminate the need to build more infrastructure to divert additional Truckee River resources to the North Valleys area, which is outside the Truckee River Watershed. If additional Truckee River water is sent to the North Valleys area, for every acre foot required, an additional 0.61 AF would be required under the Truckee River Operating Agreement (TROA). This means that other water sources are preferred for the area to maximize the efficient use of limited resources. The project will increase the efficient use of limited water resources for TMWA's entire service area and will specifically provide the North Valleys area with a net new water supply. In addition to optimizing the efficient use of Truckee River resources, there are many ancillary benefits of keeping water in the Truckee River watershed including maintaining river flows for downstream communities and supporting healthy ecological conditions in the river.

Other non-recycled water project alternatives besides Truckee River water that have been explored include several groundwater importation projects that would be costly and could face legal and public challenges. These projects include developing resources in northern Washoe County groundwater basins and pumping that water to the North Valleys area. The American Flat Project will eliminate or postpone the need to develop these resources, and it would also pave a path to use APW technology at other water reclamation facilities in the region and state.

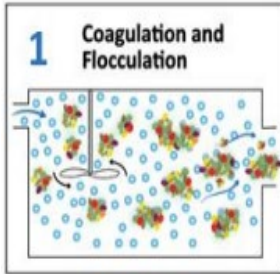
Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

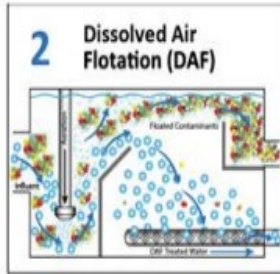
NDEP is able to provide the following information for further clarification on the project location, need, or scope:

A+ Advanced Purified Water Treatment Steps

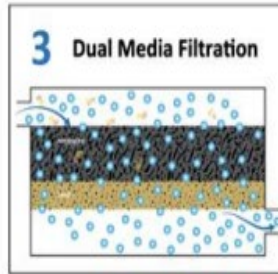
Reno-Stead Water Reclamation Facility Enhancements



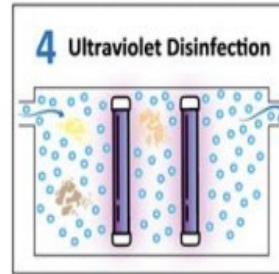
1 Coagulation and Flocculation
Safe, chemical coagulants are added, causing particles to stick together (floc) and form larger particles, which are more easily removed by subsequent treatment steps.



2 Dissolved Air Flotation (DAF)
DAF systems introduce micron-sized bubbles that attach to the floc and rise to the surface. This floating bed of particles is removed by a skimmer.

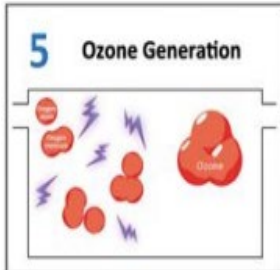


3 Dual Media Filtration
Dual media filtration removes small solids and pathogens.

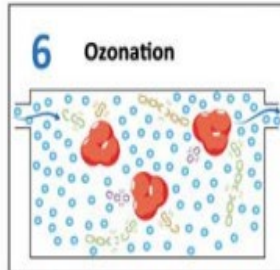


4 Ultraviolet Disinfection
High-intensity ultraviolet light kills most pathogens and viruses.

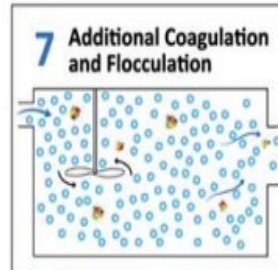
Advanced Purified Water Facility



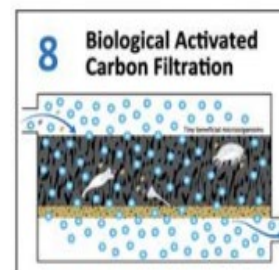
5 Ozone Generation
Because of its short life, ozone is generated on-site. Oxygen atoms and molecules are bonded using an electric field to create ozone.



6 Ozonation
Ozone is a powerful oxidant used to break down organic constituents into smaller, more readily biodegradable molecules.

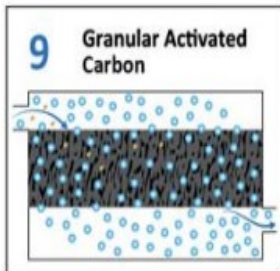


7 Additional Coagulation and Flocculation
Coagulants are again added to the water, causing impurities to stick together for easier removal (see step 1).

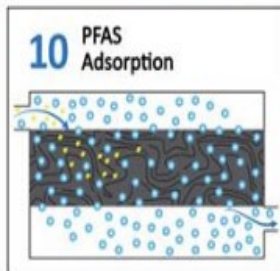


8 Biological Activated Carbon Filtration
Microbiologic organisms and carbon adsorption aid in the biodegradation and removal of dissolved organic constituents.

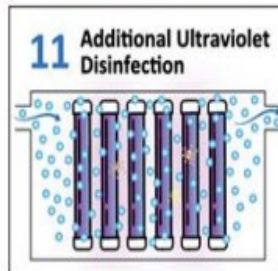
Polishing Steps Before Groundwater Injection



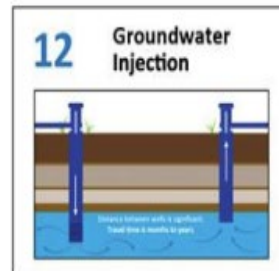
9 Granular Activated Carbon
Polishing step for further removal of trace amounts of dissolved organic constituents, such as pharmaceuticals, PFAS, and disinfection byproducts.



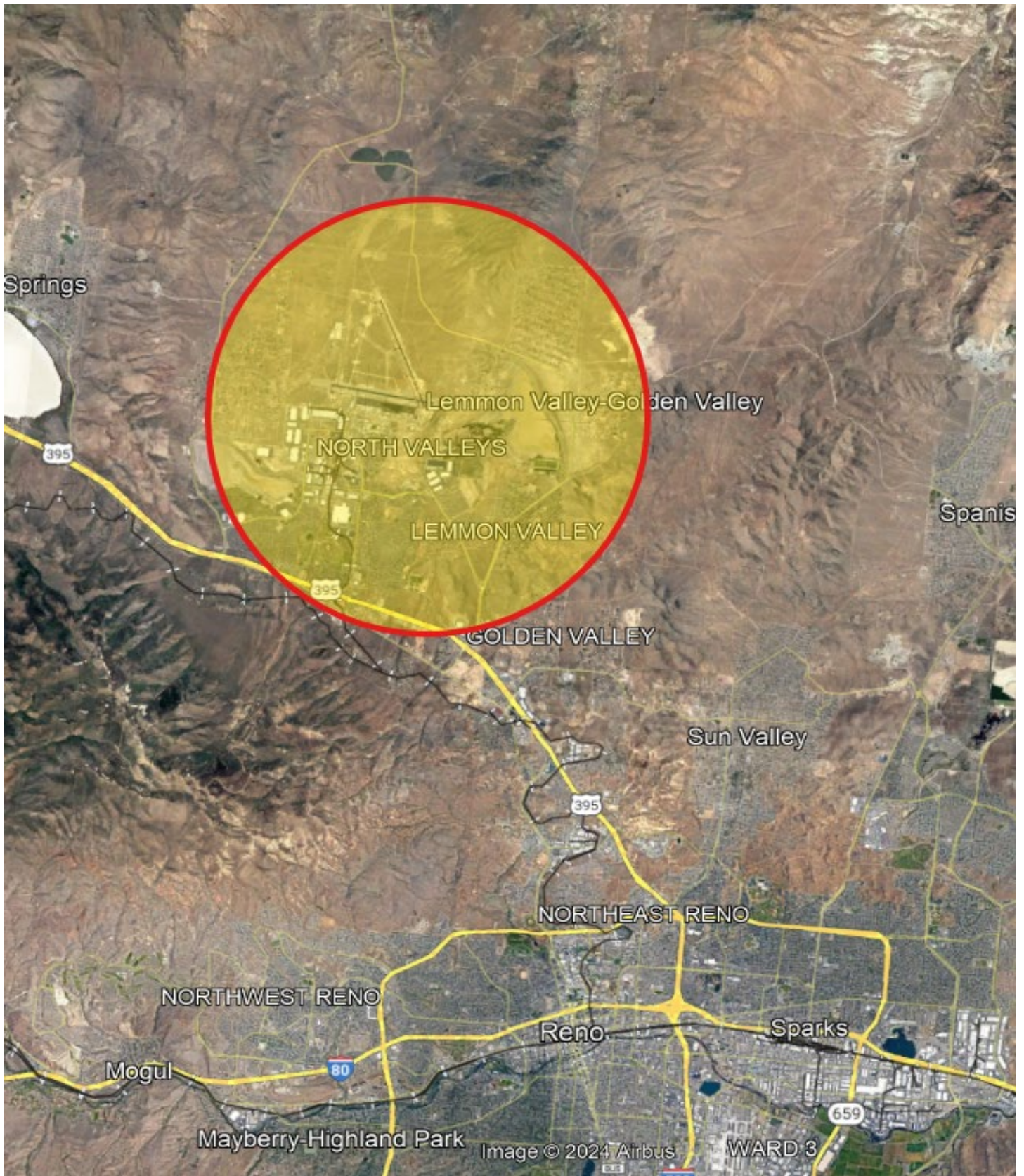
10 PFAS Adsorption
Additional polishing step that targets per- and polyfluoroalkyl substances (PFAS) removal.



11 Additional Ultraviolet Disinfection
High-intensity ultraviolet light kills any remaining pathogens and viruses.



12 Groundwater Injection
Finished, treated water is injected into the groundwater aquifer, where further natural treatment occurs before extraction.



Timeline

Loan Closing: Spring 2025

Design: 100% design completed by May 2025

Construction Bid: May 2025

Construction Start: July 2025

Initiation of Operations: January 2028

Sources of Project Funding

	DWSRF	DWSRF EC Grant	Local	Other Source	Total Costs
Planning cost already incurred	\$1,674,670	\$0	\$237,834	\$4,462,507	\$6,375,011
Other planning costs	\$67,642	\$0	\$9,606	\$180,245	\$257,493
Design and Engineering	\$1,647,157	\$0	\$233,926	\$4,389,195	\$6,270,278
Land Acquisition	\$43,074	\$0	\$6,117	\$114,779	\$163,970
Equipment/Materials	\$9,014,441	\$4,000,000	\$1,280,215	\$20,020,865	\$34,315,521
Construction / Improvements	\$28,865,138	\$2,000,000	\$4,099,376	\$74,917,201	\$109,881,715
Administration	\$13,537,878	\$0	\$1,943,930	\$36,474,217	\$51,956,025
Financing	\$150,000	\$0	\$0	\$0	\$ 150,000
Construction Contingency	\$0	\$0	\$0	\$0	\$0
Totals	\$55,000,000	\$6,000,000	\$7,811,004	\$146,559,009	\$209,370,013

Other Sources:

City of Reno Interlocal Agreement
Congressional Directed Spending Award
Bureau of Reclamation Grant

Environmental Review

If funding for the TMWA APWF project is approved and sufficient evidence is obtained from TMWA, NDEP will issue a Finding of No Significant Impact (FONSI) for the project for a 30-day public comment period. In accordance with NAC 445A.67583(3), the project is not eligible for a Categorical Exclusion; NAC 445A.67583(3)(b) states that a water project that results in more than a minor increase in the capacity of a public water system to develop and treat water is ineligible for a Categorical Exclusion. TMWA and its partners are developing an advanced purified water facility in order to better utilize recycled water produced at Reno-Stead Water Reclamation Facility, which could expand its treatment capacity from 2 million gallons per day, to 4 million gallons per day. This increased capacity could help higher seasonal water demand during summer months. No wetlands or federally listed plant species are within the project area. The project area is not within a 100-year floodplain. No known threatened or endangered wildlife species or their habitat are known within the project area. A preconstruction nesting survey will be conducted by a qualified biologist 14 days prior to construction, during nesting season for raptors and migratory birds at Swan Lake, where avoidance and minimization efforts will be practiced. Cultural evaluations were conducted and sixteen historic sites were identified; historical architectural

assessments determined portions of the site are not eligible for listing as it was completely redeveloped in 1974 or are considered eligible for listing but will not be impacted.

Community Engagement

Due to the nature of the project, and the public concerns over other water management projects in the vicinity of the APWF, the Office of Financial Assistance (OFA) requested that TMWA and the City of Reno disclose any public controversy related to the project. Questions received from the public have been generally focused on water quality, impacts on supply, and costs. Subject matter expert, Dr. Lydia Teal, along with TMWA and the City of Reno team members, have been able to appease all questions received. No question has been raised that was not previously evaluated or discussed by TMWA or the City of Reno surrounding the impacts to the community for this project.

Public outreach has been ongoing over the past several years, with more outreach and public workshops conducted in 2023 and 2024 in various formats. According to the materials provided, TMWA and the City of Reno have presented details of the project at more than 35 venues, at the regional, national, and international levels. NDEP's focus was on outreach in the local area, some of which has included:

- December 21, 2023, Presentation to Northern Nevada Public Health Staff.
- December 14, 2023, Presentation to Northern Nevada Public Health Board.
- November 26, 2023, in-person public workshop located in Stead. Notice of the meeting included publication in the Reno Gazette-Journal with a circulation of 82,651, emails from the City of Reno to 1,382 subscribers, and email from APWF to 5,948 TMWA customers in geo-targeted areas impacted by the project.
- October 16, 2023, Presentation at the North Valleys Water Management Subcommittee
- October 11, 2023, TMWA interview on Face the State (KTVN)
- October 5, 2023, in-person public workshop located in Stead. Notice of the meeting included email from the City of Reno to 1,380 subscribers, and email from APWF to 5,960 TMWA customers in geo-targeted areas impacted by the project.
- August 29, 2023, in-person public workshop located in Stead. Notice of the meeting included email from the City of Reno to 1,410 subscribers, and email from APWF to 5,968 TMWA customers in geo-targeted areas impacted by the project.
- August 18, 2023, NPR interview "Science Friday."
- August 15, 2023, in-person public workshop located at Red Rock Fire House with the Silver Knolls Community Organization.
- July 6, 2023, KUNR radio report.

Loan Recipient Information

Possibility for Consolidation TMWA is considered a system that has full technical, managerial, and financial capacity to manage a water system according to the federal and state law. Consolidation into another system is not being considered at this time.

Water Conservation Plan TMWA's Water Conservation Plan is incorporated into the Water Resource Plan. The current plan covers 2020-2025.

**Technical Capacity
(Capability)**

“Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

TMWA has a certified operator Grade IV in current standing. The project is designed to strengthen TMWA’s reliability for a source of water. TMWA has the technical capacity for NDEP to recommend funding support.

**Managerial Capacity
(Capability)**

“Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

TMWA has a seven-member board that meets monthly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project.

**Financial Capacity
(Capability)**

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses;
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

TMWA provided audited financials for FY19-FY23. TMWA fully funds depreciation and has a healthy cash balance, current ratio, and debt coverage. TMWA is actively reviewing rates to ensure stability for their program. TMWA was given “Exceptionally Strong” financial profile of AAA from Fitch Ratings. TMWA would be a great creditor for the DWSRF Program.

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Eide Bailly
Unrestricted cash	\$152,218,757
Unrestricted investments	
Days cash on hand	699
Outstanding debt	\$351,151,775
Operating income before depreciation	\$33,622,346
Current ratio	3.93

¹ NRS 445A.847

² NRS 445A.847

³ NRS 445A.817

	Debt coverage	2.37
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User Water Rates

Water user rates were adopted on June 1, 2022:

- Residential base rate per user per month: 21.18
- Commodity Rate: \$1.97 for 0-6k/gal, \$3.18 for 6-25k/gal
- Average Water Rate/Use for System: \$51.56 / 12,000 gallons

The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system. TMWA is continuously evaluating rates to ensure stability.

Water meters

Out of approximately 140,000 service connections, only 650 remain unmetered.

Asset Management Plan

TMWA maintains an Asset Management Plan. It was last updated July 1, 2023.

Capital Replacement Reserve Account

TMWA is funding a “Renewal Replacement Reserve” account that is restricted to infrastructure replacement. The current balance is \$10 million.

DWSRF Principal Forgiveness Eligibility Criteria

\$150,000 principal forgiveness loan is being offered as a loan incentive to encourage borrowers capable of taking out a traditional loan. This is outlined in Nevada’s Intended Use Plan as an eligible use of principal forgiveness funds.

\$6,000,000 principal forgiveness loan is being offered as the project will be addressing emerging contaminants, including Per- and polyfluorinated substances (PFAS), pharmaceuticals, and constituents of emerging concern (CEC). The Drinking Water Emerging Contaminants Grants require the funds to be distributed as 100% principal forgiveness. No maximum amount on construction projects is established for emerging contaminants construction projects.

System Previous Commitments and Studies from DWSRF

Project I.D. DW1905; Executed January 2019 Loan Amount \$500,000.00
Riverbelle MHP Consolidation

Project I.D. DW1903; Executed October 2018 Loan Amount \$115,249.60
Old 40 West Consolidation

Project I.D. DW1601; Executed July 2015; Loan Amount \$8,971,562.47
Surface and groundwater optimization

Project I.D. DW1504; Executed December 2014 Loan Amount \$9,109,436.74
Washoe County Sewer Assumption

Project I.D. TMWA2; Executed February 2010 Loan Amount \$4,381,613.87
Reconstruction of existing diversion and intake structure

Project I.D. S-TMWA1; Executed July 2009 Loan Amount \$2,401,120.00
Replace Mogul bypass

Project I.D. TMWA1; Executed June 2005 Loan Amount \$4,669,564.51
Arsenic Mediation

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$150,000 **D09A-0824** **DWSRF principal forgiveness loan. Qualifies as a loan incentive.**

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- Review user rates at least every three (3) years for the life of the loan.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

\$48,850,000 **D09B-0824** **DWSRF traditional loan at 1.0% special interest rate.**

The above referenced loan will contain the following conditions:

- Traditional loan shall be offered at 1.0% interest rate for the life of the loan.
- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

\$6,000,000 **D09C-0824** **DWSRF principal forgiveness loan emerging contaminants grant.**

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.
- The recipient shall maintain separate documentation of the project materials, costs, and construction work that are specifically addressing emerging contaminants as required by the federal grant.

RECOMMENDED CONSENT MOTION

I move to approve the three resolutions for Truckee Meadows Water Authority which is intended to finance certain projects for a total commitment not-to-exceed \$55,000,000. The loans will include terms and conditions as outlined in the resolutions and staff report.

RECOMMENDED MOTION FOR THE DWSRF PRINCIPAL FORGIVENESS LOAN

I move to approve the resolution numbered D09A-0824 for Truckee Meadows Water Authority which is intended to finance certain projects in an amount not to exceed \$150,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The loans will include terms and conditions as outlined in the resolution and staff report.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution numbered D09B-0824 for Truckee Meadows Water Authority which is intended to finance certain projects in an amount not to exceed \$48,850,000. The loans will include terms and conditions as outlined in the resolution and staff report.

RECOMMENDED MOTION FOR THE DWSRF EMERGING CONTAMINANTS LOAN

I move to approve the resolution numbered D09C-0824 for Truckee Meadows Water Authority which is intended to finance certain emerging contaminants projects in an amount not to \$6,000,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The loans will include terms and conditions as outlined in the resolution and staff report.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

Southern Nevada Water Authority

Total Commitment \$56,883,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve two loan commitments to Southern Nevada Water Authority (SNWA) for their River Mountains Ozone Replacement Project.	
Amount	Resolution	Program and Terms
\$150,000	D10A-0824	DWSRF principal forgiveness loan.
\$56,733,000	D10B-0824	DWSRF traditional loan.

Management and Structure

Loan Recipient and Structure Southern Nevada Water Authority (SNWA) is a nonprofit public water system.

System Number NV0000289

System Information

County Clark County

System Population 2,258,111

System Service Connections 640,999

System Infrastructure The Southern Nevada Water Authority (SNWA) owns and operates the 600-million-gallon-per-day (mgd) Alfred Merritt Smith Water Treatment Facility (AMSWTF) and the 360-mgd River Mountains Water Treatment Facility (RMWTF), which treat water from Lake Mead to serve the Las Vegas metropolitan area. SNWA is currently undertaking an Ozone Equipment Upgrade (OEU) project at both facilities. This project funding addresses the RMWTF only.

System Compliance The drop in water levels in Lake Mead are forecasted to increase water temperature and potentially impact water quality as a result. In 2022, SNWA reported a positive test for *Cryptosporidium parvum* (Crypto) during their routine sampling. This project will help SNWA modify their treatment goals to meet United States Environmental Protection Agency (EPA) standards for Crypto.

System Project for Funding

DWSRF Priority List The project is listed as #53 on the Drinking Water SRF Priority List Effective May 2024.

- System need for the project**
- Identify reliable long-term solutions for replacement of aging equipment
 - Modify Crypto disinfection goals based on EPA standards
 - Maintain existing ozone equipment redundancy
 - Standardize equipment and controls across both treatment facilities to increase efficiency in operations.
 - Enhance system resiliency from climate and source water changes

Project Narrative To provide resiliency to future changes in water quality, SNWA has decided to implement more stringent Crypto-based inactivation goals at RMWTF, consistent with the EPA concentration-time (CT) tables and using the Extended T-10 method to calculate actual CT values in the ozone contacting basin. (SEE TABLE BELOW)

Project Improvements Include:

- Add new 25-ton/day Vacuum Pressure Swing Adsorption (VPSA) Train 3 in a new VPSA Building to provide additional redundancy necessary for oxygen supply at 1.5-log Crypto inactivation, (SEE VPSA SCHEMATIC BELOW)
- Construct a new addition to the Oxygen/Ozone Production Building to house VPSA Train 3 with associated site and building work for the new construction.
- Miscellaneous oxygen system repairs and upgrades and accessory interconnections with ozone system,
- Replace existing ozone generators and Power Supply Units (PSUs) with new units rated at 2,800 pounds per day (lb/day) maintaining N+1 redundancy at 1.5-log Crypto inactivation and N+2 redundancy at 1.0-log Crypto inactivation,
- Replace coolant water pumps and piping for ozone generators and Power Supply Units (PSUs). Replace coolant water pumps for VPSA system,
- Add new building HVAC coolant water system,
- Replace existing ozone diffuser stones with gasket-less, all-ceramic diffuser stones in Cell 1 of each ozone contactor,
- Ozone contactor improvements including replacement of inlet and outlet gate actuators, off-gas Pressure Vacuum Relief Valves (PVRVs),
- Miscellaneous ozone system and Ozone Destruct Unit (ODU) repairs and upgrades and accessory interconnections,
- Design improvements to Calcium Thyosulfate (CTH) diffusers in each ozone contactor. Add a new booster pump system to convey disinfected raw water from the disinfected raw water piping to the calcium thiosulfate injection point for quenching,
- Electrical supply improvements, and
- Controls and automation improvements.

Project Alternatives evaluated In 2002 and 2003, the SNWA implemented ozone as a primary disinfectant at the AMSWTF and the RMWTF.

The systems have been operating continuously for the past 21 years. As the systems age, the potential for equipment failure increases and replacement parts become difficult to acquire. In order to maintain water quality levels, SNWA funded an analysis to determine those aforementioned improvements necessary to address system needs.

Maps and Exhibits



VPSA Plant Schematic – Typical

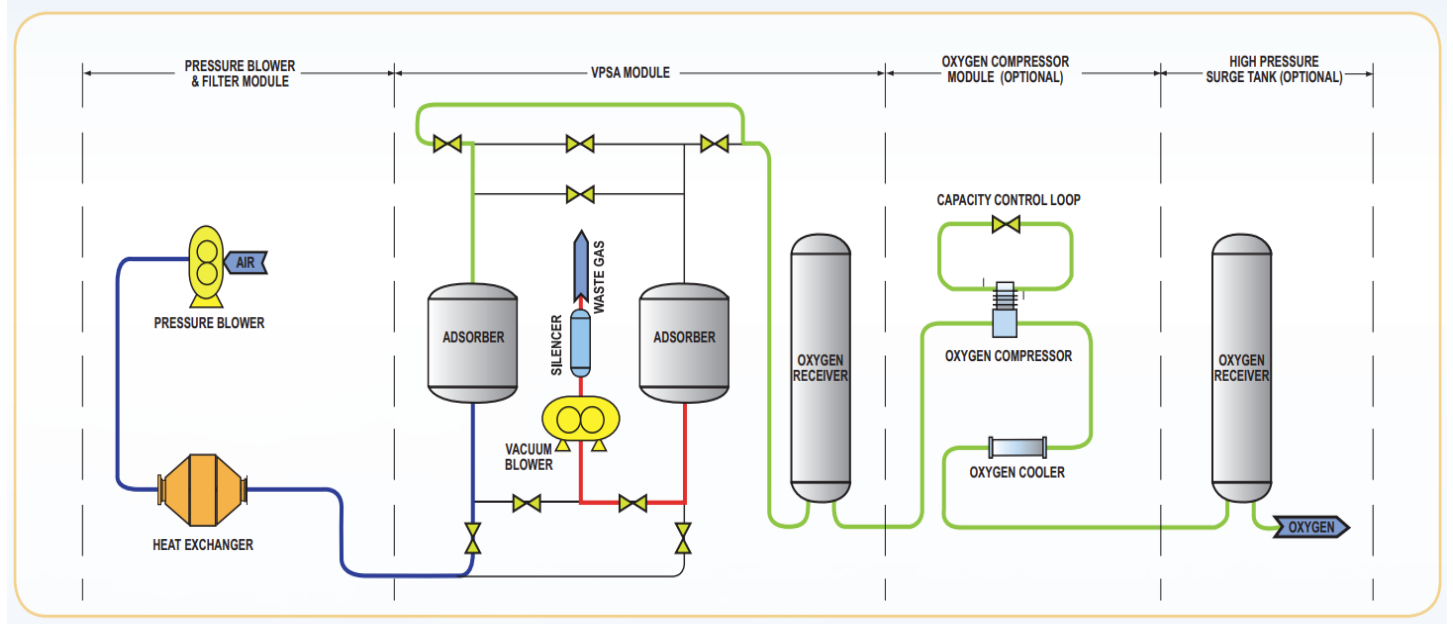


Table 2-1 Process Design Criteria for River Mountains Water Treatment Facility Ozone System

Design Parameter	Unit	Level 1 Disinfection Target	Level 2 Disinfection Target	Level 3 Disinfection Target
Plant Flows				
Design Peak Flow ¹	mgd	360	360	360
Historical Max Daily Flow	mgd	270	270	270
Historical Avg Daily Flow	mgd	182	182	182
Historical Min Daily Flow	mgd	77	77	77
Disinfection Targets				
Target Organism	–	Crypto	Crypto	Crypto
Inactivation Target	log	1.5	1.0	0.5
Design Water Temperature (summer)	degrees Celsius (deg C)	26	26	26
Design Water Temperature (winter)	deg C	13	13	13
CT Requirement (summer)	milligram per liter-minute (mg/L-min)	3.36	2.24	1.12
CT Requirement (winter)	mg/L-min	11.26	7.51	3.75
CT Calculation Method	–	Extended T10 with CT Cap	Extended T10 with CT Cap	Extended T10 with CT Cap
Initial Ozone Residual (summer/winter)	mg/L	Calculated	Calculated	Calculated
Ozone Decay Rate (summer)	Inverse minutes (min ⁻¹)	-0.27	-0.34	-0.41
Ozone Decay Rate (winter)	Inverse minutes (min ⁻¹)	-0.21	-0.16	-0.11
Ozone Initial Demand (summer)	mg/L	1.51	1.32	1.15
Ozone Initial Demand (winter)	mg/L	0.84	0.80	0.80
Oxygen Feed Gas System				
Type of System	–	VPSA	VPSA	VPSA
Design Capacity (installed)	tons/day	75	75	75
Design Capacity (firm)	tons/day	50	50	50
Design Capacity Per VPSA Train	tons/day	25	25	25
Number of Duty/Standby VPSA Trains	No.	2/1	2/1	1/2
Ozone Dose and Production Requirements				
Max Ozone Applied Dose (summer)	mg/L	3.3	2.9	2.1
Max Ozone Applied Dose (winter)	mg/L	3.6	3.3	2.3
Min Ozone Applied Dose (summer)	mg/L	3.4	3.0	2.4
Min Ozone Applied Dose (winter)	mg/L	3.1	3.1	2.4
Mass-Transfer Efficiency	%	92	92	92
Max Ozone Production (summer)	lb/day	9,901	8,587	6,368
Max Ozone Production (winter)	lb/day	10,779	9,798	6,928
Min Ozone Production (summer)	lb/day	3,109	2,744	2,179
Min Ozone Production (winter)	lb/day	2,904	2,844	2,224
Design Parameter	Unit	Level 1 Disinfection Target	Level 2 Disinfection Target	Level 3 Disinfection Target
Chemicals for Bromate-Control and Ozone Quenching				
Chlorine Dose Range	mg/L as chlorine (Cl ₂)	0.15 to 0.50	0.15 to 0.50	0.15 to 0.50
Aqueous Ammonia Dose Range	mg/L as ammonia-nitrogen (NH ₃ -N)	0.2	0.2	0.2
Calcium Thiosulfate Design Dose Range	mg/L	0 to 0.4	0 to 0.4	0 to 0.4

Note:

¹ Design peak flow condition is assumed to be instantaneous flow.

Timeline

Loan Closing: October 22, 2024

Design: Completed October 31, 2023

Construction Bid: September 19, 2024

Construction Start: December 23, 2024

Initiation of Operations: August 30, 2027

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$8,100,630	\$0	\$0	\$8,100,630
Other planning costs	\$0	\$0	\$0	\$0
Design and Engineering	\$2,918,407	\$0	\$0	\$2,918,407
Land Acquisition	\$0	\$0	\$	\$0
Equipment/Materials	\$7,373,030	\$10,000,000	\$0	\$17,373,030
Construction/Improvements	\$15,992,816	\$0	\$0	\$15,992,816
Administration	\$17,314,920	\$0	\$0	\$17,314,920
Financing	\$150,000	\$0	\$0	\$150,000
Construction Contingency	\$5,032,498	\$0	\$0	\$5,032,498
Totals	\$56,882,301	\$10,000,000	\$0	\$66,882,301

Environmental Review

If funding for SNWA's project is approved and sufficient documentation is obtained from SNWA, NDEP will issue a Categorical Exclusion for the project for a 15-day public comment period. In accordance with Nevada Administrative Code 445A.67583(2)(b) the project is eligible for a Categorical Exclusion as it is "(b) The replacement of equipment or structures." All construction work is located on previously disturbed land. Impacts to environmental resources are not anticipated.

Community Engagement

As part of its future planning efforts, the SNWA identified a number of projects that had been deferred, including facilities needed to meet new demands and projects that, if constructed, would capture valuable Colorado River resources for return-flow credits that would otherwise not be returned to Lake Mead. To ensure community input into the planning process, the SNWA board convened an advisory committee to consider the projects and resources needed to continue serving customers into the future. Following a comprehensive outreach campaign, the committee recommended a package of new infrastructure, new water resources, power projects, and conservation initiatives to support Southern Nevada.

Loan Recipient Information

Possibility for Consolidation SNWA is considered a purveyor of water to many large municipalities. They have full technical, managerial, and financial capacity to manage their operations according to the federal and state law. Consolidation into another system is not being considered.

Water Conservation Plan SNWA has combined their Water Conservation Plan into their Water Resource Plan. The current plan is from 2024 to 2029.

Technical Capacity (Capability) “Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

SNWA has certified operators (T4 Full, D3 Full, and D4 OIT) in current standing. The project is designed to maintain SNWA’s technical capacity.

SNWA has the technical capacity for NDEP to recommend funding support.

Managerial Capacity (Capability) “Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

SNWA has a seven-member board that meets bi-monthly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project.

Financial Capacity (Capability) “Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses; and
2. Maintain creditworthiness; and

¹ NRS 445A.847

² NRS 445A.847

3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

Southern Nevada Water Authority has demonstrated financial capacity for NDEP to recommend funding support. Operating Net Income presented in the Annual Comprehensive Financial Report (ACFR) is an incomplete picture because it excludes capital contributions but includes items that are paid for with those capital contributions. Therefore, DWSRF typical analysis had to be revised to include additional reviews of Net Position, Unrestricted Investments, and Debt Service Coverage Ratio. After review of the full picture NDEP recommends funding for this SNWA project.

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Baker Tilly
Unrestricted cash	\$33,753,134
Unrestricted investments (available for debt service)	\$1,020,069,075
Days cash on hand	1,659
Outstanding debt	\$3,071,819,421
Change in Net Position	\$228,331,068
Current ratio	5.74
Debt coverage	4.34

User Water Rates Water user rates were adopted on June 1, 2022:

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

- Residential base rate per user per month: \$9.95
- Average Water Rate/Use for System: \$9.95
- Statement from SNWA: “SNWA doesn’t provide water directly to residential customers – we manage the infrastructure to treat, test, and deliver the water, which we sell to the local water purveyors (Las Vegas Valley Water District [LVVWD], City of Henderson, etc.) to provide to their customers. The purveyors all add a pass-through charge on their water bills to support SNWA operations and infrastructure. The largest of those purveyors, the LVVWD, provides an average of 13,064 gallons of water per month to residential users.”

Water Meters The system is fully metered.

Asset Management Plan The Asset Management Plan (AMP) is currently being developed by a hired consultant. Previously SNWA utilized their Capital Improvement Plan that included a schedule of rehab and replacement updated in 2020. The AMP currently being developed should be completed later this year.

³ NRS 445A.817

Capital Replacement Reserve Account SNWA does have reserve investments and accounts that ensure stability for debt service and capital investments.

Per SNWA, “[SNWA maintains] *adequate reserves to fund a one-year average of future capital needs. As a method to determine future capital needs, the capital improvement plan may be used. This reserve will fluctuate over time as projects change. This level of capital reserve will enable the SNWA to better react to capital needs as they may arise and to properly address the timing of infrastructure improvements relative to system needs. This reserve will also enable the SNWA to continue with uninterrupted critical capital improvements during times of difficulty within the capital markets.*”

DWSRF Principal Forgiveness Eligibility Criteria \$150,000 principal forgiveness loan is being offered as a loan incentive to encourage borrowers capable of taking out a traditional loan. This is outlined in Nevada’s 2024 Intended Use Plan as an eligible use of principal forgiveness funds.

System Previous Loans Commitments and Projects funded by DWSRF

Project I.D. S-SNWA1; Executed July 2009 Loan Amount \$2,214,457.00

Energy and/or Conservation Evaluation Project

Project I.D. SNWA2; Executed April 2001 Loan Amount \$10,000,000.00

Alfred Merritt Smith Water Treatment Plant Ozone Addition

Project I.D. SNWA1; Executed August 1999 Loan Amount \$12,269,695.00

Alfred Merritt Smith Water Treatment Plant Ozone Addition

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$150,000 **D10A-0824** **DWSRF principal forgiveness loan. Qualifies as a loan incentive.**

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- Review user rates at least every three (3) years for the life of the loan.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

\$56,733,000 **D10B-0824** **DWSRF traditional loan at 1.0% special interest rate.**

The above referenced loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

RECOMMENDED CONSENT MOTION

I move to approve the two resolutions numbered D10A-0824 and D10B-024 for Southern Nevada Water Authority which is intended to finance certain projects for a total commitment not-to-exceed \$56,883,000. The loans will include terms and conditions as outlined in the resolutions and staff report.

RECOMMENDED MOTION FOR THE DWSRF PRINCIPAL FORGIVENESS LOAN

I move to approve the resolution numbered D10A-0824 for Southern Nevada Water Authority which is intended to finance certain projects in an amount not to exceed \$150,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The loans will include terms and conditions as outlined in the resolution and staff report.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution numbered D10B-0824 for Southern Nevada Water Authority which is intended to finance certain projects in an amount not to exceed \$56,733,000. The loans will include terms and conditions as outlined in the resolution and staff report.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

City of Elko

Total Commitment \$14,150,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to City of Elko for their city-wide meter and meter pit project.	
Amount	Resolution	Program and Terms
\$1,500,000	D11A-0824	DWSRF principal forgiveness loan. Qualifies as a loan incentive.
\$12,650,000	D11B-0824	DWSRF traditional loan at 1.0% special interest rate.

Management and Structure

Loan Recipient and Structure The City of Elko is a nonprofit public water system.

System Number NV0000272

System Information

County Elko County

System Population 23,000

System Service Connections 10,500

System Infrastructure The City of Elko relies on groundwater for their water needs. The city has 17 potable water wells that each can produce 14,000 gallons per minute. During the winter months, which make up 5 to 6 months per year, the city pumps 3 of the 17 wells producing roughly 3,000 gallons per minute. During the summer and irrigation season, all 17 wells run 24/7 maxed out at 14,000 gallons per minute. This does not provide any buffer in system demand should a well fall out of service.

Compliance An October 2021 Sanitary Survey identified a single significant deficiency. It noted an absence of testing records for backflow prevention devices. All out-of-date devices were brought current, and the City of Elko engaged a new tracking software that has better allowed for proper maintenance and testing of all devices into the future.

System Project for Funding

DWSRF Priority List The project is listed as #66 on the Drinking Water SRF Priority List Effective May 2024.

System need for the project

The project will satisfy multiple needs of the municipality:

- Increased water conservation
 - The city believes that by implementing a fully metered system with acoustic sensors, they will be able to reduce water usage by over 5.2 billion gallons over the next ten years, which represents 23.5% of total water delivery over that time.
- Operational costs
 - Reduce labor, fleet, electrical, chemical, and repair costs.
- Reduce water loss by detecting leaks earlier
- Promote efficiency and equity within the system
 - Convert the remaining flat rate customers to fully metered customers.
 - Require customers to pay for the amount of water they use.
- Help identify unknown service laterals for the Lead and Copper Inventory that is due by October 16, 2024.
 - Roughly 75% of the customer service lines are made of unknown materials and will need to be visually inspected by excavation within a 3-year period.

Chosen Project

This is a city-wide meter and meter pit installation project for which the city is seeking DWSRF funding.

- The first part of this project will install meters on all existing meter pits throughout the city and replace any as needed.
- The second part of this project is to install meter pits and meters at any residence that does not have a meter pit in place – which is estimated to be just over 60% of the residential customers.
- The final part of this project will be addressing all commercial customers.
 - Commercial customers that are currently metered would receive a new meter and meter pit.
 - Installation of meters and meter pits for the currently unmetered commercial customers— which is estimated to be just over 70% of all commercial customers.

The construction and installation of meter pits and vaults will be primarily performed by city crews.

Project Alternatives

The only other alternative to replacing the meters and meter pits is to do nothing, which is not a preferred alternative or best management practice for technical capacity over the system.

Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

NDEP is able to provide the following information for further clarification on the project location, need, or scope:

Timeline

Loan Closing: November 14, 2024

Design: August 2024

Construction Bid: January 2025

Construction Start: March 2025

Initiation of Operations: March 2027

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$0	\$150,000	\$0	\$150,000
Other planning costs	\$0	\$150,000	\$0	\$150,000
Design and Engineering	\$0	\$150,000	\$0	\$150,000
Land Acquisition	\$0	\$0	\$0	\$0
Equipment/Materials	\$5,000,000	\$0	\$0	\$5,000,000
Construction/Improvements	\$7,000,000	\$0	\$0	\$7,000,000
Administration	\$0	\$300,000	\$0	\$300,000
Financing	\$150,000	\$100,000	\$0	\$250,000
Construction Contingency	\$2,000,000	\$0	\$0	\$2,000,000
Totals	\$14,150,000	\$850,000	\$0	\$15,000,000

Environmental Review

If funding for Elko's project is approved and sufficient documentation is obtained from Elko, NDEP will issue a Categorical Exclusion for the project for a 15-day public comment period. In accordance with NAC 445A.67583(2)(b) the project is eligible for a Categorical Exclusion as it is "(b) The replacement of equipment or structures." All construction work is located on previously disturbed land. Impacts to environmental resources are not anticipated.

Community Engagement

As the City of Elko operates a public water system that is subject to Nevada Open Meeting Laws, City Council Meetings have issued public notice to attend and provide input into water system improvement decisions. The council declared that public interest, health and welfare necessitates making certain improvements outlined in this project.

Loan Recipient Information

Possibility for Consolidation Proximity to water systems with sufficient capacity precludes consolidation as a viable option.

Water Conservation Plan Elko’s Water Conservation Plan was last updated July 2018. Elko is currently preparing an update.

Technical Capacity (capability)

“Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

The City of Elko has a certified operator in good standing. Their system requires a grade 4 level operator. The project is designed to help address water quantity needs. The City of Elko has the technical capacity for NDEP to recommend funding support.

Managerial Capacity (capability)

“Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

The City of Elko has a five-member board that meets bi-weekly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project.

¹ NRS 445A.847

² NRS 445A.847

**Financial Capacity
(capability)**

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses; and
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

The City of Elko has demonstrated financial capacity for NDEP to recommend funding support.

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Hinton Burdick
Unrestricted cash	\$20,949,186
Days cash on hand	1,901
Outstanding debt	\$0
Operating income before depreciation	\$333,509
Current ratio	1.20
Debt coverage	2.37

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

Water user rates were approved May 2024 effective on July 1, 2024:

- Residential base rate per user per month: \$17.57 metered; \$40.39 unmetered.
- Commodity Rate: \$1.331 K/gal metered; \$0.61 per fixture unmetered
- Average Water Rate/Use for System: \$40.39

Water meters Project is addressing old and non-existing water meters in the system.

Asset Management Plan The City of Elko is currently working with RCAC to create the Asset Management Plan.

Capital Replacement Reserve Account Currently The City of Elko has a Capital Replacement Reserve account for their government funds. The proposed funding agreement will contain a requirement to maintain a reserve account for the Drinking Water utility fund.

DWSRF Principal Forgiveness Eligibility Criteria \$1,500,000 principal forgiveness loan is included with the project. The City of Elko qualifies as disadvantaged for this project. Since the City of Elko is not fully funding depreciation, Nevada’s Intended Use Plan limits the amount available for the entity to \$1.5 million.

System Previous Commitments and Studies

None

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$1,500,000 **D11A-0824** **DWSRF principal forgiveness loan. Qualifies as a loan incentive.**

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- Review user rates at least every three (3) years for the life of the loan.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five (5) years.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

\$12,650,000 **D11B-0824** **DWSRF traditional loan at 1.0% special interest rate.**

The above referenced loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

RECOMMENDED CONSENT MOTION

I move to approve the two resolutions for the City of Elko which are intended to finance certain projects for a total commitment not-to-exceed \$14,150,000. The loans will include terms and conditions as outlined in the resolutions and staff report.

RECOMMENDED MOTION FOR THE DWSRF PRINCIPAL FORGIVENESS LOAN

I move to approve the resolution numbered D11A-0824 for the City of Elko which is intended to finance certain projects in an amount not to exceed \$1,500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The loans will include terms and conditions as outlined in the resolution and staff report.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution numbered D11B-0824 for the City of Elko which is intended to finance certain projects in an amount not to exceed \$12,650,000. The loans will include terms and conditions as outlined in the resolution and staff report.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

Moapa Valley Water District

Total Commitment \$12,532,870	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to The Moapa Valley Water District (MVWD) for their Arrow Canyon Well 3 and Narrows Tank project.	
Amount	Resolution	Program and Terms
\$2,500,000	D12A-0824	DWSRF principal forgiveness loan. Qualifies as a loan incentive.
\$10,032,870	D12B-0824	DWSRF traditional loan at 1.0% special interest rate.

Management and Structure

Loan Recipient and Structure MVWD is a nonprofit public water system.

System Number NV0000160

System Information

County Clark County

System Population 6,750

System Service Connections 3,245

System Infrastructure MVWD's asset portfolio includes property, administration and maintenance buildings, vehicles and equipment, water rights, source infrastructure (including spring head houses and wells), treatment facilities, storage tanks, and pipelines with miscellaneous valves and control elements.

Compliance A Sanitary Survey from March 2022 found no significant deficiencies. Although recommendations were verbalized during the sanitary survey, operation and assets were found to meet NDEP BSDW's and Southern Nevada Health District's (SNHD) expectations of a public water system.

System Project for Funding

DWSRF Priority List The projects are listed as #71 and #105 on the Drinking Water SRF Priority List Effective May 2024.

System need for the project A redundant well is necessary to prevent shut offs to citizens should the main well, Well No. 1, need maintenance or repairs. The purpose of the first Narrows Tank is to provide emergency reserve capacity for the southern portion of MVWD’s service area. The additional storage capacity will provide a 2.0 storage volume over demand ratio and is located such that it could serve all the pressure zones south of “The Narrows,” which is a bottleneck of the system. These pressure zones serve approximately 75% of MVWD’s system users.

Project Narrative The intent of this project is to install a backup well (Arrow Canyon No. 3) to supplement the district’s existing wells near Arrow Canyon as well as to install a new tank bisecting the applicant’s 12-inch and 24-inch transmission lines at a location known as “The Narrows.” The Arrow Canyon Well No. 3 will provide a redundant source of sufficient capacity should the existing Arrow Canyon Well No. 1 become nonviable for any reason. Well No. 2 does not currently provide adequate redundancy. Locating the proposed well No. 3 within reasonable proximity to the existing wells allows co-use of site piping and arsenic treatment capacity at the District’s primary domestic water source site. The Narrows site is intended to support a 3.0-million-gallon potable water storage tank with associated appurtenances.

Project Alternatives Evaluated As noted in the MVWD Culinary Water Master Plan, 52% of the system’s storage volume lies north of the “bottleneck” pipeline, while 76% of the maximum daily demand occurs through meters south of the same pipeline. In addition, redundancy at the Arrow Canyon Site is less than 100% capacity. These deficiencies introduce a risk to the District’s ability to provide adequate backup services to its residents. The intent of this project is to provide necessary redundancy and reliability to the MVWD’s water system. The Master Plan found that both improvements are necessary to ensure future sustainability. Due to the nature of the projects, the only other alternative available is the “do nothing” alternative, which will not adequately meet the goals of the system.

All other site alternatives are either technically infeasible or incur additional prohibitive transmission and/or treatment plus incidental cost.

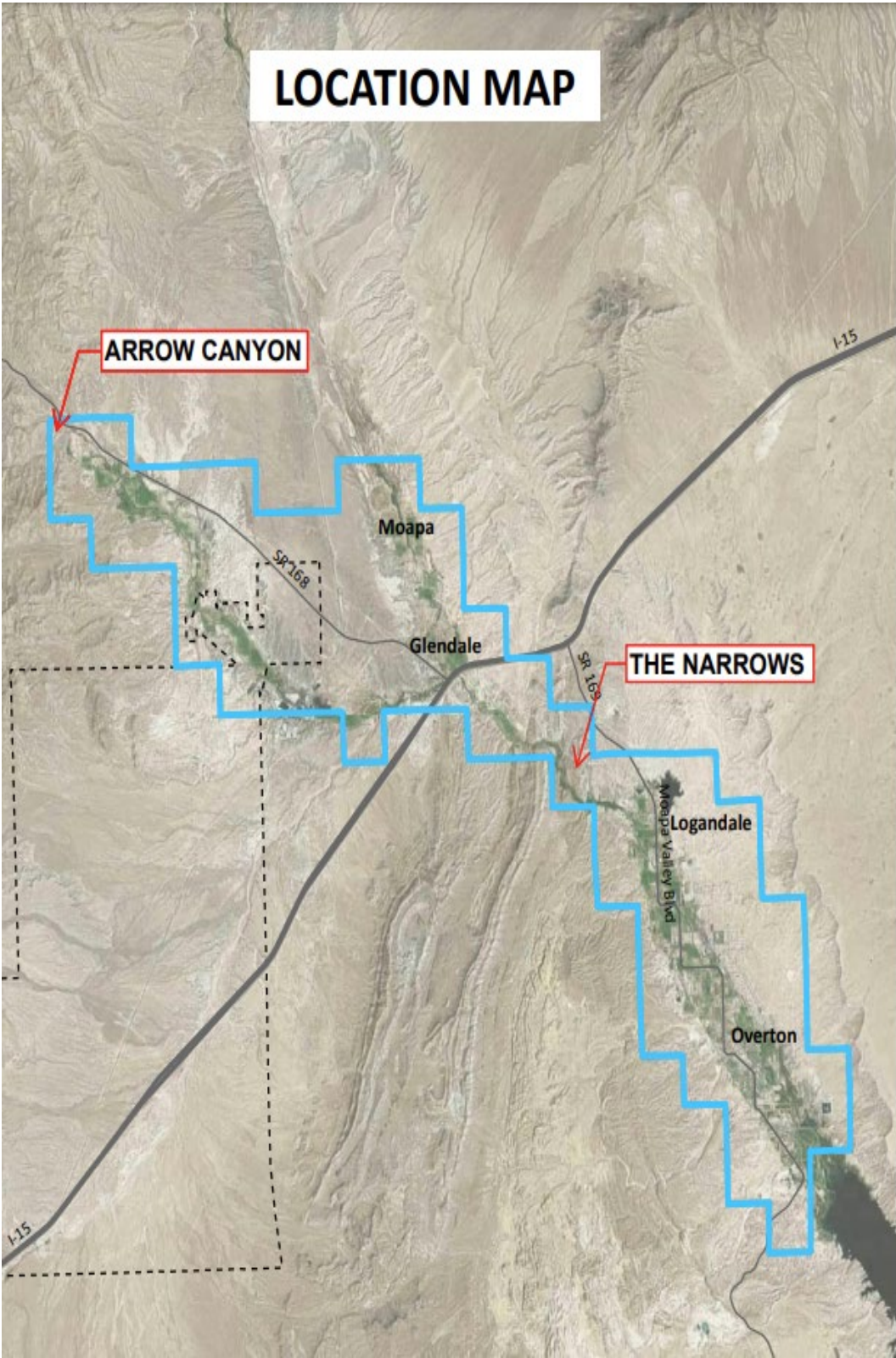
Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

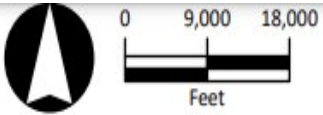
NDEP is able to provide the following information for further clarification on the project location, need, or scope:

AREA MAP





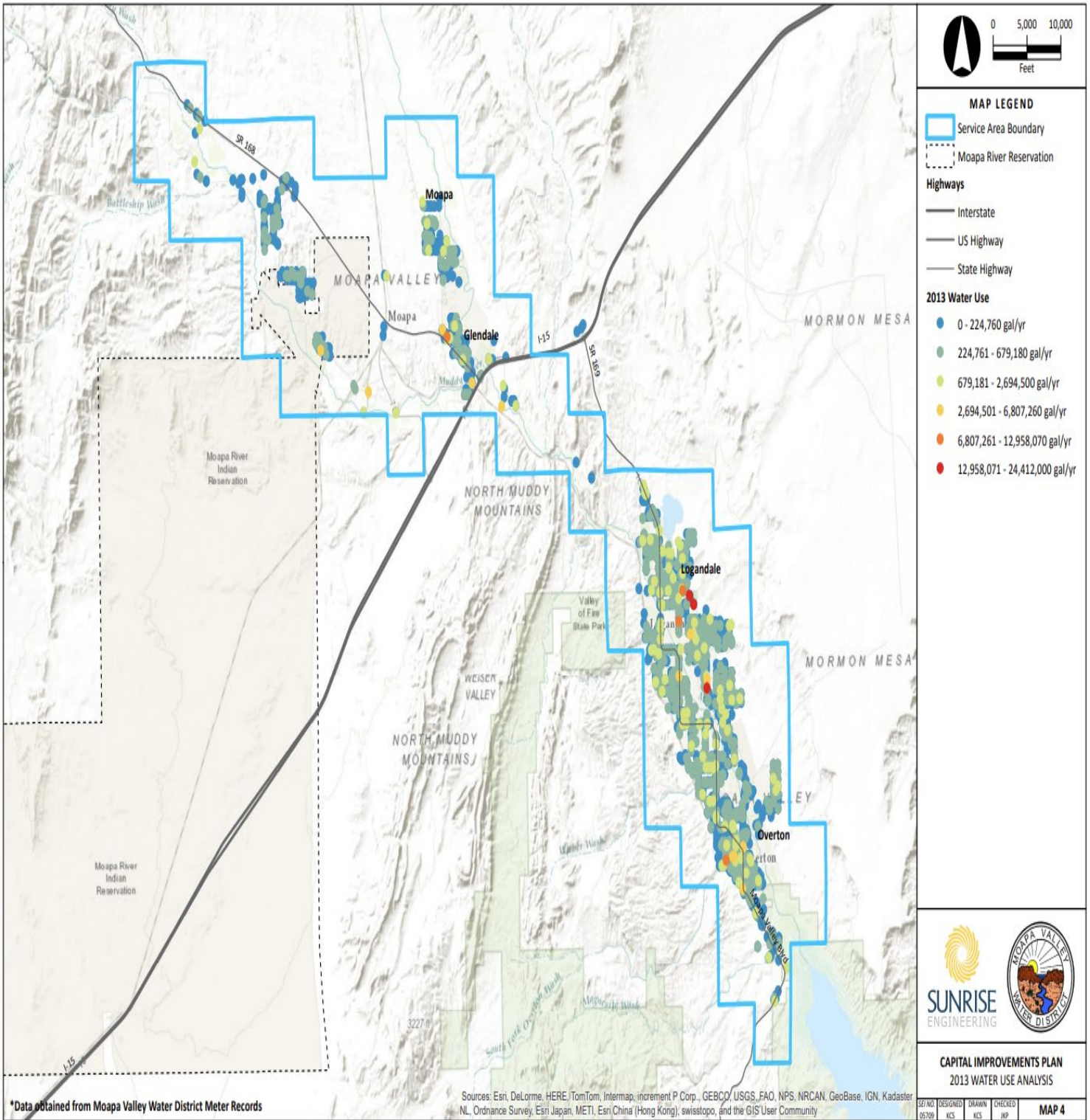
LOCATION MAP



MAP LEGEND

- Service Area Boundary
- Moapa River Reservation

- Highways**
- Interstate
 - US Highway
 - State Highway



Timeline

Loan Closing: January 2025

Design: September 2024

Construction Bid: March 2025

Construction Start: May 2025

Initiation of Operations: December 2025

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$0	\$97,130	\$0	\$97,130
Other planning costs	\$175,000	\$0	\$0	\$175,000
Design and Engineering	\$1,304,870	\$0	\$0	\$1,304,870
Land Acquisition	\$60,000	\$0	\$0	\$60,000
Equipment/Materials	\$0	\$0	\$0	\$0
Construction/Improvements	\$8,890,000	\$0	\$0	\$8,890,000
Administration	\$200,000	\$0	\$0	\$200,000
Financing	\$125,000	\$0	\$0	\$125,000
Construction Contingency	\$1,778,000	\$0	\$0	\$1,778,000
Totals	\$12,532,870	\$97,130	\$0	\$12,630,000

Environmental Review

The Narrows Site and the Arrow Canyon Site are adjacent to previous paths of disturbance where existing MVWD water infrastructure resides. Application has been made to the Bureau of Land Management (BLM) to install and maintain tank and well development sites. Current BLM right-of-way grants are in place for adjacent existing assets.

- Any necessary permits for stormwater discharges associated with construction activity will be obtained prior to surface disturbance.
- Cultural, historical or paleontological resources are not known to exist on the proposed right-of-way and no Native American concerns have been identified.
- The proposed action does not occur within any designated or active grazing allotments.
- The level of change to the characteristic landscape as a result of the proposed improvements is expected to be moderate. While the proposed improvements may attract attention, they are not anticipated to dominate the view of the casual observer.

Community Engagement

The MVWD Board of Directors discussed the SRF 1% funding opportunity for 3 consecutive meetings before a Public Notice was posted and distributed. Meeting agendas listed a specific item for public comment as it related to the project – no concerns or dissenting comments were brought forward.

Loan Recipient Information

Possibility for Consolidation MVWD is considered a system that has full technical, managerial, and financial capacity to manage a water system according to the federal and state law. Consolidation into another system is not being considered at this time.

Water Conservation Plan SRF is in receipt of the most recent version of the MVWD Water Conservation Plan dated April 2019. Plan responsibilities include leak detection, system maintenance, water reuse where possible, public education, creation of financial and regulatory incentives, and other conservation management practices. Management practices include balancing conservation measures with District revenue requirements so that high quality water delivery can be guaranteed.

Technical Capacity (Capability) “Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

MVWD has a certified operator in good standing. Their system requires a grade D-4 level operator. The project is designed to help address water quantity needs.

MVWD has the technical capacity for NDEP to recommend funding support.

Managerial Capacity (Capability) “Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.²

MVWD has a five-member board that meets monthly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project.

¹ NRS 445A.847

² NRS 445A.847

**Financial Capacity
(Capability)**

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses;
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

MVWD has had healthy and consistent financials over the past five years. They are a good candidate as a borrower for DWSRF.

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Hinton Burdick
Unrestricted cash	\$4,508,352
Unrestricted investments	None
Days cash on hand	472
Outstanding debt	\$3,574,752
Operating income before depreciation	\$1,002,074
Current ratio	7.88
Debt coverage	3.19

User Water Rates Water user rates adopted in November 2023 and implemented January 1, 2024.

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

- Residential base rate per user per month: \$47.17
- Commodity Rate: \$3.27 after 6k/gal
- Average Water Rate/Use for System: \$66.79 for the average 12k/gal

Water meters The District’s production sources as well as each pressure zone have master zone meters to monitor water entering each zone. This allows tracking of water flow throughout the system.

Every service connection has been metered since 1980. In 2021 a Bureau of Reclamation grant was received to help replace 350 service connection meters. This grant has been renewed in subsequent years and has allowed MVWD to replace over half of the remaining service connection meters.

Asset Management Plan MVWD is working with RCAC to complete an Asset Management Plan.

Capital Replacement Reserve Account The balance of MVWD’s Capital Reserve account as of June 30, 2023, was \$649,159. MVWD confirmed that they re-invest depreciation funds into their asset replacement fund.

DWSRF Principal Forgiveness Eligibility Criteria A \$2,500,000 principal forgiveness loan is included with the project. MVWD qualifies as disadvantaged for this project. Since MVWD is fully funding depreciation, Nevada’s Intended Use Plan allows up to \$2.5 million available for the entity.

³ NRS 445A.817
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System Previous Commitments and Studies

Project I.D. DW1805; Executed December 2017; Loan Amount \$2,700,000

Refinancing

Project I.D. MVWD1; Executed January 2008; Loan Amount \$1,500,000

Arsenic treatment/transmission

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$2,500,000 D12A-0824 DWSRF principal forgiveness loan. Qualifies as a loan incentive.

The above referenced loan will contain the following conditions:

- 100% of the principal will be forgiven.
- Review user rates at least every three (3) years for the life of the loan.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

\$10,032,870 D12B-0824 DWSRF traditional loan at 1.0% special interest rate.

The above referenced loan will contain the following conditions:

- Traditional loan shall be offered at 1.0% interest rate for the life of the loan.
- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

RECOMMENDED CONSENT MOTION

I move to approve the two resolutions for MVWD which are intended to finance certain projects for a total commitment not-to-exceed \$12,532,870. The loans will include terms and conditions as outlined in the resolutions and staff report.

RECOMMENDED MOTION FOR THE DWSRF PRINCIPAL FORGIVENESS LOAN

I move to approve the resolution numbered D12A-0824 for Moapa Valley Water District which is intended to finance certain projects in an amount not to exceed \$2,500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The loans will include terms and conditions as outlined in the resolution and staff report.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution numbered D12B-0824 for Moapa Valley Water District which is intended to finance certain projects in an amount not to exceed \$10,032,870. The loans will include terms and conditions as outlined in the resolution and staff report.

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects

August 2024

City of Henderson

Total Commitment \$7,250,000	Recommendation The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to City of Henderson (Henderson) for their water service lateral replacement project.	
Amount	Resolution	Program and Terms
\$7,250,000	D13-0824	DWSRF traditional loan.

Management and Structure

Loan Recipient and Structure City of Henderson is a municipal public water system.

System Number NV0000076

System Information

County Clark County

System Population 343,486

System Service Connections 112,546

System Infrastructure Proprietary system monitoring has identified 14,013 Priority 1-3 laterals with high probability of failure. These laterals for renewal account for roughly 64 miles of service lateral length by linear foot. Average lateral length is 24 feet. Total replacement cost for these assets is estimated at \$20,127,475.

System Compliance While a 2022 Sanitary Survey found no significant deficiencies, redundant production capacity of the Lake Mead Surface Water Plant was identified as falling short of actual system demand required by Nevada Administrative Code (NAC). Henderson is committed to maintaining the plant design capacity which serves as a supplemental source of potable water in addition to primary potable water sources from the Southern Nevada Water Authority (SNWA). Furthermore, Henderson is pursuing identification of operational efficiencies and work to improve redundancies – allowing the continued delivery of reliable water service to customers.

System Project for Funding

DWSRF Priority List The project is listed as #187 on the Drinking Water SRF Priority List Effective May 2024.

System need for the project The current need is to reduce the amount of non-revenue water lost due to leaks, which will increase water conservation.

Project Narrative This is a 3-year project to proactively replace water service laterals failing due to both the age of the laterals and the material used. Using satellite-based synthetic aperture radar technology to detect subsurface leaks, Henderson will analyze and prioritize the replacement/repair of water service laterals found to have a high probability of failure.

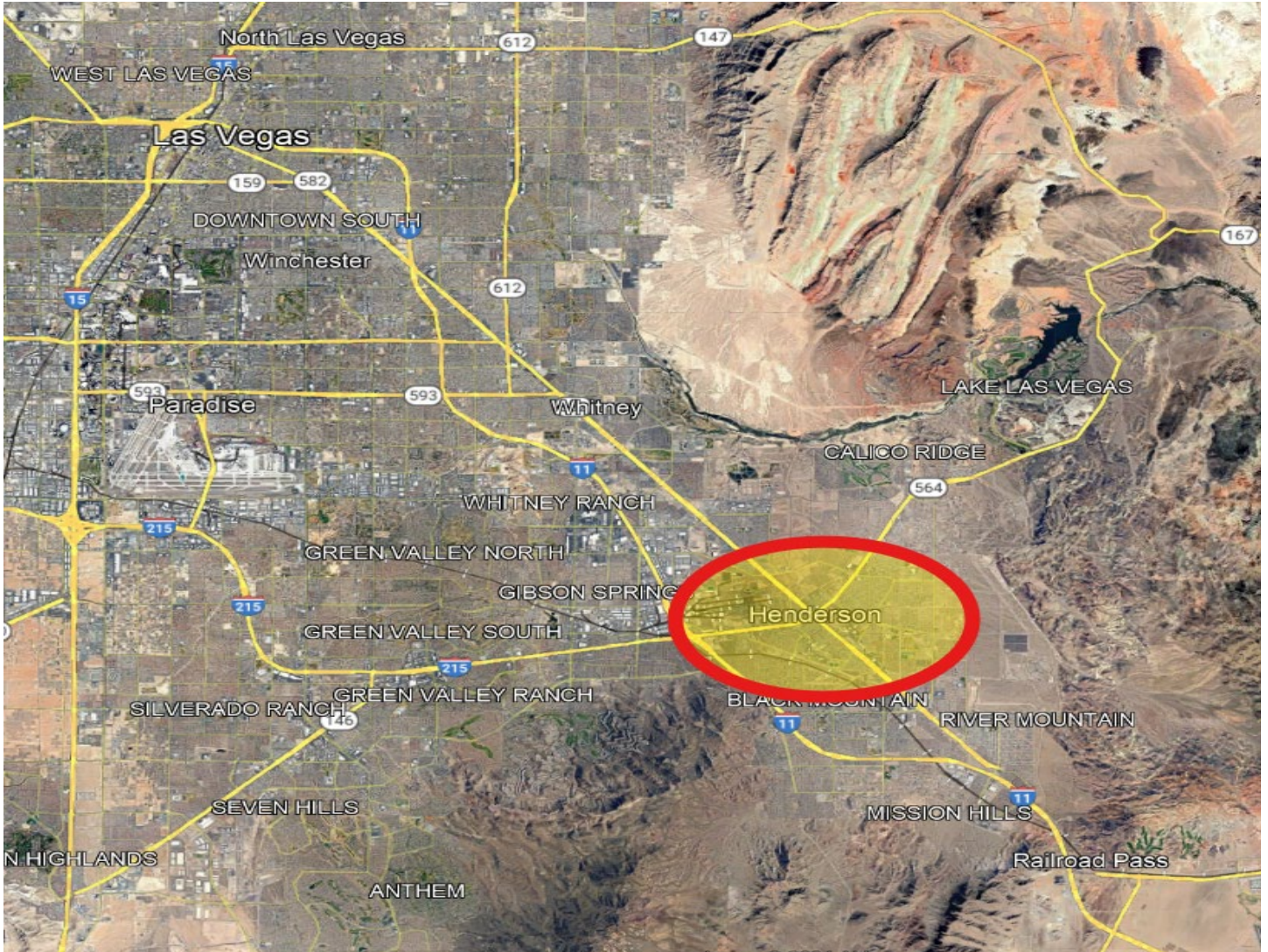
Project Alternatives Evaluated Efficient identification and repair of lateral service lines by Henderson staff has been evaluated against contracted services. This method of addressing the repair needs is anticipated to more than halve the cost of contracted outsourcing.

The only other alternative to replacing the service laterals is to do nothing, which is not a preferred alternative or best management practice for technical capacity over the system.

Maps and Exhibits

In accordance with NRS 239C.210 and Executive Order 2020-01 dated February 4, 2020, Drawings, maps, plans or records that reveal the critical infrastructure of primary buildings, facilities and other structures used for storing, transporting or transmitting water are hereby deemed confidential and not subject to subpoena or discovery, and not subject to inspection by the general public.

NDEP is able to provide the following information for further clarification on the project location, need, or scope:



Timeline

Loan Closing: January 2025

Construction: This project is considered routine removal and replacement of existing assets by in-house staff. There is no bidding required. Construction starts and initiation of operations are continuously occurring as field crews will be performing approximately 3.5 service lateral replacements per day.

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$0	\$0	\$0	\$0
Other planning costs	\$0	\$0	\$0	\$0
Design and Engineering	\$0	\$0	\$0	\$0
Land Acquisition	\$0	\$0	\$0	\$0
Equipment/Materials	\$840,000	\$0	\$0	\$840,000
Construction/Improvements	\$6,160,000	\$0	\$0	\$6,160,000
Administration	\$0	\$0	\$0	\$0
Financing	\$250,000	\$0	\$0	\$250,000
Construction Contingency	\$0	\$0	\$0	\$0
Totals	\$7,250,000	\$0	\$0	\$7,250,000

Environmental Review

If funding for Henderson’s project is approved and sufficient documentation is obtained from Henderson, NDEP will issue a Categorical Exclusion for the project for a 15-day public comment period. In accordance with NAC 445A.67583(2)(b) the project is eligible for a Categorical Exclusion as it is “(b) The replacement of equipment or structures.” All construction work is located on previously disturbed land. Impacts to environmental resources are not anticipated.

Community Engagement

This project was publicly noticed and heard at the June 18, 2024, Regular City Council Meeting. Ongoing community engagement efforts include:

- The H2One Campaign calls on all community members to take action and empowers them to become conservation champions – featuring electronic and print media, social media videos, billboards and a monthly e-newsletter.
- H2One Campaign launch video with our Mayor: [Water Conservation | Henderson, NV \(cityofhenderson.com\)](https://www.cityofhenderson.com)
- PR / Media – The system conducts in-person or on camera interviews (utilizing news outlets, newspapers, magazines) to highlight our different incentive programs available for the community and to help educate the public on ways to stop water waste
- AB356 Campaign - Brings awareness to Assembly Bill 356 which takes effect in 2027 and will prohibit the use of Colorado River water to irrigate decorative turf. Campaign encourages the community to convert non-functional turf sooner rather than later

- Scheduled service lateral replacements: We hang door tags 24 to 96 hours before any work begins. Customers may call for more information or request a specific date/time and we try to accommodate if possible.

Loan Recipient Information

Possibility for Consolidation Henderson is considered a system that has full technical, managerial, and financial capacity to manage a water system according to the federal and state law. Consolidation into another system is not being considered at this time.

Water Conservation Plan Historically, based on data from the 2019-2022 COH Water Loss Audits, the COH uses an average of 86,000 acre-feet of water, of which 80,000 acre-feet is authorized annual consumption. This results in an average water loss of 7%. It is estimated this project will save 4,327 acre-feet of water per year.

Technical Capacity (Capability)

“Technical capability” means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system; and
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system¹.

Henderson has certified operators in good standing. Their system requires a grade D-4, T-4 OIT level operators. The project is designed to reduce water loss to help address water quantity needs.

Henderson has the technical capacity for NDEP to recommend funding support.

Managerial Capacity (Capability)

“Managerial capability” means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on²:

1. The accountability, responsibility and authority of the owner or operator of the system; and
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
 - (a) Jurisdictional, regulatory and other governmental agencies; and
 - (b) Trade and industry organizations; and
 - (c) The persons served by the system.

Henderson has a five-member governing board that meets bi-weekly. The board has demonstrated responsiveness to their system needs and to NDEP for this loan. NDEP recommends funding for this project

Financial Capacity (Capability)

“Financial capability” means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital

¹ NRS 445A.847

² NRS 445A.827

- expenses; and
- 2. Maintain creditworthiness; and
- 3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system³.

Henderson maintains a Standard and Poor’s rating of AA+ and a Moody’s rating of Aa2. FY2023 had large, one-time expenses. However, unrestricted cash, net income, and the current ratios all have remained strong over the years. Henderson has demonstrated financial capacity for NDEP to recommend funding support.

Financial Information as of:	June 30, 2023
Financial information independently audited by:	Eide Bailly
Unrestricted cash	\$127,889,276
Days cash on hand	502
Outstanding debt	\$139,022,384
Net Income before depreciation	\$323,198*
Current ratio	6.32
Debt coverage	0.86*
*current year, one-time expenditures drove down the ratios for operations and debt coverage. Over the last five years, Henderson has maintained a robust net income before depreciation and debt service coverage.	

User Water Rates Water user rates were adopted on July 1, 2022—effective July 1, 2024. An additional increase will take effect July 1, 2025.

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

- Residential base rate per user per month: \$15.52
- Commodity Rate: \$1.68 for up to 2k/gal, \$2.77 for 3-6k/gal, \$3.91 for 7-11k/gal and \$7.30 for over 12k/gal
- Average Water Rate/Use for System: \$56.27

Water meters The system is fully metered.

Asset Management Plan Henderson has completed an Asset Management Plan on March 27, 2023.

Capital Replacement Reserve Account Henderson has established and utilized a capital replacement fund. The balance as of June 30, 2023, is \$5,196,345.

System Previous Loan Commitments and Projects funded by DWSRF

None

³ NRS 445A.817

DWSRF Authority and Purpose

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

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

DWSRF Loan Conditions

\$7,250,000 **D13-0824** **DWSRF traditional loan at 1.0% special interest rate.**

The above referenced loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- The recipient agrees to draw funds available in this contract within three (3) years from the date of this contract. Funds will be subject to de-obligation and/or review after this time period by the Division.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D13-0824 City of Henderson Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$7,250,000. The loan will include terms and conditions as outlined in the resolution and staff report.

Commitments from the Capital Improvements Grant Program

Board for Financing Water Projects

August 2024

NDEP Authority to change contract amounts under certain conditions

Need The cost of materials, supplies, and labor have continued to be extremely volatile due to many factors, including ongoing Covid recovery, supply chain restraints, access to skilled labor, international trade agreements, and potential political changes due to elections in various countries. As a result, the cost of construction projects for water systems has become more expensive and less predictable. 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.

This is counterproductive to NDEP's and the Board for Financing Water Project's (Board's) goals of providing Nevadans and their visitors with safe drinking water. It also reduces the effectiveness of the Capital Improvements Grant Program in distributing money in a timely and expeditious manner that demonstrates to the governor, treasurer, and legislature the need for more resources.

Ask NDEP is seeking advanced approval from the Board for Financing Water Projects to increase the overall amount of a contract up to thirty percent (30%) or \$500,000 (whichever is higher) over the Board's "amount not to exceed" value in the resolution. NDEP would evaluate the request from the borrower to make sure the funding is necessary to prevent delays in project completion and this evaluation may include evidence of an increase in construction costs. Only the amount needed to keep the project progressing over the original authorized amount, up to 30% or \$500,000 (whichever is higher), would be added to the overall Board-approved project contract.

NDEP would be committed to making a record of these requests and present a full accounting at the next regularly scheduled board meeting.

This authority would apply to planning, design, and construction projects. This authority would also remain in effect until the Board rescinds the resolution, or a new resolution is presented to the Board for approval, as necessary.

Capital Improvement Grants Program Authority and Purpose

Nevada Revised Statute (NRS) 349.980 to 349.987 describes the Capital Improvements Grant Program and the powers and duties of the Board for Financing Water Projects (Board). NDEP administers the Capital Improvements Grant Program on behalf of the Board as per NRS 349.982 and NAC 349.430 to 349.574, inclusive. If the Board determines to provide a grant from the Capital Improvements Grant Program, one of the requirements of the Nevada Administrative Code (NAC) is that the Board will adopt a resolution that includes a statement of approval of the Board that sets forth its findings of fact (NAC 349.535, subsection 1).

RECOMMENDED MOTION FOR THE RESOLUTION

I move to approve the resolution titled "G14-0824 NDEP Authority to Change Capital Improvements Grant Program Contract Amounts Under Certain Conditions," which would authorize NDEP to increase Board approved funding agreements by up to 30 percent or \$500,000 (whichever is higher) without prior approval from the Board.