

Drinking Water Program Funding Updates
as of September 24, 2021



**Board for Financing Water Projects
Drinking Water State Revolving Fund
October 2021**

Drinking Water Program Funding Updates as of September 24, 2021

Cash in fund		\$69,973,068
Less debt service reserves	(5,831,538)	
Add undrawn grant balance	11,351,728.13	
Available for projects		\$75,493,258
Committed funds not yet disbursed	35,180,463	
Add commitments for Board consideration	475,000	
Add projects in discussion with OFA	37,274,920	
Total committed funds after Board Approval	72,930,383	
Lowest cash flow balance in three (3) years	\$46,664,915	

Drinking Water Cash Flow Projections¹

	Year 1	Year 2	Year 3
Cash balance forward	\$63,945,045	\$66,697,081	\$20,601,714
Receipts from grants awarded	10,236,220	11,221,760	12,343,936
Transfer to the CWSRF program ²	0	(30,000,000)	0
Receipts from bonds issued	5,000,000	3,500,000	0
Receipts from treasurer's interest ³	552,021	659,756	697,021
Receipts from loan principal	13,040,910	14,003,506	13,521,123
Receipts from loan interest	3,848,580	3,670,926	3,316,814
Payments for debt service on bonds	(3,044,538)	(2,958,938)	(2,872,600)
Payments for loan recipients ⁴	(27,568,875)	(42,362,490)	(5,491,118)
Change in debt service reserves	171,938	170,113	1,208,338
Cash balance forward	\$66,697,081	\$20,601,714	\$47,325,228

¹ Estimate only for planning purposes. All numbers are subject to change.
² Transfer to CWSRF is dependent upon budget approval and EPA consent
³ Estimated at 1% A.P.R. on undisbursed cash in the fund. Subject to change.
⁴ Includes loans not yet approved by the Board for Financing Water Projects

Drinking Water Grant Conditions for Principal Forgiveness

Current funds to obligate for principal forgiveness loans		\$6,248,480
Less projects for board consideration	475,000	
Current funds to obligate for principal forgiveness loans	5,773,480	
Pending Grants (estimated allotment)	0	
Total Principal Forgiveness Funds by October 2021 (estimated)		\$5,773,480

Mount Rose Bowl Property Owners' Water Co

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

Board for Financing Water Projects

October 2021

Mount Rose Bowl Property Owners' Water Company

Amount and Term	Recommendation
<u>\$475,000</u> 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 (MRBPOWC) for loan contract DW1907.
<u>\$1,000,000</u> Total DWSRF commitment	

Original commitments

- Project** Primary source of supply for the 15 residents has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525). In addition, the only storage for the community (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 for \$73,000 to prepare a preliminary engineering report (PER) and environmental review (ER) to determine the best alternative to correct both deficiencies. The chosen alternative was to install aeration to correct the Lead and Copper deficiencies and install a new storage tank.
- Resolution and conditions** 4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution adopted April 17, 2019. The board approved an amount not-to-exceed \$500,000 in principal forgiveness funds from the Drinking Water State Revolving Fund.
- D07C-0121 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution adopted January 20, 2021. The board approved an additional amount of \$25,000 for a combined amount-not-to-exceed \$525,000.

Need for additional funds

The original estimate of construction cost of \$460,000 (funding split between DWSRF and USDA) was developed in the Preliminary Engineering Report in 2017. MRBPOWC encountered a number of unforeseen obstacles during the development of this project, such as water quality change during design and difficulty securing necessary easements. This extended schedule has also impacted the budget for the project, as construction costs have seen a significant increase in the last two years partially as a direct result of the continuing pandemic. This project is located in a topographically challenging area as well as being at 7,700 feet above sea level where weather will have a significant impact on construction. Two bids were submitted as a result of the most recent request for bids. The low bid was \$995,960 and the 2nd bid was \$1,334,886. Additionally, with the supply chain still recovering from the pandemic we feel that having ample contingency funds will ensure the completion of the project.

DWSRF would partially support the bid exceedances totaling \$150,000. \$325,000 will only be provided in the event of change orders or unforeseen changes in scope to the project that would require the additional funds after all other funding is utilized.

Timeline

	Original	2 nd Update
Design	October 2019	Completed & Approved Oct 2, 2020
Construction Bid	March 2020	July-Aug 2021
Tree Removal		Fall 2021 (weather dependent)
Construction Start	May 2020	May 2022
Initiation of Operations	July 2020	Aug 2022

Explanation of timeline changes

MRBPOWC, Water Tank and Treatment Facility Project was advertised for bidding on Tuesday July 6th, 2021. The project was posted on QuestCDN and Sierra Contractor’s Source, as well as individually sent to eight area contractors who were qualified to build the project. Two bids were received and were opened on Tuesday Aug. 31st, 2021. The bids are valid for 60 days or until Oct 30th, 2021. If enough funding is secured, we would propose to get the low bidder under contract as soon as possible and cancel the other bid.

**DWSRF
Project
cost
changes**

DWSRF Funding Only	Original	1st Update	2nd Update	Total
Planning, Design, inspection, & Construction Management	\$166,000	\$25,000	\$0	\$191,000
Easements	\$13,800	\$0	\$0	\$13,800
Construction / Improvements / materials	\$306,400	\$0	\$150,000	\$456,400
Administration	\$13,800	\$0	\$0	\$13,800
Financing	\$0	\$0	\$0	\$0
Construction Contingency	\$0	\$0	\$325,000	\$325,000
Totals	\$500,000	\$25,000	\$475,000	\$1,000,000

Total Project Funding	DWSRF	USDA-RD	Local	Total Project
Planning, Design, inspection, & Construction Management	\$191,000	\$20,500	\$0	\$211,500
Easements	\$13,800	\$1,635	\$0	\$15,435
Construction / Improvements / materials	\$456,400	\$539,560	\$0	\$995,960
Administration	\$13,800	\$10,600	\$0	\$24,400
Financing	\$0	\$0	\$0	\$0
Construction Contingency	\$325,000	\$50,005	\$0	\$375,005
Totals	\$1,000,000	\$622,300	\$0	\$1,622,300

**Opportunity for
other funding**

The total cost of the project is partially being funded with USDA loan and grant funds. Total project cost is now \$1,622,300. USDA has increased the amount of grant funds available to them and any additional funds would be in the form of a loan. The USDA loan carries a 40-year term and a 1.75% interest rate. The community is already paying \$175 per month for water to meet the needs of the current funding plan and system operations. It seems unaffordable for the community to take on more loan at this time.

Conditions for funding

In order to ensure partner funding is included in this project and the additional funds being requested in this resolution are reserved for contingency items, funds would be made available from all sources DWSRF in the following order:

DWSRF Principal Forgiveness Funds	\$525,000
USDA Loan Funds	\$40,000
USDA Grant Funds	\$279,000
DWSRF Principal Forgiveness Funds	\$150,000
USDA Grant Funds	\$303,300
DWSRF Principal Forgiveness Funds	\$325,000
Total Project Costs	\$1,622,300

RESOLUTION D06-1021

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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, 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 #11 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 “D06-1021 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 and the conditions for funding as outlined in the staff report.

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 \$475,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1907 would therefore be \$1,000,000.

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 OCTOBER 6, 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

Staff report from January 20, 2021

Mount Rose Bowl Property Owners' Water Company

Amount and Term	Recommendation
<u>\$25,000</u> 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: APPROVED JANUARY 20, 2021

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 contain a high concentration of dissolved CO₂. When the CO₂ 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.

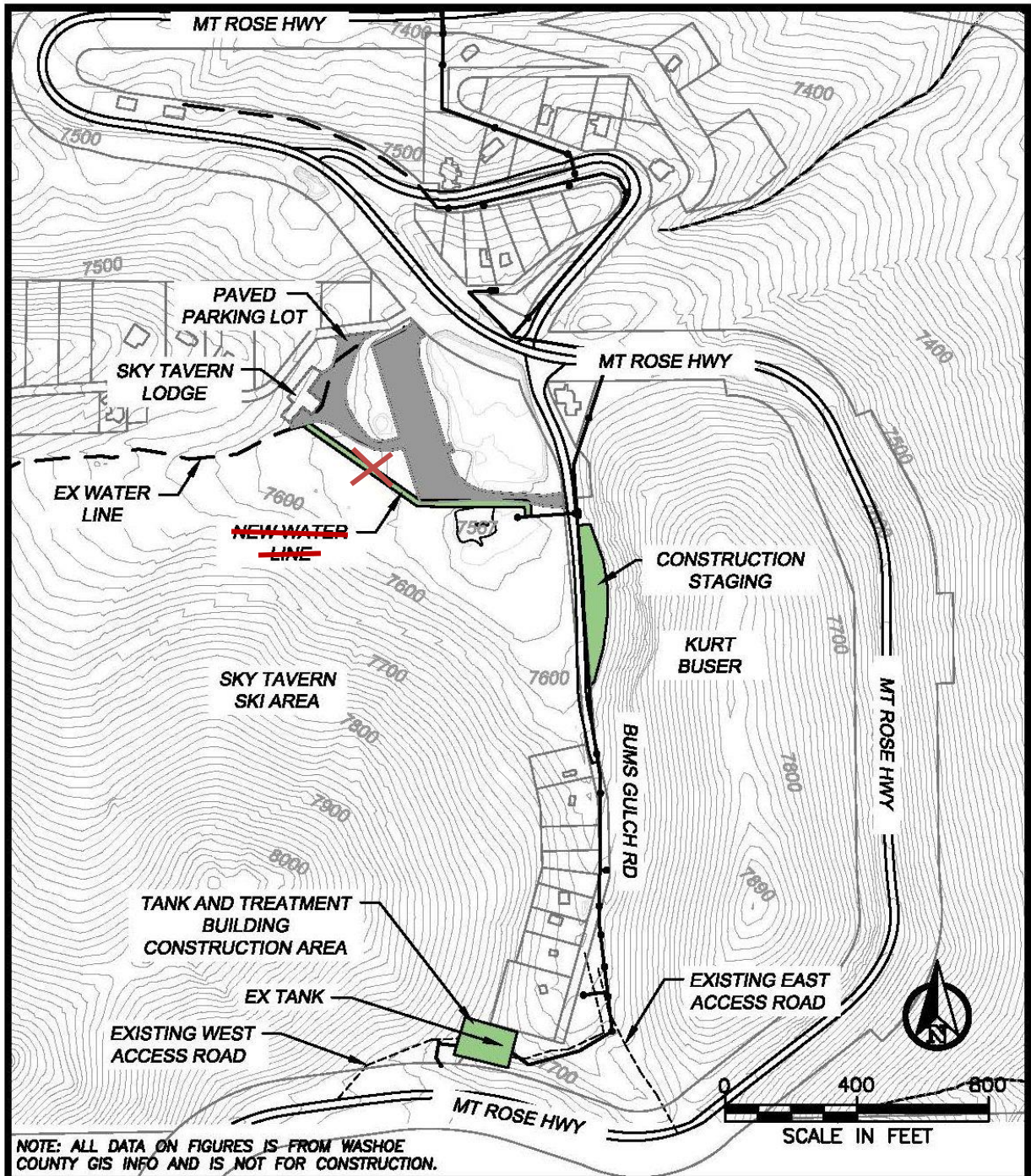
Project Alternatives

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.

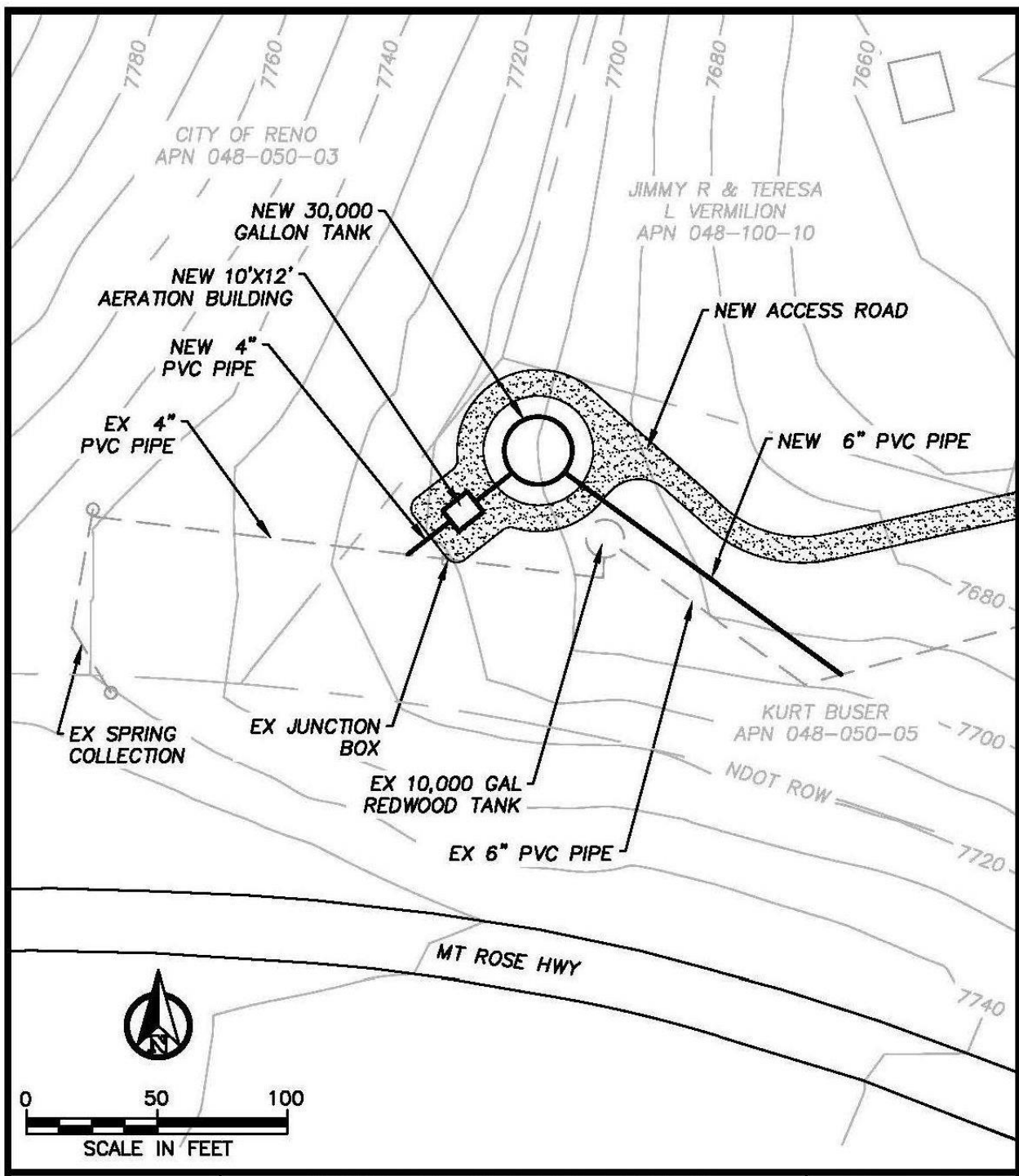
Aeration treatment with a 250,000-gallon storage tank This alternative included the same aeration system as in the proposed project alternative but replaced the 10,000-gallon tank with a 250,000-gallon tank to meet all regulatory storage requirements including fire flow. Issues with this alternative 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 POU/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 POU/POEs 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.



	MOUNT ROSE BOWL PROPERTY OWNER WATER COMPANY, INC.	Date: 05/01/18
	MRBPOWC - CONSTRUCTION AREAS	Scale: 1"=400'
WASHOE COUNTY	NEVADA	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 law¹. 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
		<u>\$ 460,000</u>

Table 6.3: Alt 2B – Total Project Cost Estimate

Alt 2B - Aeration at the Tank - Total Project Cost Estimate		
Construction		\$ 460,000
Construction Contingency	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
		<u>\$ 722,600</u>

Estimated Project Schedule

Function	Estimated Date
Design/Specifications & Easement Acquisition	Begin upon funding – 2 nd – 3 rd 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