

Steve Sisolak
Governor

Jason B. Cooper, CGFM
Board Advisor

Katie Armstrong
Senior Deputy Attorney General

STATE OF NEVADA



Board Members:
Bruce Scott, *Chair*
Andrew Belanger, *Vice Chair*
Christine Vuletich
Mike Workman
Carl Ruschmeyer

Non-Voting Member:
Andrea Seifert

AGENDA

STATE BOARD FOR FINANCING WATER PROJECTS

April 28, 2021

9:00 AM

Pursuant to Governor Sisolak's Declaration of Emergency Directive 006, NDEP is providing other methods for the public to participate and provide public comment, either virtually or telephonically, using the link below or the dial-in number below.

To be held virtually Using Lifesize:

Download the Lifesize app:

<https://call.lifesize.com/downloads>

Join the Meeting at:

<https://call.lifesizecloud.com/4155018>

Join the Lifesize meeting using Skype for Business: <https://skype.lifesizecloud.com/4155018>

Click to call from Mobile (audio only)
United States: +1 (877) 422-8614, 4155018#

Call in by Phone (audio only)
United States: +1 (877) 422-8614
Meeting extension: 4155018#

This meeting will **not** be broadcast over the Internet.

For information: Contact: Jason Cooper (775) 687-9531, Kyle Casci (775) 687-9420 or ndep-ofa@ndep.nv.gov.

Note: Items on this agenda may be taken out of order, may be combined for consideration by the public body, and may be pulled or removed from the agenda at any time. Public comment will be solicited prior to action on agenda items.

- 1 **Call to Order** – Chair Bruce Scott
- 2 **Introduction / Establish Quorum (Discussion)**
- 3 **Public Comment** (Discussion)

Members of the public will be invited to speak before the BFWP; however, no action may be taken on a matter during public comment until the matter itself has been included on an agenda as an item for possible action. Public comment may be limited to three (3) minutes per person at the discretion of the chair.

- 4 **Approval of Minutes – January 20, 2021 Meeting (For Possible Action)**
- 5 **Funding update for the Drinking Water State Revolving Fund (DWSRF)** (Discussion)

Presented by Jason B. Cooper

- 6 **Funding update for the Capital Improvements Grant Program (Discussion)**

Presented by Jason B. Cooper

- 7 **Adoption of Consent Items - Increased Funding to Board-Approved Loans (For Possible Action)**

Roark Estates

<i>Current Loan:</i>	<i>Additional Funds:</i>	<i>Total Commitment:</i>
\$213,000	\$91,700.00	\$304,700

Presented by Jason B. Cooper

Projects for consideration

- 8 **Las Vegas Valley Water District-Blue Diamond (For Possible Action)**

Proposed project for the Capital Improvements Grant program

Summary by Sharada Maligireddy and Elise Akers

Capital Improvements Grant Program Policies

- 10 **Deputy Attorney General Board Policy Update (Discussion)**

Summary by Katie Armstrong

Other items

- 12 **DWSRF Water System Survey Update (Discussion)**

Summary by Jason Cooper

- 13 **Board Comments (Discussion)**
- 14 **Public Comments (Discussion)**
- 15 **Next Board Meeting (Discussion)**
- 16 **Adjourn**

Additional Information:

The Board for Financing Water Projects was created by NRS 349.957. Under NRS 445A.265, the Board is charged with approving the priority of projects applying for grant assistance and the review and approval of loans to water systems applying for assistance from the Drinking Water State Revolving Fund. Under NRS 349.982, the Board is charged with the administration of the programs that provide grants for capital improvements to publicly owned water systems, grants for improvements to conserve water and grants for Technical Support for Water Rights.

Address Questions to:

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Notice of this meeting was posted at the following Nevada locations:

- Nevada Public Notice Website - <https://notice.nv.gov/>
- The Nevada Division of Environmental Protection public notice website - <https://ndep.nv.gov/posts>

Supporting materials for all agenda items can be viewed at:

Department of Conservation and Natural Resources, 901 South Stewart Street, Suite 4001, Carson City
Contact: Kyle Casci – kcasci@ndep.nv.gov or (775) 687-9420

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

Drinking Water Program Funding Updates as of April 5, 2021

Cash in fund		\$68,309,072
Committed funds not yet disbursed	36,903,602	
Add commitments for Board consideration	91,700	
Total committed funds after Board Approval	36,995,302	
Lowest cash flow balance in three (3) years		\$58,617,652

Drinking Water Cash Flow Projections¹

	Year 1	Year 2	Year 3
Cash balance forward	\$64,478,120	\$62,248,552	\$85,698,568
Receipts from grants awarded	10,236,220	10,236,220	not forecasted
Receipts from bonds issued	0	5,200,000	not forecasted
Receipts from treasurer's interest ²	644,376	652,381	880,520
Receipts from loan principal	13,599,224	13,994,821	14,518,883
Receipts from loan interest	4,446,241	4,122,774	3,762,963
Payments for debt service on bonds	(2,872,600)	(2,788,825)	(2,958,938)
Payments for loan recipients ³	(28,283,029)	(7,967,355)	(250,000)
Cash balance forward	\$62,248,552	\$85,698,568	\$101,651,996

Drinking Water Grant Conditions for Principal Forgiveness

Current funds to obligate for principal forgiveness loans		\$612,060
Less projects for board consideration	91,700	
Current funds to obligate for principal forgiveness loans	520,360	
Pending Grants (estimated allotment)	2,747,780	
Total Principal Forgiveness Funds by October 2021 (estimated)		\$3,268,140

¹ Estimate only for planning purposes. All numbers are subject to change.

