

**MEETING OF THE
STATE BOARD FOR FINANCING WATER PROJECTS**

Summary Minutes

Wednesday, May 4, 2016

9:30 AM

**901 S. Stewart St., 2nd Floor, Tahoe Hearing Room
Carson City, NV 89701**

Members Present:

Bruce Scott, Chairman
Andrew Belanger, Vice-Chairman
Steve Walker
Lori Williams
Mike Workman
My-Linh Nguyen, Ex-officio Member

Staff Attending:

Katie Armstrong, DAG
Jennifer Carr
Adele Basham
Daralyn Dobson
Michelle Stamates
Jason Cooper
Kathy Rebert

A. INTRODUCTION AND ROLL CALL (Non Action)

The meeting was started at 9:30 AM by Chairman Scott who invited Board members and others present and on the telephone to introduce themselves.

B. APPROVAL OF MINUTES - December 2, 2015 MEETING (For Possible Action)

Motion: Mr. Walker moved to accept the minutes as written and the motion was seconded by Mr. Belanger. The minutes were approved.

C. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Program Funding Availability (Non Action)

Ms. Dobson reviewed the current funding in the DWSRF and the amount available in principal forgiveness as a portion of the EPA grant. Currently there is \$34,000,000 in the fund; pending projects would require \$9,500,000, leaving \$24,500,000 unobligated. Ms. Dobson explained recent programmatic changes to determine projects and systems eligible for additional subsidy in the form of principal forgiveness. All of the changes are in the 2016 DWSRF Intended Use Plan which is posted on NDEP's website.

Mr. Cooper provided the Board with the status of the Capital Improvements Grant program. This program is funded entirely with State issued general obligation bonds approved through the biennial Legislative process. The funds are subject to arbitrage so it is important to get the funds obligated to projects. The current amount in the fund is \$1,130,304. There are \$980,718 in proposed projects today, leaving an unobligated amount of \$149,586. There was a brief discussion on how the bonding capacity and project needs are determined.

Mr. Belanger suggested notification, by letter, to State Legislators so they are aware of the projects that the Board has funded for their counties. He believes this would help them see that those projects are helping their constituents. The general consensus of the Board and staff was that this

would be a good idea and that after a Board meeting, letters would be sent for projects the Board approves.

2. Discussion and Possible Approval of the 2017 Priority List (For Possible Action)

Ms. Stamates presented the 2017 Priority List for Board approval. A copy of that list (with the changes outlined below) may be found in Attachment 1. Capital Improvements Grant projects must also be on this list in order to apply for grant funding.

The development of the list and the classifications and rankings were presented, and Ms. Stamates reported that a public workshop was held, as required by regulation, on April 19, 2016.

During presentation of the Priority List, Mr. David Sturlin, Baker GID Board Chairman, asked that the Baker project #15 on the List in the amount of \$1,400,000 be deleted. He then asked that a project to add radio-read on meters with a cost of \$150,000 be added for Baker.

Motion: Mr. Walker moved that the 2017 Priority List be approved with the changes to remove item #15 - the Baker GID \$1,400,000 project and add the Baker \$150,000 radio-read meter project. Ms. Williams seconded and the motion passed unanimously.

3. Discussion and Possible Approval of Loan Commitments & Capital Improvements Grant Commitments

Ms. Stamates then presented the following 6 project proposals for funding. For Ms. Stamates' detailed report on each proposal, see the attachments to these minutes.

a. City of North Las Vegas DWSRF Loan - (For Possible Action)

Ms. Stamates noted that the following people were on the phone for the City of North Las Vegas: Randy DeVaul, Director of Utilities and Rob McLaughlin, Manager, Development and Flood Control, Public Works. Chaunsey Chau-Duong, Public Affairs, Las Vegas Valley Water District (LVVWD) was also on the phone for this presentation.

Mr. Belanger recused himself for this project due to his affiliation with LVVWD and Southern Nevada Water Authority (SNWA).

This proposed project is for the consolidation of the Van's Oasis Mobile Home Park (MHP) with the City of North Las Vegas. The owners of the MHP requested this consolidation because their source of water is unreliable. After an incident in August 2015, the LVVWD suggested that the park is eligible to participate in the SNWA Well Conversion Grant Program which provides up to 85% in grant for systems that are on a well and need to connect to a municipal system. The City of North Las Vegas (City) will conduct this well conversion/consolidation because its water lines are the closest to the property. This principal forgiveness loan is to provide funding for the remaining cost of the consolidation.

The well will be abandoned and the revocable water rights permit will be retired thereby reducing withdrawals from the groundwater basin. The City is in charge of the design, permitting, and construction.

Mr. DeVaul expressed his appreciation and said he thought this was a good investment. He also said the City would be able to provide Van's Oasis MHP with all of their water needs.

During Board discussion, it was confirmed that a fire hydrant was included in the project. Also, the issue of water quality compatibility was raised. Mr. DeVaul said they do not anticipate any problems. The private water system will be flushed before the connection is made to the City system and all Bac-T analyses will be completed before the connection is finalized. The City will maintain the lines up to the MHP master meter; however, the MHP owner will maintain the lines within the park.

Motion: Ms. Williams moved to approve the Resolution designated the “05-2016 City of North Las Vegas - Vans Oasis Mobile Home Park Consolidation Project Loan Commitment” for a loan in the amount of \$74,848 which is a 100% principal forgiveness loan. Mr. Workman seconded the motion. The motion passed by majority, with Mr. Belanger abstaining.

b. Kingsbury GID Capital Improvements Grant - (For Possible Action)

This grant request is to provide funding for unexpected repairs that developed during relocation of the KGID water treatment plant and change from a gravity-fed system to a vacuum-priming system. At the point of tying into the lake intake line, it was discovered that the valve section was installed with full-circle, repair bands with no stiffeners and had been leaking for a long time. During the process of repair, the concrete blocks and sand cover holding the intake line in place shifted, and the intake line floated to the lake surface. Turbulent conditions on the lake caused sand from the lake bottom to back-fill the bedding trench. Repairs to the intake and dredging to get the line back in place caused significant unexpected costs.

Mr. Cameron McKay, KGID General Manager, was in attendance and provided detailed information on the incident and subsequent repairs.

Motion: Mr. Workman moved to approve a grant from the Capital Improvements Grant Program in an amount not to exceed \$537,630 in accordance with the Resolution designated the “05-2016 Kingsbury General Improvement District Project Grant Commitment Resolution” ; pertaining to the determination by the Board for Financing Water Projects of the State of Nevada to provide a grant for the purpose of financing certain projects, making certain findings of fact, and providing other details in connection herewith. The motion was seconded by Ms. Williams and passed unanimously.

c. Lander Co. Sewer & Water District #2 (Austin) - DWSRF Loan - (For Possible Action)

Lander Co. Sewer & Water District #2 (Town of Austin) is seeking an SRF loan to pay for a Preliminary Engineering Report (PER) and Environmental Review (ER) for the purpose of analyzing numerous problems with the Austin water system. Some of these issues were addressed in a recent sanitary survey.

Mr. Kip Helming, Lander County Sewer & Water District #2 Board member, and Mr. Dean Day of Day Engineering were in attendance to answer any questions the Board may have had.

Ms. Williams suggested water rates be addressed as a condition of the loan, and Chairman Scott stressed the importance of establishing adequate water rates to allow for assistance by the SRF fund for future needs. Ms. Stamates suggested that after the PER was finished, the SRF and its technical assistance provider could assist the District in putting a rate structure in place that would consider needed water system capital improvements and their newly estimated costs.

Mr. Workman asked that Lander Co. make sure service lines are included in the project. Mr. Walker asked that a component for wildlife issues be included in the PER.

Motion: Mr. Walker moved to approve a resolution designated the “05-2016 Lander Co. Sewer & Water District #2 Project Loan Commitment” not to exceed \$70,000. Since the project is eligible for additional subsidy, the loan will be 100% principal forgiveness. Any conditions will be set forth in the loan contract. Ms. Williams seconded the motion and the motion passed unanimously.

d. Baker GID - Additional Funding DWSRF - (For Possible Action)

The Baker GID requested additional funding to finish the construction of a new, replacement tank for which the Board for Financing Water Projects granted funding in July 2015. Since that time, the BLM conducted an environmental review in response to a request for small increase in the tank easement area. Time stipulations included with the easement relating to life-cycle issues with the greater sage-grouse and migratory birds added delays to the project. Tank construction costs increased due to the delay in bidding and additional requirements in the stipulation. There were also increases in engineering design costs due to elements in the stipulation.

Mr. David Sturlin, Baker GID Board Chairman, and Terry Steadman, Treasurer, Baker GID were at the meeting and addressed a few comments and questions from the Board.

During Board comments, Mr. Workman expressed a desire to provide more in contingency funds in case the work cannot start in time to finish the tank by October (the BLM time stipulation). This would make allowance for any remobilization required in the event of a delay. An approximate \$20,000 contingency was recommended and subsequently rounded to make an even \$165,000 in additional funding.

Motion: Mr. Belanger moved to approve a resolution designated the “05-2016 Baker General Improvement District Water System Project Loan Commitment” for an additional loan commitment for the purpose of financing certain projects in an amount not to exceed \$165,000, bringing the total loan to \$ 641,375. This entire loan amount will be principal forgiveness. Ms. Williams seconded the motion and the motion passed unanimously.

e. Goldfield Town Water - DWSRF Loan & Capital Improvements Grant - (For Possible Action)

As identified in a June 2014 PER, the water system sources and transmission system exhibit wear and deterioration. The Town of Goldfield has been working with the Nevada Water and Wastewater Review Committee for assistance in determining the best sources of funding for a large, phased project. There are three phases to the plan and funding will be requested through a combination of Drinking Water State Revolving funds, Capital Improvements Grant funds, CDBG funding, and USDA funding.

The proposed project on the agenda today is for a \$500,000 DWSRF principal forgiveness loan and a Capital Improvements Grant in the amount of \$443,088. This funding will provide repairs and rehabilitation identified in Phases I and II. Goldfield is hoping that, by bidding both phases together, they will attract an increase in the number of and more favorable bids.

There were several people representing Goldfield at the meeting: Mr. Michael Anderson, Public Works/Utilities Supervisor for Esmeralda County, Ms. Susan Dudley, Project Coordinator, and Mr. Paul Winkleman, Shaw Engineering. There was a brief discussion regarding the phased projects.

Motion: Ms. Williams moved to approve a resolution designated the “05-2016 Esmeralda County Goldfield Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$500,000 which will be 100% principal forgiveness.

Secondly that the Board approves a second resolution designated the “05-2016 Esmeralda County Goldfield Project Grant Commitment” for a grant commitment for the purpose of financing certain projects in an amount not to exceed \$443,088. The project would be subject to the conditions included in the resolution.

The full motion was seconded by Mr. Workman and was passed by unanimous vote.

f. Silver Peak - DWSRF Loan - (For Possible Action)

This proposed project is for funding of Phase I of a two phase project for the Town of Silver Peak in Esmeralda County. The first phase of the project consists of raising the wellhead at Well #1, replacement of water system appurtenances that have experienced significant corrosion, and distribution main looping. All work was clearly outlined in the staff report to the Board which is included as an attachment to these minutes.

Mr. Michael Anderson, Public Works/Utilities Supervisor for Esmeralda County, Ms. Susan Dudley, Project Coordinator, and Mr. Paul Winkleman, Shaw Engineering also represented Silver Peak. Mr. Workman suggested possibly bidding the Silver Peak project with the Goldfield projects, and the Silver Peak staff replied that they concurred with this idea.

Motion: Mr. Walker moved to approve a resolution designated the “05-2016 Esmeralda County Silver Peak Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$499,424. Since the project is eligible for additional subsidy 100% of the principal will be forgiven. The motion was seconded by Mr. Belanger and was passed by unanimous vote.

D. BOARD COMMENTS - (Non Action)

Ms. Dobson announced two staff retirements which will likely occur prior to the next Board meeting.

Ms. Adele Basham will be retiring in August 2016. Ms. Dobson shared her admiration for Ms. Basham’s dedication to this program and the wealth of knowledge she provided.

Ms. Basham shared that she has been around for a very long time and has worked in various agencies at the state. She said her time spent in water infrastructure was the most fulfilling and meaningful work she has done.

Ms. Kathy Rebert will retire in September 2016. Ms. Dobson expressed appreciation for the dependability of work Kathy provides. Ms. Rebert said she has enjoyed working for DCNR in NDEP and has enjoyed working with the people in the SRF program.

There were no other Board comments.

The next meeting date has not, yet, been set.

E. PUBLIC COMMENTS - (Non Action)

None.

F. ADJOURNMENT

There being no other business, the Board meeting adjourned at 12:10 PM.

ATTACHMENTS

- ATTACHMENT 1: **2017 Priority List**
- ATTACHMENT 2: **City of North Las Vegas - Vans Oasis MHP Consolidation**
- ATTACHMENT 3: **Kingsbury GID**
- ATTACHMENT 4: **Lander Co. Sewer & Water District #2 (Austin)**
- ATTACHMENT 5: **Baker GID**
- ATTACHMENT 6: **Goldfield Town Water**
- ATTACHMENT 7: **Silver Peak**

ATTACHMENT 1

2017 Priority List

Year 2017 Priority List

Board for Financing Water Projects Summary Drinking Water State Revolving Fund May 2016

GENERAL

The Nevada Division of Environmental Protection (Division) administers the Drinking Water State Revolving Loan Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. The development of the Priority List of projects is an integral part of the DWSRF program and is required by both federal and state regulation. Only those projects on the Priority List will be considered for possible funding. NRS 445A.265 (3), requires the Board for Financing Water Projects approve the Priority List.

RANKING PROCESS

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed [Nevada Administrative Code (NAC) 445A.67566 to 445A.67574, inclusive]. In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the Safe Drinking Water Act. The priority ranking system is described in detail in NAC 445A.67569. Projects are ranked into the following four classes, listed in order of priority:

1. Class I: Significant (acute) health risks;
2. Class II: Violation of primary and/or secondary drinking water standards (chronic health risks);
3. Class III: Infrastructure rehabilitation/replacement; and
4. Class IV: Refinance of existing debt

As specified in NAC 445A.67569, points assigned to address different problems within a class are additive. The initial ranking number is multiplied by the ratio of the state median household income to the public water system median household income. If two or more water projects within the same class have the same final rank number, the water project that is associated with the service area with the highest population is ranked higher. Within each of the above categories, the projects are ranked by type of public water system in the following order:

1. Community public water systems;
2. Non-transient, non-community water systems (Non-profit only); and
3. Transient, non-community water systems (Non-profit only)

The NAC allows the Division to consider any other factor as provided in the Intended Use Plan established for the year in which the priority list is developed. Eligible projects on the priority list may be bypassed if the applicant withdraws a project, requests that action be deferred, fails to meet submittal deadlines, or is not ready to proceed as determined by the Division. The projects that are bypassed are provided notice by the Division and have an opportunity for objection.

2017 PRIORITY LIST DEVELOPMENT

In late December 2015, the Division sent a solicitation to all eligible water systems for proposed new water projects. The following thirteen (13) new projects submitted pre-applications to be added to the 2017 Priority List.

<u>Rank</u>	<u>Applicant</u>	<u>Project</u>
2	Riverbelle MHP	PER/ER, new source (possible consolidation)
13	Alamo Sewer & Water GID	PER/ER; Consolidation, source, treatment, transmission & distribution rehabilitation/replacement
14	Lander Co Sewer & Water Dist 2 (Austin)	PER/ER; Source, treatment, transmission & distribution rehabilitation/replacement
15	Baker GID	Develop spring source & transmission to storage tank
17	Hawthorne Utilities	PER/ER; Treatment, source, storage, transmission & distribution rehabilitation/replacement
18	Moapa Valley Water District	PER/ER; Source, treatment, transmission & distribution rehabilitation/replacement
33	Storey Co.	PER/ER (VC Highlands - New source, storage, transmission & distribution system)
36	City of Carlin	PER/ER; Source, storage, transmission & distribution rehabilitation/replacement
38	Hawthorne Utilities	Replace water mains & appurtenances; repair/recoat storage tanks
40	City of North Las Vegas	Consolidation of Vans Trailer Oasis with NLV
55	City of North Las Vegas	West Cheyenne well replacement
74	City of Ely	Distribution main replacement & storage upgrades
75	City of Ely	Water main replacements on Aultman St & Great Basin Blvd

Five (5) projects that were funded and completed or no longer wish to be on the Priority List were removed.

Public Participation

Federal and state regulations require that the priority list go through a public review process. A public workshop was held in Carson City on April 19, 2016. Prior to the workshop, the proposed, revised list and notice of the workshop were sent to all systems with projects on the list. A public notice of the workshop was published in newspapers in Reno, Las Vegas, Carson City, and Elko and was posted in state buildings and on state websites as required by NRS 241.020 (3). No comments were received.

Recommendation

It is recommended that the Board for Financing Water Projects approve the Year 2017 Priority List. A resolution to that effect is attached.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the “Year 2017 Project List, Drinking Water State Revolving Fund” to approve the priorities for determining which water systems will received money from the account of the revolving fund as required in Nevada Revised Statute 445A.265 (3).

RESOLUTION

A RESOLUTION DESIGNATED THE “YEAR 2017 PROJECT PRIORITY LIST, DRINKING WATER STATE REVOLVING FUND” TO APPROVE THE PRIORITIES FOR DETERMINING WHICH WATER SYSTEMS WILL RECEIVE MONEY FROM THE ACCOUNT OF THE REVOLVING FUND AS REQUIRED IN NEVADA REVISED STATUTE 445A.265 (3).

WHEREAS, the Nevada Division of Environmental Protection is authorized pursuant to NRS 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund; and

WHEREAS, the Drinking Water State Revolving Fund Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the Drinking Water State Revolving Fund and seek public review and comment on the priority list; and

WHEREAS, NRS 445A.265 (3) requires that the Division of Environmental Protection shall not establish the priorities for determining which public water systems will receive money from the account for the revolving fund without obtaining the prior approval of the Board for Financing Water Projects; and

WHEREAS, the Nevada Division of Environmental Protection may at any time after receiving approval from the Board for Financing Water Projects revise the ranking of a water project in accordance with NAC 445A.67567; and

WHEREAS, the Nevada Division of Environmental Protection provided notice and held a workshop for public comments on its proposed priority system on April 19, 2016 in Carson City; and

WHEREAS, all substantive comments, suggestions or recommendations were addressed;

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 and may be cited by the short title of the “Year 2017 Priority List Resolution.”

Section 2. Based on its review of the information and recommendation submitted to the Board concerning the Year 2017 Priority List, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

(a) The Nevada Division of Environmental Protection has provided public notice of the Year 2017 Priority List;

(b) The Nevada Division of Environmental Protection held a workshop for public review and comment of the priority list; and

(c) The Nevada Division of Environmental Protection addressed all substantive comments from the public.

Section 3. In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the Year 2017 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

Section 4. The Year 2017 Priority List included as Attachment A to this resolution and by reference incorporated herein is a true and correct copy filed with the Board for Financing Water Projects by the Nevada Division of Environmental Protection.

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

PASSED, ADOPTED AND SIGNED MAY 4, 2016.

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

Attachment A

2017 Priority List

Year 2017 Priority List - Drinking Water State Revolving Fund

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
Class I--Acute Health Risks											
Community Public Water Systems											
1	Kingsbury GID	5	0.76	3.82	Public	DO	NV0000004	3,839	2,450	Surface water treatment plant relocation	\$17,000,000
2	Riverbelle MHP	5	0.74	3.69	Private	WA	NV0000244	150	71	PER/ER, new source - possible consolidation	\$833,500
Total Class I											\$17,833,500

Class II--Chronic Health Risks											
Community Water Systems											
3	Wildes Manor MHP	10	1.72	17.16	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
4	Truckee Meadows Water Authority	11	1.04	11.49	Public	WA	NV0000190	325,000	91,000	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought	\$27,065,038
5	Carson City Utilities	10	1.04	10.42	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance	\$8,000,000
6	Silver Knolls Mutual Water Co	10	0.80	7.98	Private	WA	NV0004021	120	63	Arsenic compliance	\$516,000
7	Roark Estates HOA	10	0.76	7.61	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
8	Douglas Co (Sierra Country Estates)	10	0.74	7.39	Public	DO	NV0000931	39	17	Lead compliance - consolidation & treatment	\$1,300,000
9	Rosemount Water Company	10	0.66	6.65	Private	WA	NV0000767	55	23	Uranium compliance, storage tank refurbishment	\$63,000
10	Mt Rose Bowl HOA	10	0.66	6.65	Private	WA	NV0000732	40	15	PER, Lead compliance, new storage tank	\$214,144
11	Douglas County (Fairgrounds/Sunrise Estates)	10	0.63	6.30	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
12	Shoshone Estates HOA	10	0.54	5.40	Private	NY	NV0005028	240	76	Arsenic compliance & other system improvements	\$1,660,000
Total Class II											\$42,112,182

Class III--Rehabilitation											
Community Public Water Systems											
13	Alamo Sewer & Water GID	84	1.50	125.59	Public	LI	NV0000005	900	318	PER/ER; Consolidation, source, treatment, transmission & distribution rehabilitation/replacement	\$5,500,000
14	Lander Co Sewer & Water Dist 2 (Austin)	59	1.43	84.24	Public	LA	NV0000006	350	230	PER/ER; source, treatment, transmission & distribution rehabilitation/replacement	\$70,000
15	Baker GID	23	3.00	69.11	Public	WP	NV0000863	100	81	Develop spring source & transmission to storage tank	\$1,400,000
16	Goldfield Town Water	33	2.09	68.91	Public	ES	NV0000072	375	276	Well rehabilitation, transmission line replacement, booster pump replacement, tank refurbishment	\$5,366,198
17	Hawthorne Utilities	59	1.08	63.84	Public	MI	NV0000073	3,300	1,800	PER/ER; Treatment, source, storage, transmission & distribution rehabilitation/replacement	\$175,000
18	Moapa Valley Water District	59	0.99	58.40	Public	CL	NV0000160	8,500	3,200	PER/ER; source, treatment, transmission & distribution rehabilitation/replacement	\$70,000
19	Lovelock Meadows Water District	39	1.49	58.17	Public	PE	NV0000161	5,278	1,409	New well, transmission line, storage, & other system improvements	\$5,000,000
20	Elko Co (Montello)	15	3.45	51.81	Public	EL	NV0000169	180	75	PER/ER; New source	\$500,000
21	Spirit Mountain Utility	21	2.23	46.83	Public	CL	NV0000221	244	120	New well, transmission & distribution lines	\$1,287,500
22	Topaz Ranch Estates GID	39	1.16	45.40	Public	DO	NV0000239	1,501	730	Rehabilitation/replacement: well, storage tank, transmission & distribution lines	\$13,773,956
23	City of Caliente	29	1.41	41.01	Public	LI	NV0000013	1,123	465	Well upgrades, transmission line & distribution line repair/replace	\$1,905,000
24	Lyon County Utilities (Dayton)	39	1.03	40.19	Public	LY	NV0000838	13,000	6,400	New well, storage, & upgrade transmission & distribution lines	\$2,000,000
25	Las Vegas Valley Water District	35	1.03	35.90	Public	CL	NV0000090	1,306,410	354,123	System rehab: source, storage, distribution & backflow	\$13,209,090
26	Orovada GID	19	1.88	35.75	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
27	Elko Co (Mountain City)	23	1.53	35.24	Public	EL	NV0000170	134	40	Spring rehabilitation & transmission line replacement	\$993,384
28	Beatty Water & Sanitation District	21	1.63	34.20	Public	NY	NV0000009	1,010	446	Pipeline replacement, storage tanks, controls, & other system projects	\$2,582,830
29	Douglas Co (Lake Tahoe Systems)	34	0.96	32.76	Public	DO	NV0000258 & NV0000259	2,800	1,085	Replacement/upgrade: Storage tank, booster stations, water lines, SCADA, & redundant treatment capacity	\$14,225,000
30	Baker GID	10	3.00	30.05	Public	WP	NV0000863	100	81	Repair bolted storage tank	\$8,000
31	Baker GID	10	3.00	30.05	Public	WP	NV0000863	100	81	New welded steel storage tank	\$476,375

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
Class III--Rehabilitation											
Community Public Water Systems											
32	Storey County (Virginia City)	24	1.20	28.81	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
33	Storey County	39	0.73	28.60	Public	ST	NV0000240	1,400	500	PER/ER (VC Highlands - New source, storage, transmission & distribution system)	\$125,000
34	Sage Valley MHP	25	1.13	28.21	Private	CH	NV0002023	188	50	System rehab: new well pump, pressure tank & flow meter	\$60,500
35	Jackpot	18	1.55	27.84	Public	EL	NV0000088	308	88	Removal of old concrete storage tank & installation of new steel 1M-gal storage tank	\$1,416,235
36	City of Carlin	39	0.71	27.50	Public	EL	NV0000014	2,500	900	PER/ER; Source, storage, transmission & distribution rehabilitation/replacement	\$75,000
37	Gerlach GID	10	2.68	26.84	Public	WA	NV0000071	200	140	Replace redwood storage tank	\$400,000
38	Hawthorne Utilities	24	1.08	25.97	Public	MI	NV0000073	3,020	1,894	Replace water mains & appurtenances; repair/recoat storage tanks	\$7,458,000
39	Gold Country Water Co	25	0.99	24.68	Private	HU	NV0003079	360	122	Acquisition/consolidation of Star City HOA water system	\$675,000
40	City of North Las Vegas	25	0.98	24.58	Public	CL	NV0000175	335,365	86,665	Consolidation of Vans Oasis MHP w/NLV	\$320,946
41	Gerlach GID	9	2.68	24.16	Public	WA	NV0000071	200	140	Distribution line looping, replacement of service saddles	\$510,000
42	Silver Springs Mutual Water Co	15	1.57	23.49	Private	LY	NV0000223	2,500	1,015	Replacement well	\$730,000
43	Jackpot	15	1.55	23.20	Public	EL	NV0000088	1,195	98	PER - Well 3 replacement	\$50,000
44	Blue Diamond Water Coop	59	0.37	21.84	Private	CL	NV0000092	85	23	PER/ER; Full system repair/rehab	\$1,194,400
45	Lamoille Water Users, Inc	39	0.54	21.00	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
46	McGill - Ruth GID	18	1.10	19.82	Public	WP	NV0000164	700	320	New water source for Ruth	\$1,624,000
47	Nye County (Gabbs)	6	3.16	18.94	Public	NY	NV0000063	411	160	Distribution line & appurtenances replacement	\$700,000
48	Walker Lake GID	11	1.72	18.87	Public	MI	NV0000268	400	160	Distribution rehabilitation	\$2,000,000
49	Virgin Valley Water District	18	1.04	18.74	Public	CL	NV0000167	18,000	8,071	Transmission main & storage tank - Pulte	\$5,265,000
50	Panaca Farmstead	15	1.23	18.38	Public	LI	NV0000185	963	425	Back-up well	\$500,000
51	City of Yerington	14	1.24	17.39	Public	LY	NV0000255	3,200	1,573	Systemwide distribution line & appurtenances replacement; transmission & distribution line looping	\$16,731,550
52	Truckee Meadows Water Authority	15	1.04	15.67	Public	WA	NV0000190	325,000	91,000	TMWA production well additions	\$4,000,000
53	Virgin Valley Water District	15	1.04	15.62	Public	CL	NV0000167	18,000	8,071	New source(s)	\$4,050,000
54	Lyon County Utilities (Silver City)	14	1.07	15.04	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$2,000,000
55	City of North Las Vegas	15	0.98	14.75	Public	CL	NV0000175	335,365	86,665	West Cheyenne well replacement	\$825,000
56	Tonopah Public Utilities	10	1.25	12.46	Public	NY	NV0000237	2,600	1,500	Airport storage tank replacement & booster pump re-conditioning	\$291,220
57	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement (U0026)	\$2,300,000
58	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	North Green Valley Parkway transmission and distribution improvements (U0027)	\$800,000
59	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$3,400,000
60	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Victory Road cast iron main replacement - Townsite Phase 1 (U0034)	\$2,800,000
61	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement - Townsite Phase 2 (U0072)	\$4,200,000
62	McGill - Ruth GID	10	1.10	11.01	Public	WP	NV0000164	700	320	New storage tank for Ruth	\$975,000
63	Kyle Canyon	15	0.69	10.34	Public	CL	NV0000142	1,040	353	New source	\$930,000
64	Stagecoach GID	8	1.18	9.47	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
65	Silver Peak	6	1.48	8.90	Public	ES	NV0000363	111	75	PER/ER, distribution main replacement & looping, PRV improvements	\$719,303
66	Truckee Meadows Water Authority	8	1.04	8.36	Public	WA	NV0000190	325,000	91,000	North Valleys groundwater integration project	\$15,000,000
67	Virgin Valley Water District	8	1.04	8.33	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite to Bunkerville	\$3,375,000
68	Virgin Valley Water District	8	1.04	8.33	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite Heights to Pulte	\$1,080,000
69	Roark Estates HOA	10	0.76	7.61	Private	CL	NV0000319	62	27	New storage tank	\$92,500
70	City of West Wendover	6	1.25	7.48	Public	EL	NV0000246	4,990	1,103	Sycamore Way waterline improvement project	\$675,400
71	Elko Co (Tuscarora)	6	1.21	7.25	Public	EL	NV0000189	40	21	Distribution system looping	\$229,704
72	Sun Valley GID	6	1.19	7.12	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
73	Old River Water Company	6	1.13	6.77	Private	CH	NV0000303	300	112	Distribution lines	\$1,451,835

<u>Rank</u>	<u>Water System</u>	<u>Total Points</u>	<u>State MHI/ PWS MHI</u>	<u>Revised Points</u>	<u>Ownership of System</u>	<u>County</u>	<u>ID#</u>	<u>Pop. Served</u>	<u>Number of Svc. Conn.</u>	<u>Project Description</u>	<u>Amount</u>
Class III--Rehabilitation											
Community Public Water Systems											
74	City of Ely	6	1.10	6.61	Public	WP	NV0000038	5,500	2,200	Distribution main replacements & storage upgrades	\$24,090,500
75	City of Ely	6	1.10	6.61	Public	WP	NV0000038	5,500	2,200	Water main replacements on Aultman St & Great Basin Blvd	\$3,666,000
76	Douglas Co (West Valley Water System)	15	0.40	6.01	Public	DO	NV0002564 & NV0002054	1,090	421	New water supply source	\$1,000,000
77	McDermitt GID	3	1.45	4.34	Public	HU	NV0000162	200	100	Meters	\$80,000
78	City of West Wendover	3	1.25	3.74	Public	EL	NV0000246	4,990	1,103	Water meter & meter yolk replacement	\$1,762,000
79	Tonopah Public Utilities	3	1.25	3.74	Public	NY	NV0000237	2,600	1,500	Metering system upgrade to radio read	\$576,000
80	Panaca Farmstead	3	1.23	3.68	Public	LI	NV0000185	963	425	Metering system upgrade to radio read	\$400,000
81	Lyon County Utilities (Dayton)	3	1.03	3.09	Public	LY	NV0000032	13,000	6,400	Systemwide meter replacement project	\$1,150,000
82	Douglas County Public Works	3	0.78	2.33	Public	DO	Multiple	9,450	3,610	Telemetry & SCADA improvements	\$1,265,000

Class III--Rehabilitation
Non-Community Public Water Systems

83	Trout Canyon Land & Water Users Assoc	59	1.22	71.96	Private	CL	NV0004060	140	70	PER/ER; Repair/rehab spring or replace with well; replace transmission & distribution lines; chlorination; additional storage	\$2,996,000
84	Nye County Complex	44	1.26	55.57	Public	NY	NV0002152	100	13	Storage tank replacement, treatment, transmission line replacement, SCADA, & back-up generator	\$405,405
85	Humboldt River Ranch Assoc	15	1.06	15.95	Private	PE	NV0001125	150	10	PER, back-up well & other system requirements	\$150,000

Total Class III	\$205,924,731
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Class IV--Refinance

86	City of Fernley	0	0.97	0	Public	LY	NV0000062	18,000	7,300	Loan Refinancing	\$47,000,000
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Total Class IV	\$47,000,000
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TOTAL FOR ALL PROJECTS	\$312,870,413
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ATTACHMENT 2

City of North Las Vegas - Vans Oasis MHP Consolidation

City of North Las Vegas – Vans Trailer Oasis Consolidation

**Board for Financing Water Projects
Loan Commitment from the Drinking Water State Revolving Fund
May 2016**

Project: Consolidation of Vans Trailer Oasis with the City of North Las Vegas
Project Estimate: \$ 322,118
DWSRF Loan Amount: \$ 74,848

GENERAL

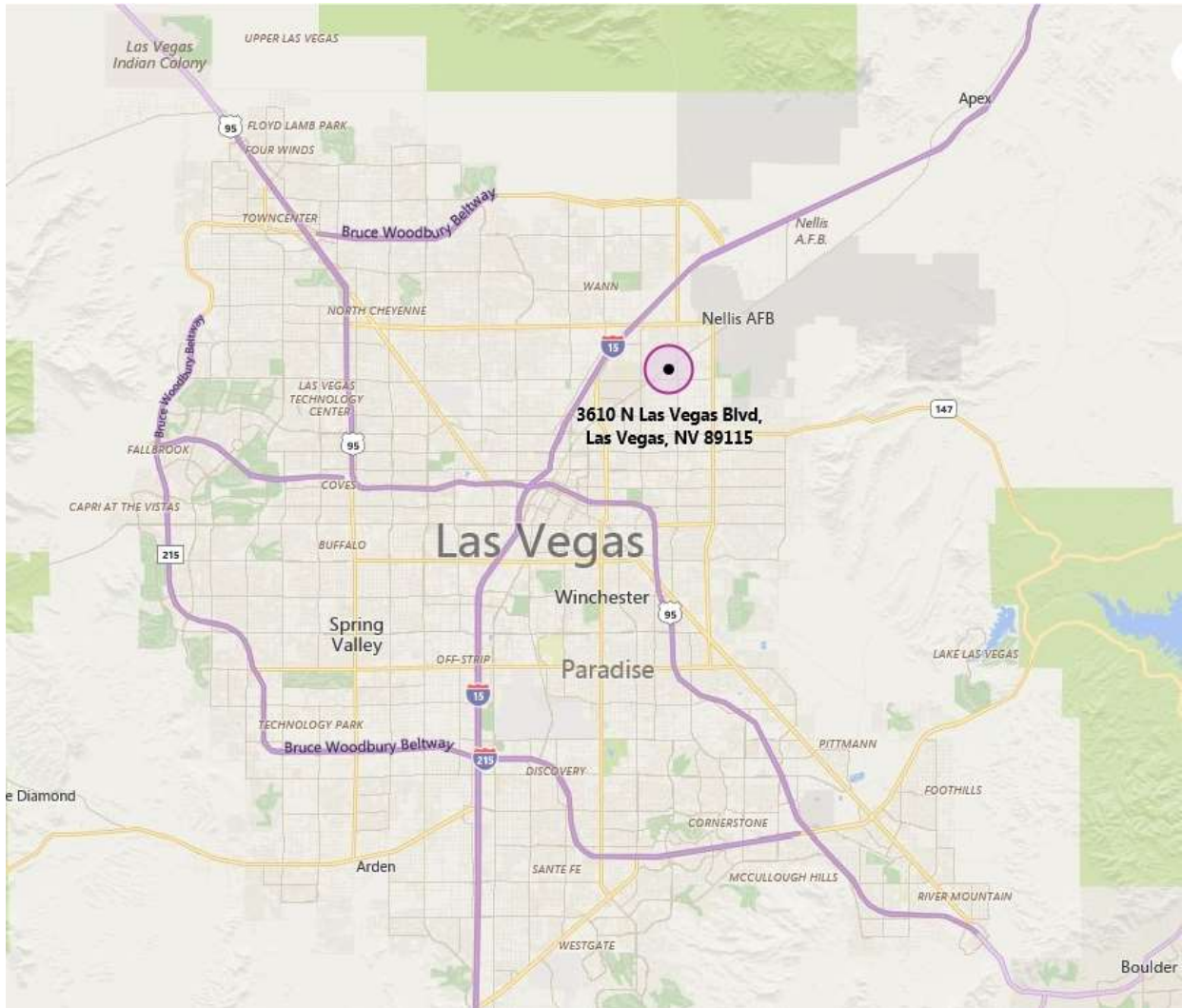
The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF. 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 Vans Oasis Mobile Home Park (Park) (APN Nos. 140-07-702-006 and 140-07-802-001) is a 59 space mobile home park located at 3610 N Las Vegas Boulevard in Clark County. The Park currently has one well, a 4,500-gallon hydropneumatic tank, and the distribution system. The private well operates under (revocable) Permit No. 19078. The existing source can be unreliable, leaving the residents with no access to water.

In August 2015, the well went down over a weekend and was repaired the following Monday. In the meantime, the residents were without a source of water as the system is not plumbed in a compatible setup for water hauling. The local potable water hauling company does not have a NSF approved pump that can pressurize a hydropneumatic tank and meet system demands. The Park supplied bottled water during the outage. The contract operator noted that he would begin developing plans for a trailer-mounted, portable, booster pumping station that meets NSF requirements that could be available to systems that do not store water before being pressurized for distribution. At this point, however, a portable pumping station is not available.

The residents contacted Clark County Commissioner Lawrence Weekly’s Office to complain about this incident and possibly others. Commissioner Weekly’s office contacted the Las Vegas Valley Water District (District) regarding the possibility of funding a consolidation of the Park with the nearest municipal water purveyor. The District responded that the park is eligible to participate in the Southern Nevada Water Authority (SNWA) Well Conversion Grant Program. The program provides up to 85% in grant for systems that are on a well and need to connect to a municipal system. The District stated that the City of North Las Vegas (City) would conduct this well conversion/consolidation because its water lines are the closest to the property – approximately 180 feet. The District worked closely with the City to estimate the cost of the consolidation. The City contacted the DWSRF to see if principal forgiveness funding would be available to cover the remaining 15% of consolidation costs.



Vans Oasis Mobile Home Park location





The recent sanitary survey at the park, conducted by Southern Nevada Health in April 2015, noted a deficiency in the casing of the park's well. Per NAC 445A.66915 – “the casing of the well must extend to a height of at least 12 inches above the slab and at least 18 inches above the level of the final ground surface or 100-year floodplain, whichever is greater.”

PROPOSED PROJECT

The City of North Las Vegas has an existing 10-inch diameter water main in Las Vegas Boulevard in the vicinity of the Park. The proposed project will extend the 10-inch main approximately 180 lineal feet northeasterly in Las Vegas Boulevard such that a connection to the public water system can be made to serve the Park. Connection to the Public Water System will provide a significantly more reliable source of supply for the Van's Oasis Mobile Home Park and its residents. Additional benefits of the project include abandonment of the existing well through the SNWA Well Conversion Grant Program and retirement of the revocable permit which will reduce withdrawals from the groundwater basin.

The owner of Vans Trailer Oasis has completed a well conversion application to the Las Vegas Valley Groundwater Management Program indicating his intention to connect to the nearest municipal water system and plug and abandon the well presently serving the property.

As long as there is no need to further treat the water within the park, and the park does not resell water to another entity, the park would no longer be regulated as a supplier of water.

The City will supply the design, permitting, and construction labor for the consolidation project. The City will handle all funding for the consolidation from both the Las Vegas Valley Groundwater Management Program and the DWSRF.

Project Alternatives

The alternative to consolidation with the City is to maintain the existing park system. The potential for system outages would remain and hauled water is still not an option. In addition, the wellhead deficiency noted in the recent sanitary survey needs to be corrected to comply with NAC 445A.66915.

Cost Estimate

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning				
Design & Engineering	\$20,000			\$20,000
Land Acquisition	N/A	N/A	N/A	N/A
Equipment/Materials	*	*	*	*
Construction/Improvements -* includes Equip/Materials	\$16,100	\$27,700	-	\$43,800
Administrative - ** includes Application, connection and meter fees	\$38,748	\$219,570	-	\$258,318
Financing Costs	N/A	N/A	N/A	N/A
Totals by Source	\$74,848	\$247,270	-	\$322,118

Project Total

A detailed project cost estimate is attached to this staff report.

Project Schedule

	<u>Estimated Completion</u>
Design	July 2016
Construction	Oct 2016

Financial Evaluation

The City of North Las Vegas County is requesting a principal forgiveness loan in the amount of \$74,848.

In order to comply with the DWSRF grant award from United States Environmental Protection Agency, the State of Nevada must agree to use at least 20%-30% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Nevada specified in the 2016 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. The MHI used to determine Vans Trailer Oasis would be the City of North Las Vegas figures and would not meet the definition of a disadvantaged community. However, the system is being consolidated with the City of North Las Vegas Utilities which

would qualify for additional subsidy under a consolidation for principal forgiveness in the amount of \$74,848. Therefore, Vans Trailer Oasis meets the requirements for additional subsidy, making a principal forgiveness loan in the amount of \$74,848 appropriate. NDEP recommends a \$74,848 loan to the City of North Las Vegas with \$74,848 of the principal to be forgiven.

Technical, Managerial and Financial Capacity

The water quality currently meets the all drinking water standards and is in compliance with requirements of the Safe Drinking Water Act. Monitoring requirements have been met. The City employs certified operators who have the knowledge and ability to operate and manage the system. The City has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and utilizes generally accepted accounting principles.

RECOMMENDATION

In accordance with the 2016 Intended Use Plan, projects that promote sustainability through consolidation of a smaller system with a larger system are eligible for additional subsidy, regardless of the financial status of the smaller community. The limit of this additional subsidy is \$500,000. The Division recommends that the Board for Financing Water Projects approve a loan commitment from the Drinking Water State Revolving Fund in the amount of \$74,848 to the City of North Las Vegas for the purposes of consolidating the Vans Trailer Oasis with the City’s municipal water system. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. The Division and the City of North Las Vegas will negotiate the terms and conditions of a loan agreement.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the “05-2016 City of North Las Vegas – Vans Trailer Oasis Consolidation Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$74,848. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven.

Van's Oasis Mobile Home Park - 3610 LV Blvd N.

