

Meeting Minutes
THE BOARD FOR FINANCING WATER PROJECTS
January 14, 2020
1:30 p.m.

Legislative Building
Senate Hearing Room 1214
401 South Carson Street, 1st Floor
Carson City, NV 89701

Audio Conference
(877) 336-1831

Members Present:

Bruce Scott, Chair
Andrew Belanger, Vice Chair
Lori Williams
Carl Ruschmeyer
Mike Workman
My-Linh Nguyen, ex-officio member

Legal Counsel Present:

Katie Armstrong, Senior Deputy Attorney
General

NDEP Present:

Jason Cooper
Michelle Stamatates
Kyle Casci
Valerie King
Marcy McDermott

Public Present:

Jim Harker, Riverbelle Properties LLC
Cathy Harker, Riverbelle Properties
Paul Winkelman, Shaw Engineering
Cody Black, Shaw Engineering
Marie Henson, Churchill County
Rusty Kiel, Lovelock Meadows Water District
Bill Reid, Roark Estates
Bill Sampson, Roark Estates
Terry Johnson, Roark Estates
Joe Phillips, Sunrise Engineering

Board for financing water projects regular meeting

1) Call to order

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

2) Introduction/establish quorum

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

3) Public comment

There were no public comments.

4) Approval of Minutes from the June 25, 2019 Regular Meeting

Motion by Board Member Williams, seconded by Board Member Workman. Motion carried unanimously.

5) Approval of Minutes from the November 14, 2019 Workshop

Kyle Casci of the Nevada Division of Environmental Protection (NDEP) pointed out that on the last page, under Public Comments, Ms. Carr suggested that the last sentence be changed to, "She asked the Board to consider providing NDEP staff their thoughts and guidance assistance on funding priorities." Motion by Member Ruschmeyer, seconded by Member Williams, to approve with the suggested change.

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

Mr. Cooper of the NDEP gave an update on the Drinking Water State Revolving Fund (DWSRF). As of December 31, 2019, there is \$52,382,270 in the bank, with \$33,086,216.19 committed. There is a request before the Board for \$907,175 to further spend that money, which would leave \$39,445,718 in the bank (lowest balance over the next three years for cash flow needs).

Projections for the next three years are displayed. DWSRF currently has \$4,023,027.21 available in principal forgiveness funding, with \$813,000 being presented to the Board today, leaving \$3.2 million on the table to commit (still working on those projects).

7) Funding Update for the Capital Improvements Grant Program

Mr. Cooper stated the funding for the Capital Improvements Grant Program is funded entirely by state issued tax exempt bonds. As of December 31, 2019, there is \$1,690,294.33 in the bank, with \$14,325.80 reserved for administration, and \$130,932.77 committed to one project which will be disbursed shortly. The projects staff is presenting today total \$435,000, which will leave \$1,110,035.76 left to commit from current funds. In the last legislative session AB541 authorized the State Treasurer's Office to issue up to \$3 million in bonds. The Treasurer's Office issued \$1.5 million in bonds on December 10, 2019, and will be asking for the additional \$1.5 million this fall.

8) Approval of the 2020 Drinking Water Priority List

Ms. Stamates of NDEP stated that projects are ranked into four classes: Class I, significant or acute health risks; Class II, violation of primary and/or secondary drinking water standards; Class III, infrastructure rehabilitation and replacement projects; and Class IV, refinancing of existing debt. They can fund community public water systems, both private and political subdivisions, and non-transient, non-community water systems (non-profits, such as schools, office buildings). She noted the last group as the transient, non-community and non-profit water systems, such as gas stations and campgrounds. There is a different point system within each class. If applications are received for multiple projects or systems and two systems are tied, then the system with the largest population will be ranked higher. Points are multiplied by the ratio of the state median household income to the applicant system's median household income, derived from the Census Bureau.

Ms. Stamates added that the NAC allows other factors to be considered, but if new categories came about, those categories can be added to the intended use plan for the year in which the priority list is created, although right now, there is nothing that allows points to be added (they are in the regulation). Eligible projects on the priority list can be bypassed if the applicant is not ready to proceed, if there are no objections within the required 30-day notice period. The Drinking Water 2020 Priority List has been revised two times this fiscal year, because of the additional funds received from the Capital Improvements Grant Program, so for those systems that are not eligible for funds from the Drinking Water Fund may well be eligible for funds from the Capital Improvements Grant fund. She noted that thirteen (13) projects were provided on the list (and incorporated into the longer list in the packet), with five projects removed, either because they are completed, or they requested to be removed.

Ms. Stamates stated a column on the end was recently added, in order to clarify the projects that are currently receiving funding. All projects stay on the list until completed, in case they need to come back for more money. Federal and state regulations require a public review process (met by the November 14, 2019 meeting), and any comments from that meeting were updated or addressed. Staff recommends the Board Financing Water Projects approve the State Fiscal Year 2020 Revision One Drinking Water State Revolving Fund Priority List.

Chair Scott asked about the added task under the Class III rehabilitation for Humboldt County Gold Country Estates, although they were already on the list for a Class II with an acute issue for nitrates. Ms. Stamates stated it was to be determined if the acute issue would deal with the nitrate issue, and a PER would most likely be required, and checking of sources and volumes (Humboldt County would probably do a PER if they pursue through the County; if Gold Country moves ahead on its own, then they would stay on the list as a stand-alone. The Bureau of State Drinking Water would continue to monitor for acuteness.

Member Ruschmeyer commented that the acute list is getting smaller, which is positive, since those dollars represented less than 1% of the total need.

Motion by Member Ruschmeyer, seconded by Member Williams, to approve the State Fiscal Year 2020 Drinking Water Priority List as presented. Motion carried unanimously.

9) Project List for Consideration

Ms. Stamates introduced the following projects (9a – 9d):

a. Riverbelle MHP – See staff report, Exhibit 9A

Riverbelle MHP is consolidated with Truckee Meadows Water Authority. Truckee Meadows Water Authority came in for funding at the same time as Riverbelle did, with an extension of their pipeline from the new subdivision Big Meadow. In August of 2017, Riverbelle's spring water tested positive for E. coli, which caused that water source to be closed indefinitely. Riverbelle negotiated a temporary emergency inter-tie with the Truckee Meadows Utility

Company in the River Oak subdivision. In the meantime, Riverbelle brought on its own old existing well (uncertain about capacity), which included approximately 4,000 feet of new water main, and was part of an overall plan to improve water movement to the entire area. On-site improvements included a vault with a meter and backflow prevention and another vault that had a backflow preventer from the fire flow area. Due to higher than expected bids, Riverbelle would like to increase their original request by \$94,175. NDEP recommends approval, with the caveat that the loan will contain a condition that the amended Annexation Agreement between Riverbelle and Truckee Meadows Water Authority also be approved.

It was moved by Member Williams and seconded by Member Ruschmeyer, to approve the project with the inclusion of staff recommendations and for the amount of \$94,175. Motion carried.

b. Churchill County – See staff report, Exhibit 9b

Water system was constructed in the early 2000s with partial funding from the Capital Improvements Grant Program and the USDA Rural Development. System is to the west of the Fallon system and includes a single, 1,000 gpm well, a 750 gpm arsenic treatment plant, a 1 million gallon ground level storage tank, and a booster pump station that pressurizes the single pressure zone in the system. Transmission and distribution pipe ranges from 6 to 16 inches. Churchill County currently provides service to 310 residential connections, all metered. In January 2019 the County funded the master plan to provide source water redundancy for the system. The County is seeking funding assistance for the preliminary engineering report and environmental review to thoroughly evaluate each alternative for long-term system sustainability, including evaluation of drilling a six inch wide, 400 foot deep monitoring well to evaluate the chosen site for potable water. Manganese and iron are issues in this area, and the monitoring well will help monitor that. Churchill County is seeking funding from DWSRF for \$100,000, and they will match with local funding of \$50,000. The current estimated breakout for the monitoring well is approximately \$75,000, PER estimated at \$50,000 and ER at \$25,000. If this ends up as an environmentally sensitive area, costs could be higher. NDEP recommends the Board approve a principal forgiveness loan commitment from the DWSRF for \$100,000 to Churchill County to complete a preliminary engineering report and an environmental report for the purpose of providing a backup source of water. Churchill County expects to complete the exploratory drilling and the PER and ER by this summer

Chair Scott stated that staff was moving in a positive direction in improving those areas that need it. He added that other non-water system requirements did not allow for the water system connection to the City of Fallon.

It was moved by Member Workman and seconded by Member Williams, to approve Resolution titled 1-2020 Churchill County Sand Creek Water System Project Loan Commitment, intended to finance certain projects in an amount not to exceed \$100,000. Motion carried.

c. Lovelock Meadows Water District – See staff report, Exhibit 9C

With over 115 square miles, the service area is very large by Nevada's standards. Groundwater in the Lovelock area is generally not suitable for domestic use, irrigation or stock watering, due to sulfate, chloride, nitrates, fluoride, and arsenic. The drinking water is supplied from three drinking wells approximately 15 miles northeast of Lovelock. Chlorination occurs at each well and storage consists of two tanks, a 1.5 million gallon tank, and a 2.5 million gallon tank beside it. The city is some distance away from the tanks. This

system is fully metered and currently serves 1,247 residential connections and 316 non-residential connections. The floor of the 1.5 million gallon welded steel storage construction tank constructed in 1991 has experienced significant corrosion due to native soils. Correcting the water loss due to leakage will help the system remain within its water conservation parameters. This project includes replacing the tank floor and base advocate, recoating the interior and exterior of the tank, and adding the cathodic protection. Funding is sought from two sources, the DWSRF and the Capital Improvements Grant Program, with Lovelock providing local money to the project. NDEP recommends that the board approve a Drinking Water State Revolving Fund Principal Forgiveness Loan in an amount not to exceed \$500,000 and a grant from the Capital Improvements Grant Program in an amount not to exceed \$435,000 to Lovelock Meadows Water District for the rehabilitation of the 1.5 million gallon tank. Design for the tank is complete. The project is expected to be bid by late January and be completed by July.

Member Workman asked for details on replacement of the tank floor. Mr. Rusty Kiel, Lovelock Meadows Water District Manager, answered that the column would be picked up and cut six inches around, and all aggregate beneath will be taken out, inside and out. He believed that this would be cheaper than a new tank, as the original bid came in at \$1.1 million for replacement.

Chair Scott inquired if Lovelock Meadows Water District was providing funding for the lawsuit regarding the Humboldt River. Mr. Kiel stated no funds from the water system are going to the lawsuit.

It was moved by Member Williams and seconded by Member Workman that the Board approve Resolution titled D-01-2020 the Lovelock Meadows Water District Project Loan Commitment for the rehabilitation of the tank in the amount not to exceed \$500,000. Motion carried.

It was moved by Member Williams and seconded by Vice-Chair Belanger to approve Resolution G-01-2020 Lovelock Meadows Water District Project Loan Commitment, which is intended to finance certain water projects using the Capital Improvement Grant funds in the amount not to exceed \$435,000. Motion carried.

- d. **Roark Estates Homeowners' Association** – See staff report, Exhibit 9D
In 2017 they replaced one of two 20,000 gallons storage tanks due to severe deterioration, and the second tank now needs replacing. Roark Estates previously received \$207,000 in principal forgiveness funds in order to develop a new water supply source and an additional \$178,700 in principal forgiveness was later received, which mitigated an arsenic issue and funded replacement of the first tank. Staff recommends funding for Roark Estates in an amount not to exceed \$213,000, with the project estimated to bid in the spring and final completion of second tank replacement is expected in September.

It was moved by Vice-Chair Belanger and seconded by Member Workman to approve the project titled 1-2020 Roark HOA Water System Project Loan Commitment, intended to finance certain projects in the amount of \$213,000. Motion carried.

10) Capital Improvements Grant Funding of Water Plans

Mr. Cooper provided information on the possible funding available from any tax exempt bond. NDEP staff is exploring the possibility of using technical assistance in order to complete water plans. He added that the challenge is not knowing what the plans include and how involved they might be. Technical assistance work usually includes water conservation but not engineering and planning. The best funding approach for any project

can only be determined once they receive an application. He stated that if further information came forth, staff would share with the Board.

Chair Scott stated that it was his understanding that Nevada Rural Water may have resources to provide these needs. Mr. Cooper stated that even the environmental finance center has resources to help with technical water assistance. He noted that not being sure of the plan's requirement, and whether it might have an engineering component that could be in competition. He said that PERs can be funded through some set-asides, as other states do, but that has not yet been done in Nevada because of the competition for engineering work. Other things to consider would be if there might be a component that could be helped out with technical assistance, partnered with an engineering firm.

Chair Scott encouraged continuation of the dialogue in case a statutory change might result in a more difficult situation.

11) Board Policies

a. Policy on Funding Level for Irrigation Projects

Ms. Katie Armstrong stated that at the last board meeting the question was brought up asking if the Board could create a policy regarding funding levels for irrigation projects. SB237, from Legislative Session 1999, was enacted in order to allow smaller irrigation districts to benefit from the grants, and was then codified in NRS Chapter 349, which created the irrigation districts as eligible entities under that chapter, and to allow the Board to award those grants for irrigation projects (only applies to grant monies with the exception of the Clean Water Program). Mr. Cooper stated this was on the agenda to allow Ms. Armstrong to update the board on their question from last meeting, and because of recent requests for funding which are still being considered for eligibility.

b. Policy on Scale to Determine Grant Amount

Mr. Cooper stated that this was discussed at the November workshop and he wanted to make sure that staff understood the Board's wishes before staff began reviewing how this policy would impact potential borrowers. Suggestions were:

- Remove the property tax rate point system; it would be best to put the focus back on water rates.
- Consider the monthly residential water rate on date of application section. This indicates whether the residential rate is sufficient and what percentage of MHI in the area is being charged for water. This is the only metric they have to determine if residents are disadvantaged and having to pay more than approximately 1.5 percent of MHI. Staff would not bring before the Board any system that is not charging a sufficient rate

Chair Scott stated he would like to discuss and potentially take action by eliminating the property tax rate, and Mr. Cooper said that since this was only a discussion point on the agenda, no vote could be made on the matter. He stated that making changes could be placed on the next agenda.

Vice Chair Belanger stated it makes sense to remove the property tax issue, and he wanted to make sure that the rate is principally based on the average household income of the customers or recipients, and that there are references to economic hardships and the existence of a threat to public health. His preference was to make it clear that those are the three principal considerations, as well as any other points the Board feels relevant.

Mr. Cooper stated that staff would bring more information to the next meeting and the Board could further refine or correct. He listed the three most important items as economic hardships, providing adjustments for economic hardships, and the existence of a threat to public health. Vice-Chair Belanger stated that the public health concern should not be overshadowed by any other items and Chair Scott agreed.

Member Williams agreed that getting rid of property tax rate and keeping the public health issue at the forefront was important. She added additional points should be given in instances where water rates are already high in communities compared to median income. Member Workman concurred.

Mr. Cooper stated it was the Board's direction to favor water systems that serve fewer than 6,000 people. He added that staff has no recommendations for this area. Chair Scott stated he had no recommendations for change, but stressed the importance of funding small communities. Mr. Cooper said that this grant does not eliminate larger communities, but favors those that serve fewer than 6,000 people.

Mr. Cooper stated this policy encourages water systems to meet water system compliance, and provide them with points if they have improved and updated their operations and maintenance manuals, cross connection control plan, emergency response plan, and if they have an approved and up-to-date water conservation plan and are following it. He noted that the current policy encourages the reduction of water leakage, and should also focus on whether or not they are metered, and charging a sufficient rate. Mr. Cooper stated that recommendations are:

- To remove some of the project management points, since they are already required
- Fiscal sustainability is already a requirement and applicants can get points if they come to the board with an updated plan ready
- Remove the portion that states "at or above MHI," which has been added to other areas of policy.

Member Workman inquired if the provision to reduce water leakage by at least 25% to cut costs is realistic. He opined that 15% would be reasonable. Mr. Cooper agreed, noting that was another reason staff wanted the Board to consider this policy.

All Board Members agreed with the staff's recommended changes to the above policy.

c. Policy on Nonprofit Public Systems

Mr. Cooper stated that staff's only recommendation was to change the name of this policy to Consolidation of Nonprofit Public Water Systems based on the Board's feedback from the November workshop.

d. Policy on Septic to Community Sewage System Connections

Mr. Cooper stated that staff brought this forward due to communities like Churchill County coming forward recognizing they have a wellhead issue, and are not out of compliance but being proactive. Staff proposes language as follows, “policy for the Board for Financing Water Projects to discontinue funding for the abandonment of individual septic tanks and connecting homes to community systems unless public groundwater is being impacted by failing septic systems or the septic system was installed prior to the date of inception of this policy and could impact public groundwater should it fail.” He wanted that wording in the policy because some communities are installing septic systems today and there is a concern that they might come to the Board in ten years asking for funding.

Member Ruschmeyer said that the policy is important, and he agreed with the suggested change in order to prevent more septic systems without long-term viability.

Chair Scott expressed concern that if the needs expand in the future, the policy may be superseded by the legislature.

Mr. Cooper stated that when considering current needs, septic to sewer conversions are important so he did not wish to limit that.

Valerie King of NDEP suggested adding the statement “unless the Board deems otherwise.” Chair Scott agreed, noting that staff should revise that and bring back to the Board.

Board Comments

There were no Board comments.

Public comment

There were no Public comments.

12) Adjourn the board for financing water projects meeting

The board meeting adjourned at 3:15 p.m.



Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2020

Riverbelle Properties, LLC.

Amount and Term	Recommendation
<p><u>\$94,175</u> Additional funding from DWSRF</p> <p><u>\$437,738</u> Total including previously awarded DWSRF funding</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve an increase in a loan commitment to the Riverbelle Mobile Home Park for consolidation to the Truckee Meadows Water Authority (TMWA).</p>

Community Information

Location	Riverbelle Properties, LLC owns The Riverbelle Mobile Home Park (Riverbelle), which is located in Verdi on State Route 425 (Hwy 40)
Structure	Private, community water system
Population	Approximately 150
Service Connections	71 Residential 2 Commercial

Project for Funding

Need Riverbelle needs a permanent source of drinking water. In August 2015, water from the spring box tested positive for *E coli*. The Washoe County Health District required using the spring to be discontinued indefinitely. In November 2015, Riverbelle owners paid to rehabilitate and connect their existing domestic well to the water system; however, there was no backup supply as required by regulation, and the capacity of the existing well to serve the park year around was in question. Riverbelle’s options included a new well or consolidation with another water system.

Chosen Project Riverbelle will become a commercial customer of TMWA. The consolidation includes the extension of an 18-inch water main from the new West Meadows subdivision to Riverbelle. Approximately 4,000 feet of new water main will be installed. This project will be managed by TMWA. The proposed main extension is part of the overall water supply plan to extend water service to the Verdi area.

Riverbelle will also have on-site improvements:

- One four-inch compound meter in an underground vault.
- A backflow preventer for the culinary flow to Riverbelle.
- An in-ground vault with backflow prevention for the upgraded fire flow to Riverbelle.
- Due to the increase fire flow requirements, additional eight-inch water line will be run to the south side of Riverbelle and two new fire hydrants will be added.

Project Alternatives *No Action.* The old well was brought online as a temporary source of supply. If no action is taken, the system will not meet state regulations for adequate and redundant sources or total required storage (including fire flow).

New source. Due to the acute health risk of Riverbelle’s spring source, a new water source is required to meet the full needs of the water system. Developing a new source requires upgrades to the water system to meet current regulations, including meeting operational, emergency, and fire storage tank requirements. Due to the costs involved with surface water treatment plants, the most reasonable alternative is a new groundwater well. The project would include: a new 900 gallon per minute well, a new 420,000-gallon storage tank, new distribution system piping, site grading, electrical components, and controls. The estimated project cost was \$2.5 million.

Timeline Design: Complete
 Construction Procurement: Complete
 Construction: Complete

Original Sources of Project Funding	DWSRF	Local Funding	Other	Total
Planning				
Design, inspection, & Construction Management	\$16,368			\$16,368
Equipment & Materials	\$163,515	\$40,000		\$203,515
Construction	\$163,680			\$163,680
Administrative				
Contingency				
Financing				

	Totals	\$343,563	\$40,000		\$383,563
Amended Sources of Project Funding	Planning				
	Design, inspection, & Construction Management	\$16,560			\$16,560
	Equipment & Materials	\$152,920	\$24,927		\$177,847
	Construction	\$268,258			\$268,258
	Administrative				
	Contingency				
	Financing				
	Totals	\$437,738	\$24,927		\$462,665

Previous Commitments

Previous DWSRF Loan Commitment 11-2017

The Board for Financing Water Projects approved a loan commitment from the DWSRF in an amount not to exceed \$343,563 to the Riverbelle Properties, LLC contingent upon the approval of the TWMA Acquisition Agreement. The original loan was executed on February 5, 2019.

Environmental Review

Nevada Administrative Code (NAC) 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed by NDEP to meet the requirements of the National Environmental Policy Act for the Drinking Water State Revolving Fund. The project creates a minor extension of the TMWA water transmission main to serve Riverbelle customers via a master meter. NDEP determined that the project is eligible for a categorical exclusion under NAC 445A.67583(2)(d)(1) — involving minor expansions to the existing capacity of the distribution system of a public water system — and may be exempted from further substantive environmental review. The project is also eligible for a categorical exclusion under NAC 445A.67583(2)(e) because there is sufficient evidence that a significant effect on the quality of the environment is unlikely.

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. The project will have a beneficial effect by ensuring the customers have a reliable source of water that is safe to drink.

Current System Information

Infrastructure Riverbelle is located in Verdi on State Route 425 (Hwy 40) and serves an estimated population of 150 via 71 connections — including 2 commercial connections (a grocery store and a post office). The water system had a spring water source. When the spring was the sole source of supply for the system, water from the spring collection system flowed by gravity to a spring box directly under the floor of the pump house. A submersible pump in the spring box pumped water out and to a VOC air stripper (for removal of tetrachloroethylene [PCE]), where it would gravity flow through the stripper and into an 8,000gallon clear well underground outside the building. Chlorine was injected between the air stripper and the clear well. A submersible pump in the clear well pressurized the 1,000gallon hydro-pneumatic tank in the pump building, which pressurized the distribution system. During the night when water use was low, the submersible pump would fill the 22,000gallon above-ground, bolted-steel tank. If the clear well dropped to a low level, water from the 22,000gallon tank would flow down into the clear well for use in the distribution system.

Compliance Water production from the spring significantly tapered off during the summer of 2015, presumably due to the extended drought. In August 2015, water from the spring box tested positive for *E coli*. The Washoe County Health District required using the spring to be discontinued indefinitely. Riverbelle negotiated a temporary, emergency inter-tie with the Verdi Meadows Utility Company in the River Oaks subdivision on the other side of the Truckee River. Temporary water storage tanks and piping were installed to supply water to Riverbelle.

The temporary inter-tie with Verdi Meadows was not freeze protected, so the Riverbelle owners paid to rehabilitate and connect their existing domestic well to the water system in November 2015. The six inch diameter, 80foot-well was originally constructed in 1973 and was taken out of service in 1992 because of the presence of VOC's (PCE) in the groundwater. The project included pumping water from the well, located near the west entrance to Riverbelle, to the existing air stripper, storage, and pumping facilities located approximately 1,100 feet to the southeast. The treatment and pumping system was re-plumbed to allow for direct water storage in the 22,000gallon tank after treatment and before pumping into the distribution system via new booster pumps.

A 2017 sanitary survey conducted by the Washoe County Health District cited minor issues with the system, including: the need for an operations and maintenance manual, an emergency response plan, a cross-connection control plan, double containment for the chlorine stored on site, tank drain pipe screening, and screening on the inactive underground storage tank vent. Although it was not included in the sanitary survey, Riverbelle still needed to find a permanent water supply. The options included a new well or consolidation with another water system. All of the long-term solutions require that Riverbelle bring its system up to current standards, which require capacity for fire flow.

Technical Capacity Riverbelle employed SPB Utilities as its certified operator of record. The lack of a permanent back-up source of supply left the private water system vulnerable in the event the existing well has to be taken off-line for rehabilitation or emergency service.

Managerial Capacity The project is to consolidate the Riverbelle system with TMWA in order to achieve a sustainable, compliant source of water for the residents. Riverbelle Properties, LLC has the ability to conduct its business affairs in a transparent manner but wants to rely on TMWA to provide sustainable, compliant water for the long-term.

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

Tax returns for the company were provided to NDEP for financial evaluation.

User Water Rates Water user rates are incorporated into the space rent of each tenant. Once the project is complete, TMWA will pay off the DWSRF loan and assess user charges to the company.

Fiscal Sustainability Plan This loan will not contain a provision for a fiscal sustainability plan. Riverbelle Properties, LLC will no longer be a community water system upon completion of the project. The company will be responsible for maintaining the water infrastructure within the park boundaries similar to other assets of the company.

Capital Replacement Reserve Account This loan will not contain a provision for a capital replacement reserve account. Riverbelle Properties, LLC will no longer be a community water system upon completion of the project. The company will be responsible for maintaining the water infrastructure within the park boundaries similar to other assets of the company.

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)).

DWSRF Loan Conditions

The loan will contain the following condition:

- An amended annexation agreement between Riverbelle Properties, LLC and Truckee Meadows Water Authority will be executed prior to the DWSRF loan commitment.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled "D01-2020 Riverbelle Properties, LLC Project Loan Commitment," for an additional loan commitment to finance certain projects in an amount not to exceed \$94,175 bringing the total loan commitment to \$437,738. The project would be subject to the conditions included in the resolution.

RESOLUTION D01-2020

Riverbelle Properties, LLC Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On January 14, 2020, the Board, under NRS 445A.265(3), approved the Year 2020 Rev-1 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Riverbelle Properties, LLC (Recipient) owns and operates a private community water system in Nevada; and
- WHEREAS:** The Board approved a resolution designated the “11-2017 Riverbelle Properties, LLC Project Loan Commitment Resolution” on November 8, 2017; and
- WHEREAS:** The Project is included as project #1 on the Year 2020 Rev-1 Priority List of water projects; and
- WHEREAS:** The Recipient’s Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D01-2020 Riverbelle Properties, LLC Project Loan Commitment”

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves an additional commitment of funds in the amount not to exceed \$94,175 for a total of \$437,738 from the revolving fund account consistent with NRS 445A.265(3).

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

Section 5: An amended annexation agreement between Riverbelle Properties, LLC and Truckee Meadows Water Authority will be executed prior to the DWSRF loan commitment.

Section 6: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED JANUARY 14, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects



**Loan Commitment from the Drinking Water
State Revolving Fund**
Board for Financing Water Projects
January 2020



Churchill County

Amount and Term	Recommendation
\$100,000 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Churchill County for the purposes of completing a preliminary engineering report (PER) and environmental report (ER) to provide a back-up source of supply for the water system.

Community Information

Location	Churchill County
Structure	County Municipal Water System
Population	750
Service Connections	310

Project for Funding

Need The PER and ER will investigate the alternatives to provide redundancy for the existing Sand Creek water system to comply with Nevada Administrative Code (NAC) 445A.6686. Currently, the system relies on a single municipal well. In January 2019, a water system master plan, funded by the county, identified four alternatives to provide redundancy for the system. This PER will thoroughly evaluate each alternative for long-term system sustainability – including the drilling of a six-inch, 400-foot-deep monitoring well to evaluate a new site for a redundant well. An ER will be prepared to review the impacts of the project on cross-cutting regulations.

The PER and ER will follow the USDA RUS Bulletin 1780-2 and USDA RUS Bulletin 1794A-602, respectively.

Timeline PER & ER (including the drilling of a test well): January-June 2020

Sources of Project Funding	DWSRF	Other Partner Funders	Local	Total
Planning	\$ 100,000		\$ 50,000	\$ 150,000
Design, inspection, & Construction Management				
Equipment				
Construction				
Administration				
Contingency				
Financing				
Totals	\$ 100,000		\$ 50,000	\$ 150,000
Detailed use(s): Task 1: Monitoring Well - \$75,000; Task 2: PER - \$50,000; Task 3: ER - \$25,000				

Previous Commitments and Studies

Churchill County Water Distribution System Improvements Project

Churchill County received a total of \$3,667,667.54 (54.48% of total project costs) in state Capital Improvement Grant funding to assist with the creation of the Sand Creek Water System, which consisted of a new well, treatment system, storage tank, and distribution system. The project was funded from 2004 to 2008.

Community Engagement

- **January 4, 2018 Board of County Commission Meeting:** Approval to submit pre-application to the State Revolving Fund
- **August 15, 2018 Board of County Commission Meeting:** Approval to hire Shaw Engineering to develop a new water and wastewater master plan
- **February 20, 2019 Board of County Commission Meeting:** Adoption of 2019 Churchill County Water and Wastewater Master Plan
- **June 19, 2019 Board of County Commission Meeting:** Approval for Shaw Engineering to provide engineering services regarding future water and wastewater service to the Churchill County Coleman Road Project
- **September 18, 2019 Board of County Commission Meeting:** Approval to submit an application to the NDEP Drinking Water State Revolving Fund program to request funding for a PER defining a redundant water supply for the existing Sand Creek Water System
- **September 18, 2019 Board of County Commission Meeting:** Approval for Shaw Engineering to provide a PER defining a redundant water supply for the existing Sand Creek Water System

Current System Information

Infrastructure The Sand Creek water system consists of a 1,000 gallon per minute well, a 750 gallon per minute arsenic treatment plant, a one million gallon ground-level storage tank, a booster pump station that pressurizes the single pressure zone in the system, and transmission and distribution pipe that range in size from six to 16 inches.

Compliance The most recent sanitary survey of the Sand Creek water system was conducted by the NDEP Bureau of Safe Drinking Water on July 19, 2018. No significant deficiencies were noted with the existing water system infrastructure.

Water Conservation Plan Churchill County's water conservation plan was updated in June 2019 and is available on the Nevada Division of Water Resources website. The county has adopted effective water resources protection and planning essential to the long-term sustainability of the community, including: the adoption of water resource protection policies as a part of the 2015 county master plan; creation of a county water resource plan to ensure continued recharge to the aquifers; and the tracking of customer water usage and unaccounted-for water losses to prevent water waste. Water conservation plans must be updated every five years and comply with Nevada statutes¹.

Technical Capacity The water system conducted a technical, managerial, and financial capacity survey in October 2019. The evaluation noted areas of potential improvement; however, the survey score satisfied the regulatory requirements for capacity. The county retains certified distribution and treatment contract operations and management staff – SPB Utility Services, Inc. – to fulfill the daily operation and maintenance support services for the Sand Creek water system.

Managerial Capacity The county is governed by a three-member commission and employs a full-time county manager to oversee operations and fiscal matters of the system. The county has the ability to conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

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

Financial Information as of **June 30, 2018 (SFY 2019 audit still pending)**

Unrestricted Cash: \$936,136

Outstanding Debt: \$0

Current Ratio: 0

Debt Coverage: not applicable

Financial information is independently audited by HintonBurdick.

User Water Rates Residential base rate per user, per month: \$51.10 (no water included)
Tier One: \$2.10/1,000 gallons (0-6,000 gallons)

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

Tier Two: \$2.60/1,000 gallons (6,000-20,000 gallons)

Tier Three: \$3.40/1,000 gallons (20,000 or more gallons)

Average water rate/use for system: \$81.90 (13,000 gallons)

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

Fiscal Sustainability Plan A fiscal sustainability plan will not be required in the loan agreement since this is for a PER and ER only. However, NDEP has received the county's certification that it maintains a fiscal sustainability plan.

Capital Asset Reserve Account The county is maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The current balance is \$318,879. This proposed funding agreement will not contain a requirement to maintain this reserve account since it is for a PER and ER only.

Principal Forgiveness Eligibility Criteria The 2019 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. Preparation of a PER with an ER is a qualified project for up to \$100,000 of principal forgiveness funding if the system further demonstrates other conditions that would qualify enough points to make them eligible for principal forgiveness funding. The district received 85 out of 400 possible points. Only 50 points were needed to qualify for principal forgiveness funding.

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:

- A 15% match for each disbursement request is required.
- The PER must meet the conditions of NDEP’s guidance documents and the Rural Utilities Services Bulletin 1780-2. The ER must address the chosen project(s) area of impact to move the project into the design phase for funding. Should the document not meet these conditions, the funding awarded to create the document must be repaid to OFA.
- OFA will request planning meetings with borrowers and their selected engineering professional to discuss the status of the document. OFA may reimburse eligible expenses in connection with these meetings throughout the creation of the documents.

Percentage of completion of document	Eligible reimbursement
30%	30%
60%	60%
90%	90%
100%	100%

Should no reimbursements be requested that meet the percentage of completion requirement, NDEP will request the following planning meetings:

Months	Eligible reimbursement
6 months	30%
9 months	60%
12 months	90%
15 months and every 3 months thereafter	90% until complete

RECOMMENDED MOTION

I move to approve the resolution titled "1-2020 Churchill County – Sand Creek Water System Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$100,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION 1-2020

Churchill County – Sand Creek Water System Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On January 14, 2020, the Board, under NRS 445A.265(3), approved the Year 2020 Rev-1 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Churchill County (Recipient) owns and operates a public water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to make improvements to the Sand Creek Water System (Project); and
- WHEREAS:** The Project is included as project #26 on the Year 2020 Rev-1 Priority List of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “1-2020 Churchill County – Sand Creek Water System Project Loan Commitment.”

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed \$100,000 from the revolving fund account consistent with NRS 445A.265(3).

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

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

PASSED, ADOPTED, AND SIGNED JANUARY 14, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects



Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2020

Lovelock Meadows Water District

Amount and Term	Recommendation
<p><u>\$500,000</u> Principal Forgiveness from DWSRF</p> <p><u>\$435,000</u> Capital Improvement Grant</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and grant commitments to the Lovelock Meadows Water District for rehabilitation of its 1.5 million gallon storage tank.</p>

Community Information

- Location** Lovelock, Pershing County, NV
- Structure** Public Water System
- Population** 3,000
- Service Connections** Residential 1,247; Non-residential 316

Project for Funding

Need The 1.5million gallon, welded-steel water storage tank was originally constructed in 1991. The floor of the storage tank has experienced significant corrosion due to the native soils. Replacing the tank floor – which is at the end of its service life – will assist the water system to stay in compliance with both the federal Safe Drinking Water Act and the regulations of NDEP, Bureau of Safe Drinking Water in three ways: 1) materials used will be in compliance with all required regulations and standards including, but not limited to, NSF 61 and AWWA; 2) the rehabilitated tank will facilitate compliance with the regulatory requirements for operating, emergency, and fire storage capacity; and 3) correcting the water loss due to the leaking floor will assist the system in remaining within its water conservation plan parameters.

Chosen Project The project includes: replacing the existing tank floor and base aggregate material, recoating the interior and exterior of the tank, and adding a cathodic protection system.

Project Alternatives *No Action:* In its current condition, the tank has the potential to cause water quality issues and possible loss of capacity to the water system if left unaddressed.

Maps Maps are attached to this report.

Timeline Design: Complete
 Construction Procurement: January 2020
 Construction Award: February 2020
 Completion: July 2020

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$ 0	\$ 0	In-Kind	\$ 0
Design, inspection, & Construction Management	\$	\$ 0	\$ 10,000	\$ 10,000
Equipment & Materials		\$435,000		\$ 435,000
Construction	\$ 500,000	\$ 0	\$ 155,000	\$ 655,000
Administrative	\$	\$ 0	In-Kind	\$
Totals	\$ 500,000	\$ 435,000	\$ 165,000	\$1,100,000

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 was posted to the Nevada State Clearinghouse and NDEP websites.

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

Community Engagement

The project manager identified the project was for simple rehabilitation due to normal deterioration, and the board approved the project at a public meeting.

Current System Information

Infrastructure With over 115 square miles, the Lovelock Meadows Water District service area is very large by rural Nevada standards. The Lovelock Meadows Water District's sole focus is the procurement and distribution of water. Groundwater in the Lovelock area is generally not suitable for domestic use, irrigation, or stock watering because of high concentrations of sulfate, chloride, nitrate, fluoride, and dissolved salts. Arsenic appears to be a groundwater concern in the immediate area of the City.

The Lovelock Meadows Water District supplies drinking water from three groundwater wells located in Oreana, approximately 15 miles northeast of Lovelock. Chlorination occurs at each of the wells. Storage consists of two tanks: a 1.5 million-gallon tank and a 2.5 million-gallon tank. The system is fully metered.

Compliance The most recent sanitary survey was conducted by the Bureau of Safe Drinking Water on June 13, 2019.

Water Conservation Plan A water conservation plan is on file with the Nevada Division of Water Resources. This plan was last updated in January 2015. Water conservation plans must be updated every five years and comply with Nevada statutes².

Technical Capacity A technical, managerial, and financial capacity survey was conducted in January 2015. The water system evaluation noted areas of improvement; however, the survey score satisfied the regulatory requirements for capacity. The district employs certified operators.

Managerial Capacity The district is governed by a five-member board. The district also employs a full-time manager to oversee all operations and fiscal matters of the system. The district has the ability to conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity Based on the financial information provided, the Lovelock Meadows Water District is capable of meeting its short- and long-term financial needs.

Financial Information as of **June 30, 2019**:

Unrestricted Cash: \$1,568,220

Outstanding Debt: \$4,137,735

Current Ratio: 10.60

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Debt Coverage: 2.23

Financial information is independently audited by Eide Bailly.

- User Water Rates** The water rates established are sufficient to cover operating, maintenance, debt service, and reserves of the system.
- Residential base rate per user per month: \$35.02 (0-7,000 gallons)
 - Commodity rate: \$3.00/1,000 gallons over the base gallons
 - Average water rate/use for system: \$43.02 (9,000 gallons)
- Fiscal Sustainability Plan** A fiscal sustainability plan will be required in the loan and grant agreements. NDEP has received the district's certification that they will meet the requirements of a fiscal sustainability plan prior to the final disbursement of funds from the loan.
- Capital Replacement Reserve Account** The district is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The current balance is \$486,199. Both of the proposed funding agreements will contain a requirement to maintain this reserve account.
- DWSRF Principal Forgiveness Eligibility Criteria** The system meets 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.
- Capital Improvement Grant Scale determination** The district has been found to be eligible for 60% of eligible projects costs based on the board's Scale to Determine Grant Amount policy revised on July 24, 2009. However, funding will first come from other sources to demonstrate the district's intent to utilize the capital improvements grant program as the last funding source. Therefore, a lesser amount is being proposed in the funding agreement.

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)).

DWSRF Loan Conditions

The principal forgiveness loan will contain the following conditions. The recipient will:

- 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 at least annually and reevaluated every five years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D01-2020 Lovelock Meadows Water District Project Loan Commitment,” which is intended to finance 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 percent of the principal will be forgiven.

RESOLUTION D01-2020

Lovelock Meadows Water District Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On January 14, 2020, the Board, under NRS 445A.265(3), approved the Year 2020 Rev-1 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Lovelock Meadows Water District (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to replace a water storage tank (Project); and
- WHEREAS:** The Project is included as project #17 on the Year 2020 Rev-1 Priority List of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “D01-2020 Lovelock Meadows Water District Project Loan Commitment”

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed \$500,000 from the revolving fund account consistent with NRS 445A.265(3).

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

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

PASSED, ADOPTED, AND SIGNED JANUARY 14, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Capital Improvement Grants Program Authority and Purpose

Nevada Revised Statute (NRS) 349.980 to 349.987 describe the Capital Improvements Grant Program and the powers and duties of the Board for Financing Water Projects. 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. The recipient will:

- Self review user rates at least every three (3) years for the life of the loan.
- Maintain a fiscal sustainability plan that is reviewed by the governing board at least every five (5) years.
- Maintain a capital replacement reserve account that is funded at least annually and reevaluated every five (5) years.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G01-2020 Lovelock Meadows Water District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$435,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION

Lovelock Meadows Water District Tank Rehabilitation Project Grant Commitment

WHEREAS: The Board for Financing Water Projects (Board) of the State of Nevada (State) is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (Act), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems;

WHEREAS: Lovelock Meadows Water District, (Applicant) has applied to the Board for a grant for a project having eligible costs estimated to be \$1,100,000 to pay for costs of capital improvements to a publicly owned community water system within the jurisdiction of the Applicant, which capital improvements are commonly referred to as the "Lovelock Meadows Water District Project" (Project); and

WHEREAS: in connection with seeking a grant, the Applicant has submitted a written application (Application) to the Board (a true and correct copy of the Application is on file with the State); and

WHEREAS: the Board has taken all necessary and proper actions with respect to the Application as required pursuant to the Act and Chapter 349.430 to 349.545, Nevada Administrative Code (Regulations), and in connection therewith, the Board has determined to provide a grant to the Applicant; and

WHEREAS: NAC 349.535 provides in relevant part, as follows:

If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant. . . .

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “G01-2020 Lovelock Meadows Water District Project Grant Commitment”

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed \$435,000 of eligible project costs estimated to be \$1,100,000.

Section 3: Based on its review of the Application, and based on the records and documents submitted to the Board concerning the Project, the Board hereby makes the following findings of fact in support of its determination to award a grant to the Applicant:

- (a) The proposed capital improvement is economically justified and financially feasible;
- (b) The proposed capital improvement complies with the provisions of the NRS 349.980 to 349.987, inclusive;
- (c) The plan for development of the proposed capital improvement is satisfactory;
- (d) The Applicant is able to obtain the financing required to complete the capital improvement;
- (e) The Applicant has taken sufficient and reasonable efforts to determine whether the proposed capital improvement conflicts with any regional master plan of any local, state or federal governing authority, and those efforts have not revealed such a conflict; and
- (f) The proposed capital improvement will not use or waste excessive quantities of water.

Section 4: The conditions for providing the grant to the Applicant are set forth on Attachment A attached hereto and by this reference incorporated herein.

Section 5: The Application, on file with the State and by this reference incorporated herein, is a true and correct copy of the application filed by the Applicant with the Board.

Section 6: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with the Act and NAC 349.549.

Section 7: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED JANUARY 14, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

ATTACHMENT A

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

1. The award of grant funds is contingent upon the availability of grant funds, which may be dependent upon the issuance of additional bonds. While the Board will use best efforts in selling any necessary bonds for the funding of this grant, approval of this grant does not imply or guarantee that any monies have been set aside for this project.
2. The State may enter into a funding agreement with 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. Applicant is subject to the provisions of NAC 349.554 through 349.574 regarding the administration of this grant.
 - h. 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 of anticipated draw requests.
 - i. 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.



**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.

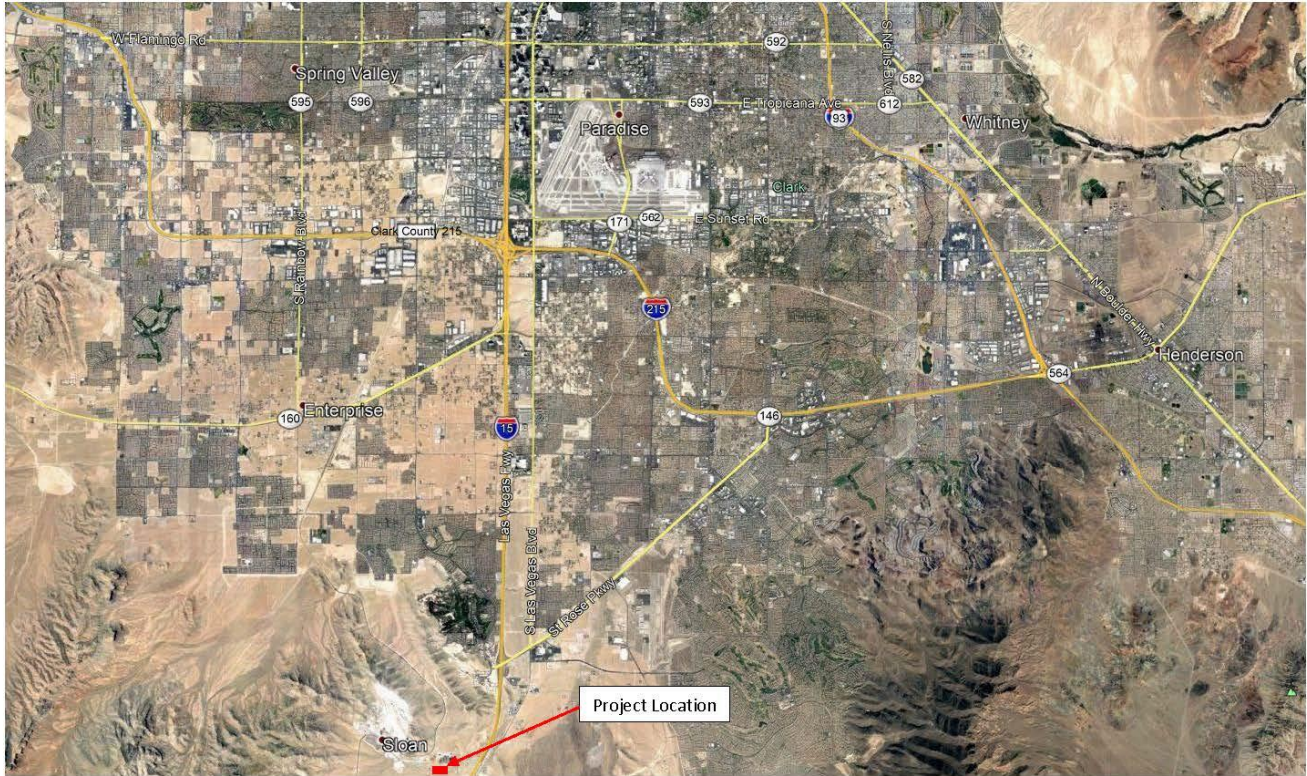
Fiscal Sustainability Plan A fiscal sustainability plan was prepared with the assistance of Nevada Rural Water Association. This loan will require Roark Estates to maintain this plan.

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.

RESOLUTION 1-2020

Roark Estates Homeowners Association Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On January 14, 2020, the Board, under NRS 445A.265(3), approved the Year 2020 Rev-1 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Roark Estates HOA (Recipient) owns and operates a private community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to replace a water storage tank (Project); and
- WHEREAS:** The Project is included as project #52 on the Year 2020 Rev-1 Priority List of water projects; and
- WHEREAS:** The Recipient's Project is ready to proceed; and
- WHEREAS:** In connection with seeking a loan, the Recipient has submitted a written application to NDEP consistent with NAC 445A.67613; and
- WHEREAS:** NDEP has reviewed the application — including supporting materials — and has determined that the Recipient has the technical, managerial, and financial capability to manage a loan for the Project; and
- WHEREAS:** NDEP has taken all necessary and proper actions as required by regulations on loan applications adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive); and
- WHEREAS:** The Board must give prior approval before NDEP may expend any money from the revolving fund account for the purposes set forth in NRS 445A.275;

IT IS RESOLVED by the Board for Financing Water Projects of the State of Nevada:

Section 1: This resolution shall be known as the “1-2020 Roark Estates HOA Water System Project Loan Commitment”

Section 2: The terms and conditions of the loan for the Project shall be negotiated between the Recipient and NDEP. These terms will include 100% principal forgiveness.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed \$221,383 from the revolving fund account consistent with NRS 445A.265(3).

Section 4: The Board further recommends that NDEP take all other necessary and appropriate actions to advance the provisions of this resolution consistent with NRS 445A.200 to 445A.295, inclusive, and with corresponding regulations.

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

PASSED, ADOPTED, AND SIGNED JANUARY 14, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects