Meeting Minutes

BOARD FOR FINANCING WATER PROJECTS

January 20, 2021

10:00 am.

To be held virtually using Lifesize:

https://call.lifesizecloud.com/4155018

Members present:

Bruce Scott, Chair

Andrew Belanger, Vice Chair

Lori Williams

Carl Ruschmeyer

Mike Workman

Andrea Seifert, ex-officio member

Legal counsel present:

Katie Armstrong, Senior Deputy Attorney General

NDEP staff present:

Jason Cooper

Sharada Maligireddy

Kyle Casci

Valerie King

Elise Akers

Jim Balderson

Alisa Auch

Reggie Lang

Ross Cooper

Margie Evans

Hannah Bishop-Moser

Public present:

Bridget Harris, RCAC

Marty Ugalde, Day Engineering

Paul Winkelman, Shaw Engineering

Adam Roney, Public Utilities Commission

Matt Bowman, Truckee Meadows Water Authority

Eric Lentz, Heggen & Lentz Engineering

Caroline Chieffo, Douglas County

Steffi Gavin, Farr West Engineering

Trevor Laird, Alamo Sewer & Water General Improvement District

Greg Nielsen, Gerlach General Improvement District

Kathy Flannagan, Las Vegas Valley Water District

Matt Chorpening, Las Vegas Valley Water District

Greg Kodweis, Las Vegas Valley Water District

Kristin Tokheim, Lumos & Associates

Dean Day, Day Engineering

Amy Garcia, McGill Ruth Sewer & Water

Kurt Carson, McGill Ruth Sewer & Water

Joni Drahos, McGill Ruth Sewer & Water

Ron Roman, Douglas County

Rick Robillard, Douglas County

Phillip Ritger, Douglas County

Public present (continued):

Heather MacDonnell, Douglas County

Susan Dudley, Esmeralda County

Mike Anderson, Esmeralda County

Mark Foree, Gold Country Water Company

Sally Sue Broili, Mount Rose Bowl POWC

Kathy Williams, Cottonwood Mobile Home Park

Amina Anderson, Beatty Sewer & Water Sanitation District

Jeannie Sullivan-Ybarra, Beatty Sewer & Water Sanitation District

Nav Bajwa, Old 40 West Motel

Nicole Goehring, Division of Water Resources

Christine Vuletich, Washoe County

Joel Bellin, HDR engineering

1) Board for Financing Water Projects regular meeting

1) Call to order

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

2) Introduction/establish quorum

Chair Scott established a quorum as all board members were present.

3) Public comment

There were no public comments.

4) Approval of minutes from the July 29, 2020 regular meeting

Board Member Mike Workman motioned to approve the minutes. The motion was seconded by Vice Chair Andrew Belanger. The motion carried unanimously.

5) Funding update for the Drinking Water State Revolving Fund (DWSRF)

Jason Cooper, with the Nevada Division of Environmental Protection (NDEP), gave an update on the Drinking Water State Revolving Fund (DWSRF). As of January 4, 2021, there was $67,760,147.52 in the bank, with $20,730,214.37 committed funds not yet disbursed. Mr. Cooper indicated staff was presenting commitments to the board in the amount of $20,019,493.00. Over the next three years, the lowest cash balance would be $58,376,415.00.

Mr. Cooper displayed projections for the next three years. DWSRF currently has $3,883,261.78 available in principal forgiveness funding, with $3,295,493.00 presented to the board. Mr. Cooper said that left $587,768.78 on the table to commit to other projects. He anticipated that with the approval of the 2021 grant, an additional $2,552,800 in principal forgiveness funds would be available.

Chair Scott commented it was nice to see that amount of money available to fund projects, and that he would like to see that money out the door and committed to projects.

6) Funding update for the Capital Improvements Grant Program

Mr. Cooper stated funding for the Capital Improvements Grant Program is provided entirely by State-issued tax-exempt bonds. As of January 4, 2021, there was $2,799,384.39 in the bank, with $15,496.11 reserved for administration, and $1,267,395.15 committed to projects not yet disbursed. The projects presented to the board were for a total of $1,193,026.00, which would leave $343,092.61 left to commit from current funds. The Capital Improvement Grant Program has received the $3 million authorized by the State Legislature during the last session.

Chair Scott asked if all the bond funds allowed had been issued. Mr. Cooper responded the authority had been received, but the funds had not all been committed yet.

Chair Scott asked if the full bonding limit had been reached. Mr. Cooper answered that there was still bonding capacity available in the future.

7) Adoption of consent items: Increased funding to board-approved loans

a. Beatty Sewer & Water Sanitation District – See staff report, Exhibit 7A

b. Truckee Meadows Water Authority – See staff report, Exhibit 7b

c. Mount Rose Bowl Property Owners' Water Company – See staff report, Exhibit 7C

Mr. Cooper presented to the board a consent item option to assist in streamlining the agenda process. The three projects on the agenda were all requesting additional funds for a previously approved loan. The projects were available for discussion individually or approval with a single motion and resolution.

Chair Scott stated that the three projects were straightforward and explained well in the staff reports.

Board Member Carl Ruschmeyer and Board Member Workman agreed that accepting the items grouped together for consent was acceptable.

Board Member Ruschmeyer motioned to approve consent items 7a, 7b, and 7c, increasing the loan amount – as specified – for each of the previously-approved loans. The motion was seconded by Board Member Workman. The motion carried unanimously.

8) Adoption of consent items: Funding for preliminary Engineering Reports and Environmental Reviews

a. Gold Country Water Company – See staff report, Exhibit 8A

b. Cottonwood Mobile Home Park – See staff report, Exhibit 8b

Mr. Cooper said the consent item was structured similarly to the previous agenda item. These two projects requested funding for a Preliminary Engineering Report (PER) and Environmental Report (ER).

Vice Chair Belanger motioned to approve consent items 8a and 8b, funding – in the amounts specified – a PER and ER. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

Project list for consideration

Sharada Maligireddy and Elise Akers, with NDEP, introduced the following projects (9-14):

9) Alamo Sewer & Water GID – See staff report, Exhibit 9

Ms. Maligireddy and Ms. Akers recommended the board approve a $1,000,000 loan and $693,026 grant commitment to Alamo Sewer & Water GID. The money would fund an arsenic treatment project. The estimated project cost was $1,706,960, $1,000,000 of which would come as a principal forgiveness loan from the State Revolving Fund (SRF) program. Another $693,026 would come from the Capital Improvements Grant. The remaining $13,934 would be funded by the water system.

Board Member Ruschmeyer asked what might contribute to the rising arsenic levels and if zone testing was addressed during the analysis. Trevor Laird, with Alamo Sewer and Water, answered that zone testing was conducted previously on another well, but not on the well for the project.

Board Member Lori Williams motioned to approve Resolution D09-0121 Alamo Sewer and Water Project Loan Commitment. The motion was seconded by Vice Chair Belanger. The motion carried unanimously.

Board Member Ruschmeyer motioned to approve Resolution G09-0121 Alamo Sewer and Water Project Grant Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously.

10) Las Vegas Valley Water District – Big Bend – See staff report, Exhibit 10

Vice Chair Belanger recused himself from discussion and voting on the project prior to it being presented.

Ms. Maligireddy and Ms. Akers recommended the board approve a $1,000,000 loan and $500,000 grant commitment for Las Vegas Valley Water District. The money would fund a system-wide rehabilitation project and upgrades to the Big Bend Water System. The estimated project cost was $1,500,000, $1,000,000 of which would come as a principal forgiveness loan from the State Revolving Fund (SRF) program. Another $500,000 would come from the Capital Improvements Grant.

Board Member Williams motioned to approve Resolution D10-0121 Las Vegas Valley Water District Project Loan Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously, with Vice Chair Belanger abstaining from the vote.

Board Member Workman motioned to approve Resolution G10-0121 Las Vegas Valley Water District Project Grant Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously, with Vice Chair Belanger abstaining from the vote.

11) Douglas County – Cave Rock – See staff report, Exhibit 11

Ms. Maligireddy and Ms. Akers recommended the board approve a $16,500,000 loan for Douglas County. The money would be used to construct storage, water treatment, and lake intake pump facilities. This would help Douglas County achieve and maintain water conservation in the Cave Rock and Skyland areas. The estimated project cost was $18,000,000, $250,000 of which would come as a principal forgiveness loan. $16,2500,000 would come as a traditional loan from the SRF program. The remaining $1,500,000 would be funded by the system.

Board Member Ruschmeyer disclosed he was a former employee of Douglas County, but had no conflicting interests.

Board Member Workman asked if water meters would be installed with the project and if the water conservation plan had been updated. Ms. Maligireddy answered that water meters would be installed along with new piping as part of the project. She added that the water conservation plan was last updated in 2015. Phillip Ritger, with Douglas County, agreed that water meters would be installed.

Vice Chair Belanger motioned to approve Resolution D13A-0121 Douglas County Cave Rock-Skyland Project Loan Commitment and Resolution D13B-0121 Douglas County Cave

Rock-Skyland Project Loan Commitment. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

12) Gerlach GID – See staff report, Exhibit 12

Ms. Maligireddy and Ms. Akers recommended the board approve a $128,000 loan for Gerlach GID. The money would rehabilitate transmission line appurtenances between a spring source and the town of Gerlach. The estimated project cost was $145,000, $128,000 of which would come as a principal forgiveness loan from the SRF program. The remaining $17,000 would come from local funding.

Greg Nielsen, with Gerlach GID, commented that the project would assist in reestablishing emergency water flow.

Board Member Ruschmeyer motioned to approve Resolution D12-0121 Gerlach General Improvement District Project Loan Commitment. The motion was seconded by Board Member Williams. The motion carried unanimously.

13) McGill Ruth – See staff report, Exhibit 13

Ms. Maligireddy and Ms. Akers recommended the board approve a $433,750 loan for McGill Ruth Consolidated Sewer & Water GID. The money would fund repairs and rehabilitate a 1.5-million-gallon water storage tank in the town of Ruth. The estimated project cost was $543,7500, $433,750 of which would come as a principal forgiveness loan from the SRF program. The remaining $110,000 would come from local funding.

Board Member Workman asked how would water storage be managed during construction. Dean Day, with Day Engineering, answered that temporary water storage would be provided during the construction process.

Chair Scott asked if it would provide the Ruth water system independence from the McGill water system. Mr. Day responded that the towns were part of the same GID, but separated by 20 miles.

Chair Scott asked for the time frame for updating the water conservation plan. Kurt Carson, with McGill Ruth GID, answered that the water conservation plan for McGill had been submitted recently and that the water conservation plan for Ruth would be submitted soon.

Chair Scott asked if the Ruth water system had water meters. Mr. Carson responded the Ruth water system contained water meters.

Vice Chair Belanger motioned to approve Resolution D13-0121 McGill Ruth Consolidated Sewer and Water General Improvement District Project Loan Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously.

14) Esmeralda County – See staff report, Exhibit 14

Ms. Maligireddy and Ms. Akers recommended the board approve a $366,118 approve a loan to Esmeralda County. The money would fund radio read meters in the towns of Goldfield and Silver Peak. The estimated project cost was $366,118 which would come as a principal forgiveness loan from the SRF program.

Andrea Seifert, with NDEP's Bureau of Safe Drinking Water, commented that Goldfield had an arsenic maximum containment level violation that the bureau had been working on to

bring the system into compliance. Mike Anderson, with Esmeralda County, commented that the water lines had been repaired, helping resolve the arsenic issue.

Chair Scott asked for clarification on the arsenic violation. Ms. Seifert commented the water system had addressed the issue, but that it would take a few quarters for the system to get back into compliance, as the running averages were still high.

Chair Scott commented the board has previously provided funding to Goldfield to find an adequate water source and provide treatment to meet the arsenic standard.

Board Member Workman motioned to approve Resolution D16-0121 Esmeralda County Goldfield and Silver Peak Water Systems Meters Upgrade Project Loan Commitment. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

15) Capital Improvements Grant Program policies

Review of board policy on scale to determine grant amount – See staff report, Exhibit 15

Mr. Cooper presented recommended changes to the scale used to determine grant amounts for systems seeking funding. The scale awards more points to a system serving customers facing economic hardship, or to a system posing an imminent risk to public health.

Mr. Cooper explained the ratio of the State mean household income to the public water supply mean household income determines how many points a system is awarded by the scale. Points are awarded if the calculated ratio for a system reached specific thresholds (a system with a calculated score of 1.75 or higher received the most points possible). He recommended changing the scale to use the mean (average) household income rather than the median (middle) household income, allowing more systems to qualify for funding.

Vice Chair Belanger asked if the calculations used to determine the ratio could get down to the hundredth decimal place. Mr. Cooper answered yes. Vice Chair Belanger asked if the points awarded would be more accurate if they matched the decimal value of the ratio calculated. He clarified that a system with a calculated ratio below 1.00 would receive 0 points.

Mr. Cooper responded that the presented changes just focused on using the mean calculation rather than the median calculation. He added staff would be open to suggestions to changing how points are awarded.

Board Members Williams and Ruschmeyer stated they agreed with Vice Chair Belanger's suggested change.

Mr. Cooper also suggested removing the property tax rate calculation. Points from this calculation would be reallocated to the sufficient water rate calculation. Mr. Cooper explained a sufficient water rate covers a system's operation and maintenance costs. Systems with a sufficient water rate above the customers' median household income would be awarded more points.

Vice Chair Belanger asked what the reason was for calculating the median household income instead of the mean household income. Mr. Cooper responded that the median was used in most calculations to determine a system's eligibility. He added the percentages used to determine point distribution in this calculation would need to be adjusted if the mean was used instead.

Board Member Ruschmeyer asked for clarification on how the maximum number of points available in this calculation was determined. Mr. Cooper answered that the available points were not changed from the current scale. He added staff would be open to suggestions from the board.

Mr. Cooper continued the presentation, recommending changes to how points are allocated based on the board's priorities for a system. Mr. Cooper stated the redistribution would remove points awarded for project management requirements and instead award them to systems demonstrating preplanning practices and responsible operations.

Board Member Workman asked if adding the word "compliant" with the scale could ensure a system was compliant with its own maintenance manual and cross connection plans. Mr. Cooper responded that "compliant" could be added. He said staff could confirm with the Bureau of Safe Drinking Water (BSDW) if a system's plans were up to date and in compliance.

Mr. Cooper said the last recommended change to the scale was a minor edit to the language regarding applicants who had not adequately funded a capital replacement fund. Chair Scott clarified that the policy only applied to grant program funding and not SRF funding.

Vice Chair Belanger asked how Nevada Revised Statute (NRS) 349.983, which defines the formula used to determine the grant scale, interacts with NRS 349.981. He also asked how that impacts funding for other projects, and if those statutes would need to be revised. Mr. Cooper responded that the scale used to determine grant amount applies to drinking water projects funded in the Capital Improvement Grant Program. He added that the board developed a separate policy with its own grant scale for irrigation projects.

Katie Armstrong, Deputy Attorney General, commented that she would research how other projects follow the NRS and provide her findings to staff and the board.

Mr. Cooper then provided examples to the board how the changes to the scale would impact final funding for communities. Chair Scott responded that most of the changes were comparatively small.

Chair Scott then stated the mean to median issue needed to be addressed due to statutory requirements. Mr. Cooper offered to have staff calculate new project proposals with the revised scale to show the difference between the calculations.

Board Member Workman and Board Member Williams agreed that the board move forward with the changes without the recalculations.

Ms. Seifert said there were concerns having time to review a system's Water Conservation Plan. She also noted not every county has access to a source water protection plan. Chair Scott answered that the points awarded for these plans were small. He asked Mr. Cooper to work with BSDW in the future to determine the efficacy of the scale. Board Member Workman agreed that any issues could be handled internally.

Mr. Cooper summarized that the board's recommended changes included:

- using the mean household income when comparing to the State average
- having points awarded by the sufficient water rate match the decimals calculated
- adding the word "compliant" to the scale when referring to a system's operation and maintenance plans
- changing the language regarding applicants who did not fund a capital replacement fund

Board Member Williams motioned to approve the policy on the scale used to determine grant amounts, with amendments based on the board's recommendations. The motion was seconded by Vice Chair Belanger. The motion carried unanimously.

16) Board comments

Board Member Workman complimented staff on their effort to prepare the reports and the meeting.

Chair Scott thanked Board Member Williams for her time serving on the board.

Mr. Cooper and all board member agreed to schedule the next board meeting for April 28, 2021 at 9:00 am.

17) Public comment

There were no public comments.

18) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 12:53 pm.

2) ATTACHMENTS

DRAFT

Additional Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Beatty Water and Sanitation District

Amount and Term	Recommendation
$15,000 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Beatty Water and Sanitation District for loan contract DW1912.

Original commitments

Project

The town of Beatty needs additional and redundant sources of safe drinking water. Only one of Beatty's wells is treated and blended to remove arsenic and fluoride. The Beatty Water and Sanitation District is preparing a preliminary engineering report (PER) and environmental review (ER) to determine how to increase the availability and sustainability of source water for the town. This includes a pilot test to find a reliable water source that meets water quality standards.

Resolution and conditions

6B-2019 Beatty Water and Sanitation District Water System PER and ER Loan Commitment Resolution was adopted June 25, 2019. The Board approved an amount not-to-exceed $85,000 in principal forgiveness funds from the Drinking Water State Revolving Fund. Funding contract DW1912 was signed on August 20, 2019.

The principal forgiveness loan contains a condition that the system will follow the guidance established by NDEP and the RUS bulletin 1780-2.

Need for additional funds

The scope of work for the environmental review has changed from the initial review. The additional work requested from the State Historic Preservation Office has increased the costs above the original budget amount.

Additionally, the pilot test needs to be thoroughly investigated for a more viable treatment method. This requires treatment vendors participate in the piloting process – at an additional cost.

Timeline

	Original	Updated
Design	July to September 2019	March 2021

DWSRF Project cost changes

	Original	Updated	Total
Planning	$85,000	$15,000	**$100,000**
Administration	N/A	N/A	N/A
Financing	N/A	N/A	N/A
Construction Contingency	N/A	N/A	N/A
Totals	**$85,000**	**$15,000**	**$100,000**

Explanation for changes in budget

Increase time and cost reviewing cultural and historic information to complete the environmental review.

Opportunity for other funding

Nevada's Intended Use Plan allows up to $100,000 for a PER and ER, with a community match of at least 15%. The total cost of this PER is now $123,754, with the community contributing $23,754 or 19%. Beatty is designated as a disadvantaged community and is sensitive to rate increases.

RESOLUTION D07A-0121

Beatty Water & Sanitation District Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Beatty Water & Sanitation District (Recipient) owns and operates a community water system in Nevada; and

WHEREAS: The Project is included as project #3 on the Priority List of water projects; and

WHEREAS: NDEP and the Recipient entered into loan contract DW1912 on August 20, 2019 in order to pay for a PER, ER, and pilot testing; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D07A-0121 Beatty Water and Sanitation District Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of additional funds in the amount not-to-exceed $15,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1912 would therefore be $100,000.

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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

June 2019

Staff Report from June 25, 2019 meeting

Beatty Water and Sanitation District

Amount and Term	Recommendation
$85,000 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Beatty Water and Sanitation District.

Community Information

Location Beatty is an unincorporated town along the Amargosa River in Nye County. US 95 runs through the town and connects Beatty to Las Vegas, which is approximately 120 miles to the southeast, and Tonopah, which is approximately 90 miles to the north.

Structure General improvement district

Population 1,010

Service Connections Residential: 347
Commercial: 80
Industrial: 0

Project for Funding

Need The town of Beatty needs additional and redundant compliant sources of drinking water. Currently, only one of Beatty's wells (EW-4) is treated to remove arsenic and blended to remove fluoride, which provides compliant drinking water for the town. If the well goes down or if either treatment or blending are off-line, the town does not have a compliant source for water.

The sanitation and water district is proposing to prepare a preliminary engineering report (PER) and environmental review (ER) to examine all potential alternatives to increase the availability and sustainability of the source water for the town.

These alternatives may include:

- Treating fluoride and arsenic in wells 2 and 3, which would increase the production of compliant water. This alternative would require a treatment plant and media that will remove both fluoride and arsenic economically.
- Adding fluoride treatment in the existing treatment plant, which would

eliminate blending and optimize water production from the town's largest producing well: EW-4.

- Adding well EW-3 to the system to improve reliability. Well EW-3 is an existing well in the Amargosa Valley near well EW-4. Well EW-3 is owned by the mine but might be made available to the town, boosting water into the treatment plant and allowing for full flow backwash.

Maps An existing system map is attached to this report.

Timeline July 2019 – September 2020

Sources of Project Funding

	Drinking Water State Revolving Fund (DWSRF)	Other Partner Funders	Local	**Total**
Planning	$85,000	$0	$15,000	**$100,000**
Design, inspection, & Construction Management	$0	$0	$0	**$0**
Construction	$0	$0	$0	**$0**
Contingency	$0	$0	$0	**$0**
Totals	**$85,000**	**$0**	**$15,000**	**$100,000**

Previous Commitments and Studies

Capital Improvements Grant Program

In 1995, the district received $2,281,060 (85% of total project costs) to:

- Construct a new back-up well in the Indian Springs well field;[1]
- Construct a seven-mile transmission line from the new backup well to town;
- Construct a new booster pump station midway between the new well and town;
- Adapt one town water tank for blending two sources of water;
- Interconnect the two existing storage tanks;
- Install telemetry;
- Construct an interceptor line redirecting water from the Indian Springs well field to the blending facility;
- Purchase water rights in the Amargosa Valley for use at the EW-4 well.

In 2006, the district received an additional $51,850 (85% of the total project cost) for a PER and pilot testing for an arsenic mitigation project to help the district comply with the U.S. Environmental Protection Agency's revised arsenic rule.

[1] At the time, the district chose to construct a new backup well in lieu of the purchase and modification of an existing mining well — EW-4 — in Amargosa Valley. EW-4 was constructed and funded through a loan from the Rural Economic and Community Development Services and was owned by a mining company. EW-4, however, is now owned by the water system.

Drinking Water State Revolving Fund

In 2009, the district received $2,910,000 in principal forgiveness funding from the DWSRF to cover 100% of the cost to construct an arsenic treatment plant to treat water from the EW-4 well. This funding was increased in 2013 by $83,245, bringing the total commitment of principal forgiveness funding for this project to $2,993,245. However, the final expenses totaled $2,912,624 and a portion of the authorized funding was de-obligated.

Community Engagement

The district has discussed the need for this PER and ER at public board meetings. No one from the public spoke in opposition to the project.

Current System Information

Infrastructure

The district receives its water from five active municipal wells. Wells 2 and 3 are located in town and are not permitted for regular use, as they do not meet the primary maximum contaminant level (MCL) for arsenic or fluoride. The Indian Springs and Summit Wells are located north of the town and meet all water quality standards, but both lack the full capacity to meet the town's needs. The EW-4 well, located east of town, is the main production well and also exceeds the MCLs for arsenic and fluoride. Water from this well is treated for arsenic via a coagulation-filtration process. Before entering the distribution system, a booster station lifts water from the treatment plant to the south tank where it is blended with water from the Indian Springs and Summit Wells to mitigate the fluoride.

The system also has 750,000 gallons of storage distributed equally in 3 tanks.

All of the district's customers are metered; however, the meters are old and out of calibration, affecting both how water loss is calculated and system revenue.

Compliance

The NDEP Bureau of Safe Drinking Water conducted a sanitary survey on June 14, 2017. All significant and minor deficiencies have been resolved. Two observations/recommendations remain:

1. No tank redundancy for booster station ST04 at the treatment plant
2. No redundancy in storage and blending.

The district is planning to prepare a PER and ER to address additional supply and treatment that will allow a secondary source.

Water Conservation Plan

A water conservation plan is on file with the Nevada Division of Water Resources. This plan was last reviewed and updated on June 13, 2014, and is due again for review and update. The district notes that minimal public education on water conservation currently takes place. The system assumes that water rates generally promote water conservation.

Technical Capacity

The water system's manager conducted a technical, managerial, and financial capacity survey in May 2019. The evaluation noted areas of potential improvement; however, the survey score satisfied the regulatory requirements for capacity. The manager is currently the only certified distribution and treatment operator. The district is prioritizing hiring or training additional staff with the appropriate certification, something noted in the 2017 sanitary survey.

Managerial Capacity

The district is governed by a five-member board. The district also employs a full-time manager to oversee all operations and fiscal matters of the system. The district has the ability to conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity

Based on available financial information, the district is capable of meeting its short- and long-term financial needs. Financial information is independently audited by Daniel C. McArthur, LTD.

Financial Information as of June 30, 2018:

Unrestricted cash: $118,067

Outstanding debt: $71,487

Current ratio: 3.50

Debt coverage: 12.52

User Water Rates

The water rates established are sufficient to cover operating, maintenance, debt service, and reserves of the system.

Residential base rate per user, per month: $23.70 for 0 – 2,000 gallons

Tier one: $1.47 for each 1,000 gallons between 2,000 – 8,000 gallons

Tier two: $2.05 for each 1,000 gallons between 8,000 – 15,000 gallons

Average water rate/use for system: $36.62 with 10,000 gallons.

Fiscal Sustainability Plan

Since this proposed funding is for a PER and ER and not a construction project, no condition will be added to this loan agreement for a fiscal sustainability plan.

Short-Lived Asset Reserve Account

The system currently maintains a short-lived asset reserve account as outlined in Nevada's Intended Use Plan. The reserve account was originally required through a grant commitment of $2,281,060 in 1999 from the Capital Improvements Grant Program. The current balance is $382,254. The district has withdrawn $143,443 in the last two years to fund well rehabilitation expenses, and the system anticipates additional expenses in the future to address aging infrastructure.

Principal Forgiveness Eligibility Criteria

The 2019 Intended Use Plan outlines criteria that systems must meet to be eligible for principal forgiveness funding. Preparation of a PER with an ER is a qualified project for principal forgiveness funding if the system further demonstrates other conditions that would qualify enough points to make them eligible for principal forgiveness funding. The district received 135 out of 400 possible points. Only 50 points were needed to qualify for principal forgiveness funding.

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request.
- The PER must meet the conditions of NDEP's guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER 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 OFA.
- 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.

Whichever is shorter		
% Complete	Months Expired	Eligible expenses may be reimbursed up to % of loan
30%	6 months	30%
60%	9 months	60%
90%	12 months	90%
100%	15 months	100%

DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA 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)).

Beatty, NV Current Piping Materials - Figure 2
FARR WEST ENGINEERING
5442 Longley Ln, Suite B
Reno, NV 89511
(775) 851-4788
N
1" = 600'
Water Pipe Material
Asbestos Cement Pipe
Polyvinyl Chloride Pipe
Ductile Iron Pipe
Steel
WELL NO. 2
WELL NO. 3
MIDDLE TANK
SOUTH TANK
MAIN ST
2ND ST
3RD ST
A AVE N
B AVE N
C AVE N
D AVE N
E AVE N
A AVE S
B AVE S
C AVE S
CENTER AVE
KNIGHT AVE
CROWELL AVE
COTTONWOOD LN
HORNET DR
PIT RD
WARD ST
REBEL ST
HOYT ST
PHILLIPS ST
HILL ST
DOING AVE
MONK AVE
NORTH AVE
REVERT AVE
TWILIGHT CIR
KRISTY LN
BEACH ST
VALLEY ST
CEDAR ST
PINE ST
MARGOSA ST
WILSON ST
95
374

RESOLUTION 6B-2019

Beatty Water and Sanitation District
Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On April 17, 2019, the Board, under NRS 445A.265(3), approved the Year 2020 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: The Beatty Water and Sanitation District (Recipient) owns and operates a public water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project to make improvements to the Beatty Water System (Project); and

WHEREAS: The Project is included as project #4 on the Year 2020 Priority List of water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "6B-2019 Beatty Water and Sewer District Water System PER and ER Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $475,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JUNE 25, 2019

Signed: APPROVED JUNE 25, 2019

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Additional Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Truckee Meadows Water Authority

(Old Forty West Motel)

Amount and Term	**Recommendation**
$16,000 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Truckee Meadows Water Authority for loan contract DW1903.

Original commitments

Project

This project involves the consolidation of the Old Forty West Motel, a non-compliant public water system (PWS) utilizing a groundwater supply with elevated levels of arsenic. The consolidation involves the abandonment of two groundwater wells currently serving the water system, the chlorinator, and pressure tanks. The community water system will be dissolved and will become a customer of the Truckee Meadows Water Authority (TMWA) system via a 1.5-inch master meter. The consolidation involves a service tap into a nearby TMWA water main and outfitting the service with appropriate equipment such as a water meter, backflow-prevention assembly, and valves.

TMWA is the loan applicant to benefit the Old Forty West motel. The project is now complete and ready for closeout.

Resolution and conditions

6-2018 Truckee Meadows Water Authority Project Loan Commitment Resolution adopted June 20, 2018. The Board approved an amount not-to-exceed $100,000 in principal forgiveness funds from the Drinking Water State Revolving Fund (DWSRF). Funding contract DW1903 was signed on October 22, 2018.

Need for additional funds

The project encountered a major hurdle with the Union Pacific Railroad. The permit was submitted in June 2019 and was eventually approved in March 2020, after Old Forty West incurred substantial costs for review and fees that were not in the original budget. The railroad insisted the project be reviewed to the same level as other projects that cross under the tracks, despite this project being approximately 170 feet away from the tracks.

Timeline

	Original	Updated
Design	July 2018	August 2018
Construction Start	September 2018	July 2020
Initiation of Operations	October 2018	September 2020

Explanation of timeline changes

The project experienced numerous delays due to water rights management, construction bidding, and easement procurements from Union Pacific Railroad.

DWSRF Project cost changes

	Original	Updated	Total
Planning	N/A	N/A	N/A
Design, inspection, & Construction Management	$20,000	$11,625	**$31,625**
Equipment & Materials	N/A	N/A	N/A
Construction / Improvements	$43,900		**$43,900**
Administration	$36,100	$4,375	**$40,475**
Financing	N/A	N/A	N/A
Construction Contingency	N/A	N/A	N/A
Totals	**$100,000**	**$16,000**	**$116,000**

Explanation for changes in budget

Union Pacific Railroad inspection and fees were not included in the original budget.

Opportunity for other funding

The total project cost has neared $126,000. The motel owner remains committed to funding $10,000 of this project from personal funds. Additionally, due to the delays in construction, the owner has been required to provide bottled water to his residents. Due to the change in PWS status, from transient to non-transient community water system, the applicant has been incurring additional water quality testing costs of approximately a few thousand dollars per month to stay compliant with BSDW requirements. These additional expenses are not reimbursable by the DWSRF and total approximately $63,000.

RESOLUTION D07B-0121

Truckee Meadows Water Authority Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Truckee Meadows Water Authority (Recipient) owns and operates a community water system in Nevada; and

WHEREAS: The Project is included as project #7 on the Priority List of water projects; and

WHEREAS: NDEP and the Recipient entered into loan contract DW1903 on October 22, 2018 to pay for the consolidation and system improvements for Old Forty West Motel in Reno, Nevada; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D07B-0121 Truckee Meadows Water Authority Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of additional funds in the amount not-to-exceed $16,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1903 will therefore be $116,000.

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Staff Report from June 20, 2018 meeting

Truckee Meadows Water Authority

Board for Financing Water Projects Summary
Loan Commitment from the Drinking Water State Revolving Fund
June 2018

Applicant:	Truckee Meadows Water Authority (TMWA)
Project:	Consolidation of the Old Forty West Motel with TMWA
Total Cost:	$110,000
DWSRF Funding:	$100,000

DIVISION RECOMMENDATION

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment from the DWSRF in an amount not to exceed $100,000 to the Truckee Meadows Water Authority (TMWA) for the consolidation of the Old Forty West Motel community water system with TMWA's system. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. NDEP and TMWA will negotiate the terms and conditions of a loan agreement. A resolution is included in your binders with this staff report.

GENERAL

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to help public water systems finance the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed laws that authorize NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. These state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from EPA govern the DWSRF program.

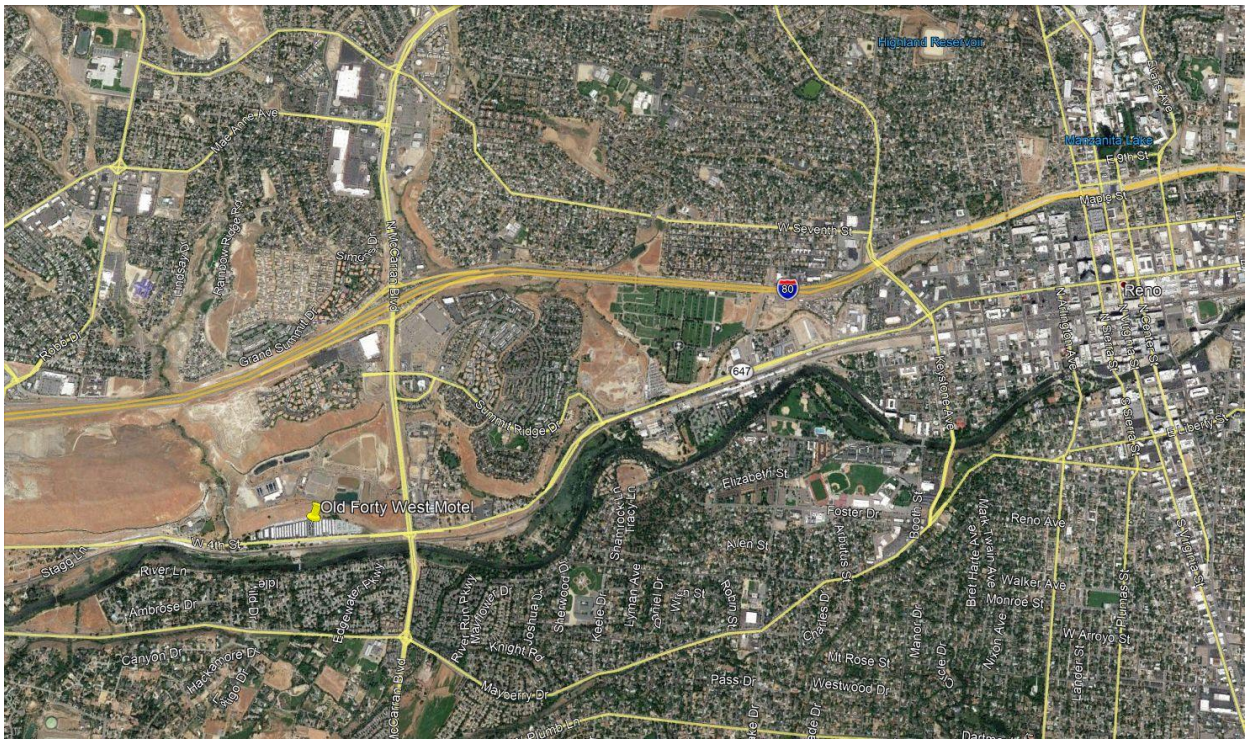
One requirement of the NRS pertaining to the DWSRF is that the Division shall not "commit any money in the Account for the Revolving Fund for expenditure…without obtaining the prior approval of the Board for financing water projects" (NRS 445A.265, subsection 3).

BACKGROUND

The Truckee Meadows Water Authority is a not-for-profit, community-owned water utility that is overseen by elected officials and citizen appointees from Reno, Sparks and Washoe County. The system is supplied by surface water from the Truckee River and groundwater wells throughout the Truckee Meadows. With a production capacity of 190 million gallons per day and more than 1,300 miles of water mains, the system provides water to more than 385,000 people.

The Old Forty West Motel is located in the Reno area on West 4th Street. The system serves 32 apartment units using groundwater from 2 wells. The Old Forty West facility parcel is

currently zoned for mixed use. The use of this facility will not change with this project, and no retrofitting of the buildings will occur.



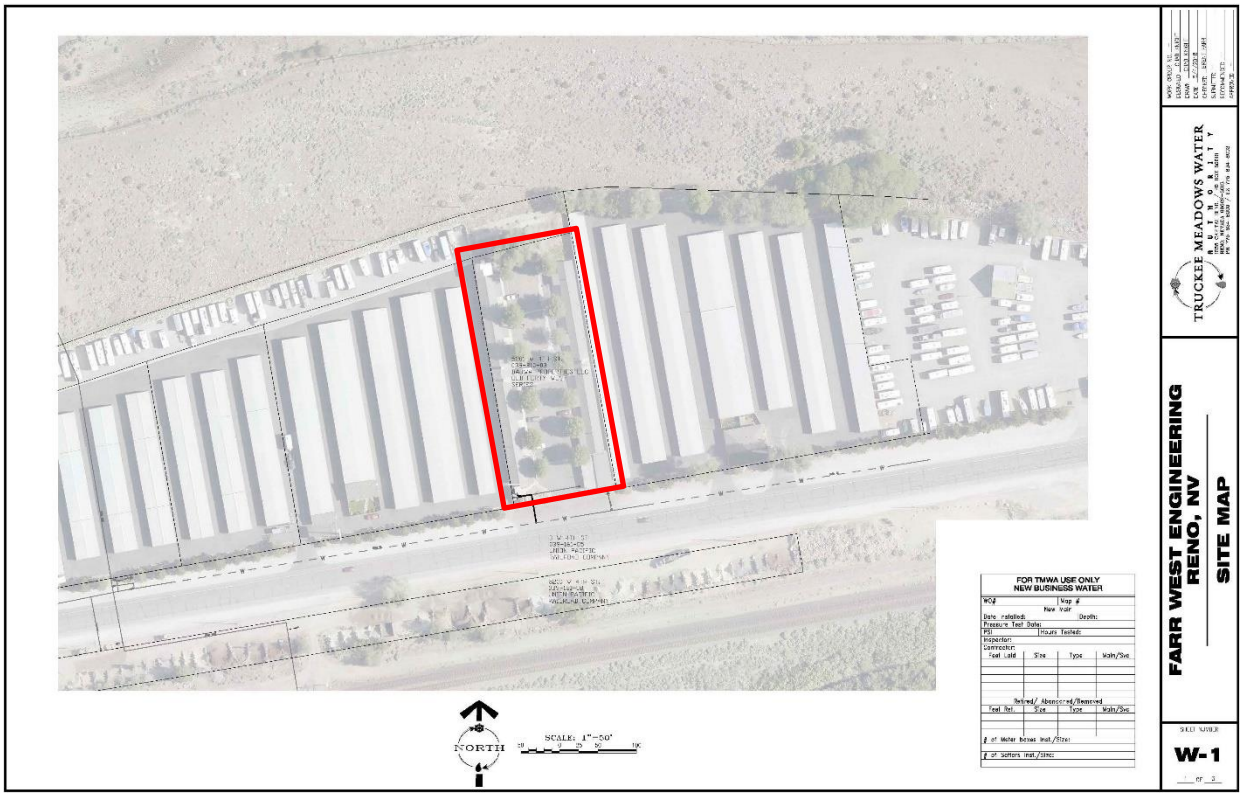
Since it's joined to a motel, the water system has been considered a transient, non-community system. In 2016, the Washoe County Health Department determined that the motel units were often rented out to long-term residents and met the regulatory definition of a community water system or public water system[1]. The Old Forty West public water system has been out of compliance with the arsenic standard since Quarter 4, 2016, with documented arsenic concentrations of 0.075 mg/L[2]. The NDEP Bureau of Safe Drinking Water (BSDW) issued a Notice of Formal Enforcement on February 5, 2018, requiring the water system to comply with all drinking water laws and regulations adopted by the State Environmental Commission.

PROJECT

This project consolidates a non-compliant, public water system that uses a groundwater supply with elevated levels of arsenic. The chlorinator, the pressure tanks, and the 2 groundwater wells currently serving the water system will be abandoned. The community water system will be dissolved and will become a customer of the TMWA system via a 1.5-inch master meter. The consolidation involves a service tap into a nearby TMWA water main and outfitting the service with appropriate equipment such as a water meter, backflow-prevention assembly, and valves.

[1] Nevada Revised Statutes 445A.235 – "Public water system" means a system, regardless of ownership, that provides the public with water for human consumption through pipes or other constructed conveyances, if the system has 15 or more service connections, as defined in NRS 445A.843, or regularly serves 25 or more persons.

[2] The maximum containment level for arsenic is 0.010 mg/L.

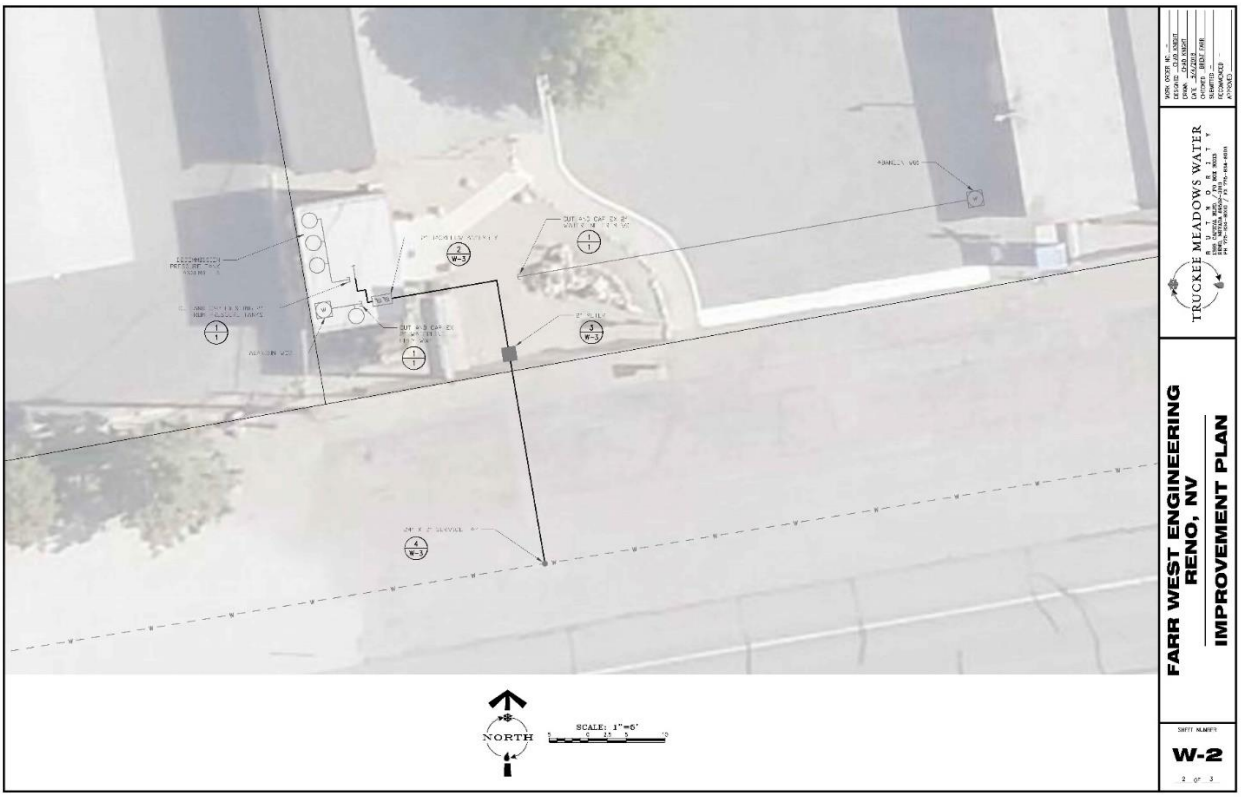

FOR TMWA USE ONLY
NEW BUSINESS WATER
NORTH
SCALE: 1"=50'
TRUCKEE MEADOWS WATER AUTHORITY
FARR WEST ENGINEERING
RENO, NV
SITE MAP
W-1











Project Alternatives
"No-action" was not a selected alternative due to the level of arsenic in groundwater serving the property and its potential effect on public health. In addition, a compliance order has been given by BSDW that does not allow for continued operation of the facility and water system without any corrective action.

Treating the water source by removing the arsenic was not a selected alternative due to limited operational budget, lack of operational expertise, and limited space for equipment.

Permitting
The project will require the following permits prior to commencing construction:

- Fire Permit
- NDOT Permit to Operate in ROW
- Union Pacific Permit to Operate
- Washoe County Health Department Well Abandonment Permit

Environmental Review
NDEP conducts environmental reviews of water projects as authorized by Nevada law[3]. Projects that are considered a minor expansion of the existing capacity of the distribution system of a public water system and will not have a significant effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review. NDEP is consulting with appropriate crosscutting federal, state and local agencies. This will be completed prior to signing a DWSRF loan contract. The project will have a beneficial effect by ensuring that customers have safe drinking water.

[3] Nevada Administrative Code (NAC) 445A.6758 to 445A.67612

Project Funding & Sources

BID SCHEDULE - BASE BID

ITEM	DESCRIPTION	QTY TOTAL	UNIT	UNIT COST	TOTAL
1	Mobilization / Demobilization	1	LS	$ 2,000.00	$ 2,000.00
2	Traffic Control	1	LS	$ 5,000.00	$ 5,000.00
3	Connection Engineering	1	LS	$ 20,000.00	$ 20,000.00
4	Connection Fee (TMWA)	1	LS	$ 24,000.00	$ 24,000.00
5	Application and Permit Fees	1	LS	$ 4,800.00	$ 4,800.00
6	Domestic Water Service (1.5 Inch Meter) - Water Main to Meter Assembly	1	EA	$ 6,000.00	$ 6,000.00
7	Remove and Replace Landscaping - Private	130	SF	$ 20.00	$ 2,600.00
8	AC Pavement - Trench Patch	150	SF	$ 7.00	$ 1,050.00
9	2" Reduced Pressure Zone Backflow Preventer (Wilkins 975XL) and Installation	1	EA	$ 2,500.00	$ 2,500.00
10	Water System Abandonment	1	LS	$ 1,000.00	$ 1,000.00
11	Well Abandonment (2 wells)	1	LS	$ 8,300.00	$ 8,300.00
				BASE BID SUBTOTAL:	**$ 77,250.00**
				20% Contingency	**$ 15,450.00**
				TOTAL	**$ 92,700.00**

Budget Item	DWSRF Funding	Applicant	Totals by Use
Planning		$10,000	$10,000
Design & Engineering [3]	$20,000		$20,000
Land Acquisition			
Equipment/Materials			
Construction/Improvements [1, 2, 6, 7, 8, 9, 10, 11, & Contingency]	$43,900		$43,900
Administrative [4, 5, & $7,500 to round project to $100,000]	$36,100		$36,100
Financing Costs			
Totals by Source	**$100,000**	**$10,000**	**$110,000**

Estimated Project Schedule

Planning, Design & Specifications	July 2018
Construction Commencement	September 2018
Project Start-up	October 2018

FINANCIAL EVALUATION

Based on the financial information provided, TMWA is capable of meeting its short- and long-term financial needs. The authority maintains its accounting records in accordance with generally accepted accounting principles for local governments and conducts its financial activities in a manner that demonstrates sustainability in their program.

In order to comply with the DWSRF grant award from EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, grants, or any combination of these. Nevada specified in the 2018 Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community or where consolidation of a smaller system to a larger system is part of the project. Reno's median household income would be used for the project and does not meet the definition of a disadvantaged community. However,

the system is being consolidated with TMWA, entitling the project to additional subsidy under a consolidation for principal forgiveness in the amount of $100,000.

The authority only operates a water system, so all assets, liabilities, revenues and expenses relate to drinking water operations. Unrestricted cash on June 30, 2017 was $132,203,954. This is up from the FY2016 ending balance of $99,764,684 and higher than the four year average for the fiscal years presented. Operating earnings before depreciation has remained very strong over four years. The debt service coverage calculations jumped in FY15 due to a special item on the operating statement relating to the transfer of operations from Washoe County. Otherwise, debt service coverage remains stable. The FY18 budget indicates no major changes in operations or resources moving forward.

Rates established by the water authority are on average $42.39 per user per month for 10,660 average gallons used. The authority, however, continues to meet their operating needs and maintains large cash reserves. Additionally, the Board evaluated their water rates as of May 2018 and increased them. The authority believes this new rate is sufficient to maintain their system, so it would be unreasonable for staff to condition the loan at this time.

Technical, Managerial and Financial Capacity
The TMWA system is in compliance with all requirements of the Safe Drinking Water Act and has met all monitoring requirements. TMWA employs certified operators who have the technical knowledge and ability to operate the system and conducts its administrative affairs in a manner that ensures compliance with all applicable standards. TMWA has a fiscal sustainability plan and both short- and long-term capital improvement plans. TMWA maintains a five year capital improvement plan that considers all assets and needs of their system, ranked by priority with budgeted, current cost values.

RESOLUTION

A RESOLUTION DESIGNATED THE "06-2018 TRUCKEE MEADOWS WATER AUTHORITY PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

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

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

WHEREAS, on June 20, 2018 the Board, pursuant to NRS 445A.265, approved the 2019 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Truckee Meadows Water Authority owns and operates a public water system in Reno/Sparks/Washoe County, Nevada; and

WHEREAS, the Truckee Meadows Water Authority submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Project is included as Project #8 on the Year 2019 Priority List of water projects; and

WHEREAS, the Truckee Meadows Water Authority project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Truckee Meadows Water Authority has submitted a written application ("Application") pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Application including supporting material thereof, and has determined that the Truckee Meadows Water Authority has the technical, managerial, and financial capability to manage and repay a loan for the Project; and

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

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

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

Section 1. This Resolution shall be known as the "06-2018 Truckee Meadows Water Authority Project Loan Commitment Resolution."

Section 2. The terms and conditions for providing a loan to the Truckee Meadows Water Authority shall be negotiated between the Truckee Meadows Water Authority and the Division. These terms will include 100% Principal Forgiveness.

Section 3. Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed $100,000 from the account for the revolving fund in accordance with NRS 445A.265.

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

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

PASSED, ADOPTED AND SIGNED JUNE 20, 2018

APPROVED JUNE 20, 2018

_____
Chairman
Board for Financing Water Projects

Attest:

_____
Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Mount Rose Bowl Property Owners' Water Company

Amount and Term	**Recommendation**
$25,000 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Mount Rose Bowl Property Owner's Water Company for loan contract DW1907.

Original commitments

Project	The primary supply source for the property's 15 residents has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525). In addition, the only storage for the community (a 10,000-gallon redwood storage tank) has developed leaks and requires replacement. In June 2017, the Board approved a principal forgiveness loan from the Drinking Water State Revolving Fund (DWSRF) for $73,000. The loan funded a preliminary engineering report (PER) and environmental review (ER) to determine how to address both deficiencies. The review found the PWS will need to install aeration to correct the lead and copper deficiencies, as well as replace the storage tank.
Resolution and conditions	4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution was adopted April 17, 2019. The Board approved an amount not-to-exceed $500,000 in principal forgiveness funds from the DWSRF.
Need for additional funds	During the design process, the amount of dissolved iron in the water rose to a level at/or above the secondary standard for Nevada. The design process, which began in June 2019, was 90 percent complete when this was discovered. Adding aeration treatment for lead and copper would only oxidize the dissolved iron and turn the water red. Therefore, the system had to change from an aeration unit to a blended phosphates and caustic soda injection. Blended phosphates will both separate the iron in the water and limit corrosion throughout the system.

Timeline

	Original	Updated
Design	October 2019	Completed & Approved Oct 2, 2020
Construction Bid	March 2020	March 2021
Construction Start	May 2020	May 2021
Initiation of Operations	July 2020	Aug 2021

Explanation of timeline changes

The increased iron levels forced the system to change to a different treatment option, requiring design changes. This change has been acknowledged and approved by the Washoe County Health District.

DWSRF Project cost changes

	Original	Updated	Total
Planning	N/A	N/A	**N/A**
Design, inspection, & Construction Management	$166,000	$25,000	**$191,000**
Easements	$13,800	N/A	**$13,800**
Equipment & Materials	$0	N/A	**$0**
Construction / Improvements	$306,400	N/A	**$306,400**
Administration	$13,800	N/A	**$13,800**
Financing	$0	N/A	**$0**
Construction Contingency	$0	N/A	**$0**
Totals	**$500,000**	**$25,000**	**$525,000**

Explanation for changes in budget

Increase in design costs due to the late rise in iron levels in the spring source. System needed to change to an alternate treatment (a blended phosphates and caustic soda injection).

Opportunity for other funding

The total cost of the project is being partially funded with U.S. Department of Agriculture (USDA) loan and grant funds. Total project cost is now $747,600. USDA has maxed out the amount of grant funds available to them; any additional funds would be in the form of a loan. The community is already paying $175 per month for water to meet the current funding plan and system operations. It would be difficult for the community to take on more loans at this time.

RESOLUTION D07C-0121

Mount Rose Bowl POWC Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Mount Rose Bowl POWC (Recipient) owns and operates a community water system in Nevada; and

WHEREAS: The Project is included as project #9 on the Priority List of water projects; and

WHEREAS: NDEP and the Recipient entered into loan contract DW1907 on July 25, 2019 in order to pay for a new tank, aeration, and related equipment and materials necessary to treat an acidic water supply; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D07C-0121 Mount Rose Bowl POWC Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of additional funds in the amount not-to-exceed $25,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1907 would therefore be $525,000.

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Staff report from April 17, 2019

Mount Rose Bowl Property Owners' Water Company

Board for Financing Water Projects Summary
Loan Commitment from the Drinking Water State Revolving Fund
April 2019

Project:	**Aeration Treatment & New Storage Tank**
Total Cost:	**$722,600**
DWSRF Funding:	**$500,000**

DIVISION RECOMMENDATION

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a resolution committing funds from the Drinking Water State Revolving Fund (DWSRF) in an amount not to exceed $500,000 to the Mount Rose Bowl Property Owners' Water Company (MRBPOWC). Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven. NDEP and the Mount Rose Bowl Property Owners' Water Company will negotiate the terms and conditions of the loan agreement.

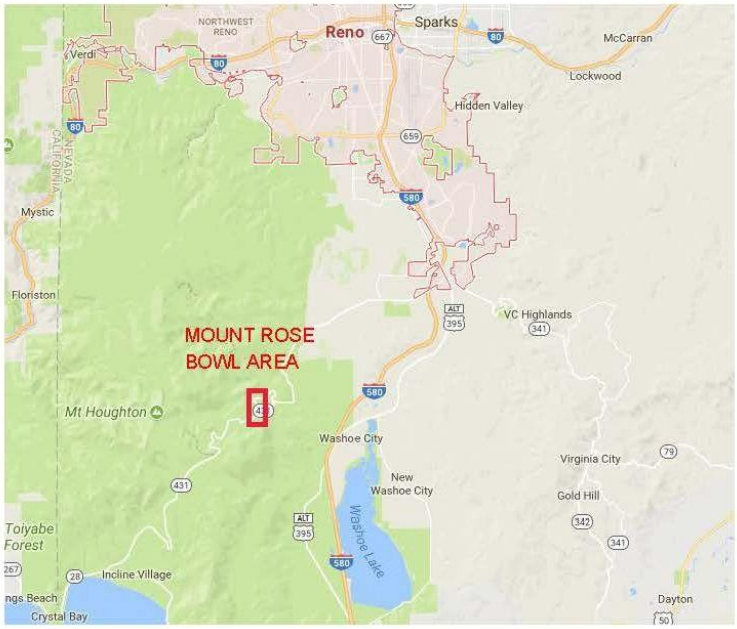
GENERAL

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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. A variety of directives supplement state and federal regulations to govern the DWSRF program. The Operating Agreement with the EPA, federal guidance and policies, and the conditions of each grant award influence how NDEP manages the program.

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

BACKGROUND

The MRBPOWC is located approximately 24 miles south of Reno off the Mt Rose highway (SR-431). The water system currently serves approximately 22 people via 13 residential and 2 commercial connections. There are 10 additional lots within the water system service area that could be developed; however, many of these lots are owned by the current residents and those residents are not in favor of additional development in the area.



The primary source of supply is a natural spring with a total flow of approximately 20 gallons per minute (gpm). The system also has a well – used for emergencies only – with a rating of 10 gpm. Total storage for the system is 10,000 gallons. Water is chlorinated at the spring only. The water mains were replaced in 1994 and are PVC. The existing water system infrastructure is in very good to excellent condition. The system is metered; however, the meters are beyond their useful life and not currently read on a regular basis.

The MRBPOWC water has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525) since 2001 and been out of compliance with the Washoe County Health Department (WCHD) since the 2014 sanitary survey. The spring water does contains a high concentration of dissolved CO_2. When the CO_2 is converted to carbonic acid, the pH is reduced to 6.5 and lower, causing corrosion of the copper pipes, lead solder joints, and water system components within the residences.

The upper part of the water system experiences low pressures – less than 20 psi under average day demand. The proximity of these homes to the spring and water tank therefore results in a minimal elevation difference.

The WCHD's most recent sanitary surveys from December 2014 and July 2017 noted two deficiencies that required an engineering study: 1) the water system exceeds the maximum contaminant level for copper and must submit a water project to permanently address and correct the issue, and 2) the existing redwood storage tank has developed leaks and requires repair or replacement.

In June 2017, the Board approved a principal forgiveness loan from the DWSRF in the amount of $73,000 to the MRBPOWC for a Preliminary Engineering Report (PER) and Environmental Review (ER) to determine the best alternative to correct both the water quality issue and replace the leaking storage tank.

The community and its engineer reviewed alternatives to resolve the pH issue including: 1) consolidation with another system, 2) aeration, 3) chemical addition, 4) point-of-use, and 5) replacement of copper pipe and appurtenances within the individual residences. The alternatives considered for the replacement of the old redwood tank included: 1) installing a new 250,000-

gallon, welded-steel tank to provide the total recommended storage, and 2) installing an emergency inter-tie with the City of Reno Sky Tavern water system to provide fire flow in an emergency and replacing the old tank with a 30,000-gallon, welded-steel tank to provide potable water for the community.

PROJECT

The proposed project alternative to treat the highly acidic water supply for the MRBPOWC water system is pH adjustment via aeration. Aeration is a non-chemical method for adjusting pH where air is introduced into the water and natural carbon dioxide is air-stripped from the water. Douglas County has had long-term success with aeration systems to adjust pH in two of the county's water systems. The aeration unit proposed – a DeepBubble Multi-Stage Air Stripper – will need to be housed within a small building, approximately 10 ft by 12 ft. This type of treatment generally requires minimal maintenance but will increase the energy usage for the water system.

The proposed project alternative to replace the old redwood tank is a new 30,000-gallon, welded-steel tank constructed slightly up-gradient of the existing tank. A request to the city of Reno to allow an emergency intertie with the existing 150,000-gallon Sky Tavern tank was rejected. The Truckee Meadows Fire Protection District ultimately approved the installation of a 30,000-gallon tank for both potable water and private fire protection.

The new tank, aeration building and unit, associated piping, SCADA, and access road will be constructed near the existing redwood tank, but will not disturb the existing junction box, tank, or outflow piping, allowing it to stay online during construction for minimum system disturbance.

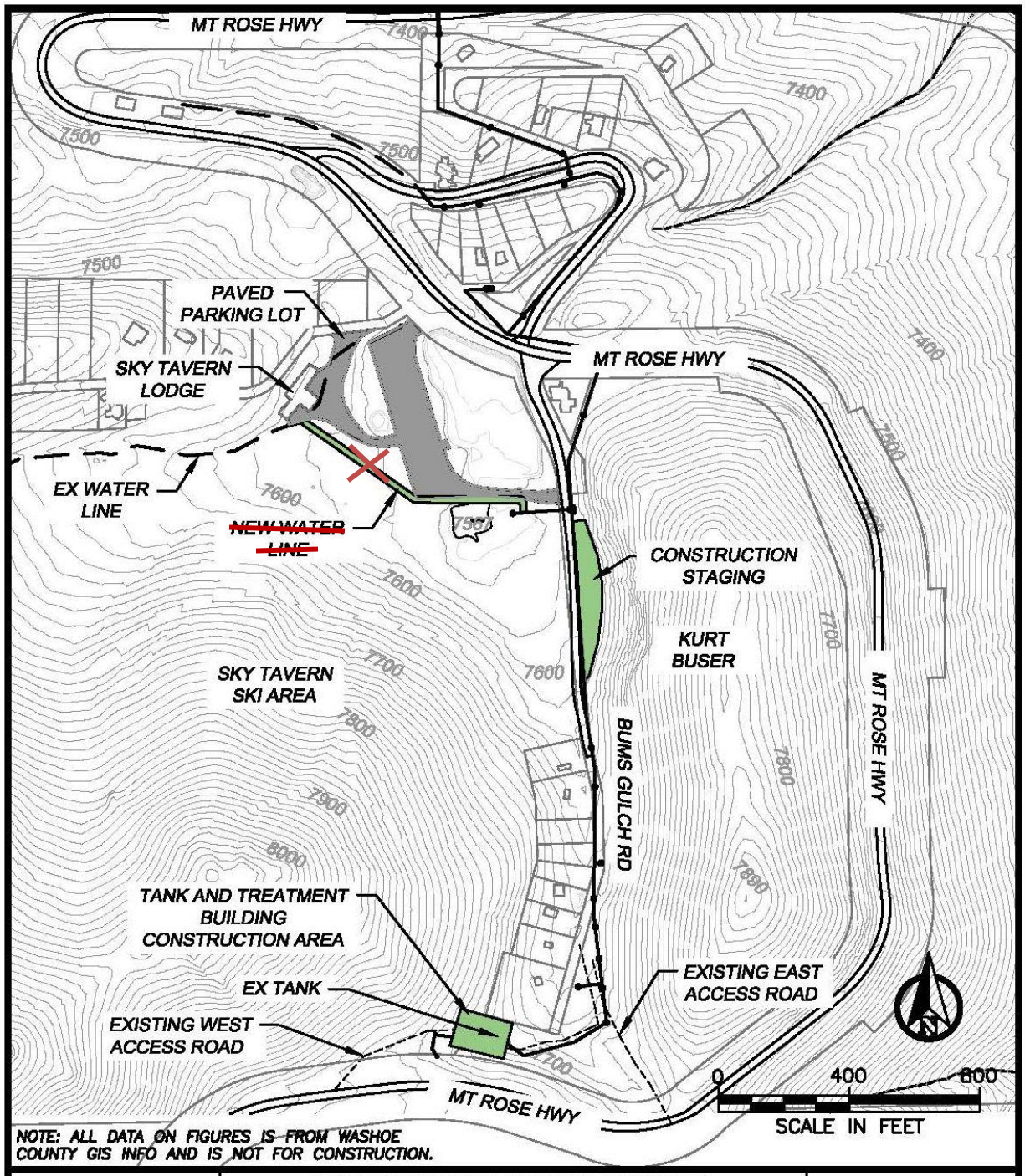
Project Alternatives

No Action The MRBPOWC water system is currently operating in violation of the SDWA. The 'no action' alternative could jeopardize the control the MRBPOWC currently has over the system and could result in fines and other regulatory penalties.

Aeration treatment with a 250,000-gallon storage tank This alternative included the same aeration system as in the proposed project alternative but replaced the 10,000-gallon tank with a 250,000-gallon tank to meet all regulatory storage requirements including fire flow. Issues with this alternative included: the additional land that would be required for a tank of this size, potential water quality issues due to water age in a tank of this size, and potential geotechnical issues due to the steep and heavily wooded hillside that might provide the only location for a tank of this size.

Chemical treatment (instead of aeration) with the same 2 storage considerations Chemical treatment using sodium hydroxide (caustic soda) was considered. Although the construction cost and on-going O&M costs were more favorable, the water system members rejected the option due to concerns about adding chemicals to their drinking water.

Point of Use Treatment (POU)/Point of Entry (POE) The POUs/POEs would have to be owned, controlled, and maintained by the water system. Access issues due to the seasonal snow and freezing made the installation of POEs in vaults outside the homes impractical. Similar access issues were seen with POUs installed inside the homes as many of these homes are only used seasonally. It was determined that in a typical residential application approximately 1/3 of the media mix (calcite & magnesium oxide) would need to be replaced each year leading to the highest O&M costs of all of the alternatives and more potential liability for the water system if access cannot be gained in a timely manner. Another issue with these individual devices is the substantial amount of water – 11 gpm for 6 minutes – needed for the required regular backwashing.



HEGGEN LENTZ ENGINEERING

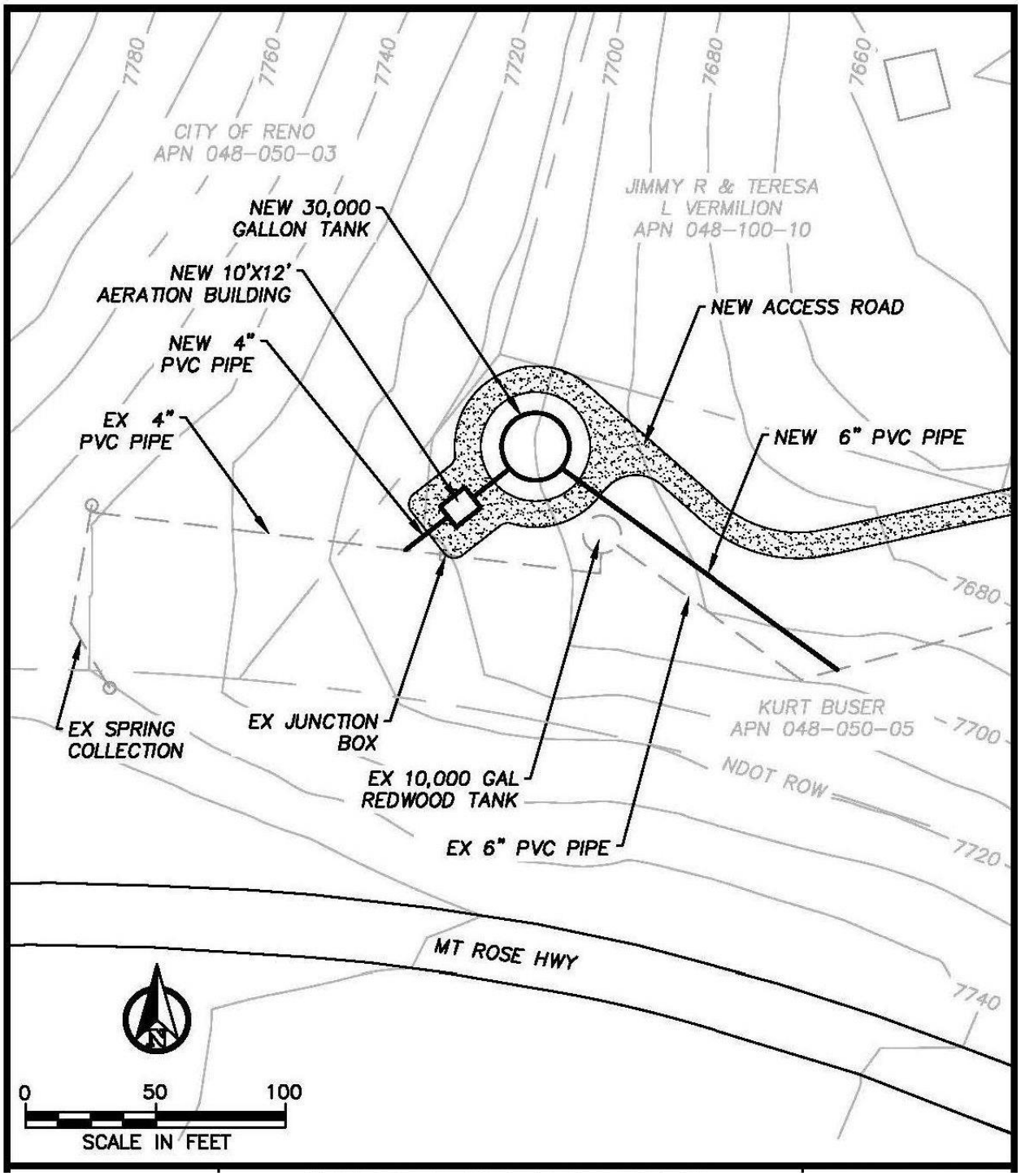
MOUNT ROSE BOWL PROPERTY OWNER WATER COMPANY, INC.

MRBPOWC - CONSTRUCTION AREAS

WASHOE COUNTY NEVADA

Date: 05/01/18
Scale: 1"=400'
Job No:

FIGURE
2



Removal of remaining copper piping with distribution system Replacement of all copper service lines within each building could lower the copper level in the water; however, other appliances and appurtenances (e.g., water heaters, valves, faucets) cannot be replaced with plastic and may still lead to copper above the action level.

Customers, Population, and Growth
The MRBPOWC currently has 15 connections. Growth, if any, will be limited. The residential lots are zoned medium density suburban according to Washoe County zoning, which requires a minimum lot size of 12,000 sq ft. Of the remaining residential lots in the MRBPOWC water system service area that have not been developed, only 10 of these parcels meet the minimum buildable lot size.

Water Conservation
The MRBPOWC has a water conservation plan prepared for the water system by Nevada Rural Water Association and dated February 2017. This plan is on file with the Nevada Division of Water Resources and available on their website.

With limited sources of supply and storage, the MRBPOWC users are aware of the need to avoid water waste. Most of the existing residences have only native vegetation. Only one residence maintains a seasonal swimming pool.

Technical, Managerial and Financial (TMF) Capacity
A TMF capacity survey was conducted in June 2014. The water system evaluation noted areas of potential improvement; however, the survey score satisfied the regulatory requirements for capacity.

The MRBPOWC employs a certified contract operator and is working towards compliance with the SDWA with the PER being a major step toward choosing a project. Member-owners of the water company actively participate in meetings and have elected Board members that represent the interests of the community.

A water rate was put in place to assure that the company remains fiscally sustainable and has been reevaluated to determine the increase necessary to take on the costs associated with this project including: loan debt service, expected increases in O&M, funding a short-lived asset account, and funding a debt reserve account.

Community Engagement
Each of the 15 connections within the MRBPOWC are shareholders within the water company. Currently the water company has a monthly board meeting along with their required annual meeting where shareholders are encouraged to attend. The MRBPOWC has a board of five members that vote on most decisions. Only major decisions – such as the addition of new water connections to the system – require a vote from shareholders, and a 2/3 majority is required for approval.

Some of the MRBPOWC shareholders have been a part of the system since the water company's inception and have provided valuable information about the water system and its history. All the MRBPOWC shareholders have had the opportunity to review the PER and ER and provide comments.

Environmental Review
As a part of the underwriting process, the US Department of Agriculture (USDA) assessed the potential environmental effects of the project and determined that it is eligible for a categorical exclusion as it is unlikely to have a negative effect, either individually or cumulatively, on the quality of the human environment and the project may be exempted from further environmental review. Consultation with appropriate cross-cutting agencies was completed. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitats are affected by the project. No national landmarks or properties with nationally significant historic, architectural, prehistoric, archeological, or cultural value are affected by the project.

NDEP conducts environmental reviews of water projects as authorized by Nevada law[1]. Projects that replace existing equipment and/or construct a small structure on an existing site and will not have a significant effect on the quality of the environment are eligible for a categorical exclusion. NDEP received all of the environmental information and correspondence provided by and to the USDA and concurred with the USDA determination. Public notice of this concurrence was provided in a newspaper of general circulation throughout the project area, provided to the electronic mailing list for the DWSRF and Board, and posted to the Nevada State Clearinghouse and NDEP public notices websites. No comments were received.

Project Cost Estimate & Funding Sources

Budget Item	DWSRF PF Loan	USDA Grant	USDA Loan	Totals by Use
Design, Construction Mgt, & Inspection	$ 166,000			$ 166,000
Equipment/Materials				
Construction/Improvements	$ 306,400	$ 113,600	$ 40,000	$ 460,000
Construction Contingency		$ 69,000		$ 69,000
Easements	$ 13,800			$ 13,800
Administrative	$ 13,800			$ 13,800
Totals by Source	$ 500,000	$ 182,600	$ 40,000	$ 722,600

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

Total Project Cost Estimate (Engineer's Opinion of Probable Cost)

Table 6.2: Alt 2B – Construction Cost Estimate

Alt 2B - Aeration at the Tank - Construction Cost Estimate			
Item	Description	Cost	
1	Mobilization	$	46,000
2	Clearing and Grubbing	$	8,000
3	Grading	$	16,000
4	Aeration Building	$	70,000
5	Aeration Unit	$	40,000
6	30,000 Gallon Tank	$	135,000
7	Tank Ring Foundation	$	25,000
8	Tank Pad	$	15,000
9	Associated Piping	$	14,000
10	Water Meters	$	30,000
11	Access Road	$	10,000
12	Drainage Channels	$	6,000
13	Erosion Control and BMPs	$	15,000
14	Landscape and Revegetation	$	30,000
		$	460,000

Table 6.3: Alt 2B – Total Project Cost Estimate

Alt 2B - Aeration at the Tank - Total Project Cost Estimate			
Construction		$	460,000
Construction Contigency	15%	$	69,000
Engineering & Permitting		$	73,200
Construction Management	10%	$	46,000
Resident Project Representative		$	46,800
Easement Acquisition	3%	$	13,800
Legal & Administrative	3%	$	13,800
		$	722,600

Estimated Project Schedule

Function	Estimated Date
Design/Specifications & Easement Acquisition	Begin upon funding – 2nd – 3rd quarter 2019
Bid & Award Contract	March 2020
Construction Commencement	May 2020
Project Start-up	July 2020

FINANCIAL EVALUATION

Based upon the financial information provided, MRBPOWC is funding its current operating needs. The company is a very small entity, which continues to expand its financial capacity. Unrestricted cash in December 2018 was $12,756.37. MRBPOWC currently has no debt obligations.

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or a combination of these. Additional subsidy will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median household income (MHI) is less than 80 percent of the MHI of the state. In July 2017, Nevada Rural Water Association conducted an income survey of MRBPOWC. The MHI was determined to be $62,974; therefore, MRBPOWC does not meet the definition of a disadvantaged community. However, Nevada specified in the Intended Use Plan (IUP) that additional subsidy will be offered to communities with a population of less than 10,000 people if the community can demonstrate a need for principal forgiveness rather than a traditional loan. The MRBPOWC entity is subject to a chronic health issue. Additionally, the debt service payments on a traditional loan would only be shared by fifteen connections. If this small water system were to take on a traditional loan it would more than double the monthly rates, therefore, a principal forgiven loan is appropriate for this project.

The water system currently charges each connection a flat water rate of $150/month plus an extra $25 to prepare for the upcoming USDA loan that is part of funding this project for a total of $175 per month.

RESOLUTION

A RESOLUTION DESIGNATED THE "4-2019 MOUNT ROSE BOWL PROPERTY OWNERS' WATER COMPANY PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

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

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

WHEREAS, on April 17, 2019 the Board, pursuant to NRS 445A.265, approved the 2020 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company owns and operates a public water system in Nevada; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company submitted a pre-application to NDEP to fund a project for improvement to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Project is included as Project #11 on the Year 2020 Priority List of water projects; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Mount Rose Bowl Property Owners' Water Company has submitted a written application (Application) pursuant to NAC 445A.67613 to NDEP; and

WHEREAS, NDEP has reviewed the Application including supporting material thereof, and has determined that the Mount Rose Bowl Property Owners' Water Company has the technical, managerial, and financial capability to manage a loan for the Project; and

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

WHEREAS, the Board must approve the commitment of any money from the state revolving fund for expenditures as set forth in NRS 445A.275;

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

Section 1. This Resolution shall be known as the "4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution."

Section 2. The terms and conditions for providing a loan to the Mount Rose Bowl Property Owners' Water Company shall be negotiated between the Mount Rose Bowl Property Owners' Water Company and NDEP. These terms will include 100 percent principal forgiveness.

Section 3. Based on the review of the Application by NDEP and based on the recommendation submitted by NDEP to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board hereby approves a commitment of funds in the amount not to exceed $500,000 from the account of the state revolving fund in accordance with NRS 445A.265.

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

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

PASSED, ADOPTED AND SIGNED APRIL 17, 2019

APPROVED APRIL 17, 2019

Chair
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Gold Country Water Company, Inc.

Amount and Term	**Recommendation**
$37,400 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Gold Country Water Company, Inc. for a preliminary engineering report and environmental review to address excessive and rising nitrate levels observed in their current groundwater sources.

Community Information

Location Gold Country Water Company is located five miles south of Winnemucca in Humboldt County.

Structure Gold Country Water Company, Inc. is a private S-Corporation. The company owns the Gold Country Estates municipal water system (NV0003049)

Population 950

Service Connections
Residential: 413
Commercial: 5
Industrial: 3
Other (public authorities): 4

Project for Funding

Need The system is seeking funds to prepare a preliminary engineering report (PER) and environmental review (ER) to address rising groundwater nitrate levels. Nitrate levels in Well 2 could exceed the maximum contaminant limit (MCL) in the next few years. An October 2020 sample had 7.4 mg/L, compared to the allowable MCL of 10mg/L. The nitrate level in Well 1 exceeded the MCL in 2011. Wells 1 and 2 are located on the east side of Gold Country's system and are heavily relied on, as most of the customers reside there. Wells 3 and 4 are located on the west side of the system and are primarily relied on during the irrigation season.

Chosen Project The proposed PER and ER will examine all potential alternatives to increase the availability and sustainability of compliant drinking water for the current service area.

These alternatives may include:

- Treating well water for nitrate mitigation
- Evaluating blending the water sourced from the wells
- Consolidation with neighboring Humboldt County Utility
- New water sources

A cost-effect analysis for each alternative will be considered.

Maps Maps are attached to this report.

Timeline PER & Environmental Review (ER): January 2021 - July 2021.

Sources of Project Funding

	DWSRF	Local	**Total**
Planning	$37,400	$6,600	**$44,000**

Previous Commitments and Studies

The applicant has been closely monitoring water quality data over the years, seeing a trend of consistently and rapidly rising nitrate levels in the source water.

Environmental Review

The scope of the PER will include an environmental assessment. It will also identify the possible effects of each proposed alternative to various crosscutters. The scope will closely match the general scope of an environmental assessment, as detailed in NAC445A. 67587.

Community Engagement

- ***January 2021, Humboldt County, Board of County Commissioners Meeting****:* The Board will discuss the need for Gold Country Estates to assess nitrate mitigation needs and evaluate alternatives.
- **Regarding the PER and ER:** Gold Country will provide information to customers on billing, the online payment website, and other means of communication.

Current System Information

Infrastructure

Gold Country Estates PWS has multiple water sources, including an intertie from Star City, a domestic well (Well 3), a fire well (Well 4), two ground water wells (Well 1 and 2), and the Winnemucca Airport Water System (NV0002208). Additional infrastructure includes a distribution system with pipe sizes ranging between 6" to 12", a booster pump station and booster pumps at Well 1 and 2, chlorinators for a domestic well, and a 285,000 gallon-capacity storage tank for water sourced from the groundwater wells.

Compliance

NDEP's Bureau of Safe Drinking Water (BSDW) conducted the most recent sanitary survey of the Gold Country Estates PWS on July 9, 2019. Two deficiencies were noted at the time, with no unresolved issues. The survey also found no pending or current violations in the Drinking Water Watch module of BSDW's Safe Drinking Water Information System. The proposed PER and ER will address the rising nitrate levels and evaluate necessary mitigation measures. The applicant believes this study is essential to providing the service area with safe drinking water.

Water Conservation Plan

The applicant's current plan for water conservation was adopted in 2015. This plan is not available on the Nevada Division of Water Resources website.

Gold Country Estates PWS has certificated and permitted water rights for over 2,000 acre-feet/year. Based on 2020 estimates for usage patterns in the service area, approximately 20 percent of water rights are committed. The current plan also includes conservation requirements that are intended to meet the long-term sustainability of the community, including:

- Adopting water resource protection policies as a part of the 2015 plan;
- Creating a system-wide water resource plan to ensure continued recharge to the aquifers; and
- Tracking customer water usage and unaccounted-for water losses to prevent water waste.

Water conservation plans must be updated every five years and comply with Nevada statutes.

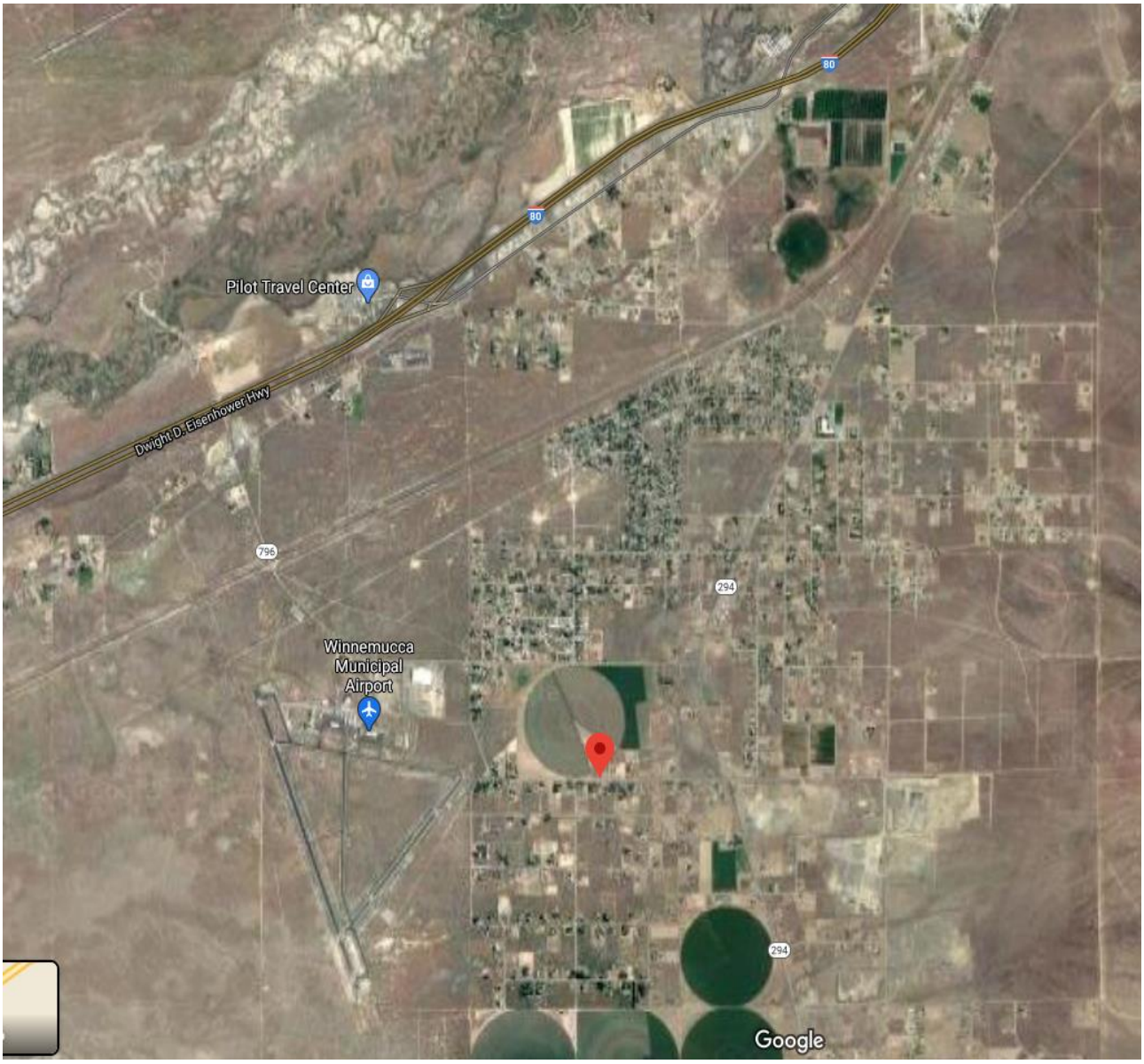
Technical Capacity

The water system conducted a technical, managerial, and financial (TMF) capacity survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Staff has 19 years of experience in owning and operating a system; their credentials include a Nevada licensed professional engineer, and Grade III and IV certified distribution and treatment operators. The system has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity	The Gold Country Estates is a community PWS owned and operated by a private entity: Gold Country Water Company, Inc., a Subchapter S Corporation. The officers also function as utility service providers and utility managers. The staff in-charge oversaw past construction projects successfully. The system has demonstrated managerial capacity for NDEP to support funding.
Financial Capacity	Based upon the financial information provided, Gold Country Estates can meet its short-term and long-term financial needs. <u>Financial Information as of June 30, 2019*</u> Unrestricted Cash: $216,384 Days cash on hand: 376 Outstanding Debt: $688,138 Operating Income before Depreciation: $77,588 Current Ratio: 7.53 Debt Coverage: 2.96 *Financial information presented to the Public Utilities Commission was provided.
User Water Rates	The water rates established sufficiently cover operation, maintenance, debt service, and reserves for the system. Residential base rate per user per month: $35.14 (0 - 8,000 gallons) Commodity Rate: $1.00/1,000 gallons over the base gallons Monthly Surcharge: $14.53
Fiscal Sustainability Plan	A fiscal sustainability plan will not be required in the loan agreement since this is for a PER and ER only.
Capital Replacement Reserve Account	The proposed funding agreement will not contain a requirement to maintain this reserve account, since it is for a PER and ER only.
DWSRF Principal Forgiveness Eligibility Criteria	The 2020 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. Preparation of a PER with an ER qualifies a project for up to $100,000 of principal forgiveness funding, with a required 15% match from other sources.

MAPS AND EXHIBITS




N
INTERSTATE 80 R/W
SOUTHERN PACIFIC RAILROAD R/W
AIRPORT ROAD
WELL 1
WELL 2
WELL 3
WELL 4
JAYS ROAD
WESTMORELAND ROAD
W. COMMANDER DRIVE
THOMAS CANYON ROAD
GRASS VALLEY ROAD
EXISTING SERVICE AREA
EXISTING SERVICE AREA
EXISTING SERVICE AREA
WINNEMUCCA AIRPORT
A PORTION OF
SECTIONS 1, 11, 12, 14, 15, 16, 22, 23 & 27, T.35N., R.37E., M.D.B.&M.
HUMBOLDT COUNTY, NEVADA
GOLD COUNTRY WATER COMPANY
HUMBOLDT COUNTY, NEVADA
EXHIBIT 1
GOLD COUNTRY
WELL LOCATIONS
DRAWN BY: DLR
DATE: 12/20/20

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

The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request is required.
- The PER must meet the conditions of NDEP's guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER 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 OFA.
- 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 document	Eligible reimbursement
30%	30%
60%	60%
90%	90%
100%	100%

Should no reimbursements be requested that meet the percentage of completion requirement, NDEP will request the following planning meetings:

Months	Eligible reimbursement
6 months	30%
9 months	60%
12 months	90%
15 months and every 3 months thereafter	90% until complete

RESOLUTION D08A-0121

Gold Country Water Company, Inc. Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Gold Country Water Company Inc (Recipient) owns and operates a public community water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a preparation of a preliminary engineering report and environmental review to address Groundwater Nitrate mitigation need (Project); and

WHEREAS: The Project is included as project #1 on the Nevada DWSRF Priority List Effective July 2020 of water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D08A-0121 Gold Country Water Company, Inc. Preliminary Engineering Report and Environmental Review Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $37,400 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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

January 2021

Cottonwood Mobile Home Park, Inc.

Amount and Term	Recommendation
$24,225 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Cottonwood Mobile Home Park, Inc for the purposes of completing a preliminary engineering report (PER) and environmental report (ER) for evaluating their public water system (PWS) repair and rehabilitation needs and potential emergency connection to Carson City's water system.

Community Information

Location Cottonwood Mobile Home Park, Inc., Carson City

Structure Privately owned PWS (S Corporation)

Population 151

Service Connections 91

Project for Funding

Need The Cottonwood MHP water system was originally installed in 1950s-60s, with few, if any, changes to the system over the years. The PER and ER will investigate alternatives to improve this ageing PWS. Potential alternatives to explore include spot repairs of the existing water system, partial system replacement, and/or full system replacement. The PER will also include evaluation of the potential for an emergency connection to Carson City's water system to meet fire flow requirements stipulated in the Nevada Administrative Code (NAC). As significant portions of the existing distribution system are 50 years or older, need for an extensive environmental review is anticipated. The PER and ER will follow the USDA RUS Bulletin 1780-2 and Nevada Environmental Review policies, respectively.

Timeline

Sources of Project Funding

	DWSRF	Other Partner Funders	Local	**Total**
Planning	$ 24,225	$	$	**$ 28,500**
Totals	**$ 24,225**	**$ 0**	**$ 4,275**	**$ 28,500**

Previous Commitments and Studies

Cottonwood MHP is currently in the process of obtaining technical assistance from Office of Financial Assistance to prepare a water conservation plan for their PWS.

Community Engagement

The applicant reports that, decision for loan seeking was made through discussion and/or meetings as needed between various officers in-charge of Cottonwood MHP operations. Public education and notifications were distributed to residents via mailers/flyers. Public participation for the proposed project will be documented in detail in the PER.

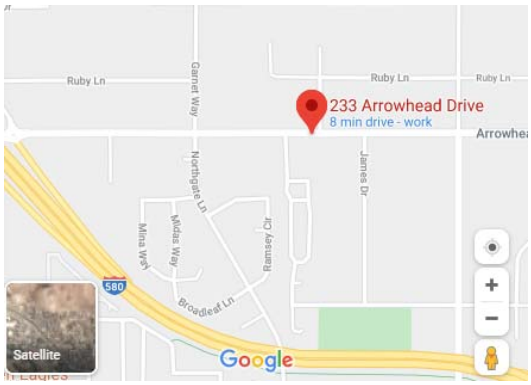
Current System Information

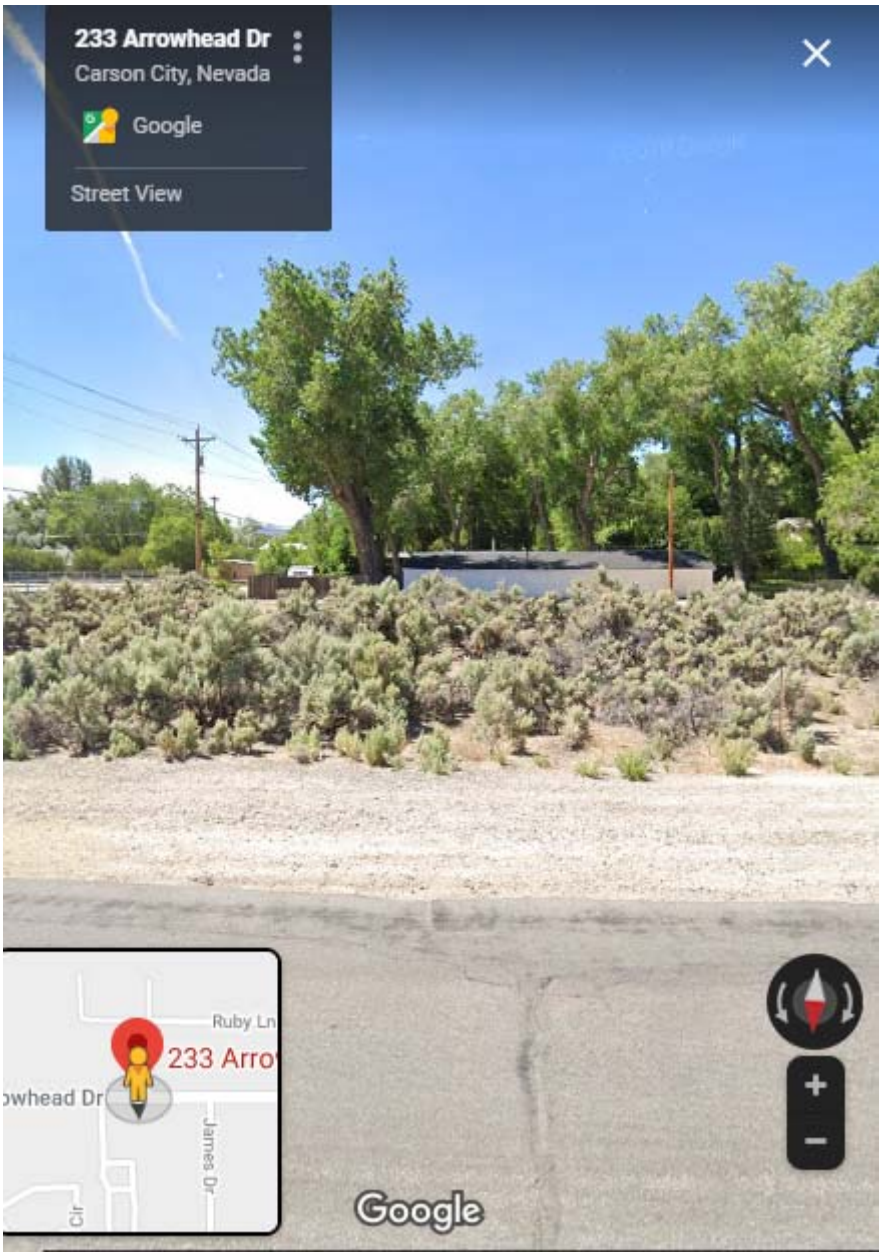
Infrastructure Cottonwood MHP PWS routinely draws its water supply using three groundwater wells, each fitted with a well pump and discharge piping. The total permitted water rights for use by this PWS are 37.79-acre feet per annum. Distribution system comprises 4,500 linear feet of 2-inch to 4-inch diameter piping. Existing distribution system and specifications of few other infrastructure components of this PWS do not meet current NAC guidance.

Compliance The most recent sanitary survey of the Cottonwood MHP PWS was conducted by NDEP Bureau of Safe Drinking Water on October 16, 2019. Sanitary survey report did not note any significant system deficiencies; other deficiencies noted include requirements to have a cross connection control plan and an emergency response plan, and the need to achieve water supply redundancy.

Water Conservation Plan Nevada Division of Water Resources mandates a water conservation plan for all PWSs. Further, this plan must be prepared and updated every five years to comply with Nevada statutes[1]. Cottonwood MHP is in the process of procuring technical assistance from the office of financial assistance to prepare a water conservation plan.

Technical Capacity	Cottonwood MHP conducted a technical, managerial, and financial (TMF) capacity survey in May 2020. The evaluation noted areas of significant deficiencies; system-wide improvements are needed to address grossly undersized pipes, lack of reliable system mapping, and inadequate fire flows. Overall technical capacity category score of 1.61 (out of 3) is well below the regulatory requirements for capacity (**65% or higher or >=1.95**). Cottonwood MHP is in the process of procuring technical assistance to improve technical capacity and PER will also address these deficiencies.
Managerial Capacity	The TMF survey self-reported by the Cottonwood MHP scored managerial capacity at 1.88 (out of 3). Significant managerial capacity deficiencies identified in this report are consistent with NDEP's sanitary survey report; both entail the PWS to prepare and follow an operations and maintenance manual and to prepare an emergency response plan. TMF capacity assistance, sought by Cottonwood MHP, is anticipated to address these deficiencies, enabling the system to achieve and maintain compliance with federal and state requirements and regulations.
Financial Capacity	Based on the financial information provided, Cottonwood MHP can meet its short- and long-term financial needs. Financial Information as of **December 31, 2019** Unrestricted Cash: $0 (Cash in April 2020: $9,772.75) Outstanding Debt: $24,180 (taken out in 2019) Operating Income before depreciation: $169,631 Debt Coverage: 7.02 Financial information is compiled from S Corporation tax returns and bank statements.
User Water Rates	Residential user payment is included in space rent.
Fiscal Sustainability Plan	A fiscal sustainability plan will not be required in the loan agreement since this is for a PER and ER only.
Capital Asset Reserve Account	This proposed funding agreement will not contain a requirement to maintain this reserve account since it is for a PER and ER only.
Principal Forgiveness Eligibility Criteria	The 2021 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. Preparation of a PER with an ER is a qualified project for up to $100,000 of principal forgiveness funding.


Ruby Ln
Garnet Way
Ruby Ln
Ruby Ln
233 Arrowhead Drive
8 min drive - work
Arrowhea
Northgate Ln
James Dr
Mina Way
Midas Way
Ramsey Cir
580
Broadleaf Ln
Satellite
Google


233 Arrowhead Dr
Carson City, Nevada
Google
Street View
Ruby Ln
233 Arro
owhead Dr
James Dr
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Google

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)).

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request is required.
- The PER must meet the conditions of NDEP's guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER 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 OFA.
- 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 document	Eligible reimbursement
30%	30%
60%	60%
90%	90%
100%	100%

Should no reimbursements be requested that meet the percentage of completion requirement, NDEP will request the following planning meetings:

Months	Eligible reimbursement
6 months	30%
9 months	60%
12 months	90%
15 months and every 3 months thereafter	90% until complete

RESOLUTION D08B-0121

Cottonwood Mobile Home Park, Inc, PER/ER for Water System Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Nevada Drinking Water State Revolving Fund (DWSRF) program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Drinking Water Priority List-Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Cottonwood Mobile Home Park, Inc owns and operates a public water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to the NDEP for funding a project to make improvements to the Cottonwood MHP Water System (Project); and

WHEREAS: The Project is included as project #84 on the Nevada DWSRF Priority List – effective July 2020; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D08B-0121 – Cottonwood Mobile Home Park, Inc. Water System Project Loan Commitment."

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $24,225 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water
State Revolving Fund
Capital Improvements Grant Program
Board for Financing Water Projects

January 2021

Alamo Sewer & Water GID

Amount and Term	Recommendation
$1,000,000.00 Principal Forgiveness from DWSRF $693,026.00 Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and grant commitments to Alamo Sewer & Water General Improvement District for arsenic treatment.

Community Information

Location The unincorporated town of Alamo is in Pahranagat Valley area of Lincoln County, approximately 90 miles north of Las Vegas.

Structure A community public water system (#NV0000005), within Alamo Sewer and Water General Improvement District (Alamo)

Population 1,000

Service Connections Residential 289
Commercial 15
Total 304

Project for Funding

Need Currently the only water source Alamo uses is the Sandhill Well. Preliminary engineering studies were conducted in 2018 and in 2019 to identify and propose solutions to system-wide needs. Both studies determined that Alamo must ensure sufficient and reliable source water supply and maintain water quality compliance by treating water to reduce arsenic levels.

Studies show the need for a secondary supply source and recommend adding the Industrial Park Well to the system. This new source, however, does not meet the

arsenic standard of 10 micrograms/liter (ppb). Arsenic levels in the recent Sandhill Well water samples were between 8.3 and 9.5 ppb. Given the recent trends, the Sandhill Well water will likely soon exceed the arsenic standard. Although blending has been used in the past, it will not work as a reliable alternative to ensure compliance with the arsenic standard. This results in the need for water treatment to reduce arsenic as an immediate need that Alamo must address.

Chosen Project

Both the 2018 study and the 2019/20 preliminary engineering report (PER) suggested filtration/coagulation as the recommended alternative. However, subsequent pilot studies commissioned by the applicant also evaluated the use of adsorptive media. A cost-effect analyses was also completed for both alternatives. The results identified both treatment types effectively removing the arsenic; however, they differed in estimated costs, logistics of operations, and maintenance. The PERs also suggest using chlorination, which the community does not currently use. Upon review, Alamo proposes a water treatment project that uses adsorptive media, citing following reasons:

- Operational logistics
- Maintenance without having to hire new staff
- Risks and costs associated with handling chemicals
- Concern over the GID's ability to find contracts for the coagulation/filtration technology within cost estimates

Alamo further submits that this choice was discussed by their governing board at a public meeting and there was agreement that using adsorptive media technology meets the practical needs and limitations of Alamo.

Project Alternatives

No action alternative is not recommended given Alamo's need for source redundancy to be able to supply sufficient drinking water without interruption.

Other alternatives considered in the 2019/20 PER were ion exchange, oxidation/coagulation/filtration, and adsorptive media. The final recommendation was to construct a coagulation/filtration water treatment facility with backwash reclamation and sludge disposal using evaporative ponds. This alternative was estimated to cost approximately $1,430,000. The PER associated with this alternative did not recommend adsorptive media technology, citing high silica levels in the water and that the silica present in the water typically prevents the media from effectively adsorbing arsenic.

Concerns over the ability to sustainably operate and manage the recommended project prompted the applicant to further investigate two of these alternatives via pilot studies. The studies demonstrated that adsorptive media technology is a viable option for this water. Cost-effect analysis and initial estimations identified the adsorptive media treatment project to cost more ($1,706,960) compared to the other recommended alternative, but ultimately it is the optimal and financially feasible alternative for Alamo in long-term operations.

Maps

Maps are attached to this report.

Timeline Design: February 2021

Construction Procurement: March 2022

Construction Start: May 2022

Completion: October 2022

Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	$2,950	$2,050	$0	**$5,000**
Design, inspection, & Construction Management	$115,864	$80,516	$0	**$196,380**
Equipment, Materials, and Construction	$772,428	$536,772	$0	**$1,309,200**
Contingency	$108,758	$73,688	$13,934	**$196,380**
Totals	**$1,000,000**	**$693,026**	**$13,934**	**$1,706,960**

Previous Commitments and Studies

2018 PER:

The 2018 PER recommended improvements to Alamo addressing the most critical system needs: achieving sustained compliance with arsenic standards and adding additional water storage. Out of these two, the top priority was to install an oxidation/coagulation/filtration water treatment facility (to ensure compliance with drinking water regulations).

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law[1]. A PER for the proposed alternatives indicated need for few minor mitigation strategies.

For the chosen project, the area of potential effect is limited to the project location (see maps and exhibits). The chosen project will require an environmental assessment by the applicant. Consultation with appropriate crosscutting agencies will be completed. NDEP's Office of Financial Assistance is also required to conduct an environmental review and consultation with State Historic Preservation Office to comply with the section 106 of the National Historic Preservation Act.

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

No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitat will be affected by the project. No national landmarks or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value will be affected by the project. The public and the Board will be notified of findings and final decisions via the DWSRF's electronic mailing list. These notices will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

Since 2018, multiple PERs have identified the need for an additional, sustainable water supply source. These reports were made available to the public.

On December 8, 2020, the Board of Commissioners for Lincoln county discussed and approved Alamo's choice of the arsenic water treatment facility alternative; the Board also approved Alamo to submit a loan application for potential funding support from Nevada's DWSRF program.

Current System Information

Infrastructure

Alamo's current source of water comes from the Sandhill Well, a ground water well with a yield capacity 385 gallons per minute (gpm). The Alamo Industrial Park Well has a potential yield capacity of 185 gpm. Six other wells are part of Alamo infrastructure facilities; however, these wells are currently either inactive or not useful as a drinking water source. One of the wells has a relatively moderate yield capacity of 145 gpm, but due to high manganese concentrations in the water, it is currently used for irrigation purposes only. Alamo has one 465,000 gallon-capacity storage tank that is estimated to be viable for another 5 to 10 years. A total of 103,089 linear feet of pipes, ranging in size from 0.5" to 8", constitute the Alamo distribution system.

Compliance

The NDEP Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey for the Alamo PWS on August 12, 2019. Five minimally significant deficiencies were noted at that time with no outstanding deficiencies.

A review of information available from the Drinking Water Watch module of the Nevada State Drinking Water Information System indicates no unresolved, pending, or current violations.

Water Conservation Plan

A copy of a water conservation plan for Alamo is currently available on the Nevada Division of Water Resources website with a non-specific date of preparation and/or approval.

Citing climatic similarities to Las Vegas area, Alamo's water conservation plan is drafted to closely align with that of Southern Nevada Water Authority. It is noted that Alamo encourages the public to practice turf management and promoting the use of drip irrigation and climate-appropriate vegetation.

Information related to permitted water rights was not included in this plan.

Water conservation plans must be updated every five years and comply with Nevada statutes[2]. Upon request, the system may submit a separate technical assistance request to DWSRF for assistance in preparing this report.

Technical Capacity

Alamo conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understanding strengths and weaknesses in their capacity to operate a system.

Alamo employs a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. Alamo has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity

Alamo is governed by a public board. It also employs a full-time manager to oversee all operations and fiscal matters of the system. Alamo has the ability to conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity

Based upon the financial information provided, Alamo is capable of meeting its short-term and long-term financial needs.

Financial Information as of June 30, 2019:
Unrestricted Cash: $25,978
Days cash on hand: 54
Outstanding Debt: $306,511
Operating Income before Depreciation: $34,131
Current Ratio: 0.69
Debt Coverage: 0.96
Financial information is independently audited by Hafen, Buckner, Everett & Graff, PC

Financial information as of June 30, 2020:
Operating Income before Depreciation: $51,295

User Water Rates

Residential base rate per user per month: $44.60 0 – 7,500 gallons

Commodity Rate - $0.80/1,000 gallons over the base gallons

Average Water Rate/Use for system: $48.76 12,000 gallons

The water rates established are sufficient to cover operating, maintenance, debt service, and reserves of the system. Rates were last updated in 2018 and currently on an incremental increase each year.

Fiscal Sustainability Plan

A fiscal sustainability plan will be required in the loan. NDEP has received the county's certification that they will meet the requirements of a fiscal sustainability plan for each community prior to the final disbursement of funds from the loan.

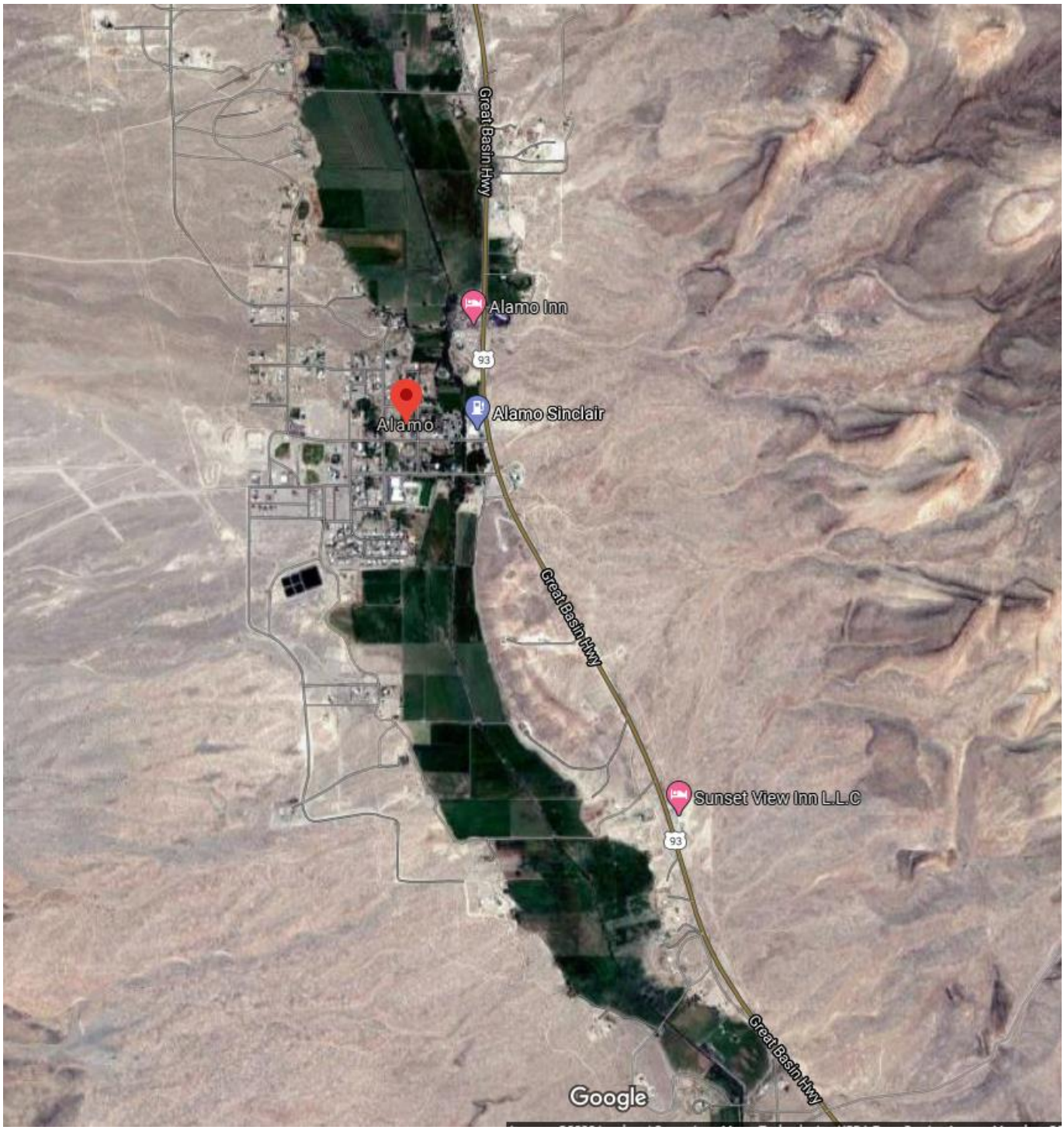
Capital Replacement Reserve Account

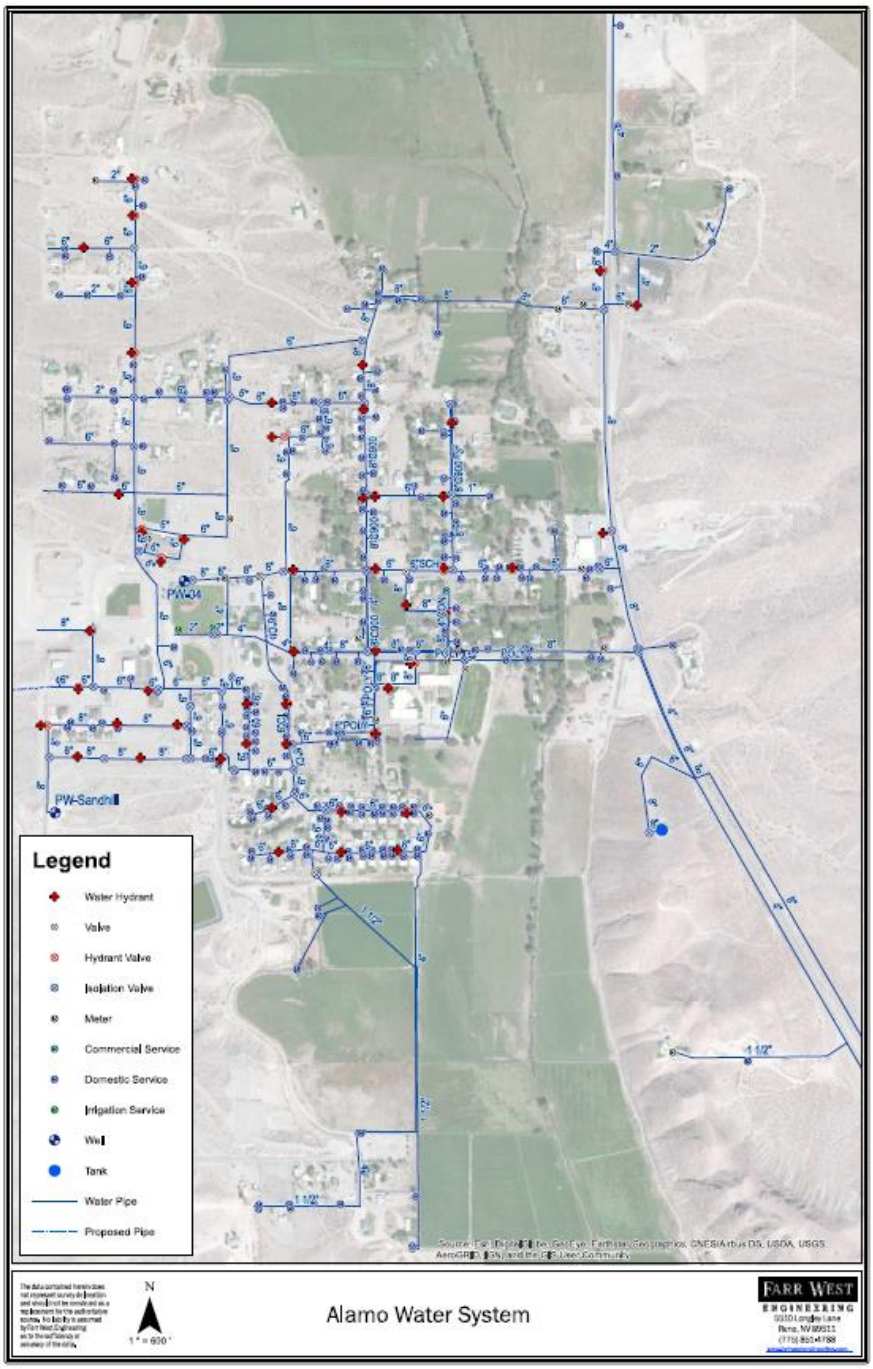
The proposed funding agreement will contain a requirement to maintain these reserve accounts.

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

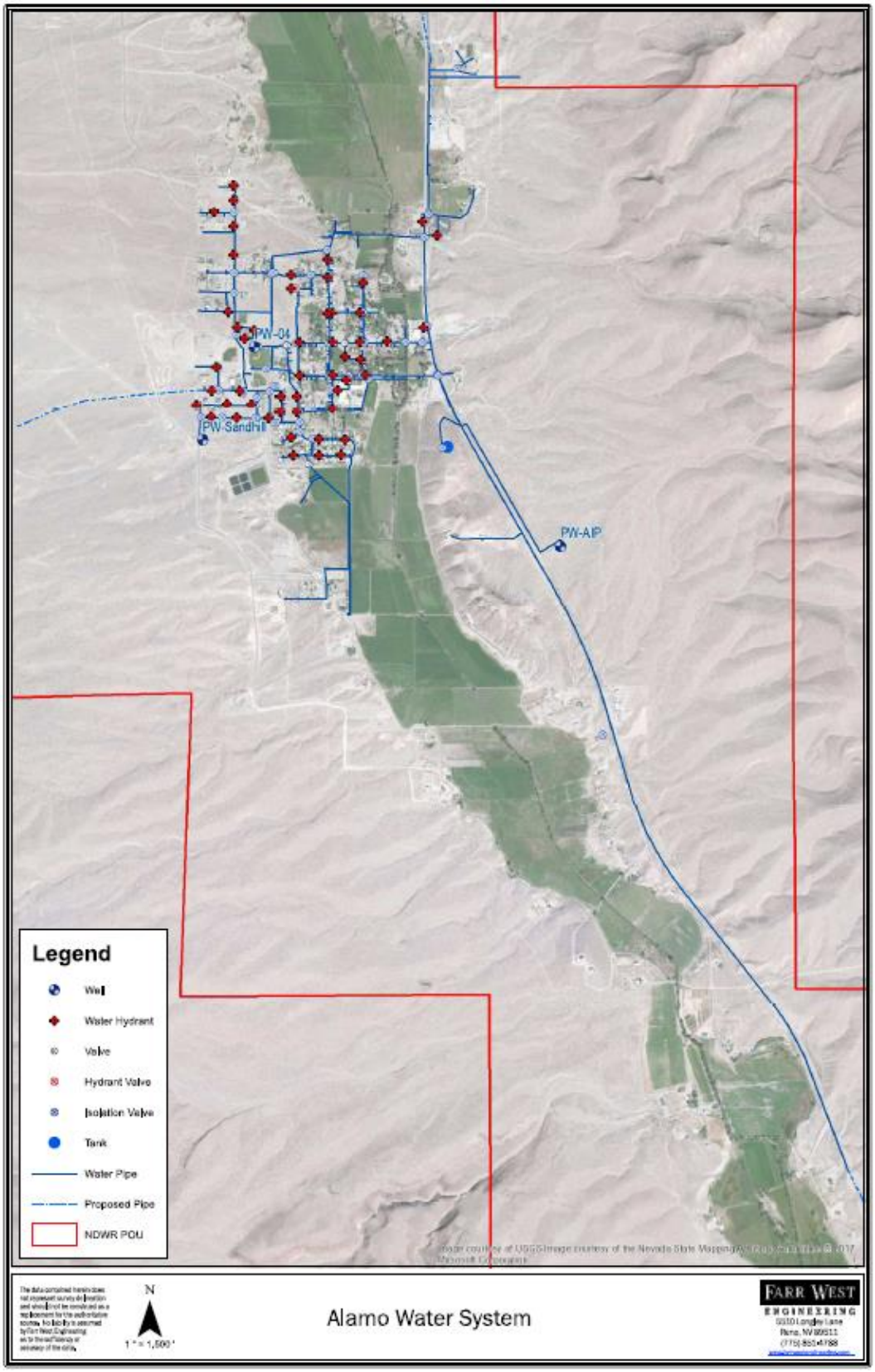
DWSRF Principal Forgiveness Eligibility Criteria	Alamo is addressing a chronic health condition with this project and therefore, eligible to receive up to $1,000,000 in principal forgiveness funding. The system is not considered disadvantaged.
Capital Improvement Grant Scale determination	The district has been found to be eligible for 40.6% of eligible projects costs based on the board's Scale to Determine Grant Amount policy revised on July 24, 2009. Therefore, $693,026 is eligible for grant funding.

MAPS AND EXHIBITS



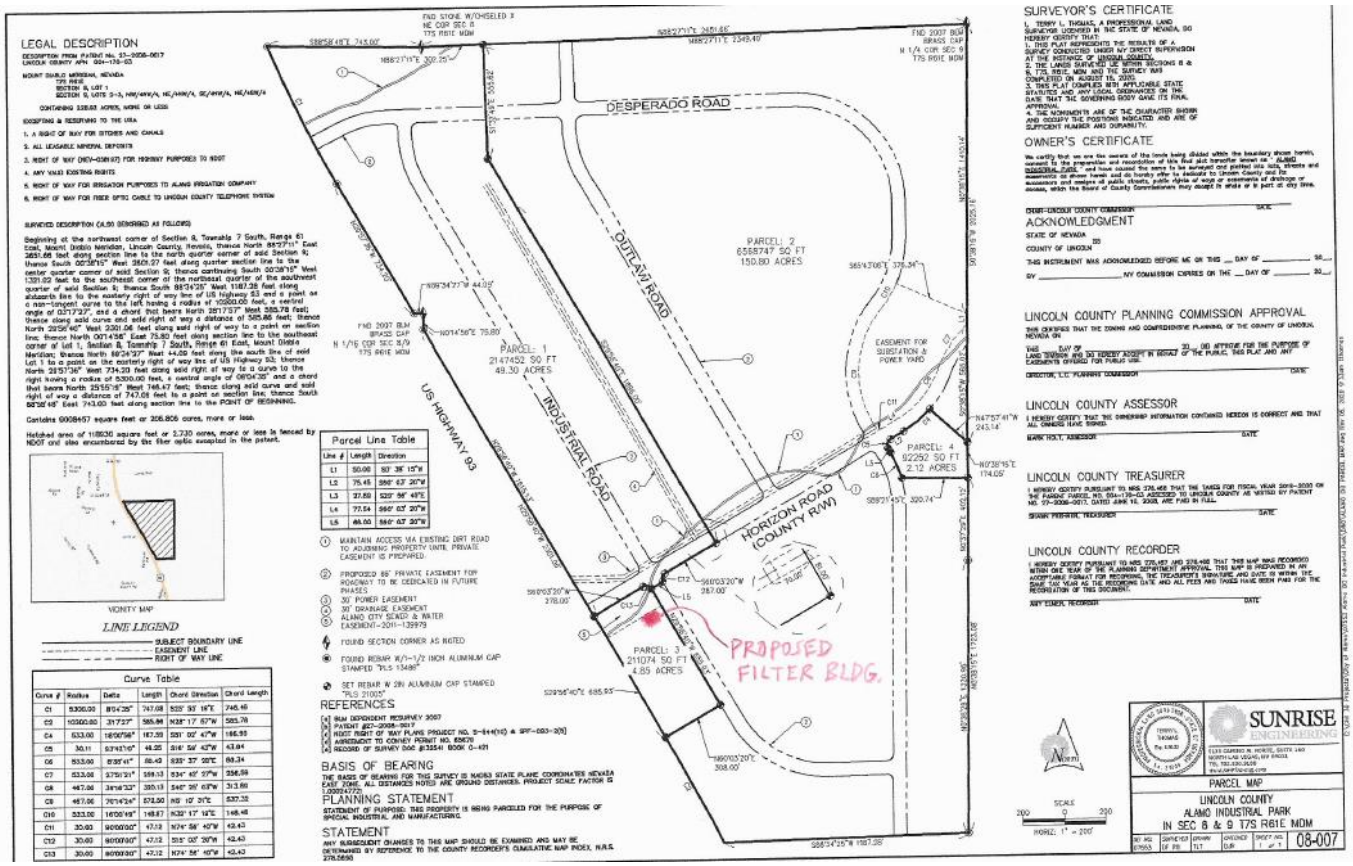


(Map from FEW PER)



(Map from FEW PER)

Location for the proposed project



(Map shared by the applicant)

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

The principal forgiveness loan will contain the following conditions:

- Will review their user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability 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.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D09-0121 Alamo Sewer and Water General Improvement District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed $1,000,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D09-0121

Alamo Sewer & Water General Improvement District
Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Alamo Sewer and Water GID (Recipient) owns and operates a public community water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project for arsenic treatment (Project); and

WHEREAS: The Project is included as project #8 on the Nevada DWSRF Priority List Effective July 2020 for water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D09-0121 Alamo Sewer and Water General Improvement District Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $1,000,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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 end of the Resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G09-0121 Alamo Sewer and Water General Improvement District Project Grant Commitment," which is intended to finance certain projects in an amount not to exceed $693,026.

RESOLUTION G09-0121

Alamo Sewer & Water General Improvement District Project
Grant Commitment

WHEREAS: the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (the "Act"), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems required and made necessary by the State Board of Health pursuant to NRS 445.361 to 445.399, inclusive, or made necessary by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.) and the regulations adopted pursuant thereto; and

WHEREAS: Alamo Sewer and Water GID, ("Applicant") has applied to the Board for a grant for a project having eligible costs estimated to be $1,706,960 to pay for costs of capital improvements to a publicly owned community water system within the jurisdiction of the Applicant, which capital improvements are commonly referred to as the "Alamo Sewer and Water GID Project" ("Project"); and

WHEREAS: in connection with seeking a grant, the Applicant has submitted a written application ("Application") to the Board (a true and correct copy of the Application is on file with the State); and

WHEREAS: the Board has taken all necessary and proper actions with respect to the Application as required pursuant to the Act and Chapter 349.430 to 349.545, Nevada Administrative Code (the "Regulations"), and in connection therewith, the Board has determined to provide a grant to the Applicant; and

WHEREAS: NAC 349.535 provides in relevant part, as follows:

If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant. . . .

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

Section 1: This resolution shall be known as the "G09-0121 Alamo Sewer and Water District Project Grant Commitment"

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed $693,026 of eligible project costs estimated to be $1,706,960.

Section 3: Based on its review of the Application, and based on the records and documents submitted to the Board concerning the Project, the Board hereby makes the following findings of fact in support of its determination to award a grant to the Applicant:

(a) The proposed capital improvement is economically justified and financially feasible;
(b) The proposed capital improvement complies with the provisions of the NRS 349.980 to 349.987, inclusive;
(c) The plan for development of the proposed capital improvement is satisfactory;
(d) The Applicant is able to obtain the financing required to complete the capital improvement;
(e) The Applicant has taken sufficient and reasonable efforts to determine whether the proposed capital improvement conflicts with any regional master plan of any local, state or federal governing authority, and those efforts have not revealed such a conflict; and
(f) The proposed capital improvement will not use or waste excessive quantities of water.

Section 4: The conditions for providing the grant to the Applicant are set forth on Attachment A attached hereto and by this reference incorporated herein.

Section 5: The Application, on file with the State and by this reference incorporated herein, is a true and correct copy of the application filed by the Applicant with the Board.

Section 6: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with the Act and NAC 349.549.

Section 7: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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. Applicants 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 and Grant Commitment from the Drinking Water State Revolving Fund and Capital Improvements Grant Program

Board for Financing Water Projects

January 2021

Las Vegas Valley Water District

(Big Bend Water System)

Amount and Term	Recommendation
$1,000,000.00 Nevada DWSRF Principal Forgiveness Loan $500,000 Capital Improvements Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and grant commitments to the Las Vegas Valley Water District (LVVWD), for the Big Bend Water District system-wide rehabilitation project for upgrades.

Community Information

Location	The Big Bend Water District (BBWD) serves the community of Laughlin, in Clark County. The city is approximately 90 miles south of Las Vegas and sits along the Colorado River.
Structure	LVVWD is a nonprofit water supply agency that operates and maintains BBWD. BBWD is a General Improvement District.
Population	9,000
Service Connections	Residential: 2,188 Commercial: 131

Project for Funding

Need The proposed project is listed as #14 on the Nevada DWSRF Priority List – effective July 2020. The system has various equipment and infrastructure components that are ageing and need to be replaced. Improvements are needed to increase system reliability and maintain regulatory compliance for protection of human health and the environment. The proposed project components, and the need for each, include:

1. **Impressed current cathodic protection (ICCP):** The depleted ICCP system on the BBWD raw water intake structure and the depleted raw water pipeline sacrificial cathodic protection system both need to be replaced. These systems are no longer protecting these facilities and are causing accelerated corrosion. If nothing is done, it could lead to premature failures. Being the only source of water for the town, failures in these facilities would mean loss of water and boil water requirements.
2. **Rehabilitation of the 1130 zone potable water tank:** The tank is more than 25 years old and the original protective coating for the structural steel is at the end of its useful life. Inspection reports have identified delamination of the existing coating and exposure to the base structural steel.
3. **Treatment plant ozone generator room HVAC replacement:** The existing ozone generator room is currently equipped with four ozone generator units. However, the current rooftop A/C unit is cooling only three of these units. An additional roof-top A/C unit is needed.
4. **Pumping station motor control centers upgrades**: Existing motor control centers and miscellaneous appurtenances have reached the end of their respective useful life.

Chosen Project

1. **Impressed current cathodic protection (ICCP):** Various technologies for cathodic protection were analyzed to help find the best solution. The proposed project is to install a new ICCP system and bond the pipeline from the intake to the treatment plant. LVVWD's engineering cost estimate for this component is $160,500.
2. **Rehabilitation of the 1130 zone potable water tank:** The rehabilitation project will ensure an additional 25 years of service. LVVWD's engineering cost estimate for this component is $575,000.
3. **Treatment plant ozone generator room HVAC replacement:** The upgrades to the ozone generator room include the installation of one new roof-top A/C unit, two new exhaust fans, and miscellaneous technical appurtenances to operate and control the upgraded ozone generator room HVAC and exhaust systems. LVVWD's engineering cost estimate for this component is $270,000.
4. **Pumping station motor control centers upgrades:** The proposed upgrades will reduce unplanned outages from equipment failure, increase equipment service life, and improve equipment maintainability and system reliability. The upgrades will take place at two locations in BBWD. LVVWD's engineering cost estimate for this component is $494,500.

Project Alternatives Given the dilapidated condition of the capital assets being rehabilitated, a "no action" alternative is not feasible.

LVVWD noted in a statement that they have evaluated the best available technology for the project components. Other alternatives to the impressed current cathodic protection included sacrificial cathodic protection, coatings and linings, polyethylene sleeving, and changing to a non-metallic pipeline/structure. Other project components have been evaluated and selected based upon best available technology to meet industry standards.

Maps Maps for general locations of various project components are attached below.

Timeline Design: January 2021

Construction Bid: March 2021

Construction Start: June 2021

Construction Completion: April 2022

Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	$42,900	$22,100	N/A	**$65,000**
Design, Inspection, and Construction Management	$100,980	$52,020	N/A	**$153,000**
Construction / Improvements	$856,120	$425,880	N/A	**$1,282,000**
Totals	**$1,000,000**	**$500,000**	**N/A**	**$1,500,000**

Previous Commitments and Studies

- A $4,000,000 loan from DWSRF, issued December 2002, provided funding for ozone treatment modifications that were required to meet the disinfection byproducts rule. The loan interest rate is 3.19% and matures on January 1, 2025. The loan is in good standing.

- A $3,197,729.09 loan from DWSRF, issued August 2004, provided funding to install 13,000 feet of 24-inch pipe to loop the distribution system, as well as a new 2 million-gallon storage tank. The funds are also being used to rehabilitate pump stations. The loan interest is 3.20% and matures on July 1, 2024. The loan is in good standing.

- A $500,000 principal forgiveness loan on December 21, 2018 provided funding to install and test a well and its appurtenances. The well, built along the Colorado River, employs riverbank filtration technology for extreme weather events. The loan is still open with $300,780 remaining in available funds. The loan is in good standing.

Environmental Review

NDEP conducts environmental reviews of water projects, as authorized by Nevada law[1]. Projects that include replacing equipment or structures that will not have a significant individual or cumulative effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review.

The applicant is requesting categorical exclusion and submitted supporting environmental information. For the chosen project, an environmental review and a Section 106 consultation with the State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance. The findings, upon consideration, will be published for public comment.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. 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

In June 2017, the Board of Trustees established a Citizens Advisory Committee (Committee) to evaluate BBWD initiatives and make recommendations to the Board. The Committee met five times in public meetings, where they received a tour of BBWD facilities, reviewed and proposed capital improvement projects and operating expenditures, and evaluated funding options and rate adjustment scenarios.

In September 2017, the nine-member Committee formalized six recommendations, which included a 9.4 percent increase to tier rates and service charges annually for four years. The rate increase would help fund more than $9 million in capital projects and ongoing operating and maintenance expenses needed for the water system. Other Committee recommendations included: using State Revolving Fund loans to fund capital projects that are not grant-funded; not accessing funds from the Fort Mohave Valley Development Fund to fund capital needs; and evaluating revenue periodically and adjusting water rates, if needed.

On December 5th, 2017, the Board of Trustees held a public hearing to consider adopting the advisory committee's recommendations report. The current application is consistent with the Board of Trustees' approval of these recommendations.

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

Current System Information

Infrastructure The BBWD provides municipal water service to approximately 2,300 customer accounts in Laughlin, Nevada. The water system is operated and maintained by the LVVWD, under a cooperative agreement. The system includes more than 60 miles of distribution pipelines, six pumping stations, and five water storage reservoirs. All water supplied is pumped from the Colorado River using a river intake facility.

Compliance NDEP's Bureau of Safe Drinking Water did not find any pending or current violations in their Water System Watch module. The proposed project addresses the need for systemwide upgrades, including the distribution system and water intake. Addressing system needs quickly is crucial for the system to continue to stay in compliance with State drinking water regulations.

Water Conservation Plan The last water conservation plan for this system was prepared in July 2019, in collaboration with Southern Nevada Water Authority. It was incorporated into the "Joint Water Conservation Plan." This plan is approved and currently available on the Nevada Division of Water Resources website.

Water conservation plans must be updated every five years and comply with Nevada statutes[2].

Technical Capacity LVVWD conducted a technical, managerial, and financial capacity survey in December 2020. This is a useful tool for water systems conducting a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

The evaluation notes that the certified operator for this PWS is an offsite contract operator, and only available periodically. The BBWD says systemwide GIS mapping work is currently underway. The proposed project addresses all potential technical capacity issues. The county has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity BBWD's system falls in the LVVWD's jurisdiction. The 7-member LVVWD Board of Directors, which is responsible for governing the district's activities, is composed of Clark County commissioners. The BBWD has developed effective methods of communication with customers. The district can conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations. LVVWD has had successful construction projects in the past and has demonstrated managerial capacity for NDEP to recommend funding support.

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

Financial Capacity

Based on the financial information provided, LVVWD can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*

- Unrestricted Cash: $444,775
- Days cash on hand: 38
- Outstanding Debt: $2,703,459
- Operating Income before non-cash expenses: ($488,648)**
- Current Ratio: 1.70
- Debt Coverage: (0.85)**

*Financial information is independently audited by Piercy Bowler Taylor and Kern.
**Major repairs and employee retirement payouts were one-time in nature. The system is very responsive to budget needs and rate adjustments to address sufficiency.

The fiscal year audit is not complete yet. However, the BBWD stated that there have been no material changes since FY19.

User Water Rates

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

- Residential base rate per user per month*: $0.3058 per day = $9.17 for 30 days (no gallons included)
- Commodity Tier 1 - $3.53/1000 gallons (up to 500 gal/day)
- Commodity Tier 2 - $4.43/1,000 gallons over the base gallons
- Average water rate/use for system: $62.12 (15,000 gallons)

*Water rates adjust annually with the Consumer Price Index for Urban Earners and Clerical Workers (CPW-W). Rates were last adjusted January 1, 2020.

Fiscal Sustainability Plan

A fiscal sustainability plan will be required in the loan and grant agreements as part of a condition to receive funding.

Capital Replacement Reserve Account

A capital replacement reserve account will be required in the loan and grant agreements as part of a condition to receive funding.

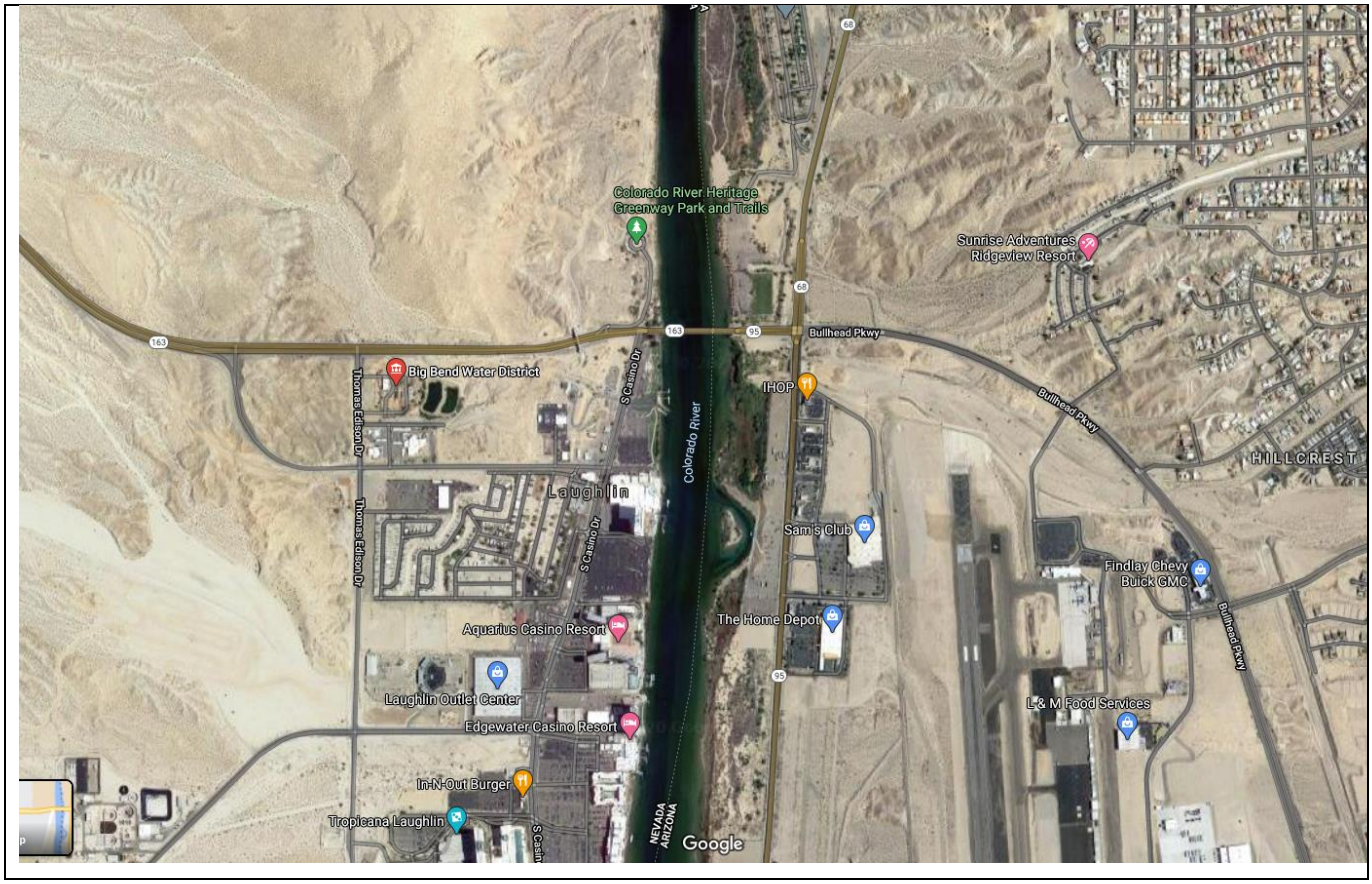
DWSRF Principal Forgiveness Eligibility Criteria

BBWD meets the definition of a disadvantaged community, per NAC 445A.675245.

Capital Improvement Grant Funding Scale

BBWD is eligible for 71% of eligible projects costs, based on the Board's Scale to Determine Grant Amount policy (revised on July 24, 2009). A lessor amount is being provided since more funds are available from the DWSRF to partner fund the project.

MAPS AND EXHIBITS

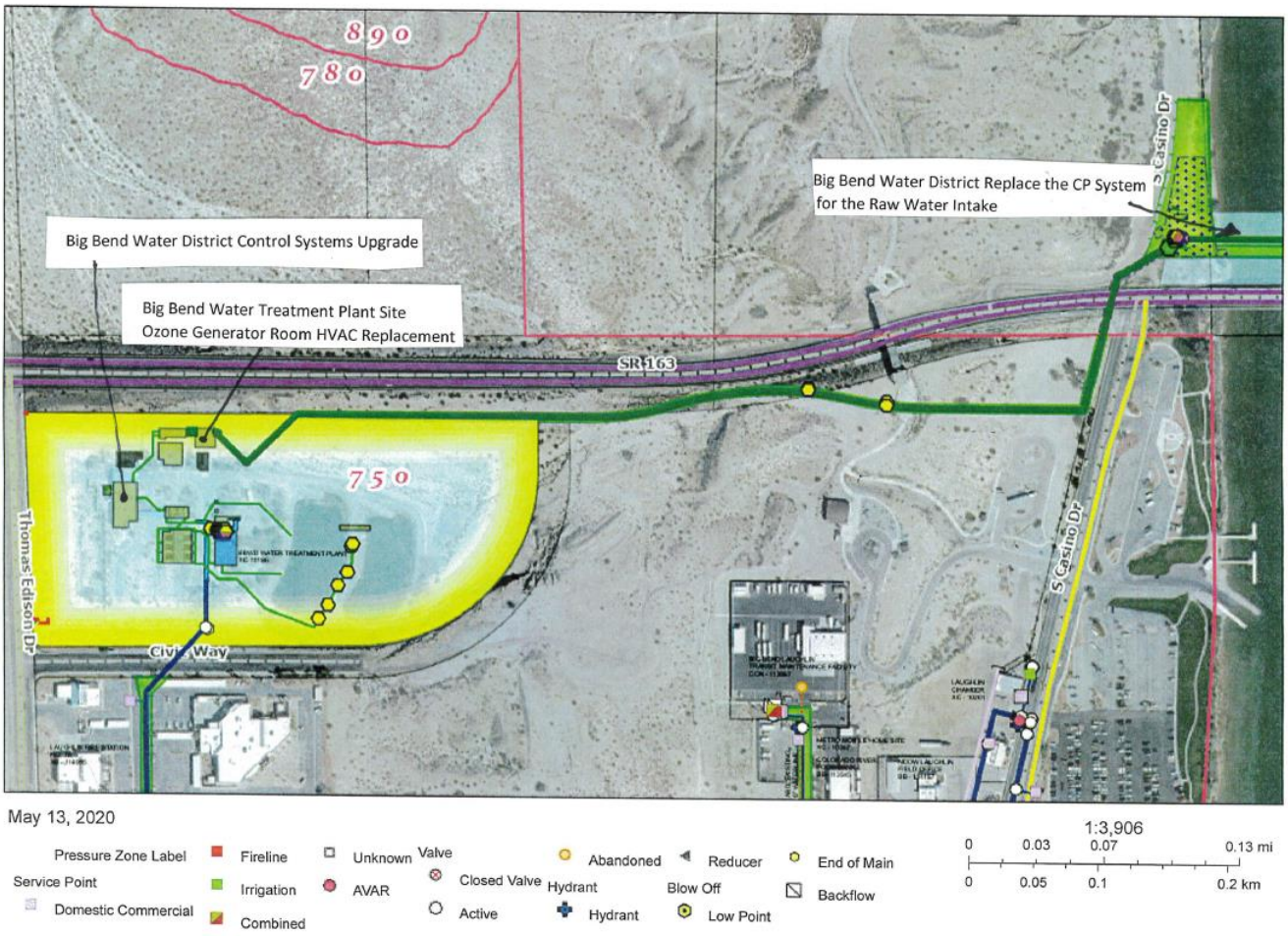


1130 Zone Tank Map



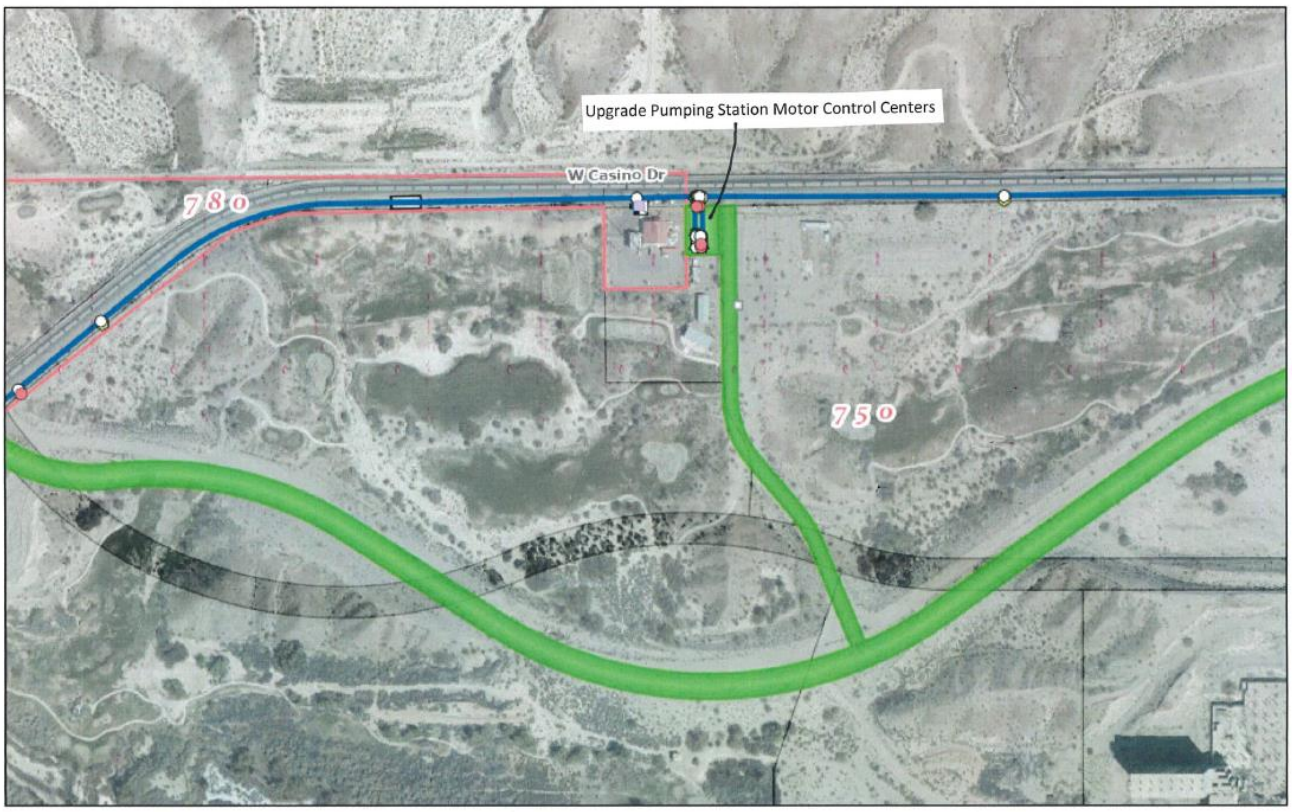
Map prepared by LVVWD Staff

Big Bend Water Treatment Plant



Map prepared by LVVWD Staff

Casino Drive Pumping Station



May 13, 2020

Pressure Zone Label
Service Point
Domestic Commercial
Unknown
AVAR

Valve
Zone Valve
Active

Hydrant
Hydrant
Reducer

Blow Off
Low Point
Backflow

1:3,906
0 0.03 0.07 0.13 mi
0 0.05 0.1 0.2 km

Map prepared by LVVWD Staff

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

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability 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.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D10-0121 Las Vegas Valley Water District (Big Bend Water District) Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed $1,000,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D10-0121

Las Vegas Valley Water District (Big Bend Water District)
Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 20, 2020, the Board, under NRS 445A.265(3), approved the Nevada DWSRF Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Las Vegas Valley Water District (Recipient) owns and operates a public community water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding "Big Bend Water System Upgrades Project" (Project); and

WHEREAS: The Project is included as project #14 on the Nevada DWSRF Priority List Effective July 2020 of water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D10-0121 Las Vegas Valley Water District (Big Bend Water District) Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $1,000,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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

The funding agreement will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability 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.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled “G10-0121 Las Vegas Valley Water District (Big Bend Water District) Grant Commitment,” which is intended to finance certain projects in an amount not to exceed $500,000.

RESOLUTION G10-0121

Las Vegas Valley Water District (Big Bend Water District)

Project Grant Commitment

WHEREAS: the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (the "Act"), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems required and made necessary by the State Board of Health pursuant to NRS 445.361 to 445.399, inclusive, or made necessary by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.) and the regulations adopted pursuant thereto; and

WHEREAS: Las Vegas Valley Water District ("Applicant") has applied to the Board for a grant for a project having eligible costs estimated to be $1,500,000 to pay for costs of capital improvements to a publicly owned community water system (Big Bend Water District), which capital improvements are commonly referred to as the "Las Vegas Valley Water District/Big Bend Water System Upgrades Project" ("Project"); and

WHEREAS: in connection with seeking a grant, the Applicant has submitted a written application ("Application") to the Board (a true and correct copy of the Application is on file with the State); and

WHEREAS: the Board has taken all necessary and proper actions with respect to the Application as required pursuant to the Act and Chapter 349.430 to 349.545, Nevada Administrative Code (the "Regulations"), and in connection therewith, the Board has determined to provide a grant to the Applicant; and

WHEREAS: NAC 349.535 provides in relevant part, as follows:

If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant.

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

Section 1: This resolution shall be known as the "G10-0121 Las Vegas Valley Water District (Big Bend Water District) Project Grant Commitment"

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed $500,000 of eligible project costs estimated to be $1,500,000.

Section 3: Based on its review of the Application, and based on the records and documents submitted to the Board concerning the Project, the Board hereby makes the following findings of fact in support of its determination to award a grant to the Applicant:

(a) The proposed capital improvement is economically justified and financially feasible;
(b) The proposed capital improvement complies with the provisions of the NRS 349.980 to 349.987, inclusive;
(c) The plan for development of the proposed capital improvement is satisfactory;
(d) The Applicant is able to obtain the financing required to complete the capital improvement;
(e) The Applicant has taken sufficient and reasonable efforts to determine whether the proposed capital improvement conflicts with any regional master plan of any local, state, or federal governing authority, and those efforts have not revealed such a conflict; and
(f) The proposed capital improvement will not use or waste excessive quantities of water.

Section 4: The conditions for providing the grant to the Applicant are set forth on Attachment A attached hereto and by this reference incorporated herein.

Section 5: The Application, on file with the State and by this reference incorporated herein, is a true and correct copy of the application filed by the Applicant with the Board.

Section 6: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with the Act and NAC 349.549.

Section 7: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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. Applicants 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 Commitments from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Douglas County

Amount and Term	**Recommendation**
$250,000 Principal Forgiveness from DWSRF $16,250,000 Loan from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan commitments to Douglas County for construction of storage, water treatment, and lake intake pump facilities, and to achieve and maintain water conservation in the service area identified as Cave Rock and Skyland, a three-part project to address drinking water system deficiencies.

Community Information

Location Cave Rock Skyland (NV0000259) is located in Douglas County, NV along the shores of Lake Tahoe approximately 18 miles west of Carson City.

Structure Douglas County manages and operates Cave Rock and Skyland consolidated public water systems.

Population 2,800 and a total of 1,085 connections; proposed project covers Cave Rock and Skyland areas.

Service Connections

	Cave Rock **Current**	Skyland **Current**
Residential Connections	332	251
Commercial Connections	5	15
Industrial Connections	0	0
Other: Irrigation Connections	6	8

Project for Funding

Need

The proposed project is listed as #21 on the Nevada DWSRF Priority List – effective July 2020.

Douglas County owns and operates the Cave Rock and Skyland Consolidated Water Systems. The county acquired the water systems in 1989. Subsequently, small portions of water lines – in Lincoln Park, Lower Lakeridge, and Sugar Pine Circle – have been replaced. However, much of the system still runs with the original water lines that were installed when the subdivision was built in the 1960's. In October 2016, HDR Engineering, Inc. completed a preliminary engineering report (PER) to evaluate Cave Rock and Skyland system deficiencies, alternative solutions, and prioritize recommended improvements. The PER identified the Cave Rock water system distribution lines as a high priority for replacement, due to the consequences of failure, frequent repair history, and need to improve fire flows. The county is proposing to replace approximately 15,300 linear feet of water lines. The project would also replace the Lower Cave Rock booster pump station. The station was built with the original subdivision. It will be replaced with a below-grade booster pump station that complies with current standards.

The PER also identified the need for redundancy in treatment at the Cave Rock Skyland Water Treatment Plant as well as the need to modify the lake intake system to mitigate pumping capacity deficiencies that manifest when lake levels are low. Both the treatment plant and intake systems benefit Cave Rock and Skyland jointly. The water treatment plant has one water treatment skid that is over 20 years old. The project will replace this single treatment skid with multiple treatment trains to provide for redundancy in treatment capability.

Chosen Project

The PER categorized system deficiencies into five categories:

1) Storage
2) Water line related deficiencies (including fire flow, system pressures, system velocities, line leaks, and booster pump stations)
3) Water treatment
4) Water conservation
5) Lake intake pump station

Multiple alternatives were evaluated, but ultimately the proposed project included replacing water lines (Priority 1), adding Water Treatment Plant redundancy (Priority 2), and modifying the lake intake (Priority 3). Tank storage volume deficiencies will be addressed in future projects. Water conservation needs will be addressed by installing water meters simultaneously while replacing water lines.

Because the project budget exceeds $10 million, the project is subject to value engineering.

Other Project Alternatives

The “no action” alternative is not feasible for Douglas County. Delivering safe and reliable drinking water is an essential aspect of protecting public health and safety.

The PER evaluated two project alternatives for water line related deficiencies, including system pressures, system velocities, line leaks, booster pump stations, and fire flow. Alternative 1 was keeping the existing pumping configuration with minor modifications. Alternative 2 was adding a high pressure main and zone pumping. An analysis concluded that Alternative 1 was the preferred alternative. The engineer’s initial estimates for capital costs for Alternative 1 was approximately $19,178,000, while the capital cost estimate for Alternative 2 was $20,980,000.

Proposed project components and priorities are further evaluated and finalized according to value engineering conducted as part of 30% planning for the project.

Maps

Maps are attached to this report.

Timeline

Douglas County intends to use the Construction Manager at Risk (CMAR) process for this project and is currently under contract with HDR Engineering, Inc.

Construction will occur in multiple phases over a two-year construction schedule (2021-2022). The tentative schedule for the four phases is:

Design: fiscal year 2020 to fiscal year 2021

Contract Award: fiscal year 2021 to fiscal year 2022

Construction Start: fiscal year 2021 to fiscal year 2022

Initiation of Operations: fiscal year 2021 to fiscal year 2022

Project will be carried out in three guaranteed maximum price packages (GMP). Corresponding, consolidated project schedule is attached (Exhibit – A)

Sources of Project Funding

	DWSRF	DWSRF	Local	Other	Total
Design, Inspection, and Construction Management	$250,000	$250,000	$1,000,000	$0	**$1,500,000**
Equipment & Materials	$1,800,000		$0	$0	**$1,800,000**
Construction / Improvements	$14,125,000		$0	$500,000	**$14,625,000**
Financing	$75,000		$0	$0	**$75,000**
Totals	**$16,250,000**	**$250,000***	**$1,000,000**	**$500,000****	**$18,000,000**

*Portion of DWSRF funding that is principal forgiveness

**Other funding source is a grant from the U.S. Forest Service

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law[1]. Projects that include replacing equipment or structures that will not have a significant individual or cumulative effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review.

A PER for the chosen project was recently conducted by the county. The findings were reported to NDEP. The PER found Douglas County's water service area to be culturally and ecologically sensitive. An environmental review will be conducted by the applicant, in consultation with the Tahoe Regional Planning Authority and other federal crosscutters. However, the proposed project area of potential effect (APE) is not anticipated to cause any significant impact.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitat are affected by the project. No national landmarks, or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value, are affected by the project. Public notice of this determination will be provided via the electronic mailing list for the DWSRF. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

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

Community Engagement

- March 21, 2017: The Cave Rock and Skyland PER was presented in a public workshop at the Transportation Center.
- August 16, 2018 Board of County Commissioners Meeting: The board approved a contract with FCS Group to conduct a water utility rate analysis for the newly consolidated Douglas County Water Utility (Fund 328).
- November 18, 2018: A community listening session was hosted for the Carson Valley and Lake Tahoe water systems consolidation study.
- February 7, 2019: The Board of County Commissioners held a workshop discussing Carson Valley and Lake Tahoe water rates consolidation.
- March 21, 2019 Board of County Commissioners Workshop: The preliminary findings were presented and recommendations were given based on the water utility rate analysis for Douglas County Water Utility.
- June 20, 2019 Board of County Commissioners Meeting: The board discussed water rates, fees, and charges for Douglas County Water Utility. The board moved to discuss adopting the resolution at a public hearing on July 1, 2019. The resolution included a three-year financial review.
- July 1, 2019 Board of County Commissioners Meeting: The board adopted the resolution establishing water rates, fees, and charges for Douglas County Water Utility.
- February 27, 2020 Board of County Commissioners Meeting: The board awarded a contract to HDR Engineering, Inc. to design the Cave Rock water system improvement project.
- July 16, 2020, Board of County Commissioners Meeting: The board awarded a contract to Sierra Nevada Construction for a CMAR to complete pre-construction services.
- December 3, 2020, Board of County Commissioners Meeting: The board discussed and authorized the public works director to submit a Nevada State Revolving Fund loan application in an amount not to exceed $16.5 million.
- December 8, 2020 Debt Management Commission Meeting: The board considered adoption and approval of a resolution to issue bonds to start the bond issuance process.

System Information

Infrastructure The project area is currently served by three storage tanks: a 198,000-gallon capacity Lower Cave Rock tank, a 216,000-gallon capacity Upper Cave Rock tank, and an 850,000-gallon Skyland tank. The system currently has a 750-gallon/minute arsenic treatment plant, a booster pump station that pressurizes the single pressure zone in the system, and a transmission and distribution pipe that ranges in size from 6” to 16”.

Compliance

NDEP's Bureau of Safe Drinking water conducted the most recent sanitary survey of the Douglas County on September 10, 2015. The proposed project addresses two significant deficiencies related to the distribution system and water intake. A third deficiency noted in this survey is not relevant, as the county currently operates under the Title 20 Backflow and Cross Connection Control Ordinance.

Water Conservation Plan

Douglas County's water conservation plan was last updated in July 2008. It is available on the Nevada Division of Water Resources website. The county has adopted effective water protection and planning practices that are essential to the long-term sustainability of the community. These include: the adoption of water resource protection policies as a part of the 2015 county master plan; creation of a county water resource plan ensuring continued recharge to the aquifers; and tracking customer water usage and unaccounted water losses to prevent water waste.

Water conservation plans must be updated every five years and comply with Nevada statutes[2]. The applicant will be preparing a new or updated water conservation plan.

Technical Capacity

Douglas County conducted a technical, managerial, and financial capacity survey in October 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

The evaluation noted a few areas of deficiencies:

- Need for water supply redundancy
- Inadequate water pressure
- Need to exercise or flush the valves
- Hydrants and dead ends
- Less than 75 percent of the system is metered

The proposed project addresses these issues. They have demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity

The Board of County Commissioners is the governing board for the system. The governing board employs a full-time staff to oversee operations and fiscal matters of the system. The board has developed effective methods of communication with the customers.

The county has had successful construction projects in the past and have demonstrated managerial capacity for NDEP to recommend funding support.

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

Financial Capacity

Based on the financial information provided, Douglas County can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2020*:

- Unrestricted Cash: $13,305,478
- Days cash on hand: 1,757
- Outstanding Debt: $8,092,244
- Operating Income Before Depreciation: $2,160,494
- Current Ratio: 5.93
- Debt Coverage: 1.51

*Financial information is independently audited by Eide Bailly.

User Water Rates

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

- Residential base rate per user per month: $32.86 (4,000 gallons)
- First-tier rate: $2.86/1,000 gallons (4,001-12,000 gallons)
- Second-tier rate: $3.98/1,000 gallons (12,001-20,000 gallons)
- Third-tier rate: $6.25/1,000 gallons (20,001+ gallons)
- Average water rate/use for system: $76.70 (11,038 gallons)

Fiscal Sustainability Plan

A fiscal sustainability plan will be required in the loan agreements as part of a condition to receive principal forgiveness funding.

Capital Replacement Reserve Account

The district has been maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The proposed funding agreement will contain a requirement to maintain this reserve account.

DWSRF Principal Forgiveness Eligibility Criteria

The 2020 Drinking Water Intended Use Plan indicated that a borrower of any size system seeking a traditional loan from the program of $2 million or more may receive $250,000 in principal forgiveness funding as long as:

- Principal forgiveness funds are available
- A complete application is submitted to NDEP by March 27, 2021 and the project is ready to proceed to construction within six months of application.

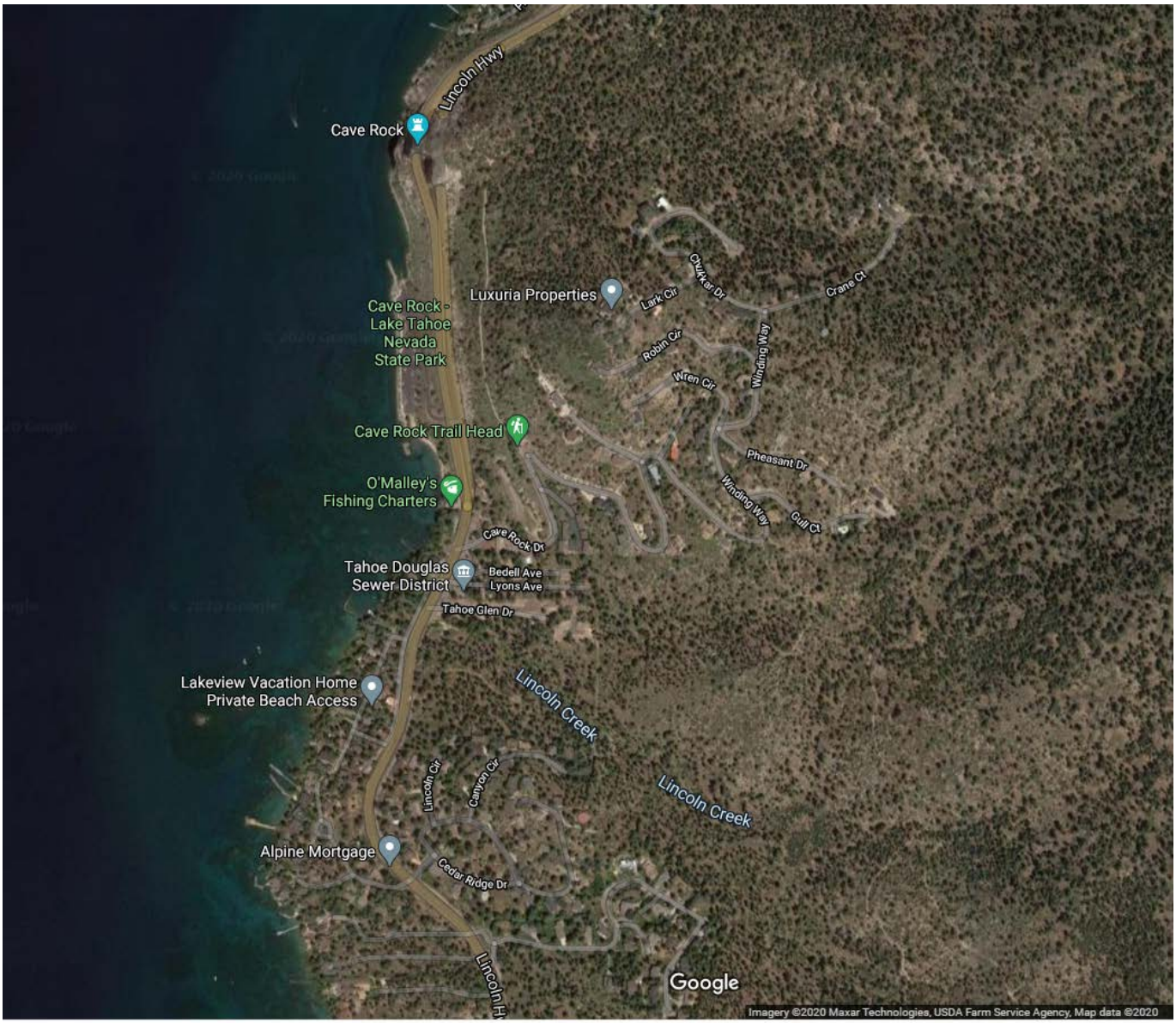
Douglas County meets these conditions.

EXHIBITS – A

A consolidated project schedule is attached. Construction will occur in multiple phases over an anticipated two-year construction schedule (2021 – 2022). The tentative schedule is as follows:

- GMP 1A and 1B – Water Treatment Plant Upgrades
  - GMP 1A – Water Treatment Plant Upgrades
    - 60% Design – June 2021
    - 90% Design – August 2021
    - 100% Design and Bid Documents – October 2021
    - GMP Contract Award – December 2021
    - Construction – December 2021 – October 2022
  - GMP 1B – Equipment Procurement
    - 100% Bid Documents – November 2020
    - GMP Contract Award – February 2021
    - Release Equipment – June 2021
- GMP 2 – Lake Intake Modifications (may be combined with WTP)
  - 100% Bid Documents – April 2021
  - GMP Contract – May 2021
  - Construction – May to December 2021 (tentative)
- GMP 3 – Water Line Construction (2021 – 2022)
  - 100% Bid Documents (All water lines) – April 2021
  - GMP Contract – May 2021
  - GMP 3A – 2021 Water Line Construction
    - Construction – May to December 2021
  - GMP 3B – 2022 Water Line Construction
    - Construction – May to December 2022

MAPS


Lincoln Hwy
Cave Rock
Luxuria Properties
Lark Cir
Chukkar Dr
Crane Ct
Cave Rock - Lake Tahoe Nevada State Park
Robin Cir
Wren Cir
Winding Way
Cave Rock Trail Head
Pheasant Dr
O'Malley's Fishing Charters
Winding Way
Gull Ct
Cave Rock Dr
Tahoe Douglas Sewer District
Bedell Ave
Lyons Ave
Tahoe Glen Dr
Lakeview Vacation Home Private Beach Access
Lincoln Creek
Lincoln Cir
Canyon Cir
Lincoln Creek
Alpine Mortgage
Cedar Ridge Dr
Lincoln Hwy
Google
Imagery ©2020 Maxar Technologies, USDA Farm Service Agency, Map data ©2020

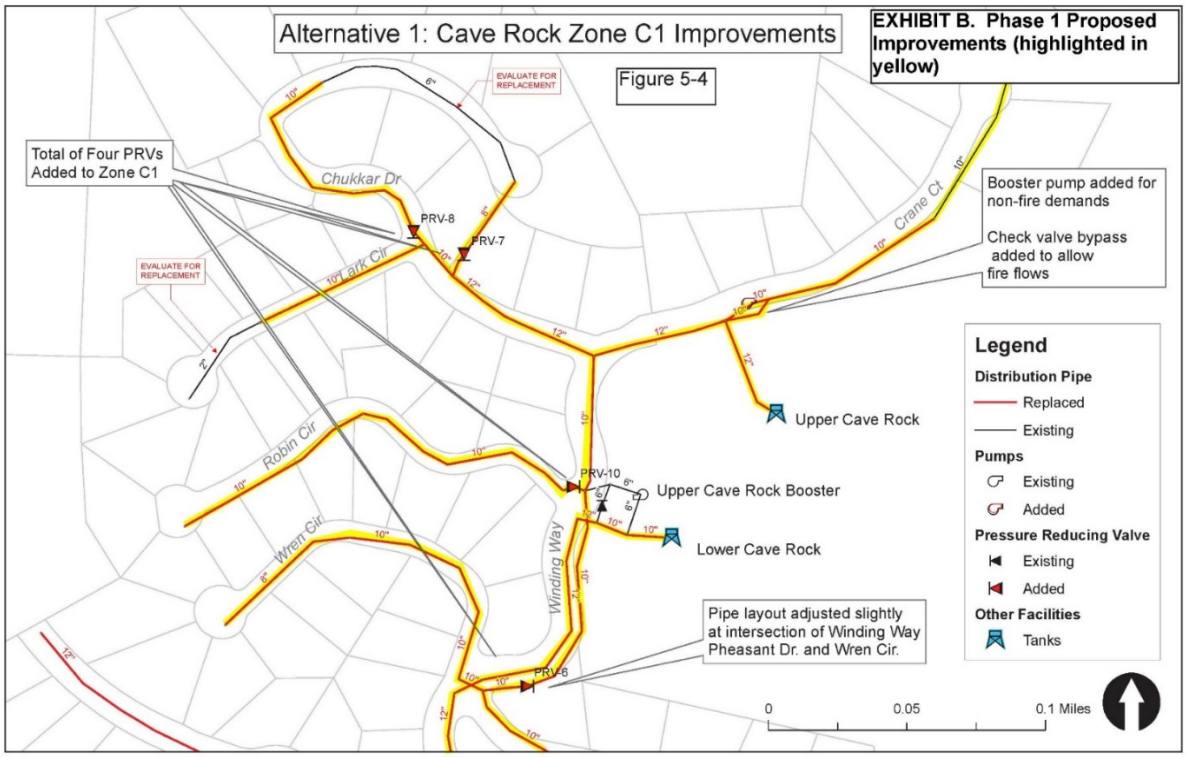


Exhibit ___. Year 2021 Water Line Replacements.

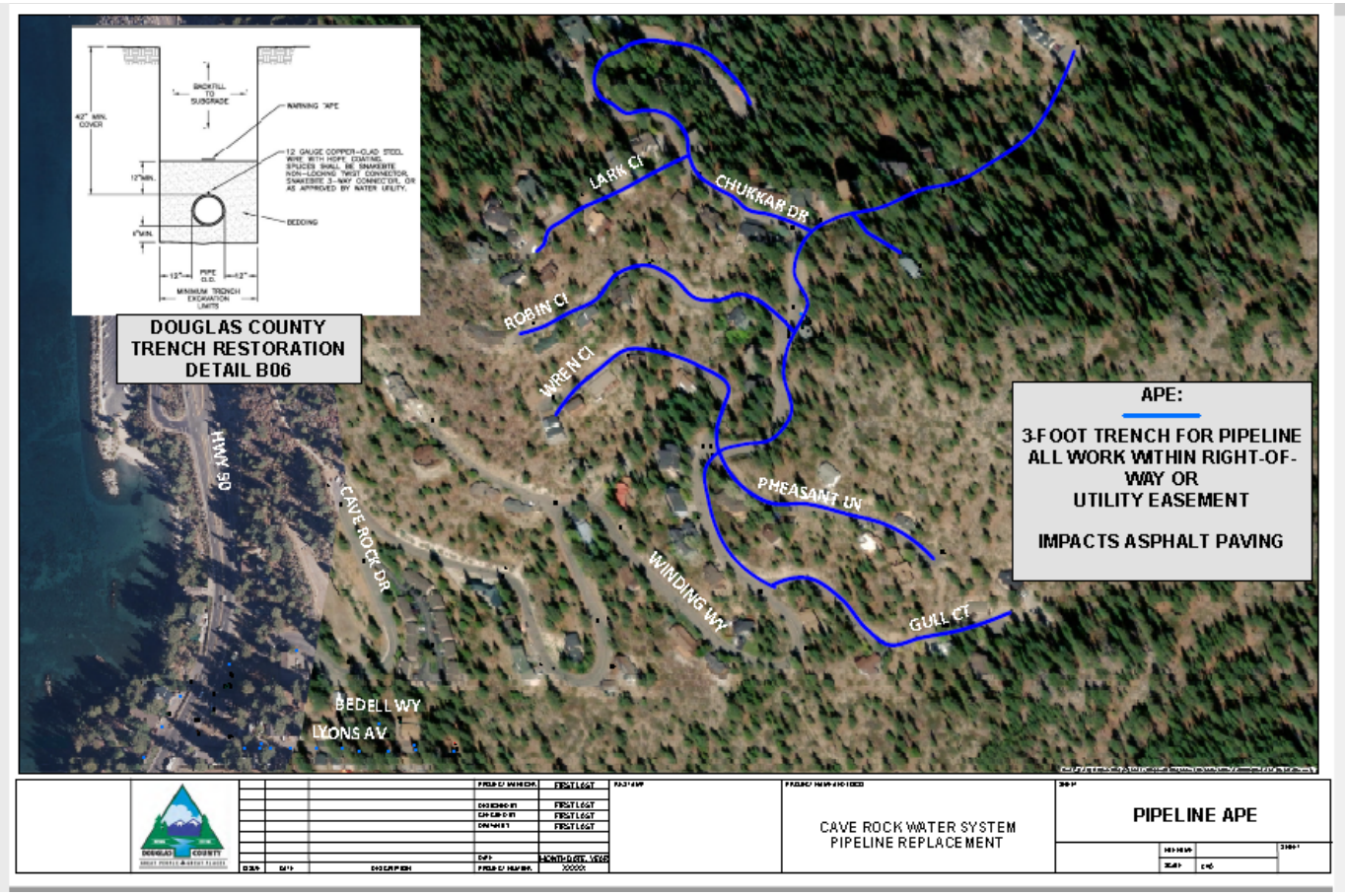
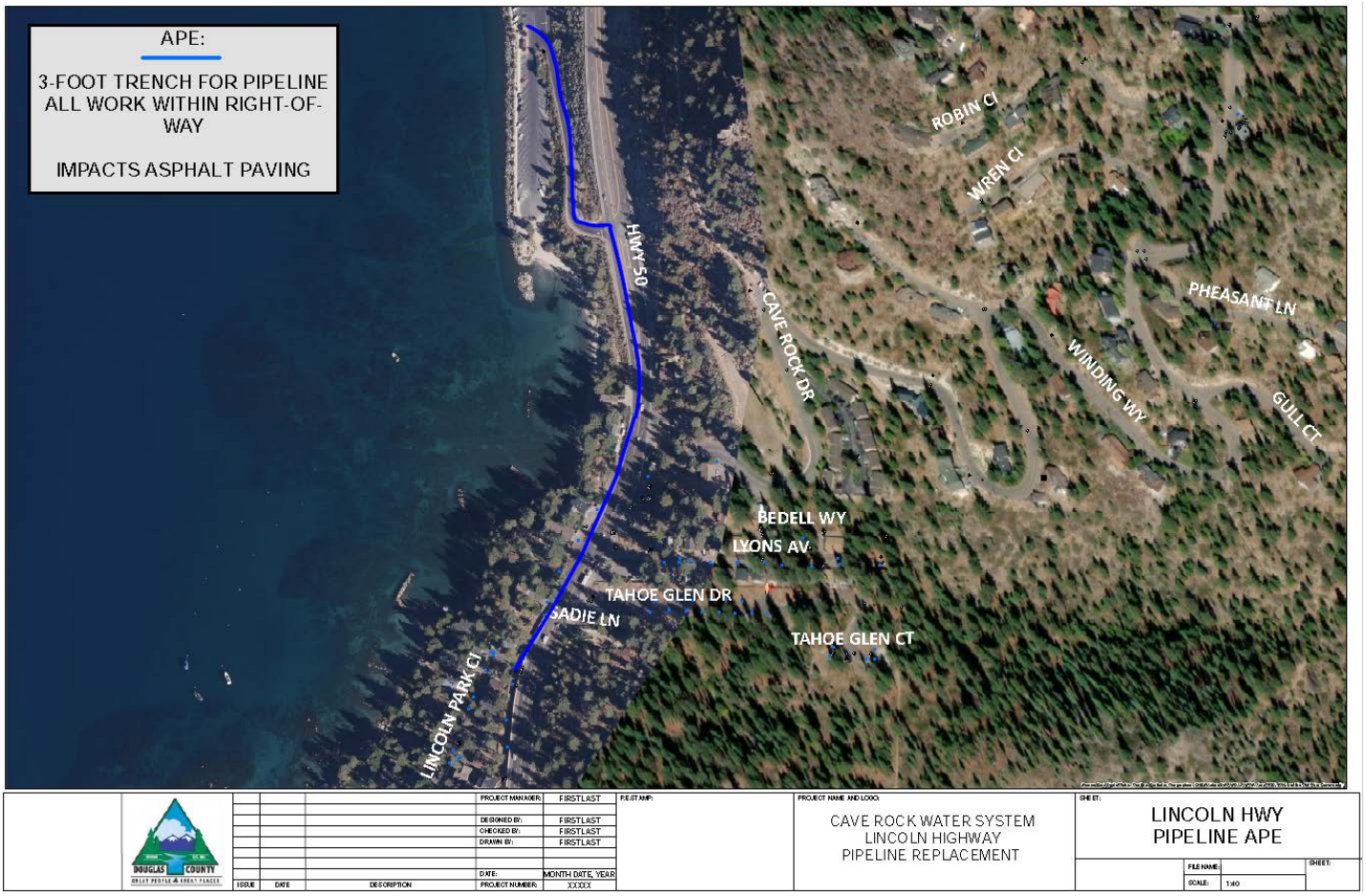
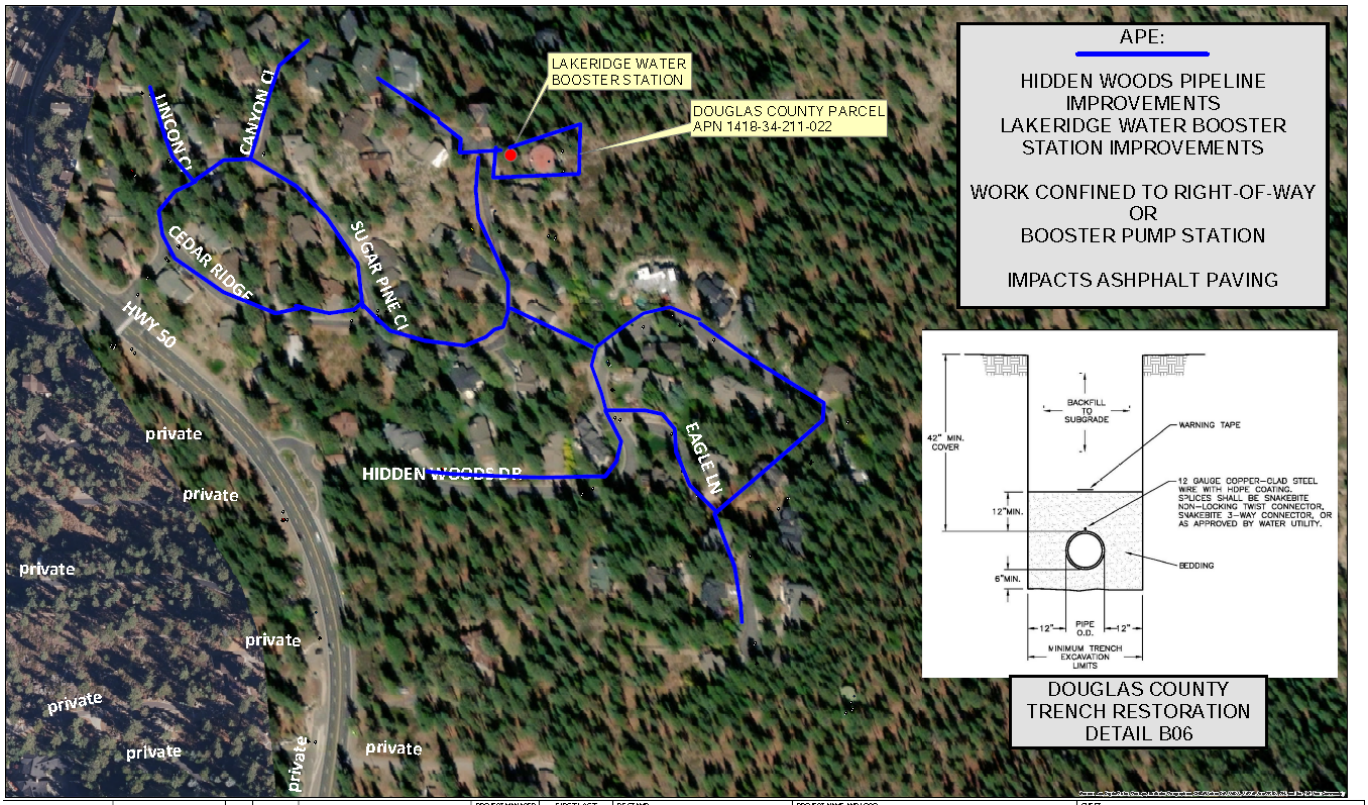

DOUGLAS COUNTY
TRENCH RESTORATION
DETAIL B06
APE:
3-FOOT TRENCH FOR PIPELINE
ALL WORK WITHIN RIGHT-OF-WAY OR
UTILITY EASEMENT
IMPACTS ASPHALT PAVING
LARK CT
CHUKKAR DR
ROBIN CT
WREN CT
HWY 50
CAVE ROCK DR
PHEASANT LN
WINDING WY
GULL CT
BEDELL WY
LYONS AV
CAVE ROCK WATER SYSTEM
PIPELINE REPLACEMENT
PIPELINE APE

Exhibit ___. Year 2022 Water Line Replacements.





PROJECT MANAGER:	FIRSTLAST	P.E.ST.AMP:	PROJECT NAME AND LOGO:	SHEET:
DESIGNED BY:	FIRSTLAST		CAVE ROCK WATER SYSTEM- HIDDEN WOODS PIPELINE LAKERIDGE WATER BOOSTER STATION IMPROVEMENTS	HIDDEN WOODS APE
CHECKED BY:	FIRSTLAST			
DRAWN BY:	FIRSTLAST			
DATE:	MONTH DATE, YEAR			FILE NAME: / SHEET:
PROJECT NUMBER:	XXXXX			SCALE: 1:40

ISSUE | DATE | DESCRIPTION



				PROJECT MANAGER:	FIRST LAST
				DESIGNED BY:	FIRST LAST
				CHECKED BY:	FIRST LAST
				DRAWN BY:	FIRST LAST
				DATE:	MONTH DATE, YEAR
ISSUE	DATE	DESCRIPTION		PROJECT NUMBER:	XXXXX

PROJECT NAME AND LOCO:
CAVE ROCK WATER SYSTEM
LOWER CAVE ROCK
BOOSTER STATION

SHEET:
LOWER CAVE ROCK
BOOSTER STATION
APE

FILENAME:		SHEET:
SCALE:	1:40	

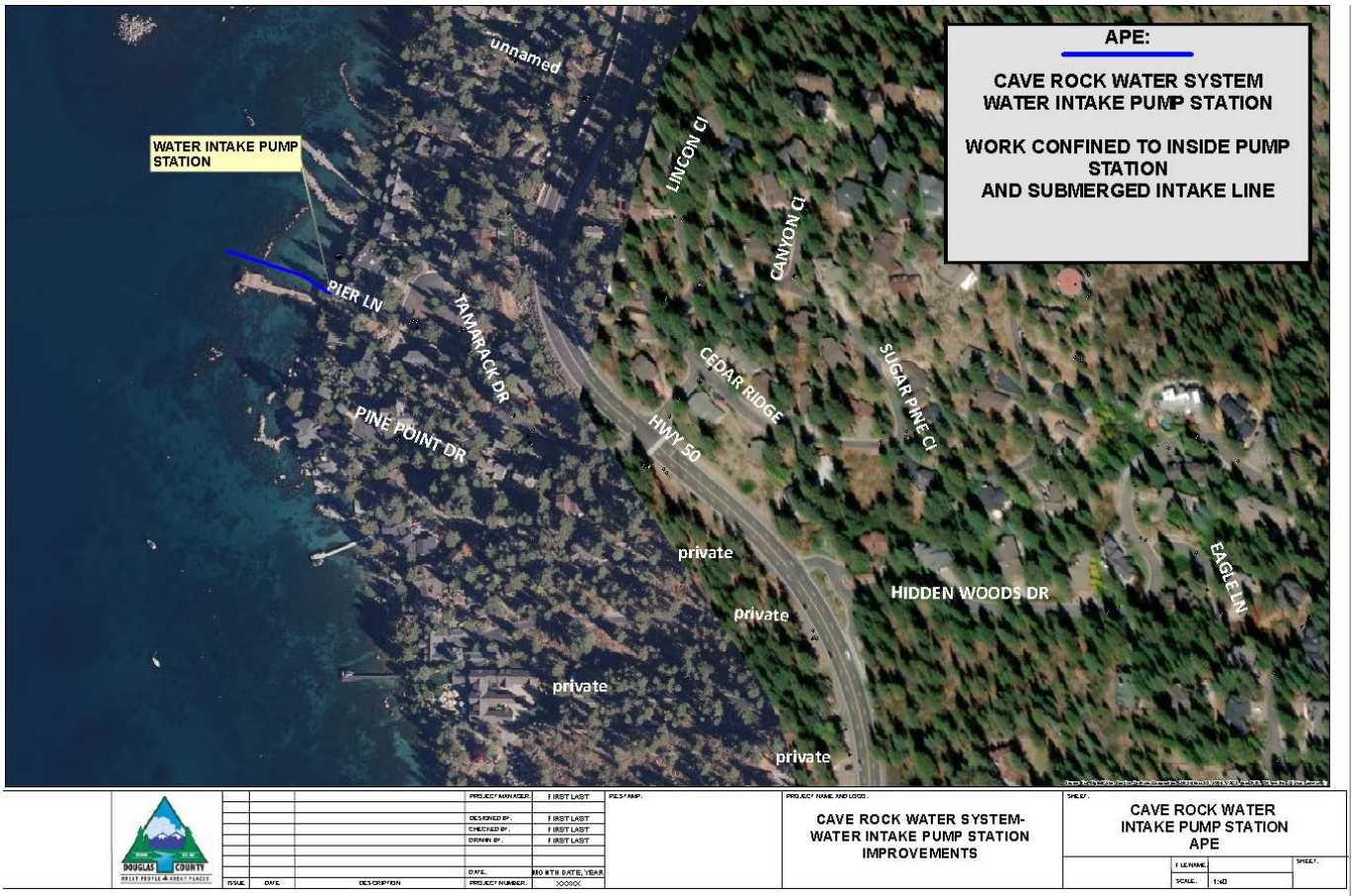


			PROJECT MANAGER:	F IRST LAST	PIE S T AMP:	PROJECT NAME AND LOCO: CAVE ROCK WATER SYSTEM WATER TREATMENT PLANT UPGRADE
			DESIGNED BY:	F IRST LAST		
			CHECKED BY:	F IRST LAST		
			DRAWN BY:	F IRST LAST		
			DATE:	MO NTH DATE, YEAR		
ISSUE	DATE	DESCRIPTION	PROJECT NUMBER:	XXXXX		

SHEET: TREATMENT PLANT APE

F LE NAME: SHEET:

SCALE: 1:40


APE:
CAVE ROCK WATER SYSTEM
WATER INTAKE PUMP STATION
WORK CONFINED TO INSIDE PUMP STATION
AND SUBMERGED INTAKE LINE
WATER INTAKE PUMP STATION
unnamed
LINCOLN CT
CANYON CT
PIER LN
TAMARACK DR
PINE POINT DR
CEDAR RIDGE
HWY 50
SUGAR PINE CT
private
private
private
private
HIDDEN WOODS DR
EAGLE LN
DOUGLAS COUNTY
CAVE ROCK WATER SYSTEM-
WATER INTAKE PUMP STATION
IMPROVEMENTS
CAVE ROCK WATER
INTAKE PUMP STATION
APE
SCALE: 1:40

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)).

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five years.
- Maintain a capital replacement reserve account that is funded annually and reevaluated every five years.

RECOMMENDED MOTION

I move to approve the two individual resolutions for Douglas County which are intended to finance certain projects in an amount not to exceed $16,500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, $250,000 of the principal will be forgiven.

RESOLUTION D13A-0121

Douglas County Cave Rock - Skyland Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Douglas County (Recipient) owns and operates a public municipal water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project to address systemwide deficiencies by replacing ageing water line and other improvements within the Cave Rock and Skyland water service areas (Project); and

WHEREAS: The Project is included as project #21 on the NV DWSRF Priority List of water projects, effective July 2020; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D13A-0121 Douglas County Cave Rock - Skyland Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $16,250,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

RESOLUTION D13B-0121

Douglas County Cave Rock - Skyland Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Douglas County (Recipient) owns and operates a public municipal water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project to address systemwide deficiencies by replacing ageing water line and other improvements within the Cave Rock and Skyland water service areas (Project); and

WHEREAS: The Project is included as project #21 on the NV DWSRF Priority List of water projects, effective July 2020; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D13B-0121 Douglas County Cave Rock - Skyland Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $250,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving Fund
Board for Financing Water Projects
January 2021

Gerlach General Improvement District

Amount and Term	Recommendation
$128,000 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to the Gerlach General Improvement District (Gerlach) to rehabilitate transmission line appurtenances between spring source and the town of Gerlach.

Community Information

Location Gerlach is in Washoe County, 107 miles north of Reno

Structure General Improvement District (NRS 318), a community public water system (PWS) – NV0000071

Population 120

Service Connections 112 Residential; 24 Commercial; 15 Other

Project for Funding

Need The applicant reports that numerous valves on the water transmission line are no longer operable and need to be replaced. These repairs will allow Gerlach to better regulate water flow, shut down the system in an emergency, and monitor inline water quality and flow.

Chosen Project

The project includes replacing two inline valves and installing one additional valve in the existing pipeline which runs from the treatment plant to the town of Gerlach. The project will also:

- Repair the pressure relief valve system
- Replace two 4" and two 8" gate valves
- Rebuild two CLA-VAL pressure reducing valves
- Install electrical service to a building that houses the pressure relief system
- Replace one flow meter and two pressure gauges
- Install five gate valves, two gauges, and two meters at the point of connection on the water transmission pipeline (between Garden and Railroad Springs)

Project Alternatives

Given the age and condition of the existing features, the “no action” alternative is not a feasible alternative. Other project alternatives are not submitted for review at this time; however, given the general scope of the project and the geography limiting the existing pipeline and easements, the proposed project is considered a reasonable alternative.

Maps

Maps are attached to this report.

Timeline

Design: Complete

Construction Procurement: First quarter of 2021

Construction Award: early Second quarter of 2021

Completion: July 2022

Sources of Project Funding

	DWSRF	Local	Total
Planning	$0	$4,500	**$4,500**
Design, Inspection, and Construction Management	$0	$0	**$0**
Equipment and Materials	$128,500	$10,500	**$138,500**
Administrative	$0	$2,000	**$2,000**
Totals	**$128,000**	**$17,000**	**$145,000**

Previous Commitments and Studies

Gerlach received a NV DWSRF principal forgiveness loan for $374,775 to replace a 300,000 gallon-capacity storage tank. The project was completed in 2018, followed by a one-year warranty inspection conducted in July 2019. There were no reported concerns regarding performance issues.

Environmental Review

NDEP conducts environmental reviews of water projects, as authorized by Nevada law[1]. Projects that include replacing equipment or structures that will not have a significant individual or cumulative effect on the quality of the environment are eligible for a categorical exclusion and may be exempt from further substantive environmental review.

Gerlach is requesting categorical exclusion and submitted supporting environmental information. For the chosen project, an environmental review and a Section 106 consultation with the State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance. The findings, upon consideration, will be published for public comment.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitat will be affected by the project. No national landmarks or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value will be affected by the project. 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

Gerlach Board of Trustees submitted a letter to NDEP, recognizing "the need to replace the failing valves on the water transmission line which services the town of Gerlach and confirm their direction to Gerlach staff to submit an application to the State Revolving Fund for financial support for this project." The Gerlach Public Works supervisor was authorized to sign this application.

Current System Information

Infrastructure Gerlach has two mountain springs that are used as water supply sources, three spring vaults to collect groundwater, and three storage tanks – one 105,000 gallon-capacity, one 150,000 gallon-capacity, and one 300,000 gallon-capacity. Additional facilities in this PWS include a uranium reduction facility and a chlorinator and distribution system.

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

Compliance

NDEP's Bureau of Safe Drinking Water (BSDW) conducted the most recent sanitary survey of Gerlach in October 2015. No significant deficiencies were noted. A new survey is anticipated in the near future.

A review of information available from the Drinking Water Watch module found that one major violation – related to monitoring routines – was issued by BSDW in February 2020. No other unresolved, pending, or current violations are noted in the module.

Water Conservation Plan

The most recent water conservation plan was prepared in January 2014. A copy of the approved plan is currently available on the Nevada Division of Water Resources website.

Information related to permitted water rights was not included in this plan. Based on 2014 estimates for usage patterns in the service area, approximately 75 to 85 gallons per capita consumption was estimated. A residential lawn watering restriction was considered and deemed unnecessary due to customers voluntarily reducing outdoor water usage. The plan also notes that Gerlach has completed an emergency management plan.

Water conservation plans must be updated every five years and comply with Nevada statutes[2].

Technical Capacity

Gerlach conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Gerlach employs a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. Gerlach has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity

Gerlach is managed by a five-member governing board. They have had successful construction projects in the past, as well as staff experienced with construction oversight. Gerlach has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity

Based upon the financial information provided, Gerlach is capable of meeting its short-term and long-term financial needs.

Financial Information as of June 30, 2020*:

- Unrestricted cash: $380,793
- Days cash on hand: 1,299
- Outstanding debt: $0
- Operating income before depreciation: $137,709
- Current ratio: 439.56
- Debt coverage: N/A (no debt)

*Financial information is independently audited by Eide Bailly.

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

User Water Rates

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

- Residential base rate per user per month: $39.20 (0-10,000 gallons)
- Commodity rate - $.0008/gal (10,001-20,000 gallons)
- Average water rate/use for system: $39.20 (8,812 gallons)

Fiscal Sustainability Plan

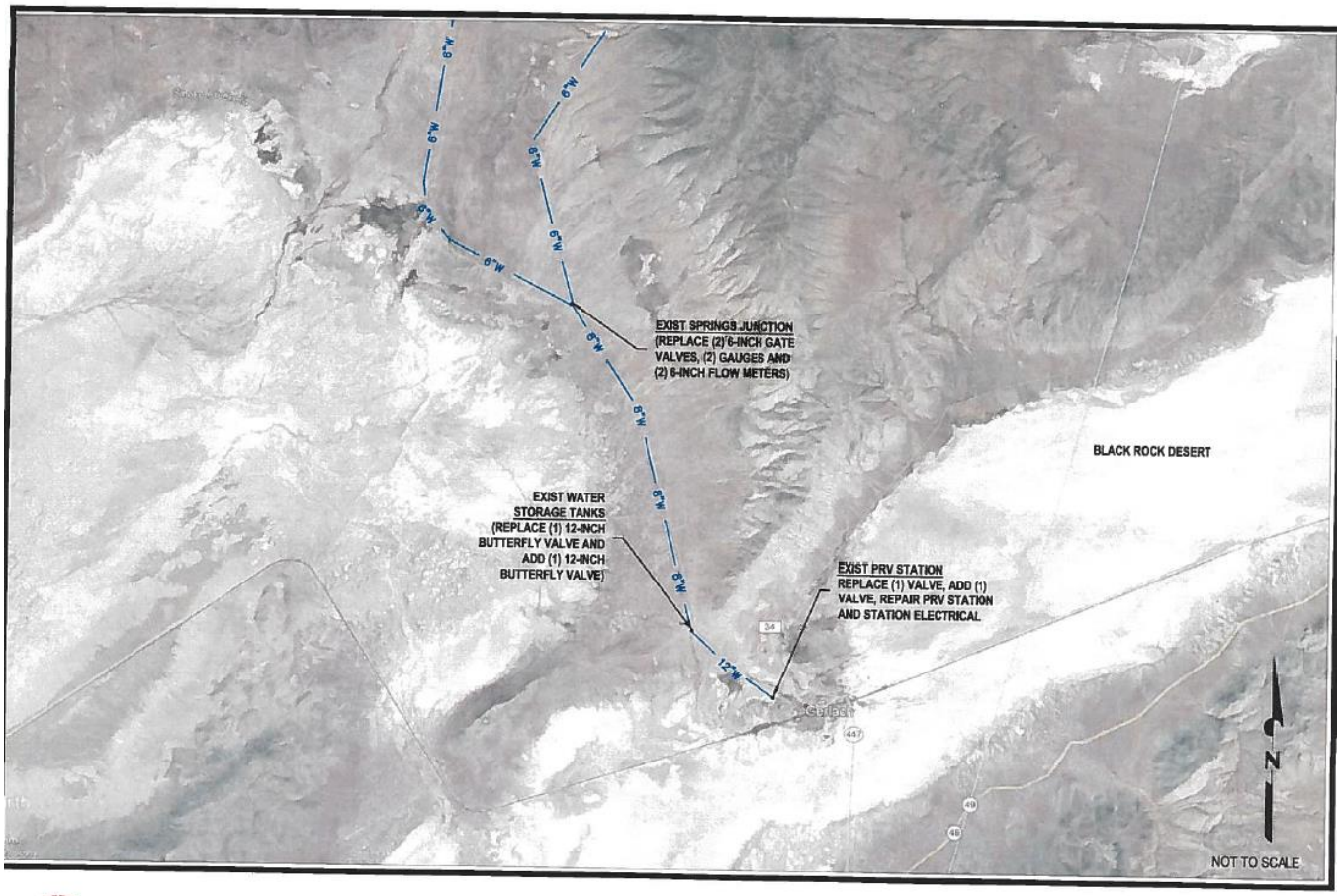
A fiscal sustainability plan will be required in the loan agreement as part of a condition to receive principal forgiveness funding.

Capital Replacement Reserve Account

The district is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The balance as of June 30, 2020 is $461,035. The proposed funding agreement will contain a requirement to maintain this reserve account.

DWSRF Principal Forgiveness Eligibility Criteria

The water system meets the definition of a disadvantaged community, per NAC 445A.675245.



PROJECTS SITE MAP
GERLACH GID
SRF APPLICATION


Granite Peak
Black Rock Station
Gerlach Water Tower
Temporarily closed
447
Empire


El Rancho Ave
El Rancho Ave
Coyote St
El Rancho Ave
Grove St
El Rancho Ave
El Rancho Ave
Del Ora Ave
Del Ora Ave
Google

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

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability 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.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D12-0121 Gerlach General Improvement District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed
$128,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D12-0121

Gerlach General Improvement District Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On January 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List-Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Gerlach General Improvement District (Recipient) owns and operates a public community water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project to rehabilitate transmission line appurtenances between spring source and the town of Gerlach (Project); and

WHEREAS: The Project is included as project #56 on the Priority List effective July 2020 of water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D12-0121 Gerlach General Improvement District Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $128,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

McGill Ruth Consolidated Sewer & Water GID (Ruth)

Amount and Term	**Recommendation**
$433,750 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and commitments to the McGill Ruth Consolidated Sewer and Water General Improvement District (McGill Ruth) for the repairs and rehabilitation of a 1.5 million-gallon water storage tank for the town of Ruth.

Community Information

Location McGill (NV0000163) is in White Pine County, approximately 20 miles northeast of Ruth and 12 miles north of Ely.

Ruth (NV0000164) is in White Pine County, approximately seven miles west of Ely.

Structure McGill Ruth is a general improvement district that manages both the town of Ruth and the town of McGill's Sewer and Water systems.

Population 440 in the town of Ruth

Service Connections Residential: 274

Commercial: 3

Other (White Pine County): 8

Project for Funding

Need McGill Ruth has identified a need within Ruth. Currently, Ruth purchases water from Ely, conveying it along a 7-mile water main with the aid of a booster pump station. McGill Ruth recognizes this is not a sustainable means of providing water to Ruth. Ruth obtained funding from the DWSRF in July 2020 to develop a preliminary engineering report (PER) and environmental review (ER). These will

identify a new, sustainable water source. Ruth has also identified an immediate need to rehabilitate their storage capacity.

The Ruth tank is on the neighboring Robinson Mine property. This tank is in disrepair and has needed upgrades for several years. The community recently re-negotiated their lease with the Robinson Mine for the land the tank sits on. The community received a 40-year-plus right-of-way to access, repair, and use the tank on mine property. Getting this storage tank back online is essential to the community; the project is independent of finding a new water source. Ruth has saved some funding to repair the tank, but is considerably short. McGill Ruth is now seeking DWSRF funding to address the Ruth tank.

Chosen Project Repairing Ruth's tank is a high priority project necessary to re-establish Ruth's capacity. The proposed project will replace some corroded steel in the tank, add a water circulator, and sandblast/repaint the tank.

Project Alternatives Storage capacity is an integral part of water infrastructure. This is the only tank for Ruth. As such, no action is not an alternative. Based on specifics and available data, the project has no other reasonable alternatives to consider.

Maps Maps are attached to this report.

Timeline Contract Procurement: February 2021

Completion: February 2022

Sources of Project Funding

	DWSRF	Local	Total
Design, Inspection, and Construction Management	$65,250	$0	**$65,250**
Construction/Improvements	$335,000	$100,000	**$435,000**
Construction	$33,500	$10,000	**$43,500**
Totals	**$433,750**	**$110,000**	**$ 543,750**

Previous Commitments and Studies

PER and ER for new well – July 2020:

A PER and ER to address water infrastructure is currently being funded by a DWSRF principal forgiveness loan. This PER and ER aim to explore new wells for a sustainable water source.

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law[1]. A PER for the proposed alternatives indicated the need for a few minor mitigation strategies.

The chosen project will require an environmental assessment by the applicant. Consultation with appropriate crosscutting agencies will be completed. An environmental review and a Section 106 consultation with the State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance.

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

- **Ely:** Additional concerns over the future capability of Ely's system to meet Ruth's drinking water needs prompted McGill-Ruth GID to prepare a PER to consider alternative water sources. A further study of one of the potential well sites is currently underway. The community is aware of these efforts.

- **March 23, 2020:** McGill Ruth, with engagement from the community and stakeholders, finalized an amendment of lease related to the Ruth tank with Robinson Nevada Mining Company. The new lease is for a 40-45 year initial term and 40 years of lease term from the date of "completion of the contemplated repairs and determination by the GID that the water tank is operational." These expire on or before March 2065. The rent to be paid by the GID is $1 per year. If the mine were to need access to the site to deposit waste rock on the property, that may necessitate the tank's relocation. The mine will ensure water supply to Ruth is maintained during relocation activities, and that relocating the tank to a new location will be at its own expense.

- **July 20, 2020:** The governing board discussed and approved the submission of the SRF loan application and designated an authorized signatory for the same.

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

Current System Information

Infrastructure

McGill Ruth has two groundwater springs/wells operated by McGill, as well as an 18-mile pipeline belonging to Ruth. The pipeline was used to convey water from springs in Ward Peak and several storage tanks. This infrastructure is currently not in use.

The Ruth portion of this consolidated system currently has an intertie from the Ely public water system and distributes water delivered from Murray Canyon in Ely. In 2018, a new well was drilled by Robinson Mine for Ruth's benefit. Due to the rapidly receding water table – currently measured at more than 1,000 feet below ground surface – this well no longer functions as a supply source. The system currently has a storage tank on the land leased from the Robinson Mine.

Water is currently routinely purchased from Ely Municipal Water Department (NV0000038); water is also purchased from Robinson Nevada Mining Company (NV0000855).

Compliance

NDEP's Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey for McGill Ruth in 2013. It found that Ruth needed to develop a redundant water supply. This deficiency was corrected in July 2019 when a new well was built by Robinson Mine. However, this well soon became a non-source, compelling Ruth to continue to explore other options to build capacity. Currently, drinking water is purchased from Ely.

A review of information available from the Drinking Water Watch module of the Nevada State Drinking Water Information System found no unresolved, pending, or current violations.

Water Conservation Plan

A copy of a water conservation plan for McGill Ruth was approved on July 22, 2011. It is currently available on the Nevada Division of Water Resources website.

Since this plan was last published, both short- and long-term sustainability of the community were frequently noted as a concern, due to limited and challenging drinking water supply options. Ruth is currently drafting a new water conservation plan.

Water conservation plans must be updated every five years to comply with Nevada statutes[2].

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

Technical Capacity

McGill Ruth conducted a technical, managerial, and financial capacity survey in November 2019. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

This survey identified several technical capacity issues in need of improvements. Items of concern include the need to achieve water supply redundancy, a lack of back-up equipment, and the absence of tracking non-revenue water for Ruth.

McGill Ruth maintains a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. The system is also compliant with all water quality monitoring and reporting requirements. McGill Ruth has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity

McGill Ruth is governed by a five-member board and employs a full-time utility manager to oversee operations and fiscal matters of both systems. McGill Ruth can conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations. They have demonstrated managerial capacity for NDEP to support funding.

Financial Capacity

Based upon the financial information provided, McGill Ruth can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*
Unrestricted Cash: $861,453
Days cash on hand: 1,143
Outstanding Debt: None
Operating Income before Depreciation: $55,117
Current Ratio: 62.34
Debt Coverage: None
*Financial information is independently audited by Hinton Burdick.

User Water Rates

The established water rates sufficiently cover operation, maintenance, debt service, and reserves for the systems.

- Residential base rate per user per month: $19.00 + $1/1000 gal (5,000 gallons)
- Commodity rate - Tier 2: $2.00/1,000 gal (10,000 gallons)
- Commodity rate - Tier 3: $3.00/1000 gal (over 10,000 gallons)
- Average water rate/use for system: $37.00 (8,000 gallons)

Fiscal Sustainability Plan

A fiscal sustainability plan will be required in the loan agreement as part of a condition to receive principal forgiveness funding.

Capital Replacement Reserve Account

McGill Ruth is maintaining a capital replacement reserve account as required by previous capital improvement grant funding requirements. The balance as of June 30, 2019 is $200,000. The proposed funding agreement will contain a requirement to maintain this reserve account.

DWSRF Principal Forgiveness Eligibility Criteria

The 2020 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. A system must achieve 50 points on the scale to determine eligibility. McGill Ruth received 60 points based on Ruth's economic conditions. Points were earned for Ruth's unemployment rate, the project's affordability, and for serving less than 10,000 people. Having the only source of supply or storage starting to fail was also a factor.

MAPS AND EXHIBITS

MAP





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

The principal forgiveness loan will contain the following conditions:

- Will review their user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability 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.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D13-0121 McGill Ruth Consolidated Sewer & Water General Improvement District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed $433,750. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D13-0121

McGill Ruth Consolidated Sewer & Water General Improvement District Project Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: McGill Ruth Consolidated Sewer & Water General Improvement District (Recipient) owns and operates a public community water system in Nevada; and

WHEREAS: The Recipient submitted a pre-application to NDEP for funding a project to replace or rehabilitate a water storage tank (Project); and

WHEREAS: The Project is included as project #72 the Nevada DWSRF Priority List Effective July 2020 of water projects water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D13-0121 McGill Ruth Consolidated Sewer & Water General Improvement District Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $433,750 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

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

January 2021

Esmeralda County

Amount and Term	**Recommendation**
$366,118 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Esmeralda County for radio read meters within the town of Goldfield and the town of Silver Peak.

Community Information

Location Both towns are located within Esmeralda County, NV.

- Goldfield is located approximately 30 miles south of Tonopah on Highway 95 and approximately 184 miles north of Las Vegas.
- Silver Peak lies at the end of State Route 265, 20 miles south of US Route 6 and 30 miles west of Goldfield.

Structure Public Water Systems
Goldfield NV000072 & Silver Peak NV000363

Population Goldfield Utility serves 375 residents; Silver Peak serves 111.

Service Connections

	Goldfield	Silver Peak
Residential Connections	277	95
Commercial Connections	33	13
Industrial Connections	0	0
Other: Haul	5	Various/non-specific

Project for Funding

Need for Project

Esmeralda County is a political subdivision of the State of Nevada created by NRS 243.080. The towns of Goldfield and Silver Peak are townsites conveyed to Esmeralda County by the federal government. Public water systems (PWS~~s~~) serve areas in both townsites. Groundwater wells are the water source for both systems.

The applicant is seeking funding to support two projects: Esmeralda (Goldfield, #63 on the Priority List) and Esmeralda (Silver Peak, #77 on the Priority List). Both projects will replace aging or inefficient meters with radio read meters. This will improve water management and auditing capabilities. The projects will also considerably reduce staff time spent reading the meters every month.

Installing a radio read/drive-by system for Esmeralda County Utilities will also benefit water conservation efforts. Goldfield Utilities has over 308 active meters and 23 inactive meters in the system, 80 percent of which are 20-plus years old. Silver Peak Utility has more than 95 active meters and 13 inactive meters in this system, 80 percent of which are over 20-plus years old. Water meters have a history of losing accuracy by 1 percent every year. Therefore, the system may not be accounting for actual water used and billable by up to 20 percent resulting in lost revenues and decreased conservation efforts. Installing new meters will also immediately alert the office of unusual activity (i.e. possible leaks) that would otherwise go unnoticed until the monthly meter read cycle. Replacing these meters will also free up labor/manpower for other utility needs. Currently it takes approximately four days per month to read all of the meters; the new meters will take as little as four hours to read. The new meters are also expected to minimize injuries related to traditional meter reading.

Chosen Project

Both utilities have recently made infrastructure improvements after completing a preliminary engineering report (PER) to evaluate system needs. Alternatives are not being considered for this proposed project. This request includes purchasing and installing up to 450 new meters, meter lids, electronic data software, computers, and upgrading handheld devices. There is an associated cost for transferring data from the transmitters and/or transponders into the billing system. Staff will also be required to train on the new system. Temporary employees will be hired as needed to carry out necessary installations.

Other Project Alternatives

Many water meters in these systems are over 20 years old. An estimated 20 percent of water usage is unaccounted for on an ongoing basis. As such, the county considers this project a high priority and believes doing nothing will have a significant impact on the economy and water conservation efforts.

Maps Maps are attached to this report.

Timeline The tentative schedule is as follows:

- Contract award: August 2021
- Project commencement: September 2021

Sources of Project Funding

	DWSRF	Local	Total
Equipment & Materials	$287,183	$0	**$287,183**
Contingency	$47,103	$0	**$47,103**
Administrative	$31,832	$0	**$31,832**
Totals	**$366,118**	**$0**	**$366,118**

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law[1]. Projects that include replacing equipment or structures with no significant impact on the quality of the environment are eligible for a categorical exclusion. These projects may be exempt from further substantive environmental reviews.

A preliminary review for this project found that the area of potential effect (APE) should not cause any significant impact. The APE is limited to where meters will be upgraded for individual service connections. The current scope of the project is eligible for categorical exclusion. A concurrence on the project with the State Historic Preservation Office will be obtained prior to signing a final commitment of financial assistance.

The project will not affect wetlands, floodplains, agricultural lands, or fish and 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 website.

Community Engagement

- August 4, 2020 board meeting
- September 1, 2020 board meeting
- December 1, 2020 board meeting, Board of County Commissioners discussed and approved authorizing the Public Works director to submit a Nevada State Revolving Fund loan application in an amount not to exceed $366,118.

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

Current System Information

Infrastructure

Goldfield Utility sources water from two ground water wells. Water from the wells is first collected into a 20,000-gallon storage tank. It is then boosted, by pumps, to another 20,000-gallon storage tank. It is finally boosted to an arsenic treatment facility. The treated water is then stored in two storage tanks: a 200,000-gallon capacity tank and a 366,000-gallon capacity tank. Water is then distributed to customers through asbestos cement pipes and 4-8” PVC pipes.

The Silver Peak PWS sources water from two ground water wells and uses one 260,000-gallon storage tank. Gravity provides system pressure to the two pressure zones. Water is then distributed to customers through 6" & 8" PVC main lines.

Both systems use chlorination for disinfection.

Compliance

Goldfield PWS: NDEP’s Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey of this system in May 2019.

BSDW noted one minor deficiency related to storage facility maintenance. Goldfield Town Water received a PWS permit from BSDW on July 30, 2020. The system was also notified that their arsenic running annual average (0.017 mg/L) was above the standard (0.010 mg/L).

Silver Peak PWS: BSDW noted that the storage facility needed to be equipped with telemetry or a visual water level indicator. It was noted as a minor deficiency. The only significant deficiency noted was related to a lack of secondary containment for a chlorine tank. The most recent permit for Silver Peak PWS was issued with no violations.

For both systems, any pending deficiencies would be addressed by the applicant separately from proposed project.

Water Conservation Plan(s)

The Goldfield PWS and Silver Peak PWS each have water rights of up to 300 acre-feet per year. Water conservation plans for both systems were last updated and approved by the Nevada Division of Water Resources (NDWR) in June 2020. The county is currently addressing NDWR's comments. Revised versions of each approved plan will be available on the NDWR's website.

Both systems are adopting water-use regulations to promote water conservation during non-emergency situations. The operators also acknowledge and actively engage with the community via outreach efforts.

Water conservation plans must be updated every five years and comply with Nevada statutes[2].

Technical Capacity

Both systems conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Both systems employ a certified operator who has the technical knowledge and ability to operate the systems. Esmeralda County has demonstrated technical capacity for NDEP to support funding.

The county notes that both systems have undergone systemwide upgrades in the past ten years.

Managerial Capacity

A three-member governing board oversees the system management. The governing board employs a full-time operator to each system to oversee operations and fiscal matters. Besides the operators, Goldfield Utility has one full-time and part-time employee; the Silver Peak Water system employs one part-time employee.

The county has had successful construction projects in the past for both Goldfield and Silver Peak. Staff is experienced with project oversight. System operators can achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity

Based on the financial information provided, Esmeralda County can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*		
	Goldfield	**Silver Peak**
Unrestricted cash	$377,577	$285,385
Days cash on hand	912	2,824
Outstanding debt	$459,991	$315,865
Operating income before depreciation	$422,495	$72,213
Current ratio	12.41	78.91
Debt Coverage ratio	0.59	No debt

*Financial information is independently audited by Daniel McArthur

[2] Nevada Revised Statutes (NRS) 540.121 to 540.151

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

	Goldfield*	Silver Peak
Residential Base Rate	$26.00/month (0-2,000 gallons)	$38.00/month (0-12,000 gallons)
Average Usage	15,000 gallons/month	15,000 gallons/month
Average Residential Use Rate	$58.50/month	$41.00/month

*Goldfield receives a parcel fee of $100 per parcel for water.

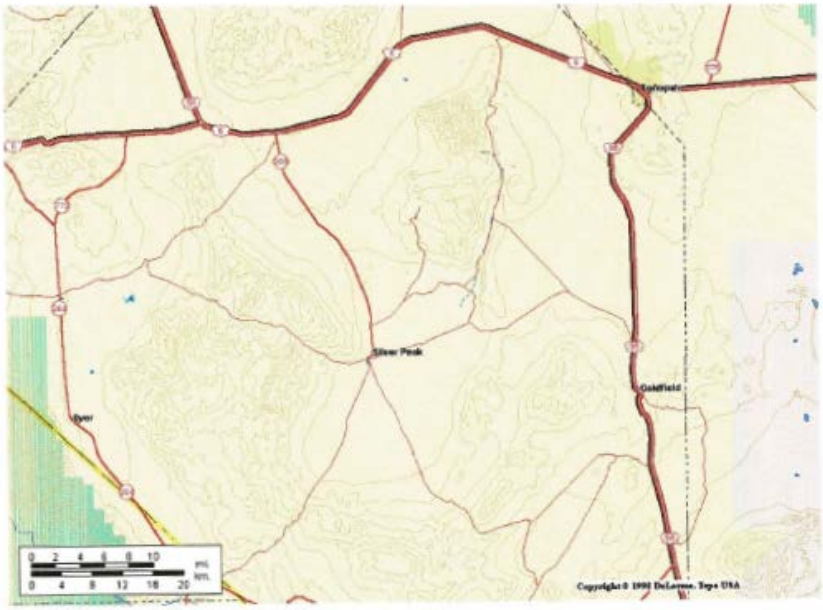
Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan. NDEP has received the county's certification that they will meet the requirements of a fiscal sustainability plan for each community prior to the final disbursement of funds from the loan.

Capital Replacement Reserve Account The County is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The current balance for Goldfield PWS is $151,116 and that for Silver Peak PWS is $33,202. The proposed funding agreement will contain a requirement to maintain these reserve accounts.

DWSRF Principal Forgiveness Eligibility Criteria Both water systems meet the definition of a disadvantaged community per NAC 445A.675245.

MAPS AND EXHIBITS

Silver Peak is on Route 265, approximately 22 miles due west of Goldfield, Nevada.

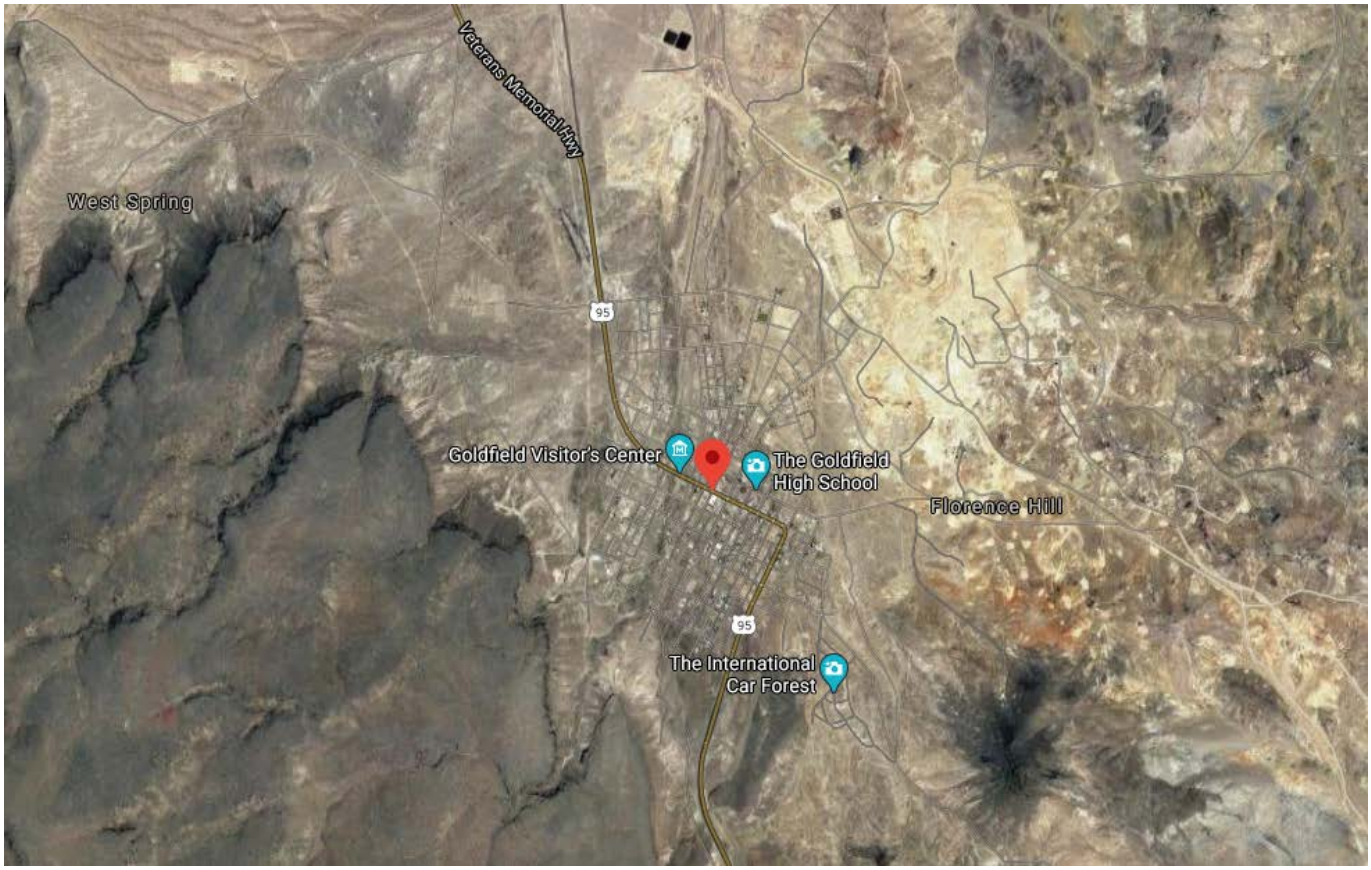




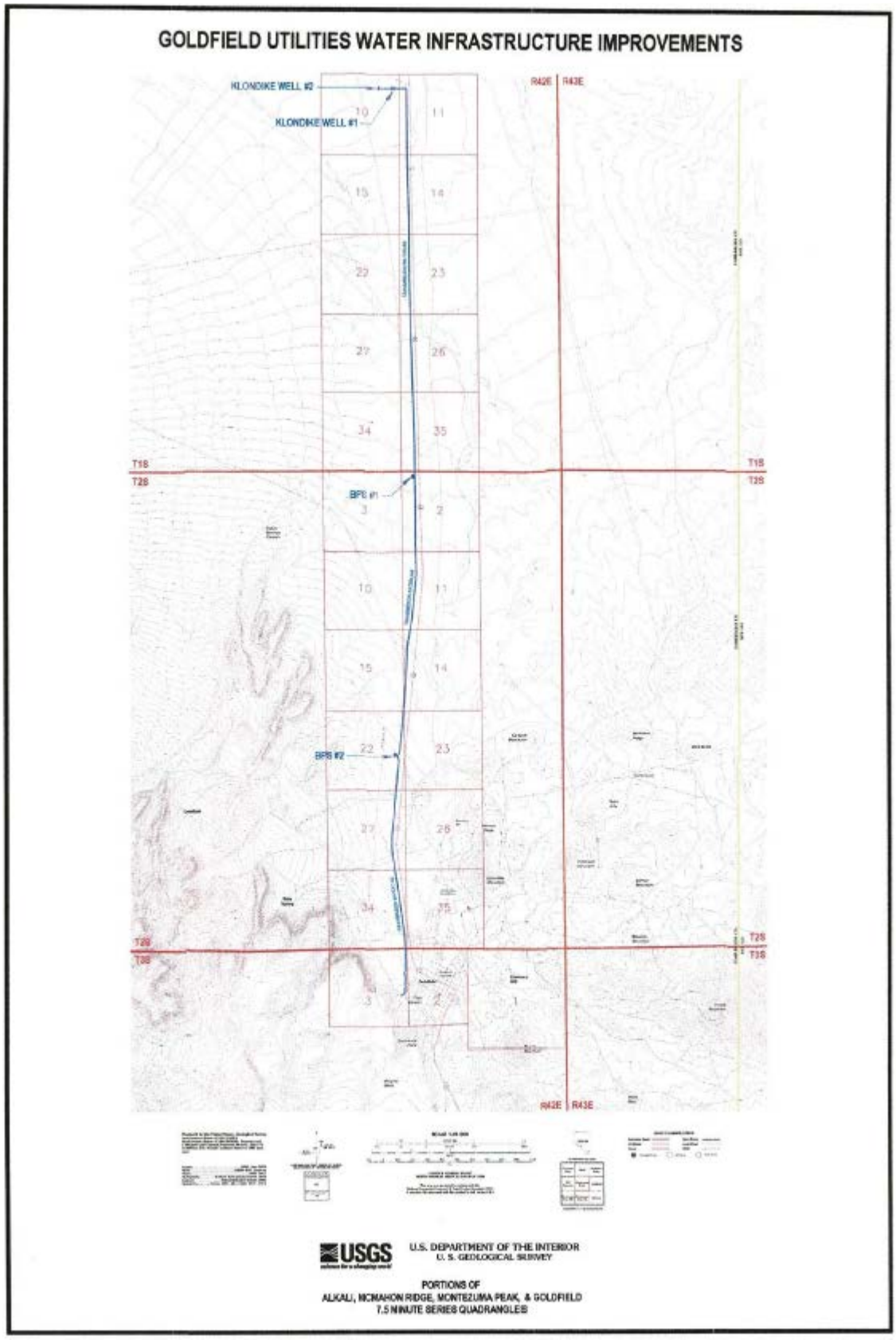
Silver Peak:


Hot Spring
265
Silver Peak Elementary School
Mineral Ridge Mine
Silver Peak
United States Postal Service
Silverpeak Rd
Silverpeak Rd
Albemarle Silver Peak, Nevada Lithium...
Silver Peak Spring

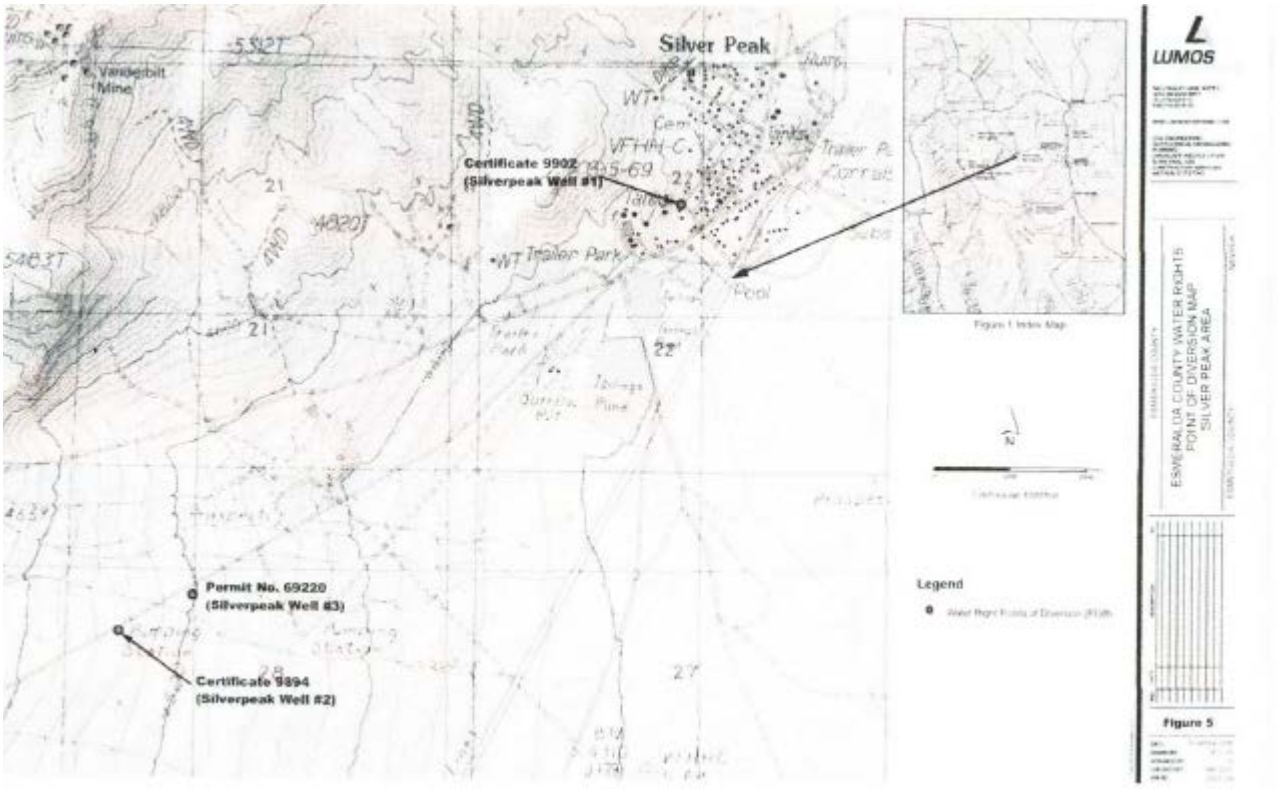
Goldfield:


Veterans Memorial Hwy
West Spring
95
Goldfield Visitor's Center
The Goldfield High School
Florence Hill
95
The International Car Forest

Goldfield Water Service Area:



Silver Peak Water Service Area



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)).

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five years.
- Maintain a capital replacement reserve account that is funded annually and re-evaluated every five years.

RECOMMENDED MOTION

I move to approve the resolution titled "D16-0121 Esmeralda County Goldfield and Silver Peak Water Systems Meter Upgrades Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed $366,118. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D16-0121

Esmeralda County Goldfield and Silver Peak Water Systems Meters Upgrade Project
Loan Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and

WHEREAS: NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS: On July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and

WHEREAS: Esmeralda County (Recipient) owns and operates two public community water systems, namely Goldfield Town Water System and Silver Peak Water System in Nevada; and

WHEREAS: The Recipient submitted two pre-applications to NDEP for funding a project to install meter upgrades for radio read; and

WHEREAS: The Project is included as Esmeralda (Goldfield) #63 and Esmeralda (Silver Peak) #77, on the Nevada DWSRF Priority List—Effective July 2020 of water projects; and

WHEREAS: The Recipient's Project is ready to proceed; and

WHEREAS: In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and

WHEREAS: NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS: NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and

WHEREAS: The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

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

Section 1: This resolution shall be known as the "D16-0121 Esmeralda County Goldfield and Silver Peak Water Systems Meters Upgrade Project Loan Commitment"

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP's review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed $366,118 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED JANUARY 20, 2021

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

NRS 349.983 Purveyors of water that are eligible to receive grants; preference for smaller systems; matching money from other sources.

(a) Were in existence on January 1, 1995; and

(b) Are currently publicly owned.

2. In making its determination of which purveyors of water are to receive grants pursuant to paragraph (a) of subsection 1 of NRS 349.981, the Board shall give preference to those purveyors of water whose public water systems regularly serve fewer than 6,000 persons.

3. Each recipient of a grant pursuant to paragraph (a) of subsection 1 of NRS 349.981 shall provide an amount of money for the same purpose. **The Board shall develop a scale to be used to determine that amount, but the recipient must not be required to provide an amount less than 15 percent or more than 75 percent of the total cost of the project for which the grant is awarded. The scale must be based upon the average household income of the customers of the recipient, and provide adjustments for the demonstrated economic hardship of those customers, the existence of an imminent risk to public health and any other factor that the Board determines to be relevant.**

SCALE TO DETERMINE GRANT AMOUNT **Community**

I. Project Need		Points	
A. Acute health concern per current Drinking Water State Revolving Fund Loan (SRF) priority list.		15	
B. Chronic health concern per current SRF priority list.		10	
C. System condition per current SRF priority list.	**No change to this section**	5	
Project Points			**0**

Community Need for State Assistance		Points	
State Median Household Income (MHI)/Public Water Supply MHI per current SRF priority list, recent income survey or most recent US census:			
1.75 or more (very low income)		75	
1.60 – 1.74		50	
1.45 – 1.59		30	
1.30 – 1.44	**This section would be updated to analyze the average, or**	20	
1.15 – 1.29	**mean household income rather than the median, or**	10	
1.00 – 1.14	**middle, household income.**	0	
Project Points			**0**

Monthly Residential Water Rate on Date of Application:	*Points*	
1. Below the Board's policy for monthly water rates	*0*	
2. At or above the Board's policy for monthly water rates	*20*	
Project Points		***0***

Board has a policy on sufficient water rates that would determine eligibility. This section would be updated to provide more points to more expensive sufficient rates for the community.

Property Tax Rate:	*Points*	
At State Ceiling of $3.64 per $100 of assessed value	*5*	
$3.28 - $3.63	*4*	
$2.95 - $3.27	*3*	
$2.65 - $2.94	*2*	
$2.64 or less	*0*	
Project Points		***0***

Section would be removed. Points added to monthly residential water rates.

Persons Regularly Served per Safe Drinking Water Information System maintained by the Bureau of Safe Drinking Water:		Points	
Fewer than 500		25	
500 - 999		15	
1000 - 1999		8	
2000 - 3999		4	
4000 - 5999	**No change to this section**	2	
6000 and above		0	
Project Points			**0**

Other Factor(s)	Points	
This project will reduce water leakage and other water losses by at least 25%.	5	
Approved & up-to-date Water Conservation Plan per NRS 540.131, .141, & .151	2	
Water conservation effectiveness (based upon residential equivalents NAC 445A.66325)	2	
Metered community charging financially responsible metered rate	10	
Asset management plan in place	1	
O&M, Cross-connection control & Emergency response plans in place & being implemented	3	
Wellhead protection program in place	1	
Project management in place	2	
Daily inspections by qualified inspector planned	2	
Applicant has obtained alternate funding up to the maximum financial extent possible	15	
Project Points		**0**

Section updated to encourage proper management and fiscal oversight for the system in advance of applying for grant funding.

Deduction(s)			
Second home/vacation homes account for >30% of connections		-30	
Applicant is at or above the State MHI and has not adequately funded a capital replacement fund		-30	
Applicant did not perform adquately on prior grant		-25	
Applicant failed to submit required financial & progress reports for prior grant project		-10	
Opportunity for local or regional cooperation not utilized		-30	
Points Deducted	**Minor edits recommended to this section.**		**0**

Subtotal Project Points	**0**
Maximum Points are 150 (if negative, no grant award)	0
Grant %	**25%**
Eligible project costs	**$500,000.00**
Grant amount = Eligible project costs x Grant Scale	**$125,000.00**
Matching money required from other sources	**$375,000.00**

Capital Improvements Grant Program

Scale to Determine Grant Amount
Effective January 20, 2021

NRS 349.983(3) Each recipient of a grant pursuant to paragraph (a) of subsection 1 of NRS 349.981 shall provide an amount of money for the same purpose. The Board shall develop a scale to be used to determine that amount, but the recipient must not be required to provide an amount less than 15 percent or more than 75 percent of the total cost of the project for which the grant is awarded. The scale must be based upon the average household income of the customers of the recipient, and provide adjustments for the demonstrated economic hardship of those customers, the existence of an imminent risk to public health and any other factor that the Board determines to be relevant.

Project Need	Possible Points	Community Points
Acute health concern per current Drinking Water State Revolving Fund Loan (SRF) priority list.	15	
Chronic health concern per current SRF priority list.	10	
System condition per current SRF priority list.	5	
Project Points		**0**

Community Need for State Assistance	Possible Points	Community Points
State Mean Household Income/Public Water Supply Mean Household Income, recent income survey or most recent US census:		
1.75 or more (very low income)	70	
1.60 – 1.74	50	
1.45 – 1.59	30	
1.30 – 1.44	20	
1.15 – 1.29	10	
1.00 – 1.14	0	
Project Points		**0**

Adopted Sufficient Residential Water Rate	Possible Points	Community Points
Sufficient rate is below 1.5% of the communities Median Household Income	0	
Sufficient rate is 1.5% to 2.0% of the communities Median Household Income	15	
Sufficient rate is above 2.0% of the communities Median Household Income	25	
Project Points		**0**

Persons Regularly Served per Bureau of Safe Drinking Water Information System	Possible Points	Community Points
Fewer than 500	25	
500 - 999	15	
1000 - 1999	8	
2000 - 3999	4	
4000 - 5999	2	
6000 and above	0	
Project Points		**0**

Capital Improvements Grant Program

Scale to Determine Grant Amount
Effective January 20, 2021

Other Factors	Possible Points	Community Points
Approved, up-to-date Operations and Maintenance Manuals, Cross-Connection Control Plans, and Emergency Response Plans	5	
Approved, up-to-date Water Conservation Plan	3	
Approved, up-to-date source water protection program in place	5	
Asset management plan and/or fiscal sustainability plan in place and updated within the last five (5) years	15	
Applicant has obtained alternate funding up to the maximum extent possible	15	
Project Points		**0**

Deductions	Possible Points	Community Points
Applicant has not committed to adequately funding a capital replacement fund	-30	
Second home/vacation homes account for >30% of connections	-30	
Applicant did not demonstrate adequate project management or project oversight on prior grant that reduced project delays and cost over-runs.	-25	
Applicant failed to timely submit required financial reports, draw requests, and progress reports for prior grant project	-10	
Opportunity for local or alternate funding not utilized	-30	
Project Points		**0**

Subtotal Project Points	**0**
Maximum Points are 150 (if negative, no grant award)	0
Grant %	**25%**
Eligible project costs	
Grant amount = Eligible project costs x Grant Scale	**$0.00**
Matching money required from other sources	**$0.00**

Capital Improvements Grant Program

Impact on revised Scale to Determine Grant Amount

Project Details											
County Location	**Population Served**	**Mean Household Income**	**Median Houshold Income**	**Project Cost Estimate**	**Existing Scale**		**Revised Scale**		**Effect of Revision**		
White Pine	700	56,245.00	66,818.00	$1,000,000.00	55%	$550,000.00	55%	$550,000.00	0.0%	$0.00	
Churchill	750	65,350.00	51,514.00	$1,000,000.00	49%	$490,000.00	52%	$522,000.00	3.2%	$32,000.00	
Lincoln	900	55,234.00	56,875.00	$1,000,000.00	41%	$406,000.00	38%	$382,000.00	-2.4%	-$24,000.00	Other items
Pershing	5,278	50,417.00	41,696.00	$1,000,000.00	60%	$598,000.00	55%	$550,000.00	-4.8%	-$48,000.00	Water Rates
Clark	9,300	44,783.00	33,851.00	$1,000,000.00	71%	$714,000.00	74%	$742,000.00	2.8%	$28,000.00	
Nevada		77,319.00	57,598.00								

RECOMMENDED MOTION FOR CAPITAL IMPROVEMENTS GRANT SCALE TO DETERMINE GRANT AMOUNT

I move to approve the revised “Capital Improvements Grant Scale to Determine Grant Amount.” This revision is consistent with the intended requirements of NRS 349.983(3). The revised scale shall be used to evaluate all new projects seeking funding from the Capital Improvements Grant program from the time of adoption forward and will not impact previous board-approved loans, including the loans approved during this meeting.