² Estimated at 1% A.P.R. on undisbursed cash in the fund. Subject to change.

³ Values contain planned loans not yet presented to the Board for Financing Water Projects for funding.

Program Updates

- All borrowers have made their Jan 1, 2021 debt service payments timely.
- As of January 4, 2021, the program has 31 separate borrowers:
 - 22 Public entities with \$159,977,346.08 outstanding
 - 9 Private entities with \$1,753,144.62 outstanding
- Drinking Water Intended Use Plan is out for public comment until April 30, 2021
 - Intended Use Plan is required annually to describe how Nevada will utilize its resources in the program. The plan provides specific details on key aspects of the program, including Nevada's short-and long-term goals, the priority list setting process used to rank projects, and the list of projects eligible to receive funding from the program.
 - 2021 Federal capitalization grant allotment: \$12,868,000
 - 2019 Federal capitalization grant re-allotment: \$116,000
 - Loans: \$7,554,765
 - Principal Forgiveness: \$2,747,780
 - Set-asides: \$2,681,455
- The DWSRF Priority List is currently open. NDEP will continue to accept pre-applications for projects until June 11, 2021.
- Federal stimulus funding for DWSRF program did not occur in 2020. However, there is discussion of additional funding for the DWSRF with the President's infrastructure plan. The details are still unknown at this time.

**Board for Financing Water Projects
Capital Improvement Grants Program
April 2021**

Capital Improvement Grants Program Funding Update as of April 8, 2021

Current Cash:	\$ 2,756,833.98
Reserved for Administration	\$ 15,319.57
Committed funds not yet disbursed	\$ 2,308,356.60
Projects for Consideration:	\$ 452,230
Un-committed funds:	\$ 0¹

Committed funds not yet disbursed:			
GP2101	Lovelock Meadows Water District	Storage Tank 2 rehabilitation	\$487,500.00
GP2102	Churchill County	New well for redundant source requirements	\$627,830.60
	Alamo Sewer and Water GID	Arsenic Treatment	\$693,026.00
	Las Vegas Valley Water District (Big Bend)	Treatment plant improvements; storage rehabilitation; distribution; electrical controls	\$500,000.00
Total			\$2,308,356.60

Projects for consideration			
#93	Las Vegas Valley Water District (Blue Diamond)	Pipe replacement, storage, and backup well.	\$452,230.00
Total			\$452,230.00

Letter of Intent Submitted			
	Pershing County Water Conservation District	Rodgers Flume Replacement	\$2,160,000

¹ Includes estimated bond interest earnings for the next 12 months

Current Bond authority:

NRS 349.986(1): The State Board of Finance shall issue general obligation bonds of the State of Nevada to support the purposes of the program established by NRS 349.981 . The aggregate principal amount of such bonds outstanding at any one time may not exceed \$125,000,000.	\$125,000,000
Outstanding general obligation bonds as of April 1, 2021	(\$31,998,000)
Available for issuance	\$93,002,000

AB 541	2019 Legislative Session, Section 17	\$3,000,000
	Less 2019B Series issued December 10, 2019	\$1,500,000
	Less 2020B Series issued November 10, 2020	\$1,500,000
	Remaining Authority from 2019 session	\$0

Pending	2021 Legislative Session*	\$8,000,000
	Las Vegas Valley Water District (Blue Diamond)	25% \$2,375,000
	McGill Ruth CWSGID	52% \$520,000
	Churchill County	56% \$186,662
	Nye County (Gabbs)	50% \$829,043
	Beatty Water & Sanitation District	35% \$689,500
	Golconda GID	61% \$793,000
	Las Vegas Valley Water District (Big Bend Water District)	71% \$2,690,900
	*Subject to change based upon information at time of grant commitment.	

Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

April 2021

Roark Estates Homeowners Association

Amount and Term	Recommendation
<u>\$91,700</u> Additional principal forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approves additional loan commitments to Roark Estates Homeowners Association to replace their second 20,000-gallon storage tank.
<u>\$304,700</u> Total principal forgiveness funding for project	

Original commitments

Project	The backup tank has significant deterioration and needs to be replaced. It has multiple holes and patching, and despite various attempts to fix the problem, the tank continues to seep. This finding was noted in the 2019 sanitary survey by Southern Nevada Health District.
Resolution and conditions	<p>The 1-2020 Roark Estates HOA Water System Project Loan Commitment Resolution was adopted January 14, 2020. The Board approved an amount not-to-exceed \$221,383 in principal forgiveness funds from the Drinking Water State Revolving Fund. Funding contract DW2003 was signed on March 23, 2020.</p> <p>The principal forgiveness loan contains the following conditions:</p> <ul style="list-style-type: none">• Review user rates at least every three years for the life of the loan• Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five years• Maintain a capital replacement reserve account that is funded annually and reevaluated every five years• Update and maintain the water conservation plan in accordance with Nevada Revised Statutes

Need for additional funds

The system finalized designs and obtained approval from NDEP’s Bureau of Safe Drinking Water for construction. Market conditions for construction work made it difficult to attract qualified bids at competitive prices. After several attempts by the engineering firm to advertise for bids, only one viable bid was received, and it came in higher than anticipated.

To ensure there is sufficient funds to cover the costs of this project, Roark Estates HOA is requesting additional funds to cover the increased construction costs and to add a 15-percent contingency to the construction budget for any additional costs.

Timeline

	Original	Updated
Design	October 2019	Completed
Construction bid	November 2019	Completed: Contractor holding bid price
Construction start	December 2019	May 2021
Initiation of operations	May 2020	October 2021

Explanation of timeline changes

Delay in obtaining bids for construction.

Sources of project funding

	Original	Updated	Change
Planning	\$0	\$0	\$0
Design, inspection, and construction management	\$52,000	\$52,000	\$0
Construction / improvements	\$153,800	\$213,500	\$59,700
Administration	\$7,200	\$7,200	\$0
Construction contingency		\$32,000	\$32,000
Totals	\$213,000	\$304,700	\$91,700

Explanation for changes in budget

Increase costs due to market conditions.

Opportunity for other funding

The system meets the definition of a disadvantaged community per Nevada Administrative Code 445A.675245. Partner funding with USDA would result in a loan that would cost the system more money to address a backup supply.



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



January 2020

Roark Estates Homeowners Association

Amount and Term	Recommendation
<p><u>\$213,000</u> Principal Forgiveness</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Roark Estates Homeowners Association.</p>

Community Information

- Location** Roark Estates Homeowners Association (Roark Estates) is located off U.S. 15 in Sloan, Clark County, NV.
- Structure** Private, nonprofit, community water system.
- Population** 62
- Service Connections** Residential 27

Project for Funding

- Need** In 2017, Roark Estates replaced one of its two 20,000-gallon water storage tanks because of severe deterioration. Currently, the backup tank now has significant deterioration and is beyond its useful life. It has multiple holes and patching, using various methods has been unsuccessful, and the tank continues to seep. This finding was noted in the 2019 sanitary survey by Southern Nevada Health District.
- Chosen Project** Roark Estates intends to replace the second of the two 20,000-gallon storage tanks to maintain system redundancy and sufficient storage for approximately five days of average daily demand. This project will include the removal of the existing tank and construction and installation of a new welded-steel tank.
- Project Alternatives** *No Action:* If left in its current condition, the tank has the potential to cause water quality issues and possible loss of capacity to Roark Estates
- Maps** Maps and photos are attached to this report.

Timeline Design: January-March 2020
 Construction Procurement: March 2020
 Construction Award: April 2020
 Completion: September 2020

Sources of Project Funding	DWSRF	Other Partner Funders	Local	Total
Planning	\$ 0	\$ 0	\$ 0	\$ 0
Design, inspection, & Construction Management	\$ 52,000	\$ 0	\$ 0	\$ 52,000
Construction	\$ 153,800	\$ 0	\$ 0	\$ 153,800
Administrative	\$ 7,200	\$ 0	\$ 0	\$ 7,200
Totals	\$ 213,000	\$ 0	\$ 0	\$ 213,000

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. Projects that include replacement of equipment or structures that will not have a significant individual or cumulative effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitat is affected by the project. No national landmarks or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value is affected by the project. Public notice of this determination was provided to the electronic mailing list for the DWSRF and board and posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

Public notices of this project were posted at the entrances to Roark Estates and at the well and tank site.

Current System Information

Infrastructure The water system consists of one well — drilled in 2011 — two 20,000gallon steel storage tanks located on the same lot as the well, two booster pumps, and four pressure tanks located inside the pump house next to the storage tanks. Water is pumped from the well into the storage tanks and then to the

¹ Nevada Administrative Code (NAC) 445A.6758 to 445A.67612

booster pumps, which pump to the pressure tanks to pressurize the distribution system. The distribution system consists of three-inch PVC pipe. The system is fully metered.

Compliance The most recent sanitary survey was conducted by Southern Nevada Health District on February 15, 2019. With exception to the integrity of the backup storage tank, minor issues were noted and were immediately corrected.

Water Conservation Plan A water conservation plan is on file with the Nevada Division of Water Resources. This plan was last updated in April 2011. Water conservation plans must be updated every five years and comply with Nevada statutes². Updating this plan will be part of the conditions required by the loan contract.

Technical Capacity A technical, managerial, and financial capacity survey was conducted in May 2012. The water system evaluation noted areas of improvement; however, the survey score satisfied the regulatory requirements for capacity. Since that time, the water system has come into compliance with the primary drinking water standard for arsenic and has replaced one of the 20,000-gallon water storage tanks that had severe deterioration. Roark Estates employs a certified contract operator.

Managerial Capacity Roark Estates is governed by a three-member board and has the ability to conduct its affairs in a manner enabling the system to achieve compliance with federal and state requirements and regulations.

Financial Capacity Based on the financial information provided, Roark Estates is capable of meeting its short- and long-term financial needs.

Financial Information as of December 31, 2018:

Unrestricted Cash: \$7,589

Outstanding Debt: \$5,113

Current Ratio: 2.73

Debt Coverage: 0.73 (U.S. Department of Agriculture debt)

Financial information is provided by the management company of Roark Estates Homeowners Association.

User Water Rates Residential base rate per user per month: \$158.00.

The governing documents of Roark Estates allow for up to a 15% rate increase annually without a vote of the membership. The board has been increasing this rate over the last several years to allow for maintenance and reserve funding. Rural Community Assistance Corporation is currently working with the system on rate structure analysis and fiscal assistance.

The water rates established are currently sufficient to cover operating, maintenance, debt service, and reserves of the system.

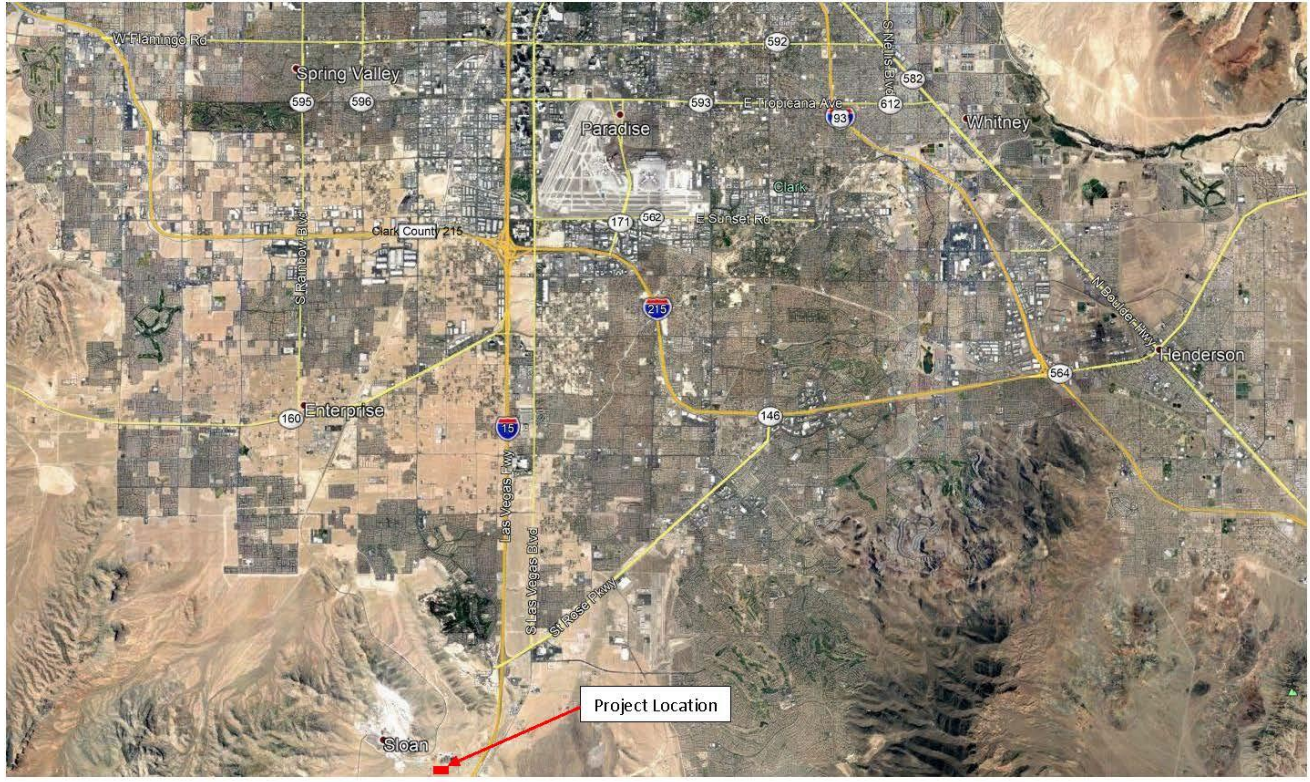
Fiscal Sustainability Plan A fiscal sustainability plan was prepared with the assistance of Nevada Rural Water Association. This loan will require Roark Estates to maintain this plan.

Capital Asset Roark Estates is funding a capital asset reserve account. Rural Community Assistance Corporation is working with Roark Estates to analyze the funding

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Reserve Account levels required by this loan. This loan will require Roark Estates to maintain this account for the term of the contract.

Principal Forgiveness Eligibility Criteria The system meets the definition of a disadvantaged community per Nevada Administrative Code 445A.675245.





DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the DWSRF. The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition 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 implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP 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(3)).

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five years.
- Maintain a capital replacement reserve account that is funded annually and reevaluated every five years.
- Update and maintain the water conservation plan in accordance with Nevada Revised Statutes.

RECOMMENDED MOTION

I move to approve the resolution titled “1-2020 Roark Estates HOA Water System Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$221,383 conditioned upon the governing board adopting sufficient rates as presented to NDEP. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

**Grant Commitment from the
Capital Improvements Grant Program**

Board for Financing Water Projects

April 2021

Las Vegas Valley Water District- Blue Diamond

Amount and Term	Recommendation
<u>\$452,230</u> Capital Improvements Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approves grant commitment to the Las Vegas Valley Water District (LVVWD) for their Blue Diamond water system rehabilitation project. The project will include replacing pipe, expanding water storage, and constructing and equipping a backup well.

Community Information

Location	Blue Diamond Water System (NV0000010) is located approximately 15 miles southwest of Las Vegas within the Red Rock Canyon National Conservation Area of Clark County, NV
Grant Recipient and Structure	The community public water system is owned and operated by LVVWD – a nonprofit public water system.
Population	560
Service Connections	Residential – 136 Commercial – 13

Project for Funding

Priority list The proposed project is ranked #93 on the Nevada DWSRF Priority List – effective July 2020.

Need The existing public water system (PWS) relies on two private wells with declining water levels and corroded pipelines. This puts the entire community at risk for inadequate emergency water supply storage, potable water supply, and water quality. The existing system also does not have sufficient system pressures for fire protection.

This project addresses the need to improve the existing Blue Diamond Water System to reliably meet state and federal water quality regulations and improve water supply reliability. The PWS currently relies on two private wells with declining water levels. Replacing corroded pipelines will conserve water, ensure reliable water services, and protect water quality from possible contamination resulting from leaks and corrosion. Constructing a new water storage tank and pump station will provide this remote community with adequate water storage for emergency, operational, and fire flow conditions. Installing fire pumps to the existing pumping station and replacing the discharge pipeline will also help meet fire flow requirements. Replacing existing standpipes with standard fire hydrants will provide additional fire protection.

Special note: In August 2020, LVVWD completed a hydrologic review of Blue Diamond. The review showed that due to drought conditions, well water levels are too low to support the addition of more wells that would be able to comply with current well regulations. District engineering staff say the viability of the Blue Diamond wells would be further threatened by additional water commitments, as well as increases to meter size and/or expanding existing uses within the Blue Diamond Water System. On December 1, 2020, the District Board of Directors approved a temporary moratorium on approving new or expanded services within the Blue Diamond Water System.

Chosen Project The Proposed Project broadly covers the following project components:

1. Replaces the existing corroded and leaking water pipes to improve water conservation and water quality
2. Expands water storage facility to meet emergency storage regulatory requirements
3. Installs fire pumps to the existing pumping station
4. Replaces discharge pipeline to meet fire flow requirements; and constructs and equips a backup well to improve water supply reliability

Based on the total project cost exceeding \$10 million, the project may require value engineering as part of a feasibility review.

Project Alternatives For the No Action Alternative, the Blue Diamond Water System would not be rehabilitated or improved from its current ageing state. This will place the entire community at risk for inadequate fire protection, emergency water supply storage, potable water, and water quality. Should the wells fail due to persistent drought conditions or deteriorated facilities, the existing water system has no reliable means to meet the community's water needs. Therefore, the Proposed Action Alternative is the preferred alternative.

Other alternatives considered – but dismissed – included alternative structure locations and repairing existing structures. However, the

proposed project has been sited based on hydrological data, site topography, existing land use and ownership, and existing surface disturbance. The existing water system is at a deteriorated state, rendering repairs unfeasible. Although repairs have been completed and well pumps have been lowered in the past, declining groundwater levels continue to present a significant water supply risk for the community. The wells are vulnerable to failure.

Maps Maps are attached to this report.

Timeline Design: late Spring 2021

Construction bid: Summer 2021

Construction start: Summer 2021

Construction completion:

Complete pipeline replacement: Dec. 2021

Complete tank and pumping station: Dec. 2023

Complete new well: Dec. 2024

Sources of Project Funding

	Capital Improvement Grant	Other (Army Corps of Engineers)	Local¹	Total
Design, inspection, & construction management	\$ 0	\$888,000	\$296,000	\$ 1,184,000
Construction / improvements	\$452,230	\$6,655,500	\$1,766,270	\$ 8,874,000
Totals	\$452,230	\$7,543,500	\$2,062,270	\$10,058,000

¹ LVVWD anticipates returning to the Board during its fall 2021 meeting to request additional Capital Improvement Grant funds to reduce this value if additional funding for the program is authorized and NDEP recommends an increase in funding.

Previous Commitments and Studies

October 1996

Blue Diamond was awarded a Capital Improvements Grant of \$716,000 (85 percent of eligible costs) for improvements to the system. The project included installing a new transmission line connecting existing wells at Hardie Gypsum to the community, replacing several distribution water lines in the community, replacing two obsolete steel water reservoirs, and necessary appurtenances to these improvements.

June 1999

Blue Diamond was awarded additional funds for the previously approved October 1996 grant. Project costs increased from the original estimate. A final grant award of \$1,028,600 was approved by the Board.

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law². Projects that include replacing equipment or structures that will not have a significant individual or cumulative effect on the quality of the environment are eligible for a categorical exclusion. These projects may be exempted from further substantive environmental review.

The applicant is requesting categorical exclusion and submitted supporting environmental information. For the chosen project, an environmental review and a Section 106 consultation with State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance. The findings, upon consideration, will be published for public comments.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitat will be affected by the project. No national landmarks or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value will be affected by the project. Public notice of this determination will be provided to the electronic mailing list for the DWSRF and the Board. It will also be posted to the Nevada State Clearinghouse and NDEP websites.

² Nevada Administrative Code (NAC) 445A.6758 to 445A.67612

Community Engagement

The Red Rock Citizens Advisory Council was updated on this infrastructure work several times, including September 25, 2019 and October 28, 2020. In addition, LVVWD approved a resolution authorizing the submission of the grant request on January 5, 2021 at a public meeting. If selected for grant funding, the grant agreement will be brought to the LVVWD Board of Directors at a public meeting.

Current System Information

Infrastructure LVVWD owns and operates the Blue Diamond Water System. It also owns the water rights to serve the system. Through an agreement, all water supplied is pumped from two wells owned by the CertainTeed Gypsum Manufacturing, Inc. (CertainTeed), formerly known as the James Hardie Gypsum Mine Company. The wells were drilled and equipped in the 1950s and reached a depth of 60 feet. Groundwater is pumped directly through approximately 5,100 feet of dedicated transmission main into the town's two 125,000 gallon above-grade tanks.

Compliance The most recent sanitary survey of Blue Diamond was conducted by NDEP's Bureau of Safe Drinking Water (BSDW) on October 16, 2018. BSDW did not note any pending or current violations in their Water System Watch module. The proposed project addresses various items that need to be addressed in a timely manner to avoid near future significant deficiencies, as noted in the Need section above.

Water Conservation Plan The water conservation plan was last updated in March 2014 and is available on the Nevada Division of Water Resources website. LVVWD permitted water rights for 150 acre-feet per year in the Blue Diamond system, through its agreement with CertainTeed Gypsum Manufacturing.

Based on 2014 estimates for usage patterns in the Village of Blue Diamond, approximately 90 percent of the supply is committed. Section 11 of the Blue Diamond Service Rules also includes conservation requirements, which are intended to meet the long-term sustainability of the community. They include:

- Adopting water resource protection policies as a part of the 2015 county master plan
- Creating a county water resource plan to ensure continued recharge to the aquifers
- Tracking customer water usage and unaccounted-for water losses to prevent water waste

In addition, it is important to note that this system, along with a few other small systems in the LVVWD, are not Southern Nevada Water Authority purveyor members. These systems do not have access to the same conservation rebates and programming provided to customers of the Water Authority's member agencies.

Water conservation plans must be updated every five years and comply with Nevada statutes. An updated plan is currently in draft status.

Technical Capacity Blue Diamond conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. The evaluation noted a few areas of deficiencies, which include no back-up generator, the inability to meet fire flow demand, no emergency storage including reserves for fire events, and that less than 75 percent of the PWS is metered. The proposed project addresses these issues.

Managerial Capacity The Blue Diamond Water System is owned and operated by LVVWD. The seven-member LVVWD Board of Directors – which is responsible for governing the district's activities – is composed of Clark County commissioners. Blue Diamond has developed effective methods of communication with customers. The only significant managerial deficiency noted in the December 2020 TMF survey is that funding depreciation is not factored into budgeting. This funding agreement will require a capital asset reserve account be established and funded by the end of the project.

Financial Capacity Assets, liabilities, revenues, and expenditures are combined with LVVWD and available for use in Blue Diamond. However, revenues and expenditures are monitored independently to make sure rates separately charged are adequate. Based on the financial information provided, LVVWD can meet its short- and long-term financial needs.

Financial information³ as of December 4, 2020:

- Unrestricted cash: \$17,074,085
- Days cash on hand: 22
- Outstanding debt: \$2,932,265,488
- Operating income before depreciation: \$98,796,905
- Current ratio: 1.74
- Debt coverage: .26

³ Financial information is independently audited by BDO USA, LLP

- User Water Rates**
- Residential base rate per user, per month: \$12.97 (.4290/day)
 - Commodity rate: \$1.55 per 1000 gallons
 - Average water rate/use for system: \$36.12 (15,000 gallons)

Water rates for Blue Diamond customers are charged separately from other LVVWD customers. The water rates established are sufficient to cover the regular operating and maintenance expenses of Blue Diamond.

Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan and grant agreements as part of a condition to receive funding.

Capital Replacement Reserve Account A capital replacement reserve account will be required in the loan and grant agreements as part of a condition to receive funding.

DWSRF Principal Forgiveness Eligibility Criteria The system does not meet the definition of a disadvantaged community per NAC 445A.675245. "Disadvantaged community" means an area served by a public water system in which the median household income is less than 80 percent of the state median household income. Additionally, Blue Diamond did not obtain enough points from the scale to qualify for principal forgiveness funding from DWSRF.

Capital Improvements Grant Scale determination Blue Diamond is eligible for 35 percent of eligible projects costs, based on the Board's Scale to Determine Grant Amount policy (revised January 2021). A lesser amount is being provided until additional funds are available from the program.

Capital Improvements Grant Program Authority and Purpose

Nevada Revised Statute (NRS) 349.980 to 349.987 describes the Capital Improvements Grant Program and the powers and duties of the Board for Financing Water Projects (Board). NDEP administers the Capital Improvements Grant Program on behalf of the Board as per NRS 349.982 and NAC 349.430 to 349.574, inclusive. If the Board determines to provide a grant from the Capital Improvements Grant Program, one of the requirements of the Nevada Administrative Code (NAC) is that the Board will adopt a resolution that includes a statement of approval of the Board that sets forth its findings of fact (NAC 349.535, subsection 1).

Capital Improvement Grant Conditions

The funding agreement will contain the following conditions:

- Will review their user rates at least every three years for the life of the loan
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five years
- Maintain a capital replacement reserve account that is funded at least annually and re-evaluated every five years
- Grant commitment is contingent upon LVVWD securing a grant from the Army Corps of Engineers who is a funding partner for this project

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G08-0421 Las Vegas Valley Water District, Blue Diamond Water System Upgrade Project Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$452,230.

ATTACHMENT A

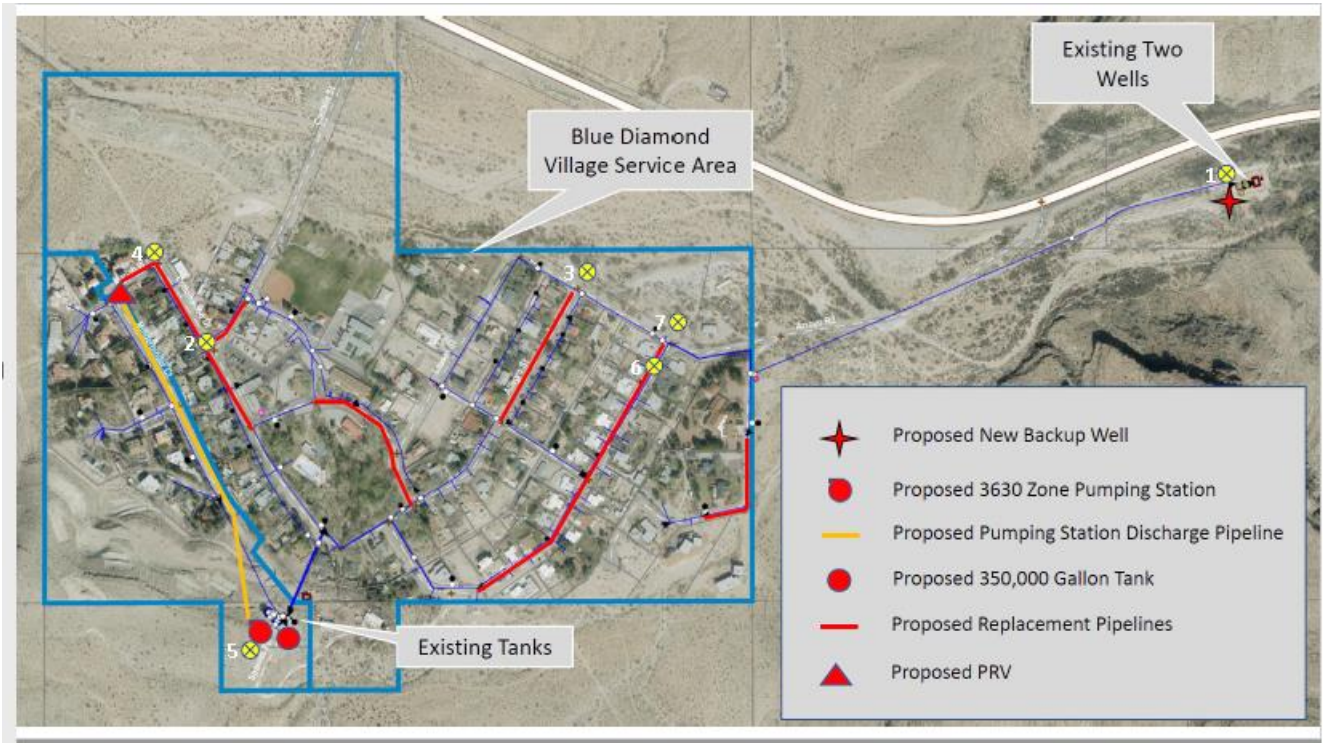
The Board for Financing Water Projects hereby approves a grant award subject to the following provisions and conditions:

1. The award of grant funds is contingent upon the availability of grant funds, which may be dependent upon the issuance of additional bonds. While the Board will use best efforts in selling any necessary bonds for the funding of this grant, approval of this grant does not imply or guarantee that any monies have been set aside for this project.
2. The State may enter into a funding agreement with Applicant for the grant funds subject to the following conditions:
 - a. Applicant's costs of obtaining interim financing and the interest thereon, obtained after the execution of the Funding Agreement, will be eligible for grant reimbursement.
 - b. An administrative fee of \$1,000 has been paid to the State by the Applicant per NAC 349.549(1).
 - c. Per NRS 445A.920, the project's plans and specifications must be submitted to the Nevada Division of Environmental Protection for review and approval prior to construction.
 - d. Applicant must assure that a sufficient water rate to cover operations, maintenance, debt service and reserves will continue to meet or exceed the Board's policy on sufficient water rates as adopted on June 20, 2018.
 - e. Applicant must adhere to the Policy on Capital Replacement Reserves as adopted on June 20, 2018.
 - f. Applicant must adhere to the Policy on Fiscal Sustainability Plans as adopted on June 20, 2018.
 - g. Funding commitment is contingent upon Applicant finalizing a grant from the Army Corp of Engineers.
 - h. Applicant is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
 - i. Prior to the execution of the Funding Agreement, Applicant must provide an estimate of the monthly disbursement of money, by the State, pursuant to the grant and provide monthly updates.
 - j. Applicant must demonstrate that it has obtained all funding outlined in this summary. In the event that funding proposed for this project does not become available, Applicant must demonstrate that it has secured alternate match funding before any construction bids may be awarded.

Appendix A

Project location: API & APE:

Map:





Site 1. Facing East at well site



Site 1. Facing South at well site



Site 5. Closeup of existing tank



Site 5. Existing tank and partial view of proposed new tank site



Site 5. New tank site

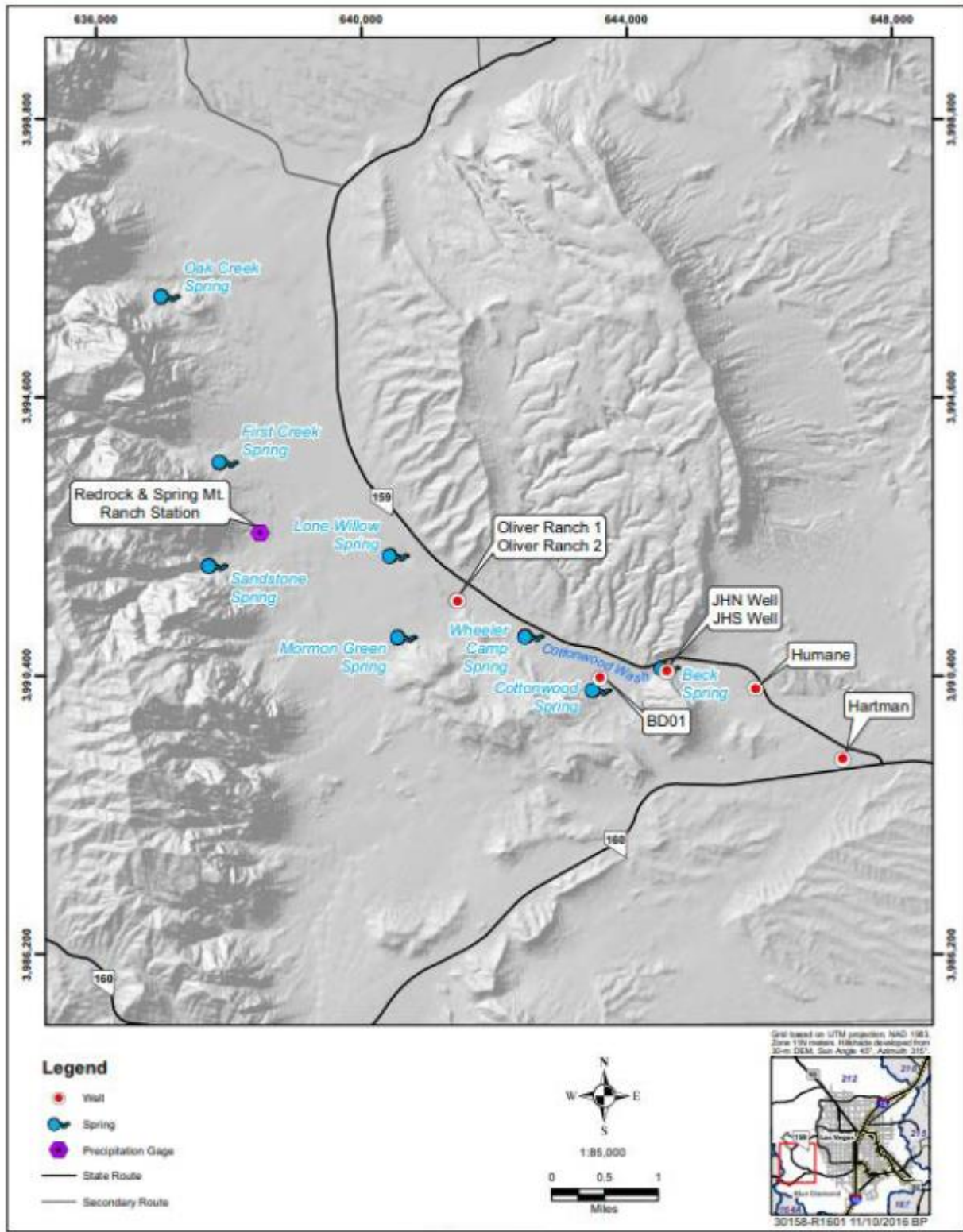


Figure 4-1
Hydrologic Monitoring Well Network