

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*
Lori Williams
Mike Workman
Carl Ruschmeyer

Non-Voting Member:
Andrea Seifert

AGENDA

STATE BOARD FOR FINANCING WATER PROJECTS

January 20, 2021

10:00 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:

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Join the Meeting at:

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

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United States: +1 (877) 422-8614, 4155018#

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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 – July 29, 2020 Meeting** (For Possible Action)

5 **Funding and updates for the Drinking Water State Revolving Fund (DWSRF)** (Discussion)

Presented by Jason Cooper

6 **Funding and updates for the Capital Improvement Grants Program** (Discussion)

Presented by Jason Cooper

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

Three resolutions for consideration

Summary by Jason Cooper

7A Beatty Water & Sanitation District (For Possible Action)

<i>Current Loan:</i>	<i>Additional Funds:</i>	<i>Total Commitment:</i>
\$85,000	\$15,000	\$100,000

7B Truckee Meadows Water Authority (For Possible Action)

<i>Current Loan:</i>	<i>Additional Funds:</i>	<i>Total Commitment:</i>
\$100,000	\$16,000	\$116,000

7C Mount Rose Bowl Property Owners' Water Company (For Possible Action)

<i>Current Loan:</i>	<i>Additional Funds:</i>	<i>Total Commitment:</i>
\$500,000	\$25,000	\$525,000

8 **Adoption of Consent Items - Funding for Preliminary Engineering Reports and Environmental Reviews** (For Possible Action)

Two resolutions for consideration

Summary by Jason Cooper and Sharada Maligireddy

8A Gold Country Water Company, Inc. (For possible Action) \$37,400

8B Cottonwood Mobile Home Park (For possible Action) \$24,225

Projects for Consideration

9 **Alamo Sewer & Water GID (For Possible Action)**

Proposed project for the DWSRF program and the Capital Improvements Grant program

Two resolutions for consideration

Summary by Sharada Maligireddy and Elise Akers

10 Las Vegas Valley Water District-Big Bend (For Possible Action)

Proposed project for the DWSRF program and the Capital Improvements Grant program

Two resolutions for consideration

Summary by Sharada Maligireddy and Elise Akers

11 Douglas County-Cave Rock (For Possible Action)

Proposed project for the DWSRF program

Two resolutions for consideration

Summary by Sharada Maligireddy and Elise Akers

12 Gerlach GID (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Sharada Maligireddy and Elise Akers

13 McGill Ruth (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Sharada Maligireddy and Elise Akers

14 Esmeralda County (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Sharada Maligireddy and Elise Akers

Capital Improvements Grant Program Policies

15 Review of Board Policy on Scale to Determine Grant Amount (For Possible Action)

Summary by Jason Cooper

16 Board Comments (Discussion)

17 Public Comments (Discussion)

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

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

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

Members present:

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

Legal counsel present:

Dan Nubel, Senior Deputy Attorney General

NDEP staff present:

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

Public present:

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

1) Board for Financing Water Projects regular meeting

1) Call to order

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

2) Introduction/establish quorum

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

3) Public comment

There were no public comments.

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

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

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

5) Election of board chair and vice-chair

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

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

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

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

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

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

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

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

1) Funding update for the Capital Improvements Grant Program

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

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

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

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

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

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

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

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

1) Project list for consideration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1) Capital Improvements Grant Program policies

a. Policy on nonprofit public systems

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

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

b. Policy on septic to community sewage system connections

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

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

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

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

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

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

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

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

c. Discussion of board policy additions and changes

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

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

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

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

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

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

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

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

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

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

2) Board comments

There were no board comments.

3) Public comment

There were no public comments.

4) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 4:06 pm.

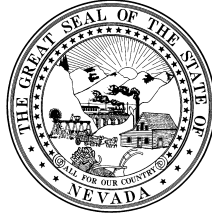
2) ATTACHMENTS

Steve Sisolak
Governor

Jason B. Cooper, CGFM
Board Advisor

Katie Armstrong
Senior Deputy Attorney General

STATE OF NEVADA



Board Members:
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Andrew Belanger, *Vice Chair*
Lori Williams
Mike Workman
Carl Ruschmeyer

Non-Voting Member:
Andrea Seifert

AGENDA (Revised)

STATE BOARD FOR FINANCING WATER PROJECTS

July 29, 2020

1:30 PM

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

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- 4 **Approval of Minutes – January 14, 2020 Meeting** (For Possible Action)
- 5 **Election of Board Chair and Vice Chair** (For Possible Action)
- 6 **Funding and updates for the Drinking Water State Revolving Fund (DWSRF)** (Discussion)

Presented by Jason Cooper
- 7 **Funding and updates for the Capital Improvement Grants Program** (Discussion)

Presented by Jason Cooper
- 8 **Approval of the Nevada Drinking Water Priority List—Effective July 2020** (For Possible Action)

Presented by Sharada Maligireddy and Jason Cooper

Projects for Consideration

- 9a **Topaz Ranch Estates GID** (For Possible Action)

Proposed project for the DWSRF program
Summary by Sharada Maligireddy and Jason Cooper
- 9b **McGill Ruth General Improvement District** (For Possible Action)

Proposed project for the DWSRF program
Summary by Sharada Maligireddy and Jason Cooper
- 9c **Hawthorne Utilities** (For Possible Action)

Proposed project for the DWSRF program
Summary by Sharada Maligireddy and Jason Cooper
- 9d **Lovelock Meadows Water District** (For Possible Action)

Proposed project for the DWSRF program and the Capital Improvements Grant program
Summary by Sharada Maligireddy and Jason Cooper
- 9e **Churchill County** (For Possible Action)

Proposed project for the Capital Improvements Grant program
Summary by Sharada Maligireddy and Jason Cooper

Capital Improvements Grant Program Policies

10a Board Policy on Nonprofit Public Systems (For Possible Action)

Summary by Jason Cooper

10b Board Policy on Septic to Community Sewage System Connections (For Possible Action)

Summary by Jason Cooper

10c Discussion of Board Policy Additions and Changes (Discussion)

Summary by Jason Cooper

a) Scale to Determine Grant Amount

b) Funding Water Resource Plans

11 Board Comments (Discussion)

12 Public Comments (Discussion)

13 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.

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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 Stamates
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.

**Board for Financing Water Projects
Drinking Water State Revolving Fund
July 2020**

Drinking Water Program Funding Updates as of July 15, 2020

Cash in fund		\$54,495,804.92
Committed funds not yet disbursed	\$24,151,839.97	
Add commitments for Board consideration	\$2,160,412.00	
Total committed funds after Board approval	\$26,312,251.97	
Lowest cash flow balance in three (3) years		\$25,635,630

Drinking Water Cash Flow Projections¹

	July 2020 to June 2021	July 2021 to June 2022	July 2022 to June 2023
Cash balance forward	\$47,714,365	\$39,163,001	\$31,544,580
Receipts from grants awarded	\$10,334,770	Not forecasted	Not forecasted
Receipts from bonds issued	\$0	Not forecasted	Not forecasted
Receipts from treasurer's Interest ²	\$1,029,187	\$797,327	\$650,587.69
Receipts of loan principal	\$13,219,875	\$13,547,652	\$13,616,797.22
Receipts of loan interest	\$4,158,250	\$3,838,076	\$3,491,121.30
Payments for debt service	(\$3,405,688)	(\$2,872,619)	(\$2,788,825)
Payments to loan recipients ³	(\$33,887,759)	(\$22,928,857)	(\$20,820,000)
Cash balance forward	\$39,163,001	\$31,544,580	\$25,694,261

Drinking Water Grant Conditions for Principal Forgiveness

Current funds to obligate for principal forgiveness loans		\$3,466,860.78
Less projects for board consideration	\$2,160,412	
Current funds to obligate for principal forgiveness loans		\$1,306,448.78
Pending 2020 Grant Application (submitted May 2020)	\$2,552,800	
Total Principal Forgiveness Funds		\$3,859,248.78

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

² Estimated at 2% 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

DWSRF Systems and Coronavirus Update

DWSRF is actively monitoring the financial status of all borrowers from the program to ensure technical, managerial and financial capacity requirements are being met during these difficult times. Systems have not indicated any significant technical or managerial issues they need assistance with.

Borrowers are asked to submit quarterly information related to the water operations fund including budget information and economic impact surveys. The next submission of data will not occur until August 14, 2020.

- All borrowers have made their July 1, 2020 debt service payments timely.
- As of March 20, 2020, the program has 31 separate borrowers:
 - 22 Public entities with \$167,116,252.50 outstanding
 - 9 Private entities with \$1,806,703.90 outstanding
- The data collection on May 15 was for Quarter 1 of 2020, which ended March 30. As of that date:
 - Only one private system has expressed concern over being able to make future debt service payments due to temporary closure of their primary business. This business has since re-opened and revenues have returned to normal levels.
 - Many systems expressed concern over their future revenue projections, but indicated it was too early to tell the magnitude of the shutdown and pandemic.

Federal stimulus funding for DWSRF program continues to be discussed in Congress in the wake of the Coronavirus pandemic. The Council of Infrastructure Finance Authority (CIFA) reports they continue to hear bipartisan support for the SRF programs and a desire by Congress to continue supporting them, but have not worked out the amounts, timing, or details of the next grant awards. They are also not sure it will be a special grant versus the normal annual appropriations. Discussions have included:

- Not requiring a state match for federal funds
- Not requiring “shovel-ready” project funding similar to ARRA
- Allowing states to use up to 100% of the grant as principal forgiveness
- No additional changes are expected to the current grant conditions

DWSRF 2020 Intended Use Plan

The 2020 Drinking Water Intended Use Plan was posted for public comment on February 26, 2020. The plan was final on March 26, 2020. Highlights include:

- Forecasted grant funding totaling:
 - For traditional loans: \$7,781,970 (60.97%)
 - For principal forgiveness loans: \$2,552,800 (20%)
 - For-set-aside activities: \$2,429,230 (19.03%)
 - Total 2020 Drinking Water Grant: \$12,764,000



- Principal forgiveness cap raised to \$1,000,000. Systems are still required to self-evaluate water rates every three years, prepare a fiscal sustainability plan, and fund a capital replacement reserve account.
- Additional extenuating circumstances allowing additional funds over \$1 million was expanded to include: 1) Failing infrastructure threatens only source of supply or only storage facility.
- Special incentive for loans until March 27, 2021. Borrowers taking out a loan of \$2 million or more may receive \$250,000 in principal forgiveness. Certain conditions apply. Does not need to be a disadvantaged community or small system to qualify. System must still demonstrate sufficient rates, a fiscal sustainability plan (or equivalent), and a capital replacement reserve.

**Board for Financing Water Projects
Capital Improvement Grants Program
July 2020**

Capital Improvement Grants Program Funding Update as of July 15, 2020

Current Cash:	\$ 1,476,863.58
Reserved for Administration	\$ 14,064.81
Committed funds not yet disbursed	\$ 328,426.01
Projects for Consideration:	\$ 1,134,372.00
Un-committed funds:	\$ 0.76

Committed funds not yet disbursed:

GP2001	Lovelock Meadows Water District	Storage Tank 1 rehabilitation	\$328,426.01
Total			\$328,426.01

Projects for consideration:

#16	Lovelock Meadows Water District	Storage Tank 2 rehabilitation	\$487,500.00
#27	Churchill County	New well for redundant source requirements	\$646,872.00
Total			\$1,134,372.00

Letter of Intent Submitted

#14	Las Vegas Valley Water District (Big Bend)	Treatment plant improvements; storage rehabilitation; distribution; electrical controls	\$5,000,000
	Pershing County Water Conservation District	Rodgers Flume Replacement	\$2,160,000
Total			\$7,160,000

Bond authority:

AB 541	2019 Legislative Session, Section 17	\$3,000,000
	The State Board of Finance shall issue general obligation bonds of the State of Nevada in the face amount of not more than \$3,000,000 in the 2019-2021 biennium as provided in NRS 349.986 for the program for providing grants for water conservation and capital improvements to certain water systems.	
	Less 2019B Series issued December 10, 2019	\$1,500,000
Remaining Authority		\$1,500,000
June 17, 2020	Formal request to the State Treasurer's Office for issuance of additional funds in fall 2020 (Fiscal Year 2021)	\$1,500,000

Arbitrage Rebate:

2019 B Series:

For construction projects = two-year expenditure requirement:

Tahoe / AB541	\$4,000,000
WTR GRTS / AB541	<u>\$1,500,000</u>
	\$5,500,000

Period	Cumulative Expenditures
6 Months	10%
12 Months	45%
18 Months	75%
24 Months	100%

For the 2020 Series:

For construction projects = two-year expenditure requirement:

Tahoe / AB541	\$?
WTR GRTS / AB541	<u>\$1,500,000</u>
	\$1,500,000

Period	Cumulative Expenditures
6 Months	10%
12 Months	45%
18 Months	75%
24 Months	100%

Nevada
Drinking Water State Revolving Fund
Priority List—Effective July 2020

Board for Financing Water Projects

July 2020

Recommendation

It is recommended that the Board for Financing Water Projects approve the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020.

General

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 requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the *Nevada Revised Statutes* (NRS) 445A.200 to 445A.295, inclusive. In addition, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. Other program directives include the conditions of the grant award, the Operating Agreement with the EPA, and EPA guidance and policies.

One of the requirements of the NRS pertaining to the DWSRF is that NDEP shall not “Establish the priorities for determining which public water systems will receive money...without obtaining the prior approval of the board for financing water projects” (NRS 445A.265(3)(b)).

Ranking Process

Nevada uses a ranking system to prioritize the order in which eligible projects may be financed¹. In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the SDWA. The priority ranking system is described in detail in NAC 445A.67569. Projects are ranked into the following four classes and listed in order of priority:

Class I: Significant (acute) health risks

Class II: Violation of primary and/or secondary drinking water standards (chronic health risks)

Class III: Infrastructure rehabilitation/replacement

Class IV: Refinance of existing debt

¹ Nevada Administrative Code (NAC) 445A.67566 to 445A.67574, inclusive

As specified in NAC 445A.67569, points assigned to address different problems within a class are additive. The initial ranking number is multiplied by the ratio of the state median household income to the public water system median household income. Within each of the above classes, the projects are ranked by type of public water system in the following order:

- a) Community public water systems;
- b) Nonprofit, non-transient water systems; and
- c) Nonprofit, non-transient water systems.

If two or more water projects within the same class and type have the same number of total points, the water project associated with the service area with the highest population is ranked higher.

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

DWSRF Priority List Changes

In May 2020, NDEP sent a solicitation letter to all eligible water systems for proposed new water projects. The following projects are being added to the previous list:

Rank	Applicant	Project
12	TRI GID	Transmission Line Expansion / Arsenic mitigation
13	Baker Water & Sewer GID	New Water System for Lehman Creek Subdivision
34	Southern Nevada Water Authority	Treatment upgrades / system improvements
55	Weed Heights Development, LLC	PER/Storage repair or replacement
56	Gerlach GID	Rehabilitate transmission line appurtenances
62	Town of Tonopah	Main St Utility conflicts
65	Moapa Valley Water District	PER/Gubler Main replacement
74	Gardnerville Ranchos GID	Replace distribution mains
76	Silver Springs Mutual Water Co	Transmission Line upgrade & replacement
83	Moapa Valley Water District	Main St water main replacement
87	Ely, City of	Advanced Metering Infrastructure Project
88	Canyon GID	PER/Well Capacity

The following projects are being removed from the previous list because they were funded or no longer wish to be on the priority list.

Rank	Applicant	Project
42	Kingsbury GID	PER/ER; rehabilitation
48	Yerington, City of	PER/ER; consolidation of Campbell Lane

The Priority List Effective July 2020 also contains changes to the median household income (MHI) of some communities. The 2018 5-Year American Community Census Survey changed disadvantaged designation for the following communities:

Changes in Median Household Income Impacting Disadvantaged Community Designation

System	County	2020R Priority List		Priority List Effective July 2020	
Nevada		\$55,434	2013-2017 American Community Survey	\$57,598	2014-2018 American Community Survey
80% of State MHI		\$44,347		\$46,078	

Removed from Disadvantaged Status

Gabbs, Town of	Nye	\$ 34,063	2013-2017 Community Survey (Gabbs CCD)	\$ 55,847	2014-2018 Community Survey (Gabbs CDP)
Hawthorne, Town of	Mineral	\$ 42,250	2013-2017 Community Survey (Hawthorne CDP)	\$ 48,618	2014-2018 Community Survey (Hawthorne CDP)
McDermitt, Town of	Humboldt	\$ 36,336	2013-2017 Community Survey (McDermitt CCD)	\$ 53,911	2014-2018 Community Survey (McDermitt CCD)
Orovada	Humboldt	\$ 36,336	2013-2017 Community Survey (McDermitt CCD)*	\$ 53,911	2014-2018 Community Survey (McDermitt CCD)
Silver City	Lyon	\$ 41,971	2013-2017 Community Survey (Lyon Co Census Tract 9603.01)	\$ 49,451	2014-2018 Community Survey (Lyon Co Census Tract 9603.01)

CCD = Census County Division: A section of a county

CDP= Census Designated Place: A population concentration for Census statistics

DWSRF Priority List Statistics

As of July 7, 2020, subject to change frequently

Project Status	Percent of Projects	Count of Projects	Estimated Project Cost
In Discussion for Funding / Active Applicants	11.58%	11	139,131,356.00
Project has been funded / Open Project	23.16%	22	95,529,185.00
System not ready to proceed / Need more information	65.26%	62	197,696,806.00
Grand Total	100.00%	95	432,357,347.00

Project Class	Disadvantaged	Systems serving less than 10,000 people	Systems serving more than 10,000 people
Class I Acute Health Risk	0	2	0
Class II Chronic Health Risks	2	8	3
Class III Rehabilitation	24	70	12
Count of Projects	26	80	15
Percent of Total Projects	27.4%	84.2%	15.8%
Percent of Project Costs	15.3%	54.7%	45.3%

Drinking Water State Revolving Fund Priority List -- Effective July 2020

Priority	Water System	PWS ID#	Pop. Served	Number of Svc. Conn.	Total Points	State MHI/ PWS MHI	Revised Points	D	Ownership	Project Description	Estimate	Funded
1	Gold County Estates	NV0003079	950	415	4	0.91	3.63		Private	Nitrate compliance	\$1,200,000	
2	Humboldt Co (Grass Valley)	NV0001098	4,000	1,600	2	1.10	2.21		Public	PER/ER - Creation of new water system	\$100,000	
Total Class I											\$1,300,000	

Class II--Chronic Health Risks
Community Water Systems

3	Beatty Water & Sanitation District	NV0000009	1,010	446	12	1.76	21.11	D	Public	PER/ER, Wells 2 & 3 arsenic & fluoride treatment	\$1,970,000	Y ²
4	Carson City	NV0000015	56,000	16,447	13	1.11	14.39		Public	Completion of Regional Water Project - extension from Washington & Phillips to Quill Treatment Plant	\$7,544,452	Y ³
5	Humboldt Co (McDermitt)	NV0000162	200	100	13	1.07	13.89		Public	Arsenic treatment	\$700,000	Y
6	Truckee Meadows Water Authority	NV0000190	325,000	91,000	13	1.00	12.94		Public	Groundwater treatment (arsenic, iron, manganese removal) for reliable source during drought (Phase 1 @ \$ 34,339,000) & Transmission Line (Phase 2 @ \$ 16,862,000)	\$51,201,000	
7	Truckee Meadows Water Authority	NV0000190	325,000	91,000	13	1.00	12.94		Public	Consolidation of Old 40 West water system w/ TMWA (arsenic compliance)	\$250,000	Y
8	Alamo Sewer & Water GID	NV0000005	900	318	12	1.01	12.15		Public	Arsenic treatment	\$1,692,600	Y ²
9	Mt Rose Bowl Property Owners' Water Co	NV0000732	40	15	12	0.91	10.98		Private	LCR compliance, new storage tank	\$800,000	Y & Y ³
10	Silver Knolls Mutual Water Co	NV0004021	120	63	11	0.91	9.96		Private	Arsenic compliance	\$516,000	Y
11	Douglas Co (Fairgrounds/Sunrise Estates)	NV0002540	150	46	13	0.88	8.81		Public	Arsenic compliance	\$2,619,000	

Class II--Chronic Health Risks
Non-Community Water Systems

12	TRT GID ¹	NV0000913	10,000	200	13	0.92	12.02		Public	Transmission line Expansion - Arsenic compliance-mitigation	\$1,150,000	
13	Baker Water & Sewer GID ¹	NV0000863	30	20	11	0.99	10.88		Public	To establish new water system - alternative to un-treated surface water source currently in use - Lehman Creek	\$570,000	
Total Class II											\$69,013,052	

Class III--Rehabilitation
Community Public Water Systems

14	Las Vegas Valley Water Dist (Big Bend Water Dist)	NV0004092	9,300	2,200	50	1.70	85.06	D	Public	SW treatment plant improvements, storage tank rehabilitation, transmission & distribution line replacement, electrical & control systems improvements	\$5,290,000	
15	Beatty Water & Sanitation District	NV0000009	1,010	446	44	1.76	77.40	D	Public	Pipeline replacement, controls & other system projects	\$2,582,830	Y
16	Lovelock Meadows Water District	NV0000161	5,278	1,409	42	1.38	58.02	D	Public	New well, transmission line, storage, & other system improvements	\$5,000,000	Y
17	Golconda GID	NV0005029	114	102	44	1.25	55.17	D	Public	Spring rehabilitation, transmission line replacement, new chlorination system, & other system improvements	\$810,000	
18	Storey Co (Virginia City Highlands)	NV0000240	1,400	500	59	0.92	54.56		Public	PER/ER (VC Highlands - new source, storage, transmission & distribution system)	\$125,000	
19	Topaz Ranch Estates GID	NV0000239	1,501	730	39	1.33	51.71	D	Public	Rehabilitation/replacement: well, storage tank, transmission & distribution lines	\$13,773,956	Y ³
20	Humboldt Co (Gold County Estates)	NV0003079	950	415	48	0.91	43.61		Public	Consolidation of Gold Country with Humboldt Co, water quality mitigation, SRF loan refinancing	\$2,200,000	
21	Douglas Co (Lake Tahoe Systems)	NV0000258 & NV0000259	2,800	1,085	65	0.66	42.58		Public	Replacement/upgrade: storage tank, booster stations, water lines, SCADA, redundant treatment capacity, & meters	\$38,800,000	
22	Walker Lake GID	NV0000268	400	160	26	1.64	42.52	D	Public	Distribution rehabilitation: source water treatment	\$6,400,000	
23	Las Vegas Valley Water District	NV0000090	1,306,410	354,123	36	1.05	40.02		Public	System rehab: source, storage, distribution & backflow	\$13,209,090	Y
24	Lyon County Utilities (Dayton)	NV0000838	13,000	6,400	42	0.91	38.23		Public	New well, storage, & upgrade transmission & distribution lines	\$9,000,000	
25	North Las Vegas, City of	NV0000175	334,800	87,000	38	1.00	37.92		Public	Replacement of 4 wells including disinfection & buildings	\$11,860,000	Y
26	Blue Diamond Water Cooperative, Inc.	NV0000092	85	23	58	0.85	37.69		Private	PER/ER: Rehab/replace source, storage, transmission & other system improvements; possible consolidation?	\$1,741,500	
27	Churchill Co (Sand Creek Redundant Well)	NV0000406	750	320	33	1.12	36.90		Public	PER/ER: Churchill Co back-up well, storage, distribution looping, & other system improvements	\$1,300,000	Y ²
28	Lander Co Sewer & Water Dist 2 (Austin)	NV0000006	350	230	59	0.82	36.31		Public	Source, treatment, storage, transmission & distribution rehabilitation/replacement	\$1,007,000	Y ³
29	Elko Co (Mountain City)	NV0000170	134	40	23	1.48	34.02	D	Public	Spring rehabilitation & transmission line replacement	\$993,384	
30	Carlin, City of	NV0000014	2,500	900	43	0.72	31.06		Public	PER/ER, Source, storage, transmission & distribution rehabilitation/replacement, & meters	\$10,000,000	Y ²
31	Hawthorne Utilities	NV0000073	3,020	1,894	26	1.18	30.80		Public	Rehabilitation/replacement: distribution mains, source, & storage	\$13,000,000	Y ²
32	Las Vegas Valley Water Dist (Big Bend Water Dist)	NV0004092	9,300	2,200	18	1.70	30.63	D	Public	Riverbank filtration pretreatment	\$1,308,317	Y
33	Lyon County Utilities (Silver City)	NV0000240	244	116	26	1.16	30.28		Public	Storage tank, transmission & distribution line replacements	\$2,000,000	

Priority	Water System	PWS ID#	Pop. Served	Number of Svc. Conn.	Total Points	State MH/ PWS MH	Revised Points	D	Ownership	Project Description	Estimate	Funded
34	Southern Nevada Water Authority ⁴	NV0000289	2,200,000	441,123	29	1.01	29.41		Public	Clark County regional water system modifications: Ozone equipment upgrade, Hacienda Switchgear/MCC Replacement, and South Valley Lateral Actuator Replacement	\$50,600,000	
35	Orovada GID	NV0003022	200	50	27	1.07	28.85		Public	Storage, distribution, & meters	\$1,800,000	
36	Truckee Meadows Water Authority	NV0000190	325,000	91,000	28	1.00	27.88		Public	Consolidation of Verdi Mutual Water System with TMWA	\$710,000	
37	Kingsbury GID (Ponderosa HOA)	NV0000004	3,839	2,450	28	0.98	27.48		Public	Consolidation of Ponderosa HOA with KGID	\$570,355	
38	Alamo Sewer & Water GID	NV0000005	900	318	27	1.01	27.34		Public	New storage tank & source	\$3,670,000	
39	Silver Springs Mutual Water Co	NV0000222	3,070	1,164	18	1.52	27.33	D	Private	Rehabilitate/replace Idaho Well	\$800,000	
40	Yerington, City of	NV0000255	1,750	1,088	17	1.60	27.16	D	Public	Replacement of transmission & distribution mains & appurtenances	\$18,904,418	Y ³
41	Fernley, City of	NV0000062	19,500	7,000	30	0.90	27.05		Public	Surface water conveyance & treatment	\$6,000,000	
42	Gold Country Water Company	NV0003079	360	122	38	0.91	25.44		Private	Acquisition/Consolidation of Star City HoA Water System	\$675,000	
43	Esmeralda Co (Goldfield)	NV0000072	375	276	11	2.30	25.34	D	Public	Transmission line replacement	\$3,475,674	Y & Y ³
44	Crystal Trailer Park	NV0000193	110	40	27	0.86	23.27		Public	Consolidation with TMWA	\$250,000	
45	Moapa Valley Water District	NV0000160	9,000	3,200	28	0.83	23.25		Public	PER/ER: New Arrow Canyon Well #3 & Warm Springs 500k Tank	\$4,292,030	
46	Kingston Town Water Utility	NV0000265	200	195	18	1.25	22.47		Public	PER/ER: New source	\$2,014,000	
47	Douglas Co (Uppaway)	NV0000817	85	35	34	0.66	22.27		Public	PER/ER: Distribution system upgrades; Consolidation of Uppaway with Glenbrook, & Other system needs for consolidation	\$2,200,000	
48	Storey Co (Virginia City)	NV0000240	2,517	694	21	1.02	21.34		Public	Tank & transmission main rehabilitation/replacement	\$7,000,000	Y ³
49	Tonopah Public Utilities	NV0000237	2,600	1,500	13	1.54	20.03	D	Public	Airport storage tank replacement & booster pump re-conditioning	\$395,500	
50	Roark Estates HOA	NV0000319	62	27	13	1.53	19.94	D	Private	Replace backup storage tank	\$225,000	Y
51	Silver Springs Mutual Water Co	NV0000223	3,070	1,164	13	1.52	19.74	D	Private	Rehabilitate/recoat north water storage reservoir	\$228,404	Y & Y ³
52	Esmeralda Co (Silver Peak)	NV0000363	111	75	13	1.44	18.72	D	Public	Storage tank rehabilitation	\$257,300	
53	Virgin Valley Water District	NV0000167	18,000	8,071	18	1.00	17.94		Public	New source(s)	\$4,050,000	
54	Elko Co (Montelo)	NV0000169	180	75	17	1.03	17.58		Public	PER/ER: New source	\$500,000	
55	Weed Heights Development, LLC ⁴	NV0000242	560	301	11	1.60	17.58	D	Private	PER/Storage Tanks repair or replacement	\$507,800	
56	Glenloch GID ⁴	NV0000071	120	156	11	1.49	16.41	D	Public	Rehabilitate transmission line appurtenances between spring sources & town	\$143,000	
57	Ely, City of	NV0000038	5,500	2,200	16	0.99	15.83		Public	Distribution main replacements & storage upgrades	\$23,568,000	
58	Elko Co (Tuscarora)	NV0000189	40	21	8	1.91	15.31	D	Public	Distribution system looping	\$229,704	
59	Round Hill GID	NV0000260	1,821	480	23	0.64	14.67		Public	PER/ER: Redundant treatment system contact chamber & other system improvements	\$600,000	
60	McCall - Ruth GID	NV0000164	700	320	17	0.86	14.65		Public	New water source for Ruth	\$1,624,000	Y ³
61	Las Vegas Valley Water District (Jean)	NV0000089	160	13	11	1.27	13.93	D	Public	Storage tank rehabilitation	\$145,000	
62	Tonopah, Town of (Tonopah Public Utilities) ⁴	NV0000237	2,211	1,332	9	1.54	13.86	D	Public	Correction of Main Street Water Utility Conflicts - to achieve NAC Compliance and meet NDOT Standards	\$157,766	
63	Esmeralda Co (Goldfield)	NV0000072	375	282	6	2.30	13.82	D	Public	Metering system upgrade to radio read	\$198,802	
64	Las Vegas Valley Water District (Kyle Canyon)	NV0000142	1,040	353	23	0.58	13.33		Public	New source: Rainbow Well discharge line relocation	\$1,230,000	
65	Lyon County Utilities	Various	17,000	8,000	11	1.04	11.42		Public	PER/ER for Lyon Co Utilities expansion to Silver Springs	\$150,000	
66	West Wendover, City of	NV0000246	4,406	1,173	11	1.03	11.31		Public	Johnson Spring transmission system - PCCP replacement project	\$1,907,105	
67	Verdi Meadows Water Company	NV0000197	510	171	13	0.86	11.20		Private	Storage tank rehabilitation	\$262,361	
68	Verdi Valley Water District	NV0000167	18,000	8,071	11	1.00	10.96		Public	Transmission main - Mesquite Heights to Pulte	\$1,080,000	
69	Steamboat Springs Water Works, Inc.	NV0000282	989	290	13	0.83	10.83		Private	Tank & appurtenances rehabilitation/replacement	\$500,000	
70	Moapa Valley Water District ⁴	NV0000160	9,000	3,200	13	0.83	10.80		Public	PER/MWVD Gubler Main 4" distribution line replacement to meet 6" minimum pipe-size & installation of PRV station	\$679,500	
71	Lyon County Utilities (Stagecoach GID)	NV0000224	1,411	580	10	1.04	10.38		Public	Inertie Stagecoach GID with Lyon County Utilities	\$1,280,000	
72	McCall - Ruth GID	NV0000164	700	320	12	0.86	10.34		Public	New/Rehabilitate storage tank for Ruth	\$975,000	
73	Churchill Co	NV0000406	750	320	9	1.12	10.06		Public	8-inch distribution line extension from Bottom Rd to Alcorn Rd	\$333,325	
74	Gardnerville Ranchos GID ⁴	NV0000066	11,312	4,400	9	1.05	9.43		Public	Replace schedule 40 & AC distribution mains throughout system	\$9,350,000	
75	West Wendover, City of	NV0000246	4,990	1,103	9	1.03	9.25		Public	Sycamore Way waterline improvement project	\$736,983	
76	Silver Springs Mutual Water Company ⁴	NV0000223	3,070	1,194	6	1.52	9.11	D	Private	Transmission line - Highway 50 Crossing - upgrade & replacement	\$380,000	
77	Esmeralda Co (Silver Peak)	NV0000363	111	99	6	1.44	8.64	D	Public	Metering system upgrade to radio read	\$135,419	
78	Douglas Co (West Valley Water System)	NV0002564 & NV0000054	1,090	421	17	0.51	8.59		Public	New source	\$3,000,000	
79	Nye Co (Gabbas)	NV0000063	411	160	8	1.03	8.25		Public	Distribution line & appurtenances replacement	\$1,658,085	
80	Rosemont Water Company	NV0000767	55	26	12	0.68	8.22		Private	Storage tank rehabilitation	\$150,000	
81	R&M MHP	NV0000054	130	42	7	1.12	8.22		Private	Distribution system & appurtenances replacement	\$89,426	
82	Verdi Meadows Water Company	NV0000196	510	171	9	0.86	7.76		Private	Distribution line & appurtenances replacement	\$1,510,344	
83	Cottonwood MHP	NV0000017	250	91	6	1.11	6.64		Private	PER/ER: distribution system & appurtenances replacement, & other system improvements	\$100,000	
84	West Wendover, City of	NV0000246	4,990	1,103	6	1.03	6.17		Public	Water meter & meter yoke replacement	\$1,921,617	
85	North Las Vegas, City of	NV0000175	334,600	87,000	6	1.00	5.99		Public	Advanced Metering Infrastructure project	\$27,550,000	Y
86	Ely, City of ⁴	NV0000038	5,500	2,190	6	0.99	5.94		Public	Advanced Metering Infrastructure project - under advise per water conservation plan review	\$18,659,700	
87	Canyon GID ⁴	NV0000566	1,250	500	6	0.92	5.55		Public	PER/MWEL Capacity issue prevention	\$735,000	
88	Douglas Co Public Works	Multiple	9,450	3,610	6	0.92	5.53		Public	Telemetry & SCADA improvements	\$1,265,000	
89	Lyon County Utilities (Dayton)	NV0000032	13,000	6,400	6	0.91	5.46		Public	Systemwide meter replacement project	\$1,150,000	
90	Humboldt Co (McDermitt)	NV0000162	200	100	5	1.07	5.24		Public	Meter replacement	\$60,000	
91	Glenbrook Water Cooperative	NV0000356	1,000	288	8	0.86	5.24		Private	PER: distribution line replacement/looping	\$38,000	
92	Las Vegas Valley Water District (Blue Diamond)	NV0000010	550	120	8	0.65	5.18		Public	Distribution line & appurtenances replacement	\$2,239,000	
93	Steamboat Springs Water Works, Inc.	NV0000282	989	290	6	0.83	5.00		Private	System metering	\$510,000	

Priority	Water System	PWS ID#	Pop. Served	Number of Svc. Conn.	Total Points	State MHI/ PWS MHI	Revised Points	D	Ownership	Project Description	Estimate	Funded
Class III--Rehabilitation Non-Community Public Water Systems												
94	Trout Canyon Land & Water Users Assoc	NV0004060	140	70	59	0.65	38.23		Private	PER/ER; Repair/rehab spring or replace with well; replace transmission & distribution lines; chlorination; additional storage	\$2,996,000	Y ² & Y ³
Total Class III											\$360,844,295	

Total Class III

Class IV--Refinance

Total Class IV

TOTAL FOR ALL PROJECTS

\$431,157,347

Legend:

- ¹ Eligible for Disadvantaged Community Designation
- ² PER & ER or Design funded only
- ³ Funded by Others
- ⁴ New Project on DWSRF Priority List

Public Participation

Federal and state regulations require that the priority list go through a public review process. A public workshop was held in Carson City on July 15, 2020. Prior to the workshop, the proposed, revised list and notice of the workshop was posted 15 days prior to the workshop on the State of Nevada website, posted on the NDEP website, and sent to individuals who have subscribed to the Listserv as required by NRS 241.020(3). All substantive comments, suggestions, or recommendations were addressed.

RECOMMENDED MOTION

I move to approve the resolution designated the “Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020” to establish the priorities for determining which public water systems will receive money or other assistance from the Account for the Revolving fund as required in Nevada Revised Statute 445A.265(3).

RESOLUTION July-2020

Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020

- WHEREAS:** The Nevada Division of Environmental Protection (NDEP) is authorized pursuant to *Nevada Revised Statutes* (NRS) 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund (DWSRF); and
- WHEREAS:** The DWSRF Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the DWSRF and seek public review and comment on the priority list; and
- WHEREAS:** NRS 445A.265 (3) requires that NDEP shall not establish the priorities for determining which public water systems will receive money from the Account for the Revolving Fund without obtaining the prior approval of the Board for Financing Water Projects (Board); and
- WHEREAS:** NDEP may at any time after receiving approval from the Board revise the ranking of a water project in accordance with Nevada Administrative Code 445A.67567; and
- WHEREAS:** NDEP provided notice and held a workshop for public comments on its proposed priority system on July 15, 2020, via virtual platform pursuant to the Governor's directive regarding ongoing Covid-19 challenges; and
- WHEREAS:** All substantive comments, suggestions, or recommendations were addressed;

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

Section 1: This resolution shall be known as the "Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020" (Resolution)

Section 2: Based on its review of the information and recommendation submitted to the Board concerning the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

- (a) NDEP has provided public notice of the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020.
- (b) NDEP held a workshop for public review and comment of the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020; and

Section 3: In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020 of public water system projects eligible for funding by the DWSRF.

Section 4: The Nevada Drinking Water State Revolving Fund (DWSRF) Priority List—Effective July 2020 included as Attachment A to this resolution and by reference incorporated herein is a true and correct copy filed with the Board by NDEP.

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

PASSED, ADOPTED, AND SIGNED July 29, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

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

July 2020

Topaz Ranch Estates General Improvement District

Amount and Term	Recommendation
\$ 79,662 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Topaz Ranch Estates General Improvement District (TREGID) for the purposes of completing a preliminary engineering report (PER) and environmental report (ER) to address water infrastructure needs of their public water system (PWS), to identify a viable secondary source, and to address existing pump station repair or rehabilitation needs.

Community Information

Location	Topaz Ranch Estates, Douglas County (See Appendix A)
Structure	General Improvement District
Population	1501
Service Connections	730

Project for Funding

Need The PER and ER will investigate the alternatives to provide redundancy for the existing source, namely Well #1. TREGID PWS has a total of 6 existing wells, here in referred to as Well #1 through #6. Currently, the system relies on a single municipal well (Well #1). Wells #2, #3, #4, and #5 are inactive. A redundant production capacity is mandatory to comply with Nevada Administrative Code (NAC) 445A.6686. Well #6 rehabilitation project, fiscally supported by USDA, was determined to no longer be a viable water source. The PER shall further evaluate booster stations 1 & 2 as well as additional measures/upgrades needed to ensure uninterrupted water supply from Well #1 until a reliable redundant source is established.

Also evaluated will be the distribution system. In a previous water infrastructure project, old water lines were not properly abandoned in place. They are considered “live,” posing a potential health risk to customers if not addressed. The PER update will evaluate these lines and identify potential solutions for corrective measures.

In May 2015, USDA issued a categorical exclusion determination for a systemwide project. NAC mandates a re-evaluation for environmental review determinations 5 or greater years old. As such, depending on the new well location, an ER may be prepared, either extensively or as a simple reassessment of the most recent version of the ER report, 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 Environmental Review policies, respectively.

Timeline PER & ER (including the drilling of a test well): July 2020 – January 2021.

Sources of Project Funding

	DWSRF	Other Partner Funders	Local	Total
Planning	\$ 79,662		\$ 14,058	\$ 93,720
Design, inspection, & Construction Management				
Equipment				
Construction				
Administration				
Contingency				
Financing				
Totals	\$ 79,662	\$0	\$ 14,058	\$ 93,720

Previous Commitments and Studies

TREGID Water Distribution System Improvements Project

In early 2016, TREGID negotiated a new loan with the USDA-RD office for a water line replacement project. Selecting the USDA loan for the new \$3.8 million project allowed TREGID to take advantage of \$2.9 million in grant funds. The project funded by USDA was intended to replace 53,000 linear feet of 2” and 4” inch diameter aged and undersized water mains, update the system layout to eliminate dead ends through pipe looping, improve two of the system’s wells, and increase the number of fire hydrants throughout the service area, enabling TREGID to meet safety and code requirements for the International Fire Code and National Regulatory Services. The Nevada Drinking Water State Revolving Fund (DWSRF) partnered with USDA-RD by refinancing the original loan and making the USDA project more affordable for the GID. As such, on May 31, 2016, TREGID received a refinancing loan of \$412,000 and a 20-year DWSRF loan @ 2.08% interest rate for the purposes of refinancing TREGID’s 2000 Revenue Water Bond.

The PWS needs to resolve multiple pressure zone anomalies ascribed to improper abandonment of the old pipelines when distribution system was last upgraded with new pipelines. The pump equipment for Well #6 is functional. Well #6 was expected to yield water similar in quality to that drawn from Well #1 as these two wells are located only half mile apart within the same groundwater

basin. However Well #6 is currently yielding muddy and sandy water that is not suitable for treatment. A more recent hydrogeological study indicated that, despite proximity, the soil profile under Well #6 is distinctly different from that under Well #1 which compels TREGID to find a new well to re-establish a redundant capacity.

Community Engagement

- **April 16, 2020** – TREGID Staff Issued a public noticed Request for Qualifications for engineering services. The list of services to be covered by the engineering work included planning and design of a new well.
- **May 20, 2020** – TREGID Board meeting discussed and approved an engineer for a new well.
- **June 10, 2020** – TREGID Board meeting discussed and approved “the State Revolving Fund loan application to address water system deficiencies (new well source, distribution system repairs/modifications, etc.)”
- **July 8, 2020** – TREGID Board Meeting with SRF in attendance.

Current System Information

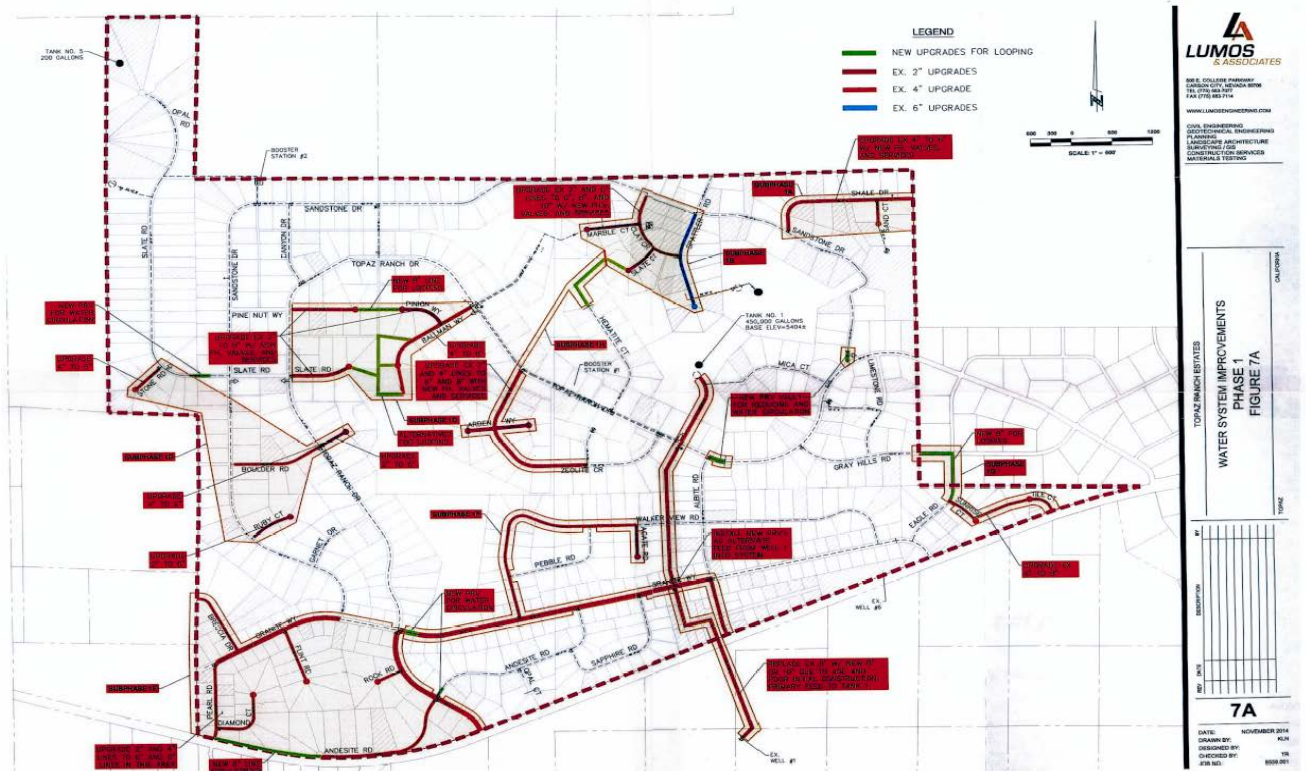
Infrastructure The TREGID water system consists of a 525 gallon per minute well, three storage tanks – Storage Tank 2 (460,000-gallon capacity), Storage Tank 3 (660,000-gallon capacity), and Storage Tank 5 (203,000-gallon capacity). Distribution system comprises PVC, ACP, and PE pipes. Distribution pipes range in size from 4” to 10”. Transmission pipes range in size from 6” to 16”. Significant distribution system upgrades were conducted recently using USDA funding and the TREGID estimates that about 25% of upgrades are pending.

Compliance The most recent sanitary survey of the TREGID water system was conducted by NDEP Bureau of Safe Drinking Water on August 17, 2017. The sanitary survey report indicated a few system deficiencies. The most significant finding was the need to achieve water supply redundancy. Deficiencies were noted with the existing water system infrastructure, specifically, the need to repair or replace aging plumbing at entry point of the chlorinator unit at Well #1 and to replace the fine mesh on the well-to-waste outlet. Other comments in the survey addressed the operations and maintenance manual and storage tank exterior maintenance issues. The USDA-funded project presumably addressed most of the issues, but as detailed below, TREGID must still conduct more exploratory studies to adequately address the redundancy issue and remainder of the distribution system deficiencies.

Water Conservation Plan TREGID has a beneficial use appropriation water right of 873.455 acre-feet per year (290.5 million gallons per year). TREGID water system is a fully metered system. The TREGID water conservation plan was updated in September 2006. A more recent version is currently under review by the Division of Water Resources. TREGID is adopting water-use regulations to promote water conservation during non-emergency situations. TREGID works in cooperation with the other GIDs in the Douglas County (Town of Minden and Gardnerville Ranchos GID) to ensure availability of system components in the event of an emergency. The system has also joined the Nevada Water/Wastewater Agency Response Network (NvWARN), a formal system of “utilities helping utilities” by mutual aid during emergencies.

Technical Capacity	TREGID conducted a technical, managerial, and financial (TMF) capacity survey in April 2020. This survey identified a few technical capacity issues that need improvements. The items of concern include fluctuating pressure ranges, a single water source, and lack of system mapping; however, the overall technical capacity category score of 2.2 (out of 3) satisfies the regulatory requirements for capacity. The PWS maintains a certified distribution and treatment contract operator and is compliant with all water quality monitoring and reporting requirements.
Managerial Capacity	The TMF survey self-reported by the TREGID scored managerial capacity at 2.4 (out of 3). The significant deficiency reported entails the PWS to quantify water rights and maintain its involvement in water rights management. The water system is governed by a five-member Board and employs a full-time District operations manager to oversee operations and fiscal matters of the system. The GID can 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, TREGID can meet its short- and long-term financial needs. Financial Information as of June 30, 2019 Unrestricted Cash: \$830,838 (no significant change in cash since 2019) Days Cash on Hand: 654 Outstanding Debt: \$4,595,954 (40.84% of total assets) Operating Income before depreciation: \$122,107 Current Ratio: 4.68 Debt Coverage: 0.69 Financial information is independently audited by VT Accounting Associates.
User Water Rates	Residential base rate per user, per month: \$45.50 service charge and \$2.75 per 1000 gallons of water used. Corresponding rates for commercial and public facility customers are \$60.75 monthly service charge and \$2.90 per 1000 gallons of water usage. TREGID's average monthly residential water consumption is 9,200 gallons. Therefore, the average monthly residential user rate would be: \$73.00. See Appendix B. 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.
Capital Asset Reserve Account	The TREGID is maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The current balance is \$91,793. 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 2021 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 with a required 15% match from other sources.

APPENDIX A



APPENDIX B

Water Conservation Alert Stage 2: Tiered Rate Fees:

FEE DESCRIPTION	RESIDENTIAL	COMMERCIAL	BILLED RATE	
	RATES	& PUBLIC FACILITY RATES	RESIDENTIAL	COMMERCIAL
MONTHLY SERVICE CHARGE	\$45.50	\$60.75	\$45.50	\$60.75
1,000-9,999 PER 1,000 GALLONS	\$2.75	\$2.90	\$48.25-\$70.25	\$63.65-\$86.85
10,000-14,999 PER 1,000 GALLONS	\$3.75	\$3.90	\$74.00-\$89.00	\$90.75-\$106.35
15,000-19,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$4.75	\$4.90	\$93.75-\$112.75	\$111.25-\$130.85
20,000-24,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$5.75	\$5.90	\$118.50-\$141.50	\$136.75-\$160.35
25,000-29,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$6.75	\$6.90	\$148.25-\$175.25	\$167.25-\$194.85
30,000-34,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$7.75	\$7.90	\$182.50-\$214.00	\$202.75-\$234.35
35,000-39,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$8.75	\$8.90	\$222.75-\$257.75	\$243.25-\$278.85
40,000-44,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$9.75	\$9.90	\$267.50-\$306.50	\$288.75-\$328.35
45,000-49,999 PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$10.75	\$10.90	\$317.25-\$360.25	\$339.25-\$382.85
50,000+ PER 1,000 GALLONS (STAGE 3: RATES DOUBLE)	\$11.75	\$11.90	\$372.00+	\$394.75+

**STANDING RULE 22
EXHIBIT #1
TOPAZ RANCH ESTATES G.I.D.
FEE SCHEDULE
AS OF NOVEMBER 13, 2019**

FEE DESCRIPTION	RATES		
	1"	1-1/2"	2"
New Hook-up Fee	\$3,000.00	\$5,000.00	\$6,000.00
	RESIDENTIAL	COMMERCIAL	PUBLIC FACILITY
Monthly Service Charge	\$45.50	\$60.75	\$60.75
Per 1,000 Gallons of Water	\$2.75	\$2.90	\$2.75
Non-Pay Reconnect Fee	\$50.00	\$50.00	\$50.00
Returned Check Fee	\$40.00	\$40.00	\$40.00
New Account Deposit	\$100.00	\$100.00	\$100.00
New Account Set-up Charge	\$25.00	\$25.00	\$25.00
Re-Establish Service Fee	\$1,196.00	\$1,196.00	\$1,196.00
Shut-off Valve Installation & Parts	\$100.00	\$100.00	\$100.00
Shut-off Valve Key	\$25.00	\$25.00	\$25.00
Damage to Water Company Property per Hour Charge- plus All Parts	\$125.00	\$125.00	\$125.00
Late Charge on Past-Due Accounts	10%	10%	10%
Charge on Pre-Existing Water Balance; but, Ten Percent (10%) Initial Charge on All Late Non-Water Usage Charges	1.50%	1.50%	1.50%
Weekend/Holiday/After-hours Request to Turn on Water Service	\$60.00	\$60.00	\$60.00
Lien Notification Fee	\$25.00	\$25.00	\$25.00
Lien Filing Fee	\$60.00	\$60.00	\$60.00
Lien Release Fee	\$40.00	\$40.00	\$40.00
Bulk Water Purchase Deposit		\$100.00	
Bulk Water Charge per 1000 Gallons		\$4.00	
Fire Sprinkler Standby Fee for Commercial Properties - up to 3" lines (Monthly Fee)		\$10.00	\$10.00
Fire Sprinkler Standby Fee for Commercial Properties - up to 4" lines (Monthly Fee)		\$15.00	\$15.00
Fire Sprinkler Standby Fee for Commercial Properties - up to 6" lines (Monthly Fee)		\$20.00	\$20.00
Fire Sprinkler Standby Fee for Commercial Properties - up to 8" lines (Monthly Fee)		\$25.00	\$25.00
Credit Card Payment Convenience Fee per transaction	\$4.00	\$4.00	\$4.00
Will/Will Not Serve Letter	\$25.00	\$25.00	\$25.00

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 “D07A-2020 *Topaz Ranch Estates General Improvement District – PER/ER for Water System Project Loan Commitment*,” which is intended to finance certain projects in an amount not to exceed \$ 79,662. 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 D07A-2020

Topaz Ranch Estates General Improvement District PER/ER for 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Nevada Drinking Water State Revolving Fund (DWSRF) Priority List – effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Topaz Ranch Estates General Improvement District (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 TREGID Water System (Project); and
- WHEREAS:** The Project is included as project #19 on the DWSRF priority list—effective July 2020 for funding 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 “D07A-2020 Topaz Ranch Estates General Improvement District – PER/ER for 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 \$79,662 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 July 29, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects



July 2020

McGill-Ruth Consolidated Sewer and Water General Improvement District - Town of Ruth Water System

Amount and Term	Recommendation
\$ 80,750 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to McGill-Ruth Consolidated Sewer and Water General Improvement District – Town of Ruth Water System for the purposes of completing a preliminary engineering report (PER) and environmental report (ER) to address water infrastructure needs, to identify a viable secondary source, and to address existing pump station repair or rehabilitation needs.

Community Information

- Location** Town of Ruth, White Pine County **(See Appendix A)**
- Structure** General Improvement District
- Population** 440
- Service Connections** 295 (274 Residential, 3 Commercial, and 8 White Pine County)

Project for Funding

Need The Town of Ruth public water system (PWS) is part of McGill-Ruth Consolidated Sewer and Water General Improvement District (McGill-Ruth GID). Presently, the Town of Ruth buys water from Ely and is connected to Ely PWS using a 7-mile long water main and a booster pump station that draws water from dewatering wells in Murry Canyon. When these wells were discontinued or pumped dry, the suction pressure for the booster station was noted to be marginal. The current practice of buying water from the Ely PWS is deemed fiscally unsustainable for the Town of Ruth. Also, achieving redundant production capacity is mandatory to comply with Nevada Administrative Code (NAC) 445A.6686. Additional concerns over the future capability of Ely’s system to meet the Town of Ruth’s drinking water needs prompted McGill-Ruth GID to prepare a PER to consider alternative water sources. Upon exhausting various alternatives identified in this PER, water sampling data recently collected in the Copper Flats area located north of the Town of

Ruth (**Appendix A**) compels the McGill-Ruth GID to pursue this alternative by drilling an exploratory well. Tentative locations for the new well falls on lands managed by the Bureau of Land Management. As such, an environmental report (ER) may be prepared.

The PER and ER will follow the USDA RUS Bulletin 1780-2 and NDEP Environmental Review policies.

Timeline PER & ER (including the drilling of a test well): July 2020 – January 2021.

Sources of Project Funding	DWSRF	Other Partner Funders	Local	Total
Planning	\$ 80,750	\$ 0	\$ 14,250	\$ 95,000
Design, inspection, & Construction Management				
Equipment				
Construction				
Administration				
Contingency				
Financing				
Totals	\$ 80,750	\$ 0	\$ 14,250	\$ 95,000

Previous Commitments and Studies

TOWN OF RUTH WATER SYSTEM: Water supply options to meet the Town of Ruth’s drinking water needs were previously investigated by Schlumberger Water Services in 2009. This study assumed that supply at the rate of 400 gallons per minute (gpm) was necessary to meet the Town of Ruth’s water demand. However, meter data collected by the District over a period of three years, between 2013 and 2016, indicated that a peak supply of 100 gpm would suffice to meet current demand. A PER was later prepared to identify a water supply source and considered Ward Mountain Springs, wells in McGill, and wells in the immediate vicinity of the Town of Ruth. A new 1,540-foot deep well was completed in 2018 by Robinson Mine. These three alternatives were found to be nonviable sources either due to water quality and quantity issues or due to cost of conveyance. The McGill-Ruth GID recently conducted a preliminary water sampling in the general area of Copper Flats—also an alternative identified in this PER. The results of this study make a compelling case for the McGill-Ruth GID to further explore this alternative.

Community Engagement

- **November 18, 2019, Board of County Commissioners Meeting:** The Board discussed and approved the McGill-Ruth GID to apply for funding from the State Revolving Fund Program.

Current System Information

Infrastructure McGill-Ruth GID consists of two groundwater wells operated by McGill as well as an 18-mile pipeline belonging to the Town of Ruth, which is currently not in use. The pipeline was used to convey water from springs in Ward Peak and several storage tanks. The Ruth portion of this consolidated system currently has its water main connected to Ely PWS and distributes water delivered from Murray Canyon in Ely. In 2018, a new well was drilled by Robinson Mine for the Town of Ruth's benefit. Due to the rapidly receding water table—currently measured at more than 1,000 feet below ground surface—this well is no longer considered a viable water supply source. The system currently has a storage tank, which sits on land leased from the Robinson Mine.

Compliance The most recent sanitary survey of the Town of Ruth PWS was conducted by NDEP's Bureau of Safe Drinking Water in 2013. The significant finding then was the need to achieve water supply redundancy. This deficiency was noted to be corrected as of July 2019 upon the construction of a new well by Robinson Mine. However, the applicant reports that this well soon became a non-source compelling the Town of Ruth to continue to explore other options. The Town of Ruth PWS further reports that a storage tank located within the mine property needs rehabilitation, regardless of the source of the water the Town ultimately identifies.

Water Conservation Plan Water conservation plans must be updated every five years to comply with Nevada statutes¹. The McGill-Ruth GID Water Conservation Plan was last updated in September 2009 and is available on the Nevada Division of Water Resources website. Since this plan was published, both short- and long-term sustainability of the community were frequently noted to be in delicate balance due to limited and challenging water supply options. The Town of Ruth PWS is currently drafting a new water conservation plan.

Technical Capacity The Town of Ruth PWS conducted a technical, managerial, and financial capacity survey in November 2019. This survey identified few technical capacity issues in need of improvements. The items of concern include the need to achieve water supply redundancy, a lack of back-up equipment, and the absence of tracking non-revenue water; however, the overall technical capacity category score of 2.63 (out of 3) satisfies the regulatory requirements for technical capacity. The PWS maintains a certified operator for distribution and treatment and is compliant with all water quality monitoring and reporting requirements.

Managerial Capacity The TMF survey identified a need for the Town of Ruth PWS to have an emergency response plan not older than 5 years old, and to routinely rehearse said plan. The Town of Ruth Water System is governed by a five-member board and employs a full-time utility manager to oversee operations and fiscal matters of the system. The PWS's managerial capacity category score of 2.5 (out of 3) demonstrates its ability to conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

Financial Capacity Based on the financial information provided, McGill-Ruth GID can meet its short- and long-term financial needs.

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

Unrestricted Cash: \$861,453

Days cash on hand: 1,143

Outstanding Debt: \$0

Operating Income before depreciation: \$55,117

Current Ratio: 62.34

Debt Coverage: none

Financial information is independently audited by HintonBurdick.

User Water Rates Current rates were implemented July 1, 2020. Structure includes a 2.4% annual increase to the base rate for the next five (5) years.

Residential base rate per user, per month: \$19.00 (no water included)

Water Obligation Fee per parcel: \$7.00 / month

Tier One: \$1.00/1,000 gallons (0-5,000 gallons)

Tier Two: \$2.00/1,000 gallons (5,001-10,000 gallons)

Tier Three: \$3.00/1,000 gallons (10,001 or more gallons)

Average water rate/use for system: \$37.00 (8,000 gallons)

Adopted water rates are sufficient to cover operating, maintenance, 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.

Capital Asset Reserve Account The McGill-Ruth GID is maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The current balance is \$200,000. 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 2021 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 with a 15% match on each draw.

APPENDIX A

Town of Ruth – Arial View



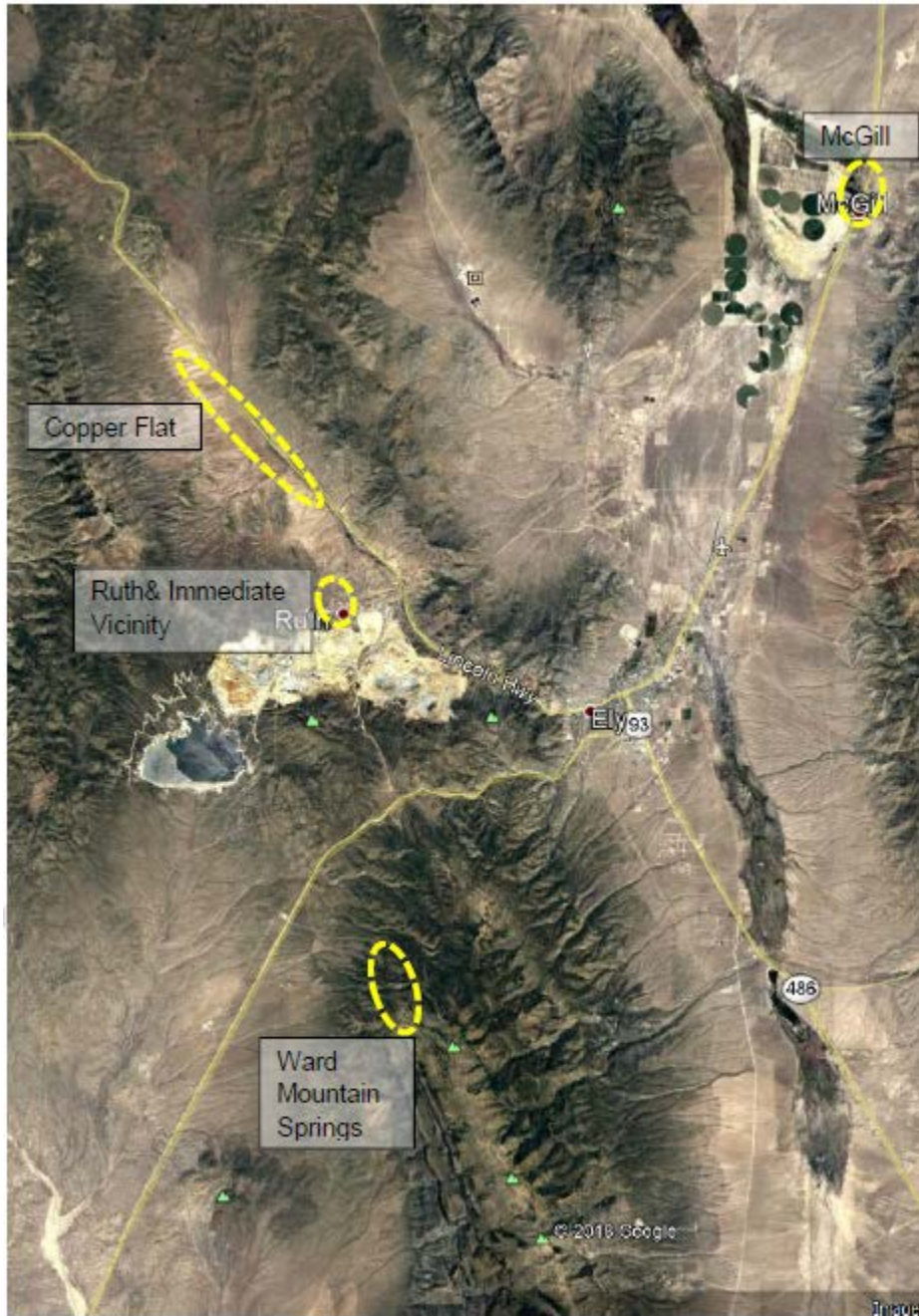


Figure 1. Generalized Project Location Map Showing Target Areas Identified by the District.

Drinking Water State Revolving Fund Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA 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 its 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 “D07B-2020 *Town of Ruth PER/ER update for Water Project Loan Commitment*” which is intended to finance certain projects in an amount not to exceed \$80,750. 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 D07B-2020

Town of Ruth PER/ER update for Water 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Nevada Drinking Water Priority List—Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** McGill-Ruth Consolidated Sewer and Water General Improvement District for Town of Ruth Water System (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 updates to their most recent PER/ER for the Town of Ruth Water System (Project) redundant source exploration; and
- WHEREAS:** The Project is included as project # 60 on the Drinking Water Priority List effective July 2020 for funding 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 public water system 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 “D07B-2020 Town of Ruth PER/ER Update for Water 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 \$80,750 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 July 29, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

**Loan Commitment from the
Nevada Drinking Water State Revolving Fund**

Board for Financing Water Projects

July 2020

Mineral County - Hawthorne Utilities

Amount and Term	Recommendation
<u>\$1,000,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Hawthorne Utilities to replace their failing storage tanks.

Community Information

Location	APN 006-300-32-Corner of Armory Road and Corey View Road (Attachment A)
Structure	County Government
Population	3,300
Service Connections	Total 1665: 1,569 Residential; 62 Commercial; 7 Industrial; Other 27

Project for Funding

Need Hawthorne Utilities owns and operates a public water system (PWS) (**Appendix A for Map**). Some of the significant infrastructure components of the system were originally constructed between 1930 and 1970. Sanitary surveys conducted by the Bureau of Safe Drinking Water, and a recent regional water plan, noted that two storage tanks and two storage reservoirs have significant rehabilitation needs, including the need to replace one tank, which would be cost prohibitive. The purpose of the project is to replace existing ageing, deteriorated storage infrastructure by constructing two new storage tanks. The project includes, constructing two storage tanks and transmission line upgrades as needed, and decommissioning the older storage unit(s) via physical separation (**Attachment A**). This construction project will assist the water system's compliance with both the federal Safe Drinking Water Act and the regulations of NDEP, Bureau of Safe Drinking Water in five ways: 1) the new storage facilitates PWS compliance with the regulatory requirements for achieving sufficient total capacity of the system; 2)

materials used will be in compliance with all required regulations and standards including pipe sizes and water pressures; 3) one of the storage tank's coating reportedly contains lead based paint. The new storage tank will help avert potential health issues from the exposure to this paint to the staff and to the system in general; Utilization of the new storage tank will further improve the system's ability to consistently supply drinking water to the community in a manner protective of public health; 4) This project is considered a green project - an often encouraged option to promote increased returns for the State investment and help the water sector, in general, improve the water quality services without putting additional strain on the existing energy grid. The facility design and construction methods will follow current industry standards and efficiencies; and 5) Long-term benefits include increased flexibility in storage operation and reduced maintenance responsibilities.

Chosen Project A preliminary engineering report (PER) addressing a regional water plan was prepared by the applicant with partial funding from the Nevada Drinking Water State Revolving Fund. Based on the assessment of the existing regional infrastructure, it was recommended that two 1.5-million-gallon ground-level welded steel storage tanks be constructed to replace the existing in-town storage facilities, which include the small reservoir, the large reservoir, and Babbitt Tank. As part of this project, it is proposed that these three older facilities be decommissioned and physically separated from the system. The cost to construct the new storage tanks includes efforts to decommission the large reservoir through cutting and capping pipes for separation from the system, removal and disposal of the existing cover, and backfilling the structure.

The project will be designed to meet green project classification. A present worth analysis and rating matrix of non-monetary factors for each alternative will be conducted prior to finalizing project components of this project.

Project Alternatives *Do Nothing:* Storage capacity sufficient to meet peak daily demand, including reserve storage needed for fire protection, is a regulatory requirement that censures an un-interrupted drinking water supply. No action is not a feasible option for this PWS as the primary infrastructure for storage has reached the initial design life with various significant sanitary issues with a potential to compromise system's ability to continue to supply drinking water.

Specifics for other project alternatives to compare with the preferred project are not available to report.

Maps Maps are attached to this report.

Estimated Timeline Loan first draw/Bond closing: September 2020
Planning, Design and Specifications: February 2021
Contract Award: March 2021
Construction Procurement: April 2021

Sources of Project Funding

	DWSRF	Local	USDA Partner Funding	Total
Planning	\$ 0	\$ 0	\$ 0	\$ 0
Design, inspection, & Construction Management	\$ 517,800	\$ 0	\$ 0	\$ 517,800
Equipment & Materials	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 482,200	\$ 0	\$ 3,455,000	\$ 3,937,200
Administrative	\$ 0	\$ 0	\$ 0	\$ 0
Contingency	\$ 0	\$ 0	\$ 0	\$ 0
Financing	\$ 0	\$ 0	\$ 80,000	\$ 80,000
Totals	\$ 1,000,000	\$ 0	\$ 3,535,000^A	\$ 4,535,000
^A USDA offering loan and grant combination. Approximately 85% loan at 1.125% over 40 years. Subject to change.				

Environmental Review

The existing primary storage infrastructures for the Hawthorne Utility PWS are located within a 10-acre parcel for which easements were procured from Army Base in 1978. All construction activities including repairs and replacements shall require prior approval from the Base. A preliminary review of various federal crosscutters indicates that substantive work will be required to prepare a final environmental report. This project will be co-funded by United State Department of Agriculture (USDA). USDA shall be the lead agency for the primary environmental review. NDEP shall consider the outcome of USDA's determination in making a final determination consistent with environmental regulations and guidance pursuant to NAC.

Community Engagement

- The systems contracted engineer, Farr West Engineering, conducted meetings with interested parties as part of the development of the Preliminary Engineering Report (PER) partially funded under drinking water SRF contract DW1706.
- **January 2, 2020:** Water Conservation Plan for the PWS is approved.
- **May 20, 2020 Board of County Commission Meeting:** Approval to proceed with the water project by seeking funding support as needed.
- **May 20, 2020 Board of County Commission Meeting:** Approval to begin a rate study for the water utility system. Initial estimates indicate the rates need to be increased by 23.6%.

Current System Information

Infrastructure According to most recent PER, Hawthorne Utility PWS has a total of 7 wells and 4 storage structures, and approximately 192,100 feet of water distribution lines. Three of the wells are equipped with Chlorinators. Storage facilities include a 2.75 million-gallon (MG) capacity underground concrete reservoir, a 1.0 MG capacity steel tank (Babbitt Tank), and two smaller (250 thousand-gallon capacity) tanks – one underground concrete reservoir and one steel tank (Whiskey Flat Tank) (**See Attachment B**). Hawthorne Utility PWS distribution system consists of pipes made of asbestos cement, steel, galvanized iron, ductile iron, cast iron, and polyvinyl chloride, ranging from 2 to 14 inches in diameter. Much of the infrastructure is 50 years or older and the Babbitt Tank, constructed in 1956, is noted to contain lead-based paint used in coating.

Compliance The most recent sanitary survey of the Hawthorne Utilities PWS was conducted by the NDEP Bureau of Safe Drinking Water on October 22, 2019. Deficiencies noted with the existing water system infrastructure are as follows:

Concrete Tank 1 (3 MG): The reservoir liner is in advanced poor condition and replacement of this liner is recommended.

Concrete Tank 2: Inside of the roof of the tank is rusting, seal around the entire tank is failing, and manhole cover needs gasket.

Steel Tank 2 (1 MG): The hole around the level indicator cable must be closed. Storage facility must be fenced and locked.

Steel Tank 3 (1 MG): The tank coat is in advanced poor condition. Due to the existing lead-based paint coating, re-coating and/or rehabilitation of this tank may be cost prohibitive. Other storage options should be investigated.

Steel Tank 4 (250 K): Close the hole around the level indicator cable to protect the storage tank from insects or other contamination. Overflow pipe must be adequately sized, the terminus must be screened or equipped with flapper valve, must have a splash plate or other erosion prevention measures, and the terminus must be air gapped to daylight. Tanks needs Interior and Exterior Coating. Inspect the area marred by shotgun blast to make sure the tank's integrity has not been affected.

Whiskey Flat wells 1, 2, &3: All the wells must be equipped with piping and valves to pump to waste. Chlorinators at each of these wells must be maintained lead free.

Water Conservation Plan A water conservation plan for the Hawthorne Utilities PWS was prepared in 2016 and more recently it was updated in 2019. This plan is currently on file with and is made available on Nevada Division of Water Resources Website. Because of the limited revenue related to low growth Hawthorne Utilities, the utility must balance conservation with revenue requirements. To maintain this balance, the utility has instituted an inclining block rate structure which encourages conservation while generating sufficient revenue for the operation of the utility.

Using the State Demographer total population estimate of 3,023 in 2014, current average per capita water use in Hawthorne is 121.1 gallons per person per day. Additional water savings could be achieved through the efforts of individual customers who currently use the most water. Additionally, since the last conservation plan was drafted in 2016, Hawthorne replaced the water distribution lines and upgraded to smart meters in about two thirds of town. The new distribution lines and meters have reduced unaccounted for water.

Water conservation plans must be updated every five years and comply with Nevada statutes¹, as such next update of this plan is due in 2024.

Technical Capacity The water system conducted a technical, managerial, and financial capacity survey on July 14, 2020. The evaluation did not note any areas of potential improvement. The overall technical capacity category score of 2.96 (out of 3) satisfies the regulatory requirements for capacity. The PWS has enough certified operators to fulfill the daily operation and maintenance support services.

Managerial Capacity The water system is owned and governed by a three-member Board of County Commissioners and employs a full-time Director, an operations manager, and staff to oversee operations and fiscal matters of the system. The overall managerial category capacity score is 2.89 (out of 3) with a need to maintain an up to date operations and maintenance as the only noted capacity deficiency. The PWS can conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity Based upon the financial information provided, Hawthorne Utilities can meet its short- and long-term financial needs.

Financial Information as of June 30, 2019:

Unrestricted Cash: \$610,034

Days cash on hand: 393

Outstanding Debt: \$3,246,888 (41.24% of total assets)

Operating Income before Depreciation and Post -Employment Benefits:
\$173,657

Current Ratio: 5.59

Debt Coverage: 1.59

Financial information is independently audited by Arrighi, Blake & Associates, LLC.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

User Water Rates Residential base rate per user per month: \$16.28 0 – 5,000 gallons
 Loan fee: \$8.00 / month
 Commodity Rate Tier 1: 5,000—10,000 gallons: \$1.03 per 1,000 gallons
 Commodity Rate Tier 2: 10,000—20,000 gallons: \$1.19 per 1,000 gallons
 Average Water Rate/Use for system: \$33.00 13,000 gallons

The water rates established are sufficient to cover operating, maintenance, debt service and reserves of the current system. A rate study is being conducted by the system to evaluate rates for the USDA loan and the future system needs. This loan will contain a condition that rates be evaluated every three (3) years for the life of the asset to ensure the system is charging enough to fund needed operations, maintenance, debt service and reserves of the constructed assets and system.

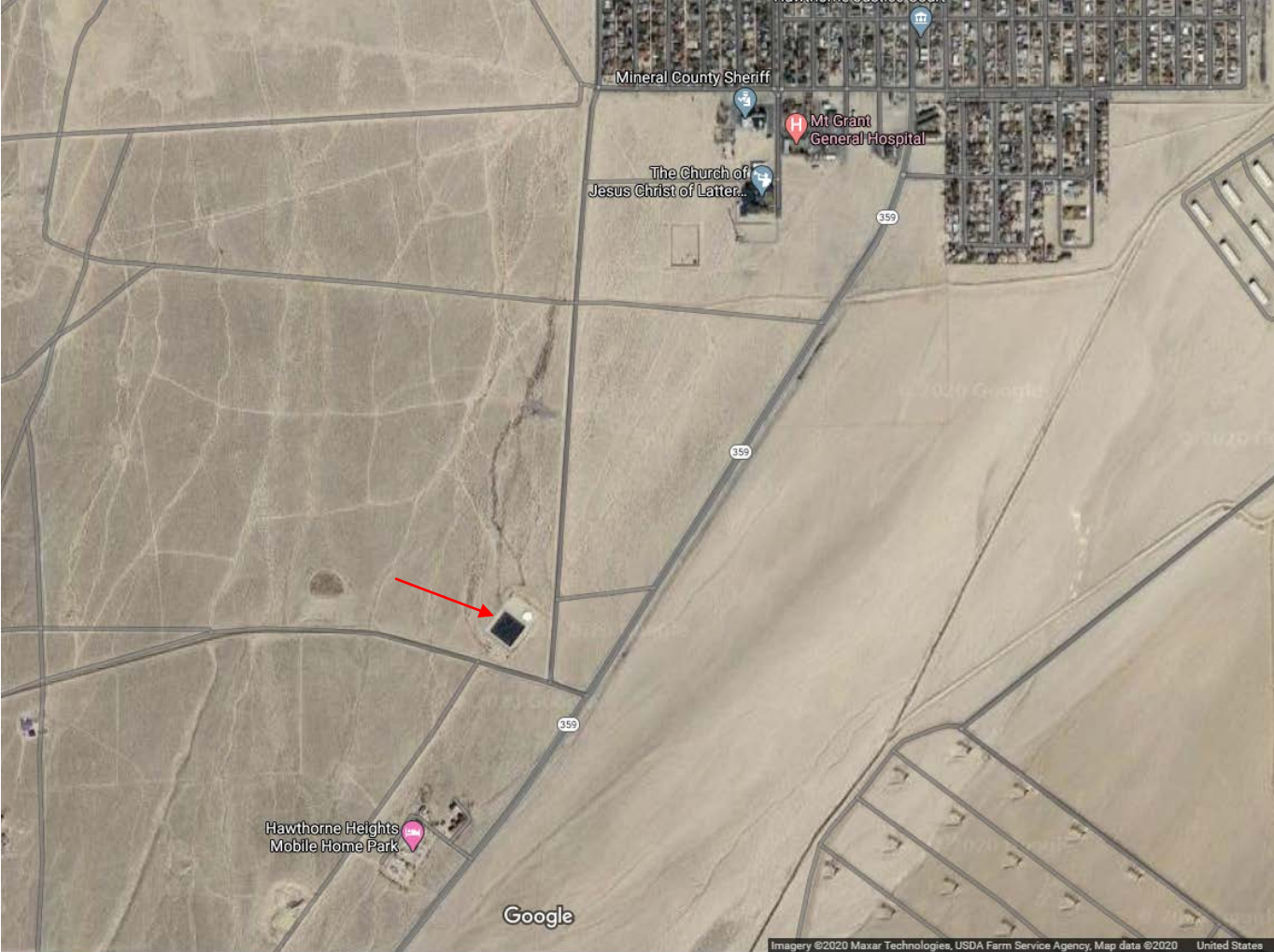
Fiscal Sustainability Plan Hawthorne Utilities recently completed a fiscal sustainability plan. This loan will contain a condition that the system maintain a fiscal sustainability plan and update it every five years for the life of the loan.

Capital Replacement Reserve Account Hawthorne Utilities is currently maintaining a capital replacement reserve account. The current balance is \$42,575. This loan will contain a condition that the system maintain a capital replacement reserve account for the life of the loan.

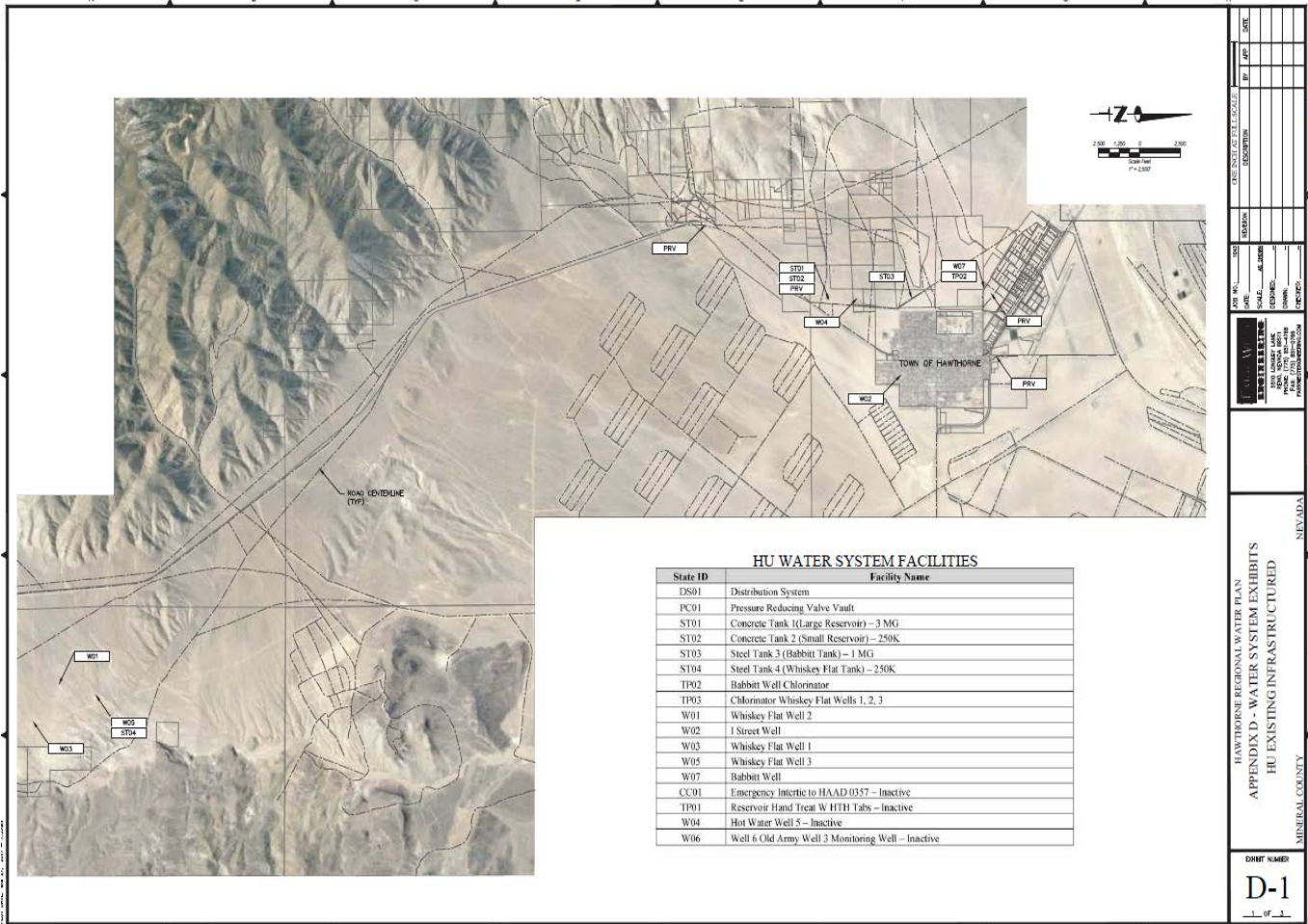
DWSRF Principal Forgiveness Eligibility Criteria Hawthorne Utilities received 65 points (50 needed to qualify) in order to receive principal forgiveness funding. A declining population, high percent of the population unemployed and not in the workforce, and a loan for the full amount would not be affordable were the qualifying factors. Hawthorne Utilities was previously designated a disadvantaged community, but the most recent Census data showed they were slightly above the 80% requirement for this designation.

APPENDIX A

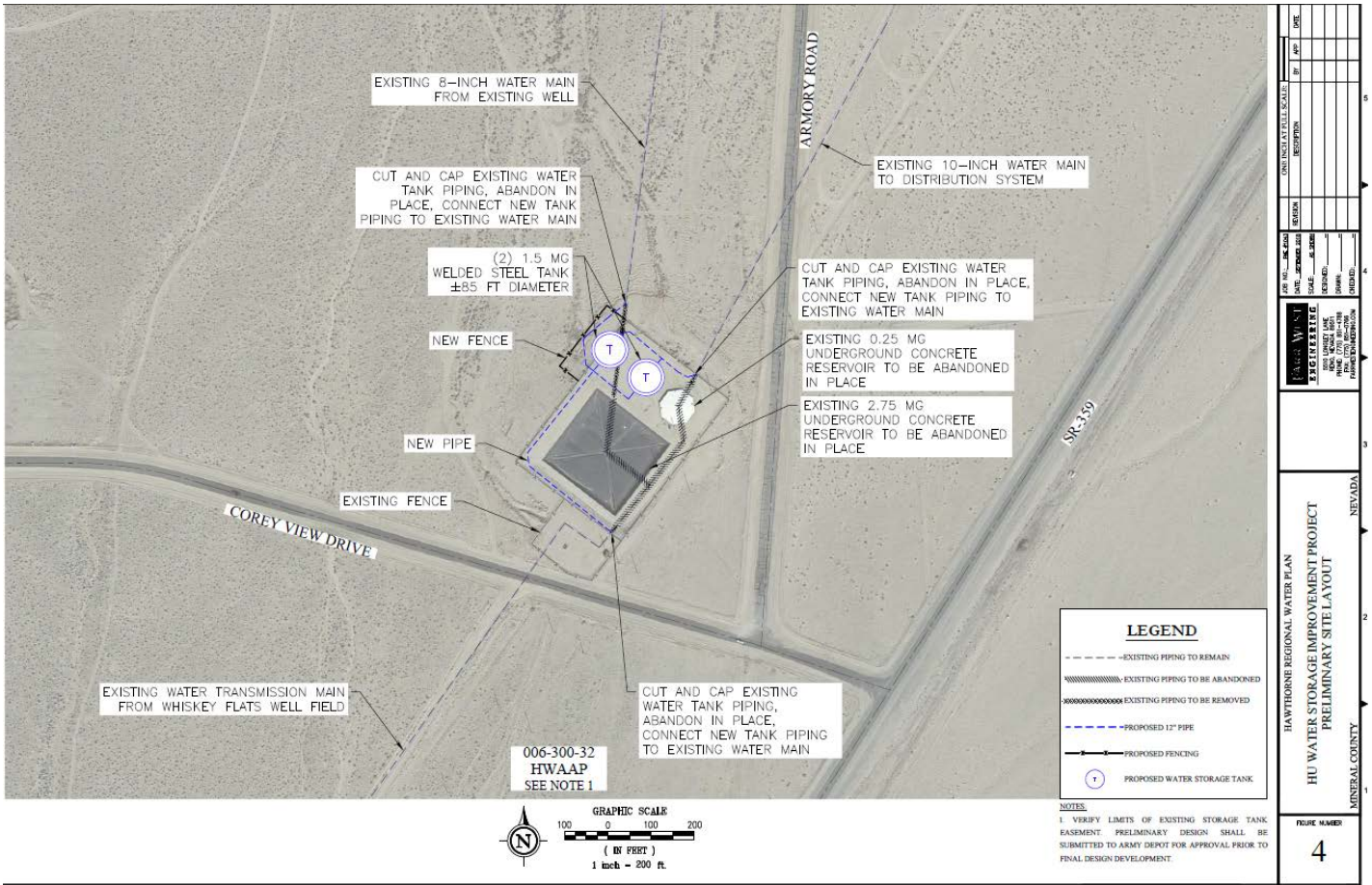
Hawthorne Utility Existing Storage Tank & Reservoir



Hawthorne Utility Public Water System Facilities



Proposed Project



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:

- 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D07C-2020 Hawthorne Utilities Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,000,000. 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 D07C-2020

Hawthorne Utilities 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Drinking Water Priority List—Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Hawthorne Utilities (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to replace water storage tanks (Project); and
- WHEREAS:** The Project is included as project #31 on the Nevada Drinking Water Priority List—Effective July 2020 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 “D07C-2020 Hawthorne Utilities 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 \$1,000,000 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 JULY 29, 2020

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects



**Loan Commitment from the
Nevada Drinking Water State Revolving Fund and
Capital Improvement Grants Program
Board for Financing Water Projects**

July 2020

Lovelock Meadows Water District

Amount and Term	Recommendation
<p><u>\$1,000,000</u> Principal Forgiveness from DWSRF</p> <p><u>\$487,500</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 2.5-million-gallon capacity storage tank.</p>

Community Information

Location Lovelock, Pershing County, NV

Structure Public Water System

Population 3,000

Service Connections Residential 1,257; Non-residential 319

Project for Funding

Need The 2.5 million-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 five 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; 3) correcting the water loss due to the leaking floor will assist the system to remain within its water conservation plan parameters; 4) additional venting in roof will be installed, so that the tank can be operated at maximum design flow rate, and excessive pressure/vacuum will not

develop; and 5) installing a cathodic protection for complete tank ensures longer service life for this asset.

The Storage Tank 1 rehabilitation construction, under active funding support by the State DWSRF and a capital improvement grant is scheduled to be completed in the coming months. Starting a second project for identical work without delay will optimize contractor and construction procurement resulting in substantial cost and time savings to the system.

Chosen Project The project includes replacing the existing tank floor and base aggregate material, recoating the interior and exterior of the tank, installing an additional roof ventilation, and adding a cathodic protection system. Except for the cost to paint the tank exterior, the remaining proposed project components are eligible for funding.

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: To be Completed by entity
 Construction Procurement: November 2020 (tentative)
 Construction Award: December 2020 (tentative)
 Completion: April 2021 (tentative)

Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$ 0	\$ 0	\$ 3,000	\$ 3,000
Design, inspection, & Construction Management	\$ 0	\$ 0	\$ 102,000	\$ 102,000
Equipment & Materials	\$ 335,000	\$ 487,500	\$ 0	\$ 822,500
Construction	\$ 665,000	\$ 0	\$ 157,500	\$ 822,500
Administrative	\$ 0	\$ 0	In-Kind	\$0
Totals	\$ 1,000,000	\$ 487,500	\$ 262,500	\$1,750,000

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. On December 15, 2019, a public notice of similar determination of categorical exclusion for the rehabilitation tank 1 project was provided to the electronic mailing list for the DWSRF and board and was posted to the Nevada State Clearinghouse and NDEP websites and NDEP did not receive any objections. The project for rehabilitation of Tank 2 is identical in terms of project site and other construction logistics and is anticipated to result in similar determination.

Community Engagement

November 12, 2019 Board Meeting: The project manager identified the needed project of rehabilitating the storage tanks and the board discussed and approved the project to rehabilitate the first storage tank.

July 2020 Board Meeting: The project manager explained the progress of the first tank rehabilitation project. They determined that the second storage tank (2.5-million-gallon capacity) was also in need of rehabilitation due to normal deterioration. The board discussed and approved the submittal of a loan application to the Drinking Water State revolving fund for this project, as presented.

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 (**Appendix A**). The system is fully metered. A project to rehabilitate the 1.5 million-gallon tank is currently under active construction phase and is scheduled to be completed this summer. This ongoing project is supported, in part, by Nevada DWSRF.

Compliance The most recent sanitary survey was conducted by the Bureau of Safe Drinking Water on June 13, 2019. Both the ongoing project and the proposed project will sufficiently address the deficiencies noted in this survey.

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

Water Conservation Plan Water conservation plans must be updated every five years and comply with Nevada statutes². A water conservation plan is on file with the Nevada Division of Water Resources. This plan was last updated in January 2015 and is due to be updated in 2020.

Technical Capacity A technical, managerial, and financial capacity survey was conducted in November 2019. The water system evaluation noted few areas of improvement that include need to have the system mapped, to routinely test fire hydrants, and to retain adequate storage as fire reserve; however, the overall technical capacity category score of 2.77 (out of 3) satisfies 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 only deficiencies noted pertain to having an out of date operations & maintenance manual and emergency response plans. The overall managerial capacity category score of 2.46 (out of 3) amply satisfies the regulatory requirements for capacity. The district can 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 can meet its short- and long-term financial needs.

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

Unrestricted Cash: \$1,568,220 (Cash has increased since June 2019)

Days cash on Hand: 660

Outstanding Debt: \$4,137,735 (30.82% of Total Assets)

Operating Income before depreciation: \$117,280

Current Ratio: 10.60

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. The first loan also contains the same provision.

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Capital Replacement Reserve Account The district is maintaining a capital replacement reserve account as required by previous funding agreements. The current balance is \$486,199. 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.

APPENDIX A



Lovelock: 2.5 MG Tank to be rehabilitated

Similar work: Ongoing Project (1.5 MG Tank Rehabilitation)





Drinking Water State Revolving Fund 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 “D07D-2020 Lovelock Meadows Water District Project-2 Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,000,000. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven. This approval will be rescinded if NDEP receives substantive opposition from other water systems bypassed by this project.

RESOLUTION D07D-2020

Lovelock Meadows Water District Tank Project 2 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the July 2020 Priority List, which ranks water projects that are eligible for loans from the Nevada Drinking Water State Revolving Fund account; and
- WHEREAS:** Lovelock Meadows Water District (Recipient) owns and operates a community public water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to rehabilitate a water storage tank (Project); and
- WHEREAS:** The Project is included as project #16 on the Nevada DWSRF Priority List—Effective July 2020 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 public water system and 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 “D07D-2020 Lovelock Meadows Water District Tank Project 2 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 \$1,000,000 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 July 29, 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 "G07D-2020 Lovelock Meadows Water District Tank Project 2 Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$487,500.

RESOLUTION G07D-2020

Lovelock Meadows Water District Tank Project 2 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 \$1,750,000 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 Tank Project 2" (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 “G07D-2020 Lovelock Meadows Water District Tank Project 2 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 \$487,500 of eligible project costs estimated to be \$1,750,000.

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 July 29, 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. Applicants 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.



**Grant Commitment from the
Nevada Capital Improvement Grants Program
Board for Financing Water Projects**

July 2020

Churchill County

Amount and Term	Recommendation
<p><u>\$646,872</u> Capital Improvement Grant</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve grant commitments to Churchill County for the purpose of constructing a new well and installing a transmission main to connect this well to their existing water system.</p>

Community Information

- Location** Churchill County, NV.
- Structure** Public Water System
- Population** 923
- Service Connections** Residential 329; Commercial 13

Project for Funding

Need Churchill County owns and operates the Sand Creek Water System, a public water system (PWS). This PWS presently contains one functioning well (Sand Creek Well) and two older wells (Pine Grove Wells) that are no longer useful as production wells (**Appendix A for Map**). Previous Master Planning efforts have identified the lack of a redundant source of supply as being a significant system vulnerability. The purpose of the project is to provide a second, redundant well capable of producing 500 to 1000 GPM to match the capacity of the existing well and existing arsenic treatment plant. The project includes drilling and equipping the new 14 inch well, constructing 2,400 feet of 10-inch raw water transmission main, and extending 3 phase overhead power 900 feet, as needed.

This construction project will assist the water system’s compliance with both the federal Safe Drinking Water Act and the regulations of NDEP, Bureau of Safe Drinking Water in four ways: 1) the new well will facilitate PWS compliance with the regulatory requirements for achieving water supply redundancy and having sufficient total capacity of the system; 2) materials used will be in compliance with all required regulations and standards including pipe sizes and water pressures; 3)

water from the new well will have Arsenic at levels lower than the current water source; Connecting the new source to the existing water treatment plant (WTP), will further improve the system's ability to consistently supply drinking water to the community in a manner protective of public health; and 4) This project is considered a green project - an often encouraged option to promote increased returns for the State investment and help the water sector, in general, improve the water quality services without putting additional strain on the existing energy grid. The new well pump, motor, and electrical components will be designed to current standards, resulting in a reduction in energy usage.

Chosen Project A preliminary engineering report (PER) was prepared by the applicant with funding support of Nevada Drinking Water State Revolving Fund. This PER was approved by NDEP in June 2020. Consideration of areawide water quality data indicated that an Arsenic-free water supply source that is economical to convey to this PWS does not exist. The water sourced from the new well at Site 1A (**See Appendix B**) is found to contain Arsenic at 12 parts per billion (ppb), slightly above the 10-ppb regulatory limit for Arsenic in drinking water. But this water is comparably better in quality than all other alternatives considered, including the existing source of water. The water will continue to be treated at the existing Sand Creek WTP. The project is designed to meet the green project classification. A present worth cost analysis and rating matrix of non-monetary factors for each alternative further support the selection of this project.

Other Project Alternatives *Do Nothing:* Water supply redundancy is critical to assure un-interrupted drinking water supply and is also a regulatory requirement. As such, no action is not a feasible option for this PWS.

Re-Activate Pine Grove Wells & associated water treatment plant: Churchill County owns the land where the existing wells are present (**Appendix A for Map**). However, the pipeline route to the Sand Creek WTP presents permit feasibility complications (Truckee-Carson Irrigation District encroachments) and complexities associated with installation of new pipeline in an existing utility corridor. Any rehabilitation work at these wells is considered higher risk than conducting new construction, with distance for adequate power source (480-volt power) an added cost. One-time project costs for this alternative is considerably less than the chosen alternative, but higher O7M Costs have a similar net present worth computed relative to a service life of 20 years.

Maps Maps are attached to this report.

Timeline Design & Construction: Phase 1 Well Drilling & Phase 2 Well Equip and transmission (To be Completed)

Water Rights Change: July 2020 - December 2020 (may take 6 months)

Construction Contractor Procurement: January 2020 (Phase 1 & 2)

Construction Award: February 2020

Completion: November 2021

Anticipated Sources of Project Funding	Capital Improvement Grant	USDA Funding	Local	Total
Planning	\$ 9,000	\$ 0	\$ 0	\$ 9,000
Design, inspection, & Construction Management	\$ 192,000	\$ 0	\$ 0	\$ 192,000
Equipment & Materials	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 445,872	\$ 513,128	\$ 0	\$ 959,000
Administrative	\$ 0	\$ 15,000	\$ 0	\$ 15,000
Contingency	\$ 0	\$ 143,000	\$ 0	\$ 143,000
Totals	\$ 646,872	\$ 671,128	\$ 0	\$ 1,318,000

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.

A preliminary environmental review for the chosen project was recently conducted by the County and the Division is in receipt of this report. The findings per this report are as follows:

The proposed well site will be located on vacant but previously disturbed land that will ultimately lie within a planned residential development currently at the tentative map stage. The electrical power will be extended from the west within existing previously disturbed County road right of way. The pipeline connecting the well site to the Sand Creek WTP will lie within future County streets and/or within existing County streets within the development. The proposed Project could contaminate the existing public water system; therefore, the project will be designed in consultation and compliance with the NDEP Bureau of Safe Drinking Water's regulations and policies.

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 will be provided to the electronic mailing list for the DWSRF and board and will also be posted to the Nevada State Clearinghouse and NDEP websites.

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

Community Engagement

- Churchill County Board of County Commissioners held public meetings regarding this project on the following dates: **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
- **May 7, 2020 Board of County Commission Meeting:** Presentation of Draft Preliminary Engineering Report for Sand Creek Redundant Well Project.
- **June 17, 2020 Board of County Commission Meeting:** Approval of Letter of Intent and grant application for Sand Creek Redundant Well Project to the Nevada Board of Financing Water Projects Grant Program requesting funding of construction of a redundant water supply for the existing Sand Creek Water System.
- To transfer existing water rights to the new well, State of Nevada Division of Water Rights requires the notification by letter to the approximately 140 owners of parcels with domestic wells within 2,500 feet of the proposed well. The applicant will commence this process shortly after getting approval by the Board for the loan commitment request.

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 statutes ² .
Technical Capacity	The water system conducted a technical, managerial, and financial capacity survey in October 2019. The evaluation noted areas of potential improvement that include the need to have water supply redundancy and a need to maintain adequate water pressure throughout the water system; however, the overall technical capacity category score of 2.4 (out of 3) satisfies 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 overall managerial capacity category score of 2.7 (out of 3) amply satisfies the regulatory requirements for capacity. The district can 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 can meet its short- and long-term financial needs. Financial Information as of June 30, 2019 : Unrestricted Cash: \$1,105,246 Days cash on hand: 1,252 Outstanding Debt: \$0

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Operating Income Before Depreciation: \$117,280

Current Ratio: 21.87

Debt Coverage: None

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: \$51.10 (0 gallons)

First tier rate: \$2.10/1,000 gallons (0-6,000 gallons)

Second tier rate: 2.60/1,000 gallons (6,001-20,000 gallons)

Average water rate/use for system: \$76.70 (11,038 gallons)

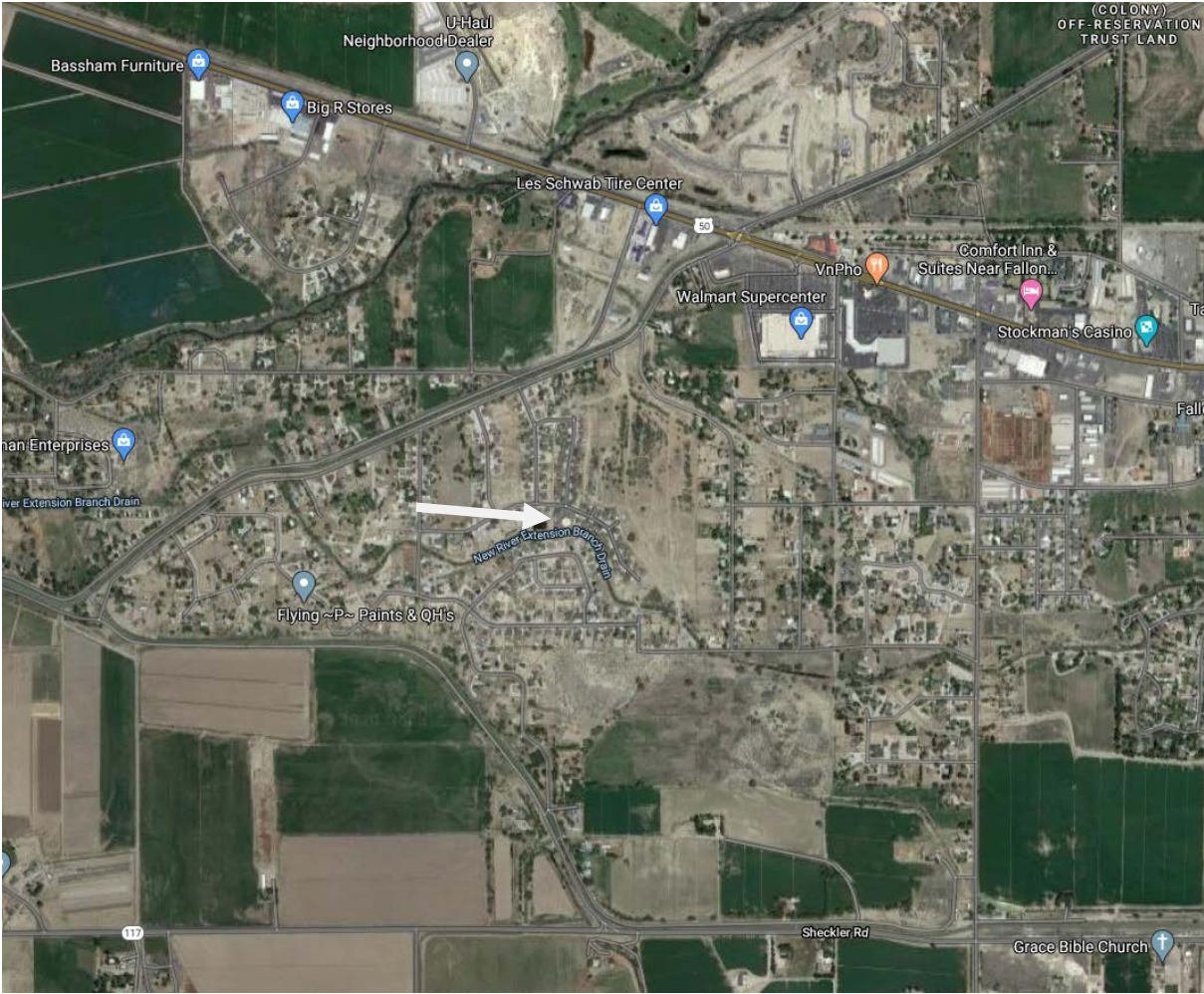
Fiscal Sustainability Plan A fiscal sustainability plan will be required in the grant agreements.

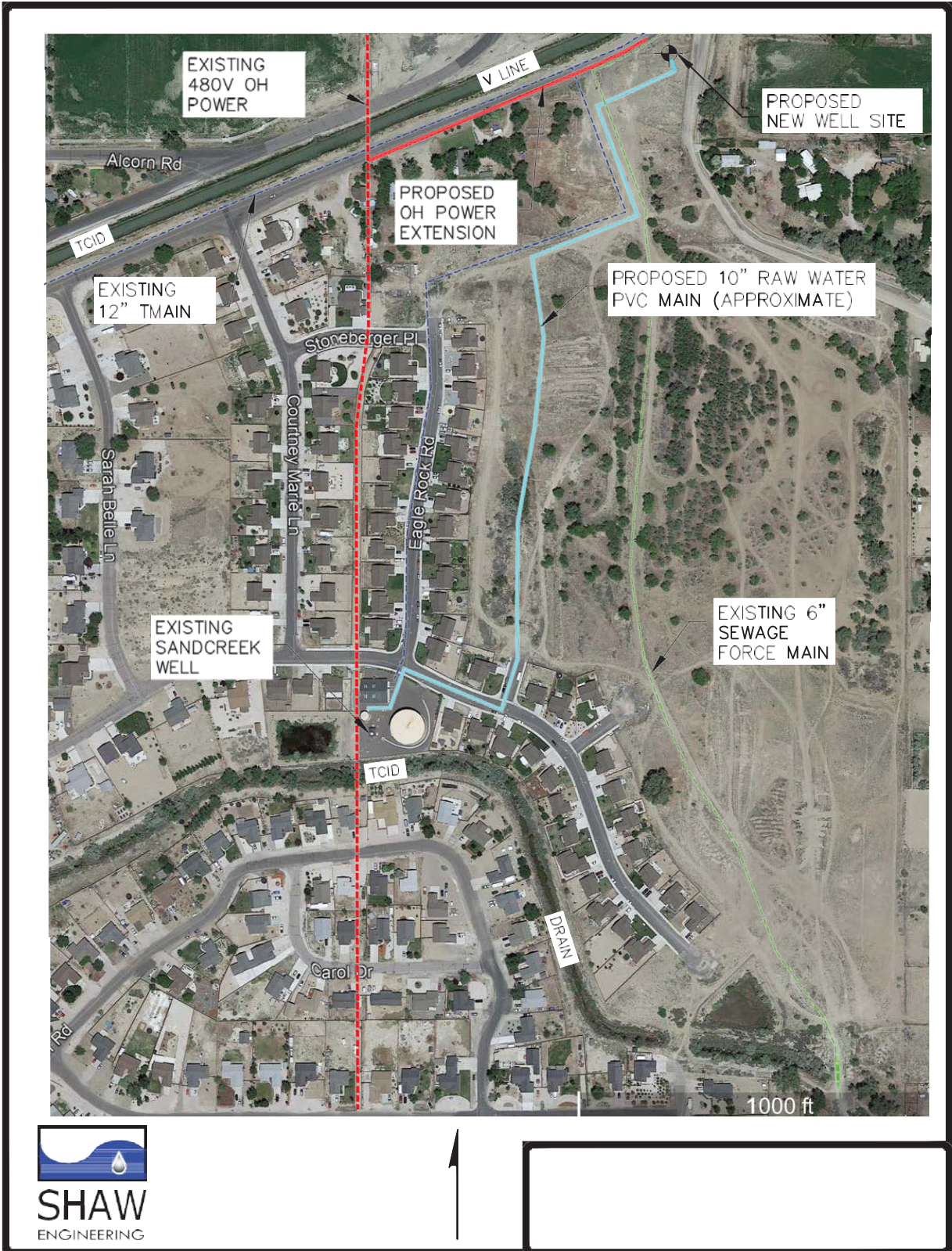
Capital Replacement Reserve Account The district is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The current balance is \$318,879. The proposed funding agreement will contain a requirement to maintain this reserve account.

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, Churchill County did not obtain enough points from the scale to qualify for principal forgiveness funding from the DWSRF.

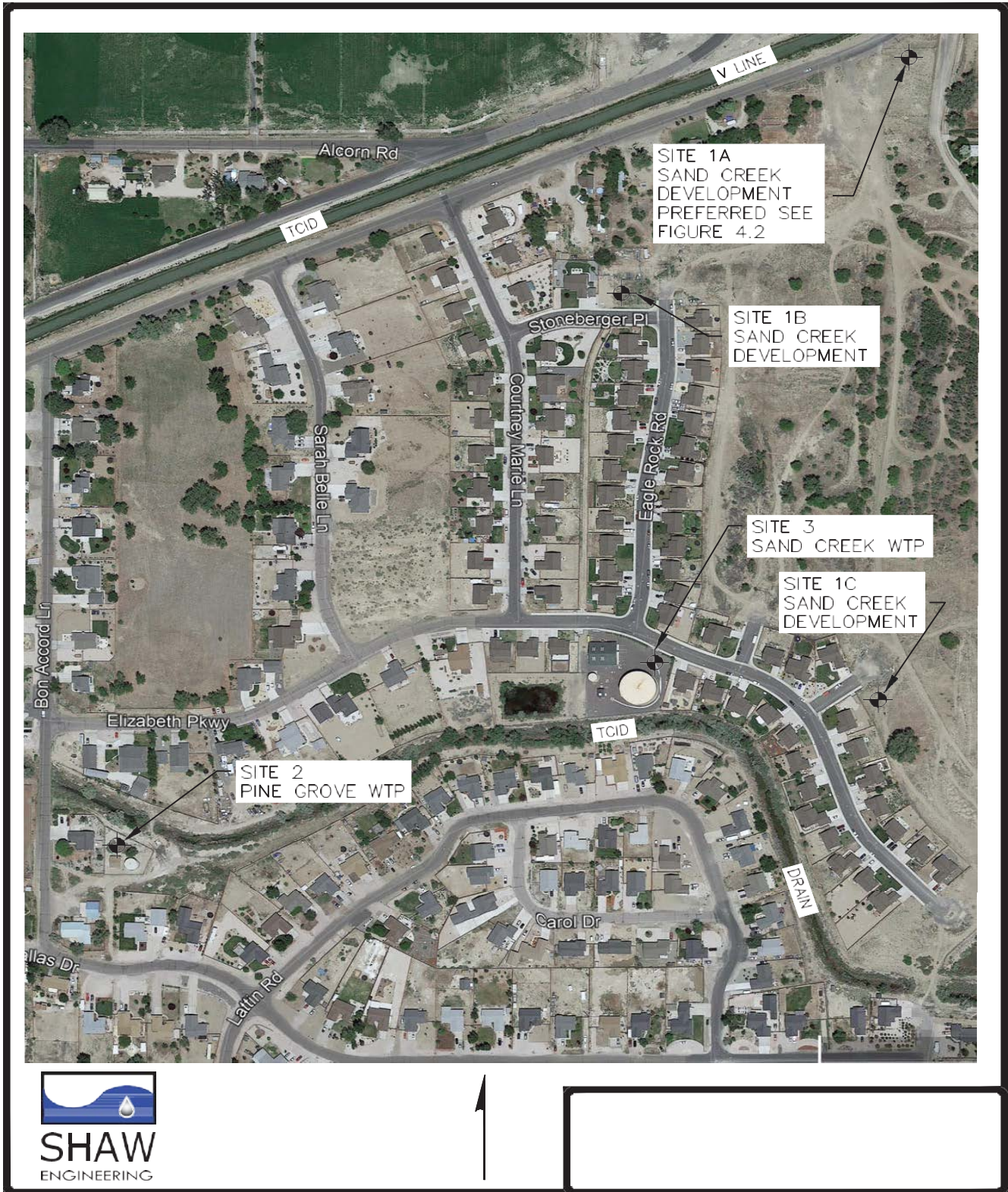
Capital Improvement Grant Scale determination The district has been found to be eligible for 56% of eligible projects costs based on the board's Scale to Determine Grant Amount policy revised on July 24, 2009. The system is partner funding the project with USDA loan and grant funds. Therefore, a lesser amount is being proposed in the funding agreement.

APPENDIX A





APPENDIX B



Capital Improvement Grants Program Authority and Purpose

Nevada Revised Statutes (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 “G07E-2020 *Churchill County Sand Creek Redundant Well Construction Project Grant Commitment*,” which is intended to finance certain projects in an amount not to exceed \$646,872.

RESOLUTION G07E-2020

Churchill County Sand Creek Redundant Well Construction Project

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: Churchill County, (Applicant) has applied to the Board for a grant for a project having eligible costs estimated to be \$1,318,000 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 “Churchill County Sand Creek Redundant Well Construction 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 “G07E-2020 Churchill County Sand Creek Redundant Well Construction 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 \$646,872 of eligible project costs estimated to be \$1,318,000.

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; and
- (b) The proposed capital improvement complies with the provisions of the NRS 349.980 to 349.987, inclusive; and
- (c) The plan for development of the proposed capital improvement is satisfactory; and
- (d) The Applicant is able to obtain the financing required to complete the capital improvement; and
- (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 July 29, 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.

BOARD FOR FINANCING WATER PROJECTS POLICY	DATE July 29, 2020	PAGE Page 1 of 1
SUBJECT: CONSOLIDATION OF NONPROFIT PUBLIC WATER SYSTEMS		

Authority:

The Board for Financing Water Projects (Board) is authorized by Nevada Revised Statutes (NRS) 349.982 to establish requirements for participation in the Capital Improvement Grants Program.

Purpose:

NRS 349.981(4)(b) authorizes funding from the Capital Improvement Grants Program to include public water systems that are owned and operated by nonprofit associations or cooperatives.

Policy:

1. Recognizing the increasing costs to operate public water systems and the economy of scale, it is the policy of the Board to support consolidation of privately owned, nonprofit public water systems with larger publicly owned systems where feasible.
2. Grant applications for improvements to privately owned, nonprofit public water systems will only be considered by the Board if the application includes a demonstration that consolidation with a publicly owned system is infeasible. The demonstration must include either written correspondence from the publically owned system that they are unable or unwilling to serve the nonprofit system users or documentation that the distance to a publicly owned system or cost of connection make consolidation infeasible.

BOARD FOR FINANCING WATER PROJECTS POLICY	DATE July 29, 2020	PAGE Page 1 of 1
SUBJECT: SEPTIC TO COMMUNITY SEWAGE SYSTEM CONNECTIONS		

Authority:

The Board for Financing Water Projects (Board) is authorized by Nevada Revised Statutes (NRS) 349.982 to establish requirements for participation in the Capital Improvement Grants Program.

Purpose:

To establish the Board's position on awarding grant funding for the abandoning of individual septic tanks and connecting the homes to community sewer systems.

Specific funds for abandoning of individual septic tanks and connecting the homes to community sewer systems are authorized for funding in the program through NRS 349.981 1(d).

Policy:

It is the policy of the Board for Financing Water Projects to discontinue funding for the abandoning of individual septic tanks and connecting the homes to community sewer systems unless Waters of the State is being impacted by failing septic systems and the septic system was installed and operating prior to the date of this policy.

Board for Financing Water Projects Authority

Creation and Structure

NRS 349.957 Board for Financing Water Projects: Creation; members.

- (1) The Board for Financing Water Projects is hereby created. The Board consists of one ex officio member and five members appointed by the Governor.
- (2) The Governor shall appoint to the Board:
 - (a) One member who is a representative of the county with the largest population in the State;
 - (b) One member who is a representative of the county with the second largest population in the State; and
 - (c) Three members who are representatives of counties in the State whose populations are less than 100,000, of whom one member is knowledgeable in the field of municipal finance and the remaining members are knowledgeable in the fields of planning and the development and reclamation of water resources.
- (3) The Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources, or a person he or she designates, shall serve ex officio as a nonvoting member of the Board.
- (4) Not more than three voting members of the Board may be members of the same political party, and not more than two may be residents of the same county.
(Added to NRS by 1987, 2278; A 1991, 532; 1995, 2502; 2005, 561)

NRS 349.958 Board for Financing Water Projects: Compensation of members.

- (1) Each voting member of the Board is entitled to receive a salary of not more than \$80 per day, as fixed by the Board, for his or her services while actually engaged in the performance of his or her duties as a member of the Board.
- (2) While engaged in the business of the Board, each voting member and employee of the Board is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.
(Added to NRS by 1987, 2279; A 1989, 1712; 1991, 533)

NRS 349.959 Board for Financing Water Projects: Election of Chair; meetings. The Board shall:

- (1) At its first meeting and annually thereafter elect a Chair from among its voting members.
- (2) Meet regularly at least once in each calendar quarter and at other times upon the call of the Chair.
(Added to NRS by 1987, 2279; A 1991, 533)

NRS 349.961 Water projects: Preliminary plan; approval.

- (1) When any municipality or other obligor desires to undertake a water project, it may present its preliminary plan to the Board for approval. If the proposed water project affects drinking water, the Board shall request that the Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources submit comments and recommendations regarding the project. The Board shall analyze the potential yield of the water project, and may tentatively approve it if it will preserve or increase the water available for beneficial use in this State.
- (2) If the Board, after a public hearing on the issue, tentatively approves the water project, the municipality or other obligor may proceed to prepare a final plan and submit it for final approval. If the Board finally approves the water project, the cost of the final plan may be included in the cost of the water project. If the Board does not finally approve the water project, the Director may, within the limits of money available for this purpose in the Account for the Financing of Water Projects, reimburse a municipality for the costs incurred after the tentative approval.
(Added to NRS by 1987, 2279; A 1991, 533; 1993, 639; 2005, 561)

Board for Financing Water Projects Authority

Drinking Water State Revolving Loan Fund Authority

NRS 445A.265 Powers and duties of Division; limitations.

- (3) The Division shall not:
 - (a) Commit any money in the Account for the Revolving Fund for expenditure for the purposes set forth in NRS 445A.275; or
 - (b) Establish the priorities for determining which public water systems will receive money or other assistance from the Account for the Revolving Fund,
→without obtaining the prior approval of the Board for financing water projects.
(Added to NRS by 1997, 1824; A 1999, 1866; 2009, 635)

Capital Improvement Grants Program Authority

NRS 349.981 Program to provide grants for water conservation and capital improvements to certain water systems; Board for Financing Water Projects to determine recipients of grants; applicability to certain recipients of provisions governing public works.

- (2) Except as otherwise provided in NRS 349.983, the determination of who is to receive a grant is solely within the discretion of the Board.
(Added to NRS by 1991, 1833; A 1999, 2121; 2003, 2502; 2005, 561, 969; 2009, 564)

NRS 349.982 Powers and duties of Board for Financing Water Projects: Administration of program; adoption of regulations; use of money in Fund to defray certain costs and expenses; imposition of administrative fee.

- (1) The Board shall administer the program and shall adopt regulations necessary for that purpose.
- (2) The regulations must provide such requirements for participation in the program as the Board deems necessary.
- (3) The money in the Fund may be used to defray, in whole or in part, the costs of administering the Fund and the expenses of the Board in administering the program.
- (4) The Board may, by regulation, impose an administrative fee which must be collected from each recipient of a grant from the Fund. If such a fee is imposed, all revenue derived from the fee must be used to defray, in whole or in part, the costs of administering the Fund and the expenses of the Board in administering the program.
(Added to NRS by 1991, 1833; A 1999, 2122)

Board for Financing Water Projects Authority

Policies Established by the Board for the Capital Improvement Grants Program

<https://ndep.nv.gov/water/financing-infrastructure/board-for-financing-water-projects/regulations-board-policies>

Board Policies	Revision Date
Administrative Funding	June 2018
Alternative Funding	June 2018
Capital Replacement Reserve Accounts	June 2018
Changes to Grant Funding or Project Scope	June 2018
Construction, Engineering and Contingency	June 2018
Fiscal Sustainability Plans	June 2018
Funding Level for Irrigation Projects	June 2018
Length of Grant	Nov 2005
Nonprofit Public Water Systems	June 2018
Scale to Determine Grant Amount	Jul 2009
Septic to Community Sewage System Connections	June 2018
Sufficient Water Rates	June 2018
Water Meters	June 2007



**Board for Financing Water Projects
Drinking Water State Revolving Fund
July 2020**

Drinking Water Program Funding Updates as of Jan 4, 2021

Cash in fund		\$67,760,147.52
Committed funds not yet disbursed	\$20,730,214.37	
Add commitments for Board consideration	\$20,019,493.00	
Total committed funds after Board approval	\$40,749,707.37	
Lowest cash flow balance in three (3) years		\$58,376,415

Drinking Water Cash Flow Projections¹

	Jan 2021 to Jun 2021	July 2021 to Jun 2022	Jul 2022 to Jun 2023	July 2023 to Dec 2023
Cash balance forward	\$60,411,017	\$58,376,415	\$59,815,049	\$71,309,108
Receipts from grants awarded	\$0	\$10,334,770 ¹	Not forecasted	Not forecasted
Receipts from bonds issued	\$0	Not forecasted	Not forecasted	Not forecasted
Receipts from treasurer's Interest ²	\$1,029,187	\$628,381	\$634,111	\$369,462
Receipts of loan principal	\$6,404,100	\$13,381,110	\$13,777,017	\$6,668,035
Receipts of loan interest	\$2,054,379	\$3,919,960	\$3,574,539	\$1,654,439
Payments for debt service	(\$332,338)	(\$3,044,538)	(\$2,958,938)	(2,727,200)
Payments to loan recipients ³	(\$10,473,783)	(\$24,414,322)	(\$4,176,825)	(\$150,000)
Cash balance forward	\$58,376,415	\$59,815,049	\$71,309,108	\$77,886,773

Drinking Water Grant Conditions for Principal Forgiveness

Current funds to obligate for principal forgiveness loans		\$3,883,261.78
Less projects for board consideration	\$3,295,493	
Current funds to obligate for principal forgiveness loans		\$587,768.78
Pending 2021 Grant (estimated allotment)	\$2,552,800	
Total Principal Forgiveness Funds by October 2021 (estimated)		\$3,140,568.78

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

Federal stimulus funding for DWSRF program did not occur. The Council of Infrastructure Finance Authority (CIFA) reports the approved 2021 appropriation remained the same as previous fiscal year amounts. Nevada is anticipating:

- \$12,764,000 total grant funds for loans, administration, and technical assistance.
- \$2,552,800 (20% required for principal forgiveness)

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

Capital Improvement Grants Program Funding Update as of January 4, 2021

Current Cash:	\$ 2,799,384.39
Reserved for Administration	\$ 15,496.11
Committed funds not yet disbursed	\$ 1,267,395.15
Projects for Consideration:	\$ 1,193,026.00
Un-committed funds:	\$ 343,092.61¹

Committed funds not yet disbursed:			
GP2001	Lovelock Meadows Water District	Storage Tank 1 rehabilitation	\$138,923.15
DP2101	Lovelock Meadows Water District	Storage Tank 2 rehabilitation	\$487,500.00
DP2102	Churchill County	New well for redundant source requirements	\$640,972.00
Total			\$1,267,395.15
Projects for consideration			
#8	Alamo Sewer and Water GID	Arsenic Treatment	\$693,026
#14	Las Vegas Valley Water District (Big Bend)	Treatment plant improvements; storage rehabilitation; distribution; electrical controls	\$500,000
Total			\$1,193,026.00
Letter of Intent Submitted			
	Pershing County Water Conservation District	Rodgers Flume Replacement	\$2,160,000

Bond authority:

AB 541	2019 Legislative Session, Section 17	\$3,000,000
	The State Board of Finance shall issue general obligation bonds of the State of Nevada in the face amount of not more than \$3,000,000 in the 2019-2021 biennium as provided in NRS 349.986 for the program for providing grants for water conservation and capital improvements to certain water systems.	
	Less 2019B Series issued December 10, 2019	\$1,500,000
	Less 2020B Series issued November 10, 2020	\$1,500,000
Remaining Authority		\$0

¹ Includes estimated bond interest earnings for the next 12 months

Arbitrage Rebate:

For construction projects = two-year expenditure requirement:

Period	Cumulative Expenditures
6 Months	10%
12 Months	45%
18 Months	75%
24 Months	100%

**7. RECOMMENDED MOTION FOR THE CONSENT AGENDA
ITEM FOR ADDITIONAL FUNDING OF PREVIOUSLY
APPROVED LOANS**

I move to adopt consent items 7a, 7b, and 7c to increase the loan amount, as specified, for each of the previously approved loans. All terms and conditions of the original loans shall remain the same for the additional funding. Staff will negotiate the amendments to the contracts.

Additional Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

January 2021

Beatty Water and Sanitation District

Amount and Term	Recommendation
<u>\$15,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Beatty Water and Sanitation District for loan contract DW1912.

Original commitments

Project	The town of Beatty needs additional and redundant sources of safe drinking water. Only one of Beatty's wells is treated and blended to remove arsenic and fluoride. The Beatty Water and Sanitation District is preparing a preliminary engineering report (PER) and environmental review (ER) to determine how to increase the availability and sustainability of source water for the town. This includes a pilot test to find a reliable water source that meets water quality standards.
Resolution and conditions	6B-2019 Beatty Water and Sanitation District Water System PER and ER Loan Commitment Resolution was adopted June 25, 2019. The Board approved an amount not-to-exceed \$85,000 in principal forgiveness funds from the Drinking Water State Revolving Fund. Funding contract DW1912 was signed on August 20, 2019. The principal forgiveness loan contains a condition that the system will follow the guidance established by NDEP and the RUS bulletin 1780-2.
Need for additional funds	The scope of work for the environmental review has changed from the initial review. The additional work requested from the State Historic Preservation Office has increased the costs above the original budget amount. Additionally, the pilot test needs to be thoroughly investigated for a more viable treatment method. This requires treatment vendors participate in the piloting process – at an additional cost.

Timeline	Original	Updated
Design	July to September 2019	March 2021

DWSRF Project cost changes	Original	Updated	Total
Planning	\$85,000	\$15,000	\$100,000
Administration	N/A	N/A	N/A
Financing	N/A	N/A	N/A
Construction Contingency	N/A	N/A	N/A
Totals	\$85,000	\$15,000	\$100,000

Explanation for changes in budget Increase time and cost reviewing cultural and historic information to complete the environmental review.

Opportunity for other funding Nevada's Intended Use Plan allows up to \$100,000 for a PER and ER, with a community match of at least 15%. The total cost of this PER is now \$123,754, with the community contributing \$23,754 or 19%. Beatty is designated as a disadvantaged community and is sensitive to rate increases.

RESOLUTION D07A-0121

Beatty Water & Sanitation 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Beatty Water & Sanitation District (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Project is included as project #3 on the Priority List of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW1912 on August 20, 2019 in order to pay for a PER, ER, and pilot testing; 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 “D07A-0121 Beatty Water and Sanitation 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 additional funds in the amount not-to-exceed \$15,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1912 would therefore be \$100,000.

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 20, 2021

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



June 2019

Staff Report from June 25, 2019 meeting

Beatty Water and Sanitation District

Amount and Term	Recommendation
\$85,000 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Beatty Water and Sanitation District.

Community Information

Location	Beatty is an unincorporated town along the Amargosa River in Nye County. US 95 runs through the town and connects Beatty to Las Vegas, which is approximately 120 miles to the southeast, and Tonopah, which is approximately 90 miles to the north.
Structure	General improvement district
Population	1,010
Service Connections	Residential: 347 Commercial: 80 Industrial: 0

Project for Funding

Need The town of Beatty needs additional and redundant compliant sources of drinking water. Currently, only one of Beatty’s wells (EW-4) is treated to remove arsenic and blended to remove fluoride, which provides compliant drinking water for the town. If the well goes down or if either treatment or blending are off-line, the town does not have a compliant source for water.

The sanitation and water district is proposing to prepare a preliminary engineering report (PER) and environmental review (ER) to examine all potential alternatives to increase the availability and sustainability of the source water for the town.

These alternatives may include:

- Treating fluoride and arsenic in wells 2 and 3, which would increase the production of compliant water. This alternative would require a treatment plant and media that will remove both fluoride and arsenic economically.
- Adding fluoride treatment in the existing treatment plant, which would

eliminate blending and optimize water production from the town's largest producing well: EW-4.

- Adding well EW-3 to the system to improve reliability. Well EW-3 is an existing well in the Amargosa Valley near well EW-4. Well EW-3 is owned by the mine but might be made available to the town, boosting water into the treatment plant and allowing for full flow backwash.

Maps An existing system map is attached to this report.

Timeline July 2019 – September 2020

Sources of Project Funding

	Drinking Water State Revolving Fund (DWSRF)	Other Partner Funders	Local	Total
Planning	\$85,000	\$0	\$15,000	\$100,000
Design, inspection, & Construction Management	\$0	\$0	\$0	\$0
Construction	\$0	\$0	\$0	\$0
Contingency	\$0	\$0	\$0	\$0
Totals	\$85,000	\$0	\$15,000	\$100,000

Previous Commitments and Studies

Capital Improvements Grant Program

In 1995, the district received \$2,281,060 (85% of total project costs) to:

- Construct a new back-up well in the Indian Springs well field;¹
- Construct a seven-mile transmission line from the new backup well to town;
- Construct a new booster pump station midway between the new well and town;
- Adapt one town water tank for blending two sources of water;
- Interconnect the two existing storage tanks;
- Install telemetry;
- Construct an interceptor line redirecting water from the Indian Springs well field to the blending facility;
- Purchase water rights in the Amargosa Valley for use at the EW-4 well.

In 2006, the district received an additional \$51,850 (85% of the total project cost) for a PER and pilot testing for an arsenic mitigation project to help the district comply with the U.S. Environmental Protection Agency's revised arsenic rule.

¹ At the time, the district chose to construct a new backup well in lieu of the purchase and modification of an existing mining well — EW-4 — in Amargosa Valley. EW-4 was constructed and funded through a loan from the Rural Economic and Community Development Services and was owned by a mining company. EW-4, however, is now owned by the water system.

Drinking Water State Revolving Fund

In 2009, the district received \$2,910,000 in principal forgiveness funding from the DWSRF to cover 100% of the cost to construct an arsenic treatment plant to treat water from the EW-4 well. This funding was increased in 2013 by \$83,245, bringing the total commitment of principal forgiveness funding for this project to \$2,993,245. However, the final expenses totaled \$2,912,624 and a portion of the authorized funding was de-obligated.

Community Engagement

The district has discussed the need for this PER and ER at public board meetings. No one from the public spoke in opposition to the project.

Current System Information

Infrastructure The district receives its water from five active municipal wells. Wells 2 and 3 are located in town and are not permitted for regular use, as they do not meet the primary maximum contaminant level (MCL) for arsenic or fluoride. The Indian Springs and Summit Wells are located north of the town and meet all water quality standards, but both lack the full capacity to meet the town's needs. The EW-4 well, located east of town, is the main production well and also exceeds the MCLs for arsenic and fluoride. Water from this well is treated for arsenic via a coagulation-filtration process. Before entering the distribution system, a booster station lifts water from the treatment plant to the south tank where it is blended with water from the Indian Springs and Summit Wells to mitigate the fluoride.

The system also has 750,000 gallons of storage distributed equally in 3 tanks.

All of the district's customers are metered; however, the meters are old and out of calibration, affecting both how water loss is calculated and system revenue.

Compliance The NDEP Bureau of Safe Drinking Water conducted a sanitary survey on June 14, 2017. All significant and minor deficiencies have been resolved. Two observations/recommendations remain:

1. No tank redundancy for booster station ST04 at the treatment plant
2. No redundancy in storage and blending.

The district is planning to prepare a PER and ER to address additional supply and treatment that will allow a secondary source.

Water Conservation Plan A water conservation plan is on file with the Nevada Division of Water Resources. This plan was last reviewed and updated on June 13, 2014, and is due again for review and update. The district notes that minimal public education on water conservation currently takes place. The system assumes that water rates generally promote water conservation.

Technical Capacity The water system's manager conducted a technical, managerial, and financial capacity survey in May 2019. The evaluation noted areas of potential improvement; however, the survey score satisfied the regulatory requirements for capacity. The manager is currently the only certified distribution and treatment operator. The district is prioritizing hiring or training additional staff with the appropriate certification, something noted in the 2017 sanitary survey.

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 available financial information, the district is capable of meeting its short- and long-term financial needs. Financial information is independently audited by Daniel C. McArthur, LTD.

Financial Information as of June 30, 2018:

Unrestricted cash: \$118,067

Outstanding debt: \$71,487

Current ratio: 3.50

Debt coverage: 12.52

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: \$23.70 for 0 – 2,000 gallons

Tier one: \$1.47 for each 1,000 gallons between 2,000 – 8,000 gallons

Tier two: \$2.05 for each 1,000 gallons between 8,000 – 15,000 gallons

Average water rate/use for system: \$36.62 with 10,000 gallons.

Fiscal Sustainability Plan Since this proposed funding is for a PER and ER and not a construction project, no condition will be added to this loan agreement for a fiscal sustainability plan.

Short-Lived Asset Reserve Account The system currently maintains a short-lived asset reserve account as outlined in Nevada's Intended Use Plan. The reserve account was originally required through a grant commitment of \$2,281,060 in 1999 from the Capital Improvements Grant Program. The current balance is \$382,254. The district has withdrawn \$143,443 in the last two years to fund well rehabilitation expenses, and the system anticipates additional expenses in the future to address aging infrastructure.

Principal Forgiveness Eligibility Criteria The 2019 Intended Use Plan outlines criteria that systems must meet to be eligible for principal forgiveness funding. Preparation of a PER with an ER is a qualified project for 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 135 out of 400 possible points. Only 50 points were needed to qualify for principal forgiveness funding.

Loan Conditions

The principal forgiveness loan will contain the following conditions:

- A 15% match for each disbursement request.
- 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.

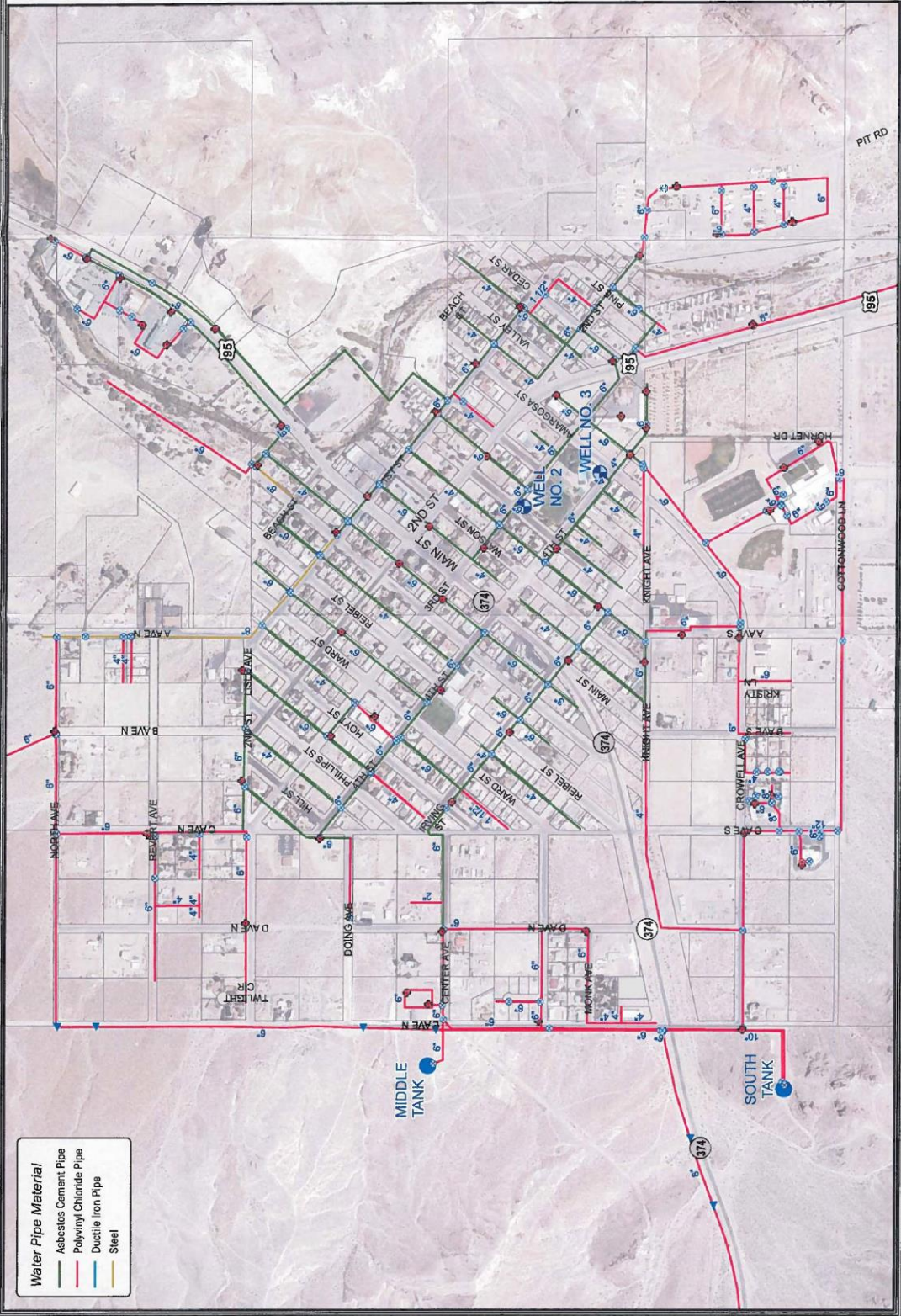
Whichever is shorter		
% Complete	Months Expired	Eligible expenses may be reimbursed up to % of loan
30%	6 months	30%
60%	9 months	60%
90%	12 months	90%
100%	15 months	100%

DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA 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)).

This data was derived from field observations and is not intended to be used for any other purpose. The user assumes all liability for any use of this information. No warranty is made by Farr West Engineering, Inc. for the accuracy or completeness of this information.



Water Pipe Material	
—	Asbestos Cement Pipe
—	Polyvinyl Chloride Pipe
—	Ductile Iron Pipe
—	Steel

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RESOLUTION 6B-2019

Beatty Water and Sanitation 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 April 17, 2019, the Board, under NRS 445A.265(3), approved the Year 2020 Priority List, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** The Beatty Water and Sanitation District (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 Beatty Water System (Project); and
- WHEREAS:** The Project is included as project #4 on the Year 2020 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 “6B-2019 Beatty Water and Sewer District Water System PER and ER 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 \$475,000 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 JUNE 25, 2019

Signed: **APPROVED JUNE 25, 2019**

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

**Additional Loan Commitment from the
Drinking Water State Revolving Fund**

Board for Financing Water Projects

January 2021

Truckee Meadows Water Authority

(Old Forty West Motel)

Amount and Term	Recommendation
<u>\$16,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Truckee Meadows Water Authority for loan contract DW1903.

Original commitments

- Project** This project involves the consolidation of the Old Forty West Motel, a non-compliant public water system (PWS) utilizing a groundwater supply with elevated levels of arsenic. The consolidation involves the abandonment of two groundwater wells currently serving the water system, the chlorinator, and pressure tanks. The community water system will be dissolved and will become a customer of the Truckee Meadows Water Authority (TMWA) system via a 1.5-inch master meter. The consolidation involves a service tap into a nearby TMWA water main and outfitting the service with appropriate equipment such as a water meter, backflow-prevention assembly, and valves.
- TMWA is the loan applicant to benefit the Old Forty West motel. The project is now complete and ready for closeout.
- Resolution and conditions** 6-2018 Truckee Meadows Water Authority Project Loan Commitment Resolution adopted June 20, 2018. The Board approved an amount not-to-exceed \$100,000 in principal forgiveness funds from the Drinking Water State Revolving Fund (DWSRF). Funding contract DW1903 was signed on October 22, 2018.
- Need for additional funds** The project encountered a major hurdle with the Union Pacific Railroad. The permit was submitted in June 2019 and was eventually approved in March 2020, after Old Forty West incurred substantial costs for review and fees that were not in the original budget. The railroad insisted the project be reviewed to the same level as other projects that cross under the tracks, despite this project being approximately 170 feet away from the tracks.

Timeline	Original	Updated
Design	July 2018	August 2018
Construction Start	September 2018	July 2020
Initiation of Operations	October 2018	September 2020

Explanation of timeline changes The project experienced numerous delays due to water rights management, construction bidding, and easement procurements from Union Pacific Railroad.

DWSRF Project cost changes	Original	Updated	Total
Planning	N/A	N/A	N/A
Design, inspection, & Construction Management	\$20,000	\$11,625	\$31,625
Equipment & Materials	N/A	N/A	N/A
Construction / Improvements	\$43,900		\$43,900
Administration	\$36,100	\$4,375	\$40,475
Financing	N/A	N/A	N/A
Construction Contingency	N/A	N/A	N/A
Totals	\$100,000	\$16,000	\$116,000

Explanation for changes in budget Union Pacific Railroad inspection and fees were not included in the original budget.

Opportunity for other funding The total project cost has neared \$126,000. The motel owner remains committed to funding \$10,000 of this project from personal funds. Additionally, due to the delays in construction, the owner has been required to provide bottled water to his residents. Due to the change in PWS status, from transient to non-transient community water system, the applicant has been incurring additional water quality testing costs of approximately a few thousand dollars per month to stay compliant with BSDW requirements. These additional expenses are not reimbursable by the DWSRF and total approximately \$63,000.

RESOLUTION D07B-0121

Truckee Meadows Water Authority 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Truckee Meadows Water Authority (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Project is included as project #7 on the Priority List of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW1903 on October 22, 2018 to pay for the consolidation and system improvements for Old Forty West Motel in Reno, Nevada; 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 “D07B-0121 Truckee Meadows Water Authority 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 additional funds in the amount not-to-exceed \$16,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1903 will therefore be \$116,000.

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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Truckee Meadows Water Authority

Board for Financing Water Projects Summary Loan Commitment from the Drinking Water State Revolving Fund June 2018

Applicant: Truckee Meadows Water Authority (TMWA)
Project: Consolidation of the Old Forty West Motel with TMWA
Total Cost: \$110,000
DWSRF Funding: \$100,000

DIVISION RECOMMENDATION

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment from the DWSRF in an amount not to exceed \$100,000 to the Truckee Meadows Water Authority (TMWA) for the consolidation of the Old Forty West Motel community water system with TMWA's system. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100% of the principal will be forgiven. NDEP and TMWA will negotiate the terms and conditions of a loan agreement. A resolution is included in your binders with this staff report.

GENERAL

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The DWSRF is a national program to help public water systems finance the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed laws that authorize NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. These state and federal regulations, the conditions of the grant award, the Operating Agreement with the EPA, and an assortment of policy directives and guidance from EPA govern the DWSRF program.

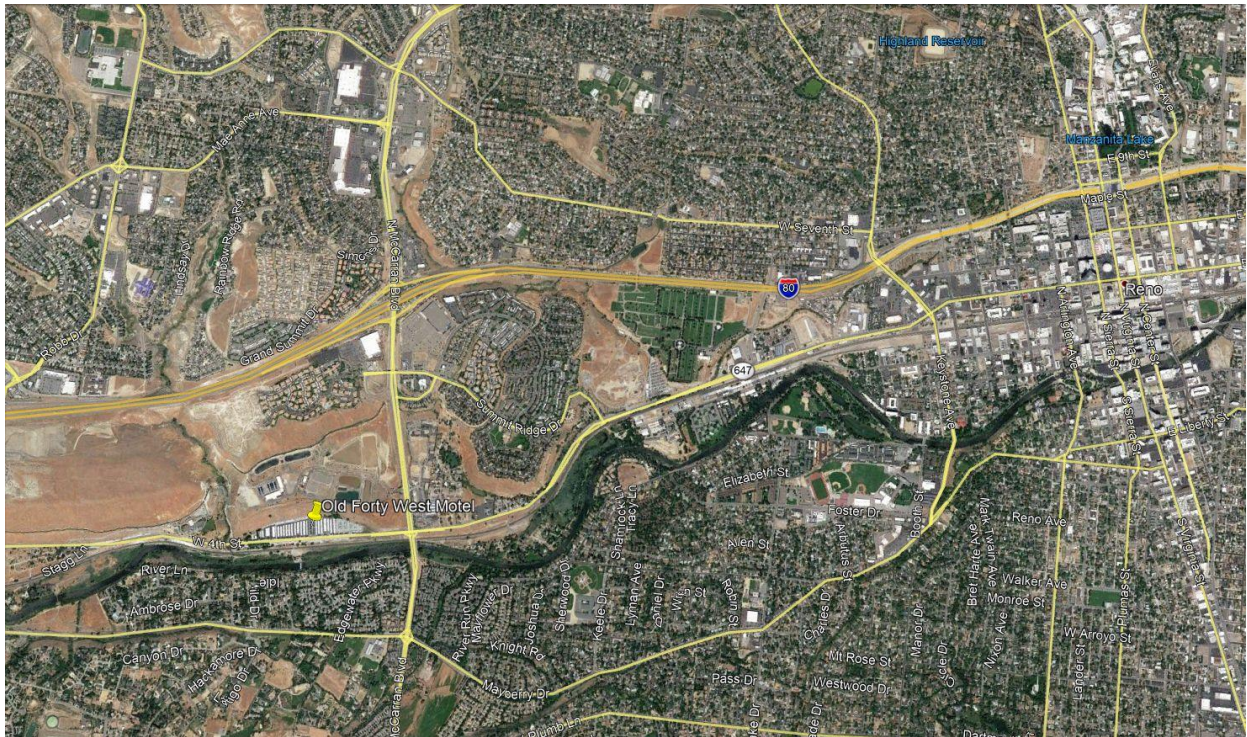
One requirement of the NRS pertaining to the DWSRF is that the Division shall not "commit any money in the Account for the Revolving Fund for expenditure...without obtaining the prior approval of the Board for financing water projects" (NRS 445A.265, subsection 3).

BACKGROUND

The Truckee Meadows Water Authority is a not-for-profit, community-owned water utility that is overseen by elected officials and citizen appointees from Reno, Sparks and Washoe County. The system is supplied by surface water from the Truckee River and groundwater wells throughout the Truckee Meadows. With a production capacity of 190 million gallons per day and more than 1,300 miles of water mains, the system provides water to more than 385,000 people.

The Old Forty West Motel is located in the Reno area on West 4th Street. The system serves 32 apartment units using groundwater from 2 wells. The Old Forty West facility parcel is

currently zoned for mixed use. The use of this facility will not change with this project, and no retrofitting of the buildings will occur.



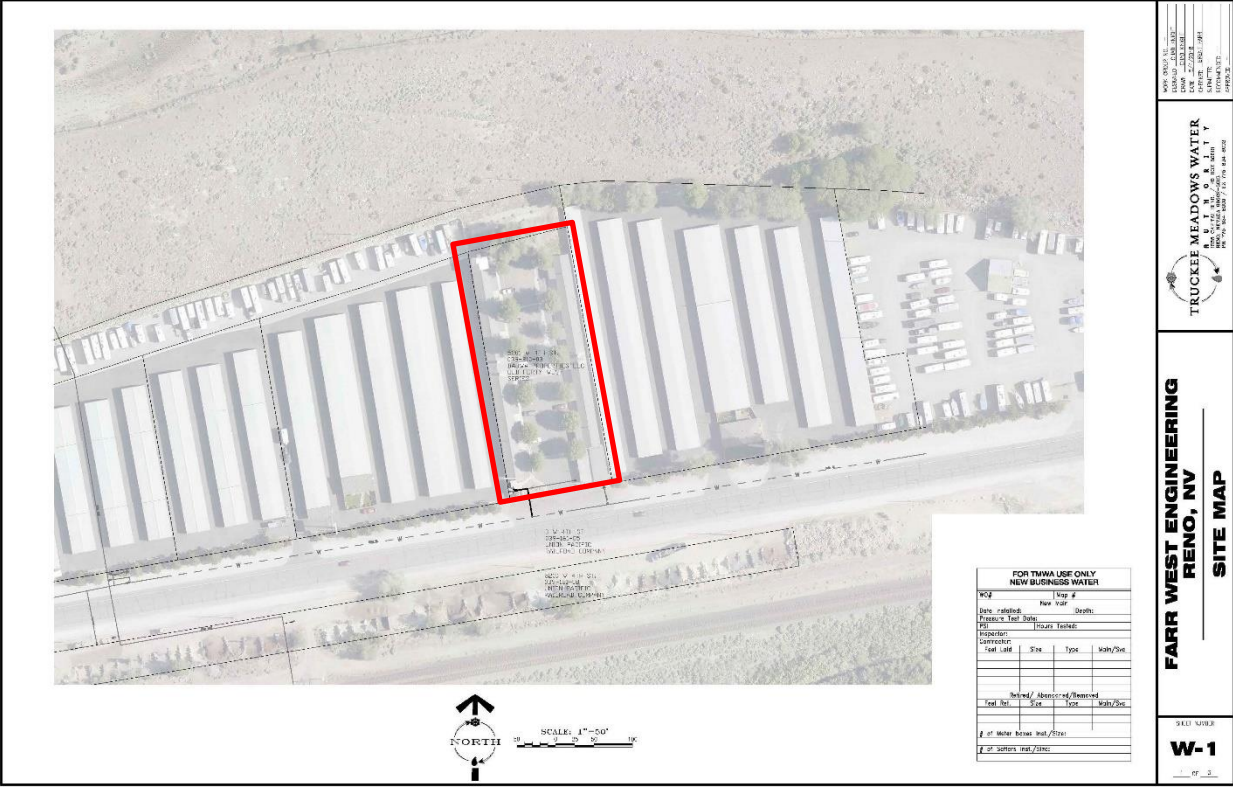
Since it's joined to a motel, the water system has been considered a transient, non-community system. In 2016, the Washoe County Health Department determined that the motel units were often rented out to long-term residents and met the regulatory definition of a community water system or public water system¹. The Old Forty West public water system has been out of compliance with the arsenic standard since Quarter 4, 2016, with documented arsenic concentrations of 0.075 mg/L². The NDEP Bureau of Safe Drinking Water (BSDW) issued a Notice of Formal Enforcement on February 5, 2018, requiring the water system to comply with all drinking water laws and regulations adopted by the State Environmental Commission.

PROJECT

This project consolidates a non-compliant, public water system that uses a groundwater supply with elevated levels of arsenic. The chlorinator, the pressure tanks, and the 2 groundwater wells currently serving the water system will be abandoned. The community water system will be dissolved and will become a customer of the TMWA system via a 1.5-inch master meter. The consolidation involves a service tap into a nearby TMWA water main and outfitting the service with appropriate equipment such as a water meter, backflow-prevention assembly, and valves.

¹ Nevada Revised Statutes 445A.235 – “Public water system” means a system, regardless of ownership, that provides the public with water for human consumption through pipes or other constructed conveyances, if the system has 15 or more service connections, as defined in [NRS 445A.843](#), or regularly serves 25 or more persons.

² The maximum containment level for arsenic is 0.010 mg/L.





Project Alternatives

“No-action” was not a selected alternative due to the level of arsenic in groundwater serving the property and its potential effect on public health. In addition, a compliance order has been given by BSDW that does not allow for continued operation of the facility and water system without any corrective action.

Treating the water source by removing the arsenic was not a selected alternative due to limited operational budget, lack of operational expertise, and limited space for equipment.

Permitting

The project will require the following permits prior to commencing construction:

- Fire Permit
- NDOT Permit to Operate in ROW
- Union Pacific Permit to Operate
- Washoe County Health Department Well Abandonment Permit

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law³. Projects that are considered a minor expansion of the existing capacity of the distribution system of a public water system and will not have a significant effect on the quality of the environment are eligible for a categorical exclusion and may be exempted from further substantive environmental review. NDEP is consulting with appropriate crosscutting federal, state and local agencies. This will be completed prior to signing a DWSRF loan contract. The project will have a beneficial effect by ensuring that customers have safe drinking water.

³ Nevada Administrative Code (NAC) 445A.6758 to 445A.67612

Project Funding & Sources

BID SCHEDULE - BASE BID

ITEM	DESCRIPTION	QTY TOTAL	UNIT	UNIT COST	TOTAL
1	Mobilization / Demobilization	1	LS	\$ 2,000.00	\$ 2,000.00
2	Traffic Control	1	LS	\$ 5,000.00	\$ 5,000.00
3	Connection Engineering	1	LS	\$ 20,000.00	\$ 20,000.00
4	Connection Fee (TMWA)	1	LS	\$ 24,000.00	\$ 24,000.00
5	Application and Permit Fees	1	LS	\$ 4,800.00	\$ 4,800.00
6	Domestic Water Service (1.5 Inch Meter) - Water Main to Meter Assembly	1	EA	\$ 6,000.00	\$ 6,000.00
7	Remove and Replace Landscaping - Private	130	SF	\$ 20.00	\$ 2,600.00
8	AC Pavement - Trench Patch	150	SF	\$ 7.00	\$ 1,050.00
9	2" Reduced Pressure Zone Backflow Preventer (Wilkins 975XL) and Installation	1	EA	\$ 2,500.00	\$ 2,500.00
10	Water System Abandonment	1	LS	\$ 1,000.00	\$ 1,000.00
11	Well Abandonment (2 wells)	1	LS	\$ 8,300.00	\$ 8,300.00
BASE BID SUBTOTAL:					\$ 77,250.00
20% Contingency					\$ 15,450.00
TOTAL					\$ 92,700.00

Budget Item	DWSRF Funding	Applicant	Totals by Use
Planning		\$10,000	\$10,000
Design & Engineering ⁽³⁾	\$20,000		\$20,000
Land Acquisition			
Equipment/Materials			
Construction/Improvements ^(1, 2, 6, 7, 8, 9, 10, 11, & Contingency)	\$43,900		\$43,900
Administrative ^(4, 5, & \$7,500 to round project to \$100,000)	\$36,100		\$36,100
Financing Costs			
Totals by Source	\$100,000	\$10,000	\$110,000

Estimated Project Schedule

Planning, Design & Specifications	July 2018
Construction Commencement	September 2018
Project Start-up	October 2018

FINANCIAL EVALUATION

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

In order to comply with the DWSRF grant award from EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, grants, or any combination of these. Nevada specified in the 2018 Intended Use Plan that additional subsidy will be offered to communities that meet the definition of disadvantaged community or where consolidation of a smaller system to a larger system is part of the project. Reno's median household income would be used for the project and does not meet the definition of a disadvantaged community. However,

the system is being consolidated with TMWA, entitling the project to additional subsidy under a consolidation for principal forgiveness in the amount of \$100,000.

The authority only operates a water system, so all assets, liabilities, revenues and expenses relate to drinking water operations. Unrestricted cash on June 30, 2017 was \$132,203,954. This is up from the FY2016 ending balance of \$99,764,684 and higher than the four year average for the fiscal years presented. Operating earnings before depreciation has remained very strong over four years. The debt service coverage calculations jumped in FY15 due to a special item on the operating statement relating to the transfer of operations from Washoe County. Otherwise, debt service coverage remains stable. The FY18 budget indicates no major changes in operations or resources moving forward.

Rates established by the water authority are on average \$42.39 per user per month for 10,660 average gallons used. The authority, however, continues to meet their operating needs and maintains large cash reserves. Additionally, the Board evaluated their water rates as of May 2018 and increased them. The authority believes this new rate is sufficient to maintain their system, so it would be unreasonable for staff to condition the loan at this time.

Technical, Managerial and Financial Capacity

The TMWA system is in compliance with all requirements of the Safe Drinking Water Act and has met all monitoring requirements. TMWA employs certified operators who have the technical knowledge and ability to operate the system and conducts its administrative affairs in a manner that ensures compliance with all applicable standards. TMWA has a fiscal sustainability plan and both short- and long-term capital improvement plans. TMWA maintains a five year capital improvement plan that considers all assets and needs of their system, ranked by priority with budgeted, current cost values.

RESOLUTION

A RESOLUTION DESIGNATED THE "06-2018 TRUCKEE MEADOWS WATER AUTHORITY PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

WHEREAS, the Board for Financing Water Projects (the "Board") of the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") Chapter 445A.265 to approve the Division of Environmental Protection ("Division") prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-transient water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

WHEREAS, the Division has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS, on June 20, 2018 the Board, pursuant to NRS 445A.265, approved the 2019 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Truckee Meadows Water Authority owns and operates a public water system in Reno/Sparks/Washoe County, Nevada; and

WHEREAS, the Truckee Meadows Water Authority submitted a pre-application to the Division for funding a project to make improvements to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Project is included as Project #8 on the Year 2019 Priority List of water projects; and

WHEREAS, the Truckee Meadows Water Authority project is ready to proceed; and

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

WHEREAS, the Division has reviewed the Application including supporting material thereof, and has determined that the Truckee Meadows Water Authority has the technical, managerial, and financial capability to manage and repay a loan for the Project; and

WHEREAS, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

WHEREAS, the Board must give prior approval before the Division may commit any money in the account for the revolving fund for expenditure for the purposes set forth in NRS 445A.275;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:

Section 1. This Resolution shall be known as the “06-2018 Truckee Meadows Water Authority Project Loan Commitment Resolution.”

Section 2. The terms and conditions for providing a loan to the Truckee Meadows Water Authority shall be negotiated between the Truckee Meadows Water Authority and the Division. These terms will include 100% Principal Forgiveness.

Section 3. Based on the review of the Application by the Division and based on the recommendation submitted by the Division to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this Resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$100,000 from the account for the revolving fund in accordance with NRS 445A.265.

Section 4. The Board further recommends that the Division take all other necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the Regulations adopted pursuant thereto.

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

PASSED, ADOPTED AND SIGNED JUNE 20, 2018

APPROVED JUNE 20, 2018

Chairman
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 2021

Mount Rose Bowl Property Owners' Water Company

Amount and Term	Recommendation
<p><u>\$25,000</u> Principal Forgiveness from DWSRF</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan commitments to Mount Rose Bowl Property Owner's Water Company for loan contract DW1907.</p>

Original commitments

Project	The primary supply source for the property's 15 residents has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525). In addition, the only storage for the community (a 10,000-gallon redwood storage tank) has developed leaks and requires replacement. In June 2017, the Board approved a principal forgiveness loan from the Drinking Water State Revolving Fund (DWSRF) for \$73,000. The loan funded a preliminary engineering report (PER) and environmental review (ER) to determine how to address both deficiencies. The review found the PWS will need to install aeration to correct the lead and copper deficiencies, as well as replace the storage tank.
Resolution and conditions	4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution was adopted April 17, 2019. The Board approved an amount not-to-exceed \$500,000 in principal forgiveness funds from the DWSRF.
Need for additional funds	During the design process, the amount of dissolved iron in the water rose to a level at/or above the secondary standard for Nevada. The design process, which began in June 2019, was 90 percent complete when this was discovered. Adding aeration treatment for lead and copper would only oxidize the dissolved iron and turn the water red. Therefore, the system had to change from an aeration unit to a blended phosphates and caustic soda injection. Blended phosphates will both separate the iron in the water and limit corrosion throughout the system.

Timeline

	Original	Updated
Design	October 2019	Completed & Approved Oct 2, 2020
Construction Bid	March 2020	March 2021
Construction Start	May 2020	May 2021
Initiation of Operations	July 2020	Aug 2021

Explanation of timeline changes

The increased iron levels forced the system to change to a different treatment option, requiring design changes. This change has been acknowledged and approved by the Washoe County Health District.

DWSRF Project cost changes

	Original	Updated	Total
Planning	N/A	N/A	N/A
Design, inspection, & Construction Management	\$166,000	\$25,000	\$191,000
Easements	\$13,800	N/A	\$13,800
Equipment & Materials	\$0	N/A	\$0
Construction / Improvements	\$306,400	N/A	\$306,400
Administration	\$13,800	N/A	\$13,800
Financing	\$0	N/A	\$0
Construction Contingency	\$0	N/A	\$0
Totals	\$500,000	\$25,000	\$525,000

Explanation for changes in budget

Increase in design costs due to the late rise in iron levels in the spring source. System needed to change to an alternate treatment (a blended phosphates and caustic soda injection).

Opportunity for other funding

The total cost of the project is being partially funded with U.S. Department of Agriculture (USDA) loan and grant funds. Total project cost is now \$747,600. USDA has maxed out the amount of grant funds available to them; any additional funds would be in the form of a loan. The community is already paying \$175 per month for water to meet the current funding plan and system operations. It would be difficult for the community to take on more loans at this time.

RESOLUTION D07C-0121

Mount Rose Bowl POWC 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Mount Rose Bowl POWC (Recipient) owns and operates a community water system in Nevada; and
- WHEREAS:** The Project is included as project #9 on the Priority List of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW1907 on July 25, 2019 in order to pay for a new tank, aeration, and related equipment and materials necessary to treat an acidic water supply; 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 “D07C-0121 Mount Rose Bowl POWC 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 additional funds in the amount not-to-exceed \$25,000 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW1907 would therefore be \$525,000.

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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Staff report from April 17, 2019

Mount Rose Bowl Property Owners' Water Company

Board for Financing Water Projects Summary Loan Commitment from the Drinking Water State Revolving Fund April 2019

Project: Aeration Treatment & New Storage Tank
Total Cost: \$722,600
DWSRF Funding: \$500,000

DIVISION RECOMMENDATION

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a resolution committing funds from the Drinking Water State Revolving Fund (DWSRF) in an amount not to exceed \$500,000 to the Mount Rose Bowl Property Owners' Water Company (MRBPOWC). Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven. NDEP and the Mount Rose Bowl Property Owners' Water Company will negotiate the terms and conditions of the loan agreement.

GENERAL

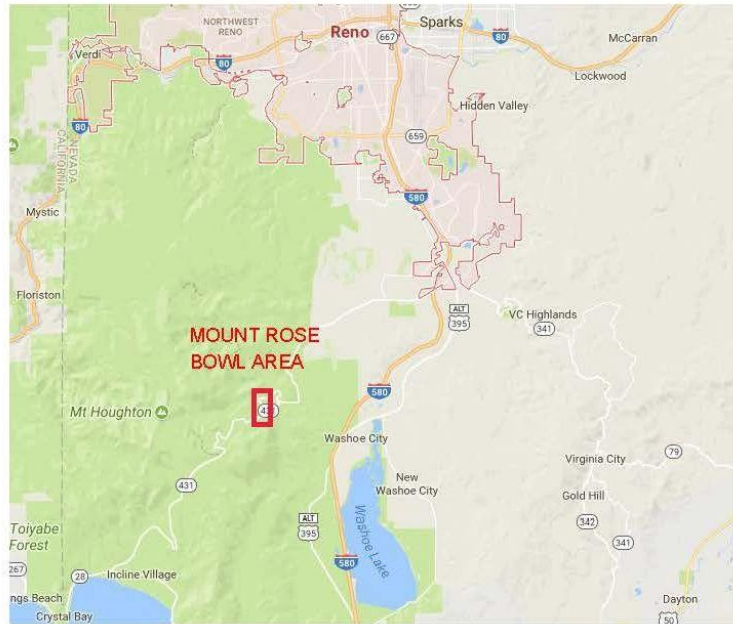
The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the (DWSRF). The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA requirements and to further the public health objectives of the SDWA. The SDWA authorizes the US Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementation of the DWSRF are found in 40 CFR Part 35. A variety of directives supplement state and federal regulations to govern the DWSRF program. The Operating Agreement with the EPA, federal guidance and policies, and the conditions of each grant award influence how NDEP manages the program.

One of the requirements of the NRS pertaining to the DWSRF is that the Division shall not "commit any money in the account for the revolving fund for expenditure...without obtaining the prior approval of the board for financing water projects" (NRS 445A.265, subsection 3).

BACKGROUND

The MRBPOWC is located approximately 24 miles south of Reno off the Mt Rose highway (SR-431). The water system currently serves approximately 22 people via 13 residential and 2 commercial connections. There are 10 additional lots within the water system service area that could be developed; however, many of these lots are owned by the current residents and those residents are not in favor of additional development in the area.

The primary source of supply is a natural spring with a total flow of approximately 20 gallons per minute (gpm). The system also has a well – used for emergencies only – with a rating of 10 gpm. Total storage for the system is 10,000 gallons. Water is chlorinated at the spring only. The water mains were replaced in 1994 and are PVC. The existing water system infrastructure is in very good to excellent condition. The system is metered; however, the meters are beyond their useful life and not currently read on a regular basis.



The MRBPOWC water has exceeded the action level for the Lead and Copper Rule (NAC 445A.4525) since 2001 and been out of compliance with the Washoe County Health Department (WCHD) since the 2014 sanitary survey. The spring water does contain a high concentration of dissolved CO₂. When the CO₂ is converted to carbonic acid, the pH is reduced to 6.5 and lower, causing corrosion of the copper pipes, lead solder joints, and water system components within the residences.

The upper part of the water system experiences low pressures – less than 20 psi under average day demand. The proximity of these homes to the spring and water tank therefore results in a minimal elevation difference.

The WCHD's most recent sanitary surveys from December 2014 and July 2017 noted two deficiencies that required an engineering study: 1) the water system exceeds the maximum contaminant level for copper and must submit a water project to permanently address and correct the issue, and 2) the existing redwood storage tank has developed leaks and requires repair or replacement.

In June 2017, the Board approved a principal forgiveness loan from the DWSRF in the amount of \$73,000 to the MRBPOWC for a Preliminary Engineering Report (PER) and Environmental Review (ER) to determine the best alternative to correct both the water quality issue and replace the leaking storage tank.

The community and its engineer reviewed alternatives to resolve the pH issue including: 1) consolidation with another system, 2) aeration, 3) chemical addition, 4) point-of-use, and 5) replacement of copper pipe and appurtenances within the individual residences. The alternatives considered for the replacement of the old redwood tank included: 1) installing a new 250,000-

gallon, welded-steel tank to provide the total recommended storage, and 2) installing an emergency inter-tie with the City of Reno Sky Tavern water system to provide fire flow in an emergency and replacing the old tank with a 30,000-gallon, welded-steel tank to provide potable water for the community.

PROJECT

The proposed project alternative to treat the highly acidic water supply for the MRBPOWC water system is pH adjustment via aeration. Aeration is a non-chemical method for adjusting pH where air is introduced into the water and natural carbon dioxide is air-stripped from the water. Douglas County has had long-term success with aeration systems to adjust pH in two of the county's water systems. The aeration unit proposed – a DeepBubble Multi-Stage Air Stripper – will need to be housed within a small building, approximately 10 ft by 12 ft. This type of treatment generally requires minimal maintenance but will increase the energy usage for the water system.

The proposed project alternative to replace the old redwood tank is a new 30,000-gallon, welded-steel tank constructed slightly up-gradient of the existing tank. A request to the city of Reno to allow an emergency intertie with the existing 150,000-gallon Sky Tavern tank was rejected. The Truckee Meadows Fire Protection District ultimately approved the installation of a 30,000-gallon tank for both potable water and private fire protection.

The new tank, aeration building and unit, associated piping, SCADA, and access road will be constructed near the existing redwood tank, but will not disturb the existing junction box, tank, or outflow piping, allowing it to stay online during construction for minimum system disturbance.

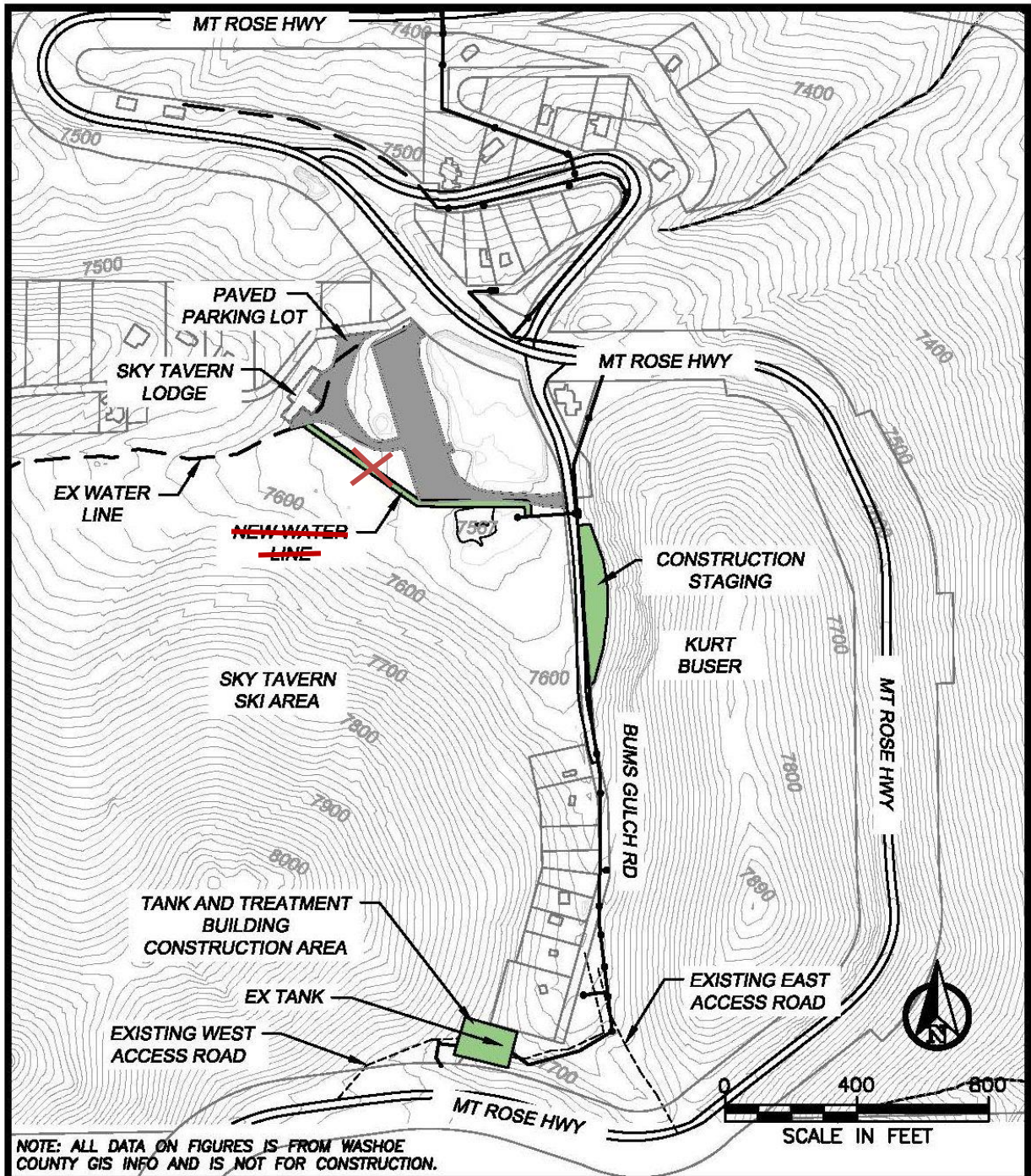
Project Alternatives

No Action The MRBPOWC water system is currently operating in violation of the SDWA. The 'no action' alternative could jeopardize the control the MRBPOWC currently has over the system and could result in fines and other regulatory penalties.

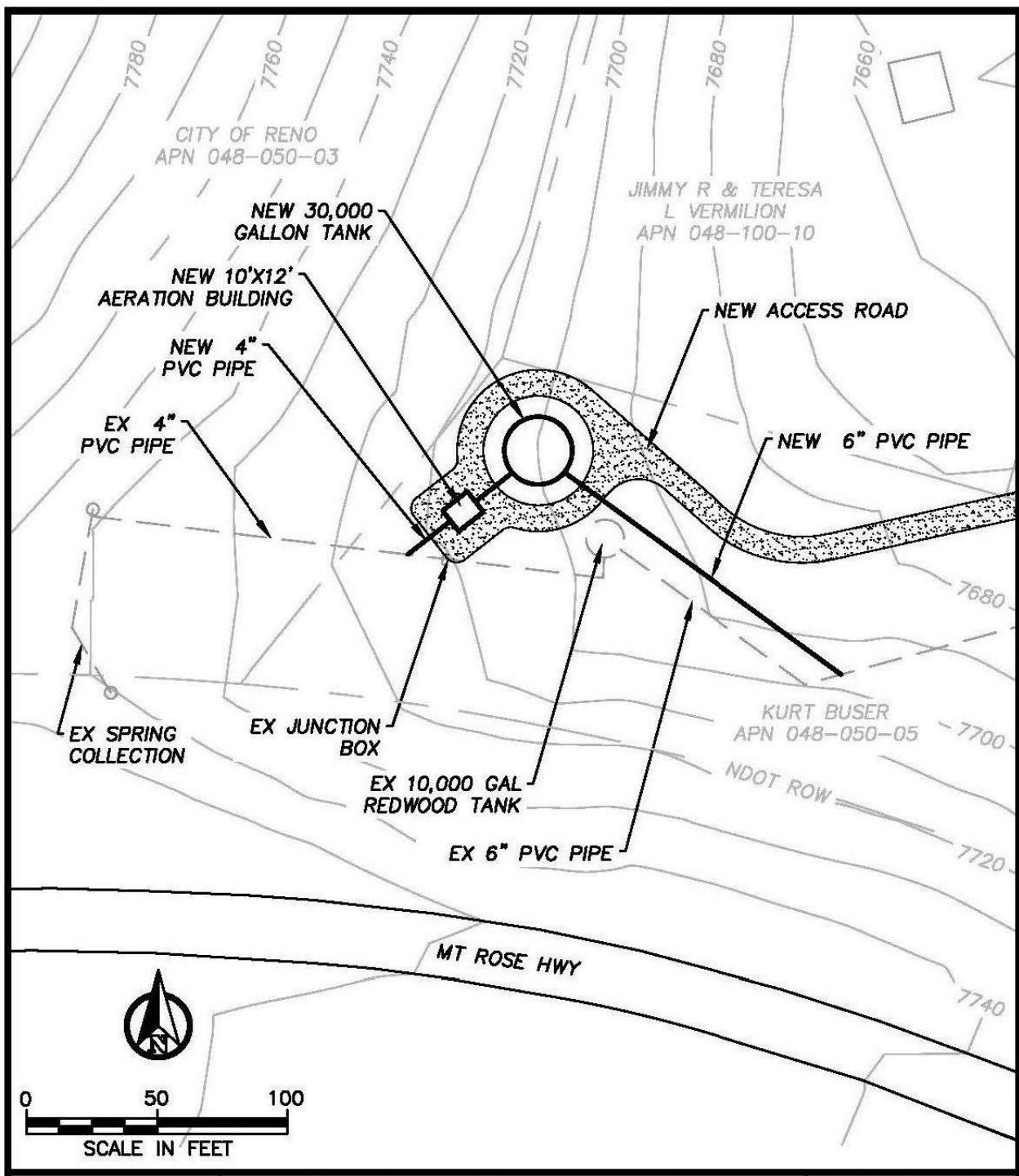
Aeration treatment with a 250,000-gallon storage tank This alternative included the same aeration system as in the proposed project alternative but replaced the 10,000-gallon tank with a 250,000-gallon tank to meet all regulatory storage requirements including fire flow. Issues with this alternative included: the additional land that would be required for a tank of this size, potential water quality issues due to water age in a tank of this size, and potential geotechnical issues due to the steep and heavily wooded hillside that might provide the only location for a tank of this size.

Chemical treatment (instead of aeration) with the same 2 storage considerations Chemical treatment using sodium hydroxide (caustic soda) was considered. Although the construction cost and on-going O&M costs were more favorable, the water system members rejected the option due to concerns about adding chemicals to their drinking water.

Point of Use Treatment (POU)/Point of Entry (POE) The POU/POEs would have to be owned, controlled, and maintained by the water system. Access issues due to the seasonal snow and freezing made the installation of POEs in vaults outside the homes impractical. Similar access issues were seen with POU installed inside the homes as many of these homes are only used seasonally. It was determined that in a typical residential application approximately 1/3 of the media mix (calcite & magnesium oxide) would need to be replaced each year leading to the highest O&M costs of all of the alternatives and more potential liability for the water system if access cannot be gained in a timely manner. Another issue with these individual devices is the substantial amount of water – 11 gpm for 6 minutes – needed for the required regular backwashing.



	MOUNT ROSE BOWL PROPERTY OWNER WATER COMPANY, INC.	Date: 05/01/18
	MRBPOWC - CONSTRUCTION AREAS	Scale: 1"=400'
	WASHOE COUNTY	NEVADA
		Job No: FIGURE 2



Removal of remaining copper piping with distribution system Replacement of all copper service lines within each building could lower the copper level in the water; however, other appliances and appurtenances (e.g., water heaters, valves, faucets) cannot be replaced with plastic and may still lead to copper above the action level.

Customers, Population, and Growth

The MRBPOWC currently has 15 connections. Growth, if any, will be limited. The residential lots are zoned medium density suburban according to Washoe County zoning, which requires a minimum lot size of 12,000 sq ft. Of the remaining residential lots in the MRBPOWC water system service area that have not been developed, only 10 of these parcels meet the minimum buildable lot size.

Water Conservation

The MRBPOWC has a water conservation plan prepared for the water system by Nevada Rural Water Association and dated February 2017. This plan is on file with the Nevada Division of Water Resources and available on their website.

With limited sources of supply and storage, the MRBPOWC users are aware of the need to avoid water waste. Most of the existing residences have only native vegetation. Only one residence maintains a seasonal swimming pool.

Technical, Managerial and Financial (TMF) Capacity

A TMF capacity survey was conducted in June 2014. The water system evaluation noted areas of potential improvement; however, the survey score satisfied the regulatory requirements for capacity.

The MRBPOWC employs a certified contract operator and is working towards compliance with the SDWA with the PER being a major step toward choosing a project. Member-owners of the water company actively participate in meetings and have elected Board members that represent the interests of the community.

A water rate was put in place to assure that the company remains fiscally sustainable and has been reevaluated to determine the increase necessary to take on the costs associated with this project including: loan debt service, expected increases in O&M, funding a short-lived asset account, and funding a debt reserve account.

Community Engagement

Each of the 15 connections within the MRBPOWC are shareholders within the water company. Currently the water company has a monthly board meeting along with their required annual meeting where shareholders are encouraged to attend. The MRBPOWC has a board of five members that vote on most decisions. Only major decisions – such as the addition of new water connections to the system – require a vote from shareholders, and a 2/3 majority is required for approval.

Some of the MRBPOWC shareholders have been a part of the system since the water company's inception and have provided valuable information about the water system and its history. All the MRBPOWC shareholders have had the opportunity to review the PER and ER and provide comments.

Environmental Review

As a part of the underwriting process, the US Department of Agriculture (USDA) assessed the potential environmental effects of the project and determined that it is eligible for a categorical exclusion as it is unlikely to have a negative effect, either individually or cumulatively, on the quality of the human environment and the project may be exempted from further environmental review. Consultation with appropriate cross-cutting agencies was completed. No wetlands, floodplains, agricultural lands, or significant fish or wildlife species or habitats are affected by the project. No national landmarks or properties with nationally significant historic, architectural, prehistoric, archeological, or cultural value are affected by the project.

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. Projects that replace existing equipment and/or construct a small structure on an existing site and will not have a significant effect on the quality of the environment are eligible for a categorical exclusion. NDEP received all of the environmental information and correspondence provided by and to the USDA and concurred with the USDA determination. Public notice of this concurrence was provided in a newspaper of general circulation throughout the project area, provided to the electronic mailing list for the DWSRF and Board, and posted to the Nevada State Clearinghouse and NDEP public notices websites. No comments were received.

Project Cost Estimate & Funding Sources

Budget Item	DWSRF PF Loan	USDA Grant	USDA Loan	Totals by Use
Design, Construction Mgt, & Inspection	\$ 166,000			\$ 166,000
Equipment/Materials				
Construction/Improvements	\$ 306,400	\$ 113,600	\$ 40,000	\$ 460,000
Construction Contingency		\$ 69,000		\$ 69,000
Easements	\$ 13,800			\$ 13,800
Administrative	\$ 13,800			\$ 13,800
Totals by Source	\$ 500,000	\$ 182,600	\$ 40,000	\$ 722,600

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

Total Project Cost Estimate (Engineer’s Opinion of Probable Cost)

Table 6.2: Alt 2B – Construction Cost Estimate

Alt 2B - Aeration at the Tank - Construction Cost Estimate		
Item	Description	Cost
1	Mobilization	\$ 46,000
2	Clearing and Grubbing	\$ 8,000
3	Grading	\$ 16,000
4	Aeration Building	\$ 70,000
5	Aeration Unit	\$ 40,000
6	30,000 Gallon Tank	\$ 135,000
7	Tank Ring Foundation	\$ 25,000
8	Tank Pad	\$ 15,000
9	Associated Piping	\$ 14,000
10	Water Meters	\$ 30,000
11	Access Road	\$ 10,000
12	Drainage Channels	\$ 6,000
13	Erosion Control and BMPs	\$ 15,000
14	Landscape and Revegetation	\$ 30,000
		<u>\$ 460,000</u>

Table 6.3: Alt 2B – Total Project Cost Estimate

Alt 2B - Aeration at the Tank - Total Project Cost Estimate		
Construction		\$ 460,000
Construction Contingency	15%	\$ 69,000
Engineering & Permitting		\$ 73,200
Construction Management	10%	\$ 46,000
Resident Project Representative		\$ 46,800
Easement Acquisition	3%	\$ 13,800
Legal & Administrative	3%	\$ 13,800
		<u>\$ 722,600</u>

Estimated Project Schedule

Function	Estimated Date
Design/Specifications & Easement Acquisition	Begin upon funding – 2 nd – 3 rd quarter 2019
Bid & Award Contract	March 2020
Construction Commencement	May 2020
Project Start-up	July 2020

FINANCIAL EVALUATION

Based upon the financial information provided, MRBPOWC is funding its current operating needs. The company is a very small entity, which continues to expand its financial capacity. Unrestricted cash in December 2018 was \$12,756.37. MRBPOWC currently has no debt obligations.

In order to receive a DWSRF grant award from the EPA, the State of Nevada must agree to use 20% of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal or negative interest loans or a combination of these. Additional subsidy will be offered to communities that meet the definition of disadvantaged community. The NAC defines a disadvantaged community as an area served by a public water system in which the median household income (MHI) is less than 80 percent of the MHI of the state. In July 2017, Nevada Rural Water Association conducted an income survey of MRBPOWC. The MHI was determined to be \$62,974; therefore, MRBPOWC does not meet the definition of a disadvantaged community. However, Nevada specified in the Intended Use Plan (IUP) that additional subsidy will be offered to communities with a population of less than 10,000 people if the community can demonstrate a need for principal forgiveness rather than a traditional loan. The MRBPOWC entity is subject to a chronic health issue. Additionally, the debt service payments on a traditional loan would only be shared by fifteen connections. If this small water system were to take on a traditional loan it would more than double the monthly rates, therefore, a principal forgiven loan is appropriate for this project.

The water system currently charges each connection a flat water rate of \$150/month plus an extra \$25 to prepare for the upcoming USDA loan that is part of funding this project for a total of \$175 per month.

RESOLUTION

A RESOLUTION DESIGNATED THE "4-2019 MOUNT ROSE BOWL PROPERTY OWNERS' WATER COMPANY PROJECT LOAN COMMITMENT RESOLUTION" TO APPROVE A LOAN COMMITMENT FOR THE PURPOSE OF FINANCING CERTAIN PROJECTS.

WHEREAS, the Board for Financing Water Projects (Board) of the State of Nevada (State) is authorized by Nevada Revised Statutes (NRS) Chapter 445A.265 to approve the Division of Environmental Protection (NDEP) prioritized lists of water projects and to approve the commitment of funds from the account for the revolving fund for loans to community water systems and non-community, non-profit water systems for costs of capital improvements required and made necessary pursuant to NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*) and by the regulations adopted pursuant thereto; and

WHEREAS, NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and

WHEREAS, on April 17, 2019 the Board, pursuant to NRS 445A.265, approved the 2020 Priority List of water projects eligible for loans from the account for the revolving fund under the Drinking Water State Revolving Fund; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company owns and operates a public water system in Nevada; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company submitted a pre-application to NDEP to fund a project for improvement to the water system, which is hereinafter referred to as the "Project"; and

WHEREAS, the Project is included as Project #11 on the Year 2020 Priority List of water projects; and

WHEREAS, the Mount Rose Bowl Property Owners' Water Company project is ready to proceed; and

WHEREAS, in connection with seeking a loan, the Mount Rose Bowl Property Owners' Water Company has submitted a written application (Application) pursuant to NAC 445A.67613 to NDEP; and

WHEREAS, NDEP has reviewed the Application including supporting material thereof, and has determined that the Mount Rose Bowl Property Owners' Water Company has the technical, managerial, and financial capability to manage a loan for the Project; and

WHEREAS, the Division has taken all necessary and proper actions with respect to the Application as required pursuant to the regulations adopted by the State Environmental Commission (NAC 445A.6751 to 445A.67644, inclusive) pertaining to loan applications; and

WHEREAS, the Board must approve the commitment of any money from the state revolving fund for expenditures as set forth in NRS 445A.275;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:

Section 1. This Resolution shall be known as the "4-2019 Mount Rose Bowl Property Owners' Water Company Project Loan Commitment Resolution."

Section 2. The terms and conditions for providing a loan to the Mount Rose Bowl Property Owners' Water Company shall be negotiated between the Mount Rose Bowl Property Owners' Water Company and NDEP. These terms will include 100 percent principal forgiveness.

Section 3. Based on the review of the Application by NDEP and based on the recommendation submitted by NDEP to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board hereby approves a commitment of funds in the amount not to exceed \$500,000 from the account of the state revolving fund in accordance with NRS 445A.265.

Section 4. The Board further recommends that NDEP take all other necessary and appropriate actions to effectuate the provisions of this resolution in accordance with NRS 445A.200 to 445A.295, inclusive, and the regulations adopted pursuant thereto.

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

PASSED, ADOPTED AND SIGNED APRIL 17, 2019

APPROVED APRIL 17, 2019

Chair
Board for Financing Water Projects

Attest:

Advisor
Board for Financing Water Projects

**8. RECOMMENDED MOTION FOR THE CONSENT AGENDA
ITEM FOR NEW FUNDING FOR PRELIMINARY
ENGINEERING REPORTS AND ENVIRONMENTAL
REVIEWS**

I move to adopt consent items 8a and 8b to fund, in the amounts specified, a preliminary engineering report and environmental review. The loans shall contain the conditions as outlined in the resolutions and staff reports. Since the projects are eligible for additional subsidy, as specified in Nevada's Intended Use Plan, 100 percent of the principal will be forgiven.

**Loan Commitment from the Drinking Water
State Revolving Fund**

Board for Financing Water Projects

January 2021

Gold Country Water Company, Inc.

Amount and Term	Recommendation
<u>\$37,400</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Gold Country Water Company, Inc. for a preliminary engineering report and environmental review to address excessive and rising nitrate levels observed in their current groundwater sources.

Community Information

Location	Gold Country Water Company is located five miles south of Winnemucca in Humboldt County.
Structure	Gold Country Water Company, Inc. is a private S-Corporation. The company owns the Gold Country Estates municipal water system (NV0003049)
Population	950
Service Connections	Residential: 413 Commercial: 5 Industrial: 3 Other (public authorities): 4

Project for Funding

Need The system is seeking funds to prepare a preliminary engineering report (PER) and environmental review (ER) to address rising groundwater nitrate levels. Nitrate levels in Well 2 could exceed the maximum contaminant limit (MCL) in the next few years. An October 2020 sample had 7.4 mg/L, compared to the allowable MCL of 10mg/L. The nitrate level in Well 1 exceeded the MCL in 2011. Wells 1 and 2 are located on the east side of Gold Country's system and are heavily relied on, as most of the customers reside there. Wells 3 and 4 are located on the west side of the system and are primarily relied on during the irrigation season.

Chosen Project The proposed PER and ER will examine all potential alternatives to increase the availability and sustainability of compliant drinking water for the current service area.

These alternatives may include:

- Treating well water for nitrate mitigation
- Evaluating blending the water sourced from the wells
- Consolidation with neighboring Humboldt County Utility
- New water sources

A cost-effect analysis for each alternative will be considered.

Maps Maps are attached to this report.

Timeline PER & Environmental Review (ER): January 2021 - July 2021.

Sources of Project Funding

	DWSRF	Local	Total
Planning	\$37,400	\$6,600	\$44,000

Previous Commitments and Studies

The applicant has been closely monitoring water quality data over the years, seeing a trend of consistently and rapidly rising nitrate levels in the source water.

Environmental Review

The scope of the PER will include an environmental assessment. It will also identify the possible effects of each proposed alternative to various crosscutters. The scope will closely match the general scope of an environmental assessment, as detailed in NAC445A. 67587.

Community Engagement

- **January 2021, Humboldt County, Board of County Commissioners Meeting:** The Board will discuss the need for Gold Country Estates to assess nitrate mitigation needs and evaluate alternatives.
- **Regarding the PER and ER:** Gold Country will provide information to customers on billing, the online payment website, and other means of communication.

Current System Information

Infrastructure Gold Country Estates PWS has multiple water sources, including an intertie from Star City, a domestic well (Well 3), a fire well (Well 4), two ground water wells (Well 1 and 2), and the Winnemucca Airport Water System (NV0002208). Additional infrastructure includes a distribution system with pipe sizes ranging between 6" to 12", a booster pump station and booster pumps at Well 1 and 2, chlorinators for a domestic well, and a 285,000 gallon-capacity storage tank for water sourced from the groundwater wells.

Compliance NDEP's Bureau of Safe Drinking Water (BSDW) conducted the most recent sanitary survey of the Gold Country Estates PWS on July 9, 2019. Two deficiencies were noted at the time, with no unresolved issues. The survey also found no pending or current violations in the Drinking Water Watch module of BSDW's Safe Drinking Water Information System. The proposed PER and ER will address the rising nitrate levels and evaluate necessary mitigation measures. The applicant believes this study is essential to providing the service area with safe drinking water.

Water Conservation Plan The applicant's current plan for water conservation was adopted in 2015. This plan is not available on the Nevada Division of Water Resources website.

Gold Country Estates PWS has certificated and permitted water rights for over 2,000 acre-feet/year. Based on 2020 estimates for usage patterns in the service area, approximately 20 percent of water rights are committed. The current plan also includes conservation requirements that are intended to meet the long-term sustainability of the community, including:

- Adopting water resource protection policies as a part of the 2015 plan;
- Creating a system-wide water resource plan to ensure continued recharge to the aquifers; and
- Tracking 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 statutes.

Technical Capacity The water system conducted a technical, managerial, and financial (TMF) capacity survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Staff has 19 years of experience in owning and operating a system; their credentials include a Nevada licensed professional engineer, and Grade III and IV certified distribution and treatment operators. The system has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity The Gold Country Estates is a community PWS owned and operated by a private entity: Gold Country Water Company, Inc., a Subchapter S Corporation. The officers also function as utility service providers and utility managers. The staff in-charge oversaw past construction projects successfully. The system has demonstrated managerial capacity for NDEP to support funding.

Financial Capacity Based upon the financial information provided, Gold Country Estates can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*

Unrestricted Cash: \$216,384
Days cash on hand: 376
Outstanding Debt: \$688,138
Operating Income before Depreciation: \$77,588
Current Ratio: 7.53
Debt Coverage: 2.96

*Financial information presented to the Public Utilities Commission was provided.

User Water Rates The water rates established sufficiently cover operation, maintenance, debt service, and reserves for the system.

Residential base rate per user per month: \$35.14 (0 - 8,000 gallons)

Commodity Rate: \$1.00/1,000 gallons over the base gallons

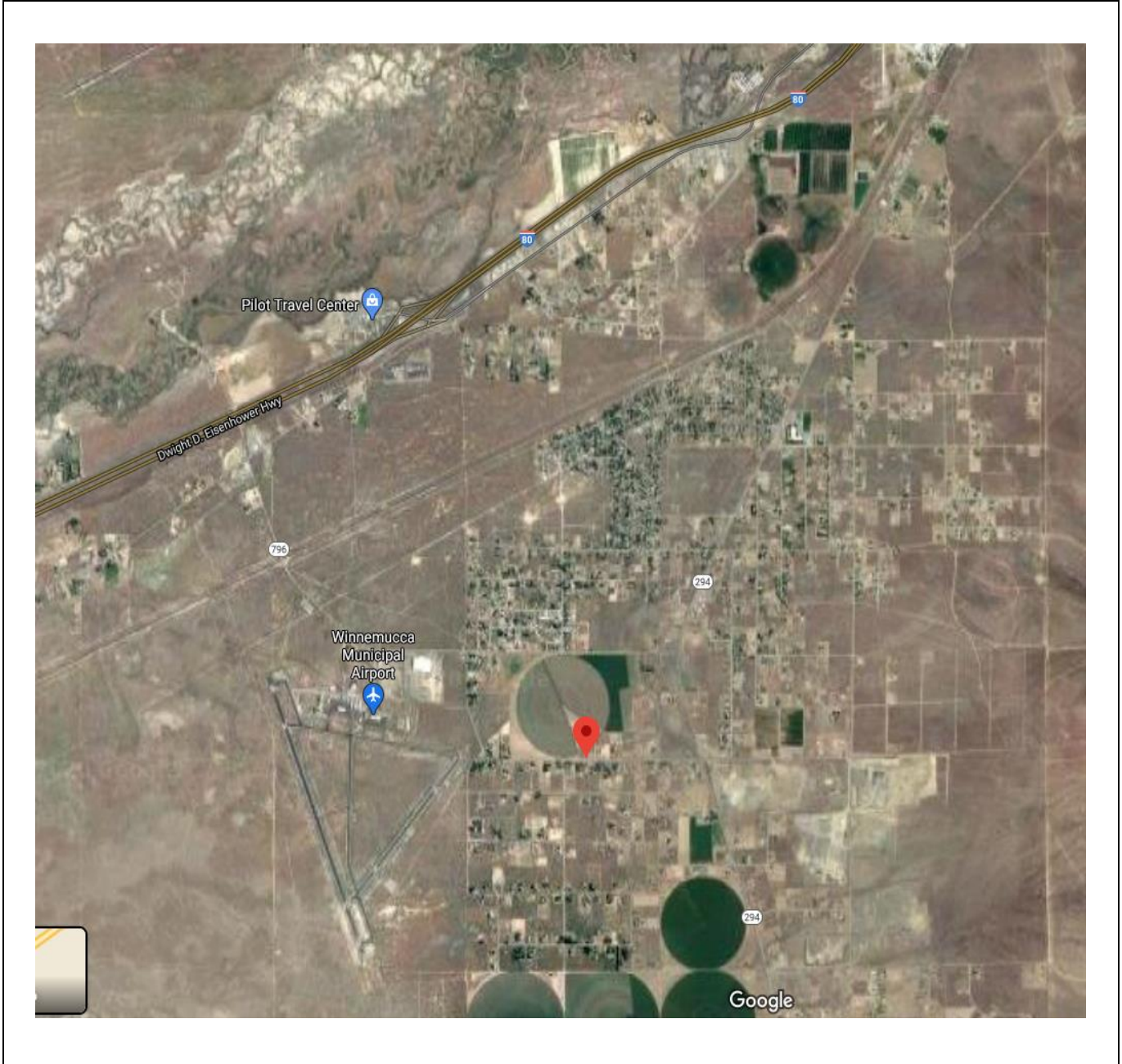
Monthly Surcharge: \$14.53

Fiscal Sustainability Plan A fiscal sustainability plan will not be required in the loan agreement since this is for a PER and ER only.

Capital Replacement Reserve Account The proposed funding agreement will not contain a requirement to maintain this reserve account, since it is for a PER and ER only.

DWSRF Principal Forgiveness Eligibility Criteria The 2020 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. Preparation of a PER with an ER qualifies a project for up to \$100,000 of principal forgiveness funding, with a required 15% match from other sources.

MAPS AND EXHIBITS





GOLD COUNTRY WATER COMPANY
HUMBOLDT COUNTY, NEVADA

EXHIBIT 1

GOLD COUNTRY
WELL LOCATIONS

DRAWN BY: DLR
DATE: 12/20/20

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:

- 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

RESOLUTION D08A-0121

Gold Country Water Company, Inc. 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Gold Country Water Company Inc (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a preparation of a preliminary engineering report and environmental review to address Groundwater Nitrate mitigation need (Project); and
- WHEREAS:** The Project is included as project #1 on the Nevada DWSRF Priority List Effective July 2020 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 “D08A-0121 Gold Country Water Company, Inc. Preliminary Engineering Report and Environmental Review 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 \$37,400 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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

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

January 2021

Cottonwood Mobile Home Park, Inc.

Amount and Term	Recommendation
\$24,225 Principal Forgiveness	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects approve a loan commitment to Cottonwood Mobile Home Park, Inc for the purposes of completing a preliminary engineering report (PER) and environmental report (ER) for evaluating their public water system (PWS) repair and rehabilitation needs and potential emergency connection to Carson City's water system.

Community Information

Location	Cottonwood Mobile Home Park, Inc., Carson City
Structure	Privately owned PWS (S Corporation)
Population	151
Service Connections	91

Project for Funding

Need The Cottonwood MHP water system was originally installed in 1950s-60s, with few, if any, changes to the system over the years. The PER and ER will investigate alternatives to improve this ageing PWS. Potential alternatives to explore include spot repairs of the existing water system, partial system replacement, and/or full system replacement. The PER will also include evaluation of the potential for an emergency connection to Carson City's water system to meet fire flow requirements stipulated in the Nevada Administrative Code (NAC). As significant portions of the existing distribution system are 50 years or older, need for an extensive environmental review is anticipated. The PER and ER will follow the USDA RUS Bulletin 1780-2 and Nevada Environmental Review policies, respectively.

Timeline

Sources of Project Funding

	DWSRF	Other Partner Funders	Local	Total
Planning	\$ 24,225	\$	\$	\$ 28,500
Totals	\$ 24,225	\$ 0	\$ 4,275	\$ 28,500

Previous Commitments and Studies

Cottonwood MHP is currently in the process of obtaining technical assistance from Office of Financial Assistance to prepare a water conservation plan for their PWS.

Community Engagement

The applicant reports that, decision for loan seeking was made through discussion and/or meetings as needed between various officers in-charge of Cottonwood MHP operations. Public education and notifications were distributed to residents via mailers/flyers. Public participation for the proposed project will be documented in detail in the PER.

Current System Information

Infrastructure Cottonwood MHP PWS routinely draws its water supply using three groundwater wells, each fitted with a well pump and discharge piping. The total permitted water rights for use by this PWS are 37.79-acre feet per annum. Distribution system comprises 4,500 linear feet of 2-inch to 4-inch diameter piping. Existing distribution system and specifications of few other infrastructure components of this PWS do not meet current NAC guidance.

Compliance The most recent sanitary survey of the Cottonwood MHP PWS was conducted by NDEP Bureau of Safe Drinking Water on October 16, 2019. Sanitary survey report did not note any significant system deficiencies; other deficiencies noted include requirements to have a cross connection control plan and an emergency response plan, and the need to achieve water supply redundancy.

Water Conservation Plan Nevada Division of Water Resources mandates a water conservation plan for all PWSs. Further, this plan must be prepared and updated every five years to comply with Nevada statutes¹. Cottonwood MHP is in the process of procuring technical assistance from the office of financial assistance to prepare a water conservation plan.

Technical Capacity Cottonwood MHP conducted a technical, managerial, and financial (TMF) capacity survey in May 2020. The evaluation noted areas of significant deficiencies; system-wide improvements are needed to address grossly undersized pipes, lack of reliable system mapping, and inadequate fire flows. Overall technical capacity category score of 1.61 (out of 3) is well below the regulatory requirements for capacity (**65% or higher or ≥ 1.95**). Cottonwood MHP is in the process of procuring technical assistance to improve technical capacity and PER will also address these deficiencies.

Managerial Capacity The TMF survey self-reported by the Cottonwood MHP scored managerial capacity at 1.88 (out of 3). Significant managerial capacity deficiencies identified in this report are consistent with NDEP's sanitary survey report; both entail the PWS to prepare and follow an operations and maintenance manual and to prepare an emergency response plan. TMF capacity assistance, sought by Cottonwood MHP, is anticipated to address these deficiencies, enabling the system to achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity Based on the financial information provided, Cottonwood MHP can meet its short- and long-term financial needs.

Financial Information as of **December 31, 2019**

Unrestricted Cash: \$0 (Cash in April 2020: \$9,772.75)

Outstanding Debt: \$24,180 (taken out in 2019)

Operating Income before depreciation: \$169,631

Debt Coverage: 7.02

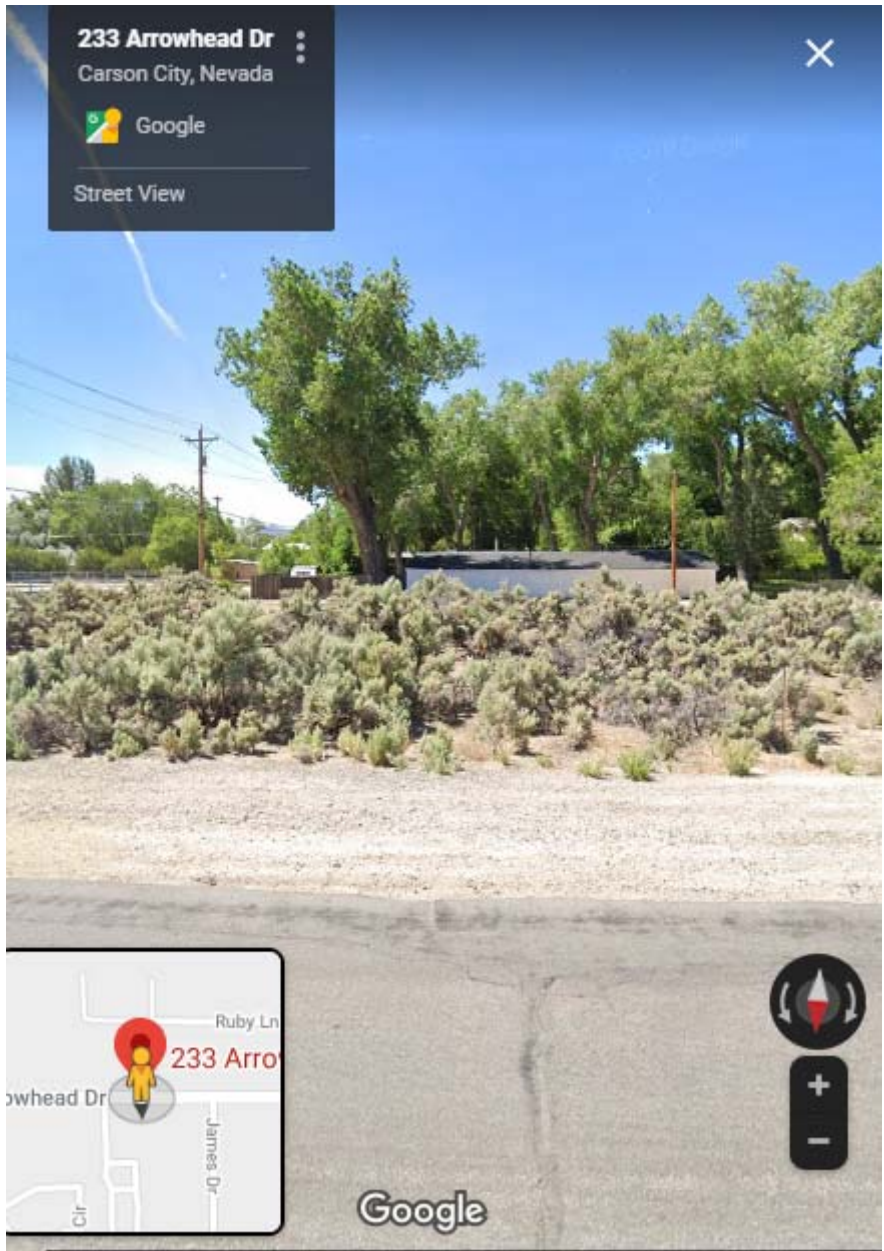
Financial information is compiled from S Corporation tax returns and bank statements.

User Water Rates Residential user payment is included in space rent.

Fiscal Sustainability Plan A fiscal sustainability plan will not be required in the loan agreement since this is for a PER and ER only.

Capital Asset Reserve Account 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 2021 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.



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

RESOLUTION D08B-0121

Cottonwood Mobile Home Park, Inc, PER/ER for 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 Nevada Drinking Water State Revolving Fund (DWSRF) program; and
- WHEREAS:** On July 29, 2020, the Board, under NRS 445A.265(3), approved the Drinking Water Priority List-Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Cottonwood Mobile Home Park, Inc owns and operates a public water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to the NDEP for funding a project to make improvements to the Cottonwood MHP Water System (Project); and
- WHEREAS:** The Project is included as project #84 on the Nevada DWSRF Priority List – effective July 2020; 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 “D08B-0121 – Cottonwood Mobile Home Park, Inc. 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 \$24,225 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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

**Loan Commitment from the Drinking Water
State Revolving Fund
Capital Improvements Grant Program**

Board for Financing Water Projects

January 2021

Alamo Sewer & Water GID

Amount and Term	Recommendation
<u>\$1,000,000.00</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and grant commitments to Alamo Sewer & Water General Improvement District for arsenic treatment.
<u>\$693,026.00</u>	
Capital Improvement Grant	

Community Information

Location	The unincorporated town of Alamo is in Pahrnagat Valley area of Lincoln County, approximately 90 miles north of Las Vegas.
Structure	A community public water system (#NV0000005), within Alamo Sewer and Water General Improvement District (Alamo)
Population	1,000
Service Connections	Residential 289 Commercial 15 Total 304

Project for Funding

Need Currently the only water source Alamo uses is the Sandhill Well. Preliminary engineering studies were conducted in 2018 and in 2019 to identify and propose solutions to system-wide needs. Both studies determined that Alamo must ensure sufficient and reliable source water supply and maintain water quality compliance by treating water to reduce arsenic levels.

Studies show the need for a secondary supply source and recommend adding the Industrial Park Well to the system. This new source, however, does not meet the

arsenic standard of 10 micrograms/liter (ppb). Arsenic levels in the recent Sandhill Well water samples were between 8.3 and 9.5 ppb. Given the recent trends, the Sandhill Well water will likely soon exceed the arsenic standard. Although blending has been used in the past, it will not work as a reliable alternative to ensure compliance with the arsenic standard. This results in the need for water treatment to reduce arsenic as an immediate need that Alamo must address.

Chosen Project Both the 2018 study and the 2019/20 preliminary engineering report (PER) suggested filtration/coagulation as the recommended alternative. However, subsequent pilot studies commissioned by the applicant also evaluated the use of adsorptive media. A cost-effect analyses was also completed for both alternatives. The results identified both treatment types effectively removing the arsenic; however, they differed in estimated costs, logistics of operations, and maintenance. The PERs also suggest using chlorination, which the community does not currently use. Upon review, Alamo proposes a water treatment project that uses adsorptive media, citing following reasons:

- Operational logistics
- Maintenance without having to hire new staff
- Risks and costs associated with handling chemicals
- Concern over the GID's ability to find contracts for the coagulation/filtration technology within cost estimates

Alamo further submits that this choice was discussed by their governing board at a public meeting and there was agreement that using adsorptive media technology meets the practical needs and limitations of Alamo.

Project Alternatives No action alternative is not recommended given Alamo's need for source redundancy to be able to supply sufficient drinking water without interruption.

Other alternatives considered in the 2019/20 PER were ion exchange, oxidation/coagulation/filtration, and adsorptive media. The final recommendation was to construct a coagulation/filtration water treatment facility with backwash reclamation and sludge disposal using evaporative ponds. This alternative was estimated to cost approximately \$1,430,000. The PER associated with this alternative did not recommend adsorptive media technology, citing high silica levels in the water and that the silica present in the water typically prevents the media from effectively adsorbing arsenic.

Concerns over the ability to sustainably operate and manage the recommended project prompted the applicant to further investigate two of these alternatives via pilot studies. The studies demonstrated that adsorptive media technology is a viable option for this water. Cost-effect analysis and initial estimations identified the adsorptive media treatment project to cost more (\$1,706,960) compared to the other recommended alternative, but ultimately it is the optimal and financially feasible alternative for Alamo in long-term operations.

Maps Maps are attached to this report.

Timeline Design: February 2021
 Construction Procurement: March 2022
 Construction Start: May 2022
 Completion: October 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$2,950	\$2,050	\$0	\$5,000
Design, inspection, & Construction Management	\$115,864	\$80,516	\$0	\$196,380
Equipment, Materials, and Construction	\$772,428	\$536,772	\$0	\$1,309,200
Contingency	\$108,758	\$73,688	\$13,934	\$196,380
Totals	\$1,000,000	\$693,026	\$13,934	\$1,706,960

Previous Commitments and Studies

2018 PER:

The 2018 PER recommended improvements to Alamo addressing the most critical system needs: achieving sustained compliance with arsenic standards and adding additional water storage. Out of these two, the top priority was to install an oxidation/coagulation/filtration water treatment facility (to ensure compliance with drinking water regulations).

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. A PER for the proposed alternatives indicated need for few minor mitigation strategies.

For the chosen project, the area of potential effect is limited to the project location (see maps and exhibits). The chosen project will require an environmental assessment by the applicant. Consultation with appropriate crosscutting agencies will be completed. NDEP's Office of Financial Assistance is also required to conduct an environmental review and consultation with State Historic Preservation Office to comply with the section 106 of the National Historic Preservation Act.

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

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. The public and the Board will be notified of findings and final decisions via the DWSRF's electronic mailing list. These notices will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

Since 2018, multiple PERs have identified the need for an additional, sustainable water supply source. These reports were made available to the public.

On December 8, 2020, the Board of Commissioners for Lincoln county discussed and approved Alamo's choice of the arsenic water treatment facility alternative; the Board also approved Alamo to submit a loan application for potential funding support from Nevada's DWSRF program.

Current System Information

Infrastructure Alamo's current source of water comes from the Sandhill Well, a ground water well with a yield capacity 385 gallons per minute (gpm). The Alamo Industrial Park Well has a potential yield capacity of 185 gpm. Six other wells are part of Alamo infrastructure facilities; however, these wells are currently either inactive or not useful as a drinking water source. One of the wells has a relatively moderate yield capacity of 145 gpm, but due to high manganese concentrations in the water, it is currently used for irrigation purposes only. Alamo has one 465,000 gallon-capacity storage tank that is estimated to be viable for another 5 to 10 years. A total of 103,089 linear feet of pipes, ranging in size from 0.5" to 8", constitute the Alamo distribution system.

Compliance The NDEP Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey for the Alamo PWS on August 12, 2019. Five minimally significant deficiencies were noted at that time with no outstanding deficiencies.

A review of information available from the Drinking Water Watch module of the Nevada State Drinking Water Information System indicates no unresolved, pending, or current violations.

Water Conservation Plan A copy of a water conservation plan for Alamo is currently available on the Nevada Division of Water Resources website with a non-specific date of preparation and/or approval.

Citing climatic similarities to Las Vegas area, Alamo's water conservation plan is drafted to closely align with that of Southern Nevada Water Authority. It is noted that Alamo encourages the public to practice turf management and promoting the use of drip irrigation and climate-appropriate vegetation.

Information related to permitted water rights was not included in this plan.

Water conservation plans must be updated every five years and comply with Nevada statutes². Upon request, the system may submit a separate technical assistance request to DWSRF for assistance in preparing this report.

Technical Capacity Alamo conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understanding strengths and weaknesses in their capacity to operate a system.

Alamo employs a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. Alamo has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity Alamo is governed by a public board. It also employs a full-time manager to oversee all operations and fiscal matters of the system. Alamo 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 upon the financial information provided, Alamo is capable of meeting its short-term and long-term financial needs.

Financial Information as of June 30, 2019:

Unrestricted Cash: \$25,978

Days cash on hand: 54

Outstanding Debt: \$306,511

Operating Income before Depreciation: \$34,131

Current Ratio: 0.69

Debt Coverage: 0.96

Financial information is independently audited by Hafen, Buckner, Everett & Graff, PC

Financial information as of June 30, 2020:

Operating Income before Depreciation: \$51,295

User Water Rates Residential base rate per user per month: \$44.60 0 – 7,500 gallons
Commodity Rate - \$0.80/1,000 gallons over the base gallons

Average Water Rate/Use for system: \$48.76 12,000 gallons

The water rates established are sufficient to cover operating, maintenance, debt service, and reserves of the system. Rates were last updated in 2018 and currently on an incremental increase each year.

Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan. NDEP has received the county's certification that they will meet the requirements of a fiscal sustainability plan for each community prior to the final disbursement of funds from the loan.

Capital Replacement Reserve Account The proposed funding agreement will contain a requirement to maintain these reserve accounts.

² Nevada Revised Statutes (NRS) 540.121 to 540.151

**DWSRF Principal
Forgiveness
Eligibility Criteria**

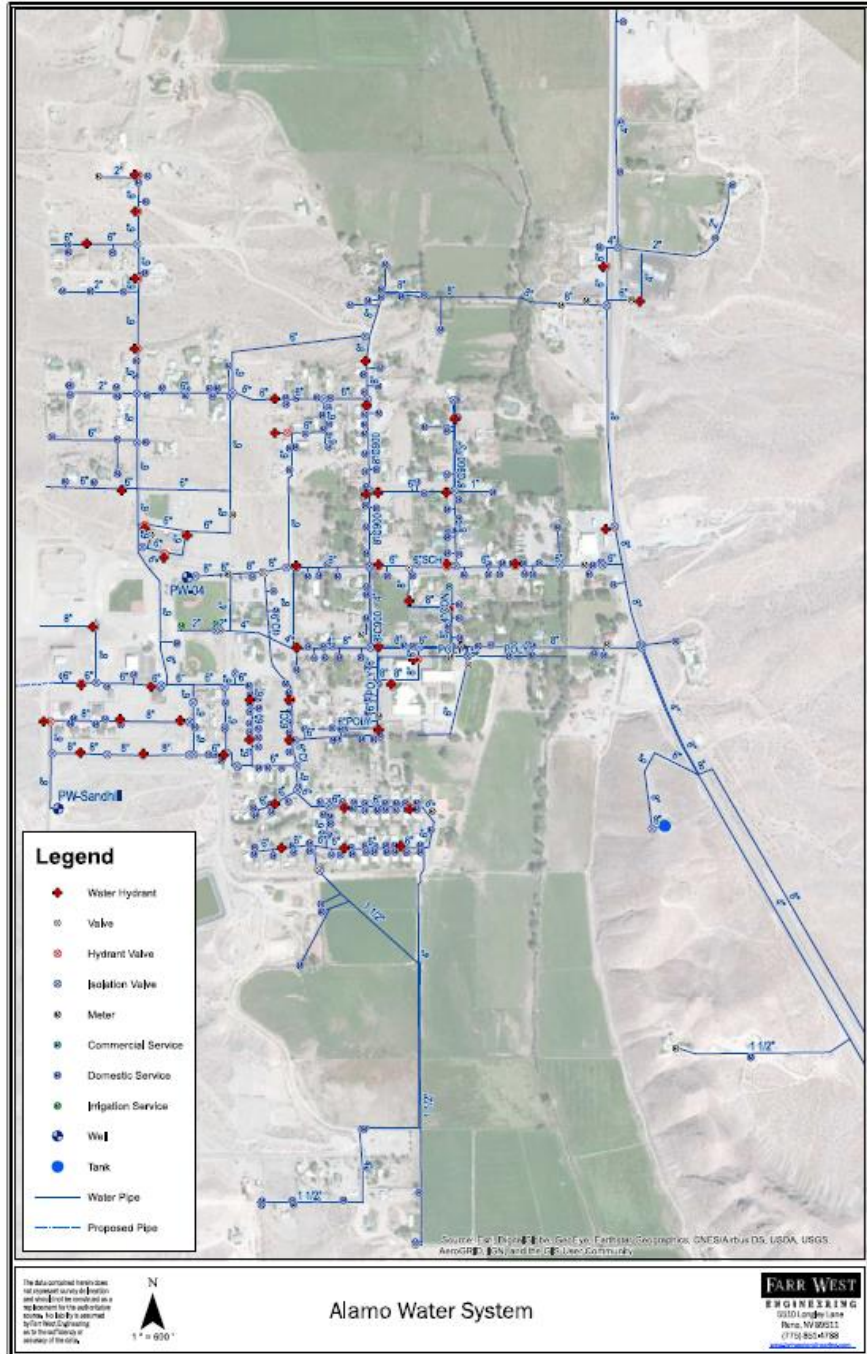
Alamo is addressing a chronic health condition with this project and therefore, eligible to receive up to \$1,000,000 in principal forgiveness funding. The system is not considered disadvantaged.

**Capital
Improvement
Grant Scale
determination**

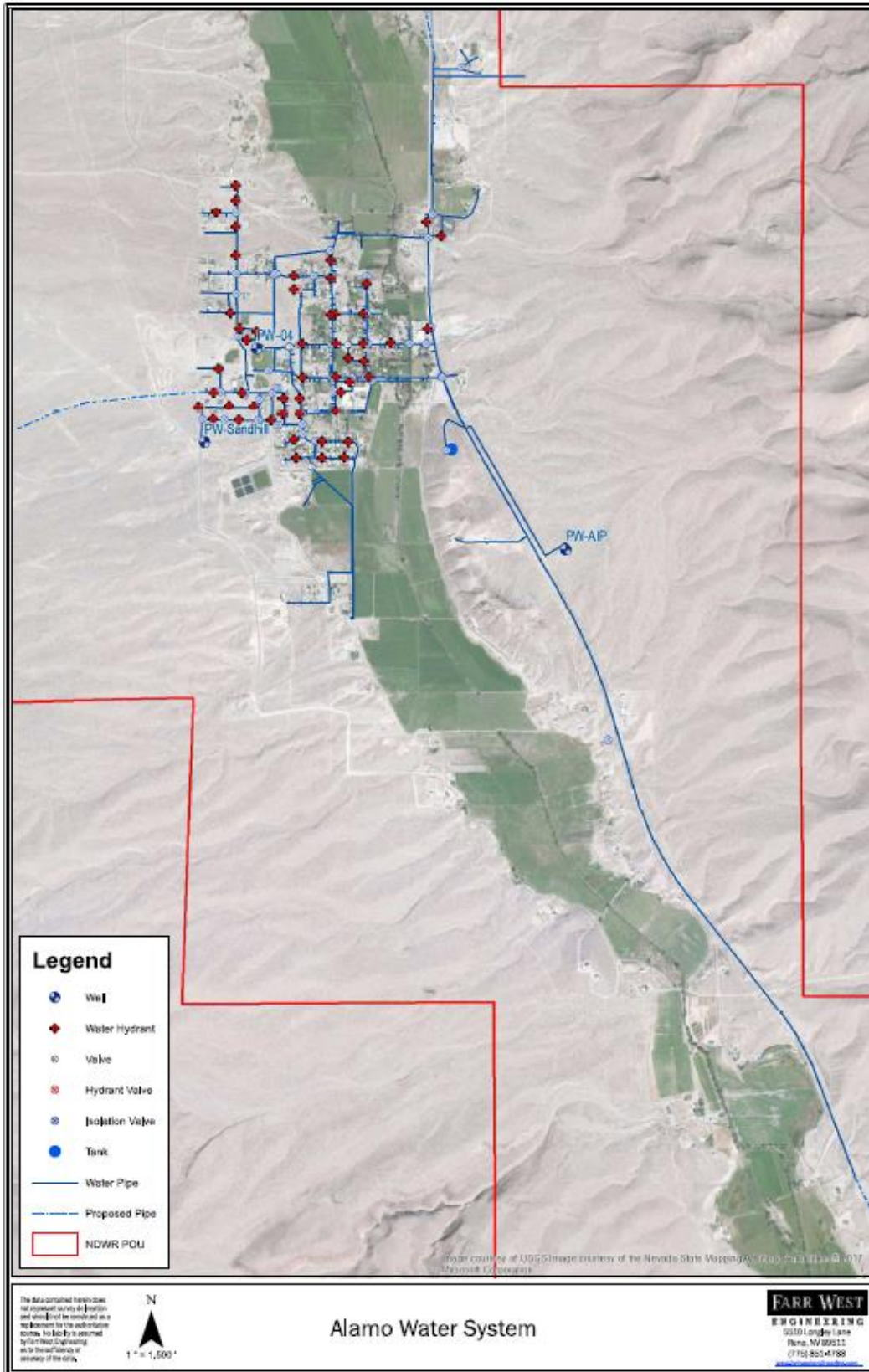
The district has been found to be eligible for 40.6% of eligible projects costs based on the board's Scale to Determine Grant Amount policy revised on July 24, 2009. Therefore, \$693,026 is eligible for grant funding.

MAPS AND EXHIBITS





(Map from FEW PER)



(Map from FEW PER)

Location for the proposed project



(Map shared by the applicant)

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:

- Will review their 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D09-0121 Alamo Sewer and Water General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,000,000. 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 D09-0121

Alamo Sewer & Water General Improvement 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Alamo Sewer and Water GID (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project for arsenic treatment (Project); and
- WHEREAS:** The Project is included as project #8 on the Nevada DWSRF Priority List Effective July 2020 for 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 “D09-0121 Alamo Sewer and Water General Improvement 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 \$1,000,000 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 20, 2021

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 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

Attached to the end of the Resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G09-0121 Alamo Sewer and Water General Improvement District Project Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$693,026.

RESOLUTION G09-0121

Alamo Sewer & Water General Improvement District Project Grant Commitment

- WHEREAS:** the Board for Financing Water Projects (the “Board”) of the State of Nevada (the “State”) is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (the “Act”), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems required and made necessary by the State Board of Health pursuant to NRS 445.361 to 445.399, inclusive, or made necessary by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.) and the regulations adopted pursuant thereto; and
- WHEREAS:** Alamo Sewer and Water GID, (“Applicant”) has applied to the Board for a grant for a project having eligible costs estimated to be \$1,706,960 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 “Alamo Sewer and Water GID 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 (the “Regulations”), and in connection therewith, the Board has determined to provide a grant to the Applicant; and
- WHEREAS:** NAC 349.535 provides in relevant part, as follows:
- If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant. . . .

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

Section 1: This resolution shall be known as the “G09-0121 Alamo Sewer and 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 \$693,026 of eligible project costs estimated to be \$1,706,960.

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 20, 2021

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.
 - 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 and Grant Commitment from the Drinking
Water State Revolving Fund and
Capital Improvements Grant Program**

Board for Financing Water Projects

January 2021

Las Vegas Valley Water District (Big Bend Water System)

Amount and Term	Recommendation
<u>\$1,000,000.00</u> Nevada DWSRF Principal Forgiveness Loan	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and grant commitments to the Las Vegas Valley Water District (LVVWD), for the Big Bend Water District system-wide rehabilitation project for upgrades.
<u>\$500,000</u> Capital Improvements Grant	

Community Information

- Location** The Big Bend Water District (BBWD) serves the community of Laughlin, in Clark County. The city is approximately 90 miles south of Las Vegas and sits along the Colorado River.
- Structure** LVVWD is a nonprofit water supply agency that operates and maintains BBWD. BBWD is a General Improvement District.
- Population** 9,000
- Service Connections** Residential: 2,188
Commercial: 131

Project for Funding

Need The proposed project is listed as #14 on the Nevada DWSRF Priority List – effective July 2020. The system has various equipment and infrastructure components that are ageing and need to be replaced. Improvements are needed to increase system reliability and maintain regulatory compliance for protection of human health and the environment. The proposed project components, and the need for each, include:

1. **Impressed current cathodic protection (ICCP):** The depleted ICCP system on the BBWD raw water intake structure and the depleted raw water pipeline sacrificial cathodic protection system both need to be replaced. These systems are no longer protecting these facilities and are causing accelerated corrosion. If nothing is done, it could lead to premature failures. Being the only source of water for the town, failures in these facilities would mean loss of water and boil water requirements.
2. **Rehabilitation of the 1130 zone potable water tank:** The tank is more than 25 years old and the original protective coating for the structural steel is at the end of its useful life. Inspection reports have identified delamination of the existing coating and exposure to the base structural steel.
3. **Treatment plant ozone generator room HVAC replacement:** The existing ozone generator room is currently equipped with four ozone generator units. However, the current rooftop A/C unit is cooling only three of these units. An additional roof-top A/C unit is needed.
4. **Pumping station motor control centers upgrades:** Existing motor control centers and miscellaneous appurtenances have reached the end of their respective useful life.

Chosen Project

1. **Impressed current cathodic protection (ICCP):** Various technologies for cathodic protection were analyzed to help find the best solution. The proposed project is to install a new ICCP system and bond the pipeline from the intake to the treatment plant. LVVWD's engineering cost estimate for this component is \$160,500.
2. **Rehabilitation of the 1130 zone potable water tank:** The rehabilitation project will ensure an additional 25 years of service. LVVWD's engineering cost estimate for this component is \$575,000.
3. **Treatment plant ozone generator room HVAC replacement:** The upgrades to the ozone generator room include the installation of one new roof-top A/C unit, two new exhaust fans, and miscellaneous technical appurtenances to operate and control the upgraded ozone generator room HVAC and exhaust systems. LVVWD's engineering cost estimate for this component is \$270,000.
4. **Pumping station motor control centers upgrades:** The proposed upgrades will reduce unplanned outages from equipment failure, increase equipment service life, and improve equipment maintainability and system reliability. The upgrades will take place at two locations in BBWD. LVVWD's engineering cost estimate for this component is \$494,500.

Project Alternatives Given the dilapidated condition of the capital assets being rehabilitated, a “no action” alternative is not feasible.

LVVWD noted in a statement that they have evaluated the best available technology for the project components. Other alternatives to the impressed current cathodic protection included sacrificial cathodic protection, coatings and linings, polyethylene sleeving, and changing to a non-metallic pipeline/structure. Other project components have been evaluated and selected based upon best available technology to meet industry standards.

Maps Maps for general locations of various project components are attached below.

Timeline Design: January 2021
 Construction Bid: March 2021
 Construction Start: June 2021
 Construction Completion: April 2022

Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$42,900	\$22,100	N/A	\$65,000
Design, Inspection, and Construction Management	\$100,980	\$52,020	N/A	\$153,000
Construction / Improvements	\$856,120	\$425,880	N/A	\$1,282,000
Totals	\$1,000,000	\$500,000	N/A	\$1,500,000

Previous Commitments and Studies

- A \$4,000,000 loan from DWSRF, issued December 2002, provided funding for ozone treatment modifications that were required to meet the disinfection byproducts rule. The loan interest rate is 3.19% and matures on January 1, 2025. The loan is in good standing.
- A \$3,197,729.09 loan from DWSRF, issued August 2004, provided funding to install 13,000 feet of 24-inch pipe to loop the distribution system, as well as a new 2 million-gallon storage tank. The funds are also being used to rehabilitate pump stations. The loan interest is 3.20% and matures on July 1, 2024. The loan is in good standing.
- A \$500,000 principal forgiveness loan on December 21, 2018 provided funding to install and test a well and its appurtenances. The well, built along the Colorado River, employs riverbank filtration technology for extreme weather events. The loan is still open with \$300,780 remaining in available funds. The loan is in good standing.

Environmental Review

NDEP conducts environmental reviews of water projects, as authorized by Nevada law¹. 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 and 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 the State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance. The findings, upon consideration, will be published for public comment.

Consultation with appropriate crosscutting agencies will be completed prior to signing a final commitment of financial assistance. The project will not affect wetlands, floodplains, agricultural lands, or significant fish or wildlife habitats. National landmarks will also be unaffected, as well as properties with historic, architectural, prehistoric, archeological, or cultural value. The public and the Board will be notified of this project via the electronic DWSRF mailing list. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

In June 2017, the Board of Trustees established a Citizens Advisory Committee (Committee) to evaluate BBWD initiatives and make recommendations to the Board. The Committee met five times in public meetings, where they received a tour of BBWD facilities, reviewed and proposed capital improvement projects and operating expenditures, and evaluated funding options and rate adjustment scenarios.

In September 2017, the nine-member Committee formalized six recommendations, which included a 9.4 percent increase to tier rates and service charges annually for four years. The rate increase would help fund more than \$9 million in capital projects and ongoing operating and maintenance expenses needed for the water system. Other Committee recommendations included: using State Revolving Fund loans to fund capital projects that are not grant-funded; not accessing funds from the Fort Mohave Valley Development Fund to fund capital needs; and evaluating revenue periodically and adjusting water rates, if needed.

On December 5th, 2017, the Board of Trustees held a public hearing to consider adopting the advisory committee's recommendations report. The current application is consistent with the Board of Trustees' approval of these recommendations.

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

Current System Information

Infrastructure The BBWD provides municipal water service to approximately 2,300 customer accounts in Laughlin, Nevada. The water system is operated and maintained by the LVVWD, under a cooperative agreement. The system includes more than 60 miles of distribution pipelines, six pumping stations, and five water storage reservoirs. All water supplied is pumped from the Colorado River using a river intake facility.

Compliance NDEP’s Bureau of Safe Drinking Water did not find any pending or current violations in their Water System Watch module. The proposed project addresses the need for systemwide upgrades, including the distribution system and water intake. Addressing system needs quickly is crucial for the system to continue to stay in compliance with State drinking water regulations.

Water Conservation Plan The last water conservation plan for this system was prepared in July 2019, in collaboration with Southern Nevada Water Authority. It was incorporated into the “Joint Water Conservation Plan.” This plan is approved and currently available on the Nevada Division of Water Resources website.

Water conservation plans must be updated every five years and comply with Nevada statutes².

Technical Capacity LVVWD conducted a technical, managerial, and financial capacity survey in December 2020. This is a useful tool for water systems conducting a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

The evaluation notes that the certified operator for this PWS is an offsite contract operator, and only available periodically. The BBWD says systemwide GIS mapping work is currently underway. The proposed project addresses all potential technical capacity issues. The county has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity BBWD’s system falls in the LVVWD’s jurisdiction. The 7-member LVVWD Board of Directors, which is responsible for governing the district’s activities, is composed of Clark County commissioners. The BBWD has developed effective methods of communication with customers. The district can conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations. LVVWD has had successful construction projects in the past and has demonstrated managerial capacity for NDEP to recommend funding support.

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Financial Capacity Based on the financial information provided, LVVWD can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*

- Unrestricted Cash: \$444,775
- Days cash on hand: 38
- Outstanding Debt: \$2,703,459
- Operating Income before non-cash expenses: (\$488,648)**
- Current Ratio: 1.70
- Debt Coverage: (0.85)**

*Financial information is independently audited by Piercy Bowler Taylor and Kern.

**Major repairs and employee retirement payouts were one-time in nature. The system is very responsive to budget needs and rate adjustments to address sufficiency.

The fiscal year audit is not complete yet. However, the BBWD stated that there have been no material changes since FY19.

User Water Rates The established water rates sufficiently cover operation, maintenance, debt service, and reserves for the system.

- Residential base rate per user per month*: \$0.3058 per day = \$9.17 for 30 days (no gallons included)
- Commodity Tier 1 - \$3.53/1000 gallons (up to 500 gal/day)
- Commodity Tier 2 - \$4.43/1,000 gallons over the base gallons
- Average water rate/use for system: \$62.12 (15,000 gallons)

*Water rates adjust annually with the Consumer Price Index for Urban Earners and Clerical Workers (CPW-W). Rates were last adjusted January 1, 2020.

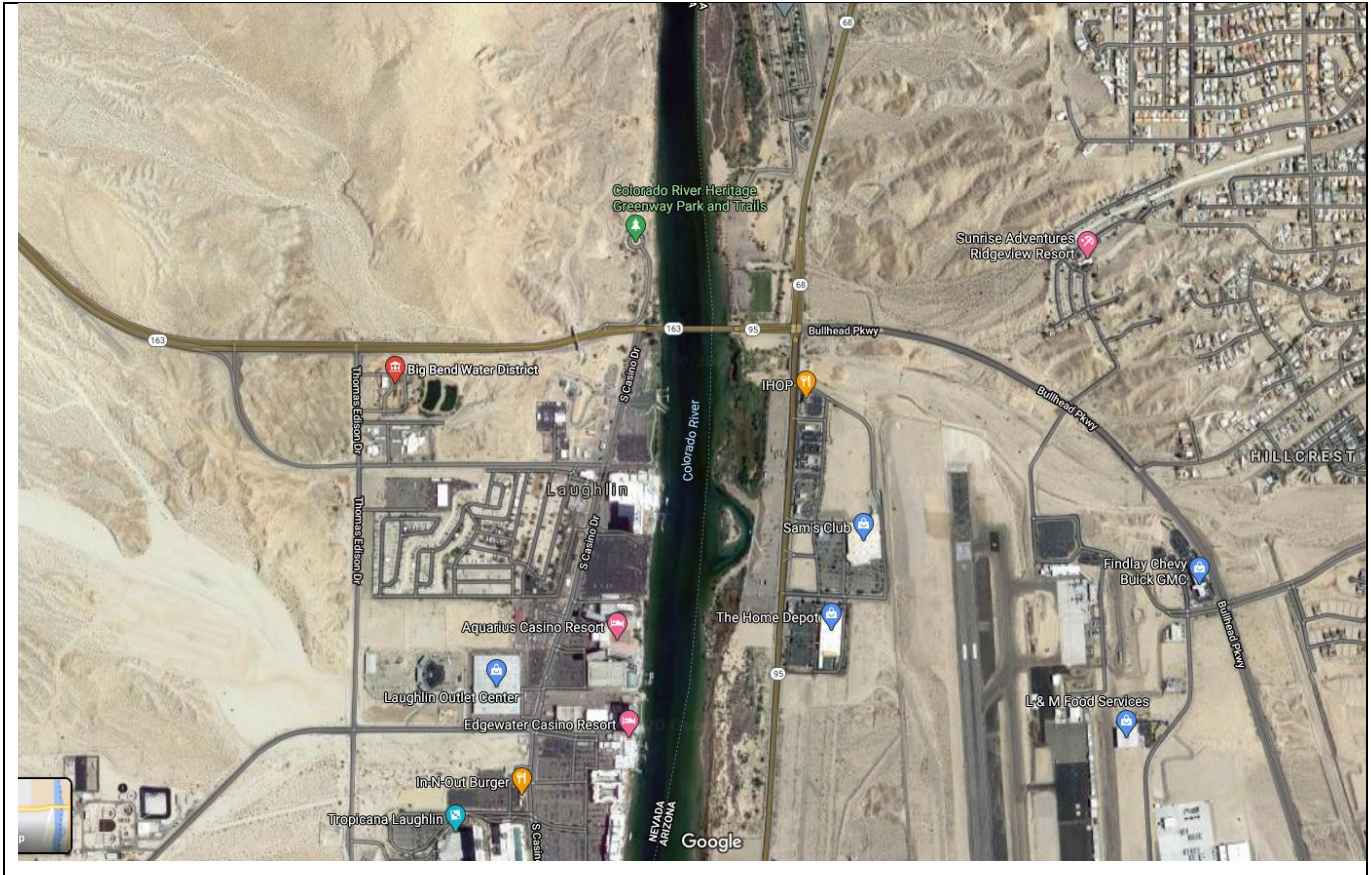
Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan and grant agreements as part of a condition to receive funding.

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 BBWD meets the definition of a disadvantaged community, per NAC 445A.675245.

Capital Improvement Grant Funding Scale BBWD is eligible for 71% of eligible projects costs, based on the Board's Scale to Determine Grant Amount policy (revised on July 24, 2009). A lesser amount is being provided since more funds are available from the DWSRF to partner fund the project.

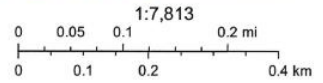
MAPS AND EXHIBITS



1130 Zone Tank Map

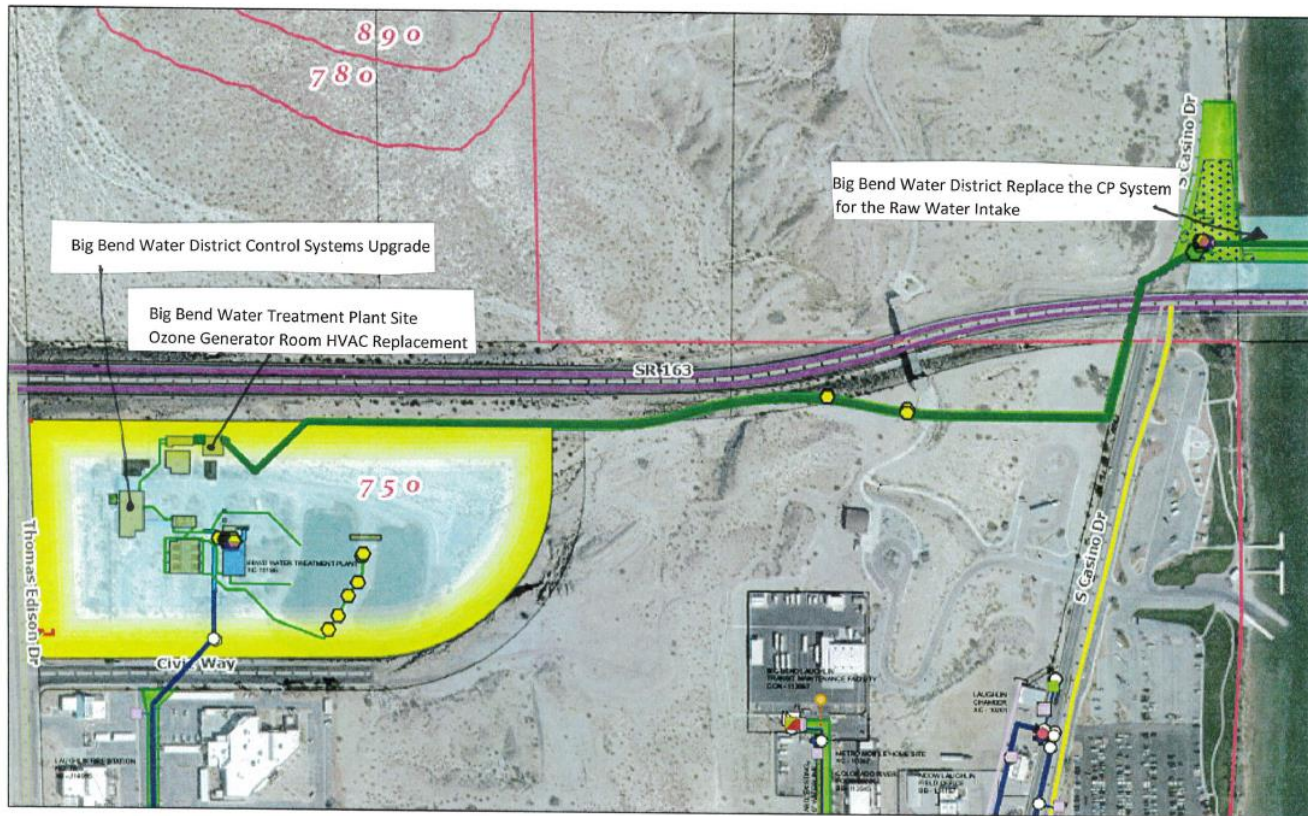


May 13, 2020



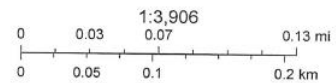
Map prepared by LVVWD Staff

Big Bend Water Treatment Plant



May 13, 2020

- | | | | | | |
|---------------------|------------|---------------|--------------|-----------|-------------|
| Pressure Zone Label | Fireline | Unknown Valve | Abandoned | Reducer | End of Main |
| Service Point | Irrigation | AVAR | Closed Valve | Hydrant | Blow Off |
| Domestic Commercial | Combined | Active | Hydrant | Low Point | Backflow |



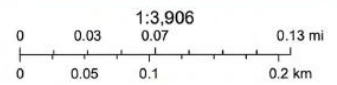
Map prepared by LVVWD Staff

Casino Drive Pumping Station



May 13, 2020

- | | | | | |
|---------------------|---------|------------|----------|-----------|
| Pressure Zone Label | Unknown | Valve | Hydrant | Blow Off |
| Service Point | AVAR | Zone Valve | Hydrant | Low Point |
| Domestic Commercial | Active | Reducer | Backflow | |



Map prepared by LVVWD Staff

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:

- 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D10-0121 Las Vegas Valley Water District (Big Bend Water District) Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,000,000. 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 D10-0121

Las Vegas Valley Water District (Big Bend 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 July 20, 2020, the Board, under NRS 445A.265(3), approved the Nevada DWSRF Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Las Vegas Valley Water District (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding “Big Bend Water System Upgrades Project” (Project); and
- WHEREAS:** The Project is included as project #14 on the Nevada DWSRF Priority List Effective July 2020 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 “D10-0121 Las Vegas Valley Water District (Big Bend 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 \$1,000,000 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 20, 2021

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 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:

- 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G10-0121 Las Vegas Valley Water District (Big Bend Water District) Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$500,000.

RESOLUTION G10-0121

Las Vegas Valley Water District (Big Bend Water District)
Project Grant Commitment

- WHEREAS:** the Board for Financing Water Projects (the “Board”) of the State of Nevada (the “State”) is authorized by Chapter 349.980 to 349.987, Nevada Revised Statutes (the “Act”), to administer a program to provide grants of money to purveyors of water to pay for costs of capital improvements to publicly owned community water systems and publicly owned non-transient water systems required and made necessary by the State Board of Health pursuant to NRS 445.361 to 445.399, inclusive, or made necessary by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.) and the regulations adopted pursuant thereto; and
- WHEREAS:** Las Vegas Valley Water District (“Applicant”) has applied to the Board for a grant for a project having eligible costs estimated to be \$1,500,000 to pay for costs of capital improvements to a publicly owned community water system (Big Bend Water District), which capital improvements are commonly referred to as the “Las Vegas Valley Water District/Big Bend Water System Upgrades 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 (the “Regulations”), and in connection therewith, the Board has determined to provide a grant to the Applicant; and
- WHEREAS:** NAC 349.535 provides in relevant part, as follows:
- If the Board determines to provide a grant, it will adopt a resolution which will include: (a) a statement of the approval of the board that sets forth its findings of fact concerning its determinations made pursuant to NAC 349.530; (b) the application; and (c) the terms for providing the grant to the applicant.

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

Section 1: This resolution shall be known as the “G10-0121 Las Vegas Valley Water District (Big Bend 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 \$500,000 of eligible project costs estimated to be \$1,500,000.

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 20, 2021

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. Applicants 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.
 - 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 Commitments from the
Drinking Water State Revolving Fund
Board for Financing Water Projects**

January 2021

Douglas County

Amount and Term	Recommendation
<u>\$250,000</u> Principal Forgiveness from DWSRF <u>\$16,250,000</u> Loan from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan commitments to Douglas County for construction of storage, water treatment, and lake intake pump facilities, and to achieve and maintain water conservation in the service area identified as Cave Rock and Skyland, a three-part project to address drinking water system deficiencies.

Community Information

Location	Cave Rock Skyland (NV0000259) is located in Douglas County, NV along the shores of Lake Tahoe approximately 18 miles west of Carson City.		
Structure	Douglas County manages and operates Cave Rock and Skyland consolidated public water systems.		
Population	2,800 and a total of 1,085 connections; proposed project covers Cave Rock and Skyland areas.		
Service Connections		Cave Rock Current	Skyland Current
	Residential Connections	332	251
	Commercial Connections	5	15
	Industrial Connections	0	0
	Other: Irrigation Connections	6	8

Project for Funding

Need The proposed project is listed as #21 on the Nevada DWSRF Priority List – effective July 2020.

Douglas County owns and operates the Cave Rock and Skyland Consolidated Water Systems. The county acquired the water systems in 1989. Subsequently, small portions of water lines – in Lincoln Park, Lower Lakeridge, and Sugar Pine Circle – have been replaced. However, much of the system still runs with the original water lines that were installed when the subdivision was built in the 1960's. In October 2016, HDR Engineering, Inc. completed a preliminary engineering report (PER) to evaluate Cave Rock and Skyland system deficiencies, alternative solutions, and prioritize recommended improvements. The PER identified the Cave Rock water system distribution lines as a high priority for replacement, due to the consequences of failure, frequent repair history, and need to improve fire flows. The county is proposing to replace approximately 15,300 linear feet of water lines. The project would also replace the Lower Cave Rock booster pump station. The station was built with the original subdivision. It will be replaced with a below-grade booster pump station that complies with current standards.

The PER also identified the need for redundancy in treatment at the Cave Rock Skyland Water Treatment Plant as well as the need to modify the lake intake system to mitigate pumping capacity deficiencies that manifest when lake levels are low. Both the treatment plant and intake systems benefit Cave Rock and Skyland jointly. The water treatment plant has one water treatment skid that is over 20 years old. The project will replace this single treatment skid with multiple treatment trains to provide for redundancy in treatment capability.

Chosen Project The PER categorized system deficiencies into five categories:

- 1) Storage
- 2) Water line related deficiencies (including fire flow, system pressures, system velocities, line leaks, and booster pump stations)
- 3) Water treatment
- 4) Water conservation
- 5) Lake intake pump station

Multiple alternatives were evaluated, but ultimately the proposed project included replacing water lines (Priority 1), adding Water Treatment Plant redundancy (Priority 2), and modifying the lake intake (Priority 3). Tank storage volume deficiencies will be addressed in future projects. Water conservation needs will be addressed by installing water meters simultaneously while replacing water lines.

Because the project budget exceeds \$10 million, the project is subject to value engineering.

Other Project Alternatives The “no action” alternative is not feasible for Douglas County. Delivering safe and reliable drinking water is an essential aspect of protecting public health and safety.

The PER evaluated two project alternatives for water line related deficiencies, including system pressures, system velocities, line leaks, booster pump stations, and fire flow. Alternative 1 was keeping the existing pumping configuration with minor modifications. Alternative 2 was adding a high pressure main and zone pumping. An analysis concluded that Alternative 1 was the preferred alternative. The engineer’s initial estimates for capital costs for Alternative 1 was approximately \$19,178,000, while the capital cost estimate for Alternative 2 was \$20,980,000.

Proposed project components and priorities are further evaluated and finalized according to value engineering conducted as part of 30% planning for the project.

Maps Maps are attached to this report.

Timeline Douglas County intends to use the Construction Manager at Risk (CMAR) process for this project and is currently under contract with HDR Engineering, Inc.

Construction will occur in multiple phases over a two-year construction schedule (2021-2022). The tentative schedule for the four phases is:

Design: fiscal year 2020 to fiscal year 2021

Contract Award: fiscal year 2021 to fiscal year 2022

Construction Start: fiscal year 2021 to fiscal year 2022

Initiation of Operations: fiscal year 2021 to fiscal year 2022

Project will be carried out in three guaranteed maximum price packages (GMP). Corresponding, consolidated project schedule is attached (Exhibit – A)

**Sources
of
Project
Funding**

	DWSRF	DWSRF	Local	Other	Total
Design, Inspection, and Construction Management	\$250,000	\$250,000	\$1,000,000	\$0	\$1,500,000
Equipment & Materials	\$1,800,000		\$0	\$0	\$1,800,000
Construction / Improvements	\$14,125,000		\$0	\$500,000	\$14,625,000
Financing	\$75,000		\$0	\$0	\$75,000
Totals	\$16,250,000	\$250,000*	\$1,000,000	\$500,000**	\$18,000,000

*Portion of DWSRF funding that is principal forgiveness

**Other funding source is a grant from the U.S. Forest Service

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. 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 and may be exempted from further substantive environmental review.

A PER for the chosen project was recently conducted by the county. The findings were reported to NDEP. The PER found Douglas County's water service area to be culturally and ecologically sensitive. An environmental review will be conducted by the applicant, in consultation with the Tahoe Regional Planning Authority and other federal crosscutters. However, the proposed project area of potential effect (APE) is not anticipated to cause any significant impact.

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 are affected by the project. No national landmarks, or property with nationally significant historic, architectural, prehistoric, archeological, or cultural value, are affected by the project. Public notice of this determination will be provided via the electronic mailing list for the DWSRF. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

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

Community Engagement

- March 21, 2017: The Cave Rock and Skyland PER was presented in a public workshop at the Transportation Center.
- August 16, 2018 Board of County Commissioners Meeting: The board approved a contract with FCS Group to conduct a water utility rate analysis for the newly consolidated Douglas County Water Utility (Fund 328).
- November 18, 2018: A community listening session was hosted for the Carson Valley and Lake Tahoe water systems consolidation study.
- February 7, 2019: The Board of County Commissioners held a workshop discussing Carson Valley and Lake Tahoe water rates consolidation.
- March 21, 2019 Board of County Commissioners Workshop: The preliminary findings were presented and recommendations were given based on the water utility rate analysis for Douglas County Water Utility.
- June 20, 2019 Board of County Commissioners Meeting: The board discussed water rates, fees, and charges for Douglas County Water Utility. The board moved to discuss adopting the resolution at a public hearing on July 1, 2019. The resolution included a three-year financial review.
- July 1, 2019 Board of County Commissioners Meeting: The board adopted the resolution establishing water rates, fees, and charges for Douglas County Water Utility.
- February 27, 2020 Board of County Commissioners Meeting: The board awarded a contract to HDR Engineering, Inc. to design the Cave Rock water system improvement project.
- July 16, 2020, Board of County Commissioners Meeting: The board awarded a contract to Sierra Nevada Construction for a CMAR to complete pre-construction services.
- December 3, 2020, Board of County Commissioners Meeting: The board discussed and authorized the public works director to submit a Nevada State Revolving Fund loan application in an amount not to exceed \$16.5 million.
- December 8, 2020 Debt Management Commission Meeting: The board considered adoption and approval of a resolution to issue bonds to start the bond issuance process.

System Information

Infrastructure The project area is currently served by three storage tanks: a 198,000-gallon capacity Lower Cave Rock tank, a 216,000-gallon capacity Upper Cave Rock tank, and an 850,000-gallon Skyland tank. The system currently has a 750-gallon/minute arsenic treatment plant, a booster pump station that pressurizes the single pressure zone in the system, and a transmission and distribution pipe that ranges in size from 6" to 16".

Compliance NDEP's Bureau of Safe Drinking water conducted the most recent sanitary survey of the Douglas County on September 10, 2015. The proposed project addresses two significant deficiencies related to the distribution system and water intake. A third deficiency noted in this survey is not relevant, as the county currently operates under the Title 20 Backflow and Cross Connection Control Ordinance.

Water Conservation Plan Douglas County's water conservation plan was last updated in July 2008. It is available on the Nevada Division of Water Resources website. The county has adopted effective water protection and planning practices that are essential to the long-term sustainability of the community. These include: the adoption of water resource protection policies as a part of the 2015 county master plan; creation of a county water resource plan ensuring continued recharge to the aquifers; and tracking customer water usage and unaccounted water losses to prevent water waste.

Water conservation plans must be updated every five years and comply with Nevada statutes². The applicant will be preparing a new or updated water conservation plan.

Technical Capacity Douglas County conducted a technical, managerial, and financial capacity survey in October 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

The evaluation noted a few areas of deficiencies:

- Need for water supply redundancy
- Inadequate water pressure
- Need to exercise or flush the valves
- Hydrants and dead ends
- Less than 75 percent of the system is metered

The proposed project addresses these issues. They have demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity The Board of County Commissioners is the governing board for the system. The governing board employs a full-time staff to oversee operations and fiscal matters of the system. The board has developed effective methods of communication with the customers.

The county has had successful construction projects in the past and have demonstrated managerial capacity for NDEP to recommend funding support.

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Financial Capacity Based on the financial information provided, Douglas County can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2020*:

- Unrestricted Cash: \$13,305,478
- Days cash on hand: 1,757
- Outstanding Debt: \$8,092,244
- Operating Income Before Depreciation: \$2,160,494
- Current Ratio: 5.93
- Debt Coverage: 1.51

*Financial information is independently audited by Eide Bailly.

User Water Rates The water rates established sufficiently cover operation, maintenance, debt service, and reserves for the system.

- Residential base rate per user per month: \$32.86 (4,000 gallons)
- First-tier rate: \$2.86/1,000 gallons (4,001-12,000 gallons)
- Second-tier rate: \$3.98/1,000 gallons (12,001-20,000 gallons)
- Third-tier rate: \$6.25/1,000 gallons (20,001+ gallons)
- Average water rate/use for system: \$76.70 (11,038 gallons)

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

Capital Replacement Reserve Account The district has been maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The proposed funding agreement will contain a requirement to maintain this reserve account.

DWSRF Principal Forgiveness Eligibility Criteria The 2020 Drinking Water Intended Use Plan indicated that a borrower of any size system seeking a traditional loan from the program of \$2 million or more may receive \$250,000 in principal forgiveness funding as long as:

- Principal forgiveness funds are available
- A complete application is submitted to NDEP by March 27, 2021 and the project is ready to proceed to construction within six months of application.

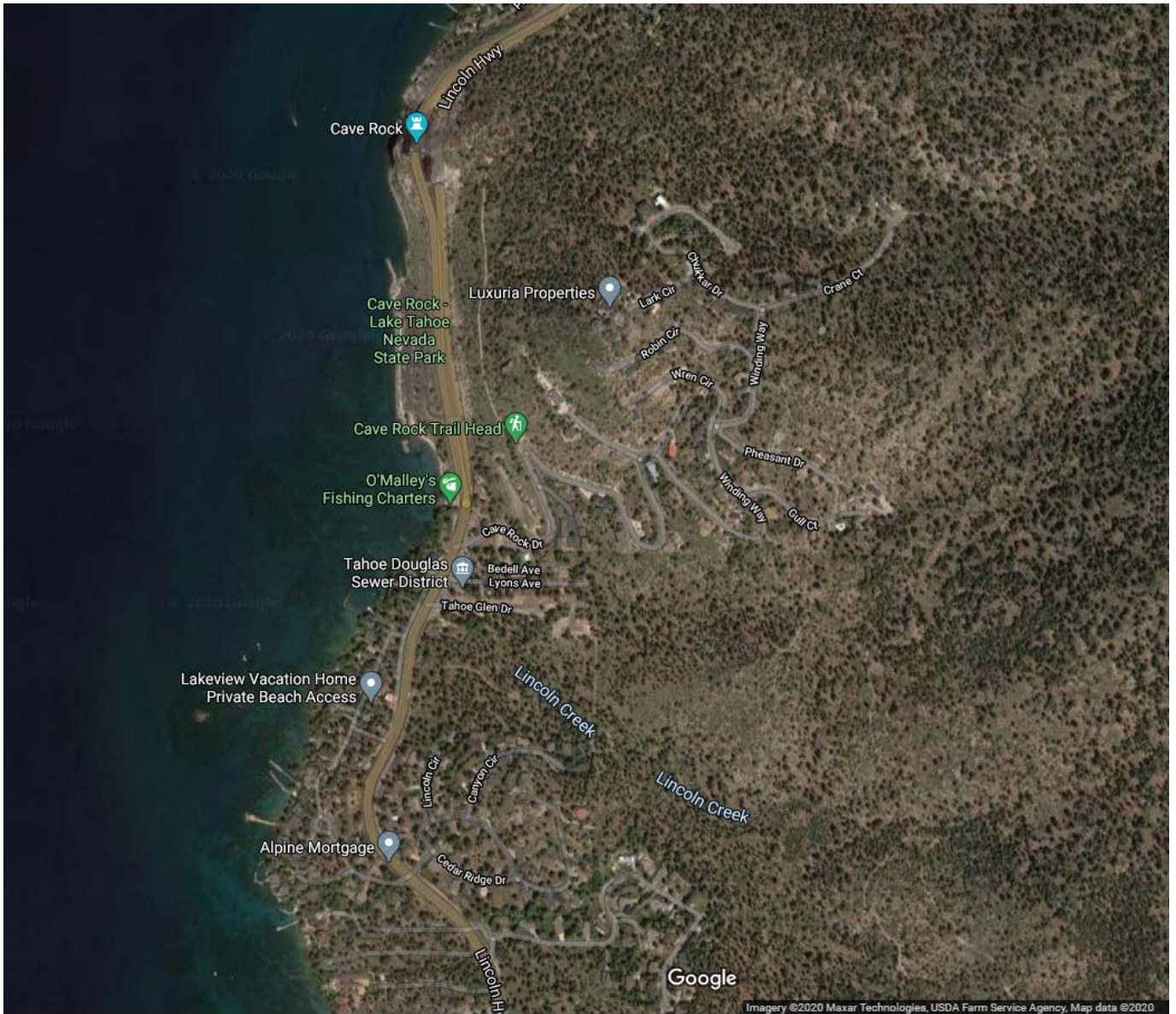
Douglas County meets these conditions.

EXHIBITS – A

A consolidated project schedule is attached. Construction will occur in multiple phases over an anticipated two-year construction schedule (2021 – 2022). The tentative schedule is as follows:

- GMP 1A and 1B – Water Treatment Plant Upgrades
 - GMP 1A – Water Treatment Plant Upgrades
 - 60% Design – June 2021
 - 90% Design – August 2021
 - 100% Design and Bid Documents – October 2021
 - GMP Contract Award – December 2021
 - Construction – December 2021 – October 2022
 - GMP 1B – Equipment Procurement
 - 100% Bid Documents – November 2020
 - GMP Contract Award – February 2021
 - Release Equipment – June 2021
- GMP 2 – Lake Intake Modifications (may be combined with WTP)
 - 100% Bid Documents – April 2021
 - GMP Contract – May 2021
 - Construction – May to December 2021 (tentative)
- GMP 3 – Water Line Construction (2021 – 2022)
 - 100% Bid Documents (All water lines) – April 2021
 - GMP Contract – May 2021
 - GMP 3A – 2021 Water Line Construction
 - Construction – May to December 2021
 - GMP 3B – 2022 Water Line Construction
 - Construction – May to December 2022

MAPS



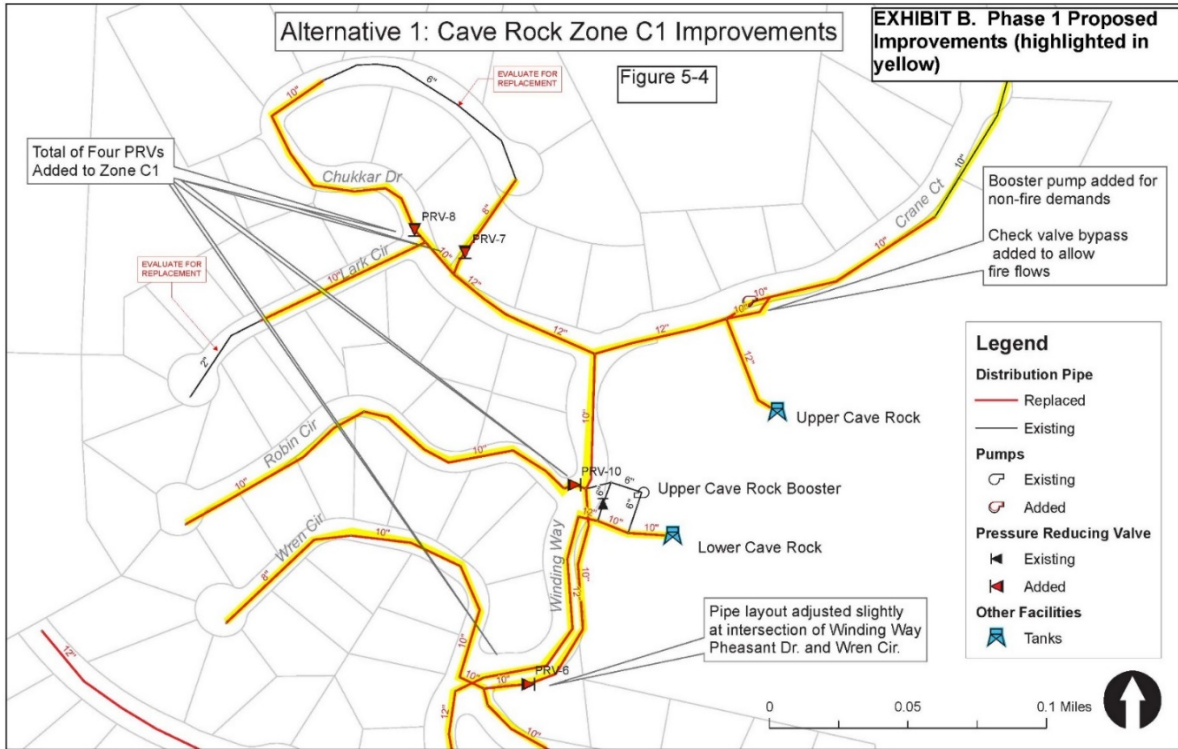
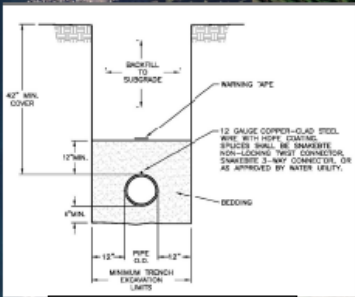
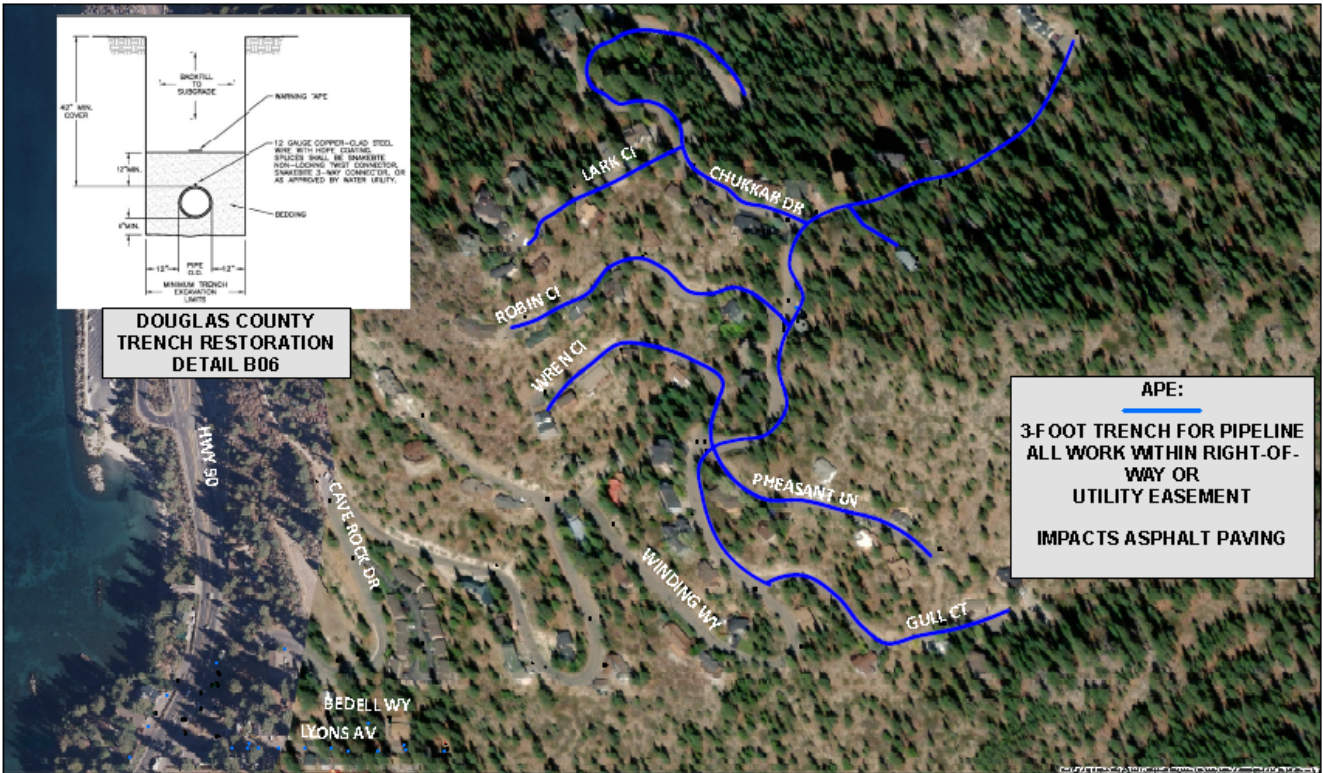


Exhibit _____. Year 2021 Water Line Replacements.



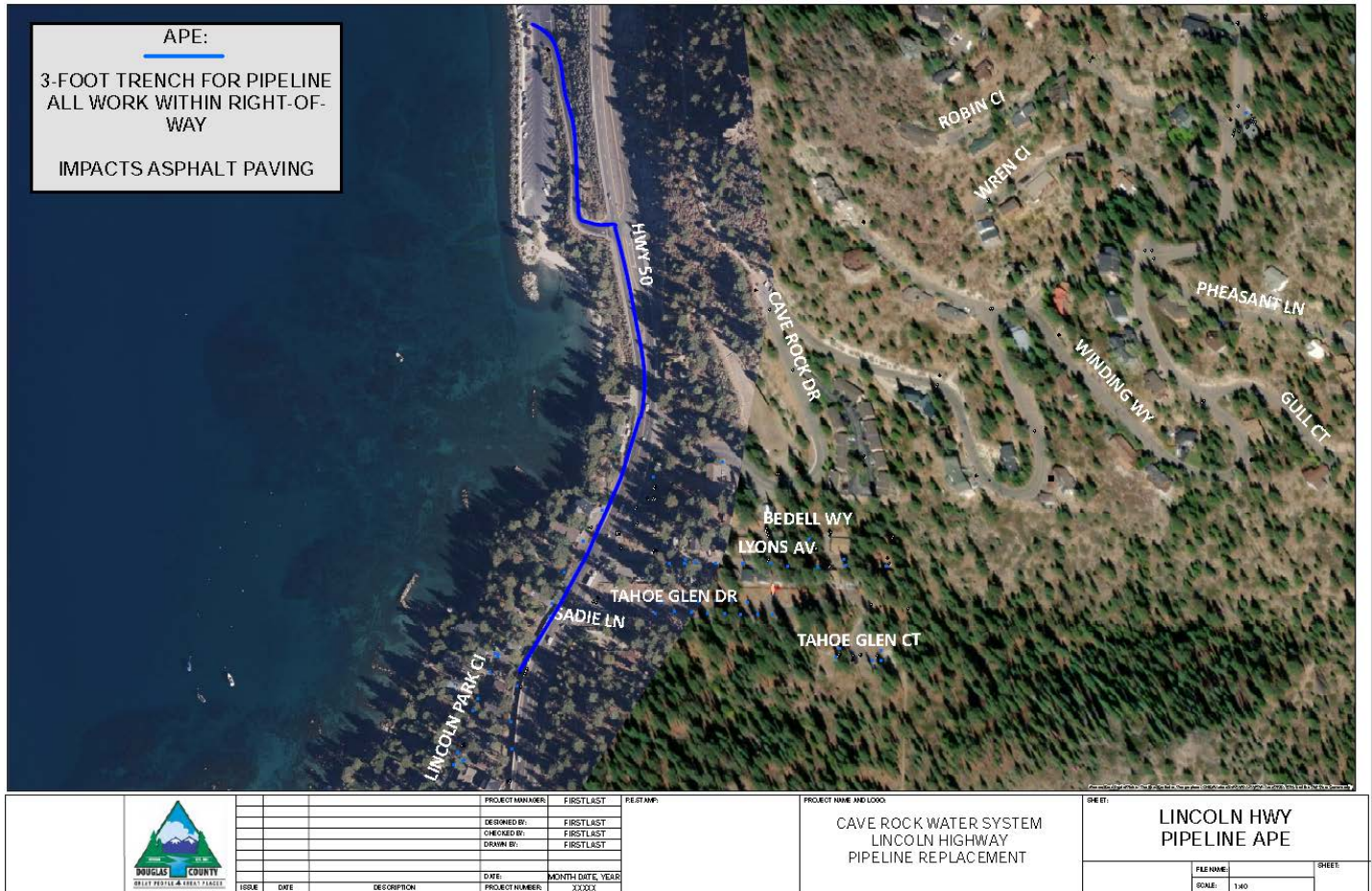
**DOUGLAS COUNTY
TRENCH RESTORATION
DETAIL B06**



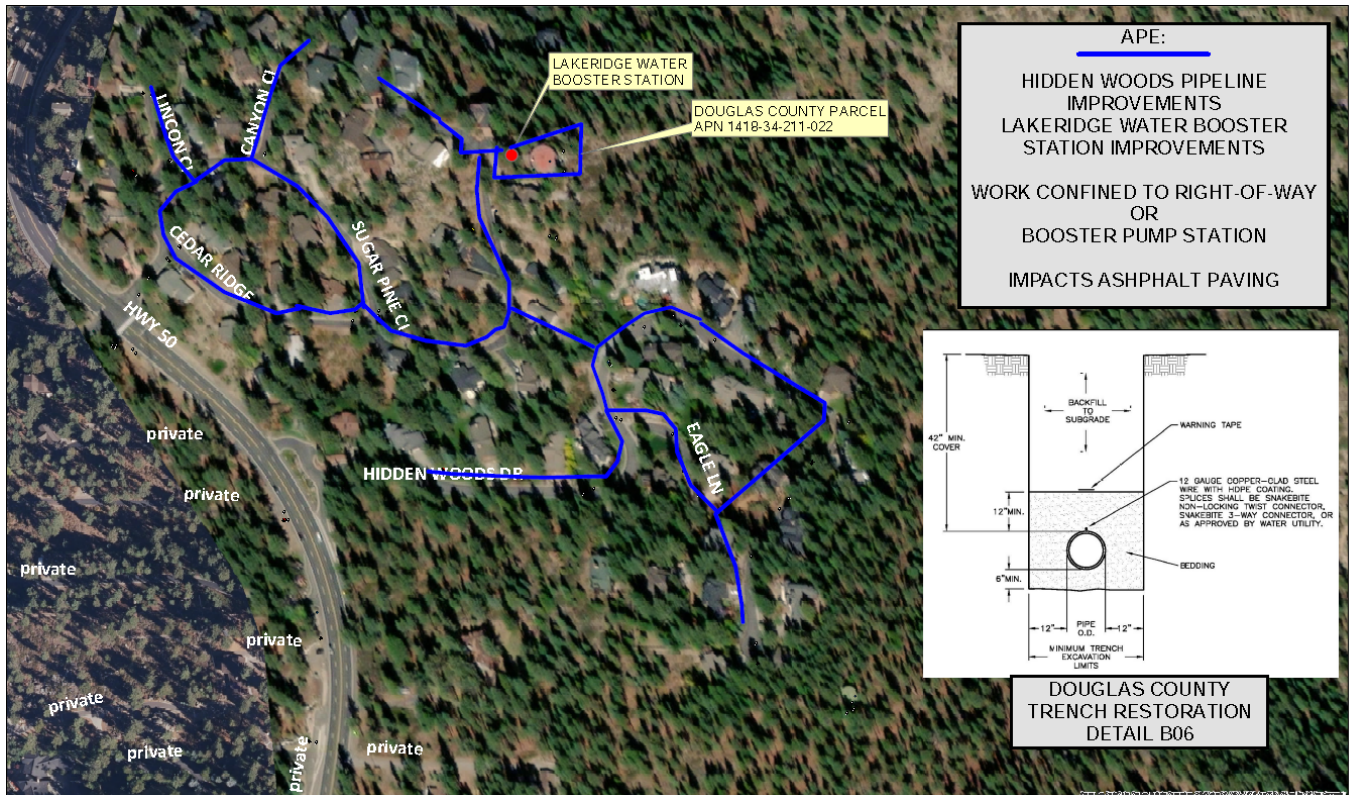
APE:
 3-FOOT TRENCH FOR PIPELINE
 ALL WORK WITHIN RIGHT-OF-
 WAY OR
 UTILITY EASEMENT
 IMPACTS ASPHALT PAVING


	PROJECT NUMBER	FRSTLEST	PROJECT NAME / TITLE CAVE ROCK WATER SYSTEM PIPELINE REPLACE	PIPELINE APE
	COORDINATOR	FRSTLEST		
	DATE	FRSTLEST		
	DESCRIPTION			
	STATUS			
	DATE	DESCRIPTION	PROJECT NUMBER / TITLE CAVE ROCK WATER SYSTEM PIPELINE REPLACE	SHEET NUMBER / TOTAL 146 / 146

Exhibit _____. Year 2022 Water Line Replacements.



	PROJECT NUMBER:		FIRSTLAST	PROJECT NAME AND LOCATION:	SHEET:
	DESIGNED BY:		FIRSTLAST	CAVE ROCK WATER SYSTEM LINCOLN HIGHWAY PIPELINE REPLACEMENT	
	CHECKED BY:		FIRSTLAST		FILE NAME:
	DRAWN BY:		FIRSTLAST	SCALE: 1:40	
DATE:		MONTH DATE YEAR	PROJECT NUMBER:	33302	
ISSUE	DATE	DESCRIPTION			



			PROJECT NUMBER:	FIRST LAST	PE STAMP:	PROJECT NAME AND LOGO: CAVE ROCK WATER SYSTEM- HIDDEN WOODS PIPELINE LAKERIDGE WATER BOOSTER STATION IMPROVEMENTS	SHEET:	
			DESIGNED BY:	FIRST LAST			HIDDEN WOODS APE	
			CHECKED BY:	FIRST LAST				
			DRAWN BY:	FIRST LAST				
			DATE:	MONTH DATE, YEAR			FILE NAME:	SHEET:
			PROJECT NUMBER:	23222			SCALE:	1:40



DATE	BY	DESCRIPTION	PROJECT MANAGER	FIRST LAST	PROJECT NUMBER
			DESIGNED BY:	FIRST LAST	
			CHECKED BY:	FIRST LAST	
			DRAWN BY:	FIRST LAST	
			DATE:	MO NTH DATE, YEAR	
			PROJECT NUMBER:	XXXXX	

PROJECT NAME AND LOGO:
**CAVE ROCK WATER SYSTEM
 LOWER CAVE ROCK
 BOOSTER STATION**

SHEET:	
F. LEA NAME	SHEET:
SCALE: 1"=40'	



APE:
PARCEL BOUNDARY FOR
WATER TREATMENT
PLANT UPGRADE
MINIMAL EXTERNAL WORK

 <small>DOUGLAS COUNTY</small> <small>2021 DESIGN & CONSTRUCTION</small>	<table border="1"> <tr><td>PROJECT MANAGER:</td><td>FIRST LAST</td><td>RES/EMP.</td></tr> <tr><td>DESIGNED BY:</td><td>FIRST LAST</td><td></td></tr> <tr><td>CHECKED BY:</td><td>FIRST LAST</td><td></td></tr> <tr><td>DRAWN BY:</td><td>FIRST LAST</td><td></td></tr> <tr><td>D.W.L.</td><td>MO NTH DATE, YEAR</td><td></td></tr> <tr><td>PROJECT NUMBER:</td><td>000000</td><td></td></tr> </table>			PROJECT MANAGER:	FIRST LAST	RES/EMP.	DESIGNED BY:	FIRST LAST		CHECKED BY:	FIRST LAST		DRAWN BY:	FIRST LAST		D.W.L.	MO NTH DATE, YEAR		PROJECT NUMBER:	000000		CAVE ROCK WATER SYSTEM WATER TREATMENT PLANT UPGRADE	TREATMENT PLANT APE					
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APE:

**CAVE ROCK WATER SYSTEM
WATER INTAKE PUMP STATION**

**WORK CONFINED TO INSIDE PUMP
STATION
AND SUBMERGED INTAKE LINE**

 <p>DOUGLAS COUNTY BUILT PEOPLE & GREAT PLACES</p>			PROJECT MANAGER:	FIRST LAST	PROJECT NAME AND LOGO:	CAVE ROCK WATER INTAKE PUMP STATION APE					
			DESIGNED BY:	FIRST LAST							
				CHECKED BY:	FIRST LAST	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">FILE NAME:</td> <td style="width: 50%;">SHEET:</td> </tr> <tr> <td>SCALE: 1"=10'</td> <td></td> </tr> </table>		FILE NAME:	SHEET:	SCALE: 1"=10'	
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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.

RECOMMENDED MOTION

I move to approve the two individual resolutions for Douglas County which are intended to finance certain projects in an amount not to exceed \$16,500,000. Since the project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, \$250,000 of the principal will be forgiven.

RESOLUTION D13A-0121

Douglas County Cave Rock - Skyland 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Douglas County (Recipient) owns and operates a public municipal water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to address systemwide deficiencies by replacing ageing water line and other improvements within the Cave Rock and Skyland water service areas (Project); and
- WHEREAS:** The Project is included as project #21 on the NV DWSRF Priority List of water projects, effective July 2020; 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 “D13A-0121 Douglas County Cave Rock - Skyland 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 a commitment of funds in the amount not to exceed \$16,250,000 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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

RESOLUTION D13B-0121

Douglas County Cave Rock - Skyland 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Douglas County (Recipient) owns and operates a public municipal water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to address systemwide deficiencies by replacing ageing water line and other improvements within the Cave Rock and Skyland water service areas (Project); and
- WHEREAS:** The Project is included as project #21 on the NV DWSRF Priority List of water projects, effective July 2020; 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 “D13B-0121 Douglas County Cave Rock - Skyland 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 \$250,000 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 20, 2021

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 2021

Gerlach General Improvement District

Amount and Term	Recommendation
<u>\$128,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to the Gerlach General Improvement District (Gerlach) to rehabilitate transmission line appurtenances between spring source and the town of Gerlach.

Community Information

Location	Gerlach is in Washoe County, 107 miles north of Reno
Structure	General Improvement District (NRS 318), a community public water system (PWS) – NV0000071
Population	120
Service Connections	112 Residential; 24 Commercial; 15 Other

Project for Funding

Need The applicant reports that numerous valves on the water transmission line are no longer operable and need to be replaced. These repairs will allow Gerlach to better regulate water flow, shut down the system in an emergency, and monitor inline water quality and flow.

Chosen Project The project includes replacing two inline valves and installing one additional valve in the existing pipeline which runs from the treatment plant to the town of Gerlach. The project will also:

- Repair the pressure relief valve system
- Replace two 4" and two 8" gate valves
- Rebuild two CLA-VAL pressure reducing valves
- Install electrical service to a building that houses the pressure relief system
- Replace one flow meter and two pressure gauges
- Install five gate valves, two gauges, and two meters at the point of connection on the water transmission pipeline (between Garden and Railroad Springs)

Project Alternatives Given the age and condition of the existing features, the “no action” alternative is not a feasible alternative. Other project alternatives are not submitted for review at this time; however, given the general scope of the project and the geography limiting the existing pipeline and easements, the proposed project is considered a reasonable alternative.

Maps Maps are attached to this report.

Timeline Design: Complete
 Construction Procurement: First quarter of 2021
 Construction Award: early Second quarter of 2021
 Completion: July 2022

Sources of Project Funding

	DWSRF	Local	Total
Planning	\$0	\$4,500	\$4,500
Design, Inspection, and Construction Management	\$0	\$0	\$0
Equipment and Materials	\$128,500	\$10,500	\$138,500
Administrative	\$0	\$2,000	\$2,000
Totals	\$128,000	\$17,000	\$145,000

Previous Commitments and Studies

Gerlach received a NV DWSRF principal forgiveness loan for \$374,775 to replace a 300,000 gallon-capacity storage tank. The project was completed in 2018, followed by a one-year warranty inspection conducted in July 2019. There were no reported concerns regarding performance issues.

Environmental Review

NDEP conducts environmental reviews of water projects, as authorized by Nevada law¹. 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 and may be exempt from further substantive environmental review.

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

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. The public and the Board will be notified of this project via the electronic DWSRF mailing list. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

Gerlach Board of Trustees submitted a letter to NDEP, recognizing "the need to replace the failing valves on the water transmission line which services the town of Gerlach and confirm their direction to Gerlach staff to submit an application to the State Revolving Fund for financial support for this project." The Gerlach Public Works supervisor was authorized to sign this application.

Current System Information

Infrastructure Gerlach has two mountain springs that are used as water supply sources, three spring vaults to collect groundwater, and three storage tanks – one 105,000 gallon-capacity, one 150,000 gallon-capacity, and one 300,000 gallon-capacity. Additional facilities in this PWS include a uranium reduction facility and a chlorinator and distribution system.

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

Compliance NDEP's Bureau of Safe Drinking Water (BSDW) conducted the most recent sanitary survey of Gerlach in October 2015. No significant deficiencies were noted. A new survey is anticipated in the near future.

A review of information available from the Drinking Water Watch module found that one major violation – related to monitoring routines – was issued by BSDW in February 2020. No other unresolved, pending, or current violations are noted in the module.

Water Conservation Plan The most recent water conservation plan was prepared in January 2014. A copy of the approved plan is currently available on the Nevada Division of Water Resources website.

Information related to permitted water rights was not included in this plan. Based on 2014 estimates for usage patterns in the service area, approximately 75 to 85 gallons per capita consumption was estimated. A residential lawn watering restriction was considered and deemed unnecessary due to customers voluntarily reducing outdoor water usage. The plan also notes that Gerlach has completed an emergency management plan.

Water conservation plans must be updated every five years and comply with Nevada statutes².

Technical Capacity Gerlach conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Gerlach employs a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. Gerlach has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity Gerlach is managed by a five-member governing board. They have had successful construction projects in the past, as well as staff experienced with construction oversight. Gerlach has demonstrated managerial capacity for NDEP to recommend funding support.

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

Financial Information as of June 30, 2020*:

- Unrestricted cash: \$380,793
- Days cash on hand: 1,299
- Outstanding debt: \$0
- Operating income before depreciation: \$137,709
- Current ratio: 439.56
- Debt coverage: N/A (no debt)

*Financial information is independently audited by Eide Bailly.

² Nevada Revised Statutes (NRS) 540.121 to 540.151

User Water Rates The water rates established sufficiently cover operation, maintenance, debt service, and reserves for the system.

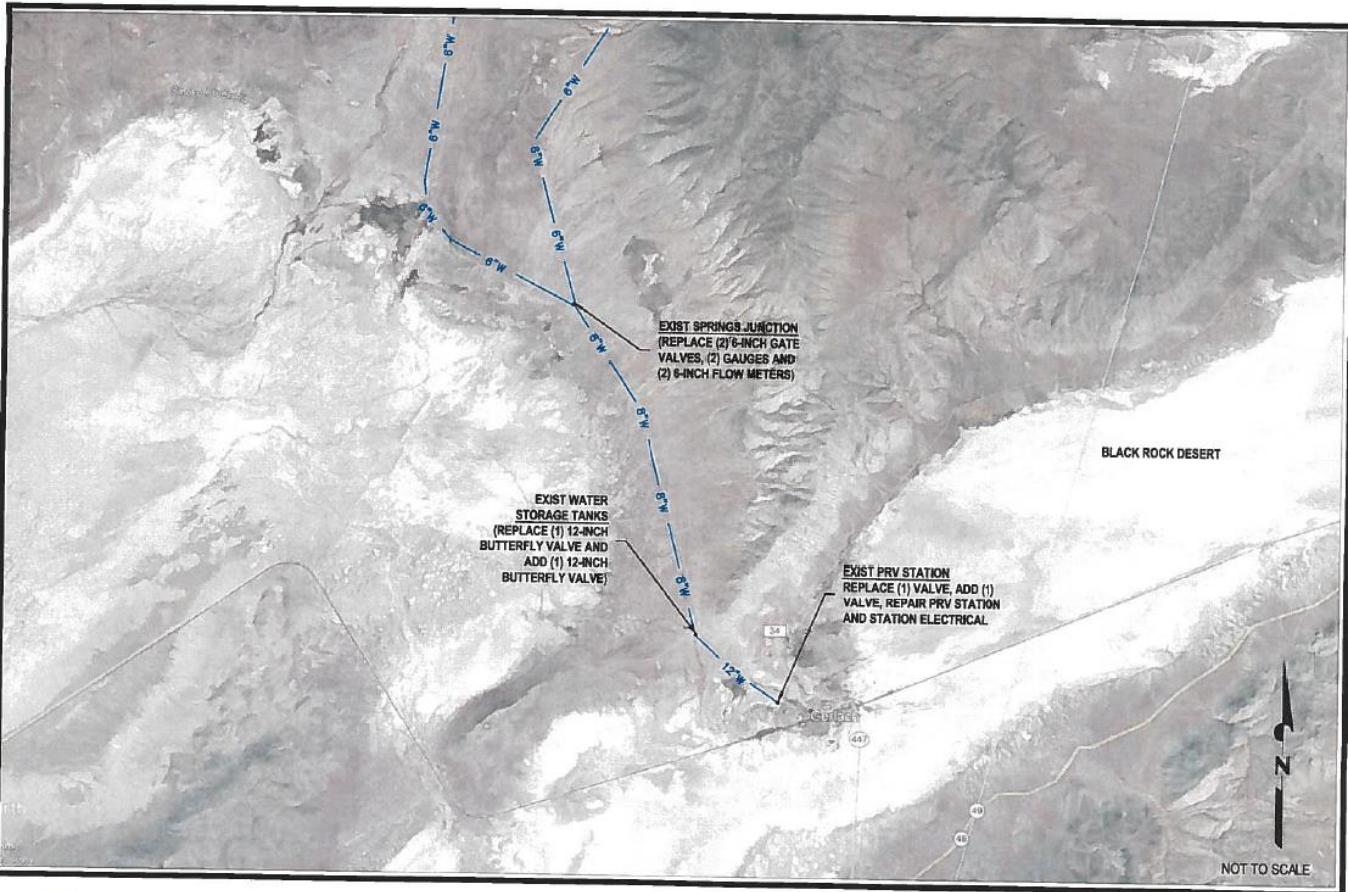
- Residential base rate per user per month: \$39.20 (0-10,000 gallons)
- Commodity rate - \$.0008/gal (10,001-20,000 gallons)
- Average water rate/use for system: \$39.20 (8,812 gallons)

Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan agreement as part of a condition to receive principal forgiveness funding.

Capital Replacement Reserve Account The district is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The balance as of June 30, 2020 is \$461,035. The proposed funding agreement will contain a requirement to maintain this reserve account.

DWSRF Principal Forgiveness Eligibility Criteria The water system meets the definition of a disadvantaged community, per NAC 445A.675245.

MAPS AND EXHIBITS



PROJECTS SITE MAP
GERLACH GID
SRF APPLICATION





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:

- 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D12-0121 Gerlach General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$128,000. 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 D12-0121

Gerlach General Improvement 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 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List-Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Gerlach General Improvement District (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to rehabilitate transmission line appurtenances between spring source and the town of Gerlach (Project); and
- WHEREAS:** The Project is included as project #56 on the Priority List effective July 2020 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 “D12-0121 Gerlach General Improvement 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 \$128,000 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 20, 2021

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 2021

McGill Ruth Consolidated Sewer & Water GID (Ruth)

Amount and Term	Recommendation
<u>\$433,750</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve loan and commitments to the McGill Ruth Consolidated Sewer and Water General Improvement District (McGill Ruth) for the repairs and rehabilitation of a 1.5 million-gallon water storage tank for the town of Ruth.

Community Information

Location	McGill (NV0000163) is in White Pine County, approximately 20 miles northeast of Ruth and 12 miles north of Ely. Ruth (NV0000164) is in White Pine County, approximately seven miles west of Ely.
Structure	McGill Ruth is a general improvement district that manages both the town of Ruth and the town of McGill's Sewer and Water systems.
Population	440 in the town of Ruth
Service Connections	Residential: 274 Commercial: 3 Other (White Pine County): 8

Project for Funding

Need McGill Ruth has identified a need within Ruth. Currently, Ruth purchases water from Ely, conveying it along a 7-mile water main with the aid of a booster pump station. McGill Ruth recognizes this is not a sustainable means of providing water to Ruth. Ruth obtained funding from the DWSRF in July 2020 to develop a preliminary engineering report (PER) and environmental review (ER). These will

identify a new, sustainable water source. Ruth has also identified an immediate need to rehabilitate their storage capacity.

The Ruth tank is on the neighboring Robinson Mine property. This tank is in disrepair and has needed upgrades for several years. The community recently re-negotiated their lease with the Robinson Mine for the land the tank sits on. The community received a 40-year-plus right-of-way to access, repair, and use the tank on mine property. Getting this storage tank back online is essential to the community; the project is independent of finding a new water source. Ruth has saved some funding to repair the tank, but is considerably short. McGill Ruth is now seeking DWSRF funding to address the Ruth tank.

Chosen Project Repairing Ruth’s tank is a high priority project necessary to re-establish Ruth’s capacity. The proposed project will replace some corroded steel in the tank, add a water circulator, and sandblast/repaint the tank.

Project Alternatives Storage capacity is an integral part of water infrastructure. This is the only tank for Ruth. As such, no action is not an alternative. Based on specifics and available data, the project has no other reasonable alternatives to consider.

Maps Maps are attached to this report.

Timeline Contract Procurement: February 2021
Completion: February 2022

Sources of Project Funding	DWSRF	Local	Total
	Design, Inspection, and Construction Management	\$65,250	\$0
Construction/Improvements	\$335,000	\$100,000	\$435,000
Construction	\$33,500	\$10,000	\$43,500
Totals	\$433,750	\$110,000	\$ 543,750

Previous Commitments and Studies

PER and ER for new well – July 2020:

A PER and ER to address water infrastructure is currently being funded by a DWSRF principal forgiveness loan. This PER and ER aim to explore new wells for a sustainable water source.

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. A PER for the proposed alternatives indicated the need for a few minor mitigation strategies.

The chosen project will require an environmental assessment by the applicant. Consultation with appropriate crosscutting agencies will be completed. An environmental review and a Section 106 consultation with the State Historic Preservation Office will be conducted by NDEP's Office of Financial Assistance.

The project will not affect wetlands, floodplains, agricultural lands, or significant fish or wildlife habitats. National landmarks will also be unaffected, as well as properties with historic, architectural, prehistoric, archeological, or cultural value. The public and the Board will be notified of this project via the electronic DWSRF mailing list. The notice will also be posted to the Nevada State Clearinghouse and NDEP websites.

Community Engagement

- **Ely:** Additional concerns over the future capability of Ely's system to meet Ruth's drinking water needs prompted McGill-Ruth GID to prepare a PER to consider alternative water sources. A further study of one of the potential well sites is currently underway. The community is aware of these efforts.
- **March 23, 2020:** McGill Ruth, with engagement from the community and stakeholders, finalized an amendment of lease related to the Ruth tank with Robinson Nevada Mining Company. The new lease is for a 40-45 year initial term and 40 years of lease term from the date of "completion of the contemplated repairs and determination by the GID that the water tank is operational." These expire on or before March 2065. The rent to be paid by the GID is \$1 per year. If the mine were to need access to the site to deposit waste rock on the property, that may necessitate the tank's relocation. The mine will ensure water supply to Ruth is maintained during relocation activities, and that relocating the tank to a new location will be at its own expense.
- **July 20, 2020:** The governing board discussed and approved the submission of the SRF loan application and designated an authorized signatory for the same.

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

Current System Information

Infrastructure McGill Ruth has two groundwater springs/wells operated by McGill, as well as an 18-mile pipeline belonging to Ruth. The pipeline was used to convey water from springs in Ward Peak and several storage tanks. This infrastructure is currently not in use.

The Ruth portion of this consolidated system currently has an intertie from the Ely public water system and distributes water delivered from Murray Canyon in Ely. In 2018, a new well was drilled by Robinson Mine for Ruth's benefit. Due to the rapidly receding water table – currently measured at more than 1,000 feet below ground surface – this well no longer functions as a supply source. The system currently has a storage tank on the land leased from the Robinson Mine.

Water is currently routinely purchased from Ely Municipal Water Department (NV0000038); water is also purchased from Robinson Nevada Mining Company (NV0000855).

Compliance NDEP's Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey for McGill Ruth in 2013. It found that Ruth needed to develop a redundant water supply. This deficiency was corrected in July 2019 when a new well was built by Robinson Mine. However, this well soon became a non-source, compelling Ruth to continue to explore other options to build capacity. Currently, drinking water is purchased from Ely.

A review of information available from the Drinking Water Watch module of the Nevada State Drinking Water Information System found no unresolved, pending, or current violations.

Water Conservation Plan A copy of a water conservation plan for McGill Ruth was approved on July 22, 2011. It is currently available on the Nevada Division of Water Resources website.

Since this plan was last published, both short- and long-term sustainability of the community were frequently noted as a concern, due to limited and challenging drinking water supply options. Ruth is currently drafting a new water conservation plan.

Water conservation plans must be updated every five years to comply with Nevada statutes².

² Nevada Revised Statutes (NRS) 540.121 to 540.151

Technical Capacity McGill Ruth conducted a technical, managerial, and financial capacity survey in November 2019. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

This survey identified several technical capacity issues in need of improvements. Items of concern include the need to achieve water supply redundancy, a lack of back-up equipment, and the absence of tracking non-revenue water for Ruth.

McGill Ruth maintains a certified operator who has the technical knowledge and ability to operate both the treatment and distribution systems. The system is also compliant with all water quality monitoring and reporting requirements. McGill Ruth has demonstrated technical capacity for NDEP to support funding.

Managerial Capacity McGill Ruth is governed by a five-member board and employs a full-time utility manager to oversee operations and fiscal matters of both systems. McGill Ruth can conduct its affairs in a manner enabling the system to achieve and maintain compliance with federal and state requirements and regulations. They have demonstrated managerial capacity for NDEP to support funding.

Financial Capacity Based upon the financial information provided, McGill Ruth can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*

Unrestricted Cash: \$861,453

Days cash on hand: 1,143

Outstanding Debt: None

Operating Income before Depreciation: \$55,117

Current Ratio: 62.34

Debt Coverage: None

*Financial information is independently audited by Hinton Burdick.

User Water Rates The established water rates sufficiently cover operation, maintenance, debt service, and reserves for the systems.

- Residential base rate per user per month: \$19.00 + \$1/1000 gal (5,000 gallons)
- Commodity rate - Tier 2: \$2.00/1,000 gal (10,000 gallons)
- Commodity rate - Tier 3: \$3.00/1000 gal (over 10,000 gallons)
- Average water rate/use for system: \$37.00 (8,000 gallons)

Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan agreement as part of a condition to receive principal forgiveness funding.

Capital Replacement Reserve Account McGill Ruth is maintaining a capital replacement reserve account as required by previous capital improvement grant funding requirements. The balance as of June 30, 2019 is \$200,000. The proposed funding agreement will contain a requirement to maintain this reserve account.

**DWSRF Principal
Forgiveness
Eligibility Criteria**

The 2020 Intended Use Plan outlines criteria for systems to be eligible for principal forgiveness funding. A system must achieve 50 points on the scale to determine eligibility. McGill Ruth received 60 points based on Ruth's economic conditions. Points were earned for Ruth's unemployment rate, the project's affordability, and for serving less than 10,000 people. Having the only source of supply or storage starting to fail was also a factor.

MAPS AND EXHIBITS

MAP



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:

- Will review their 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 re-evaluated every five (5) years.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D13-0121 McGill Ruth Consolidated Sewer & Water General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$433,750. 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 D13-0121

McGill Ruth Consolidated Sewer & Water General Improvement 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** McGill Ruth Consolidated Sewer & Water General Improvement District (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to replace or rehabilitate a water storage tank (Project); and
- WHEREAS:** The Project is included as project #72 the Nevada DWSRF Priority List Effective July 2020 of water projects 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 “D13-0121 McGill Ruth Consolidated Sewer & Water General Improvement 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 \$433,750 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 20, 2021

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 2021

Esmeralda County

Amount and Term	Recommendation
<p><u>\$366,118</u></p> <p>Principal Forgiveness from DWSRF</p>	<p>The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Esmeralda County for radio read meters within the town of Goldfield and the town of Silver Peak.</p>

Community Information

- Location** Both towns are located within Esmeralda County, NV.
- Goldfield is located approximately 30 miles south of Tonopah on Highway 95 and approximately 184 miles north of Las Vegas.
 - Silver Peak lies at the end of State Route 265, 20 miles south of US Route 6 and 30 miles west of Goldfield.

Structure Public Water Systems
Goldfield NV000072 & Silver Peak NV000363

Population Goldfield Utility serves 375 residents; Silver Peak serves 111.

Service Connections	Goldfield	Silver Peak
Residential Connections	277	95
Commercial Connections	33	13
Industrial Connections	0	0
Other: Haul	5	Various/non-specific

Project for Funding

Need for Project Esmeralda County is a political subdivision of the State of Nevada created by NRS 243.080. The towns of Goldfield and Silver Peak are townsites conveyed to Esmeralda County by the federal government. Public water systems (PWSs) serve areas in both townsites. Groundwater wells are the water source for both systems.

The applicant is seeking funding to support two projects: Esmeralda (Goldfield, #63 on the Priority List) and Esmeralda (Silver Peak, #77 on the Priority List). Both projects will replace aging or inefficient meters with radio read meters. This will improve water management and auditing capabilities. The projects will also considerably reduce staff time spent reading the meters every month.

Installing a radio read/drive-by system for Esmeralda County Utilities will also benefit water conservation efforts. Goldfield Utilities has over 308 active meters and 23 inactive meters in the system, 80 percent of which are 20-plus years old. Silver Peak Utility has more than 95 active meters and 13 inactive meters in this system, 80 percent of which are over 20-plus years old. Water meters have a history of losing accuracy by 1 percent every year. Therefore, the system may not be accounting for actual water used and billable by up to 20 percent resulting in lost revenues and decreased conservation efforts. Installing new meters will also immediately alert the office of unusual activity (i.e. possible leaks) that would otherwise go unnoticed until the monthly meter read cycle. Replacing these meters will also free up labor/manpower for other utility needs. Currently it takes approximately four days per month to read all of the meters; the new meters will take as little as four hours to read. The new meters are also expected to minimize injuries related to traditional meter reading.

Chosen Project Both utilities have recently made infrastructure improvements after completing a preliminary engineering report (PER) to evaluate system needs. Alternatives are not being considered for this proposed project. This request includes purchasing and installing up to 450 new meters, meter lids, electronic data software, computers, and upgrading handheld devices. There is an associated cost for transferring data from the transmitters and/or transponders into the billing system. Staff will also be required to train on the new system. Temporary employees will be hired as needed to carry out necessary installations.

Other Project Alternatives Many water meters in these systems are over 20 years old. An estimated 20 percent of water usage is unaccounted for on an ongoing basis. As such, the county considers this project a high priority and believes doing nothing will have a significant impact on the economy and water conservation efforts.

Maps Maps are attached to this report.

Timeline The tentative schedule is as follows:

- Contract award: August 2021
- Project commencement: September 2021

Sources of Project Funding

	DWSRF	Local	Total
Equipment & Materials	\$287,183	\$0	\$287,183
Contingency	\$47,103	\$0	\$47,103
Administrative	\$31,832	\$0	\$31,832
Totals	\$366,118	\$0	\$366,118

Environmental Review

NDEP conducts environmental reviews of water projects as authorized by Nevada law¹. Projects that include replacing equipment or structures with no significant impact on the quality of the environment are eligible for a categorical exclusion. These projects may be exempt from further substantive environmental reviews.

A preliminary review for this project found that the area of potential effect (APE) should not cause any significant impact. The APE is limited to where meters will be upgraded for individual service connections. The current scope of the project is eligible for categorical exclusion. A concurrence on the project with the State Historic Preservation Office will be obtained prior to signing a final commitment of financial assistance.

The project will not affect wetlands, floodplains, agricultural lands, or fish and wildlife habitats. National landmarks will also be unaffected, as well as properties with historic, architectural, prehistoric, archeological, or cultural value. The public and the Board will be notified of this project via the electronic DWSRF mailing list. The notice will also be posted to the Nevada State Clearinghouse and NDEP website.

Community Engagement

- August 4, 2020 board meeting
- September 1, 2020 board meeting
- December 1, 2020 board meeting, Board of County Commissioners discussed and approved authorizing the Public Works director to submit a Nevada State Revolving Fund loan application in an amount not to exceed \$366,118.

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

Current System Information

Infrastructure

Goldfield Utility sources water from two ground water wells. Water from the wells is first collected into a 20,000-gallon storage tank. It is then boosted, by pumps, to another 20,000-gallon storage tank. It is finally boosted to an arsenic treatment facility. The treated water is then stored in two storage tanks: a 200,000-gallon capacity tank and a 366,000-gallon capacity tank. Water is then distributed to customers through asbestos cement pipes and 4-8" PVC pipes.

The Silver Peak PWS sources water from two ground water wells and uses one 260,000-gallon storage tank. Gravity provides system pressure to the two pressure zones. Water is then distributed to customers through 6" & 8" PVC main lines.

Both systems use chlorination for disinfection.

Compliance **Goldfield PWS:** NDEP's Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey of this system in May 2019.

BSDW noted one minor deficiency related to storage facility maintenance. Goldfield Town Water received a PWS permit from BSDW on July 30, 2020. The system was also notified that their arsenic running annual average (0.017 mg/L) was above the standard (0.010 mg/L).

Silver Peak PWS: BSDW noted that the storage facility needed to be equipped with telemetry or a visual water level indicator. It was noted as a minor deficiency. The only significant deficiency noted was related to a lack of secondary containment for a chlorine tank. The most recent permit for Silver Peak PWS was issued with no violations.

For both systems, any pending deficiencies would be addressed by the applicant separately from proposed project.

Water Conservation Plan(s) The Goldfield PWS and Silver Peak PWS each have water rights of up to 300 acre-feet per year. Water conservation plans for both systems were last updated and approved by the Nevada Division of Water Resources (NDWR) in June 2020. The county is currently addressing NDWR’s comments. Revised versions of each approved plan will be available on the NDWR’s website.

Both systems are adopting water-use regulations to promote water conservation during non-emergency situations. The operators also acknowledge and actively engage with the community via outreach efforts. Water conservation plans must be updated every five years and comply with Nevada statutes².

Technical Capacity Both systems conducted a technical, managerial, and financial capacity (TMF) survey in December 2020. This is a useful tool for water systems to conduct a self-assessment to better understand strengths and weaknesses in their capacity to operate a system.

Both systems employ a certified operator who has the technical knowledge and ability to operate the systems. Esmeralda County has demonstrated technical capacity for NDEP to support funding.

The county notes that both systems have undergone systemwide upgrades in the past ten years.

Managerial Capacity A three-member governing board oversees the system management. The governing board employs a full-time operator to each system to oversee operations and fiscal matters. Besides the operators, Goldfield Utility has one full-time and part-time employee; the Silver Peak Water system employs one part-time employee.

The county has had successful construction projects in the past for both Goldfield and Silver Peak. Staff is experienced with project oversight. System operators can achieve and maintain compliance with federal and state requirements and regulations.

Financial Capacity Based on the financial information provided, Esmeralda County can meet its short-term and long-term financial needs.

Financial Information as of June 30, 2019*		
	Goldfield	Silver Peak
Unrestricted cash	\$377,577	\$285,385
Days cash on hand	912	2,824
Outstanding debt	\$459,991	\$315,865
Operating income before depreciation	\$422,495	\$72,213
Current ratio	12.41	78.91
Debt Coverage ratio	0.59	No debt

*Financial information is independently audited by Daniel McArthur

² Nevada Revised Statutes (NRS) 540.121 to 540.151

User Water Rates The established water rates sufficiently cover operation, maintenance, debt service, and reserves for the system.

	Goldfield*	Silver Peak
Residential Base Rate	\$26.00/month (0-2,000 gallons)	\$38.00/month (0-12,000 gallons)
Average Usage	15,000 gallons/month	15,000 gallons/month
Average Residential Use Rate	\$58.50/month	\$41.00/month

*Goldfield receives a parcel fee of \$100 per parcel for water.

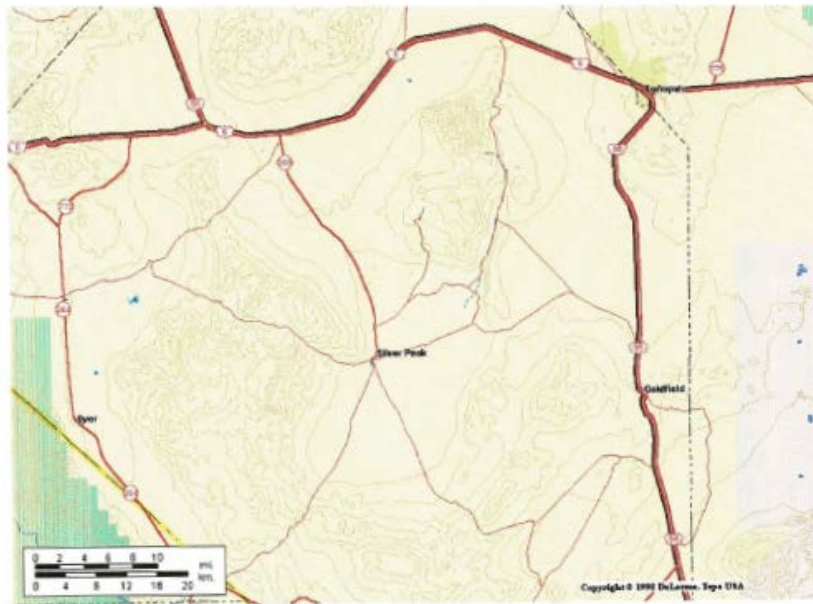
Fiscal Sustainability Plan A fiscal sustainability plan will be required in the loan. NDEP has received the county's certification that they will meet the requirements of a fiscal sustainability plan for each community prior to the final disbursement of funds from the loan.

Capital Replacement Reserve Account The County is maintaining a capital replacement reserve account as required by previous capital improvement grant funding agreements. The current balance for Goldfield PWS is \$151,116 and that for Silver Peak PWS is \$33,202. The proposed funding agreement will contain a requirement to maintain these reserve accounts.

DWSRF Principal Forgiveness Eligibility Criteria Both water systems meet the definition of a disadvantaged community per NAC 445A.675245.

MAPS AND EXHIBITS

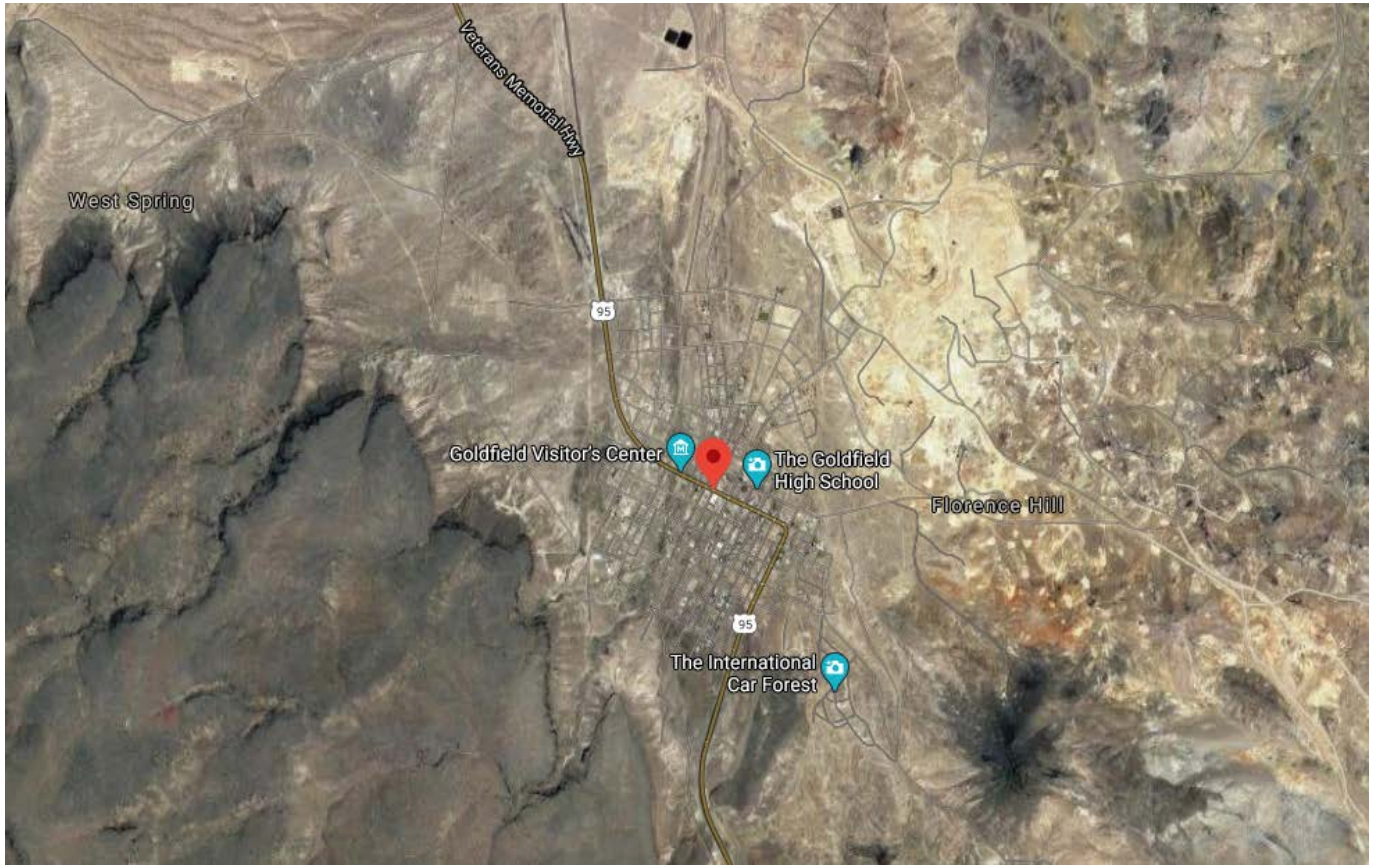
Silver Peak is on Route 265, approximately 22 miles due west of Goldfield, Nevada.



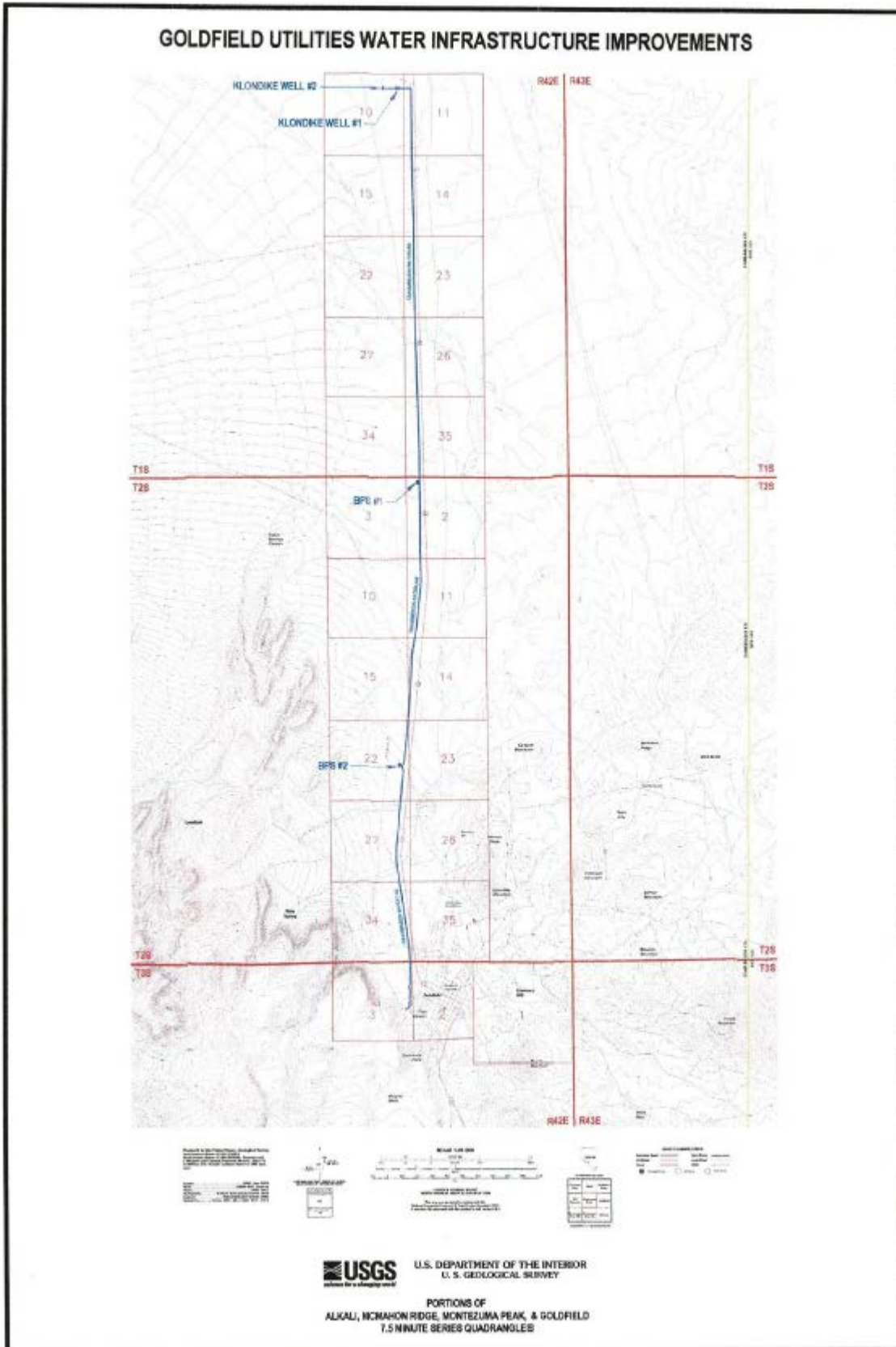
Silver Peak:



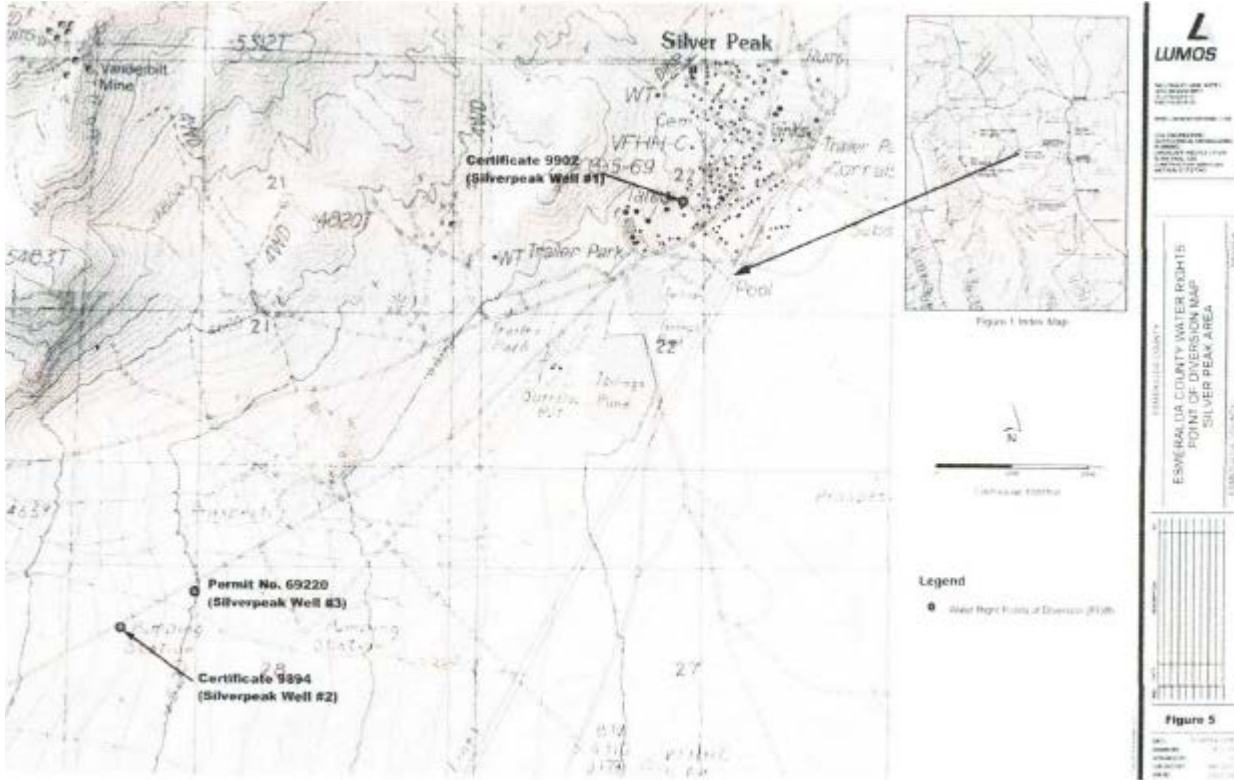
Goldfield:



Goldfield Water Service Area:



Silver Peak Water Service Area



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 re-evaluated every five years.

RECOMMENDED MOTION

I move to approve the resolution titled “D16-0121 Esmeralda County Goldfield and Silver Peak Water Systems Meter Upgrades Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$366,118. 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 D16-0121

Esmeralda County Goldfield and Silver Peak Water Systems Meters Upgrade 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 July 29, 2020, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2020 which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Esmeralda County (Recipient) owns and operates two public community water systems, namely Goldfield Town Water System and Silver Peak Water System in Nevada; and
- WHEREAS:** The Recipient submitted two pre-applications to NDEP for funding a project to install meter upgrades for radio read; and
- WHEREAS:** The Project is included as Esmeralda (Goldfield) #63 and Esmeralda (Silver Peak) #77, on the Nevada DWSRF Priority List—Effective July 2020 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 “D16-0121 Esmeralda County Goldfield and Silver Peak Water Systems Meters Upgrade 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 \$366,118 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 20, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

NRS 349.983 Purveyors of water that are eligible to receive grants; preference for smaller systems; matching money from other sources.

- (a) Were in existence on January 1, 1995; and
- (b) Are currently publicly owned.

2. In making its determination of which purveyors of water are to receive grants pursuant to paragraph (a) of subsection 1 of NRS 349.981, the Board shall give preference to those purveyors of water whose public water systems regularly serve fewer than 6,000 persons.

3. Each recipient of a grant pursuant to paragraph (a) of subsection 1 of NRS 349.981 shall provide an amount of money for the same purpose. **The Board shall develop a scale to be used to determine that amount, but the recipient must not be required to provide an amount less than 15 percent or more than 75 percent of the total cost of the project for which the grant is awarded. The scale must be based upon the average household income of the customers of the recipient, and provide adjustments for the demonstrated economic hardship of those customers, the existence of an imminent risk to public health and any other factor that the Board determines to be relevant.**

SCALE TO DETERMINE GRANT AMOUNT

Community

<u>I. Project Need</u>	<u>Points</u>	
A. Acute health concern per current Drinking Water State Revolving Fund Loan (SRF) priority list.	15	
B. Chronic health concern per current SRF priority list.	10	
C. System condition per current SRF priority list.	5	No change to this section
Project Points		0

<u>Community Need for State Assistance</u>	<u>Points</u>	
State Median Household Income (MHI)/Public Water Supply MHI per current SRF priority list, recent income survey or most recent US census:		
1.75 or more (very low income)	75	
1.60 – 1.74	50	
1.45 – 1.59	30	
1.30 – 1.44	20	
1.15 – 1.29	10	This section would be updated to analyze the average, or mean household income rather than the median, or middle, household income.
1.00 – 1.14	0	
Project Points		0

<u>Monthly Residential Water Rate on Date of Application:</u>	<u>Points</u>	
1. Below the Board's policy for monthly water rates	0	
2. At or above the Board's policy for monthly water rates	20	
Project Points		0

Board has a policy on sufficient water rates that would determine eligibility. This section would be updated to provide more points to more expensive sufficient rates for the community.

<u>Property Tax Rate:</u>	<u>Points</u>	
At State Ceiling of \$3.64 per \$100 of assessed value	5	
\$3.28 - \$3.63	4	
\$2.95 - \$3.27	3	
\$2.65 - \$2.94	2	
\$2.64 or less	0	
Project Points		0

Section would be removed. Points added to monthly residential water rates.

<u>Persons Regularly Served per Safe Drinking Water Information System maintained by the Bureau of Safe Drinking Water:</u>		<u>Points</u>
Fewer than 500		25
500 - 999		15
1000 - 1999		8
2000 - 3999		4
4000 - 5999	No change to this section	2
6000 and above		0
Project Points		0

<u>Other Factor(s)</u>	<u>Points</u>
This project will reduce water leakage and other water losses by at least 25%.	5
Approved & up-to-date Water Conservation Plan per NRS 540.131, .141, & .151	2
Water conservation effectiveness (based upon residential equivalents NAC 445A.66325)	2
Metered community charging financially responsible metered rate	10
Asset management plan in place	1
O&M, Cross-connection control & Emergency response plans in place & being implemented	3
Wellhead protection program in place	1
Project management in place	2
Daily inspections by qualified inspector planned	2
Applicant has obtained alternate funding up to the maximum financial extent possible	15
Project Points	0

Section updated to encourage proper management and fiscal oversight for the system in advance of applying for grant funding.

<u>Deduction(s)</u>	
Second home/vacation homes account for >30% of connections	-30
Applicant is at or above the State MHI and has not adequately funded a capital replacement fund	-30
Applicant did not perform adequately on prior grant	-25
Applicant failed to submit required financial & progress reports for prior grant project	-10
Opportunity for local or regional cooperation not utilized	-30
Points Deducted	Minor edits recommended to this section.
	0

Subtotal Project Points **0**
Maximum Points are 150 (if negative, no grant award) **0**

Grant %	25%
Eligible project costs	\$500,000.00
Grant amount = Eligible project costs x Grant Scale	\$125,000.00
Matching money required from other sources	\$375,000.00

Capital Improvements Grant Program

Scale to Determine Grant Amount

Effective January 20, 2021

NRS 349.983(3) Each recipient of a grant pursuant to paragraph (a) of subsection 1 of NRS 349.981 shall provide an amount of money for the same purpose. The Board shall develop a scale to be used to determine that amount, but the recipient must not be required to provide an amount less than 15 percent or more than 75 percent of the total cost of the project for which the grant is awarded. The scale must be based upon the average household income of the customers of the recipient, and provide adjustments for the demonstrated economic hardship of those customers, the existence of an imminent risk to public health and any other factor that the Board determines to be relevant.

Project Need	Possible Points	Community Points
Acute health concern per current Drinking Water State Revolving Fund Loan (SRF) priority list.	15	
Chronic health concern per current SRF priority list.	10	
System condition per current SRF priority list.	5	
Project Points		0

Community Need for State Assistance	Possible Points	Community Points
State Mean Household Income/Public Water Supply Mean Household Income, recent income survey or most recent US census:		
1.75 or more (very low income)	70	
1.60 – 1.74	50	
1.45 – 1.59	30	
1.30 – 1.44	20	
1.15 – 1.29	10	
1.00 – 1.14	0	
Project Points		0

Adopted Sufficient Residential Water Rate	Possible Points	Community Points
Sufficient rate is below 1.5% of the communities Median Household Income	0	
Sufficient rate is 1.5% to 2.0% of the communities Median Household Income	15	
Sufficient rate is above 2.0% of the communities Median Household Income	25	
Project Points		0

Persons Regularly Served per Bureau of Safe Drinking Water Information System	Possible Points	Community Points
Fewer than 500	25	
500 - 999	15	
1000 - 1999	8	
2000 - 3999	4	
4000 - 5999	2	
6000 and above	0	
Project Points		0

Capital Improvements Grant Program

Scale to Determine Grant Amount

Effective January 20, 2021

Other Factors	Possible Points	Community Points
Approved, up-to-date Operations and Maintenance Manuals, Cross-Connection Control Plans, and Emergency Response Plans	5	
Approved, up-to-date Water Conservation Plan	3	
Approved, up-to-date source water protection program in place	5	
Asset management plan and/or fiscal sustainability plan in place and updated within the last five (5) years	15	
Applicant has obtained alternate funding up to the maximum extent possible	15	
Project Points		0

Deductions	Possible Points	Community Points
Applicant has not committed to adequately funding a capital replacement fund	-30	
Second home/vacation homes account for >30% of connections	-30	
Applicant did not demonstrate adequate project management or project oversight on prior grant that reduced project delays and cost over-runs.	-25	
Applicant failed to timely submit required financial reports, draw requests, and progress reports for prior grant project	-10	
Opportunity for local or alternate funding not utilized	-30	
Project Points		0

Subtotal Project Points **0**
Maximum Points are 150 (if negative, no grant award) **0**

Grant % **25%**

Eligible project costs

Grant amount = Eligible project costs x Grant Scale

Matching money required from other sources

Capital Improvements Grant Program
 Impact on revised Scale to Determine Grant Amount

Project Details					Existing Scale		Revised Scale		Effect of Revision		
County Location	Population Served	Mean Household Income	Median Household Income	Project Cost Estimate							
White Pine	700	56,245.00	66,818.00	\$1,000,000.00	55%	\$550,000.00	55%	\$550,000.00	0.0%	\$0.00	
Churchill	750	65,350.00	51,514.00	\$1,000,000.00	49%	\$490,000.00	52%	\$522,000.00	3.2%	\$32,000.00	
Lincoln	900	55,234.00	56,875.00	\$1,000,000.00	41%	\$406,000.00	38%	\$382,000.00	-2.4%	-\$24,000.00	Other items
Pershing	5,278	50,417.00	41,696.00	\$1,000,000.00	60%	\$598,000.00	55%	\$550,000.00	-4.8%	-\$48,000.00	Water Rates
Clark	9,300	44,783.00	33,851.00	\$1,000,000.00	71%	\$714,000.00	74%	\$742,000.00	2.8%	\$28,000.00	
Nevada		77,319.00	57,598.00								

RECOMMENDED MOTION FOR CAPITAL IMPROVEMENTS GRANT SCALE TO DETERMINE GRANT AMOUNT

I move to approve the revised "Capital Improvements Grant Scale to Determine Grant Amount." This revision is consistent with the intended requirements of NRS 349.983(3). The revised scale shall be used to evaluate all new projects seeking funding from the Capital Improvements Grant program from the time of adoption forward and will not impact previous board-approved loans, including the loans approved during this meeting.