APN Nos. 140-07-802-001, 140-07-702-006

Well Conversion - Preliminary Cost Estimate

Development/Connection Fees

Fee	MH Units	Cost/Unit	Cost	SNWA 85%
Application Fee	59	\$120	\$7,080	\$6,018
NLV Connection	59	\$852	\$50,268	\$42,728
SNWA Connection	59	\$3,400	\$200,600	\$170,510
Meter	1	\$370	\$370	\$315
Total Development/Meter Fees =			\$258,318	\$219,570

Other Project Costs

Design Cost =	\$20,000	
10-inch Main Extension Construction Cost =	\$30,000	\$25,500
Backflow Device (materials/labor) =	\$5,000	
Fire Hydrant Assembly (materials/labor) =	\$1,800	
On-site connection (materials/labor) =	\$5,000	\$500
Inspection	\$2,000	\$1,700
Total Design and Const. Related Costs =	\$63,800	\$27,700

Total Project Cost =	\$322,118	(1)
Total Funded by SNWA Well Conversion Prog. =	\$247,270	(2)
Difference = (1) - (2) =	\$74,848	

RESOLUTION

A RESOLUTION DESIGNATED THE "05-2016 CITY OF NORTH LAS VEGAS – VANS OASIS MOBILE HOME PARK CONSOLIDATION PROJECT LOAN COMMITMENT" 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 for 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 May 4, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 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 City of North Las Vegas owns and operates a public water system located in North Las Vegas, Nevada; and

WHEREAS, the Division ranked the Project as #40 on the Year 2017 Priority List of water projects, which was approved by the Board on May 4, 2016; and

WHEREAS, the City of North Las Vegas Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; and

WHEREAS, the Division has determined that the City of North Las Vegas has the technical, managerial and financial capability to manage a loan for funding a portion of 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 “05-2016 City of North Las Vegas – Vans Oasis Mobile Home Park Consolidation Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the City of North Las Vegas 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 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$74,848 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 MAY 4, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 3

Kingsbury GID

Kingsbury General Improvement District

Board for Financing Water Projects Summary Capital Improvements Grant Program May 2016

Applicant: Kingsbury General Improvement District
Project: Water System Improvements & Surface Water Treatment Plant Relocation
Previous SRF Loan Amount: \$17,000,000
Grant Request: \$537,630

GENERAL

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). The Nevada Division of Environmental Protection (NDEP), Office of Financial Assistance (OFA) administers the Capital Improvements Grants 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).

Background

Kingsbury General Improvement District (KGID or District) provides water to approximately 2,650 customers in the Stateline area in the Lake Tahoe basin. A new water pumping station on the beach area of the Tahoe Shores Mobile Home Park (MHP) was completed in 1990. In 1994, an ozone treatment system was added to meet the EPA regulations of the Surface Water Treatment Rule. Because the treatment plant was located in the upper beach area of the mobile home park, a nonexclusive easement was granted to KGID to operate the plant in this area and allow the residents of the park easy access to their private beach.

In the fall 2011, KGID retained CH2M HILL as the district engineer for engineering services and preliminary design work for the retrofit of the existing water treatment plant to meet the EPA Long Term 2 Surface Water Treatment Rule (LT2ESWTR). This project included replacement of existing ozone generating equipment and make-up air system with a new Liquid Oxygen supplied ozone system and the installation of ultraviolet secondary disinfection. At this same time, KGID received an original Drinking Water State Revolving Fund (DWSRF) loan in the amount of \$5M for this treatment upgrade.

The new owners of the Tahoe Shores property planned to re-develop the property and felt the nonexclusive easement did not allow KGID to modify the existing plant in any way and filed a claim against KGID to have the treatment plant moved from its current location. Knowing that this move would increase the cost of the overall project considerably and certain that KGID would have a very good chance of winning any litigation if it went to court, a law firm was retained by KGID in December 2012. As a result, Tahoe Shores chose to delay litigation and requested to enter into negotiations to move the KGID water treatment plant.

Over the next eighteen months KGID was able to negotiate a parcel of land to be dedicated fee title for a new water treatment plant on the southeast corner of the former MHP along with a sizable connection fee for the new development and other considerations.

KGID faced a very aggressive schedule in order to have the new treatment plant online by October 1, 2016. This time constraint was eased somewhat by using a Construction Manager at Risk (CMAR) method of construction. This eliminated the need for the bid process for a general contractor and allowed the general contractor to go out to bid directly with subcontractors for prices on materials and supplies. In September 2014, KGID was approved for additional loans from the DWSRF totaling \$12M for a total loan commitment of \$17M.

The original surface water treatment system operated with a gravity-fed intake. With the location of the new treatment building, KGID had to install a pumping station to convey raw water to the new plant. When the project reached the point of tying into the lake intake line, the excavation revealed that the T-section of HDPE pipe that was installed with the original ozone treatment plant was connected with full-circle, repair bands with no stiffeners and had been leaking for a long time. This section would not hold up under pumping pressures and was not needed, but in order to remove this section, the intake line needed to be dewatered. Once capped and emptied, the air in the intake was able to overcome the concrete blocks and sand cover holding it in place, and 'Tahoe Tessie' was born. Heavy wave action at the time shifted the sandy bottom and filled in the bedding trench. Repairs to the intake and dredging to get the line back in place caused significant unexpected costs for this project.



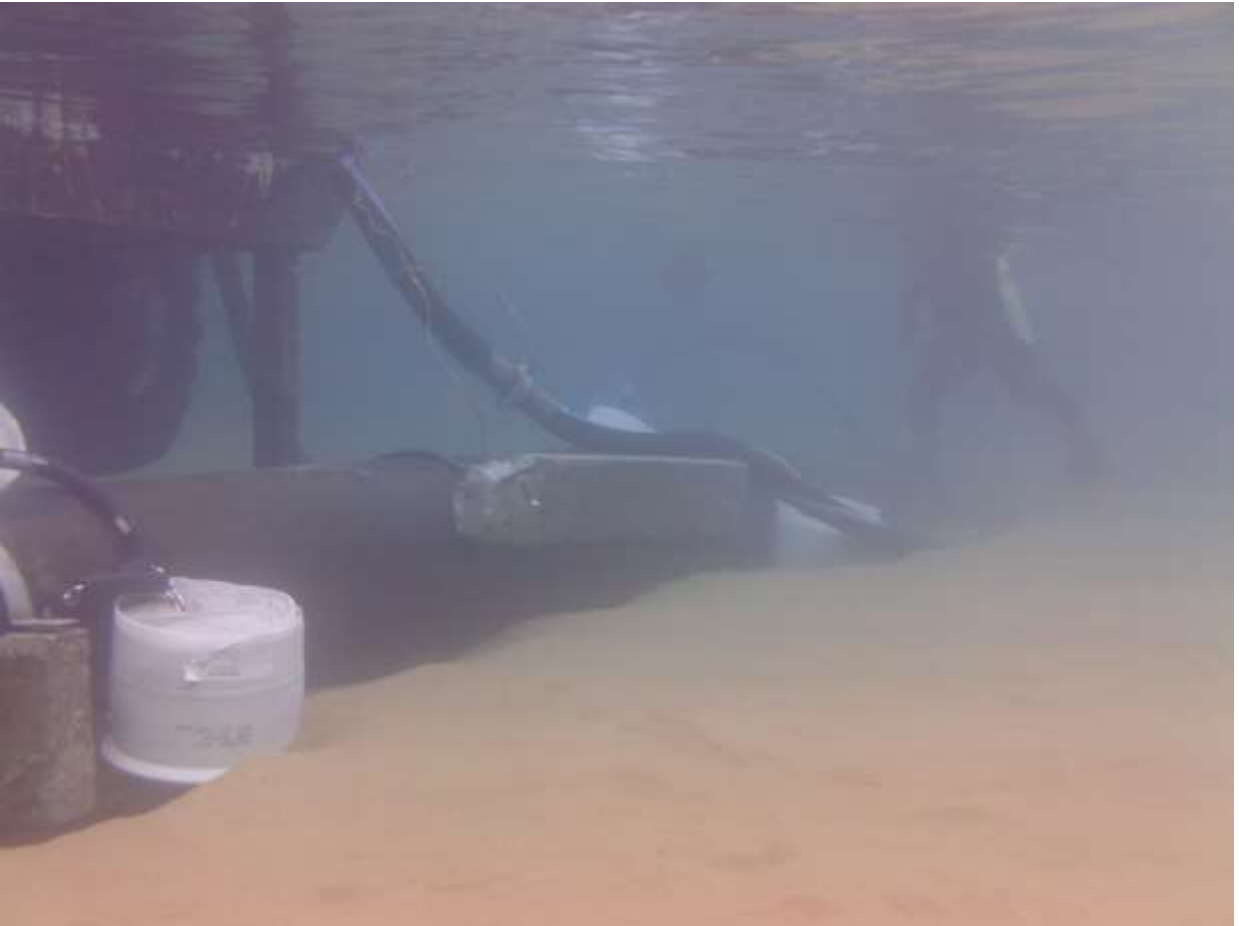
Tahoe Tessie (photo courtesy of KGID)



Existing T-section of HDPE pipe on intake line (photo courtesy of KGID)



Dredging & weighting the intake line to get it back into place (photos courtesy of KGID)



Cost/invoices received for repair:

Date	Invoice #	Vendor Name		Cost
11/30/16	13869-100	Q&D Construction	Equip/Supplies/Labor Intake Repair	73,103.86
01/19/16	2042033	Meeks Bulding	5/16 GRD 30 chain 75'	36.81
01/19/16	36744	Menegon	3/8" chain proof and link chain quick	94.87
01/19/16	A61020	Kingsbury Hardware	Garden Hoe & 3/8" quick links	36.66
01/22/16	52978	Bureau of Water	Waterways temporary permit	250.00
01/25/16	52979	Nevada Division	Auth to use State owned submerged lands	200.00
01/25/16	52980	Nevada Division	Right of entry fee	250.00
01/27/16	16512423	Western Nevada Supply	Romac saddle	474.31
01/28/16	46513085	Western Nevada Supply	5/8" Spring washer for hdpe	50.72
01/28/16	A61350	Kingsbury Hardware	Plug for intake line	4.67
01/29/16	A61388	Kingsbury Hardware	Misc hardware, eye bolt, 3/16 quick links	99.13
01/29/16	Intake Dewater	Douglas Co Sewer	Dewatering for Intake Repair	145,652.66
01/31/16	30189	Midkiff & Assoc.	Professional Service, intake permitting	4,821.50
02/03/16	55602	Summit Plumbing	Diving intake and plug install/removal	26,521.92
02/08/16	2183	Pacific Built	Dredge with suction , pump into hole	58,875.00
02/15/16	30231	Midkiff & Assoc.	Professional Service, intake permitting	1,328.75
01/31/16	13869-200	Q&D Construction	Equip/Supplies/Labor Intake Repair	184,409.56
02/29/16	13869-300	Q&D Construction - Final application	Final pay application for intake repair	41,419.17

Total Costs to Date

\$ 537,629.59

Financial Evaluation

The DWSRF Office of Financial Assistance reviewed the financial information submitted with the Project Grant Application. KGID provided audited financial statements in conformity to Generally Accepted Accounting Principles for the fiscal years ending June 30, 2013, 2014 and 2015. Based upon the financial information provided, KGID is capable of meeting its short-term and long-term financial needs. The District conducts its financial activities in a manner that demonstrates sustainability.

KGID has taken on \$17 million in debt for this project, but continues to maintain healthy debt service coverages and operating margins. Operating income, including depreciation, remains positive and the District maintains a healthy cash balance.

Funds are currently available in the Grants Program. The District has met the Program requirements as defined by the Board for Financing Water Projects policies, NRS, and NAC.

- An analysis of grant eligibility using the Board's Grant Scale shows that KGID could be eligible for up to 37% in grant funding for the project. However, the funding currently available does not provide for a 37% grant at this time.
- The District has established a restricted capital reserve account for system rehabilitation and replacement and makes annual contributions to this account. The balance as of June 30, 2015 was \$1,020,575. This has gone down \$135,244 since the previous year due to capital needs.

- KGID’s current water rates exceed the rates based on the Board’s policy on ‘reasonable’ water rates, and continued increases are in effect through July 2018. This project has resulted in a **26% increase** in rates to users. The table below shows the District’s Board approved rates and the ‘reasonable’ rate based on the MHI of the community:

Board's Reasonable Water Rate for 15,000 gallons used based on 2% of current MHI of \$68,266	\$113.78
Rate in effect 10/1/2015 for 15,000 gallons used	\$115.25
Rate in effect 7/1/2016 for 15,000 gallons used	\$120.91
Rate in effect 7/1/2017 for 15,000 gallons used	\$127.00
Rate in effect 7/1/2018 for 15,000 gallons used	\$129.62

- The District has sought appropriate alternative funding.
 - During the course of this project, KGID has taken on \$17 million in DWSRF loans. The planned rate increase is intended to meet the debt service of this loan as well as previous loans from the DWSRF for system metering and pipeline replacement.

RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a grant from the Capital Improvements Grant Program in an amount not to exceed \$537,630 to the Kingsbury General Improvement District in accordance with the resolution designated the "05-2016 the Kingsbury General Improvement District Project Grant Commitment Resolution" and the conditions attached to the resolution. The purpose of the grant funding is to assist with final costs associated with the newly installed water treatment facilities to comply with the LT2ESWTR. The grant funds will be applied to the repairs necessary on the lake intake pipeline.

Suggested Motion

I make a motion that the Board for Financing Water Projects approve a grant from the Capital Improvements Grant Program in an amount not to exceed \$537,630 in accordance with the resolution designated the "05-2016 the Kingsbury General Improvement District Project Grant Commitment Resolution"; pertaining to the determination by the Board for Financing Water Projects of the State of Nevada to provide a grant for the purpose of financing certain projects; making certain findings of fact and providing other details in connection herewith.

RESOLUTION

A RESOLUTION DESIGNATED THE "05 - 2016 KINGSBURY GENERAL IMPROVEMENT DISTRICT PROJECT GRANT COMMITMENT RESOLUTION" TO APPROVE A GRANT 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 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, [Kingsbury General Improvement District](#), (the "Applicant") has applied to the Board for a grant for a project having eligible costs estimated to be [\\$17,537,630](#) 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 "[Kingsbury General Improvement District Project](#)" (the "Project"); and

WHEREAS, in connection with seeking a grant, the Applicant has submitted a written application (the "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. . . .

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 and may be cited by the short title of the “[Kingsbury General Improvement District](#) Project Grant Award Resolution.”

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 [\\$537,630](#) or approximately [3.1](#) percent of eligible project costs estimated to be [\\$17,537,630](#).

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, MAY 4, 2016:

Chairman
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 the Kingsbury General Improvement District (“Grantee”) for the grant funds subject to the following conditions:
 - a. Bond funds sufficient to fund the project are projected to be available. The Grantee’s costs of obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. An administrative fee of \$1,000 has been paid to the State by the Grantee.
 - c. The Grantee must assure that water rates will continue to meet or exceed the Board’s policy on reasonable water rates as adopted on September 14, 2010.
 - d. The Grantee must adhere to the depreciation provisions of the “Policy on Depreciation – Capital Replacement Funds” as adopted by the Board for Financing Water Projects and dated May 3, 2006.

Funds deposited to this account may be used only for capital replacement projects. Appropriate projects include replacement of functionally obsolete and worn out facilities. Examples of appropriate projects include: replacement of whole sections of pipeline, valves and fire hydrants; meter replacement; and replacement of wells, storage tanks, or pressure regulating facilities. Facilities to be replaced under this fund need not meet the eligibility requirements of the Capital Improvements Grant Program. This account must be identifiable on financial reports presented to the STATE.

- e. The Grantee is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.

ATTACHMENT 4

Lander Co. Sewer & Water District #2 (Austin)

Lander County Combined Sewer & Water District #2 (Austin)

**Board for Financing Water Projects
Loan Commitment from the Drinking Water State Revolving Fund
May 2016**

Project: Preliminary Engineering Report & Environmental Review
Project Estimate: \$ 70,000
DWSRF Loan Amount: \$ 70,000

GENERAL

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF. 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

Austin is a small unincorporated community of approximately 350 people located in Lander County on the eastern side of the Reese River Valley along US Highway 50. Austin’s water system consists of spring collection in Pony Canyon, an older well located approximately 2 miles west of the Town in the Reese River Valley, and a new well that is compliant with the arsenic rule located approximately 6 miles south and west of Town in the Reese River Valley. Water in the older well exceeds the primary drinking water standard for arsenic. Water from the spring exceeds the primary drinking water standard for uranium. Use of the spring water requires blending with the new well. The Town serves 263 residential connections and 50 commercial/industrial connections.

PROPOSED PROJECT

A Preliminary Engineering Report (PER) and Environmental Review (ER) is needed to analyze current problems with the Austin water system. There have been recent pipe breaks and leaks in both the asbestos cement transmission main and distribution pipeline. Other system issues include: malfunctioning pressure reducing valves, meter issues, electrical problems with the older valley well, spring source chlorination, water tank sanitary problems, and blending system operation.

Cost Estimate

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>Totals by Use</u>
Planning	\$ 70,000	\$	\$ 70,000
Engineering Design, Inspection, & Construction Management	\$	\$	\$
Construction/Improvements	\$	\$	\$
Contingency	\$	\$	\$
Totals by Source	\$ 70,000	\$	\$ 70,000

Project Schedule

Planning – PER & ER

Estimated Completion

Dec 2016

Financial Evaluation

The District currently has no debt.

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use at least 20% - 30% 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. Nevada specified in the Intended Use Plan that 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. Based on the 2010-2014 Community Survey conducted by the US Census Bureau, 80 percent of Nevada's MHI is \$41,764. The District's MHI is \$36,563; therefore, the District meets the requirements for additional subsidy, making a principal forgiveness loan appropriate.

The water rate established by the District is \$40.80 for a residential connection using 15,000 gallons in a month. This is slightly below the rate considered 'reasonable' at 1.5% of the MHI for the area (\$45.70) based on a monthly usage of 15,000 gallons.

According to the 2015 Financial Statement Economic Factors and Next Year's Budget information:

"The Board of Trustees identified the need for the District to increase revenues to cover increasing operating costs. As such, the District imposed plans to have an annual rate increase based on the same percentage as prior years or 1.5%."

Therefore, the program will monitor the districts rates at this time for agreement to this statement and re-evaluate the need for a change in structure should the district request funding for a project.

Public Notice and Public Participation Process

Plans for this project and the associated DWSRF loan application were recently reviewed for action at the January 19, 2016 GID Board meeting.

Technical, Managerial and Financial Capacity

The water quality is in compliance with requirements of the Safe Drinking Water Act and all monitoring requirements have been met. The District currently employs a certified, contract operator who has the technical knowledge to operate the system. The most recent sanitary survey conducted by the BSDW in July 2015 had one significant deficiency and other system deficiencies. The items written up indicate some lack of technical capability within the water system. While asset replacement should be evaluated along with any alternatives by an engineer, many of the items on the sanitary survey should have been addressed immediately. A capacity survey of the water system in 2011 noted that there is concern in all capacity aspects. Technical assistance is being provided by Nevada Rural Water Association; however, it is the District's responsibility to manage this system in a sustainable manner.

RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the loan fund of the DWSRF in the amount of \$70,000 to the Lander County Combined Sewer & Water District #2. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. The Division and Lander County Combined Sewer & Water District #2 will negotiate the terms and conditions of a loan agreement.

As a condition of this principal forgiveness loan, the Division will require that the District create an asset management plan as a part of the PER. The District must also assure that they hire sufficient and appropriate personnel to perform necessary operations and maintenance for the water system. Prior to the first loan draw, the District must document that the findings in the most recent sanitary survey have been addressed or, in the case of the spring storage, will be addressed in the process of creating the PER.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the "05-2016 Lander County Combined Sewer & Water District #2 Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$70,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven.

RESOLUTION

A RESOLUTION DESIGNATED THE "05-2016 LANDER COUNTY COMBINED SEWER & WATER DISTRICT #2 PROJECT LOAN COMMITMENT" 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 for 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 May 4, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 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 Lander County Combined Sewer & Water District #2 owns and operates a public water system located in Austin, Nevada; and

WHEREAS, the Division ranked the Project as #14 on the Year 2017 Priority List of water projects, which was approved by the Board on May 4, 2016; and

WHEREAS, the Lander County Combined Sewer & Water District #2 Project is one of those projects which indicated a readiness to proceed and to which a loan can and should be offered; and

WHEREAS, the Division has determined that the Lander County Combined Sewer & Water District #2 has the technical, managerial and financial capability to manage a loan for funding a portion of 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 “05-2016 Lander County Combined Sewer & Water District #2 Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the Lander County Combined Sewer & Water District #2 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 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$70,000 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 MAY 4, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 5

Baker GID

**Baker General Improvement District
Revised Loan Commitment**

**Board for Financing Water Projects Summary
Drinking Water State Revolving Fund
May 2016**

Project: New Storage Tank
Previous SRF Loan Amount: \$476,375
Additional SRF Loan Amount: \$146,223

GENERAL

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF. 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

In July 2015, the Board for Financing Water Projects (Board) approved a principal forgiveness loan in the amount of \$476,375 to fund the construction of a new 265,000-gallon welded steel storage tank to replace the existing leaking bolted storage tank.





Concurrent with the application for funding to the DWSRF, the District applied to the Department of Interior, Bureau of Land Management (BLM) for a small increase in their easement area to construct the new tank. The BLM was required to do an environmental review of the project described in the easement application. In September 2015, the Department of Interior decided the greater sage-grouse would not be listed under the Endangered Species Act but instead issued land use restrictions as a means of protecting the bird. During the environmental review, the BLM determined that a greater sage-grouse lek was within a mile of the tank site. Due to this finding, stipulations included with the easement caused delays in the project that continued until March 2016.



Stipulations added to the BLM's easement for the Baker tank include seasonal restrictions applied during the period March 1 through June 30 each year to manage discretionary surface-disturbing activities and uses on public lands to prevent disturbances to greater sage-grouse during seasonal life-cycle periods and restrictions from April 1 to July 31 during which time most migratory birds, protected under the Migratory Bird Treaty, nest. Therefore, land use restrictions could be imposed from March 1 to July 31 and activities that may require surface disturbance may not occur during this period without express authorization from the BLM and only after a breeding bird survey has been conducted by a qualified biologist. Such a land use restriction on

construction could possibly force the project to take two years and increase overall project construction costs.

In addition to the construction time restrictions, the BLM is requiring perch deterrents and view obstruction on the new tank and also on the existing tank while it is still in service. Removal of the old tank must take place by Oct 31.

Given that the existing bolted tank is no longer in compliance with State Drinking Water Regulations, the District requested that the BLM relax the restrictions on the construction dates to allow the project to commence on June 1. The BLM noted that by allowing a June 1 start date, the most time sensitive element of the construction process – coating/curing – could occur when temperature conditions are optimal; the project can be completed in one seasonal cycle and with less financial impact. By not allowing the June 1 start date, the time sensitive element of the construction process would be delayed to the following summer, thereby leaving two large vertical structures on the landscape for over a year, causing an additional season of construction disturbance and causing a negative financial impact in the re-mobilizing of contractors and additional work to re-prepare the tank for coating. The Nevada Department of Wildlife provided input on the request and stated that it anticipates there to be no appreciable impact to sage-grouse in the short-term or long-term from this project and it supports the variance to begin June 1. If a breeding bird survey by a qualified biologist does not find evidence of activity in the project area, the project may now begin on June 1.

Design and permitting for the new storage tank was completed in October 2015. Negotiation of the stipulations of the new easement was not finalized until March 2016, missing the optimal bidding time of fall 2015. Bids were finally opened on April 5, 2016. There were 2 bids:

- Paso Robles Tank, Inc.: \$445,450
- Farr Construction/RDC: \$494,350

Unfortunately, the low bidder did not include himself on the list of subcontractors as required by NRS; therefore, the White Pine County District Attorney determined their bid to be “non-responsive.” This left only one responsive bid.

In addition to the increase in construction costs, increases in cost have been incurred for engineering design to conform to the stipulations for perch deterrents and for bid specification updates and project administration by the District and its engineer to understand and negotiate the terms of the easement stipulations with the BLM. The project is presently on hold due to a funding shortfall.

Item	Original Estimate	Updated Estimate	Difference
Construction	\$ 358,750	\$ 494,350	\$ 135,600
Contingency	\$ 53,812	\$ 49,435	\$ (4,377)
Planning	\$ 10,000	\$ 10,000	\$ -
Engineering	\$ 53,813	\$ 68,813	\$ 15,000
TOTAL	\$ 476,375	\$ 622,598	\$ 146,223

RECOMMENDATION

Nevada’s 2016 Intended Use Plan specifies that the maximum amount of principal forgiveness loan available to a water system for a project is \$500,000 unless there is an acute health risk, unfunded mandate, increased costs due to economic fluctuations or other extenuating circumstances determined by staff and approved by the Board for Financing Water Projects. Given the stipulations put on the tank easement by the BLM and delays in bidding the project, staff has determined that there have been extenuating circumstances.

NDEP recommends that Board for Financing Water Projects approve a resolution committing additional funds in the amount of \$146,223 and modifying the loan commitment of the DWSRF to \$622,598 to the Baker General Improvement District. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan and as determined by the Division, 100% of the principal will be forgiven. The Division and the Baker General Improvement District will negotiate the terms and conditions of a loan agreement. The resolution modifying the loan commitment is attached.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the “05-2016 Baker General Improvement District Water System Project Loan Commitment” for an additional loan commitment for the purpose of financing certain projects in an amount not to exceed \$146,223 bringing the total loan commitment to \$622,598. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven.

RESOLUTION

A RESOLUTION DESIGNATED THE "5-2016 BAKER GENERAL IMPROVEMENT DISTRICT WATER SYSTEM 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 May 4, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 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 Baker General Improvement District owns and operates the public water system; and

WHEREAS, the Baker General Improvement District 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 Division ranked the Project as #31 on the Year 2017 Priority List of water projects, which was approved by the Board on May 4, 2016; and

WHEREAS, the Baker General Improvement District submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Baker General Improvement District project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Applicant has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that the Baker General Improvement District has the technical, managerial and financial capability to manage a loan for the Project; and

WHEREAS, the Baker General Improvement District is eligible to receive additional subsidy as spelled out in Nevada’s Intended Use Plan; 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, on July 14, 2015, in the “7-2015 Baker General Improvement District Project Loan Commitment Resolution,” the Board approved a commitment of funds in the amount not to exceed \$476,375 from the account for the revolving fund in accordance with NRS 445A.265; 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 “5-2016 Baker General Improvement District Water System Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the Baker General Improvement District with the Division. These terms will include 100% Principal Forgiveness for the additional funds approved for this project.

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 of this Resolution, the Board hereby approves a commitment of additional funds in the amount not to exceed \$146,223 from the account for the revolving fund in accordance with NRS 445A.265, bringing the total loan commitment to \$622,598.

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 MAY 4, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 6

Goldfield Town Water

Goldfield Utilities

Board for Financing Water Projects Summary DWSRF Loan Commitment & Capital Improvements Grant Commitment

Applicant: Esmeralda County
Project: Goldfield Water System Improvement Project – Phases 1 & 2
Total Project Cost: \$1,942,800

GENERAL

The Division of Environmental Protection (Division) administers the Drinking Water State Revolving Fund (DWSRF) under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. Regulations adopted by the State Environmental Commission pursuant to NRS 445A.270 describe how the Division administers the DWSRF. 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).

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). The Nevada Division of Environmental Protection (NDEP), Office of Financial Assistance (OFA) administers the Capital Improvements Grants 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).

BACKGROUND

The Town of Goldfield is located approximately 30 miles south of Tonopah on Highway 95 and is the Esmeralda County seat. Two production wells, located approximately 12 miles north of town, provide the source water via a 6-inch, asbestos-cement (AC) transmission line. Two sequential booster stations along the transmission line pump the water from these wells to town where it is treated for arsenic removal prior to storage. There is a combined storage capacity of 566,000 gallons. The system is fully metered, and a metered water rate is charged. The water system customer base includes: 248 residential connections, 33 commercial connections, and 1 industrial connection.

The majority of the existing water supply, pumping, and transmission system equipment has been in operation for 33 years without any significant improvements; the exception being Klondike Well #2, which was drilled in 1992, put online in 1997, and rehabilitated in 2013. Although the system has been adequately maintained, it is exhibiting wear and deterioration.

System age and deterioration is more notable at the booster pump stations – Booster Pump Station #1 (BPS 1) and Booster Pump Station #2 (BPS 2). Metal parts and equipment show age and corrosion. The building walls along the floor are corroding and show mineral leaching and degradation. Pump seals leak excessively and require frequent maintenance; floor drainage is inadequate; and humid room interiors promote corrosion. The pump houses do not have the HVAC equipment required to protect piping and electrical equipment from moisture corrosion. Each booster pump station has only one pump, providing no redundancy in the system. The electrical system at the booster pump stations is antiquated, and it is common for an electrical malfunction to shut the pumping system down until

repairs can be made. If a booster pump goes down for any reason the community water supply is off-line until a repair can be made, and until such time, the community water is supplied from the emergency storage in the water tanks.

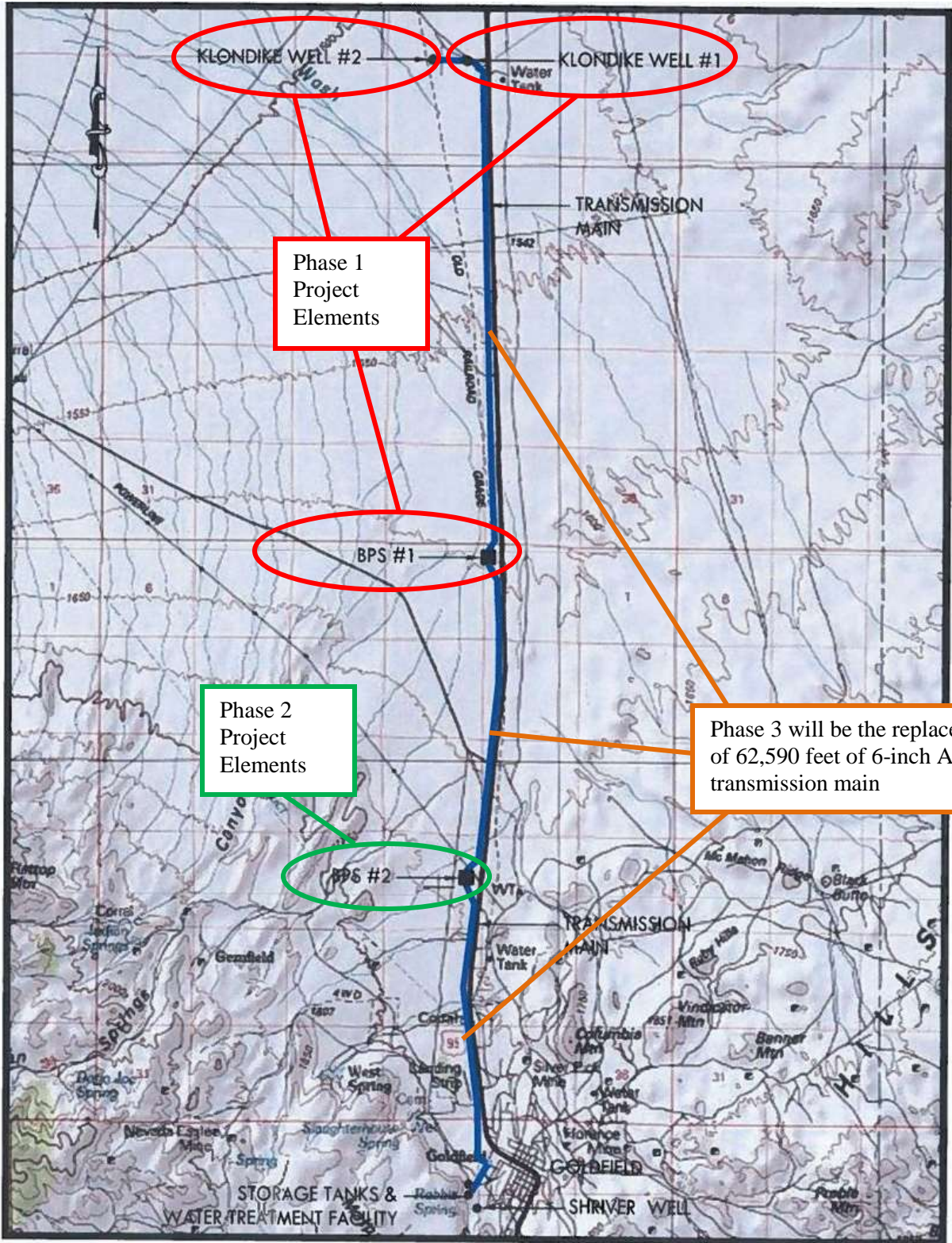
In June 2014, a Preliminary Engineering Report (PER) was completed to assist the Town with asset management and capital improvement planning. The sources and transmission system were the primary focus of the PER. Due to the overall estimated costs of the necessary improvements, a multi-phased approach to project implementation is planned – see transmission system map next page.

The Town submitted a pre-application to the Nevada Water and Wastewater Review Committee (NWWRC) – a sub-committee of the Infrastructure for Nevada Communities Workgroup – for assistance in determining the best sources of funding for this large, phased project. The NWWRC is made up of the primary funding agencies in the state – the Nevada Division of Environmental Protection (NDEP) - Drinking Water & Clean Water State Revolving Fund (DWSRF/CWSRF) Loan programs and Capital Improvements Grant Program, the US Department of Agriculture (USDA) Loan/Grant program, and the US Department of Housing and Urban Development - Community Development Block Grant (CDBG).

The NWWRC has been working with the Town to develop a funding plan that takes into consideration their disadvantaged status and ability to take on debt. The committee has recommended the following:

Phase 1	*\$724,712		
<ul style="list-style-type: none"> • Replace BPS 1 • Rehabilitate Klondike Well #1 • Electrical/Control Improvements to Klondike Well #1 and Well #2 	<p>\$500,000</p> <p>\$224,712</p>	<p>Principal Forgiveness Loan-DWSRF</p> <p>Awarded Jan 2015</p> <p>CDBG Funding</p> <p>Awarded July 2015</p>	
Phase 2	*\$775,000		
<ul style="list-style-type: none"> • Replace BPS 2 • Install 20,000 gallon storage tank • New mechanical piping, pumps, control valves and fittings. • Fencing • Telemetry, controls and SCADA • Site grading and drainage 	<p>\$500,000</p> <p>\$275,000</p>	<p>Principal Forgiveness Loan-DWSRF</p> <p>Pending Board approval</p> <p>CDBG Funding</p> <p>Board Approved but not yet awarded</p>	
Phase 3	\$5.4 million Estimate		
<ul style="list-style-type: none"> • Replace approximately 12 miles of AC transmission line. 	<p>\$500,000</p> <p>\$2.2 million (estimate)</p> <p>\$2.7 million (estimate)</p>	<p>Principal Forgiveness Loan-DWSRF</p> <p>USDA-RD 45% Grant eligible Loan</p>	
Total Cost of Project	\$6.9 million estimate		
		Approximately \$2.7 million funded with Loan dollars	

* Based on a re-evaluation of the probable cost of construction, an additional \$443,088 will be requested from the Capital Improvements Grants Program.



EXISTING FACILITIES
Esmeralda County Goldfield Utility

The scope of each phase and implementation schedule is based upon available funding and the utility's ability to leverage revenue and costs savings (e.g., energy savings). The development of a new private mining operation near the north side of Goldfield has the potential to impact parts the existing transmission system. The mine project, if it is ever constructed, would require the relocation of approximately 2.3 miles of US Highway 95 along with 2.3 miles of the water transmission main and BPS 2. Actual timing for the mine and associated construction activities has varied in the past two years leaving significant uncertainty in their timetable. The mine has yet to complete the EIS process.

The Phase 1 project was bid in February 2016. While 5 bids were received, all were significantly over the original construction estimate and insufficient funds were available to the County to award the bid.

While Phase 1 was out to bid, Esmeralda County decided to move forward with Phase 2 due to significant safety and reliability issues with the second booster station (BPS 2) and delays with the mine project. Because of the results of the Phase 1 bids, Phase 2 has been recently re-estimated.

At this point, the County and its engineer feel that it would be to their advantage to bid both Phases 1 and 2 of this project together to obtain more reasonable bids; however, they are aware that it may cost more to do this work given location of the project and current bidding climate. In order to make this possible, the County and NDEP have looked at a funding package that would cover a construction shortfall for the Phase 1 project and provide funding for the Phase 2 project based on a re-evaluation of the probable cost of construction. This funding is a combination of DWSRF principal forgiveness loan and Capital Improvements Grant Program grant. Together with the funding committed by CDBG, it is felt that both Phases can be bid and successfully completed.

Cost Estimate – Phases 1 & 2 - A summary of the anticipated shortfall is as follows:

	Phase 1 - Standalone	Phase 2-Standalone	Phases 1&2 - Combined
Total Construction Estimate	\$816,000	\$711,500	\$1,408,500
Contingency, 10%	81,500	71,000	141,000
Klondike Well 1 Clean & Inspect	30,000	0	30,000
NV Energy Service Improvements	20,000	20,000	40,000
PrePurchase Valves	11,200	0	11,200
Hydrogeologist	15,000	0	15,000
Survey	5,200	5,200	10,400
Geotechnical	4,000	6,000	10,000
Engineering	39,600	45,000	80,000
Bidding	6,160	6,500	12,700
Construction & Project Administration	20,320	39,000	50,000
Project Administration	8,000	11,000	19,000
Resident Inspection	40,000	60,000	70,000
Materials Testing	10,800	11,000	20,000
Bird Survey (if req'd by BLM)	2,200	5,000	5,000
Cultural Survey (if req'd by BLM)	0	10,000	10,000
Permitting/Easements	0	5,000	5,000
Post Construction	5,000	5,000	5,000
Total Estimated Project Cost	1,114,980	1,011,200	1,942,800
DWSRF Funding	500,000	500,000 ^A	1,000,000 ^A
CDBG Funding	224,712	275,000 ^B	499,712 ^B
State Grant Program Funding	0	0	443,088 ^A
Projected Shortfall	(390,268)	(236,200)	0

^APending BFWP Board Approval

^BCDBG Board approved-pending Governor approval



BPS 2 – Pump building erosion



BPS 2 – Corrosion of pump & appurtenances

Alternatives to Proposed Project

The alternative at this point is to do nothing and continue using BPS 2 as is. With the aging infrastructure and only one pump in this station, failures at this station could lead to significant water outages for the Town.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612, inclusive. Because the project lies on public lands that have been granted easements by the U.S. Department of the Interior, Bureau of Land Management (BLM), the BLM acts as the lead agency in the environmental review process. The BLM determined that the Phase 1 project would not have a significant effect on the human environment and was eligible for a categorical exclusion. Given that BP 2 has a similar easement with the BLM, replacing BP 2 on the same site should also be eligible for a categorical exclusion. The NACs allow NDEP to utilize an environmental review conducted by another agency as long as the review complies with NDEP's environmental requirements.

Permits/Easements/Reviews

The Town will secure an amended right-of-way for its existing easements from the BLM. This amendment will allow the utility to do the Phase 2 improvements.

Review and approval of the project design and specifications will be required by the NDEP, Bureau of Safe Drinking Water.

Construction permits include:

- NDEP Bureau of Water Pollution Control Construction Stormwater Permit (Notice of Intent; SWPPP)
- NDEP Bureau of Air Pollution Control Surface Air Disturbance Permit (Dust Control Permit)
- NDEP Bureau of Water Pollution Control Temporary Discharge Permit (for well pump development, pipe flushing and testing)
- Nevada Department of Transportation Temporary Occupancy Permit (for construction access)

Project Schedule

Planning, Design, & Specifications	July 2016 – October 2016
Bidding & Contract Award	October 2016 – November 2016
Construction Commencement	November 2016
Project Completion	July 2017

Financial Evaluation:

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use at least 20% - 30% 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. Nevada specified in the Intended Use Plan that 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. Based on the 2010-2014 Community Survey conducted by the US Census Bureau, 80 percent of Nevada’s MHI is \$41,764. In October 2015, Nevada Rural Water Association conducted an income survey for the Town of Goldfield. The MHI determined from this survey is \$25,000; therefore, Goldfield meets the requirements for additional DWSRF subsidy, making a DWSRF principal forgiveness loan appropriate for the Town for the base funding of the Phase 2 project – replacement of BPS 2.

In addition to the DWSRF program, Goldfield is seeking funds from the State Capital Improvements Grant Program to mitigate the cost overages from Phase 1 and 2. Funds are currently available in the Grants Program that must be spent expeditiously. The utility has met the Program requirements as defined by the Board for Financing Water Projects policies, NRS and NAC.

- Goldfields financial information is presented as an Enterprise fund on Esmeralda County’s Comprehensive Annual Financial Report. The County’s financial statements are audited and in conformity to Generally Accepted Accounting Principles.
- An analysis of grant eligibility using the Board’s Grant Scale shows that Goldfield could be eligible for up to 85% in grant funding for the project. The funding currently available does not provide for an 85% grant at this time.
- The utility has established a restricted capital reserve account for system rehabilitation and replacement and makes annual contributions to this account. The balance as of June 30, 2015 was \$59,250. This has increased \$33,185 since the previous year.
 - The community is very positive about the value of having a reserve account. Reserves have been used to match other funding to rehabilitate pumps and air release valves, rehabilitate Klondike Well #2, repair and recoat the 200,000-gallon and 366,000 storage tanks, and prepare the most recent PER on the supply and transmission system.

- Goldfield’s current water rates exceed the rate considered ‘reasonable’ based on their MHI. A ‘reasonable’ or ‘affordable’ rate for water is considered to be 1.5 percent of the MHI for communities below the state MHI for a monthly usage of 15,000 gallons.
 - Goldfield’s calculated ‘reasonable’ rate is \$31.25. Based on the current water rates, a Goldfield customer using 15,000 gallons of water in a single month pays \$58.50 (\$26 base rate with 2,000 gallons of water + \$2.50 per 1,000 gallons used thereafter). In addition, there is an annual system obligation fee paid by all lots in the Town that are adjacent to a water main. This fee is currently \$100 and helps to pay the costs of the arsenic treatment plant.
- The community has sought appropriate funding guidance from the NWWRC and has obtained alternative funding.
 - A total of \$499,712 has been approved by CDBG
 - Cash in their fund as of June 30, 2015 totals \$366,956. Some of these funds could be used for Phase 3 of the Project.
 - Loans:
 - USDA-RD has evaluated their ability to take on loan. USDA determined they are 45% grant eligible for a 40 year loan at 2.25% (current rate, subject to change). However, they can only afford to take a \$748,000 loan at current rates.
 - A recent analysis of Goldfield’s ability to take on debt for this project from the DWSRF Program shows the community could take a loan for approximately \$615,000 for 20 years at 2.05% (current rate, subject to change).
 - Goldfields Phase 3 is going to need approximately \$2.7 million in funding from loans or other sources not previously sought. This will require the community to increase rates well beyond what is considered ‘reasonable’ by Board standards. It is staff’s recommendation, and NWWRC’s recommendation, that cash reserves and loans be reserved for Phase 3 of the Project, to allow the community time to continue building funds and evaluate future rates.

Technical, Managerial, and Financial Capacity

The water quality currently meets the all drinking water standards and is in compliance with requirements of the Safe Drinking Water Act. Monitoring requirements have been met. Esmeralda County employs certified operators who have the knowledge and ability to operate and manage the system. The County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and utilizes generally accepted accounting principles.

DIVISION RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the Drinking Water State Revolving Fund in the amount not to exceed \$500,000 to Esmeralda County for the Town of Goldfield Phase 2 project. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. The Division and Esmeralda County will negotiate the terms and conditions of a loan agreement.

In order to assure that the funding shortfall seen in the Phase 1 bid and anticipated in the Phase 2 overall construction costs be covered and the project completed, the Division recommends that the Board for Financing Water Projects approve a grant commitment from the Capital Improvements Grant Program in an amount not to exceed \$443,088 to Esmeralda County for the Town of Goldfield Phases 1 and 2 combined projects. Conditions for this grant award are included in the resolution.

It is important to note that both recommended funding commitments would need to be approved by the Board in order for this combined Phase 1 and 2 projects to proceed.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the "05-2016 Esmeralda County Goldfield Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven.

If the motion to approve a loan from the DWSRF is approved, the following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the "05-2016 Esmeralda County Goldfield Project Grant Commitment" for a grant commitment for the purpose of financing certain projects in an amount not to exceed \$443,088. The project would be subject to the conditions included in the resolution.

RESOLUTION

A RESOLUTION DESIGNATED THE "05 - 2016 ESMERALDA COUNTY GOLDFIELD 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 May 4, 2015 the Board, pursuant to NRS 445A.265, approved the 2017 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 Esmeralda County owns and operates the public water system in Goldfield, Nevada; and

WHEREAS, Esmeralda County 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 Division ranked the Project as #13 on the 2017 Priority List of water projects, which was approved by the Board on May 4, 2016; and

WHEREAS, Esmeralda County submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Esmeralda County project is ready to proceed; and

WHEREAS, in connection with seeking a loan, Esmeralda County has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that Esmeralda County has the technical, managerial and financial capability to manage and repay a loan for the Project; and

WHEREAS, Goldfield, Esmeralda County meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada's Intended Use Plan; 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 “05 - 2016 Esmeralda County Goldfield Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Esmeralda County shall be negotiated between Esmeralda County 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 \$500,000 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 May 4, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

RESOLUTION

A RESOLUTION DESIGNATED THE "05 - 2016 ESMERALDA COUNTY GOLDFIELD PROJECT GRANT COMMITMENT RESOLUTION" TO APPROVE A GRANT 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 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, [Esmeralda County](#), (the "Applicant") has applied to the Board for a grant for a project having eligible costs estimated to be [\\$1,942,800](#) 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 "[Town of Goldfield Phases 1 & 2 Improvements](#) Project" (the "Project"); and

WHEREAS, in connection with seeking a grant, the Applicant has submitted a written application (the "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. . . .

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 and may be cited by the short title of the “[Town of Goldfield Phases 1 & 2 Project Grant Award Resolution](#).”

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 \$443,088 or approximately 22.8 percent of eligible project costs estimated to be \$1,942,800.

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, MAY 4, 2016:

Chairman
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 Esmeralda County (“Grantee”) for the grant funds subject to the following conditions:
 - a. Bond funds sufficient to fund the project are projected to be available. The Grantee’s costs of obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. An administrative fee of \$1000 has been paid to the State by the Grantee.
 - 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. The Grantee must assure that water rates will continue to meet or exceed the Board’s policy on reasonable water rates as adopted on September 14, 2010.
 - e. The Grantee must adhere to the depreciation provisions of the “Policy on Depreciation – Capital Replacement Funds” as adopted by the Board for Financing Water Projects and dated May 3, 2006.

Funds deposited to this account may be used only for capital replacement projects. Appropriate projects include replacement of functionally obsolete and worn out facilities. Examples of appropriate projects include: replacement of whole sections of pipeline, valves and fire hydrants; meter replacement; and replacement of wells, storage tanks, or pressure regulating facilities. Facilities to be replaced under this fund need not meet the eligibility requirements of the Capital Improvements Grant Program. This account must be identifiable on financial reports presented to the STATE.

- f. The Grantee is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
- g. Prior to the execution of the Funding Agreement, the Grantee must provide an estimate of the monthly disbursement of money, by the State, pursuant to the grant and provide monthly updates.
- h. The Grantee must demonstrate that it has obtained all funding outlined in this summary. In the event that funding from CDBG does not become available, the Grantee must demonstrate that it has secured alternate match funding before any construction bids may be awarded.

ATTACHMENT 7

Silver Peak

Silver Peak Water System

Board for Financing Water Projects Summary Loan Commitment from the Drinking Water State Revolving Fund May 2016

Applicant: Esmeralda County
Project: Silver Peak Water System Improvement Project – Phase 1
Total Cost: \$509,424
DWSRF Funding: \$499,424

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 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 which authorizes the Nevada Division of Environmental Protection (Division) 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, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. In addition to 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 the EPA govern the DWSRF 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

Silver Peak is an unincorporated town in Esmeralda County. It lies along State Route 265, 20 miles south of US Route 6 and 30 miles west of Goldfield. The Silver Peak water system customer base includes: 82 residential connections, 10 commercial connections, and 13 industrial connections. Two production wells, located approximately 2 miles south of town, provide the source water via a 10-inch, PVC transmission line. One 260,000-gallon welded-steel tank – located at the well site – provides potable water storage for the town. The system is fully metered and a metered water rate is charged.

The water system was originally constructed in the 1970’s and upgraded in the 1980’s and early 2000. Shaw Engineering was retained by Esmeralda County to prepare an amendment to the Preliminary Engineering Report (PER) prepared in November 2000 and amended in December 2000. The amendment was to 1) update the project costs for any projects that were included in the PER but not yet constructed, 2) identify and prepare costs estimates for other projects needed to correct deficiencies that have surfaced since the PER was completed, 3) rank the projects, and 4) evaluate the pressure settings in the existing hydraulic pressure zones.

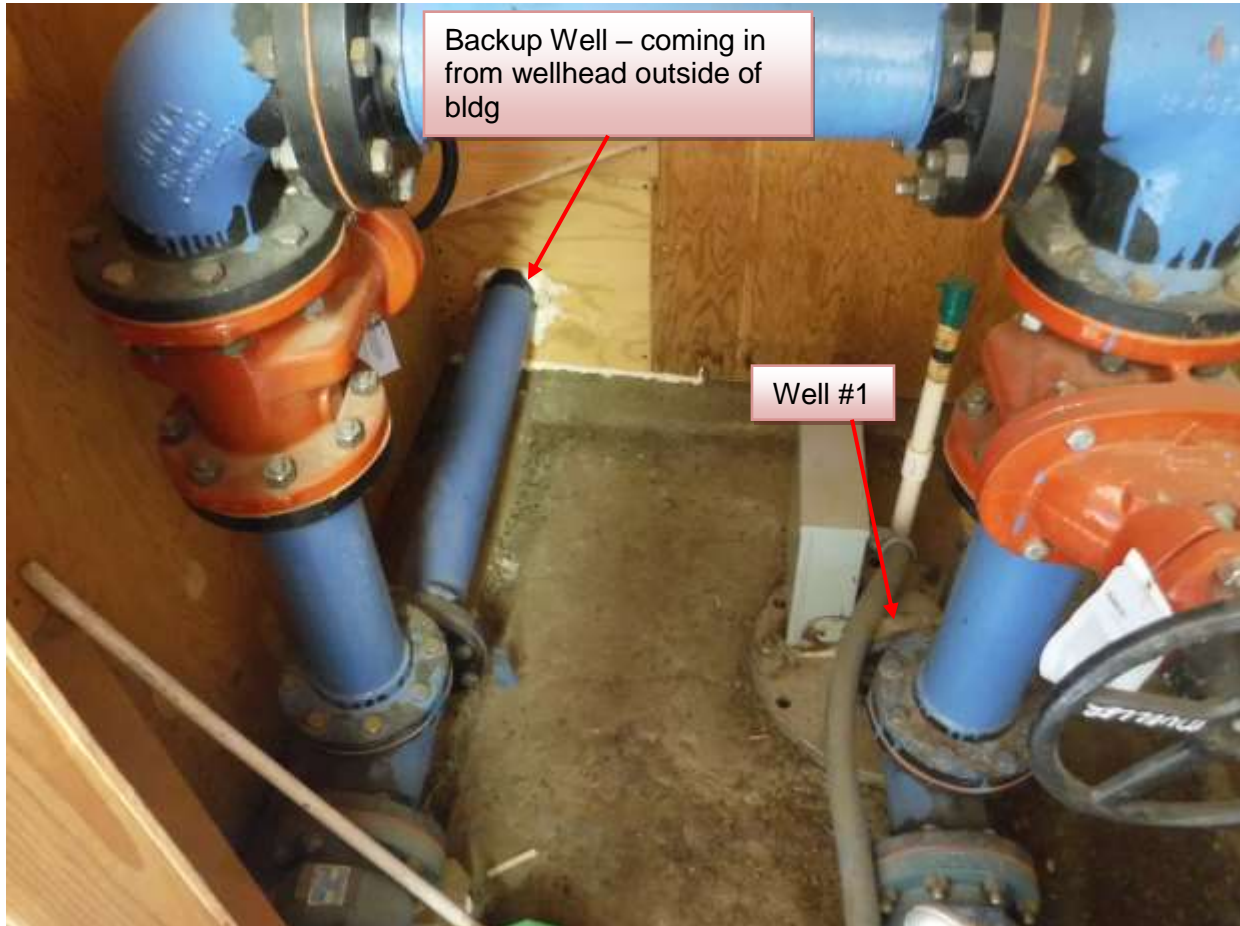


Given the overall costs of the system needs in Town, the project was split into two phases as shown below.

Table 1.0 Project Cost Estimates (See Appendix B)			
Ranking	Project Identification	Phase 1 ¹	Phase 2 ¹
1	Raise Well 1 Wellhead	\$11,000	-
2	Lower Main PRV Relocation	\$62,000	-
3	Repair Inoperable Valves	\$115,500	-
4	Sunrise Apartments 6 inch Distribution Main Loop	\$46,000	-
5	Replace Corroded Ferrous Components (Services & Fittings)	\$55,000	\$98,500
6	Replace Fire Hydrants	-	\$102,000
7	Galena Way to Rocky Way 6 inch Distribution Main Loop	-	\$28,750
8	Construction Water Fill Station	-	\$35,000
Subtotal Construction Cost		\$289,500	\$264,250
Contractor Mobilization/Demobilization, 8%		\$23,160	\$21,140
Total Construction Cost		\$312,660	\$285,390
Contingency, 15%		\$46,899	\$42,809
Total Estimated Construction Cost with Contingency		\$359,559	\$328,199
Survey/Geotechnical, 5%		\$17,978	\$16,410
Engineering, 10%		\$35,956	\$32,820
Construction Administration, 8%		\$28,765	\$26,255
Project Administration		\$11,000	\$11,000
Resident Inspection, 10%		\$35,955	\$32,820
Materials Testing, 3%		\$10,787	\$9,846
Total Estimated Project Cost		\$500,000	\$457,350

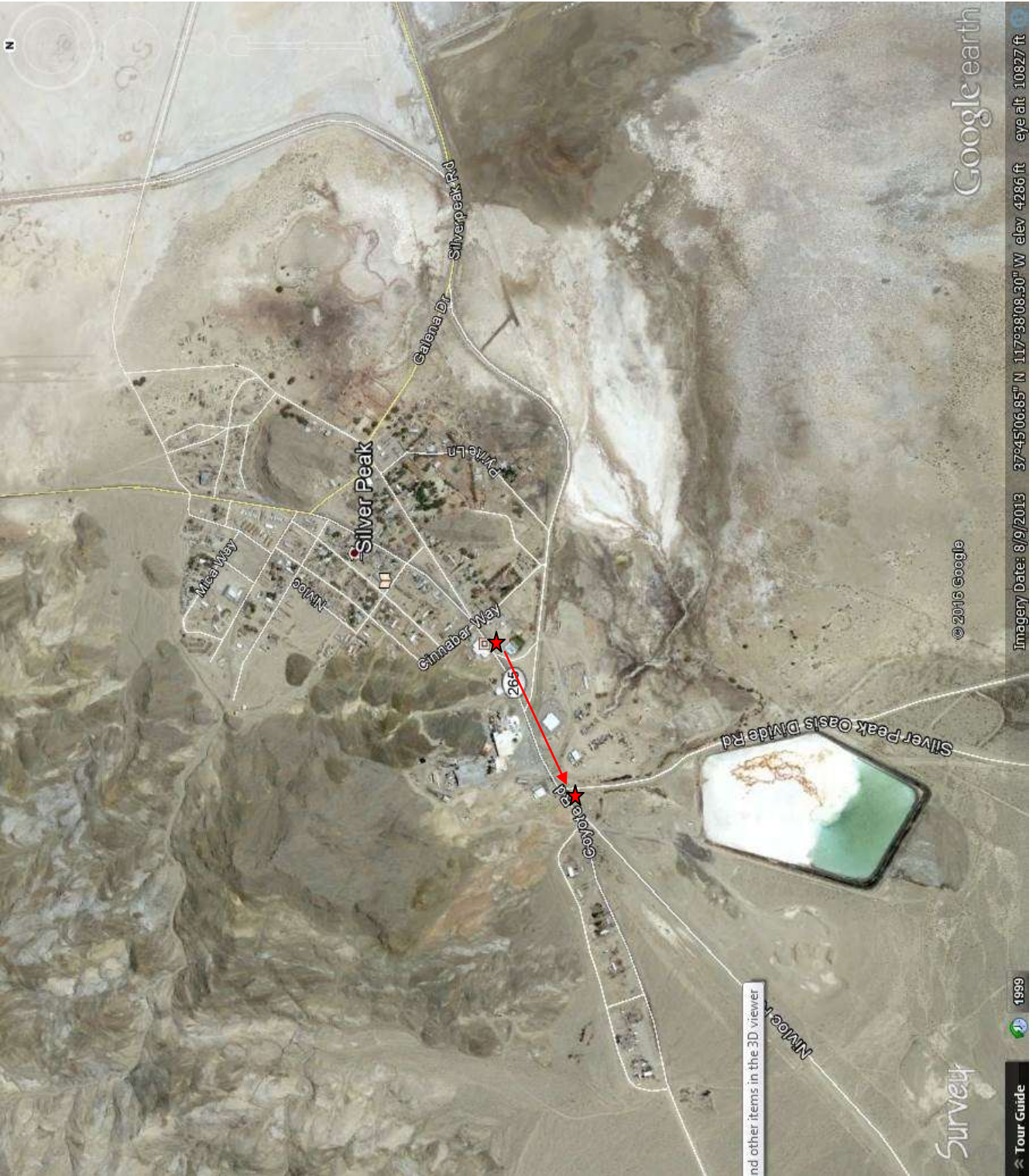
Proposed Phase 1 Project

Raise Well #1 Wellhead: The top of the existing well casing is currently located at the finish floor elevation of the pump house. PER NAC 445A.66915 – “the casing of well must extend to a height of at least 12 inches above the slab and at least 18 inches above the level of the final ground surface or 100-year floodplain, whichever is greater.” The wellhead needs to be raised to meet the standard.



Well #1 wellhead to be raised

Lower Main PRV Station Replacement/Relocation: There are currently two pressure zones that exist in the Town. The Lower Main PRV station is located in an area subject to surface flooding. The humid environment inside of the vault in combination with the lack of any type of venting and vault drainage has caused corrosion to occur on the metal pipe, fittings, and valves inside the vault. It is recommended to replace/relocate this PRV station in a location adjacent to the existing Upper Main PRV station and perform certain piping and valve modifications to allow both PRV stations at this location to serve both the Trailer Park and Town area. This provides much needed system redundancy to both areas, eliminates the need to add another PRV station as originally recommended in the original Nov 2000 PER, and will also provide improvements in system pressures in the upper pressure zone.



Lower Main PRV relocation



Existing Lower PRV Station. Note Pipe Corrosion and Standing Water (courtesy of Shaw Engineering)

Replace Inoperable Valves: 33 valves installed 1983 are not functioning – likely due to corrosion – and require replacement. Most of these valves are also installed on tees that were reportedly not wrapped in plastic and are now corroding and leaking.

Replace Corroded Ferrous Components: The soils in the area are corrosive to ferrous water system components. Fittings, fire hydrants, and water service saddles installed in 1983 were reportedly not wrapped in plastic and/or were not otherwise protected from corrosion and are now corroding and leaking and require replacement. Funding for Phase 1 will replace 15 tees, two 6-inch – 45 degree fittings, five 6-inch – 90 degree fittings, four service saddles on Argentite and three service saddles on Brodie.

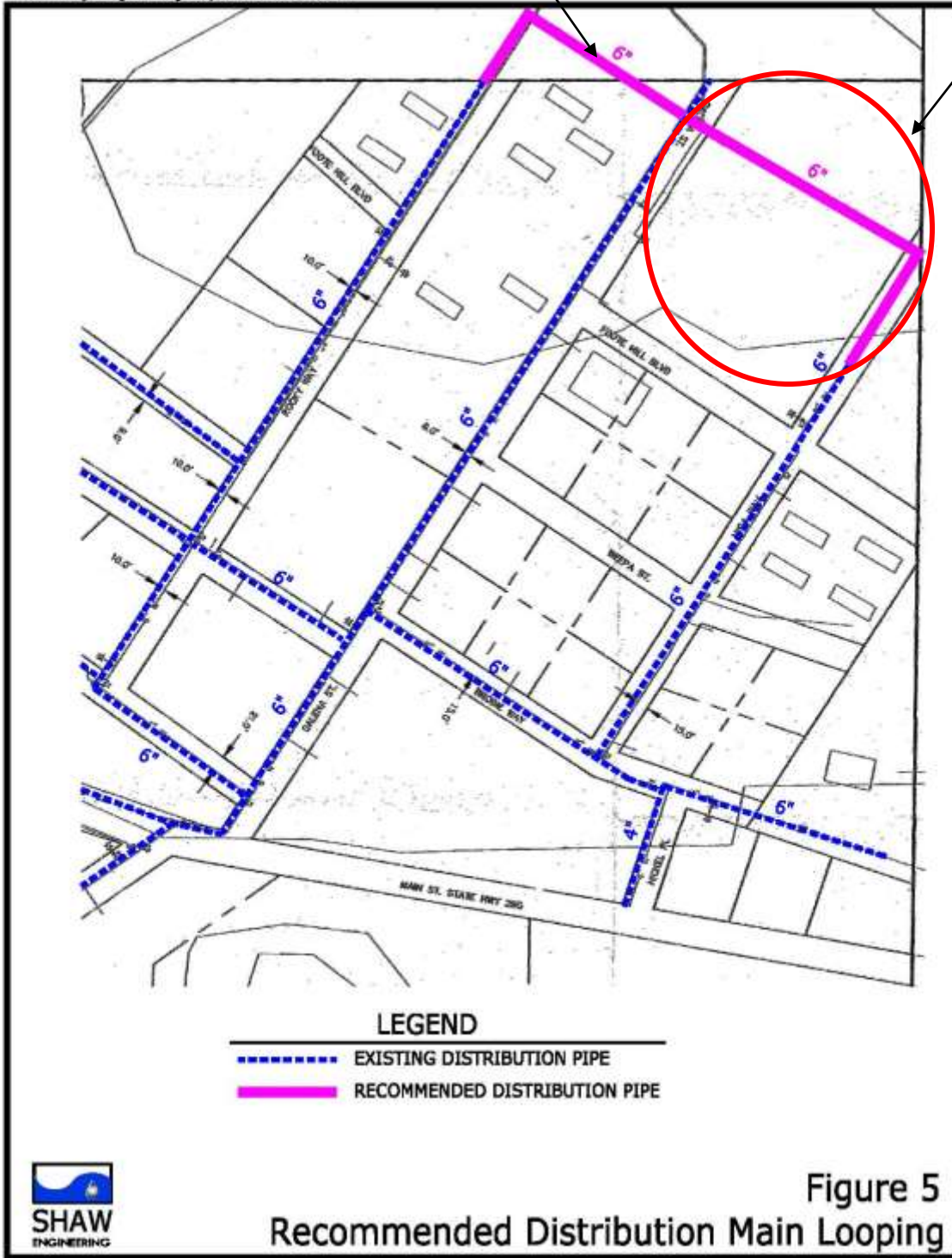


Corroded Shoe on Fire Hydrant (courtesy of Shaw Engineering)



Corroded Water Service Saddle (courtesy of Shaw Engineering)

Distribution Main Looping: Phase 1 will include a 6-inch distribution main, constructed between Mica Way and Galena Street through the Sunshine Apartment parking area. Currently, there is a private main, fire hydrant, and a non-functioning booster pump station located on this property that all will require abandonment. This distribution main would eliminate a dead end main on Mica and Galena Streets improving water quality, fire flow, and system pressures.



Alternatives to Proposed Project

Under any 'No Action' alternative, the project would be deferred to a later date. Ultimately, failure to correct water system issues could lead to significant water outages and/or potential impacts to human health.

Raise Well 1 Wellhead. No action alternative. Failure to make this correction would leave the wellhead vulnerable to water infiltration and out of compliance with NAC 445A.66915.

Lower Main PRV Station Replacement/Relocation. One alternative to the proposed project was investigated for correcting this situation. Relocate the PRV Station immediately to the southeast away from the truck traffic. Raise the lid of the vault above surrounding grade and provide surface drainage improvements around the vault. Provide new interior vault piping and valves (including a smaller bypass PRV) and perform system connections as necessary. Maintain operation of the existing PRV station while improvements are being constructed. This option would still require the addition of a second PRV Station on the existing 6-inch line feeding the Town for redundancy reasons. After evaluation of the costs and benefits of the two alternatives, the proposed project alternative was found to be a lower cost and preferred approach.

Replace Inoperable Valves & Replace Corroded Ferrous Components. No action alternative. The non-functional, corroded, and leaking components do not promote the sustainability of this water system and need to be addressed.

Distribution Main Looping. No action alternative. Dead end lines would continue to exist and affect water quality, fire flows, and system pressures.

Environmental Review

Environmental review of water projects is conducted by NDEP pursuant to NAC 445A.6758 to 445A.67612, inclusive. Projects that rehabilitate existing facilities 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. Many NEPA-like environmental reviews have been conducted in the past 15 years that cover the current project area:

- November 2000 environmental review as a part of a system wide PER. No potential for human or environmental adverse impacts were identified at that time, and federal, state, and local cross-cutters were consulted.
- BLM environmental assessment for the 2001-2003 Silver Peak Water Improvement Project covering the Town of Silver Peak with a Finding of No Significant Impact.
- June 2008 environmental review as a part of the replacement well project funded by the EPA for the Silver Peak water system.
- September 2010 Environmental Assessment conducted by DOE as funder of a pond expansion and facility rehabilitation at Chemetal's lithium brine production and processing plant. Once again, limited potential for environmental adverse impacts were identified at that time – largely related to migratory birds and the need to keep them off the brine ponds. Federal, state, and local cross-cutters were consulted.

Permits/Easements/Reviews

Review and approval of the project design and specifications will be required by the NDEP, Bureau of Safe Drinking Water.

Construction permits include:

- NDEP Bureau of Water Pollution Control Construction Stormwater Permit (Notice of Intent; SWPPP)
- NDEP Bureau of Air Pollution Control Surface Air Disturbance Permit (Dust Control Permit)
- Possible Nevada Department of Transportation Temporary Occupancy Permit (for construction access)

Cost Estimate

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning		\$10,000		\$10,000
Design & Engineering	\$48,519			\$48,519
Land Acquisition				
Equipment/Materials				
Construction/Improvements	\$450,905			\$450,905
Administrative				
Financing Costs				
Totals by Source	\$499,424	\$10,000		\$509,424

SILVER PEAK PHASE 1 WATER PROJECT

1 Raise Well 1 Wellhead	\$ 11,000.00
2 Lower Main PRV Relocation	\$ 62,000.00
3 Replace Inoperable Valves	\$115,500.00
5 Replace Corroded Ferrous Components/Service Fitting: *	\$ 65,000.00
6 Sunrise Apartments 6" Distribution Main loop	\$ 46,000.00
Subtotal Construction Costs	\$ 299,500.00
Contract Mobilization/Demobilization	8% \$ 23,960.00
Total Construction Phase 1	\$ 323,460.00
Contingency	15% \$ 48,519.00
Survey/Geotechnical	5% \$ 16,173.00
Engineering	10% \$ 32,346.00
Construction Administration	8% \$ 25,876.80
Project Administration	\$ 11,000.00
Resident Inspection	10% \$ 32,346.00
Material Testing	3% \$ 9,703.80
TOTAL PROJECT COSTS PHASE 1	\$ 499,424.60

FINANCIAL EVALUATION:

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use at least 20% - 30% 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. Nevada specified in the Intended Use Plan that 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. Based on the 2010-2014 Community Survey conducted by the US Census Bureau, 80 percent of Nevada’s MHI is \$41,764 and Silver Peak’s MHI is \$35,179. Therefore, Silver Peak meets the requirements for additional subsidy, making a principal forgiveness loan appropriate for the Town.

Silver Peak’s current residential water rates meet the rate considered ‘reasonable’ based on their MHI. A ‘reasonable’ or ‘affordable’ rate for water is considered to be 1.5 percent of the MHI for communities below the state MHI for a monthly usage of 15,000 gallons. Silver Peak’s calculated ‘reasonable’ rate is \$43.97. Based on the current water rates, a customer using 15,000 gallons of water in a single month pays \$44.00 (\$38 base rate that includes 12,000 gallons of water + \$2.00 per 1,000 gallons used thereafter).

The utility has established a restricted capital reserve account for system rehabilitation/replacement and makes annual contributions to this account. The current balance is \$19,209. The community recently funded a project to rehabilitate Well #1 using funds from their capital reserve account. In addition to the Well #1 repairs, the Town also funded the most recent preliminary engineering report update in preparation for this project.

Technical, Managerial, and Financial Capacity

The water quality currently meets the all drinking water standards and is in compliance with requirements of the Safe Drinking Water Act. The most recent sanitary survey was conducted in February 2016 by the Bureau of Safe Drinking Water. There were no deficiencies or violations found. Monitoring requirements have all been met. Esmeralda County employs certified operators who have the knowledge and ability to operate and manage the system. The County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and utilizes generally accepted accounting principles.

DIVISION RECOMMENDATION

The Division recommends that the Board for Financing Water Projects approve a loan commitment from the Drinking Water State Revolving Fund in the amount of \$499,424 to Esmeralda County for the Town of Silver Peak. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. The Division and Esmeralda County will negotiate the terms and conditions of a loan agreement.

The following motion is suggested:

I make a motion that the Board for Financing Water Projects approve a resolution designated the “05-2016 Esmeralda County Silver Peak Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$499,424. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven.

RESOLUTION

A RESOLUTION DESIGNATED THE "5-2016 ESMERALDA COUNTY SILVER PEAK 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 May 4, 2016 the Board, pursuant to NRS 445A.265, approved the 2017 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 Esmeralda County owns and operates the public water system in Silver Peak, Nevada; and

WHEREAS, Esmeralda County 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 Division ranked the Project as #65 on the 2017 Priority List of water projects, which was approved by the Board on May 4, 2016; and

WHEREAS, Esmeralda County submitted to the Division a Letter of Intent to proceed with the Project; and

WHEREAS, the Esmeralda County project is ready to proceed; and

WHEREAS, in connection with seeking a loan, Esmeralda County has submitted a written application (“Application”) pursuant to NAC 445A.67613 to the Division; and

WHEREAS, the Division has reviewed the Letter of Intent and the Application including supporting material thereof, and has determined that Esmeralda County has the technical, managerial and financial capability to manage and repay a loan for the Project; and

WHEREAS, Silver Peak, Esmeralda County meets the definition of a disadvantaged community and is eligible to receive additional subsidy as spelled out in Nevada's Intended Use Plan; 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 “2016 Esmeralda County Silver Peak Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Esmeralda County shall be negotiated between Esmeralda County 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 \$499,424 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 MAY 4, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects