

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

Summary Minutes

Wednesday, October 26, 2016

9:00 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
Andrea Seifert, Ex-officio Member

Staff Attending:

Katie Armstrong, DAG
Daralyn Dobson
Michelle Stamates
Jason Cooper
Misti Gower

A. INTRODUCTION AND ROLL CALL (Non Action)

The meeting was started at 9:00 AM by Chairman Scott who invited Board members and others present to introduce themselves.

B. APPROVAL OF MINUTES - May 4, 2016 MEETING (For Possible Action)

Motion: Mr. Walker moved to accept the minutes as written. Mr. Workman seconded and the motion passed unanimously.

C. DRINKING WATER STATE REVOLVING FUND PROGRAM

1. Program Funding Availability (Non Action)

Ms. Dobson reviewed the available funding in the Drinking Water State Revolving Fund (DWSRF) Program. Currently there is \$36,000,000 in the fund; pending projects would require \$15,000,000, leaving \$21,000,000 unobligated. Ms. Dobson explained that, if all of the projects presented at this meeting were approved, there would be no further principal forgiveness funding remaining in the 2016 EPA grant for unobligated projects. We expect to hear details regarding the 2017 EPA grant amount and principal forgiveness rules/requirements sometime in January 2017.

Ms. Dobson provided a short summary of the Capital Improvements Grant Program with current available funds totaling \$178,000, a portion of which would need to be held back for Administrative costs. She explained that Staff had not heard from anyone about possible additional funding in the upcoming legislative session.

Ms. Dobson also mentioned BDR 356 which would fund a cloud seeding program with funding that would possibly require approval by the Board for Financing Projects. There was a brief discussion on the BDR, and Chairman Scott asked for an update on any new information at the next meeting.

2. Discussion and Possible Approval of the 2017 - Revision 1 Priority List (For Possible Action)

Ms. Stamates presented the 2017 - Revision 1 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 August 9, 2016. There were questions and a brief discussion about non-profit entities and the refinancing section on the Priority List.

Motion: Ms. Williams moved that the 2017 - Revision 1 Priority List be approved as presented by staff. Mr. Walker seconded and the motion passed unanimously.

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

Mr. Cooper presented the following Refinancing Loan commitment proposal. For Mr. Cooper's detailed report on each proposal, see the attachments to these minutes.

a. Lovelock Meadows Water District - Loan Refinancing - (For Possible Action)

This proposed project is for the consolidation of debt of four 40-year USDA Revenue Bond Loans issued to the Lovelock Meadows Water District in 2000, 2007, and 2010 in the total amount of \$4,501,000. The interest rate for these loans is between 4 and 4.75%. A DWSRF consolidation loan will lower the interest rate to 2.5% which will save the District about \$1.6 million in debt service and \$44,963 annually, which could be used for system improvements. Since the current bonds are revenue bonds and carry a debt reserve stipulation, the refinancing will also free up this reserve cash.

During Board discussion, Mr. Belanger asked if the loan term would change and if staff could add information on entities that were given a Capital Improvement Grant in the past. Mr. Cooper answered that the DWSRF usually gives 20-year terms on loans but that it had been decided that a 30-year term would be best for the District. Mr. Cooper also explained that the District had been following the Capital Improvements Grant Program requirements and funding their capital replacement account since the grant funding agreements were put into place by the Board and that they currently have \$572,000 in restricted cash in this account.

Mr. Walker asked about the Capital Improvements Grant given to the District for replacement of pipelines and the Board request for an exemption on the spacing of fire hydrants in the rural areas of the Upper and Lower Valleys. Mr. Kiel, general manager for the District, answered that the District did get the exemption and that hydrants were placed about every mile where houses were located and in spots where growth was happening.

Motion: Mr. Walker moved to approve the Resolution designated the "10-2016 Lovelock Meadows Water District Refinancing Loan Commitment" for a loan commitment for the purpose of refinancing existing debt in an amount not to exceed \$4,501,000. Ms. Williams seconded and the motion passed unanimously.

Ms. Stamates then presented the following 5 project loan proposals for possible action by the Board. For Ms. Stamates' detailed report on each proposal, see the attachments to these minutes.

b. Churchill County – Casey Road Mobile Home Park Consolidation - (For Possible Action)

Ms. Stamates requested that Ms. Seifert present information on the Found Systems Program in the Bureau of Safe Drinking Water, as the Casey Road Mobile Home Park is a found system. Ms. Seifert provided detailed information about the new program and how the Casey Road water system fits the requirements for the program.

Ms. Stamates then presented the proposed project to the Board. The overall project will include abandoning the existing water well and septic system leach fields at the Park, and consolidating the Park with the County municipal water and wastewater systems. This consolidation will not affect the degree of treatment or capacity of the Churchill County systems. Water and sewer mains are located adjacent to the Park within the Casey Road right-of-way and are available for connection of the Park.

The proposed drinking water portion of the project will include the installation of: a new 2-inch service connection from the existing mobile home park well to the existing County meter box, a 2-inch turbine flowmeter, a backflow prevention assembly, a pressure regulator, and proper well abandonment.

Adding the Park to the municipal system will have minimal increase in operation and maintenance requirements for the County. The County will handle all funding for the design and construction of the project. The County and Park have a signed, legal agreement for the consolidation.

Ms. Lockwood, Churchill County Manager, and Ms. Henson, County Building Inspector, were in attendance and provided additional information on the consolidation.

Mr. Workman suggested a change for the system hookup from a 2” turbine meter to a 2” compound meter to pick up low flows for operational purposes.

Mr. Walker questioned the Park owner’s financial responsibilities to the project. Ms. Lockwood and Ms. Henson explained that the agreement with the Park’s owner included sharing some engineering fees.

Mr. Belanger asked if the Board was voting on the Drinking Water portion of the project only, and Ms. Stamates answered yes and explained that the Park was under a boiled water order and that they were working with the Bureau of Safe Drinking Water to meet the drinking water requirements. Ms. Seifert added information on the requirements and what the Park has to do in the interim until the project is finished.

Ms. Williams asked about the transfer of the water rights from the Park to the County, and both Ms. Lockwood and Ms. Henson confirmed that the owner had sufficient water rights to dedicate to the County for the water service.

Motion: Mr. Workman made a motion that the Board for Financing Water Projects approve a resolution designated the “10-2016 Churchill County - Casey Road Mobile Home Park Consolidation Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$137,600. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100% of the principal will be forgiven. Ms. Williams seconded and the motion passed unanimously.

c. Round Hill GID - Castle Rock Consolidation- (For Possible Action)

The Castle Rock water system will be managerially consolidated with the Round Hill GID (RHGID) system, allowing RHGID the ability to make necessary improvements to increase system reliability. RHGID provided legal documentation detailing the transfer of water system appurtenances from Castle Rock to the RHGID. As RHGID already provides the water to Castle Rock via a master meter, they have the required water rights to serve this project.

This project also includes the replacement of all of the existing water mains, improvements to system flow and flushing, and installation of 40 individual meters within the Castle Rock subdivision. RHGID proposes to use HDPE or PVC for this project and trenchless technology wherever possible. Adding the Castle Rock area to the system will have minimal increase in operation and maintenance requirements for the RHGID.

Mr. Workman asked if the main lines for the subdivision were within paved roadways. Mr. Reed, General Manager for RHGID, confirmed that the main existed in both paved and unpaved rights-of-way, and there was a subsequent discussion of leaky water mains and roadway conditions in Castle Rock. Mr. Reed also informed the Board that the majority of the road work would be funded through the association.

Mr. Walker asked about water rights and metering, and Mr. Reed stated that the system was currently master metered and RHGID had all necessary water rights.

Motion: Mr. Walker made a motion that the Board for Financing Water Projects approve a resolution designated the “10-2016 Round Hill General Improvement District - Castle Rock Townhomes Association Consolidation 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. Ms. Williams seconded and the motion passed unanimously.

d. City of Carlin- Preliminary Engineering Report & Environmental Review- (For Possible Action)

A Preliminary Engineering Report (PER) and Environmental Review (ER) are needed to analyze current problems with the City’s water system. The PER and ER will be a significant effort, given that no information is available from previous studies. The City lacks good utility maps of the system and is addressing this issue as a part of the PER. The scope of work will follow the USDA RUS Bulletin guidelines for PERs and ERs. The most labor intensive work will be in creating a GIS database that identifies the location, size, material, and condition of utility assets and also allows for the development of an accurate hydraulic model of the system. Other elements of this project will include a metering plan and rate study.

Ms. Stamates addressed a few comments and questions from the Board about funding PER projects.

Mr. Jones, the City Manager for the City Carlin, and Mr. Farr from Farr West Engineering were at the meeting and addressed a few comments and questions from the Board and there was a brief discussion of the project and funding.

Motion: Ms. Williams made a motion that the Board for Financing Water Projects approve a resolution designated the “10-2016 City of Carlin Project Loan Commitment” for a loan

commitment for the purpose of financing certain projects in an amount not to exceed \$75,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Mr. Workman seconded and the motion passed unanimously.

e. Alamo Sewer & Water GID - Preliminary Engineering Report & Environmental Review- (For Possible Action)

This proposed project is a PER and ER in order to evaluate anticipated projects required to upgrade the existing water system and ensure compliance with state and federal regulations. The PER will allow the GID to evaluate alternatives and costs of future capital improvements that may be necessary to maintain system capacity and reliability.

Mr. Farr and Mr. Sommers from Farr West Engineering were at the meeting and addressed a few comments and questions from the Board. There was a brief discussion regarding the population projections, system issues, water rights, number of system connections, and scope of the PER.

Ms. Seifert shared the arsenic background for the system.

Motion: Mr. Belanger moved to approve resolution designated the "10-2016 Alamo Sewer & Water GID Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$60,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Ms. Williams seconded and the motion passed unanimously.

f. Mineral County - Hawthorne Utilities Regional Water Plan - Preliminary Engineering Report & Environmental Review- (For Possible Action)

This proposed project is PER and ER for the Hawthorne Utilities to establish a regional water plan. One of the goals of the plan is to ensure sustainable water resources, including quantity and quality, at an affordable rate to local residents. The plan will outline methods for making the most efficient use of available water resources, including a regional utility consolidation plan.

Mr. Grant, Director of the Hawthorne Utilities, Ms. Fitzgerald from Hawthorne Utilities, and Mr. Farr from Farr West Engineering addressed a few comments and questions from the Board. There was a brief discussion on connections, system funding, system functions and location, service population and longevity, and state oversight for the Hawthorne Army Depot system. Ms. Seifert and Mr. Grant shared information about the water quality in the different areas of the systems and existing interties between some of the systems.

Motion: Mr. Walker moved to approve a resolution designated the "10-2016 Mineral County Project Loan Commitment" for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$63,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. Ms. Williams seconded and the motion passed unanimously.

D. BOARD COMMENTS - (Non Action)

Chairman Scott made the comment that they were experimenting with cloud seeding around Mt. Grant in the Wassuk Range, and Mr. Grant from Hawthorne Utilities added that they were using drones for that cloud seeding.

There were no other Board comments.

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

E. PUBLIC COMMENTS - (Non Action)

Mr. Farr made the comment that since CDBG was not providing as much funding to water systems at this time, he was grateful for the opportunity to come to the Board for Financing Water Projects for the funding of PERs.

Ms. Dobson made the comment that the DWSRF requirements were strict on the PER content and deliverables and could not be used for planning only - they have to be attached to a project. Ms. Seifert also provided some historical information on the Capital Improvements Grant Program and funding of PERs.

Ms. Seifert presented information about the lead and copper rule and a \$90,000 Environmental Protection Agency grant received by NDEP, in early September. The grant funds are specifically to test and address lead in drinking water in Nevada elementary schools. NDEP will be monitoring and sampling the drinking water at all the public pre-K and the elementary schools in the state and will have some funds for premise plumbing replacements. Mr. Workman commented on the program and how it worked with the oldest elementary school in Dayton.

F. ADJOURNMENT

There being no other business, the Board meeting adjourned at 11:15 AM.

ATTACHMENTS

- ATTACHMENT 1: **2017 - Revision 1 Priority List**
- ATTACHMENT 2: **Lovelock Meadows Water District**
- ATTACHMENT 3: **Churchill County - Casey Road MHP Consolidation**
- ATTACHMENT 4: **Round Hill GID - Castle Rock Consolidation**
- ATTACHMENT 5: **City of Carlin**
- ATTACHMENT 6: **Alamo Sewer & Water GID**
- ATTACHMENT 7: **Mineral County - Hawthorne Utilities**

ATTACHMENT 1

2017 - Revision 1 Priority List

Year 2017 – Revision 1 Priority List

Board for Financing Water Projects Summary Drinking Water State Revolving Fund October 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 – REVISION 1 PRIORITY LIST DEVELOPMENT

Several water systems approached the DWSRF after the 2017 Priority List was finalized with projects they considered ready to proceed within six months. At that time, an urgent project was planned for addition to the CWSRF Priority List, thereby making sense to also add these new projects to the DWSRF

Priority List at the same time. The following six (6) new projects submitted pre-applications to be added to the 2017 – Revision 1 Priority List.

<u>Rank</u>	<u>Applicant</u>	<u>Project</u>
2	Las Vegas Valley Water District	Consolidation of Sunrise Mountain Trailer Park with LVVWD (Nitrate Issue with Park Well)
36	Truckee Meadows Water Authority	Consolidation of River Belle MHP with TMWA
37	Truckee Meadows Water Authority	Consolidation of Verdi Mutual Water System with TMWA
39	Round Hill GID	Consolidation of Castle Rock HOA with RHGID
40	Churchill County	Consolidation of Casey Road MHP with Churchill County
89	Lovelock Meadows Water District	Loan Refinancing

Three (3) 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 August 9, 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 – Revision 1 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 – Revision 1 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 – REVISION 1 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 August 9, 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 – Revision 1 Priority List Resolution.”

Section 2. Based on its review of the information and recommendation submitted to the Board concerning the Year 2017 – Revision 1 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 – Revision 1 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 – Revision 1 Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

Section 4. The Year 2017 – Revision 1 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 OCTOBER 26, 2016.

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

Attachment A

2017 – Revision 1 Priority List

Year 2017 - Revision 1 - 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	Riverbelle MHP	5	0.74	3.69	Private	WA	NV0000244	150	71	PER/ER, new source - possible consolidation	\$833,500
2	Las Vegas Valley Water District	2	1.03	2.05	Public	CL	NV0000090	1,306,410	354,123	Consolidation of Sunrise Mountain Trailer Park	\$302,137
Total Class I											\$1,135,637

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	LCR 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, LCR 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	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
16	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
17	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
18	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
19	Elko Co (Montello)	15	3.45	51.81	Public	EL	NV0000169	180	75	PER/ER; New source	\$500,000
20	Spirit Mountain Utility	21	2.23	46.83	Public	CL	NV0000221	244	120	New well, transmission & distribution lines	\$1,287,500
21	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
22	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
23	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
24	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
25	Orovada GID	19	1.88	35.75	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
26	Elko Co (Mountain City)	23	1.53	35.24	Public	EL	NV0000170	134	40	Spring rehabilitation & transmission line replacement	\$993,384
27	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

<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											
28	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
29	Baker GID	10	3.00	30.05	Public	WP	NV0000863	100	81	New welded steel storage tank	\$476,375
30	Storey County (Virginia City)	24	1.20	28.81	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
31	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
32	Sage Valley MHP	25	1.13	28.21	Private	CH	NV0002023	188	50	System rehab: new well pump, pressure tank & flow meter	\$60,500
33	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
34	City of Carlin	39	0.71	27.50	Public	EL	NV0000014	2,500	900	PER/ER; Source, storage, transmission & distribution rehabilitation/replacement	\$75,000
35	Gerlach GID	10	2.68	26.84	Public	WA	NV0000071	200	140	Replace redwood storage tank	\$400,000
36	Truckee Meadows Water Authority	25	1.04	26.11	Public	WA	NV0000190	325,000	91,000	Consolidation of River Belle MHP with TMWA	\$500,000
37	Truckee Meadows Water Authority	25	1.04	26.11	Public	WA	NV0000190	325,000	91,000	Consolidation of Verdi Mutual Water System with TMWA	\$500,000
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	Round Hill GID	28	0.92	25.72	Public	DO	NV0000260	1,300	480	Consolidation of Castle Rock HOA with RHGID	\$568,000
40	Churchill County	25	1.01	25.33	Public	CH	NV0000406	750	320	Consolidation of Casey Rd MHP with Churchill Co	\$137,600
41	Gold Country Water Co	25	0.99	24.68	Private	HU	NV0003079	360	122	Acquisition/consolidation of Star City HOA water system	\$675,000
42	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
43	Silver Springs Mutual Water Co	15	1.57	23.49	Private	LY	NV0000223	2,500	1,015	Replacement well	\$730,000
44	Jackpot	15	1.55	23.20	Public	EL	NV0000088	1,195	98	PER - Well 3 replacement	\$50,000
45	Blue Diamond Water Coop	59	0.37	21.84	Private	CL	NV0000092	85	23	PER/ER; Full system repair/rehab	\$1,194,400
46	Lamoille Water Users, Inc	39	0.54	21.00	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
47	McGill - Ruth GID	18	1.10	19.82	Public	WP	NV0000164	700	320	New water source for Ruth	\$1,624,000
48	Nye County (Gabbs)	6	3.16	18.94	Public	NY	NV0000063	411	160	Distribution line & appurtenances replacement	\$700,000
49	Walker Lake GID	11	1.72	18.87	Public	MI	NV0000268	400	160	Distribution rehabilitation	\$2,000,000
50	Virgin Valley Water District	18	1.04	18.74	Public	CL	NV0000167	18,000	8,071	Transmission main & storage tank - Pulte	\$5,265,000
51	Panaca Farmstead	15	1.23	18.38	Public	LI	NV0000185	963	425	Back-up well	\$500,000
52	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
53	Truckee Meadows Water Authority	15	1.04	15.67	Public	WA	NV0000190	325,000	91,000	TMWA production well additions	\$4,000,000
54	Virgin Valley Water District	15	1.04	15.62	Public	CL	NV0000167	18,000	8,071	New source(s)	\$4,050,000
55	Lyon County Utilities (Silver City)	14	1.07	15.04	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$2,000,000
56	City of North Las Vegas	15	0.98	14.75	Public	CL	NV0000175	335,365	86,665	West Cheyenne well replacement	\$825,000
57	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
58	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
59	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
60	City of Henderson	14	0.82	11.45	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$3,400,000
61	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
62	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
63	McGill - Ruth GID	10	1.10	11.01	Public	WP	NV0000164	700	320	New storage tank for Ruth	\$975,000
64	Kyle Canyon	15	0.69	10.34	Public	CL	NV0000142	1,040	353	New source	\$930,000

Rank	Water System	Total Points	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
Class III--Rehabilitation											
Community Public Water Systems											
65	Stagecoach GID	8	1.18	9.47	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
66	Baker GID	3	3.00	9.01	Public	WP	NV0000863	100	81	Metering system upgrade to radio read	\$136,288
67	Silver Peak	6	1.48	8.90	Public	ES	NV0000363	111	75	PER/ER, distribution main replacement & looping, PRV improvements	\$719,303
68	Truckee Meadows Water Authority	8	1.04	8.36	Public	WA	NV0000190	325,000	91,000	North Valleys groundwater integration project	\$15,000,000
69	Virgin Valley Water District	8	1.04	8.33	Public	CL	NV0000167	18,000	8,071	Transmission main - Mesquite to Bunkerville	\$3,375,000
70	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
71	Roark Estates HOA	10	0.76	7.61	Private	CL	NV0000319	62	27	New storage tank	\$92,500
72	City of West Wendover	6	1.25	7.48	Public	EL	NV0000246	4,990	1,103	Sycamore Way waterline improvement project	\$675,400
73	Elko Co (Tuscarora)	6	1.21	7.25	Public	EL	NV0000189	40	21	Distribution system looping	\$229,704
74	Sun Valley GID	6	1.19	7.12	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
75	Old River Water Company	6	1.13	6.77	Private	CH	NV0000303	300	112	Distribution lines	\$1,451,835
76	City of Ely	6	1.10	6.61	Public	WP	NV0000038	5,500	2,200	Distribution main replacements & storage upgrades	\$24,090,500
77	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
78	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
79	McDermitt GID	3	1.45	4.34	Public	HU	NV0000162	200	100	Meters	\$80,000
80	City of West Wendover	3	1.25	3.74	Public	EL	NV0000246	4,990	1,103	Water meter & meter yolk replacement	\$1,762,000
81	Tonopah Public Utilities	3	1.25	3.74	Public	NY	NV0000237	2,600	1,500	Metering system upgrade to radio read	\$576,000
82	Panaca Farmstead	3	1.23	3.68	Public	LI	NV0000185	963	425	Metering system upgrade to radio read	\$400,000
83	Lyon County Utilities (Dayton)	3	1.03	3.09	Public	LY	NV0000032	13,000	6,400	Systemwide meter replacement project	\$1,150,000
84	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

85	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
86	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
87	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	\$205,848,619
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Class IV--Refinance

88	City of Fernley	0	0.97	0	Public	LY	NV0000062	18,000	7,300	Loan Refinancing	\$47,000,000
89	Lovelock Meadows Water District	0	1.49	0	Public	PE	NV0000161	3,562	1,425	Loan Refinancing	\$4,600,000

Total Class IV	\$51,600,000
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TOTAL FOR ALL PROJECTS	\$300,696,438
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ATTACHMENT 2

Lovelock Meadows Water District

Lovelock Meadows Water District

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

Applicant: Lovelock Meadows Water District
Project: Refinancing debt originally issued by Lovelock Meadows Water District
SRF Loan Amount: Not to exceed \$4,501,000

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 or refinancing 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 Act. 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, inclusive, 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, Operating Agreement with EPA and an assortment of policy directives and guidance from EPA govern the DWSRF program.

NAC 445A.67564 specifically authorizes the DWSRF Program to refinance debt that was issued to design, build, or construct a project that would have been approved under the SDWA.

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

Lovelock Meadows Water District (LMWD) is seeking funds from the DWSRF program to refinance their 91-01 (1999), 91-02 (2007A), 91-03 (2007B), and 91-05 (2010) US Department of Agriculture (USDA) loans, originally secured with revenue bonds (secured by pledged revenues).

The original bonds funded construction of a new 2.5MG storage reservoir; replacement and minor addition of approximately 152,000 linear feet of pipeline and appurtenances within the City of Lovelock and both the Upper and Lower Valleys; and the installation of a new well and SCADA.



All proceeds from these loans were spent directly and solely on these projects. Additionally, the projects satisfied the necessary federal cross-cutters in force at the time of the projects, including an environmental review. These projects could have been funded directly by the DWSRF Program and are, therefore, eligible to receive funds under a refinancing agreement using DWSRF funds.

The 2017 Revision 1 Priority List placed Lovelock Meadows Water District at number 89 under Class IV – Refinance. On September 25, 2016, a bypass notice was issued to all eligible projects that were ranked higher. LMWD estimates closing this advanced refunding in May 2017, and therefore needs to start the issuance process before other projects on the list are ready to proceed. No objections to this bypass notice were received.

Financial Evaluation

The revenue bonds were originally issued in 1999, 2007, and 2010 with a 40 year maturity schedule. The remaining average life of the bonds is 19.15 years. Interest rates range from 4.00% to 4.75% with a weighted average interest rate of 4.16%. By refinancing with the DWSRF, assuming a 2.5% interest rate at closing, the net present value savings would be 18.218%. To put this into cash terms, the LMWD will be able to save on average \$44,962.74 each fiscal year and \$1,632,499 over the life of the loan by refinancing. This would ultimately strengthen their financial position allowing them to fund capital improvement projects that are needed.

The proposed loan being considered is being secured by a General Obligation (Limited Tax) (Additionally secured by pledged Revenues) Bond purchased by the State Treasurer's Office. The District has authority to issue General Obligation bonds up to 50% of their current assessed valuation per NRS 318.277. As of June 30, 2016, the District's current assessed value is \$38,416,743. Therefore, a total of \$19,208,371.50 can be issued as General Obligation debt. This bond will be for an amount not to exceed \$4,501,000.

Lovelock Meadows Water District does have a Capital Replacement Reserve Requirement as a result of two State Capital Improvement Grants received in 2006 and 2008. The balance on June 30, 2016 was \$678,329.62. The District is currently in compliance with the Board's policy. In addition to funding their reserve requirement, the Districts user rates are further sufficient to pay for operating, debt service and depreciation.

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

Recommendation

The Division recommends that the Board for Financing Water Projects approve a resolution committing funds in the amount not to exceed \$4,501,000 for the purposes of refinancing Lovelock Meadows Water District's 1999, 2007A, 2007B, and 2010 Water Revenue Bonds. The Division and the Lovelock Meadows Water District 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 “10-2016 Lovelock Meadows Water District Refinancing Loan Commitment” for a loan commitment for the purpose of refinancing existing debt in an amount not to exceed \$4,501,000.

RESOLUTION

A RESOLUTION DESIGNATED THE "10-2016 THE LOVELOCK MEADOWS WATER DISTRICT REFINANCING LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF REFINANCING EXISTING DEBT.

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 and refinancing debt 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 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 Lovelock Meadows Water District owns and operates a public water system located in and around Lovelock, Nevada; and

WHEREAS, the Division ranked the Project as #89 on the Year 2017 – Revision 1 of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, the Lovelock Meadows Water District Loan is one of those loans which funded projects that qualify under the Safe Drinking Water Act and to which a loan could have been offered when the Projects were originally performed; and

WHEREAS, the Division has determined that the Lovelock Meadows Water District has the technical, managerial and financial capability to manage and repay a loan for the refinanced Bond; 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 “10-2016 Lovelock Meadows Water District Refinancing Loan Commitment Resolution.”

Section 2. The terms and conditions for providing loans to the Applicant shall be negotiated by the Lovelock Meadows Water District with the Division.

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 Refinancing, 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 \$4,501,000 from the account for the revolving fund for a new loan to refinance existing debt of the Lovelock Meadows Water District 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 OCTOBER 26, 2016:

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 3

Churchill County - Casey Road MHP Consolidation

Churchill County – Casey Road Mobile Home Park Consolidation

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

Project: Consolidation of Casey Road Mobile Home Park with Churchill County
Project Estimate: \$ 137,600
DWSRF Loan Amount: \$ 137,600

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).

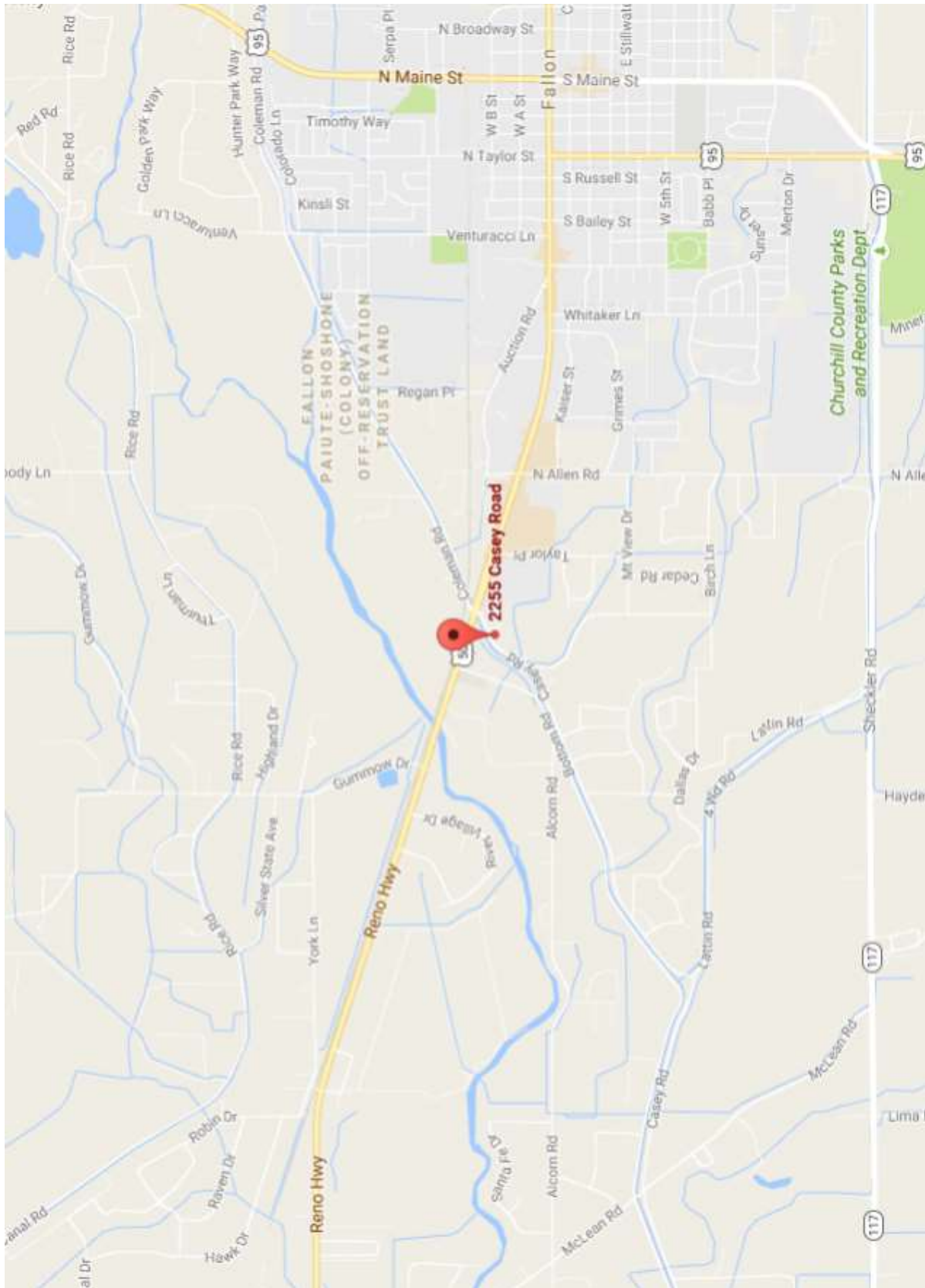
BACKGROUND

The Casey Road Mobile Home Park (Park) is located on Casey Road in Churchill County, just south of U.S. Highway 50 and west of the Fallon city limits. The Park is located on approximately 2 acres of land and has a single-family, residential home and 15 mobile home spaces (9 of which currently have mobile homes). The Park is served by a community well and commercial septic system. The Park's water system lacks treatment and storage. Both the commercial septic system and the community well have had a history of compliance problems.

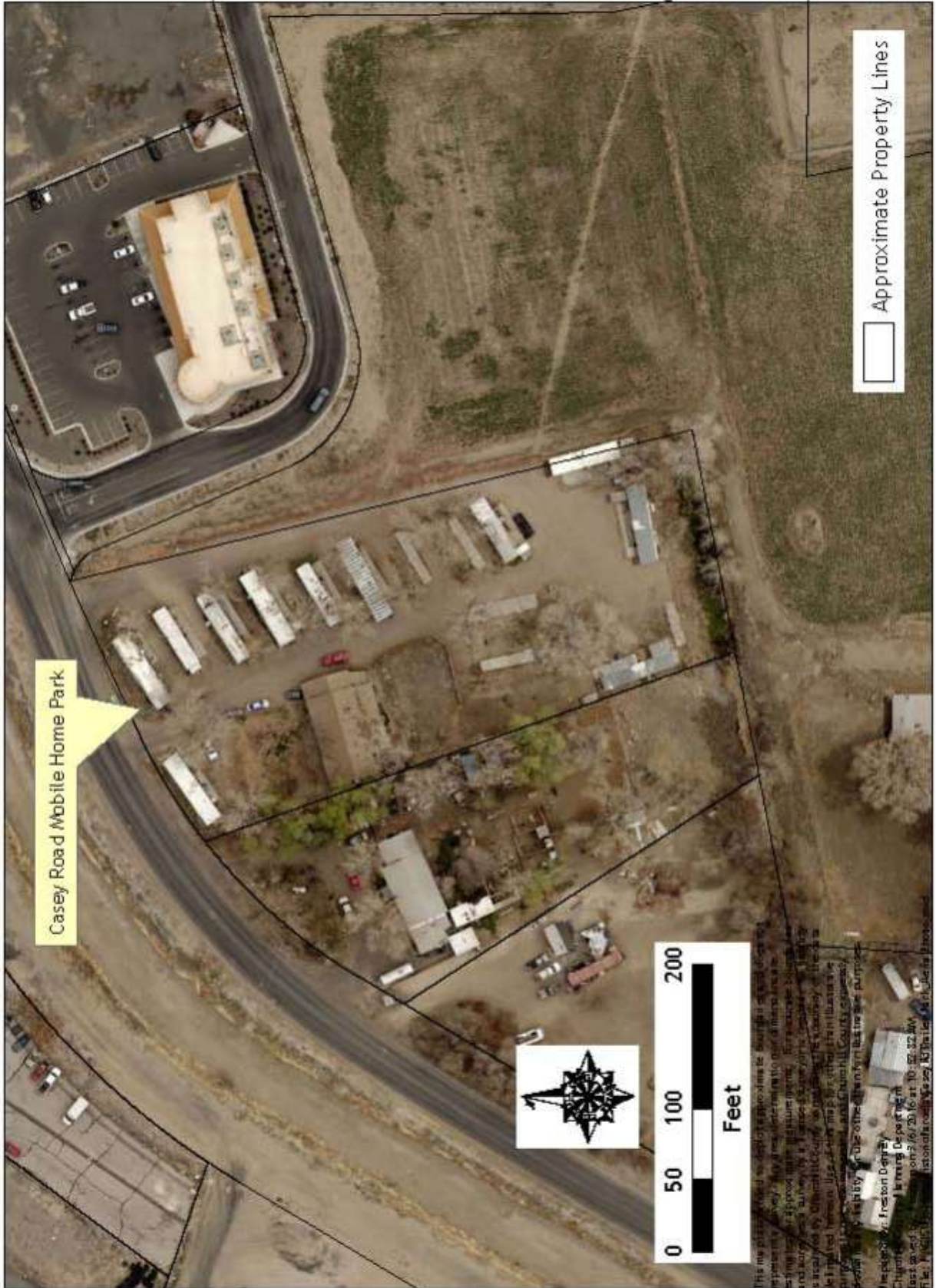
The well is drilled to a depth of approximately 35 feet, lacks a sanitary seal, and is located within 130 feet of the Park's septic system leach field. Additionally, water is typically found at a depth of 3-7 feet below ground surface and the well is located next to the V-line (irrigation) Canal and may be under the direct influence of surface water. The water quality exceeds the maximum contaminant level for arsenic and has high TDS levels. The most recent sanitary survey of the Park system (July 2016) noted a significant deficiency in that the well and appurtenant piping were not watertight and able to exclude all pollutants and contaminants.

Churchill County (County) owns and operates a municipal water system – the Sand Creek Water System – located approximately 0.6 miles from the Park. An existing water main from the County's system runs in front of the Park, and a service line and meter pit to accommodate a master meter for the Park were installed when the municipal system was constructed in 2007. The County system includes a well, arsenic treatment, and storage. The County is willing and able to consolidate the Park with its system.

An additional concern is that the Park's septic system is within County's well head protection area. The County owns and operates a municipal wastewater collection and treatment system and has a sewer main that runs in front of the Park with a service lateral extending to the Park's property line.



Casey Road Mobile Home Park location



PROPOSED PROJECT

This overall project will include abandoning the existing water well and septic system leach fields at the Park, and consolidating the Park with the County municipal water and wastewater systems. This consolidation will not affect the degree of treatment or capacity of the Churchill County systems. Water and sewer mains are located adjacent to the Park within the Casey Road right-of-way and are available for connection of the Park.

The proposed drinking water project will include the installation of: a new 2-inch service connection from the existing mobile home park well to the existing County meter box, a 2-inch turbine flowmeter, a backflow prevention assembly, a pressure regulator, and proper well abandonment.

Adding the Park to the municipal system will have minimal increase in operation and maintenance requirements for the County. The County will handle all funding for the design and construction of the project. The County and Park have a signed, legal agreement for the consolidation.

Project Alternatives

The alternative to consolidation with the County is to maintain the existing park system. Along with correcting sanitary survey deficiencies, the Park would need to add arsenic treatment to its water system as well as hiring a qualified treatment-certified operator.

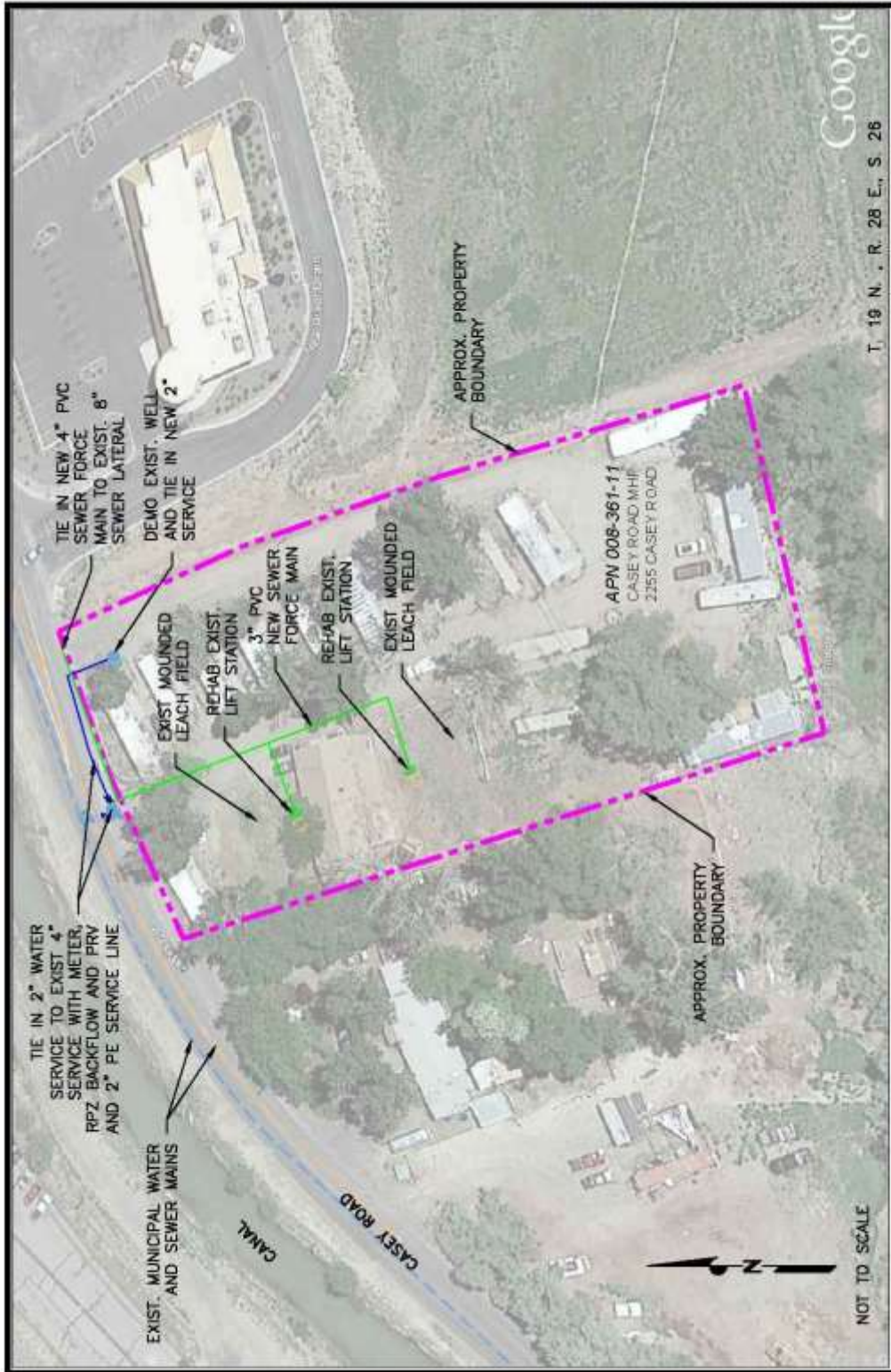
Environmental Review

NDEP assessed the potential environmental effects of the proposed project and determined that the project is eligible for a Categorical Exclusion under NAC 445A.67583 as this action entails minor expansion of the municipal water system and will not individually or cumulatively have a significant effect on the human environment and is therefore exempt from requirements to prepare an environmental impact statement.

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

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning	\$2,500			\$2,500
Design & Engineering	\$9,300			\$9,300
Land Acquisition				
Equipment/Materials				
Construction/Improvements	\$125,800			\$125,800
Administrative				
Financing Costs				
Totals by Source	\$137,600			\$137,600

Project Total



CASEY ROAD MHP
 PRELIMINARY SITE UTILITY MAP
 FALLON, CHURCHILL COUNTY NEVADA

Project Schedule

Estimated Completion

Design	March 2017
Construction	June 2017

Financial Evaluation

In order to comply with the DWSRF grant award from US Environmental Protection Agency, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or 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 the consolidation of a smaller system to a larger system is part of the project.

With no specific income survey of the mobile home park residents, the median household income (MHI) cannot be determined with accuracy and would likely default to the County MHI. The County’s MHI does not meet the definition of a disadvantaged community. However, the Park system is being consolidated with the County’s water system which would qualify for additional subsidy.

Technical, Managerial and Financial Capacity

The County’s water quality currently meets all drinking water standards and is in compliance with the requirements of the Safe Drinking Water Act. Monitoring requirements have been met. The County contracts with 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 prepares audited financial statements utilizing 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 \$137,600 to Churchill County for the purposes of consolidating the Casey Road Mobile Home Park with the Churchill County 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 Churchill 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 “10-2016 Churchill County – Casey Road Mobile Home Park Consolidation Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$137,600. 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 "10-2016 CHURCHILL COUNTY – CASEY ROAD 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, Churchill County owns and operates a public water system located in Churchill County, Nevada; and

WHEREAS, the Division ranked the Project as #40 on the Year 2017 – Revision 1 Priority List of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, the Churchill County 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 Churchill County has the technical, managerial and financial capability to manage a loan for funding 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 “10-2016 Churchill County – Casey Road Mobile Home Park Consolidation Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by Churchill 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 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$137,600 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 OCTOBER 26, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 4

Round Hill GID - Castle Rock Consolidation

Round Hill GID – Castle Rock Consolidation

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

Project: Consolidation of Castle Rock Townhomes Association with Round Hill GID
Project Estimate: \$ 568,000
DWSRF Loan Amount: \$ 500,000

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

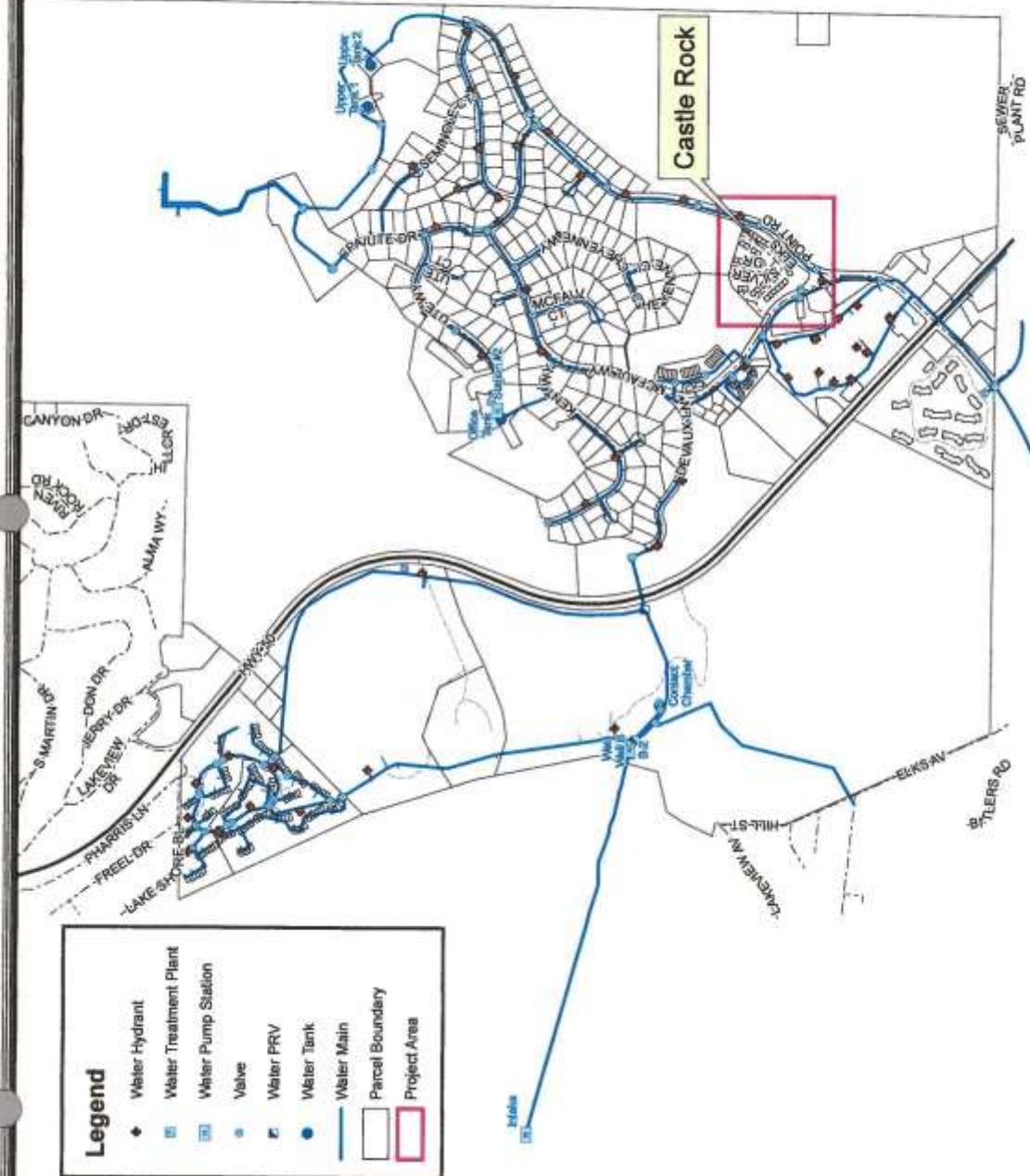


The Castle Rock Townhomes Association (CRTA) is a small residential community consisting of 40 townhomes located within the Round Hill General Improvement District (RHGID). RHGID currently provides water service to the CRTA via a master-meter. RHGID also provides sewer service and street operations including snow removal.

The water lines in the Castle Rock subdivision are 52-year-old, 6-inch steel lines which have exceeded their life expectancy and started to deteriorate. Leaks in the main feed to the area occurred in October 2012, and the exposed 6-inch pipe revealed pitting and corrosion.



The data contained herein was prepared from the most current and accurate information available and shall not be construed as a warranty, representation or assurance of accuracy. No liability is assumed for any errors or omissions. The information is to be used for the purpose stated and is not to be used for any other purpose. THE USER ASSUMES ALL LIABILITY FOR THE USE OF THIS DATA.

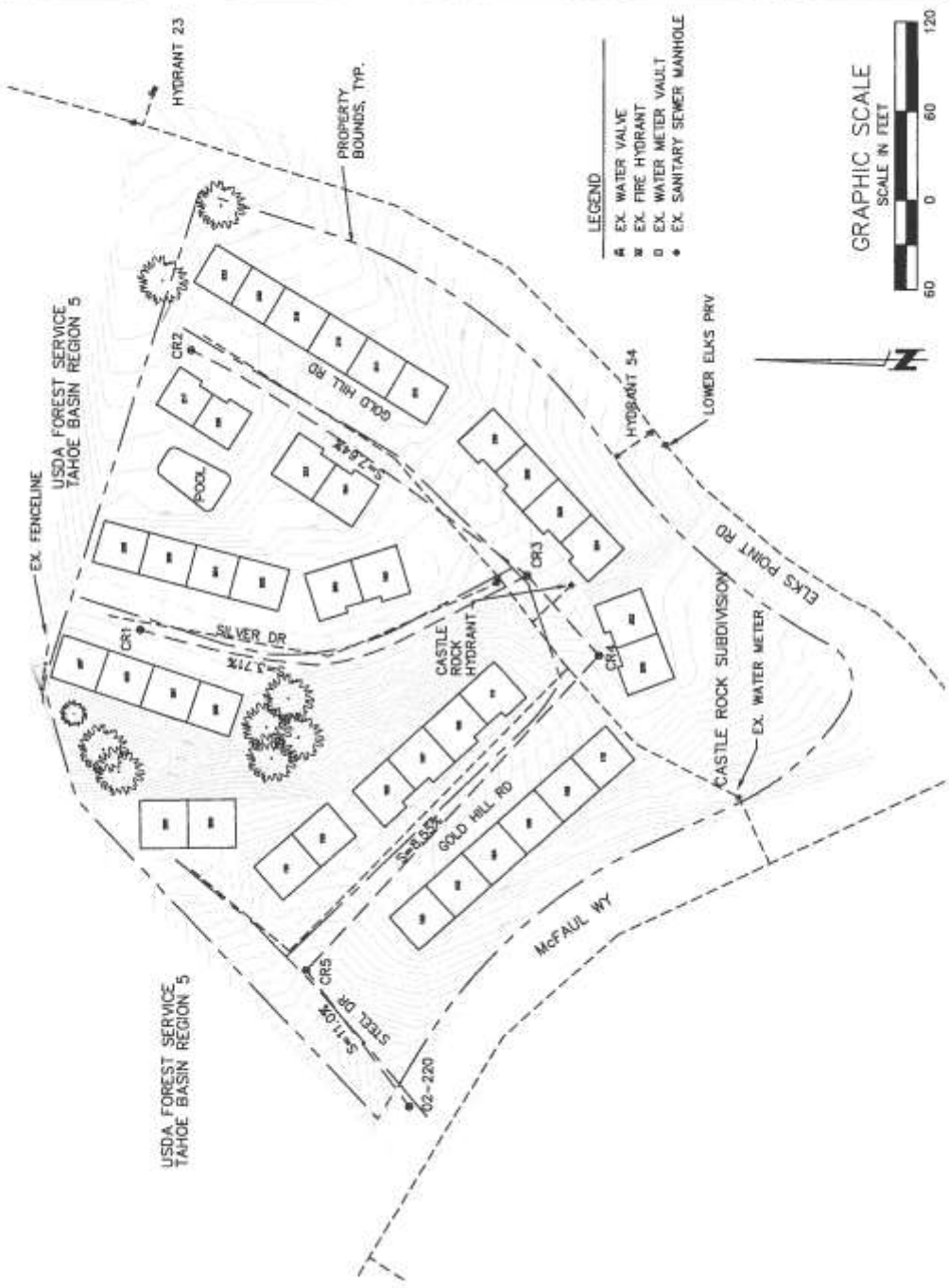


Legend

- Water Hydrant
- Water Treatment Plant
- Water Pump Station
- Valve
- Water PRV
- Water Tank
- Water Main
- Parcel Boundary
- Project Area

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NO.	DESCRIPTION	DATE



PROPOSED PROJECT

The Castle Rock water system will be managerially consolidated with the RHGID's system allowing RHGID the ability to make necessary improvements to increase system reliability. RHGID provided legal documentation detailing the transfer of ownership from the CRTA to the RHGID. As RHGID already provides the water to the CRTA via a master meter, they have the required water rights to serve this project.

This project also includes the replacement of all of the existing water mains (approximately 1,200 linear feet), improvements to system flow and flushing, and installation of 40 individual meters within Castle Rock. RHGID proposes to use HDPE or PVC for this project and trenchless technology (pipe bursting) wherever possible. Adding the Castle Rock area to the system will have minimal increase in operation and maintenance requirements for the RHGID.

Project Alternatives

Alternatives for the CRTA water system improvements were documented in a Preliminary Architectural Report in September 2013.

No action. If the CRTA continues to own and operate the water distribution system and chooses not to make any system improvements, the aging pipe will continue to deteriorate and could lead to significant leaks and breakage in time. Also, unnoticed and/or ignored leaks could cause major damage to other infrastructure like the area roads which appear to have a lack of structural base. With no ability to store water, residents could find themselves without water until repairs could be made. Costs for repairs alone could be significant and seasonal issues within the Tahoe Basin could add to the cost.

The CRTA could undertake a project to replace the water mains. The existing infrastructure was constructed with dead-end mains on each street with no means of flushing the mains. Looping the system or providing hydrants or other means of flushing the lines would be required by Douglas County code as a part of any rehabilitation project. Providing an alternative feed to the CRTA was also recommended in this alternative. The CRTA is not a regulated water system and is, therefore, not eligible for funding from the DWSRF; however, the CRTA is eligible for a loan from the US Department of Agriculture – Rural Development (USDA). The debt service for any loans would be borne by the individual homeowners within the CRTA.

Environmental Review

This project was originally reviewed for funding by the USDA. The USDA provided information on their environmental review and cross-cutter consultations. NDEP assessed the potential environmental effects of the proposed project based on the information provided by the RHGID and USDA and determined that the project is eligible for a categorical exclusion under NAC 445A.67583 as the proposed project includes the rehabilitation of existing infrastructure with minor upgrades to assure water quality. The proposed project will not individually or cumulatively have a significant effect on the human environment and is therefore exempt from requirements to prepare an environmental impact statement.

Permits/Easements/Reviews

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

Construction:

- Construction shall comply with Douglas County Engineering Design Criteria & Improvement Standards
- Permits will be obtained from Douglas County & the Tahoe Regional Planning Agency as required

Cost Estimate:

Budget Item	DWSRF Funding	Local Funding	Other	Totals by Use
Planning			\$10,000	\$10,000
Design & Engineering	\$72,000		\$8,000	\$80,000
Land Acquisition				
Equipment/Materials	\$214,000			\$214,000
Construction/Improvements	\$214,000			\$214,000
Administrative			\$50,000	\$50,000
Financing Costs				
Totals by Source	\$500,000		\$68,000	\$568,000

In accordance with the 2016 DWSRF 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. RHGID is aware of this limit, and they have provided a legal agreement with the CRTA whereby the CRTA will reimburse RHGID for all costs exceeding the amount of funding obtained from the DWSRF. RHGID will support all costs exceeding \$500,000 from their water enterprise fund reserves and then recover those costs from the residents of CRTA through the legal agreement.

Project Schedule

Planning, Design, & Specifications	December 2016 – February 2017
Bidding & Contract Award	March 2017 – April 2017
Construction Commencement	May 2017
Project Completion	September 2017

Financial Evaluation

In order to comply with the DWSRF grant award from US Environmental Protection Agency, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or 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 (based on median household income – MHI) or where

consolidation of a smaller system to a larger system is part of the project. The MHI of the Castle Rock community cannot be determined with accuracy and would likely default to that of the RHGID which does not meet the definition of a disadvantaged community. However, the system is being consolidated with the RHGID water system which would qualify for additional subsidy.

It should be noted that if CRTA would have been required to take a DWSRF loan to fund this project, the debt service per connection, per month would be approximately \$72.08. Adding this to their current user rate of \$63.00 per user per month for 15,000 gallons used, that would be \$135.08 or 214% increase.

Public Participation

The consolidation of CRTA with RHGID and subsequent system rehabilitation project has been discussed at public meetings of the Board of Trustees at length over the past several years. The submittal of both the pre-application to get on the DWSRF Priority List and subsequent DWSRF loan application were reviewed and approved by the Board at public meetings. Documentation of these meetings was provided by RHGID as a part of the loan package.

Technical, Managerial and Financial Capacity

RHGID's water quality currently meets the all drinking water standards and is in compliance with the requirements of the Safe Drinking Water Act. Monitoring requirements have been met. RHGID employs certified operators who have the knowledge and ability to operate and manage the system and has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and prepares audited financial statements utilizing 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 an amount not to exceed \$500,000 to the Round Hill General Improvement District for the purposes of consolidating the Castle Rock Townhomes Association with the RHGID 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 Round Hill General Improvement District 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 "10-2016 Round Hill General Improvement District – Castle Rock Townhomes Association Consolidation 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.

RESOLUTION

A RESOLUTION DESIGNATED THE "10-2016 ROUND HILL GENERAL IMPROVEMENT DISTRICT – CASTLE ROCK TOWNHOMES ASSOCIATION 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 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 Round Hill General Improvement District owns and operates a public water system located in Douglas County, Nevada; and

WHEREAS, the Division ranked the Project as #39 on the Year 2017 – Revision 1 Priority List of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, the Round Hill General Improvement District 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 Round Hill General Improvement District 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 “10-2016 Round Hill General Improvement District – Castle Rock Townhomes Association Consolidation Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the Round Hill General Improvement District 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 \$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 OCTOBER 26, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 5

City of Carlin

City of Carlin

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

Project: Preliminary Engineering Report & Environmental Review
Project Estimate: \$ 150,000
DWSRF Loan Amount: \$ 75,000

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

The city of Carlin (City) is located near the western border of Elko County, 23 miles west of the city of Elko. The source water for the system includes a spring and a well, both of which have disinfection systems. The system has a total of 2.1M gallons of storage. The condition of the water system infrastructure is poor – particularly the distribution system, much of which dates back to the early 1900s.

Preliminary Engineering Report

In 2013, a best practice PER document was developed cooperatively by the USDA, EPA, HUD, and IHS (RUS Bulletin 1780-2, April 2013). According to this document, a PER is a planning document required by many state and federal agencies as part of the process of obtaining financial assistance for development of drinking water, wastewater, solid waste, and storm water projects. The PER describes the proposed project from an engineering perspective, analyzes alternatives to the proposal, defines project costs, and provides information critical to the underwriting process.

DWSRF planning and design loans cover the cost for planning and design of a DWSRF-eligible construction project and are commonly short-term (e.g., one to three years). Water systems that borrow from the DWSRF for planning and design loans are encouraged, but not required, to obtain a construction loan from the DWSRF.

PROPOSED PROJECT

A Preliminary Engineering Report (PER) and Environmental Review (ER) are needed to analyze current problems with the City’s water system. The City has never had a comprehensive PER on the water or sewer system. Under new community leadership, it was decided that this is the time to complete a comprehensive PERs for the utilities.

The PER and ER will be a significant effort, given that no information is available from previous studies. The City lacks good utility maps of the system and is addressing this issue as a part of the PER. The scope of work will follow the USDA RUS Bulletin guidelines for PERs and ERs. However, given that this

is the first planning effort, some preparatory work will need to be accomplished. The most labor-intensive work will be in creating a GIS database that identifies the location, size, material, and condition of utility assets and also allows for the development of an accurate hydraulic model of the system. Other elements of this project will include a metering plan and rate study.

It is anticipated that the ER may be somewhat complicated due to the comprehensive nature of the PER (covering the whole city) and the fact that many historical buildings exist within the project limits.

Cost Estimate

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>Totals by Use</u>
Planning	\$ 75,000	\$ 75,000	\$ 150,000
Engineering Design, Inspection, & Construction Management	\$	\$	\$
Construction/Improvements	\$	\$	\$
Contingency	\$	\$	\$
Totals by Source	\$ 75,000	\$ 75,000	\$ 150,000

The City is prepared to contribute \$75,000 in reserve funds in order to complete the wastewater system PER concurrently with the water system PER.

Project Schedule

Estimated Completion

Planning – PER & ER

July 2017

Financial Evaluation

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or a combination of these. The City is not considered disadvantaged based on the current median household income (MHI) of \$74,044. However, Nevada specified in the Intended Use Plan (IUP) that additional subsidy will be offered to communities for the preparation of planning documents required for DWSRF-eligible construction projects. The IUP specifies that planning documents that include a PER and ER could be eligible for up to \$100,000.

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 City currently employs a certified, contract operator who has the technical knowledge to operate the system. The City has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and prepares audited financial reports utilizing generally accepted accounting principles.

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 \$75,000 to the City of Carlin. 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 Carlin 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 “10-2016 City of Carlin Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$75,000. 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 "10-2016 CITY OF CARLIN 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 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 Carlin owns and operates a public water system located in Carlin, Nevada; and

WHEREAS, the Division ranked the Project as #34 on the Year 2017 – Revision 1 Priority List of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, the City of Carlin 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 Carlin 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 “10-2016 City of Carlin Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the City of Carlin 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 \$75,000 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 OCTOBER 26, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 6

Alamo Sewer & Water GID

Alamo Sewer & Water GID

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

Project: Preliminary Engineering Report & Environmental Review
Project Estimate: \$ 60,000
DWSRF Loan Amount: \$ 60,000

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

The unincorporated town of Alamo is located in Lincoln County approximately 90 miles north of Las Vegas. The primary industry of the town is ranching.

In 2009/2010, the Alamo Sewer & Water GID (GID) received funding from the DWSRF to bring the water system into compliance with the arsenic standard by equipping the existing Industrial Park well and drilling and equipping a new well on the opposite side of town (dubbed the Sandhill Well). It was hoped that both sources would be in compliance with the 10 parts per billion regulatory arsenic standard; however, the Industrial Park well did not meet the standard on its own and can only be used to supplement the water supply via blending with the Sandhill Well. The water system has only one 450,000-gallon storage tank.

Preliminary Engineering Report

In 2013, a best practice PER document was developed cooperatively by the USDA, EPA, HUD, and IHS (RUS Bulletin 1780-2, April 2013). According to this document, a PER is a planning document required by many state and federal agencies as part of the process of obtaining financial assistance for development of drinking water, wastewater, solid waste, and storm water projects. The PER describes the proposed project from an engineering perspective, analyzes alternatives to the proposal, defines project costs, and provides information critical to the underwriting process.

DWSRF planning and design loans cover the cost for planning and design of a DWSRF-eligible construction project and are commonly short-term (e.g., one to three years). Water systems that borrow from the DWSRF for planning and design loans are encouraged, but not required, to obtain a construction loan from the DWSRF.

PROPOSED PROJECT

A Preliminary Engineering Report (PER) and Environmental Review (ER) are needed to evaluate anticipated projects required to upgrade the existing water system and ensure compliance with state

and federal regulations. The PER will allow the GID to evaluate alternatives and costs of future capital improvements that may be necessary to maintain system capacity and reliability.

The following projects are proposed to be included in the Alamo PER and ER:

1. a second production well up-gradient of the GID’s arsenic compliant well – the Sandhill Well – the project will include an exploratory phase as well as development of the production well;
2. a second water storage tank;
3. installation of eight isolation valves;
4. work on the Purple Sage main including water service relocation/connection and abandonment of a 4-inch main;
5. replacement of undersized 4-inch waterline south to Buckhorn Ranch Road and looping the waterline back to the system’s arsenic compliant groundwater source on west side of the valley;
6. consolidation of transient systems including Windmill Ridge, JFDI Executive Retreat Ranch, Ash Springs, and Pahrangat Wildlife Refuge;
7. providing service to the airport;
8. utilizing Well 4 for ballfield/park irrigation; and
9. installation of arsenic treatment for the Industrial Park Well.

Cost Estimate

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>Totals by Use</u>
Planning	\$ 60,000	\$	\$ 60,000
Engineering Design, Inspection, & Construction Management	\$	\$	\$
Construction/Improvements	\$	\$	\$
Contingency	\$	\$	\$
Totals by Source	\$ 60,000	\$	\$ 60,000

Project Schedule

Estimated Completion

Planning – PER & ER

July 2017

Financial Evaluation

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or a combination of these. Additional subsidy will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median household income (MHI) is less than 80 percent of the MHI of the state. Based on the 2010-2014 Community Survey conducted by the US Census Bureau, 80 percent of Nevada’s MHI is \$41,764. The GID’s MHI is \$34,917; therefore, the GID meets the requirements for additional subsidy, making a principal forgiveness loan appropriate.

In addition, Nevada specified in the Intended Use Plan (IUP) that additional subsidy will be offered to communities for the preparation of planning documents required for DWSRF-eligible construction

projects. The IUP specifies that planning documents that include a PER and ER could be eligible for up to \$100,000.

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 GID currently employs a certified, contract operator who has the technical knowledge to operate the system. The GID has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and prepares audited financial statements utilizing generally accepted accounting principles.

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 \$60,000 to the Alamo Sewer & Water GID. 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 Alamo Sewer & Water GID 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 “10-2016 Alamo Sewer & Water GID Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$60,000. 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 "10-2016 ALAMO SEWER & WATER GID 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 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 Alamo Sewer & Water GID owns and operates a public water system located in Alamo, Nevada; and

WHEREAS, the Division ranked the Project as #13 on the Year 2017 – Revision 1 Priority List of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, the Alamo Sewer & Water GID 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 Alamo Sewer & Water GID has the technical, managerial, and financial capability to manage a loan for funding 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 “10-2016 Alamo Sewer & Water GID Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by the Alamo Sewer & Water GID 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 an amount not to exceed \$60,000 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 OCTOBER 26, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

ATTACHMENT 7

Mineral County - Hawthorne Utilities

Mineral County – Hawthorne Utilities

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

Project: Hawthorne Utilities Regional Water Plan – Preliminary Engineering Report & Environmental Review

Project Estimate: \$ 100,000

DWSRF Loan Amount: \$ 63,000

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

This Preliminary Engineering Report (PER) will specifically address the potential for utility consolidation and/or inter-local agreements for water service or resource sharing. Like many areas of Nevada, water resource planning has become critically important in the Hawthorne area of Mineral County. There are three water suppliers in the area: Mineral County (Hawthorne Utilities), Hawthorne Army Depot, and Walker Lake GID. Each agency has unique water concerns.

Walker Lake GID has been struggling with water supply and quality issues and faces a significant threat as Walker Lake continues to decline. Water levels in local wells continue to decline and water quality is declining as brackish water is drawn in from Walker Lake.

Hawthorne Army Depot has a complicated and expensive water supply, storage, treatment, and distribution system. Surface water run-off in the Wassuk Range is captured in reservoirs that are miles away from town and treated before use. Groundwater is also used, but must be treated due to high metals content.

Hawthorne Utilities imports water from an area called Whiskey Flat and supplements that water with local wells. Storage reservoirs in town are in need of repair, and local wells are influenced by lower quality water.

In addition to the specific concerns of each local water agency, the entire area is suffering from moderate to severe drought. Drought in Nevada affects the economy, quality of life, crops, livestock, landscapes and gardens, and community planning.

Preliminary Engineering Report

In 2013, a best practice PER document was developed cooperatively by the USDA, EPA, HUD, and IHS (RUS Bulletin 1780-2, April 2013). According to this document, a PER is a planning document required by many state and federal agencies as part of the process of obtaining financial assistance for

development of drinking water, wastewater, solid waste, and storm water projects. The PER describes the proposed project from an engineering perspective, analyzes alternatives to the proposal, defines project costs, and provides information critical to the underwriting process.

DWSRF planning and design loans cover the cost for planning and design of a DWSRF-eligible construction project and are commonly short-term (e.g., one to three years). Water systems that borrow from the DWSRF for planning and design loans are encouraged, but not required, to obtain a construction loan from the DWSRF.

PROPOSED PROJECT

The purpose of the Hawthorne Regional Water Plan is to establish a plan that will ensure sustainable water resources, including quantity and quality, at an affordable rate to local residents. The plan will outline methods for making the most efficient use of available water resources, including a regional utility consolidation plan. The scope of work includes the following key elements:

- An overview of the water purveyors and planned goals for the water study;
- A characterization of water resources in the general area and existing water resources of each utility, including sources of supply, water use characteristics, and total capacity; an analysis of water rights held by each utility and available water rights in the region; and water quality and water quantity issues;
- A detailed description of existing infrastructure for production, treatment, storage, and delivery including the condition of key infrastructure components; and a water audit to identify accuracy through metering;
- An evaluation of the feasibility of physically consolidating local water purveyors through a hydraulic analysis that would include new and existing infrastructure such as wells, tanks, pump stations, and waterlines;
- Identification of opportunities to reduce operational and energy costs through the sharing and efficient use of infrastructure and improvements in conservation practices;
- A review of potential environmental issues and impacts relating to water system consolidation;
- Cost estimates for infrastructure improvements and cost benefit analyses showing cost savings resulting from consolidation (reductions in energy use, treatment costs, infrastructure needs, and labor; redundancy of water supplies; water conservation; and overall impact to Walker Lake);
- A review of the interrelationship between the utilities including: management, utility rates, governance, and agreements with a plan for cross-agency communication and collaboration.

Cost Estimate

<u>Budget Item</u>	<u>DWSRF Funding</u>	<u>Local Funding</u>	<u>CDBG Funding</u>	<u>Totals by Use</u>
Planning	\$ 63,000	\$ 10,000	\$ 27,000	\$ 100,000
Engineering Design, Inspection, & Construction Management	\$	\$		\$
Construction/Improvements	\$	\$		\$
Contingency	\$	\$		\$
Totals by Source	\$ 63,000	\$ 10,000	\$ 27,000	\$ 100,000

Project Schedule

Estimated Completion

Planning – PER & ER

July 2017

Financial Evaluation

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or a combination of these. Nevada specified in the Intended Use Plan (IUP) that additional subsidy will be offered to communities for the preparation of planning documents required for DWSRF-eligible construction projects. The IUP specifies that planning documents that include a PER and ER could be eligible for up to \$100,000.

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 utilities all employ a certified operator who has the technical knowledge to operate the system. Mineral County has the ability to conduct its administrative affairs in a manner that ensures compliance with all applicable standards and prepares audited financial statements utilizing generally accepted accounting principles.

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 \$63,000 to Mineral County for the Hawthorne Utilities Regional Water Plan. 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 Mineral 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 “10-2016 Mineral County Project Loan Commitment” for a loan commitment for the purpose of financing certain projects in an amount not to exceed \$63,000. 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 "10-2016 MINERAL COUNTY 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 October 26, 2016, the Board, pursuant to NRS 445A.265, approved the Year 2017 – Revision 1 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, Mineral County owns and operates a public water system located in Hawthorne, Nevada; and

WHEREAS, the Division ranked the Project as #16 on the Year 2017 – Revision 1 Priority List of water projects, which was approved by the Board on October 26, 2016; and

WHEREAS, Mineral County 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 Mineral County 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 “10-2016 Mineral County Project Loan Commitment.”

Section 2. The terms and conditions for providing a loan to the Applicant shall be negotiated by Mineral 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 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$63,000 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 OCTOBER 26, 2016

Chairman
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects