

Meeting Minutes
BOARD FOR FINANCING WATER PROJECTS WORKSHOP
May 7, 2025
9:00 am.

Bonnie Conference Room
901 South Stewart Street, 1st floor
Carson City, NV 89701

Held virtually using Microsoft Teams:
Meeting ID: 298 754 172 794

Members present:

Bruce Scott, Chair
Andrew Belanger, Vice Chair
Mike Workman
Abigail Yacoben
Andrea Seifert, ex-officio member

Public present:

Legal counsel present:

Katie Armstrong, Deputy Attorney General

NDEP staff present:

Benjamin Miller
Chris Flores
Daniel Morgan
Hanna Bingham
Matt Livingston
Sheryl Fontaine
Jennifer Carr

1) Board for Financing Water Projects workshop

1) Call to order

Chair Bruce Scott opened the workshop at 9 am.

2) Introductions

Chair Scott established a quorum not all board members were present.

3) Public comment

There were no public comments.

4) Capital Improvement Grant Program (Discussion)

Grant Scales: Purveyors of Water

Benjamin Miller began presenting the Governor's budget recommendation of a 33.9 million in bonding authority for the Capital Improvement Grant program has been approved by the Assembly and is moving to be approved by the Senate. Currently statute specifies a grant scale for purveyors of water, while a Board policy exists for irrigation districts.

Mr. Miller prompted the board to adopt a scale for those eligible recipients that have been added to the program over the years. A few of the applications for Cap Grants include septic to sewer conversions to which there is no scale to determine a percentage of funding. Staff would like to have options for the board to approve in the May 21st board meeting.

Chair Scott started discussion by asking for an overview for the Capitalization Improvement Grant Program.

Mr. Miller reiterated that an initial scale statute was instituted for purveyors of water. Over the years as legislation has changed, other entities are now eligible to draw funds, i.e. eligible recipients. Purveyors of water have a requirement that funds be partnered by a local source or federal funds of the drinking water SRF. Staff reviews the scale and award points which then determine the percentage of the project that can be funded.

Chair Scott asked how Staff determines the partner funding.

Mr. Miller stated every project that is considered a purveyor of water who applies for the Cap Grant must also be on the Drinking Water priority list. Once the percentage is determined from the Cap Grant program, as long they fall under the limits of the Intended Use Plan the DWSRF can fund the additional percentage for that project.

Chair Scott stated that there should be preference to get more money out of the SRF program than the CAP Grant program. As the Cap Grant program is paid out in bonds whereas the funds from the SRF come back to the SRF. How does staff manage getting the most possible out of the SRF to minimize impact on the CAP Grant program?

Mr. Miller responded, saying there are projects that have submitted applications that cannot be funded by the SRF and additionally do not want to take out a traditional loan. Septic to sewer projects specifically have residents who may not have the financial capability to turn off their septic and connect to the local sewer.

Chair Scott opened for board member questions.

Boad Member Mike Workman asked if the SRF not being able to fund laterals is in statute or part of our policy?

Mr. Miller responded that it is federal regulation because laterals go on private property. The main line to the property line and meter can be funded. From meter to house is the private portion that the SRF cannot fund.

Chair Scott asked if there is a restriction under the Cap Grant program for the private portion of that funding.

Mr. Miller responded that the only restriction is how the bonds are issued. Service lines cannot be funded if the bonds are tax exempt, however there is discussion with the Treasurer's office about issuing a portion of the bonds as taxable.

Chair Scott asked if there is something that the board can do to get these bonds portioned out.

Bureau Chief Sheryl Fontaine responded that the Treasurer's office has asked for a letter from our Administration, but she will ask if a letter from the board would be needed as well.

Andrea Seifert provided information about the Bureau of Safe Drinking Waters WIIN Small Disadvantage Communities Grant to which can pay the private side of the meter.

Ms. Fontaine added that another advantage of receiving taxable versus tax exempt bonds is it reduces arbitrage concerns, mitigates the need to spend the money within a 3-year timeframe.

Chair Scott expressed concern about making it difficult for the applicant because of the multiple sources or requirements of receiving funding.

Ms. Fontaine stated verbal confirmation has been received that there is support for taxable bonds despite the cost of doing so.

Irrigation District (Board Policy)

Mr. Miller moved to speak about the irrigation districts board policy to determine the direction of the creation of a scale. Irrigation districts cannot be partner funded with SRF Drinking Water or Clean Water funds.

Mr. Miller continued with an overview of an irrigation district project to provide further context of what the \$33.9 million would be used for over the next two fiscal years. The percentage determined for year one versus year two would be based on the readiness to proceed.

Chair Scott expressed how a more thorough review of the proposed project will be needed for overall water requirements and efficiencies. To be cautious from a perspective that the money going into projects should be a significant benefit to the district and the resource itself.

Mr. Miller stated that even with no adopted scale, the total scope of these projects amounts to under the \$33.9 million that has been planned to be authorized. Therefore, the ability to do a second round of applications going into the second fiscal year is possible. Staff is currently vetting projects in hopes of being ready to bring forward in the August board meeting.

Vice Chair Andrew Belanger asked whether legally we have the authority for requiring irrigation districts to require a match?

Deputy Attorney General Katie Armstrong stated that she is currently reviewing the matching program and from first glance the board can require a match for eligible recipients, however, she will provide a full analysis at the May 21st Board Meeting.

Chair Scott felt that having a match from the applicant is critical.

Ms. Fontaine questioned using the letters of intent in the May meeting. Asking for confirmation of the timeline Mr. Miller presented is correct.

Mr. Miller responded that there are still questions about the project's readiness to proceed. Even though instructions were to have permits and easements in place and be ready to start, shovel ready as soon as they awarded funding. Many applicants didn't provide those or said they were going to apply if they got funding. Pushing the letters of intent to the August meeting provides staff time to meet with the applicants and determine when they will be ready to proceed.

Ms. Fontaine asked if the decision to go with taxable bonds versus tax exempt bonds would lessen the importance of the readiness to proceed.

Mr. Miller responded that only one project on the list would be impacted and would require a taxable bond to move forward. The Treasurer's Office will want to maximize the ability of tax-exempt bonds for the lower cost and have taxable bonds only if needed.

Ms. Fontaine expressed concern that the timing for putting in a request for the bonds may be impacted by keeping the letters of intent until August.

Mr. Miller responded that in speaking with Jason Cooper, there was agreement that having applications gave enough support for the bond issuance. Staff would have enough time to vet the applications and determine first year and second year funding.

Continually, Mr. Miller stated that many systems do not understand the match requirement for the Capital Improvement Grant Program. Systems were basically creating their own match.

Chair Scott believed it is incumbent for staff to help as much as possible to get systems focused on the issues that may arise and the seriousness of moving forward in this process.

Mr. Miller provided an overview of a few details of the septic to sewer projects that have applied for the CAP Grant Program. With possible opportunity to split funding between two separate bond issuances while having constant communication with those systems.

Vice Chair Belanger added that conversations had been had for conversions to be segmented into smaller increments within the two years or so with the expectation that funding may be available as time goes on.

Eligible Recipients

Ms. Seifert spoke to confirm that "eligible recipients" is the portion there is currently no scale for.

Mr. Miller confirmed that the eligible recipients listed in the statute currently don't have a scale.

Vice Chair Belanger expressed concern that outreach needs to be done to make sure that eligible recipients applying for funding understand that a match could be required.

Continually Vice Chair Belanger expressed interest in simplifying the scale for purveyors of water and eligible recipients. Therefore, making it easier for systems looking for funding to know what they are eligible for right away.

Chair Scott and Mr. Workman agreed and to keep in mind certain factors of the scale process are quite important if going ahead with possible revision.

Mr. Miller addressed the board on how outreach has been done at the beginning of the CAP Grant applications to let eligible recipients know that a match of some kind may be required once the board decides whether to put one in place. Scale simplification comes with understanding that many items have been adopted in this policy over years and since revised with important statutory requirements into account.

Vice Chair Belanger stated that if a revision should happen, current projects shouldn't be affected, and systems should be given a long enough window of understanding before it is officially adopted.

Chair Scott asked if the thought is to use a scale for eligible recipients similar to purveyors of water?

Mr. Miller responded that staff have taken the purveyors of water scale and is working on cross walking it over to eligible recipients to see what would apply.

Ms. Seifert asked Vice Chair Belanger to reiterate what his suggestion is to simplify the scale.

Vice Chair Belanger overall would like to see a flat percentage that would be given for specific actions. As an example, if you meet certain criteria, you will get 25%.

Chris Flores addressed the board about principal forgiveness versus a traditional loan, how that may be determined.

Ms. Seifert stated that in the past the CAP Grant program had plenty of partner funding with a little less principal forgiveness.

Chair Scott expressed how helpful it was for systems to receive technical support.

Mr. Workman agreed that it was a nightmare having to figure out the different rules, regulations, and funding partners with conflicting requirements. Aiming for simplification is a good goal.

Vice Chair Belanger asked how many systems are ineligible for funding since being put into existence in the last thirty years? In statute, grants may be made only for the Lincoln County Water District, community, and non-transient water systems that were in existence on January 1, 1995, and are publicly owned.

Ms. Seifert responded, including consolidation it is around 30-50. Bearing in mind systems that have never been permitted through the Bureau of Safe Drinking Water.

Mr. Miller, Chair Scott and Vice Chair Belanger discussed the possibility of simplifying and updating the scales. Keeping in mind that the current scale allows for prioritization ranking.

Mr. Miller asked if the proposed eligible recipients scale should stay at 85%. Reminding the board that applicants are aware that some kind of match requirement will be needed.

Vice Chair Belanger stated that we need to hear back from Ms. Armstrong whether a match can be required and for the interim follow recommendations from staff.

Mr. Miller stated for the interim, until staff look at revising all potential scales, it is agreed to stay consistent with the 85% maximum.

Chair Scott concurred and reiterated that having communication with systems that the rules may change is crucial.

Mr. Miller stated this decision gives staff the ability to draft a policy for the board to potentially adopt at the May 21st meeting based on Ms. Armstrong's determination of the board's authority to set the criteria.

8) Board comments

There were no board comments.

9) Public comment

There was no public comment.

10) Adjourn the Board for Financing Water Projects workshop

The board meeting adjourned at 11:22 am.