

**Meeting Minutes**  
**BOARD FOR FINANCING WATER PROJECTS**  
**July 29, 2020**  
**1:30 pm.**

To be held virtually using Lifesize:  
<https://call.lifesizecloud.com/4155018>

**Members present:**

Bruce Scott, Chair  
 Andrew Belanger, Vice Chair  
 Lori Williams  
 Carl Ruschmeyer  
 Mike Workman  
 Andrea Seifert, ex-officio member

**Legal counsel present:**

Dan Nubel, Senior Deputy Attorney General

**NDEP staff present:**

Jason Cooper  
 Sharada Maligireddy  
 Kyle Casci  
 Valerie King  
 Jennifer Carr  
 Marcy McDermott  
 Matt McDaniel

**Public present:**

Bridget Harris, RCAC  
 Dave Whalen  
 Paul Winkelman, Shaw Engineering  
 Cody Black, Shaw Engineering  
 Marie Henson, Churchill County  
 Rusty Kiel, Lovelock Meadows Water District  
 Brent Farr, Farr West Engineering  
 Steffi Gavin, Farr West Engineering  
 Anna Conway, Hawthorne Utilities  
 Larry Grant, Hawthorne Utilities  
 Kathy Flannagan, Las Vegas Valley Water District  
 Jeff Peake, Broadbent & Associates  
 Greg Reed, Gardnerville Ranchos GID  
 Kristin Tokheim  
 Dean Day, Day Engineering  
 Amy Garcia, McGill Ruth Sewer & Water  
 Kurt Carson, McGill Ruth Sewer & Water  
 Cheryl Couch, USDA Rural Development  
 Maria Murillo, USDA Rural Development  
 Trever Smith, Topaz Ranch Estates GID

## 1) Board for Financing Water Projects regular meeting

### 1) Call to order

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

### 2) Introduction/establish quorum

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

### 3) Public comment

There were no public comments.

### 4) Approval of minutes from the January 14, 2020 regular meeting

Chair Scott requested the word edit on page 8 of “super seceded” to “superseded.”

Board Member Williams motioned to approve the minutes. The motion was seconded by Board Member Workman. The motion carried unanimously.

### 5) Election of board chair and vice-chair

Board Member Williams motioned that Bruce Scott remain as chair and Andrew Belanger as vice-chair. Board Member Ruschmeyer seconded the motion, and it passed unanimously.

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

Jason Cooper, with the Nevada Division of Environmental Protection (NDEP), gave an update on the Drinking Water State Revolving Fund (DWSRF). As of July 15, 2020, there was \$54,495,804.92 in the bank, with \$24,515,839.97 committed funds not yet disbursed. Mr. Cooper presented commitments to the board in the amount of \$2,160,412.00. Over the next three years, the lowest cash balance would be \$25,635,630.00.

Mr. Cooper displayed projections for the next three years. DWSRF currently has \$3,466,860.78 available in principal forgiveness funding, with \$2,160,412 presented to the board. Mr. Cooper said that left \$1.3 million on the table to commit to other projects. It is anticipated with the approval of the 2020 grant, an additional \$2,552,800 in principal forgiveness funds will be available.

In the DWSRF 2020 Intended Use Plan, the following items were highlighted changes:

- The principal forgiveness maximum amount was raised to \$1,000,000. Systems are still required to self-evaluate water rates every three years, prepare a fiscal sustainability plan, and fund a capital replacement reserve account.
- Extenuating circumstances that allow additional funds over \$1 million was expanded to include:
  - Failing infrastructure that threatens the only source of supply or the only storage facility for the system.

- Special incentive for loans until March 27, 2021. Borrowers taking out a loan of \$2 million or more may receive \$250,000 in principal forgiveness. Certain conditions apply. The system does not need to be in a disadvantaged community or small system to qualify. The system must still demonstrate sufficient rates, a fiscal sustainability plan (or equivalent), and a capital replacement reserve.

Board Member Ruschmeyer commented that he felt the cap increase of principal forgiveness will assist smaller systems with the ability to complete larger cost projects.

## 1) Funding update for the Capital Improvements Grant Program

Mr. Cooper stated the funding for the Capital Improvements Grant Program is funded entirely by state issued tax-exempt bonds. As of July 15, 2020, there is \$1,476,863.58 in the bank, with \$14,064.81 reserved for administration, and \$328,426.01 committed to projects not yet disbursed. The projects presented to the board were for a total of \$1,134,372.00, which will leave \$0.76 left to commit from current funds. In the last legislative session, Assembly Bill 541 authorized the State Treasurer's Office to issue up to \$3 million in bonds. The Treasurer's Office issued \$1.5 million in bonds on December 10, 2019, and the additional \$1.5 million was requested by the program in July for a Fall 2020 issuance.

## 2) Approval of the Drinking Water Priority List-Effective July 2020

Sharada Maligireddy, with NDEP, stated that projects are ranked into four classes:

- Class I, significant or acute health risks
- Class II, violation of primary and/or secondary drinking water standards
- Class III, infrastructure rehabilitation and replacement projects
- Class IV, refinancing of existing debt

DWSRF can fund community public water systems (both private and political subdivisions) and non-transient, non-community water systems (non-profits, such as schools, office buildings). If applications are received for multiple projects or systems and two systems are evenly ranked, then the system with the largest population will be ranked higher. Points are multiplied by the ratio of the state median household income to the applicant system's median household income, derived from the U.S. Census Bureau.

Mr. Cooper noted that 13 projects were added to the list and incorporated into the longer list in the packet, with five projects being removed. The projects were removed because they are completed, or were requested to be removed.

Mr. Cooper clarified the title change to the Drinking Water Priority List-Effective July 2020 from the previous title of the priority list that referenced the state fiscal year.

Board Member Ruschmeyer motioned to approve the Nevada Drinking Water Priority List-Effective July 2020 as presented. The motion was seconded by Board Member Workman. The motion carried unanimously.

## 1) Project list for consideration

Ms. Maligireddy and Mr. Cooper introduced the following projects (9a – 9e):

- a. **Topaz Ranch Estates GID** – [See staff report, Exhibit 9A](#)

Ms. Maligireddy and Mr. Cooper recommended the board approve a \$79,662.00 loan for Topaz Ranch Estates GID to fund a Preliminary Engineering Report (PER) and Environmental Report. The estimated project cost is \$93,720, \$79,662 of which will come as a principal forgiveness loan from the State Revolving Fund (SRF) program. The remaining \$14,058 will be funded by the water system.

Trever Smith, of Topaz Ranch Estates, explained the need for an additional well for the system.

Cody Black, of Shaw Engineering, added that there is a need for an updated PER to address system issues and to find the right location for a new well.

Vice-Chair Belanger motioned to approve Resolution D07A-2020 Topaz Ranch Estates General Improvement District PER/ER for Water System Project Loan Commitment, intended to finance certain projects in an amount not to exceed \$79,662.00. The motion was seconded by Board Member Williams. The motion carried unanimously.

**b. McGill Ruth General Improvement District – [See staff report, Exhibit 9b](#)**

Ms. Maligireddy and Mr. Cooper recommended the board approve a \$80,750 loan for McGill Ruth GID to fund a Preliminary Engineering Report and Environmental Report. The estimated project cost is \$95,000, \$80,750 of which will come as a principal forgiveness loan from the SRF program. The remaining \$14,250 will be funded by the water system.

Chair Scott asked if consolidation was an option. Kurt Carson, with McGill Ruth, answered it is currently not an economical or feasible option.

Vice-Chair Belanger motioned to approve Resolution D07B-2020 Town of Ruth PER/ER update for Water Project Loan Commitment, intended to finance certain projects in an amount not to exceed \$80,750. The motion was seconded by Board Member Williams. The motion carried.

**c. Hawthorne Utilities – [See staff report, Exhibit 9C](#)**

Ms. Maligireddy and Mr. Cooper recommended the board approve a \$1,000,000 loan for Hawthorne Utilities to be used to replace their failing storage tanks. The estimated project cost is \$4,535,000, \$1,000,000 of which will come as a principal forgiveness loan from the SRF program. The remaining \$3,535,000 will be funded by the United States Department of Agriculture (USDA) Rural Development as a loan and grant combination.

Mr. Cooper stated staff has noted rates would need to increase by approximately 24 percent for the system to reach a sufficient rate to operate the current and improved system. Staff recognized the commissioners cannot raise rates until January 2021 due to timing with the budget submission, but recognized the board approved a rate study to begin to get the system where it needed. Therefore, staff felt rates are sufficient and will be monitored going forward. The loan will contain a condition that water rates will be reviewed by the system every three years.

Brent Farr, of Farr West Engineering, stated that the tank project has been needed for quite some time and will provide better stability for the water system.

Larry Grant, of Hawthorne Utilities, explained how the maintenance of the current tank has been an ongoing task. He added that the community and commissioners realized the rates need to be raised to make the system sustainable moving forward.

Board Member Workman motioned to approve Resolution D-07C-2020 Hawthorne Utilities Project Loan Commitment, intended to finance certain projects in an amount not to exceed \$1,000,000. The motion was seconded by Board Member Williams. The motion carried.

**d. Lovelock Meadows Water District – [See staff report, Exhibit 9D](#)**

Ms. Maligireddy and Mr. Cooper recommended the board approve a \$1,000,000 loan and a \$487,500 grant commitment to Lovelock Meadows Water District (LMWD) for rehabilitation of its storage tank. The estimated project cost is \$1,750,000, \$1,000,000 of which will come as a principal forgiveness loan from the SRF program. Another \$487,500 will come from the Capital Improvements Grant. The remaining \$262,500 will come from local funding. Currently, LMWD has a tank rehabilitation project taking place, and will keep costs down on the second tank since contractors are already in place.

Chair Scott commented that building steel tanks on corrosive soil is a problem. He added it is more cost-effective to build tanks on good base material moving forward. He concluded by saying it is good to see a second tank being taken care of to ensure there will be no storage issues in the future.

Board Member Ruschmeyer motioned to approve Resolution D07D-2020 Lovelock Meadows Water District Project 2 Loan Commitment, which is intended to finance certain projects in an amount not to exceed \$1,000,000. The motion was seconded by Board Member Williams. The motion carried.

Board Member Williams made a second motion to approve Resolution G07D-2020 Lovelock Meadows Water District Tank Project 2 Grant Commitment, which is intended to finance certain water projects in an amount not to exceed \$487,500. The motion was seconded by Vice-Chair Belanger. The motion carried.

**e. Churchill County – [See staff report, Exhibit 9E](#)**

Ms. Maligireddy and Mr. Cooper recommended the board approve a \$646,872 grant commitment for the purpose of constructing a new well and installing a transmission to connect the well to an existing water system. The estimated project cost is \$1,318,000, \$646,872 which will come from the Capital Improvements Grant Program. The remaining \$671,128 will be funded by USDA as a loan and grant combination. Marie Henson, with Churchill County, said this secondary water source is needed for the health and safety of the water system.

Board Member Ruschmeyer motioned to approve Resolution G07E-2020 Churchill County Sand Creek Redundant Well Project Grant Commitment, which is intended to finance certain water projects in an amount not to exceed \$646,872. The motion was seconded by Board Member Workman. The motion carried.

## **1) Capital Improvements Grant Program policies**

### **a. Policy on nonprofit public systems**

Mr. Cooper presented that the policy's name change had been modified as suggested by the board at a previous meeting.

Vice-Chair Belanger motioned to approve the policy on nonprofit public systems as amended. The motion was seconded by Board Member Williams. The motion carried unanimously.

### **b. Policy on septic to community sewage system connections**

Mr. Cooper summarized a discussion that had taken place on the policy at a previous board meeting. He proposed a new version of the policy containing board suggestions from that meeting.

Board Member Ruschmeyer quoted the term “unless the board deems otherwise” from the previous board meeting minutes and questioned where the term would be added into the new policy. Mr. Cooper suggested adding “Unless the board deems otherwise” at the beginning of the policy.

Chair Scott suggested adding to the policy a reference to subdivision approvals. Mr. Cooper acknowledged and proposed adding “unless Waters of the State is being impacted by failing septic systems and the subdivision was approved after this date.”

Board Member Williams suggested the policy should be worded to say “approved prior to the date of the policy” rather than “installed and operating prior to the date of the policy.”

Chair Scott stated it was better to tie the policy to a whole subdivision instead of just individual lots. Mr. Cooper proposed rewording the policy to note that change.

Mr. Cooper asked for a member of the board to summarize the policy in order to review the comments proposing word changes. Mr. Cooper reread the policy: “Unless the Board deems otherwise, it is the policy of the Board for Financing Water Projects to discontinue funding for the abandoning of individual septic tanks and connecting the homes to community sewer systems unless Waters of the State is being impacted by failing septic systems and the subdivision was approved after the date of this policy.” Board Member Williams stated the last line of the policy should be written “...and the septic system was approved as part of a subdivision prior to the date of this policy.”

Valerie King, with NDEP, said staff would need to look at the proposed rewording of the policy to ensure legislative intent is not contradicted.

All board members agreed to table discussion on the policy until a future meeting.

### **c. Discussion of board policy additions and changes**

Mr. Cooper stated that staff had not been able to review a change to the grant scale, but will bring it to the board when there is something for the board to review.

Mr. Cooper asked if the board would like staff to prepare a policy regarding funding of water resource plans.

Vice-Chair Belanger commented the legislature should review and comment on how the plans will be funded, because Capital Improvement Grant money will never work to fund the water plans as written in the bill.

Board Member Williams agreed with Vice-Chair Belanger that the legislature should be responsible for correcting the error in the bill instead of putting a policy over it. She added that the water plans cannot be funded unless they are tied to a capital project.

Chair Scott stated the Capital Improvement Grant program does not have enough money for capital projects as it is, let alone for planning projects.

Jennifer Carr, with NDEP, said it was recognized in the bill hearing that board funds would not be applicable unless tied to a capital project that qualifies for funding with tax-exempt bonds. Legislators were willing to move forward with the bill, even though there was not a clear funding source, as a way to open the door for projects in the future. Ms. Carr added that a county which needed funds to complete a water resource plan would need to reach

out to the legislature. That way, the bill would have to be cleaned up to include information on available funding for the water resource plans.

Board Member Williams suggested that it would be beneficial to small communities to have a policy stating when a water resource plan could and could not be funded with capital improvement funds.

Chair Scott said it should be the legislature's responsibility to advise funding for the water resource plans, to ensure it is understandable for the board and the small communities that may need it.

Vice-Chair Belanger commented that NDEP staff should have been able to explain what can or cannot be done with capital improvement funding before the bill was passed, even without any funding mechanism in place for the bill to work. He clarified that it was not staff's fault for the errors in the bill.

## **2) Board comments**

There were no board comments.

## **3) Public comment**

There were no public comments.

## **4) Adjourn the Board for Financing Water Projects meeting**

The board meeting adjourned at 4:06 pm.

## **2) ATTACHMENTS**