

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

Drinking Water Program Funding Updates as of December 1, 2021

Cash in fund		\$74,176,405
Less debt service reserves	(5,831,538)	
Add undrawn grant balance	6,204,549	
Available for projects		\$74,549,417
Committed funds not yet disbursed	30,903,982	
Add commitments for Board consideration	3,362,295	
Add projects in discussion with OFA	35,000,000	
Total committed funds after Board Approval	69,266,277	
Lowest cash flow balance in three (3) years	\$25,740,776	

Drinking Water Cash Flow Projections¹

	Year 1	Year 2	Year 3
Cash balance forward	\$74,549,411	\$62,877,042	\$98,333,747
Receipts from grants awarded	11,221,760	12,343,936	0
Receipts from Infrastructure Grant awarded	21,538,551	36,543,062	
Transfer to the CWSRF program ²	(30,000,000)		0
Receipts from bonds issued	4,999,689	5,000,000	0
Receipts from treasurer's interest ³	289,773	248,043	435,066
Receipts from loan principal	13,943,078	13,965,976	13,782,165
Receipts from loan interest	3,919,010	3,577,110	3,229,702
Payments for debt service on bonds	(3,162,456)	(3,096,375)	(3,013,675)
Payments for loan recipients ⁴	(34,591,887)	(34,333,385)	(407,000)
Change in debt service reserves	170,113	1,208,338	
Cash balance forward	\$62,877,042	\$98,333,747	\$117,360,005

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

² Transfer to CWSRF is dependent upon budget approval and EPA consent

³ Estimated at 0.4% A.P.R. on undisbursed cash in the fund. Subject to change.

⁴ Includes loans not yet approved by the Board for Financing Water Projects

Drinking Water Grant Conditions for Principal Forgiveness

Current funds to obligate for principal forgiveness loans	\$5,803,640
Less projects for board consideration	\$3,362,295
Available funds to obligate for principal forgiveness loans after board meeting	\$2,441,345

Program Updates

- **Bi-partisan Infrastructure Bill (BIB)**
 - Funding in the BIB bill is in addition to the normal annual appropriations.
 - Normal appropriation expected to remain flat for five years: \$59,286,640
 - BIB infrastructure, BIB Emerging Contaminants (additional)⁵: \$344.9 million
 - BIB infrastructure increases in amounts over five years
 - All four grants come with set-aside funding:
 - Small Systems: up to \$1.6 million annually
 - Local assistance: up to \$11.8 million annually
 - State program management: up to \$6.8 million annually
 - Administration: up to \$2.8 million annually
 - Four annual grants come with special requirements for additional subsidy in the form of principal forgiveness loans. The grant would require these funds to be distributed to systems that meet the state's definition of a disadvantaged community. Here are the cumulative grant values:

▪ BIB Infrastructure: Mandates 49%	\$60 million
▪ BIB Emerging Contaminants: Mandates 100%	\$52.5 million
▪ BIB Lead Service Line: Mandates 49%	\$83.2 million
▪ Normal Appropriations Mandates 12% ⁶	\$7.1 million
▪ Total principal forgiveness	\$202.9 million
- **NDEP to propose changes to the State Debt Management Policy**
 - Outreach to water utilities to identify roadblocks to funding
 - Proposed changes to the State Treasurer's Office by January 2022
- **NDEP to recommend Drinking Water Regulation updates**
 - Update definitions to conform with other parts of NAC and other housekeeping changes
 - Updates to federal program changes
 - Definition of a disadvantaged community
 - Address emergency situations for drinking water systems
 - Administrative fee for loans

⁵ Includes \$169,862,391 specific to lead service line replacement.

⁶ The percentage for the normal appropriation may be increasing to 40% in response to the Justice40 Initiative. NDEP is awaiting US EPA guidance at this time.

**Board for Financing Water Projects
Capital Improvements Grant Program
December 2021**

Capital Improvements Grant Program Funding Update as of December 1, 2021

Current Cash:	\$ 2,549,416.73
Reserved for Administration	\$ 15,294.01
Committed funds not yet disbursed	\$ 2,543,951.72
Projects for Consideration:	\$ 7,988,550.00
Un-committed funds:	\$ 0¹

Committed funds not yet disbursed:			
GP2101	Lovelock Meadows Water District	Storage Tank 2 rehabilitation	\$487,500.00
GP2102	Churchill County	New well for redundant source requirements	\$411,195.72
GP2104	Alamo Sewer and Water GID	Arsenic Treatment	\$693,026.00
GP2103	Las Vegas Valley Water District (Big Bend)	Treatment plant improvements; storage rehabilitation; distribution; electrical controls	\$500,000.00
GP2105	Las Vegas Valley Water District (Blue Diamond)	Pipe replacement, storage, and backup well.	\$452,230.00
Total			\$2,543,951.72

Projects for consideration			
GP2105	Las Vegas Valley Water District (Blue Diamond)	ADD FUNDS: Pipe replacement, storage, and backup well.	\$3,748,050
#21	Las Vegas Valley Water District (Big Bend)	Phase II Construction	\$1,233,980
#22	Golconda	Spring rehabilitation	\$ 793,000
#27	Topaz Ranch Estates GID	New redundant Source	\$1,645,520
#41	Las Vegas Valley Water District (Big Bend)	Riverbank filtration project	\$ 568,000
Total			\$7,988,550

¹ Includes estimated bond interest earnings for the next 12 months

Current Bond authority:

NRS 349.986(1): The State Board of Finance shall issue general obligation bonds of the State of Nevada to support the purposes of the program established by <u>NRS 349.981</u> . The aggregate principal amount of such bonds outstanding at any one time may not exceed \$125,000,000.	\$125,000,000
Outstanding general obligation bonds as of December 1, 2021	(\$28,478,000)
2021B GO issuance	(\$8,000,000)
Available for issuance	\$88,522,000

AB 492	2021 Legislative Session, Section 13	\$8,000,000
	Less 2021B Series issued December 7, 2021	\$8,000,000
	Remaining Authority from 2021 session	\$0

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

Board for Financing Water Projects

December 2021

Las Vegas Valley Water District (Big Bend Water System)

Amount and Term	Recommendation
<u>\$ 504,020</u> Additional Principal Forgiveness funds from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional loan and grant commitments to Las Vegas Valley Water District (Big Bend Water System) system-wide rehabilitation project for upgrades.
<u>\$ 1,233,980</u> Additional Capital Improvement Grant funds	

Original commitments

Project The system has various equipment and infrastructure components that are aging 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 Phase II of the project will fund the following components:

- Reduction of Pressure Transients - \$60,000
- Filter Valves and Actuators Replacement - \$150,000
- PLC Upgrade - \$770,000
- SCADA PC/Server Hardware Upgrades - \$93,000
- Raw Water Pumping Station Electrical Upgrades - \$300,000
- Chemical Feed System Upgrades - \$200,000

NDEP, in collaboration with the applicant's consultant team has completed environmental review for both phases of this project. The public comment period for the proposed environmental review and findings was concluded on August 26, 2021. Subsequently, NDEP has granted a finding of no significant impact for the Phase I and Phase II of this project.

On September 10, 2021, State Historic Preservation has concurred with the Section 106 package submitted to them covering both the Phase I and Phase II of this project.

Resolution and conditions D10-0121 Las Vegas Valley Water District (Big Bend Water District) Project Loan Commitment Resolution adopted January 20, 2021. The board approved an amount of \$1,000,000 principal forgiveness funding from the DWSRF and \$500,000 from the Capital Improvements Grant Program to fund the following items:

- Impressed current cathodic protection (ICCP)
- Rehabilitation of the 1130 Zone potable water tank
- Treatment plant ozone generator room HVAC replacement
- Pumping station motor control centers upgrades.

This funding included conditions for a fiscal sustainability plan, sufficient rates, and a capital replacement reserve account.

Need for additional funds The original scope of the project remains the same; to replace aging infrastructure components throughout the system. Big Bend Water System intends to return to the program for phase II should funding be available to continue this multi-phase project.

This community is considered disadvantaged and is eligible for 71% grant funding from the Capital Improvements Grant program. Since program funds are available, the first phase of the project was signed October 15, 2021, and the loan commitment is a principal forgiveness loan, NDEP agreed to recommend to the Board an amendment to the original contract for additional funds to complete phase II.

Timeline	Phase II
Construction Start	Jan 2022
Initiation of Operations	Jan 2023

Explanation of timeline changes Timeline for the original phase I of the project remains the same.

Sources of Project Funding	Original DWSRF and Capital Improvements Grant Funding	Additional DWSRF funds	Additional Capital Improvement Grant Funds	Total
Planning	\$65,000			\$65,000
Design, inspection, & Construction Management	\$153,000			\$153,000

Construction / Improvements	\$1,282,000	\$504,020	\$1,233,980	\$3,019,980
Construction Contingency				
Totals	\$1,500,000	\$504,020	\$1,233,980	\$3,238,000
Total DWSRF funding: \$1,504,020				
Total Capital Improvement Grant Funding: \$1,733,980				

Current system changes and updates

Technical Technical support and conditions remain consistent since January 2021.

Managerial Managerial oversight and structure remain consistent since January 2021.

Financial Financial conditions remain consistent with previous funding set in January 2021.

Loan conditions The original loan conditions will not be altered. They are:

- PWS 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 ADDITIONAL FUNDS

I move to approve the resolution titled “D07A-1221 Las Vegas Valley Water District (Big Bend Water System) Loan Commitment,” which is intended to provide additional funding to certain projects in an amount not to exceed \$504,020.

RESOLUTION D07A-1221

Project Loan Commitment(s)

- 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** The Project is included as project #21 on the current Priority List Effective July 2021 of water projects; and
- WHEREAS:** NDEP and the Recipient entered into loan contract DW2108 on October 15, 2021 in order to pay for system improvements and rehabilitation; 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 consent resolution shall be known as the “D07A-1221 Las Vegas Valley Water District (Big Bend 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 and the conditions for funding as outlined in the staff report.

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 \$504,020 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW2108 would therefore be \$1,504,020.

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 DECEMBER 15, 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:

- 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 CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G07B-1221 Las Vegas Valley Water District (Big Bend Water System) Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$1,233,980.

RESOLUTION G07B-1221

Las Vegas Valley Water District (Big Bend Water System) 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 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 (Big Bend Water System) (Applicant) has applied to the Board for a grant for a project having eligible costs estimated to be \$3,238,000 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 “system-wide rehabilitation project for upgrades” (Project); and

WHEREAS: NDEP and the Recipient entered into grant funding agreement GP2103 on October 20, 2021 in order to pay for system improvements and rehabilitation; 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 “G07B-1221 Las Vegas Valley Water District (Big Bend Water System).

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 additional grant funds to the Applicant in an amount not to exceed \$1,233,980 of eligible project costs estimated to be \$3,237,980. The total commitment to grant GP2103 would therefore be \$1,733,980.

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 DECEMBER 15, 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.

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

Board for Financing Water Projects

December 2021

Las Vegas Valley Water District (Blue Diamond Water System)

Amount and Term	Recommendation
<u>\$3,748,050</u> Additional Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional grant commitments to the Las Vegas Valley Water District (LVVWD), for their Blue Diamond Water System rehabilitation project for pipe replacement, expand water storage, and to construct and equip a backup well.

Original commitments

- Project** Project is addressing the need to improve the existing Blue Diamond water system, to reliably meet state and federal water quality regulations and improve water supply reliability. The PWS currently relies on two private wells with declining water levels. Replacement of corroded pipelines will conserve water, ensure reliable water services, and protect water quality from possible contamination through leaks and corrosions. Construction of a new water storage tank and pump station will provide this remote community with adequate water storage for emergency, operational, and fire flow conditions. Installation of fire pumps to the existing pumping station and replacement of the discharge pipeline will also help meet fire flow requirements. Replacement of existing standpipes with standard fire hydrants will provide additional fire protection.
- Resolution and conditions** G08-0421 Las Vegas Valley Water District, Blue Diamond Water System Upgrade Project Grant Commitment Resolution was adopted on April 28, 2021. The Board granted funds in an amount not to exceed \$452,230 of eligible project costs.
- Need for additional funds** Blue Diamond is eligible for 35% of eligible projects costs, based on the Board's Scale to Determine Grant Amount policy (revised January 2021). A lessor amount was approved on April 28, 2021 due to available program funds. Additionally, costs on the initial project have increased approximately 45%.

Timeline	Original (Phase I)	Phase II (See Appendix A)
Design	Complete	March 2022 (3630 Zone pumping Station) through October 2023 (Equip Backup Well)
Construction Bid	November 2021	TBD
Construction Start	January 2022	TBD
Initiation of Operations	April 2022	November 2024 (3630 Zone Pumping Station) – May 2026 (Equip Backup Well)

Explanation of timeline changes LVVWD has advanced the needed funds to commence the Blue Diamond Water System Rehabilitation Project (Blue Diamond Project). The Blue Diamond Main Replacement project, the first phase of the Blue Diamond Project, is at 100% design stage. Per the executed agreement between Army Corps of Engineers (ACE) and LVVWD, ACE will reimburse LVVWD at 75% of the project costs with ACE \$3 million authorized fund to date. ACE will continue acquiring necessary funds for the remaining phases of the Blue Diamond Project. LVVWD has increased water rates which will be effective on January 1, 2022. LVVWD also applied to the State for additional funding.

Project Funding Changes	Original	Additional	Total
Construction / Improvements	\$452,230	\$3,748,050	\$4,200,280
Totals	\$452,230	\$3,748,050	\$4,200,280

*Please see Appendix A for original (April 2021) cost breakdown

Explanation for changes in budget LVVWD has updated the project costs based on the escalating costs in the market. The applicant, via email dated 10/7/2021, reported that an updated cost of \$14,708,442.00 from the prior estimated total project cost of \$10,058,000.00. Via a letter to NDEP dated 11.17.2021, the applicant requested additional funding based on a further revised total project cost of \$15,205,000.00 and to consider the LVVWD's funding request with the factor of the escalating costs as well. (See Appendix A)

Opportunity for other funding The LVVWD reported that project cost revisions were provided to the Army Corps of Engineers (ACE); the ACE has reportedly accepted the updated costs and informed LVVWD that they will address the increased costs in the next fund authorization for the Blue Diamond project.

Current system changes and updates

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

Managerial The Blue Diamond Water System is owned and operated by LVVWD. The 7-member LVVWD Board of Directors, which is responsible for governing the district's activities, is composed of the Clark County Commissioners. Blue Diamond PWS is noted to have developed effective methods of communication with the customers. The only significant managerial deficiency noted in the December 2020 TMF survey is that funding depreciation is not factored into the budgeting. This funding agreement will require a capital asset reserve account be established and funded by the end of the project.

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

Financial Information as of December 4, 2020:

Unrestricted Cash: \$17,074,085

Days cash on hand: 22

Outstanding Debt: \$2,932,265,488

Operating Income before Depreciation: \$98,796,905

Current Ratio: 1.74

Debt Coverage: .26

Financial information is independently audited by BDO USA, LLP.

Grant conditions The funding agreement 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.
 - Grant commitment is contingent upon Las Vegas Valley Water District securing a grant from the Army Corps of Engineers as a partner funder to this project.
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Appendix A

LVVWD estimated probable cost estimates – April and October 2021

1. Budget – LVVWD Blue Diamond
 - a. The original for the project – April 2021

	DWSRF Funding	Local Funding	Other	Totals by Use
Planning				
Design & Engineering		\$296,000	\$888,000	\$1,184,000
Land Acquisition				
Equipment/Materials				
Construction/Improvements	\$452,230	\$1,766,270	\$6,655,500	\$8,874,000
Administrative				
Financing Costs				
Totals by Source	\$452,230	\$2,062,270	\$7,543,500	\$10,058,000

- b. *A revised cost breakdown of total project costs and funding resources (October 2021)

	DWSRF Funding	Local Funding	Army Corps of Engineers	Totals by Use
Planning				
Design & Engineering		\$505,582	\$1,516,747	\$2,022,329
Land Acquisition				
Equipment/Materials				
Construction/Improvements	\$452,230	\$2,719,298	\$9,514,585	\$12,686,113
Administrative				
Financing Costs				
Totals by Source	\$452,230	\$3,224,881	\$11,031,332	*\$14,708,442

*This total was further revised to \$15,205,000 and requested additional funding of \$3,748,050.00

Cost revisions are based on the following project schedule:

Project Schedule (tentative) for the rest of the Blue Diamond Project:

- Design and Construction of 3630 Zone Pumping Station: March 2022- November 2024
- Design and Construction of Replacement Tank, Pumping Station Discharge Pipeline and PRV, and New Power Service: October 2022-December 2025
- Development and Equipping of One Backup Well: October 2023-May 2026

Capital Improvements Grant Program Authority and Purpose

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

Capital Improvements Grant Conditions

The funding agreement 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.
- Grant commitment is contingent upon Las Vegas Valley Water District securing a grant from the Army Corps of Engineers as a partner funder to this project.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENTS GRANT

I move to approve the resolution titled "G07C-1221 Las Vegas Valley Water District (Blue Diamond Water System) Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$3,748,050.

RESOLUTION G07C-1221

Las Vegas Valley Water District (Blue Diamond Water System) 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 (Blue Diamond Water System) (“Applicant”) has applied to the Board for a grant for a project having eligible costs estimated to be \$15,205,000 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 “system-wide rehabilitation project for upgrades” (“Project”); and

WHEREAS: NDEP and the Recipient intend to enter into grant funding agreement GP2105 in order to pay for system improvements and rehabilitation; 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 “G07C-1221 Las Vegas Valley Water District (Blue Diamond Water System).

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 additional grant funds to the Applicant in an amount not to exceed \$3,748,050 of eligible project costs estimated to be \$15,205,000. The total commitment to grant GP2105 would therefore be \$4,200,280.

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 DECEMBER 15, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving

Board for Financing Water Projects

December 2021

Silver Springs Mutual Water Company

Amount and Term	Recommendation
\$ 100,000 Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan to the Silver Springs Mutual Water Company for preparing a preliminary engineering report and environmental review to address the source water supply redundancy need.

Management and Structure

- Loan Recipient and Structure** Silver Springs Mutual Water Company (SSMWC) (Applicant) owns and operates the public water system (the PWS).
- Project system** The SSMWC PWS (NV0000223) is Lyon County, Nevada. The PWS serves both residential and commercial customers.

System Project for Funding

Priority List This project is listed as class III project and ranked 43 on the DWSRF Project priority list effective July 2021.

Need The SSMWC routinely draws source water using three wells. The Lake Street Well functions as the largest production well and was constructed in 1979. This well is currently fitted with a 100HP Line Shaft Turbine and normally yields about 1000 gallons per minute. On May 13, 2010, the Lake Street Well was inspected via video. Moderate tuberculation was noted but no subterranean improvements were made due to no observed loss in production at that time. On June 11, 2021 Carson Pump LLC removed all downhole equipment from the borehole and inspected the well via video on June 14, 2021. The Applicant reported the following findings:

- Significant issues with the line shaft and bearings
- The pump bowls have been wearing against the low carbon well casing rendering the equipment not fit for reuse.
- The wire wraps screens for the most part are blanked off
- The SSMWC replaced the downhole equipment and performed a light brushing of the casing and re-inspected the casing on June 21, 2021. Results of brushing shows no noticeable improvements to the screens.

- The well has been taken out of operation due to gravel plugging the pump suction intake.
- Additionally, based on more than 40 years of continuous operation, the PWS deems this well to have reached its useful service life.

Even with the Lake Street Well offline, the SSMWC can continue to meet overall water production demands provided the two remaining wells remain operational. However, operation of the Lake Street Well is critical for the Applicant to meet the regulatory requirement for production redundancy.

Chosen Project The Applicant is requesting funding support to complete a preliminary engineering report to address the PWS’s need for maintaining the source redundancy. The PER scope will include an environmental review, well surveys, and if necessary, a pilot study/drilling a test hole to determine if the present well casing is viable or a new well either on site or elsewhere in the service area would be a recommended alternative.

Project Alternatives This is a planning only project. The scope of preliminary engineering report will include an evaluation of reasonable alternatives to address the source redundancy need.

Timeline	Draft PER to SSMWC:	March 25, 2022
	Draft PER + Environmental Report to NDEP-OFA:	April 22, 2022
	Final PER + Environmental Report to NDEP:	June 18 th , 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$100,000		\$19,900	\$119,900.00
Construction Contingency				
Totals	\$100,000		\$19,900	\$119,900.00

System Previous Commitments and Studies

DW1604 – DWSRF Project for Hydrogeologic Testing and Exploratory Drilling

In 2015, a \$500,000 principal forgiveness loan was committed by NV DWSRF to fund SSMWC hydrogeologic testing and exploratory drilling to replace the Deodar Well.

DW1802 – DWSRF Project for a new well to replace Deodar well

In June 2017, a \$500,000 principal forgiveness loan was committed by NV DWSRF to fund SSMWC to replace the Deodar Well. Subsequently, this loan was modified to increase the loan sum to \$591,577.00 to accommodate the then-revised project cost estimates. This project was completed as scheduled and the well is currently in use.

DW1911 – DWSRF Project Storage Tank Repairs

In June 2019, a \$279,270.00 principal forgiveness loan was committed by NV DWSRF to fund SSMWC to rehabilitate 1,000,000-gallon-capacity storage tank. This project was completed as scheduled in March 2021.

Environmental Review

Environmental Review for each of the alternatives will be part of the final deliverables (PER). Project alternatives that require well drilling at a new location will require careful evaluation of crosscutter consultation needs.

Community Engagement

The PWS governing board routinely conducts meetings that address the water system’s status and improvement needs. Silver Springs Mutual Water Company’s Board of Directors met in July 2020 to discuss and approve an authorization to seek priority list ranking for this project; a decision to seek SRF loan was discussed during the July 2021 and September 2021 meetings.

System Information

System Location Lyon County

System Population 3070

System Service Connections 1088

System Infrastructure The PWS currently serves via metered connections. The water is usually sourced from three wells (Deodar Replacement Well, Idaho Street Well, and Lake Street Well); the Lake Street Well has recently been taken out of service. Two other wells (Deodar Well and Well 1 at Fort Churchill) are currently inactive. The SSMWC has one arsenic removal water treatment plant (WTP), three storage wells of 1-million-gallon capacity each, one booster pump station, and the distribution system.

The Lake Street Well utilizes a 100HP vertical line shaft turbine pump and the Idaho Street Well utilizes a 100HP submersible pump. Both these wells pump directly into the WTP which utilizes a multimedia filtration system in conjunction with ferric chloride, sodium hypochlorite, and a polymer to reduce the arsenic concentration to below the USEPA Maximum Contamination Level of 10 parts per billion. The Deodar Well utilizes a 100HP submersible pump and has the capability to pump directly into the distribution system or to the arsenic removal WTP depending on the quarterly arsenic sampling results.

The arsenic treatment plant treats the water from the Lake Street Well and the Idaho Street Well, while the Deodar Well has an alternative monitoring plan.

The wells can service at a maximum rate of 100 gallons per minute (1,440,000 gallons per day (GPD)) and the maximum average usage per day is approximately 130,000 GPD.

Compliance The PWS does not have any open or unresolved compliance items.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$50.00 (0-15,000 gallons of water) • Commodity Rate: \$2.00/1,000 gallons over the base gallons • Average Water Rate/Use for system: \$50.00 <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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SSMWC Information

Water Conservation Plan The Nevada Division of Water Resources (NDWR) mandates a water conservation plan for all PWSs. Further, this plan must be prepared and updated every five years to comply with Nevada statutes¹. The SSMWC's water conservation plan was most recently approved in March 2020 and is accessible from NDWR's website.

Technical Capacity Evaluation of current capacity and identification of deficiencies, if any, will be part of the alternatives to be proposed within the PER. The applicant will be using an appropriately licensed professional engineering services and has conducted some preliminary site inspections as detailed above. SSMWC has recently completed a storage tank rehabilitation project supported by the NV DWSRF program. As such, the SSMWC has demonstrated sufficient technical capacity for NDEP to recommend funding support for the PER project.

Managerial Capacity SSMWC has a seven-member board that has been responsive to system needs and requests from NDEP. SSMWC has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 12/31/2020
 Unrestricted Cash: \$678,643
 Days cash on hand: 302
 Outstanding Debt: \$1,962,821
 Operating Income before Depreciation: \$611,253
 Current Ratio: 3.29
 Debt Coverage: 7.55

*Financial information is independently audited by Eide Bailly.

SSMWC has demonstrated financial capacity for NDEP to recommend funding support.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

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

Capital Replacement Reserve Account SSMWC is maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The current balance is \$305,738 (as of 12/31/2020). This 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 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.

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

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D08B-1221 Silver Springs Mutual Water Company Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$100,000. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D08B-1221

Silver Springs Mutual Water Company 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Silver Springs Mutual Water Company (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a preliminary engineering report and environmental review to address the source water supply redundancy needs; and
- WHEREAS:** The Project is included as project #43 on the Priority List Effective July 2021 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 “D08B-1221 Silver Springs Mutual Water Company Project Loan Commitment”

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

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

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

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

PASSED, ADOPTED, AND SIGNED December 15, 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

December 2021

Baker Water & Sewer GID

Amount and Term	Recommendation
<u>\$100,000</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 Baker Water & Sewer GID for a preliminary engineering report to replace untreated water supply currently in use by the Lehman Creek subdivision in Baker, Nevada, with safe and reliable drinking water supply.

Management and Structure

- Loan Recipient and Structure** Baker Water & Sewer General Improvement District (GID) is a non-profit public water system.
- Project system** The project is for the Lehman Creek Subdivision that currently does not have access to reliably safe drinking water supply. The Baker Water & Sewer GID (NV0000863) will be the undertaker for this PER project.

System Project for Funding

- Priority List** This project is listed as class II project and ranked 19 according to the DWSRF Project priority list effective July 2021.
- Need** The Lehman Creek subdivision in Baker, Nevada currently does not have access to a treated drinking water supply. The community continues to rely on untreated surface water for meeting their drinking water needs, just as the residents of this community did since the community was first established several decades ago. The Baker Water & Sewer GID (Applicant) that serves the town of Baker has been scoping for solutions for the long-standing problem of this community. The Applicant reports that in 2012 the subdivision procured water rights and drilled a well. However, given the historical and geological significance of the general area the project was not able to procure clearance from the crosscutters who are also vested in the long-term sustainability of the general natural resources, specifically, the ecologically sensitive Great Basin cave system. The Applicant reports that they have made recent progress with the crosscutter consultations, including with the

National Park Service, and that this solution meets the needs of the residents in conformance with various applicable state and federal regulatory frameworks.

Chosen Project The Applicant is requesting funding support to complete a preliminary engineering report (PER) to address the Lehman Creek Subdivision residents’ need to have access to a safe and sustainable supply of drinking water. The scope and result of this PER work will be focused on this need by presenting a comprehensive analysis of few reasonable alternatives. The PER scope will include assessment of environmental factors and initiation or completion of crosscutter consultations including that with the State Historic Preservation Office.

Project Alternatives This is a planning only project. The scope of the PER will include evaluation of reasonable alternatives to address the need for a sustainable long-term solution to establish access to safe drinking water supply. Tentative alternatives to evaluate could range from an alternative groundwater source to surface water treatment. The PER scope could potentially include an environmental review for each of the alternatives and consideration of financial and non-monetary factors as applicable.

Timeline NDEP acknowledges that, while the potential projects do not present atypical technological challenges, the evaluation of alternatives could require careful consideration to overcome complex non-monetary factors and permitting needs, and periodic collaboration with NDEP.

As such, the Office of Financial Assistance (OFA) will request periodic PER draft review meetings with borrowers and their selected engineering professional to discuss the status of the document (see loan conditions below).

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
	Planning	\$100,000		\$19,900
Construction Contingency				
Totals	\$100,000		\$19,900	\$119,900.00

System Previous Commitments and Studies

PER work addressing existing PWS system needs:

The Baker Water & Sewer GID has conducted substantive groundwork for a PER that also included existing PWS work and has identified some capital projects that they would like to pursue in combination with the proposed project or independently. Some of these needs include repair and upgrades to water mains and addressing fire flow needs. The proposed PER project, if approved, is anticipated to incorporate some of this prior work into the alternative considerations.

Environmental Review

Environmental Review for each of the alternatives will be part of the final deliverables (PER). Project alternatives tentatively will require extensive crosscutter consultations and the outcomes are anticipated to be included in the alternative comparison criteria. The PER scope also includes an initiation of consultation with the State Historical Preservation Office, as needed.

Community Engagement

The PWS governing board routinely conducts meetings that address the water system's current status and improvement needs.

System Information

System Location White Pine County

System Population The Baker Water & Sewer GID existing population is 85; capital project when complete will add 36 to 60 existing residents to the PWS service area.

System Service Connections Project aims to provide first time access to safe and reliable drinking water via 15 – 25 service connections.

System Infrastructure The Lehman Creek Subdivision currently does not have any public water system infrastructure as the residents currently access untreated surface water from the Lehman Creek using buckets or water hauling trucks.

The Baker Water & Sewer GID PWS has one active well, one inactive well, two 265,000-gallon storage tanks, a chlorinator, and a distribution system.

Compliance The Baker Water & Sewer GID currently does not have any outstanding violations. The most recent recorded violation entry occurred in 2010.

User Water Rates	<ul style="list-style-type: none">Residential base rate per user per month: \$38.00 (0-6,000 gallons of water)
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	<ul style="list-style-type: none"> • Commodity Rate: +\$50.00 for up to 15,000 • Average Water Rate/Use for system: \$38.00 (4000 to 6,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Baker GID Information

Water Conservation Plan The 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. The Baker Water & Sewer GID currently does not have an approved water conservation plan; if requested, technical service to assist the Applicant for the preparation of the water conservation plan could be arranged at no cost to the system.

Technical Capacity The Baker Water & Sewer GID has been heavily vested in resolving the lack of treated drinking water supply to the Lehman Creek Subdivision for a significant amount of time. The Applicant has provided the Division with details of the Baker Water & Sewer GID's ongoing efforts including a prior well project at the subject site, consultations with various crosscutters, and their prior preliminary engineering report work addressing the current and other items of significance to the existing Baker Water & Sewer GID PWS. GID has reasonable capacity to manage an evaluation of options and prepare a final preliminary engineering report. The Baker Water & Sewer GID has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity The Baker Water & Sewer GID has a five-member board that has been responsive to system needs and requests from NDEP. The Baker Water & Sewer GID has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 6/30/2021
 Unrestricted Cash: \$73,489
 Days cash on hand: 975
 Outstanding Debt: \$63,658
 Operating Income before Depreciation: \$11,738
 Current Ratio: 22.44
 Debt Coverage 2.28

*Financial information is independently compiled by McMullen McPhee

Baker GID has demonstrated financial capacity for NDEP to recommend funding support.

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

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

**Capital
Replacement
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.

**DWSRF 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.

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

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D08A-1221 Baker Water & Sewer GID Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$100,000. Since the project is eligible for additional subsidy as specified in Nevada’s Intended Use Plan, 100 percent of the principal will be forgiven.

RESOLUTION D08A-1221

Baker Water & Sewer GID 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Baker Water & Sewer 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 to complete a preliminary engineering report to replace untreated water supply currently in use by the Lehman Creek Subdivision in Baker, Nevada, with safe and reliable drinking water supply; and
- WHEREAS:** The Project is included as project #19 on the Priority List Effective July 2021 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-1221 Baker Water & Sewer GID Project Loan Commitment”

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

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

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

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

PASSED, ADOPTED, AND SIGNED December 15, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Loan Commitment from the Drinking Water State Revolving

Board for Financing Water Projects

December 2021

Silver Springs Mutual Water Company

Amount and Term	Recommendation
<u>\$ 75,375</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan to the Silver Springs Mutual Water Company for a preliminary engineering report and environmental review to address the need to install a second water main crossing the highway 50.

Management and Structure

- Loan Recipient and Structure** The Silver Springs Mutual Water Company (SSMWC) (Applicant) is a nonprofit entity that owns and operates a privately owned public water system (PWS).
- Project system** The SSMWC PWS (NV0000223) is in Lyon County and serves both residential and commercial customers.

System Project for Funding

Priority List This project is listed as class III project and is ranked 70 according to the DWSRF Project priority list effective July 2021.

Need The SSMWC routinely stores water in two storage tanks, commonly referred to as North Tanks, that serve as primary storage tanks. Further, the SSMWC has two pressure zones. The North Tanks provides zone 1 pressure and suction pressure to a booster facility which feeds a third 1-million-gallon storage tank (West Storage Tank) which supplies pressure to zone 2. The SSMWC has one (in/out) 12-inch main line crossing a major highway that feeds these two (2) 1-million-gallon primary storage tanks. The Applicant, as part of ongoing efforts to create system resiliency, has identified this single transmission line crossing the highway as a critical infrastructure weakness due in part to an incident during an NDOT highway construction project that nearly ripped out this crossing and due to the age and composition of this transmission line (Asbestos Cement Pipe). Any disruption to this water main would impact nearly 90% of the PWS customers.

Chosen Project The Applicant is requesting funding to complete a preliminary engineering report to address the PWS’s need for a second transmission line to cross the highway for redundancy and for improved looping to the existing system. The result of this PER will be to define project alternatives and a proposed project that will locate a redundant water main to cross Highway 50 and potentially provide improved looping to the existing system. The PER scope will include an environmental review.

Project Alternatives This is a planning only project. The scope of preliminary engineering report will include evaluation of reasonable alternatives to address the need for a redundant water main crossing Highway 50 by identifying two locations, and a new water storage tank located south of Highway 50.

Timeline

Draft PER to SSMWC:	March 2022
Draft PER + Environmental Report to NDEP-OFA:	April 2022
Final PER + Environmental Report to NDEP:	July 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
	Planning	\$75,375		\$13,305
Construction Contingency				
Totals	\$75,375		\$13,305	\$88,680.00

System Previous Commitments and Studies

DW1604 – DWSRF Project for Hydrogeologic Testing and Exploratory Drilling

In 2015, a \$500,000 principal forgiveness loan was committed by NV DWSRF to fund SSMWC hydrogeologic testing and exploratory drilling to replace the Deodar Well.

DW1802 – DWSRF Project for a new well to replace Deodar well

In June 2017, a \$500,000 principal forgiveness loan was committed by NV DWSRF to fund SSMWC to replace the Deodar Well. Subsequently, this loan was modified to increase the loan sum to \$591,577.00 to accommodate the then-revised project cost estimates. This project was completed as scheduled and the well is currently in use.

DW1911 – DWSRF Project Storage Tank Repairs

In June 2019, a \$279,270.00 principal forgiveness loan was committed by NV DWSRF to fund SSMWC to rehabilitate one 1,000,000-gallon-capacity storage tank. This project was completed as scheduled in March 2021.

Environmental Review

Environmental Review for each of the alternatives will be part of the final deliverables (PER). Project alternatives that require a new highway crossing location will require careful evaluation of crosscutter consultation needs. The proposed PER scope also includes an initiation of consultation with the State Historical Preservation Office.

Community Engagement

The PWS governing board routinely conducts meetings that address the water system's status and improvement needs. Silver springs mutual water company's board of directors met in July 2020 to discuss and approved an authorization to seek priority list ranking for this project; a decision to seek SRF loan was discussed in July 2021 and September 2021 meetings.

System Information

System Location Lyon County

System Population 3070

System Service Connections 1088

System Infrastructure The PWS currently serves via metered connections. The water is usually sourced from three wells (Deodar Replacement Well, Idaho Street Well, and Lake Street Well); the Lake Street Well has recently been taken out of service. Two other wells (Deodar Well and Well 1 at Fort Churchill) are currently inactive. The SSMWC has one arsenic removal water treatment plant (WTP), three storage wells of 1-million-gallon capacity each, one booster pump station, and the distribution system.

The Lake Street Well utilizes a 100HP vertical line shaft turbine pump and the Idaho Street Well utilizes a 100HP submersible pump. Both these wells pump directly into the WTP which utilizes a multimedia filtration system in conjunction with ferric chloride, sodium hypochlorite, and a polymer to reduce the arsenic concentration to below the USEPA Maximum Contamination Level of 10 parts per billion. The Deodar Well utilizes a 100HP submersible pump and has the capability to pump directly into the distribution system or to the arsenic removal WTP depending on the quarterly arsenic sampling results.

The arsenic treatment plant treats the water from the Lake Street Well and the Idaho Street Well, while the Deodar Well has an alternative monitoring plan. The wells can service at a maximum rate of 100 gallons per minute (1,440,000 gallons per day (GPD)) and the maximum average usage per day is approximately 130,000 GPD.

Compliance The PWS does not have any open or unresolved compliance items.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$50.00 (0-15,000 gallons of water) • Commodity Rate: \$2.00/1,000 gallons over the base gallons • Average Water Rate/Use for system: \$50.00 <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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SSMWC Information

Water Conservation Plan The Nevada Division of Water Resources (NDWR) mandates a water conservation plan for all PWSs. Further, this plan must be prepared and updated every five years to comply with Nevada statutes¹. The SSMWC's water conservation plan was most recently approved in March 2020 and accessible from NDWR's website.

Technical Capacity Evaluation of current capacity and identification of deficiencies, if any, will be part of the alternatives to be proposed within the PER. The applicant will be using an appropriately licensed professional engineering services and has conducted some preliminary site inspections as detailed above. SSMWC has recently completed a storage tank rehabilitation project supported by the NV DWSRF program. As such, the SSMWC has demonstrated sufficient technical capacity for NDEP to recommend funding support for the PER project.

Managerial Capacity SSMWC has a seven-member board that has been responsive to system needs and requests from NDEP. SSMWC has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 12/31/2020
 Unrestricted Cash: \$678,643
 Days cash on hand: 302
 Outstanding Debt: \$1,962,821
 Operating Income before Depreciation: \$611,253
 Current Ratio: 3.29
 Debt Coverage: 7.55

*Financial information is independently audited by Eide Bailly.

SSMWC has demonstrated financial capacity for NDEP to recommend funding support.

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

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

Capital Replacement Reserve Account SSMWC is maintaining a capital replacement reserve account as required by previous capital improvements grant funding agreements. The current balance is \$305,738 (as of 12/31/2020). This 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 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.

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

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D08C-1221 Silver Springs Mutual Water Company Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$75,375. 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 D08C-1221

Silver Springs Mutual Water Company 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Silver Springs Mutual Water Company owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding preliminary engineering report and environmental review to address a second water transmission main; and
- WHEREAS:** The Project is included as project #70 on the Priority List Effective July 2021 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 “D08C-1221 Silver Springs Mutual Water Company 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 \$75,375 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 December 15, 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

December 2021

Crystal Trailer Park

Amount and Term	Recommendation
<u>\$410,000</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 Crystal Trailer Park to connect to the Truckee Meadows Water Authority (TMWA) system and abandon the existing water wells.

Management and Structure

Loan Recipient and Structure Crystal Trailer Park is privately owned community public water system.

Project system The project is for Crystal Trailer Park (NV0000193).

System Project for Funding

Priority List This project is listed as class II chronic project and ranked 14 according to the DWSRF Project priority list effective July 2021.

Need Crystal Trailer Park public water system (PWS) has reported elevated levels of arsenic in their well source. The PWS currently serves water from an onsite water well which also was noted to have exhibited elevated concentrations of arsenic. Point of use water filter systems are being used by the PWS as temporary solution.

Chosen Project This project will connect the TMWA water main to the existing trailer park water distribution system and abandon the existing water well. The project components will include a hot tap connection to the TMWA water main, 8-inch mainline across highway 40, a water meter, backflow prevention and pressure reducing facilities. An existing fire hydrant will be part of the completed infrastructure to continue to meet fire safety needs of the Crystal Trailer Park community.

NDEP's Bureau of Safe Drinking Water (BSDW) has collaborated with TMWA and the Washoe County Health District to establish a consolidation process flow to streamline overall workflow and the various permits necessary for this consolidation. [Appendix B]

Maps Maps are attached to this report. [Appendix A]

Timeline

Design: Nov 2021

Construction Bid: Feb 2022

Construction Start: Mar 2022

Initiation of Operations: Mar 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
	Planning	\$5,000		
Design, inspection, and Construction Management	\$20,000			\$20,000
Construction / Improvements	\$139,700			\$139,700
Administration	\$204,413			\$204,413
Construction Contingency	\$40,887 ^A			\$40,887
Totals	\$410,000			\$410,000
^A NDEP rounded project to \$410,000 by adding \$3,975.70 to contingency.				

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.

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.

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

Community Engagement

Crystal Trailer Park owners have periodically reached out to the community to provide details of the proposed project. In August 2021, the applicant submitted notes from a meeting to discuss the project need with the current tenants along with the attendee list for this meeting. The applicant further reported that the Crystal Peak Enterprises staff have talked with several tenants regarding the current water system, arsenic, filter systems, wells, and power outages that would shut off the water supply. Consolidation with TMWA was proposed as the optimal solution to ensure continued access to drinking water. Crystal Trailer Park staff also recorded and submitted the signatures from some of the tenants who agree with the ongoing efforts and the project decisions.

System Information

System Location	Washoe County
System Population	80
System Service Connections	41
System Infrastructure	The PWS has two water wells, a distribution system, a 1500-gallon capacity pressure tank, and a fire hydrant as part of the existing infrastructure. Some elements, including the fire hydrant connection of this infrastructure shall remain part of the system upon consolidation. The PWS is required to pursue well abandonment as part of this consolidation.
Compliance	Crystal Trailer Park PWS does not have any pending violations on record to report. A sanitary survey of this PWS was conducted by NDEP's Bureau of Safe Drinking Water in October 2020.

User Water Rates	<ul style="list-style-type: none">Residential base rate per user per month:Water is included in monthly rental fee Rents collected sufficiently cover operation and maintenance of the system.
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Crystal Trailer Park Information

Water Conservation Plan	This project is to consolidate to TMWA. TMWA has a water conservation plan that was submitted in March 2016.
Technical Capacity	This loan commitment is to consolidate Crystal Trailer Park to TMWA to ensure a long-term, sustainable source of safe drinking water. TMWA demonstrates technical capacity to provide this indefinitely.

Managerial Capacity This loan commitment is to consolidate Crystal Trailer Park to TMWA to ensure a long-term, sustainable source of safe drinking water. TMWA demonstrates managerial capacity to provide this indefinitely.

Financial Capacity This loan commitment is to consolidate Crystal Trailer Park to TMWA to ensure a long-term, sustainable source of safe drinking water. TMWA demonstrates financial capacity to provide this indefinitely.

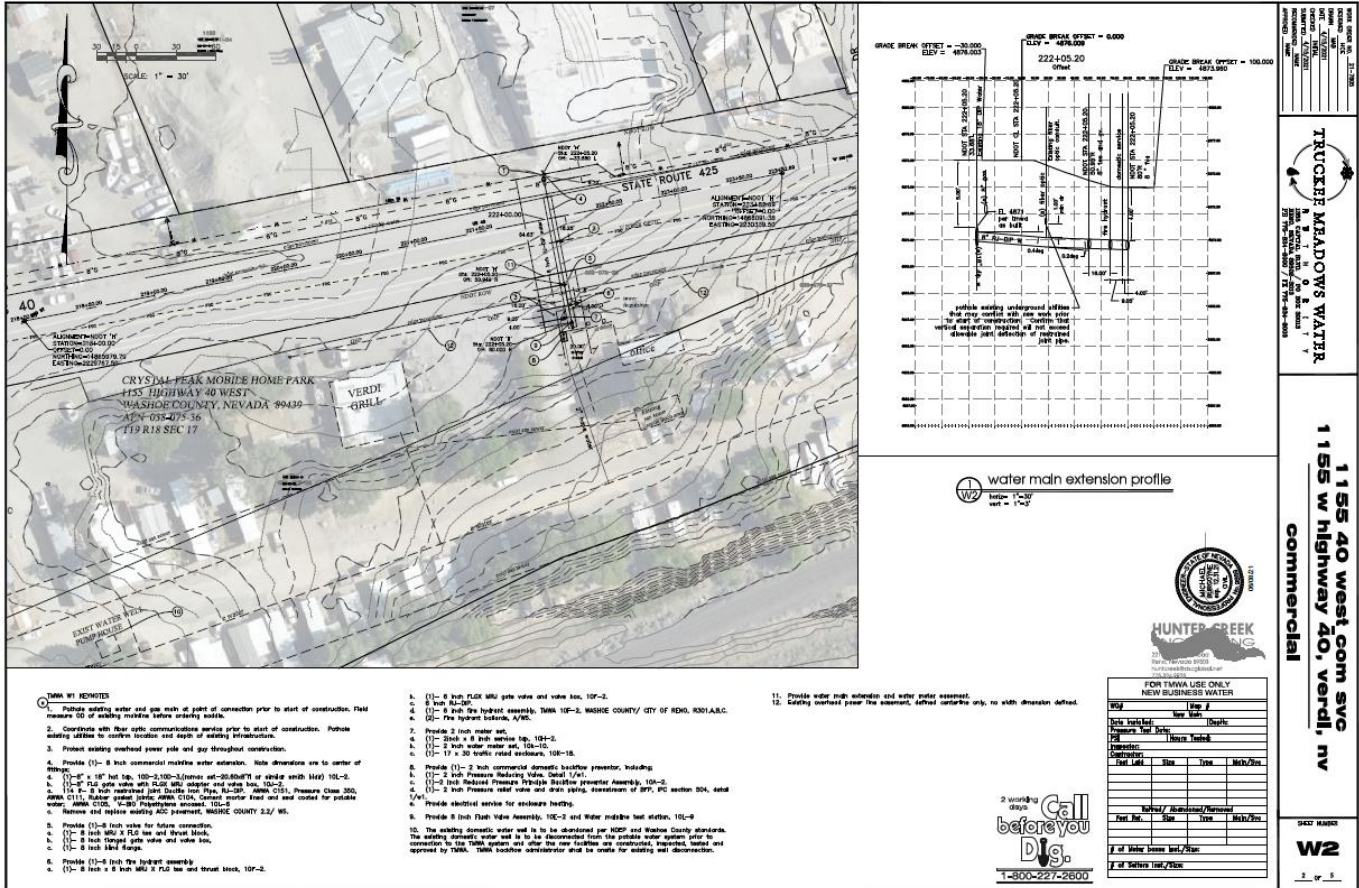
Fiscal Sustainability Plan This is a consolidation project. Therefore, no fiscal sustainability plan will be required for the loan.

Capital Replacement Reserve Account This is a consolidation project. Therefore, no capital replacement reserve account will be required for the loan.

DWSRF Principal Forgiveness Eligibility Criteria This project is a consolidation into TMWA and qualifies for Principal Forgiveness. Crystal Trailer Park also meets the definition of a disadvantaged community, per NAC 445A.675245.

Maps and Exhibits

Appendix A



Appendix B

Anticipated Process flow for the Consolidation (NDEP/BSDW)

- Project submitted to TMWA, where TMWA completes the planning and plan review process by the Engineering Department. Projects will include:
 - NDOT permits will be added to the Water Project submittal to NDEP. The Right of Way (ROW) permit number from NDOT is referenced in the plan sheets and does not need to be submitted for review.
 - Well Abandonment: Include contingency language in the Water Service Agreement that states that the applicant must apply for well abandonment prior to the pre-construction meeting and any construction.
- TMWA submits the Water Project to NDEP on behalf of Crystal Trailer Park with application fees paid.
 - BSDW review comments/approval go to TMWA and the Crystal Trailer Park engineer.
 - BSDW coordinates with OFA staff on review/comments.
- Prior to Inactivation: Developer (Crystal Trailer Park) must apply for well abandonment permit through the Washoe County Health District (WCHD). TMWA's Backflow Administrator must be notified when this work is to take place and be on site for the disconnection. This must be completed no more than 30 days after the TMWA project has been completed, at this point we do allow the connection to the new TMWA facilities to limit any outages. Provide a copy of the completed well abandonment to TMWA. TMWA will forward to BSDW and WCHD as part of the water project application close out and PWS inactivation documentation.
- Crystal Trailer Park Inactivation
 - Site visit by WCHD staff
 - Well abandonment and any other items to prove PWS no longer meets definition of PWS
 - Inactivation letter sent by BSDW

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)).

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the resolution titled “D09-1221 Crystal Trailer Park Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$410,000. 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 D09-1221

Crystal Trailer Park 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Crystal Trailer Park (Recipient) owns and operates a private community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to consolidate with Truckee Meadows Water Authority and abandon their existing well source (Project); and
- WHEREAS:** The Project is included as project #14 on the Priority List Effective July 2021 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 “D09-1221 Crystal Trailer Park 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 \$410,000 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 December 15, 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

December 2021

Shoshone Estates Water Company

Amount and Term	Recommendation
<u>\$ 110,000</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 Shoshone Estates Water Company for their Source Water Well Upgrade Project.

Management and Structure

Loan Recipient and Structure Shoshone Estates Water Company owns and operates a privately owned public water system (the PWS).

Project system Shoshone Estates Water Co Inc., PWS identification number #NV0005028, was established in 1983. It is located in the city of Carvers, Nevada.

System Project for Funding

Priority List This project is listed as class II project and is ranked 16 according to the DWSRF Project priority list effective July 2021.

Need The Shoshone Estates Water Co Inc. has a current need to address high levels of arsenic within the area. The PWS currently draws water from two ground water wells. The water quality analysis for their source water reported an arsenic level of 0.033 mg/l, which is significantly over the 0.010 mg/l regulatory standard for arsenic in drinking water established as maximum contaminant level (MCL). More recent data from 2020-2021 reports arsenic levels ranging from 0.022 – 0.028 mg/L which is over the MCL. Currently, a point-of-use (POU) system is used to address the high levels of arsenic. However, the system is still listed as non-compliant due to some residents not allowing entry for RO installation/filter changes. The PWS and the customer base is eager to find a more reliable and acceptable solution.

Chosen Project The Shoshone Estates Water Co Inc. has contracted a Nevada licensed professional engineer to produce a Preliminary Engineering Report (PER) regarding the high levels of arsenic coming from their wells and to propose some tentative solutions. The PER evaluated a few alternatives to address the arsenic in the source water. Upon further analysis of life cycle cost, water quality data and well

features from wells within the general area in conjunction with non-monetary factors, a project to deepen one of the wells has been identified as a reasonable and optimal alternative for the PWS to pursue at this time. The chosen project would modify the well #1 from its current depth of 200 feet to a depth of 400 feet (or as needed). The PWS estimated cost for the chosen project is \$103,400.00 capital expenses and \$9,000.00 annual O&M costs.

It is further anticipated that the outcome from the chosen project will inform future course of action for the PWS to mitigate arsenic found in the second water well either by deepening the second well pursuing a suitable arsenic treatment project.

**Project
Alternatives**

Two other alternatives were evaluated.

#1. Implement a Point-of-Entry (POE) Adsorption Media Filter To Filter Out the Arsenic at the well head:

This alternative would incorporate a point-of-entry (POE) centralized treatment system to the distribution system. This would treat all the incoming water from the well going into the distribution system. For this alternative, adsorption media filters will be used to treat the water. The main factor that drives the cost for this alternative was noted as costs of installation and maintenance of the POE adsorption media filters (\$400 per filter) which would be changed quarterly. The annual maintenance cost would approximately be \$46,580, which would include routine maintenance work, electricity, and managerial fees. The Net Present Value over 20 years (O&M only) was approximated at \$884,088. The total Net Present Value (Capital Cost + Net Present Value of O&M over 20 years) was computed to be \$1,166,186.

#2. Negotiate with Nye County to allow the public water system to drill a new well at the rodeo property and tap into the existing distribution system:

Based on the water quality analysis, a better source quality water is expected at the rodeo property approximately one mile away. A new well and a main water line can be installed to connect to the existing fill line and distribution system. Approximately one mile of 6" main water line would be necessary. Addition of this third well could enhance the redundancy. However, feasibility for this project is dependent on Nye County's permission for drilling this well.

The cost that drives this alternative would be the new well and installing one mile of pipe to the water tank. The water tank will also need power and an expected one mile of electrical service would also need to be added. It is expected that this alternative would have an upfront cost of \$763,400 and an annual O&M of \$20,000 per year.

Due to the supply chain and labor shortages, a 10% contingency has been added to the cost estimates for each of these alternatives.

Maps Maps are attached to this report.

Timeline

Design: December 2021

Construction Bid: April 2022

Construction Start: May/June 2022

Initiation of Operations: TBD

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
Planning	\$0	\$0	\$0	0
Design, inspection, and Construction Management	\$10,000.00	\$0	\$0	\$10,000.00
Land Acquisition	\$0	\$0	\$0	\$0
*Equipment & Materials	\$29,000.00	\$0	\$0	\$29,000.00
*Construction / Improvements	\$64,400.00	\$0	\$0	\$64,400
Administration	\$0	\$0	\$0	0
Financing	\$0	\$0	\$0	0
*Construction Contingency	\$6,600 ^A	\$0	\$0	\$6,600
Totals	\$110,000.00	\$0	\$0\$0	\$110,000.00

^AANDEP rounded to \$110,000 by adding \$6,600 to contingency.

***Estimates factored in a 10% construction contingency.**

Environmental Review

The chosen project may be eligible to receive Categorical Exclusion from an in-depth environmental assessment. Both the other alternatives will need a project specific environmental assessment and are also dependent on the PWS's ability to obtain land leases and outcomes from few crosscutter consultations.

Community Engagement

The arsenic mitigation need for the PWS has been widely discussed within the community at large and has received media attention since the regulatory limit for arsenic changed to 0.010 mg/l in the early 2000s. The POU treatment service is currently in use and the PER further detailed the public perception factors that favor this project to upgrade the well as the first option before pursuing other treatment options.

The PWS governing body has been collaborating with the regulatory agency and communicating with the customers periodically as they pursue the proposed project.

System Information

System Location Nye County

System Population 240

System Service Connections 78 (73 residential and 5 commercial; all unmetered)

System Infrastructure The PWS currently serves via 73 residential and 5 commercial unmetered connections. The water is sourced from two wells (well #1 and well #2), one 40,000 gallon-capacity storage tank, and a distribution system. The wells can service at a maximum rate of 100 gallons per minute (1,440,000 gallons per day (GPD)) and the maximum average usage per day is approximately 130,000 GPD. A switch allows the well(s) to turn off and on at certain capacities of the storage tank.

The well #1 is the primary well and the well #2 is considered secondary supply source. Currently well #2 is experiencing issues with the submersible pump. Pending an inspection/confirmation using a camera, the PER reports that the submersible pump may have been lodged/pinned onto the walls of the well.

Aging infrastructure is not a concern for this project. According to well driller's logs, well #1 was established in 1983 and well #2 was established in 1995. Well #1 is the main well used on a normal basis and well #2 is the backup. The water storage tank was established in 1983. It is expected that the water storage tank will last for at least another 20 years. The well pumps are expected to last 8 to 15 years depending on usage.

Compliance The system is currently listed as non-compliance due to difficulties in implementing the installation and maintenance of point of use RO systems for arsenic. The PER reports that, according to a recent Sanitary Survey conducted in August 2021, the only deficiency noted was the need for planning to address the arsenic levels.

User Water Rates	<ul style="list-style-type: none"> Residential base rate per user per month: \$70.25 (0-15,000 gallons of water) Average Water Rate/Use for system: \$70.25 (15,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Shoshone Estates Information

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. The PWS currently does not have an approved water conservation plan. Upon request from the PWS, technical assistance from the Office of Financial Assistance to prepare a water conservation plan is feasible.

Technical Capacity A review of the applicant reported PWS capacity survey indicates that the PWS is interested in seeking technical assistance for items currently noted in the survey as deficiencies. Items of interest include absence of backup generator, certified cross connection control specialist, and insufficient foreflow storage. However, some of these deficiencies could be addressed via SRF technical assistance program. The PWS is reported to be meeting or exceeding SRF program requirement for the applicant’s technical capacity.

“Entity” has demonstrated sufficient technical capacity for NDEP to recommend funding support.

Managerial Capacity Shoshone Estates is a private water system managed by Great Basin Water Co. They have demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 12/31/2020

Unrestricted Cash: \$14,107
Days cash on hand: 84
Outstanding Debt: None
Operating Income before Depreciation: \$3,538
Current Ratio: no debt
Debt Coverage: no debt

*Financial information is obtained from tax return filed with Internal Revenue Service

“Entity” is only two years old. It has thus far demonstrated financial capacity for NDEP to recommend funding support.

Fiscal Sustainability Plan A fiscal sustainability plan will be required as a condition of funding.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

**Capital
Replacement
Reserve Account**

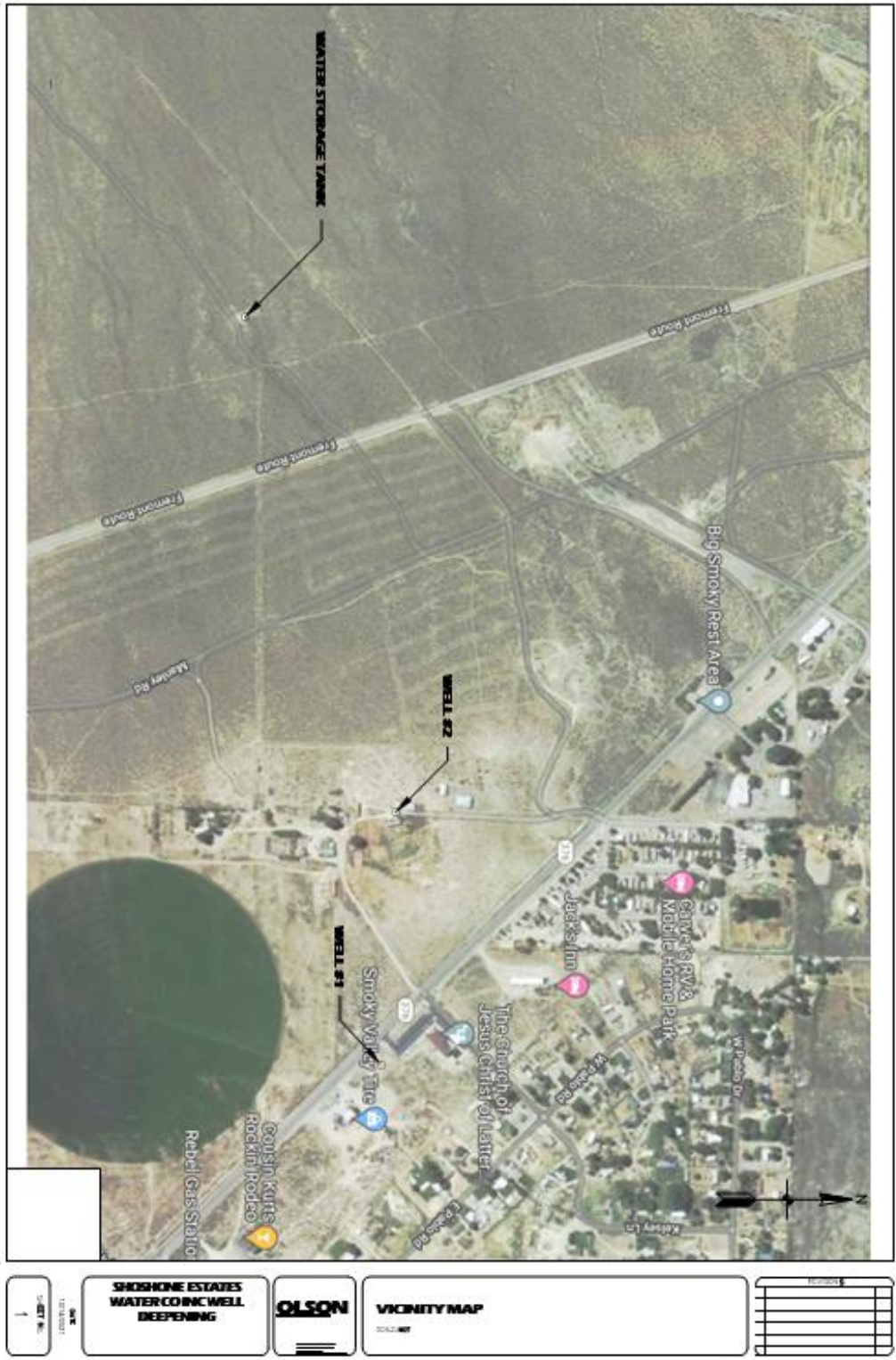
Shoshone Estates will need to establish a dedicated Capital Reserve Account.

**DWSRF Principal
Forgiveness
Eligibility Criteria**

Shoshone Estates qualifies for Principal Forgiveness funding based on the Chronic health condition it is addressing

Maps and Exhibits

Vicinity Map with Wells #1 & #2 :



Well #1 & Well # 2:



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 “D10-1221 Shoshone Estates Water Company Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$110,000. 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 D10-1221

Shoshone Estates Water Company 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Shoshone Estates Water Company (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 Source Water Well Upgrade; and
- WHEREAS:** The Project is included as project #16 on the Priority List Effective July 2021 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 “D10-1221 Shoshone Estates Water Company 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 \$110,000 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 December 15, 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

December 2021

Hillcrest Manor Water Users Association

Amount and Term	Recommendation
<u>\$350,000</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 Hillcrest Manor Water Users Association for their Sheila & Madre Mesa Storage Tanks Replacement Project.

Management and Structure

- Loan Recipient and Structure** Hillcrest Manor Water Users Association owns and operates a privately owned public water system (the PWS)
- Project system** The project is for Hillcrest Manor Water Users Association (NV0000145). The PWS service area is located in Las Vegas, Nevada at Township 20 South, Range 61 East and Section 13. (Please see Maps and Exhibit section below).

System Project for Funding

- Priority List** This project is listed as class II project and ranked 17 according to the DWSRF Project priority list effective July 2021.
- Need** Hillcrest Manor Water Users Association (HMWUA) needs to replace their existing water storage tanks.
- On July 14th, 2014, the Blue Locker Commercial Diving conducted inspection for the storage tank located on Sheila Avenue in response to a leak observed in the tank. The diving company determined that the coating on the interior shell was in poor condition. According to their report, approximately 50% of the coating was noted to have been worn out, diver also observed cracking and peeling throughout the interior, and the entire metal shell of the tank was recorded as 'very thin'. In 2016, M&M Tank Coating Company was called out to reseal the tank, but this company recommended that the tank be replaced. The tank's shell had worn too thin, rendering the resealing of the tank interior impossible. The tank leak was not repaired, and instead the tank fill floats were adjusted to fill to below the tank leak. Currently, the tank is functioning at two-thirds of its capacity.

The current water storage tank on Sheila Avenue is deteriorating and ineligible for repair. Over time, the deterioration will continue and will ultimately affect the quality and safety of water stored within the tanks.

The storage tank at Madre Mesa is identical to the Sheila storage tank as noted in the most recent sanitary survey conducted on October 16th, 2019. This tank has not been formally inspected but both tanks warrant replacement since they are the same tank model, were installed the same year, and were operated under identical conditions and timelines.

It is expected that the current life expectancy of the water storage tanks is less than one year.

Chosen Project In October 2021, NDEP reviewed and approved a preliminary engineering report (PER) prepared by a Nevada certified licensed Professional Engineer. The PER identified replacing the existing tanks with new tanks as preferred project. The existing corrugated steel tanks would be replaced with new bolted, galvanized corrugated steel tanks with a PVC liner that is compatible with drinking water. All fixtures in the tank will also be compatible with drinking water. The replacement tanks would be placed in the exact same location as the existing tanks and connected to the existing well and distribution system requiring negligible additional appurtenances.

Hillcrest has reached build-out conditions and is surrounded by other housing developments. There are no plans to expand the community. The replacement tanks will have a nominal capacity of 28,185 gallons each with all internal fixtures composed of drinking water compatible 304 stainless steel. All fixtures will be sized to the existing distribution lines and no other parts of the system will be interchanged.

The estimated total capital cost for the chosen project is \$348,300.00 which includes 10% contingencies and \$15,000 Utility Services Overhead for the construction project to accommodate reasonable potential market and construction industry volatiles.

Project Alternatives The first alternative is to leave the tanks as is. Due to an estimated 1 to 2 years estimated remaining useful life for the tanks, the system would run the risk of becoming inoperable; hence, this is not a tenable course for the PWS to pursue.

The second alternative evaluated was to replace the existing vertical turbine well pumps with submersible variable-frequency drive (VFD) pumps. This would circumvent the need for storage in the distribution system and only require a bladder tank to prevent water hammer in the system. The existing pressure tanks and storage tanks would have to be removed from the well yard.

Basis for alternative comparison: The Lifecycle cost analysis was conducted on a 20-year present worth analysis with a 1.4% Real Discount Rate. The salvage value was calculated using a uniform series based on 13-year lifecycle of the submersible pump and a 7-year life cycle of the existing well pump. Additionally, non-monetary factors were compared using a decision matrix and the weighted total score formed additional justification for the chosen project.

Maps Maps are attached to this report.

Timeline

Design: April 2022

Construction Bid: April 2022

Construction Start: May 2022

Initiation of Operations: March 2023

Sources of Project Funding

	DWSRF	Capital Improvement Grant	Local	Total
Design, inspection, and Construction Management	\$5,000	\$0	\$0	\$5,000.00
Equipment & Materials	\$308,300	\$0	\$0	\$308,300.00
Construction / Improvements	\$25,000	\$0	\$0	\$25,000.00
Administration	\$0	\$0	\$0	0
Financing	\$10,000	\$0	\$0	\$10,000.00
Construction Contingency	\$1,700 ^A	\$0	\$0	\$1,700
Totals	\$350,000	\$0	\$0	\$350,000
^A NDEP rounded to \$350,000 by adding \$1,700 to contingency.				

Environmental Review

Both construction project alternatives evaluated in the PER will have close match area of potential effects. The PER has identified few species of concern to be present in the general area where the PWS is located. If usual best management practices are followed, the project footprint for both these alternatives is not anticipated to have any potential negative impacts. A more formal environmental review and determination would follow upon the applicant receiving a DWSRF Board commitment for the funding support.

Community Engagement

The water user's association holds annual homeowner's meetings every January as well as quarterly board meetings to which all residents are invited. In lieu of in-person meetings, the board has sent information regarding the tanks as well as other updates on the water system with the annual water invoices that are sent to each residence in January 2021. In addition to the letters sent to the residents of the community, the news and reports are available online on the Hillcrest Manor Water Users Association's website at <https://www.hmwua.org>. The tank conditions were discussed most recently at the January 2020 annual homeowners meeting where the residents were informed of the need for new storage tanks. Any updates will be communicated to the community through meetings, letters, and the association's website.

System Information

System Location Clark County

System Population 450

System Service Connections 113 (metered)

System Infrastructure Hillcrest Manor currently has 113 metered service connections sourced by two wells; one located on Madre Mesa Drive and the other located at Sheila Avenue. Water pumped from the well is chlorinated as it fills a 30,000-gallon corrugated steel storage tank, at each of these locations. From the tank, the water is pumped in to a 14,000-gallon pressure tank by means of a booster station. The pressure tanks pressurize the distribution system directly and each well has the same size facilities and layout. There are no abandoned facilities, and all current facilities can be found in the Facility Map.

Currently the system contains two 30,000-gallon water storage tanks, two wells, two 14,000-gallon water pressure tanks, pumping facilities, chlorinators, and the distribution system.

Both the water storage tanks are deteriorating and deemed ineligible for repair.

Well 1 on Madre Mesa was installed in 1978 and well 2 on Sheila was installed in 1958. The wells are serviced and maintained regularly to ensure efficient production. There are no concerns with the wells and they are expected to be viable for at least another 10 years.

Pump facility 1 on Madre Mesa was originally installed in 1978 and was recently rebuilt/maintained in 2016 and pump facility 2 on Sheila was installed in 1958 and has been serviced/maintained regularly. There are no current concerns with the pumping facilities. It is expected that the pumping facilities will last another 10 years.

The chlorinator on the Well 1 (Madre Mesa) was installed within the past 3 years and is expected to have a life expectancy of 5-7 years. The chlorinator on the Well 2 (Sheila) was installed within the past 3 years and is expected to have a life expectancy of 5-7 years.

Compliance The data from the Drinking Water System Watch module of safe drinking water information system indicates that the system does not have any pending violations of concern. The most recent violation was noted in 2019 for a missing consumer confidence report.

User Water Rates	<ul style="list-style-type: none"> Water service for Hillcrest Manor residents is included in the monthly rental fee for space rent. <p>The established rates sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Hillcrest Manor Water Users Association Information

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. The PWS is in the process of procuring technical assistance from the Office of Financial Assistance to prepare a water conservation plan.

Technical Capacity A review of the applicant-reported PWS capacity survey indicates that the PWS is interested in seeking technical assistance for items currently noted in the survey as deficiencies. Items of interest include the absence of backup generator, certified cross connection control specialist, and digital mapping of assets. However, some of these could be addressed via the SRF technical assistance program. The PWS is reported to have strong technical capacity in all other areas of significance, thus meeting or exceeding SRF program requirement for technical capacity.

Managerial Capacity Hillcrest Manor Water Users Association is governed by a seven-member board. They have demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 12/31/2020
 Unrestricted Cash: \$214,245
 Days cash on hand: 1648
 Outstanding Debt: none
 Operating Income before Depreciation: \$61,569
 Current Ratio: No debt
 Debt Coverage: No debt
 *Financial information is obtained from tax forms.

Hillcrest Manor has demonstrated financial capacity for NDEP to recommend funding support.

Fiscal Sustainability Plan A fiscal sustainability plan will be required as a condition to this loan.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

**Capital
Replacement
Reserve Account**

Hillcrest will need to establish a dedicated Capital Reserve Account.

**DWSRF Principal
Forgiveness
Eligibility Criteria**

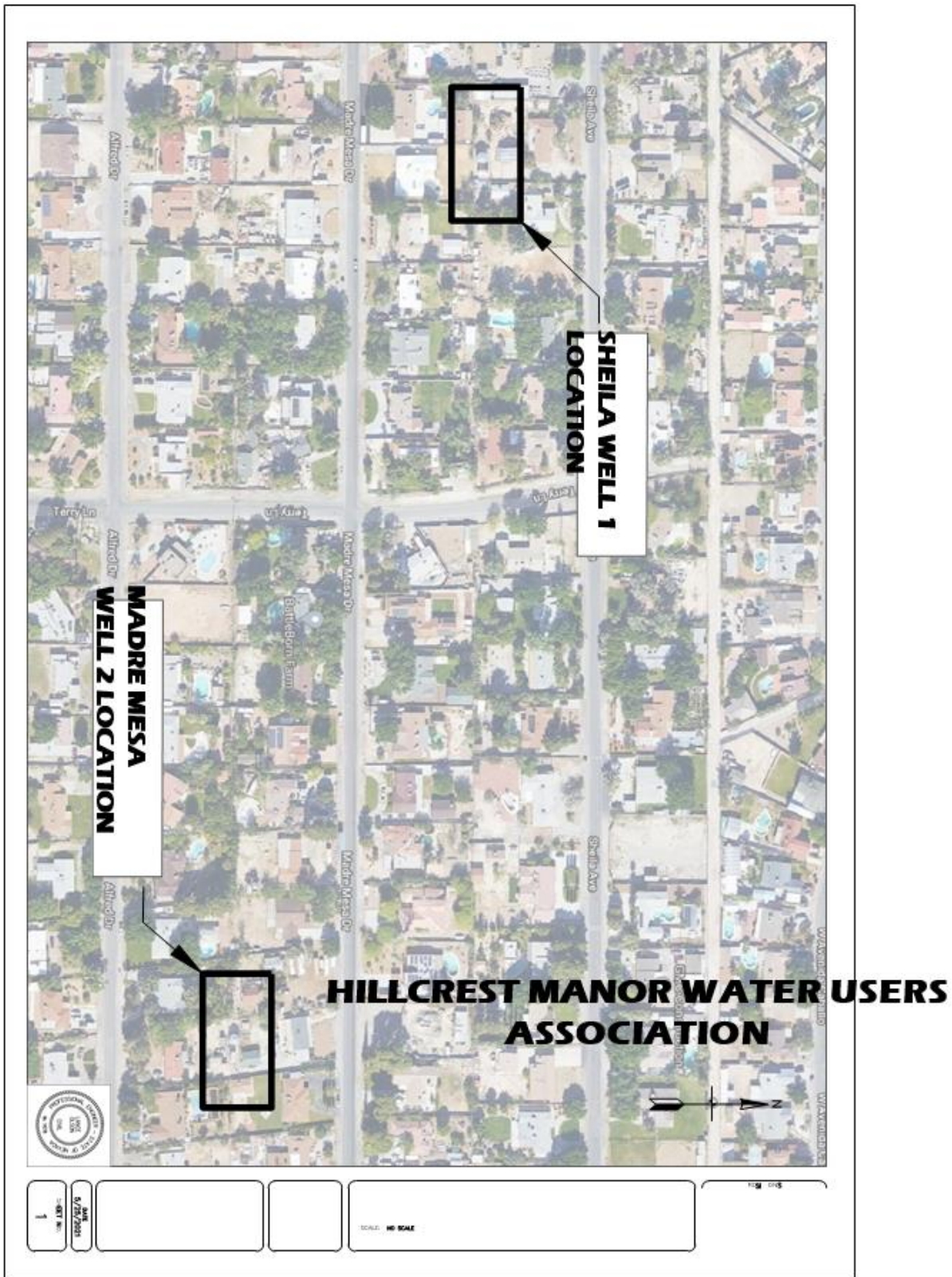
Hillcrest qualifies for Principal Forgiveness funding based on the chronic health condition that they are addressing.

Maps and Exhibits

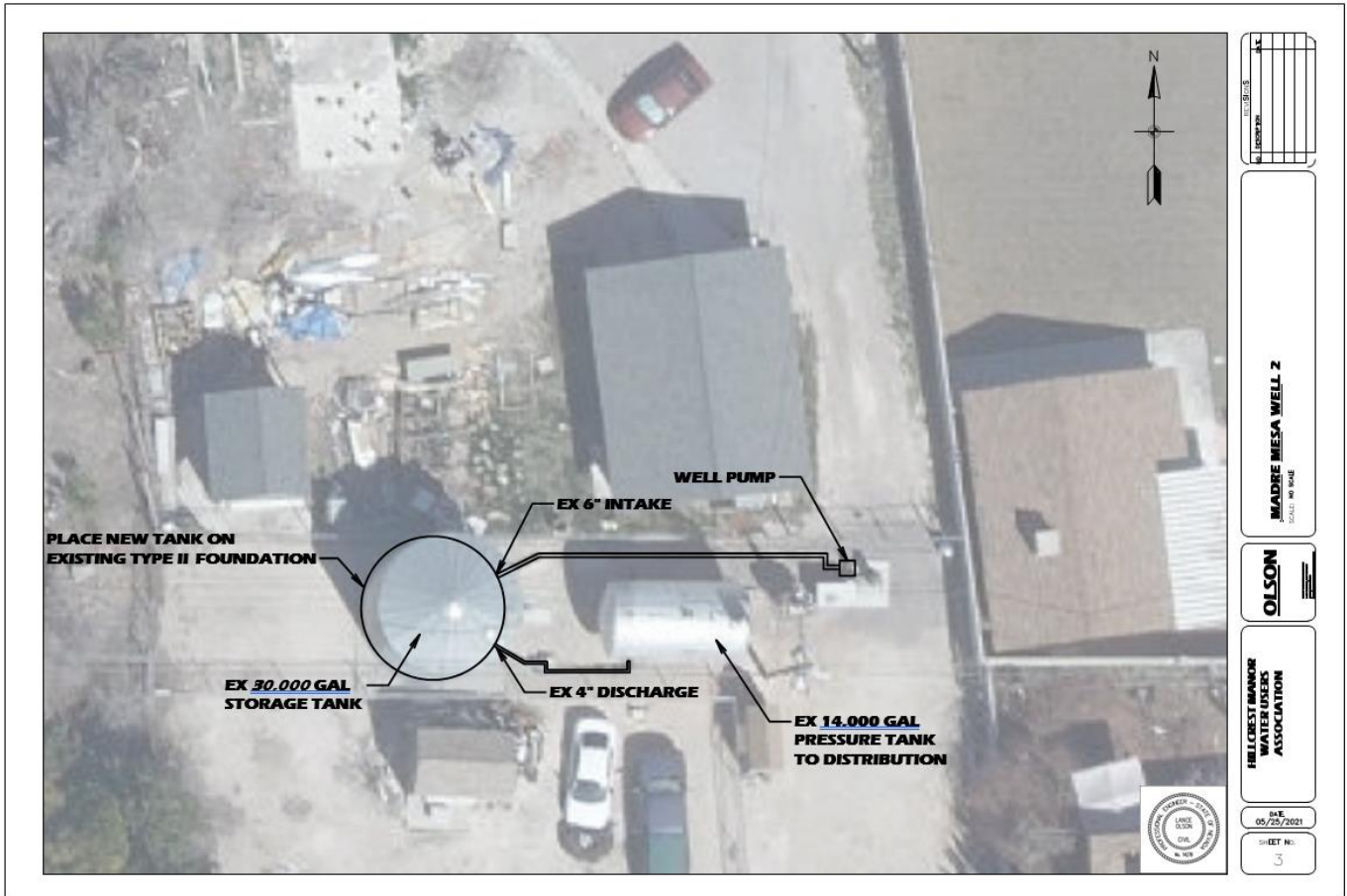
Hillcrest Manor Assessor Map



The PWS Storage Tanks within the Service Area:



Madre Mesa Tank



Sheila Tank:



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 “D11-1221 Hillcrest Manor Water Users Association Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$350,000. 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 D11-1221

Hillcrest Manor Water Users Association Project Loan Commitment

- WHEREAS:** The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), and by corresponding regulations; and
- WHEREAS:** NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
- WHEREAS:** On July 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Hillcrest Manor Water Users Association (Recipient) owns and operates a private community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to Sheila & Madre Mesa Storage Tanks Replacement Project; and
- WHEREAS:** The Project is included as project #17 on the Priority List Effective July 2021 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 “D11-1221 Hillcrest Manor water Users Association 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 \$350,000 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 December 15, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

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

Board for Financing Water Projects

December 2021

Las Vegas Valley Water District (Big Bend Water System)

Amount and Term	Recommendation
<u>\$ 232,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan and grant commitments to the Las Vegas Valley Water District (Big Bend Water System) for construction of the Riverbank Filtration Project.
<u>\$ 568,000</u> Capital Improvement Grant	

Management and Structure

Loan Recipient and Structure Las Vegas Valley Water District (LVVWD) is a nonprofit public water system.

Project system The project is for Big Bend Water District (BBWD) (NV0004092), which is managed by LVVWD.

System Project for Funding

Priority List 41 Class III Rehabilitation

Need The Big Bend Water System (BBWD or District) obtained partial SRF funding on November 8, 2017 to study and construct a well located adjacent to the Colorado River on the property that currently houses the BBWD river intake pumping station. The well employs riverbank filtration (RBF), a natural process used to remove various contaminants as the river water is naturally filtered by the geologic material as it recharges the groundwater. Climate change has caused the Colorado River to experience variable water quality during significant precipitation events.

The well has been drilled and developed using funding previously received from the SRF and the Bureau of Reclamation. The additional funding is required to purchase and install all equipment needed to operate the well to enable it to deliver water to the treatment plant as intended. The goal is to have the well operational by the end of December 2022.

Drilling and development of the well incurred expenses not identified in the original cost estimate. In addition to significant cost escalations of anticipated work, unanticipated work included a separate contract to pressure grout an unstable geologic formation, the need to extend the drilling depth beyond the original plan due to unacceptable geology of the original lower portion of the borehole, and construction of a structure to discharge well waste to an alternate location.

Maps Maps are attached to this report.

Timeline

Construction Bid: April 2022
 Construction Start: July 2022 (depending upon equipment arrival)
 Initiation of Operations: December 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
	Design, inspection, and Construction Management	\$14,500	\$35,500	
Equipment & Materials	\$72,500	\$177,500		\$250,000
Construction / Improvements	\$130,500	\$319,500		\$450,000
Administration	\$14,500	\$35,500		\$50,000
Construction Contingency	\$0	\$0		\$0
Totals	\$232,000	\$568,000		\$800,000

System 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 rate 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.
- A \$1,000,000 principal forgiveness loan on January 20, 2021 provided funding for system-wide rehabilitation and upgrades. The

Environmental Review

Nevada Administrative Code (NAC) 445A.6758 to 445A.67612, inclusive, outlines the environmental review procedures to be followed by NDEP to meet the requirements of the National Environmental Policy Act (NEPA) for the DWSRF. The Bureau of Reclamation is also providing funding for the original project and assumed lead responsibilities for the environmental review under NEPA. The NAC allows NDEP to utilize an environmental review conducted by another agency as long as the review complies with NDEP’s environmental requirements. The original project was determined to qualify for a categorical exclusion per NAC requirements. Additional review, if any, for this project will include further consultation with appropriate federal, state, and local crosscutting agencies prior to signing a DWSRF loan contract.

Community Engagement

The BBWD Board of Trustees holds regular meetings and has established a Citizens Advisory Committee (Committee) to evaluate BBWD initiatives and make recommendations to the BBWD Board for capital improvement projects.

System Location	BBWD serves the community of Laughlin, NV, approximately 96 miles south of Las Vegas in Clark County.
System Population	Approximately 9,000 residents and 2 million annual visitors.
System Service Connections	Approximately 2,390
System Infrastructure	BBWD obtains its water from the Colorado River via an intake below Davis Dam. The Big Bend Water Treatment Facility is a direct filtration water treatment plant with a full load capacity of 15 Million Gallons per Day (MGD). The plant has no pre-sedimentation phase in the treatment train. The plant has six standard anthracite filters and uses ozone for primary disinfection, and UV disinfection to polish the water prior to the clear well. Free chlorine is used for the distribution system.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$10.03 + water usage by tier Tier 1: \$3.86 per 1000 gallons up to 15,000 gallons Tier 2: \$4.85 per 1000 gallons in excess of 15,000 gallons • Average Water Rate/Use for system: \$67.93 (15,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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BBWD Information

Water Conservation Plan A joint water conservation plan was prepared by Southern Nevada Water Authority on June 2019. The plan includes BBWD.

Technical Capacity The certified operator for this PWS is an offsite contract operator, and only available periodically. 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 seven-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.

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

Financial Information as of 6/30/2020

Unrestricted Cash: \$3,072

Days cash on hand: 0

Outstanding Debt: \$3,982,523

Operating Income before Depreciation: \$658,050

Current Ratio: .26

Debt Coverage: 1.42

*Financial information is independently audited by BDO USA, LLP

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 Scale determination BBWD is eligible for 71% of eligible projects costs, based on the Board for Financing Water Projects Scale to Determine Grant Amount policy (revised on Jan 20, 2021).

Maps and Exhibits



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 “D12-1221 Las Vegas Valley Water District (Big Bend Water System) Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$232,000. 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 D12-1221

Las Vegas Valley Water District (Big Bend 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Las Vegas Valley Water District (Big Bend Water System) (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding Riverbank Filtration Pretreatment (Project); and
- WHEREAS:** The Project is included as project #41 on the Priority List Effective July 2021 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 “D12-1221 Las Vegas Valley Water District (Big Bend 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 \$232,000 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 December 15, 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 grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G12-1221 Las Vegas Valley Water District (Big Bend Water System) Project Grant Commitment," which is intended to finance certain projects in an amount not to exceed \$568,000.

RESOLUTION G12-1221

Las Vegas Valley Water District (Big Bend Water System) 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 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 (Big Bend Water System) (Applicant) has applied to the Board for a grant for a project having eligible costs estimated to be \$800,000 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 “Riverbank Filtration Pretreatment” (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 “G12-1221 Las Vegas Valley Water District (Big Bend Water System)

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 \$568,000 of eligible project costs estimated to be \$800,000.

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 December 15, 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

December 2021

Golconda Water GID

Amount and Term	Recommendation
<u>\$ 507,000</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan and grant commitments to the Golconda Water GID for spring rehabilitation, transmission, treatment, and other system improvements.
<u>\$ 793,000</u> Capital Improvement Grant	

Management and Structure

Loan Recipient and Structure Golconda Water General Improvement District (GID) is a public water system.

Project system The project is for Golconda Water GID (NV0005029).

System Project for Funding

Priority List This project is listed as a class II rehabilitation project and ranked 22 according to the DWSRF Project priority list effective July 2021.

Need The Golconda Water GID (GGID) currently has a basic and antiquated system to chlorinate the water sourced from the spring prior to storage.

Prior to November 2017, chlorine was only available in the system through manually placing chlorine tablets in the spring collection box or when the well was running. By manually placing the chlorine in the spring box, a small amount of chlorinated water was constantly overflowing into Pole Creek. In November 2017 Humboldt County and GGID operators installed an erosion chlorinator to allow only the water flowing within the spring transmission main downstream of the spring overflow to be chlorinated. This allowed the small overflow near the spring to continue without any chlorine in the water. The system has been online and generally functions well.

However, during the winter months when demand is low in the GGID system, there are still periods where the spring line overflows the GGID tank discharging chlorinated

water to the creek. The PWS needs to add an automatic bypass valve to allow the gravity spring water to flow to the creek whenever the GGID tank is full. In addition, a new chlorination pump is needed downstream of the bypass line and the pump needs to be programmed to flow pace based on a new flow meter. The water from the pole line well will also be chlorinated at the same location, thereby reducing the number of locations the GGID has to maintain and inject chlorine. A project to prevent chlorinated water from flowing to the creek under all normal operating scenarios (winter low demand and high demand times) remains the co-priority for the GGID. The GGID also requires new piping configurations around the Pole Line well and a new electrical and chlorine enclosure to house the chlorine pump and sodium hypochlorite (chlorine solution). The existing electrical and Supervisory Control and Data Acquisition (SCADA) system is mounted to a wood panel outside and is subject to damage from the weather/environment and at risk of vandalism. An enclosure is needed to provide protection for the electrical and SCADA equipment for the Pole Line well.

Additionally, some of the needs identified in the 2004 PER have not been addressed and will be included in the current project, as needed. In particular, the replacement of a section of 70-year-old cast iron piping that is still in use.

Project Alternatives

The proposed project scope is an outcome of various sanitary survey deficiencies noted over a long period of time, an engineering report from the 2004; all directly correspond to the PWS's need to achieve the capacity to ensure a reliable and sustainable drinking water supply to the Golconda community. Additionally, the Applicant has been actively collaborating and consulting with crosscutters in identifying the final project footprints and procuring the necessary easements. As such, other than no action there are no reasonable alternatives to the project components listed above.

Maps

Maps are attached to this report.

Timeline

Design: Jan 2022
Construction Bid: Mar 2022
Construction Start: Mar 2022
Initiation of Operations: May 2022

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
	Planning	\$5,850	\$9,150	
Design, inspection, and Construction Management	\$48,345.16	\$75,616.79		\$123,961.95
Construction / Improvements	\$443,163.97	\$693,153.91		\$1,136,317.88
Administration	\$8,057.52	12,602.80		\$20,660.32
Construction Contingency	\$1,583.35	\$2,476.50		\$4,059.85 ^A
Totals	\$507,000	\$793,000		\$1,300,000
^A NDEP rounded the project to \$1,300,000 by adding \$4,059.85 in contingency.				

System Previous Commitments and Studies

Preliminary engineering report(s):

The GGID has done a preliminary engineering study and started documenting the system needs and capacity deficiencies. In subsequent years, NDEP’s sanitary surveys and the PWS’s internal studies identified various items of significance to conclude the need for a systemwide capital improvement project.

Technical assistance to improve capacity

Since 2020, GGID requested and received technical assistance for GIS mapping and other capacity assistance funded by the NV DWSRF capacity development program, at no cost to the system.

Environmental Review

While the proposed system upgrades have clear environmental benefits, some of the proposed project footprint is within a historic Golconda community and may also include replacing or working around pipes that are older than 50 years. As such, consideration of the historic and natural resources within the project and mitigation plans routinely requested by crosscutters including State Historic Preservation Office is in order. The GGID recently concluded two required yearlong consultations with crosscutters. However, based on the proposed project logistics, a combination of routine best management practices and if necessary specific mitigation plans may be necessary and these will be part of an environmental review and project records.

Community Engagement

The GGID's PWS capacity issues were widely discussed within the Golconda community. Since 2019 the GGID has also been actively consulting with the Bureau of Land Management to procure necessary easements. The GGID further collaborated with the Union Pacific railroad, resulting in the replacement of some sections of aged cast iron pipe near Pole Creek. The proposed project was discussed during a March 202 public board meeting. The meeting resulted in identification of the need for system upgrades and the specifics of the proposed project, as well as adoption of a water conservation plan.

System Information

System Location Humboldt County

System Population 114

System Service Connections 102

System Infrastructure The community has two sources of water supply, one groundwater well and a spring. The groundwater well is located one mile south of the community. The Pole Creek Spring is located 3.2 miles south of town. A transmission main connects the system from the spring to the storage tank at the well site. Well water is piped into the transmission main, and the line continues down-gradient, beneath Interstate 80 and into town. The distribution system consists of various-sized piping from 2-inch to 8-inch diameter. The community has a 150,000-gallon steel bolted storage tank.

Compliance The Bureau of Safe Drinking Water identified several deficiencies in the GGID during a site visit. Since the site visit, all minor issues have been resolved by the Applicant. All major unresolved concerns will be addressed by the proposed project.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$65.00 (0-10,000 gallons of water) • Commodity Rate: \$1.00/1,000 gallons over the base gallons • Average Water Rate/Use for system: \$65.00 (10,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Golconda Information

Water Conservation Plan The current water conservation plan was submitted to the Division of Water Resources on November 18, 2019.

Technical Capacity The system has one technical staff member capable of meeting Golconda’s operational needs. Significant unresolved capacity issues will be addressed by the proposed project. The GGID will request technical assistance through the NDEP’s SRF capacity development program, including but not limited to staff trainings. GGID has dedicated staff currently working towards streamlining workflows and improving record keeping practices. As such, the GGID meets the technical capacity for NDEP to recommend funding support.

Managerial Capacity The five-member board meets regularly and has been responsive to requests from NDEP for information. The staff is relatively new but motivated. Golconda has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity Financial Information as of 6/30/2020

Unrestricted Cash: 33,379
Days cash on hand: 410
Outstanding Debt: 0
Operating Income before Depreciation: 18,605
Current Ratio: no debt
Debt Coverage: no debt

*Financial information is independently audited by Drake Rose & Associates – portion of audited financial statements for county.

Golconda has demonstrated financial capacity for NDEP to recommend funding support.

Fiscal Sustainability Plan Golconda Water is a small part of Humboldt County operations. Water rates are reviewed quarterly to ensure sustainability.

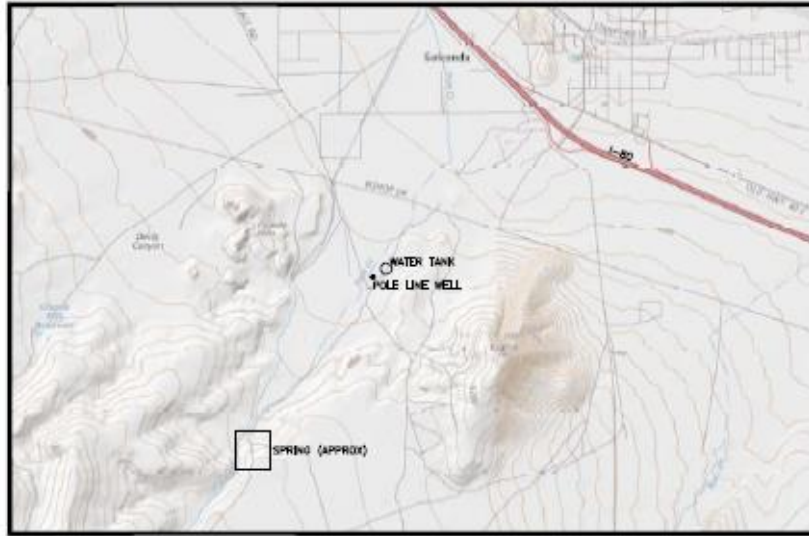
Capital Replacement Reserve Account Golconda Water is a small portion of Humboldt County operations. Capital replacement reserve account is not separately identified.

DWSRF Principal Forgiveness Eligibility Criteria The 2021 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. Golconda received 70 points based on Golconda’s economic conditions. Points were earned for Golconda’s population not in the workforce, for declining population, and for serving less than 10,000 people.

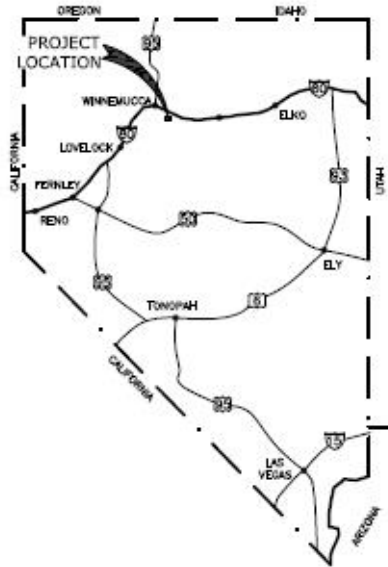
Capital Improvement Grant Scale determination Golconda achieved 142 points on the Capital Improvement Grant Scale based on MHI, population and sufficient rates. Golconda qualifies for as much as 82% Capital Improvement Grant funding, but this funding will be limited to \$793,000 based on availability within the Capital Improvement Grant program.

Maps and Exhibits

GOLCONDA GID SPRING TRANSMISSION LINE, CHLORINATION UPGRADES AND AUTOMATIC BYPASS PROJECT



VICINITY MAP
NEVADA



OWNER

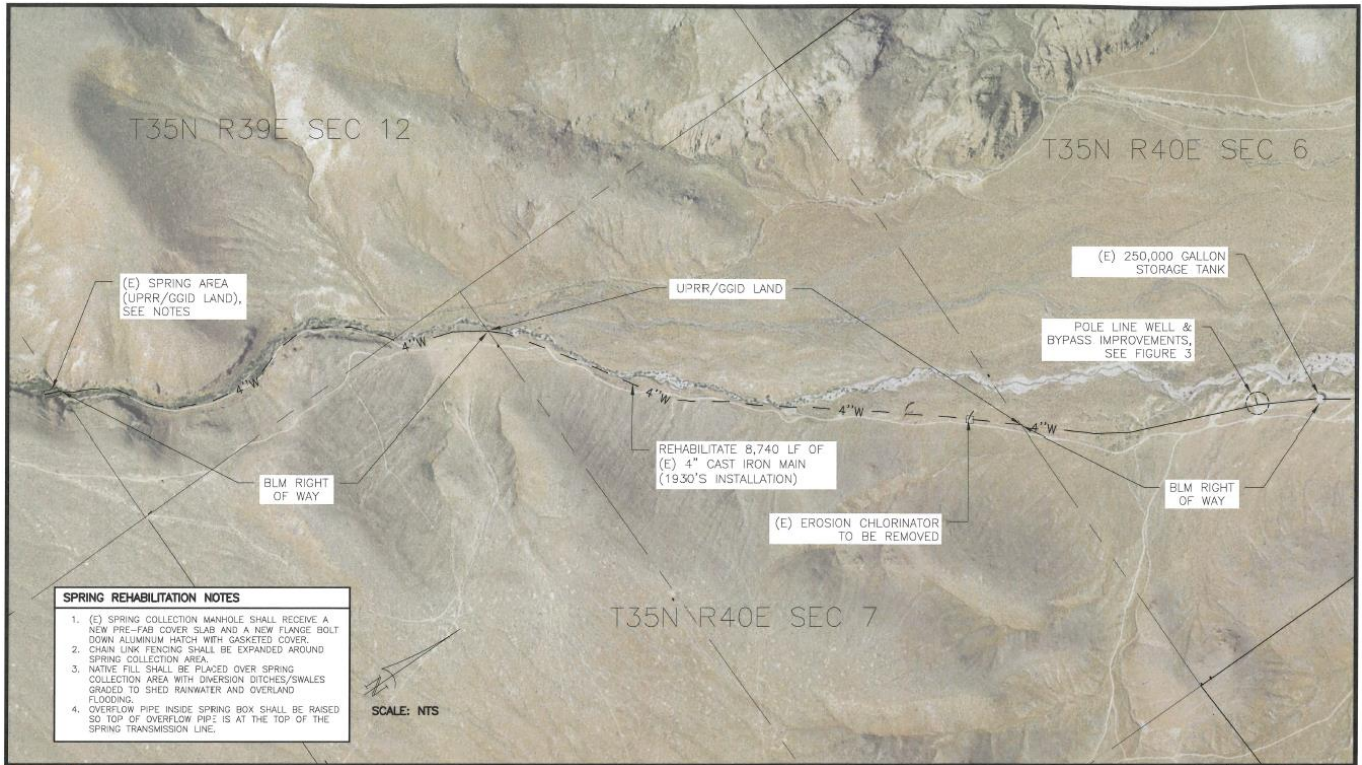
Public Water System ID: NV0005029
Golconda GID
(Humboldt County)
Operator: SPB Utilities
(775) 329-7757

ENGINEER

Shaw Engineering
20 Vine Street Reno, NV
89503 Phone:(775) 329-6559
Toll Free:(888) 329-6559
Fax:(775) 329-5406
general@shawengineering.com
www.shawengineering.com



Golconda GID
Spring Line, Chlorination Upgrades and Auto Bypass Project
Figure 1

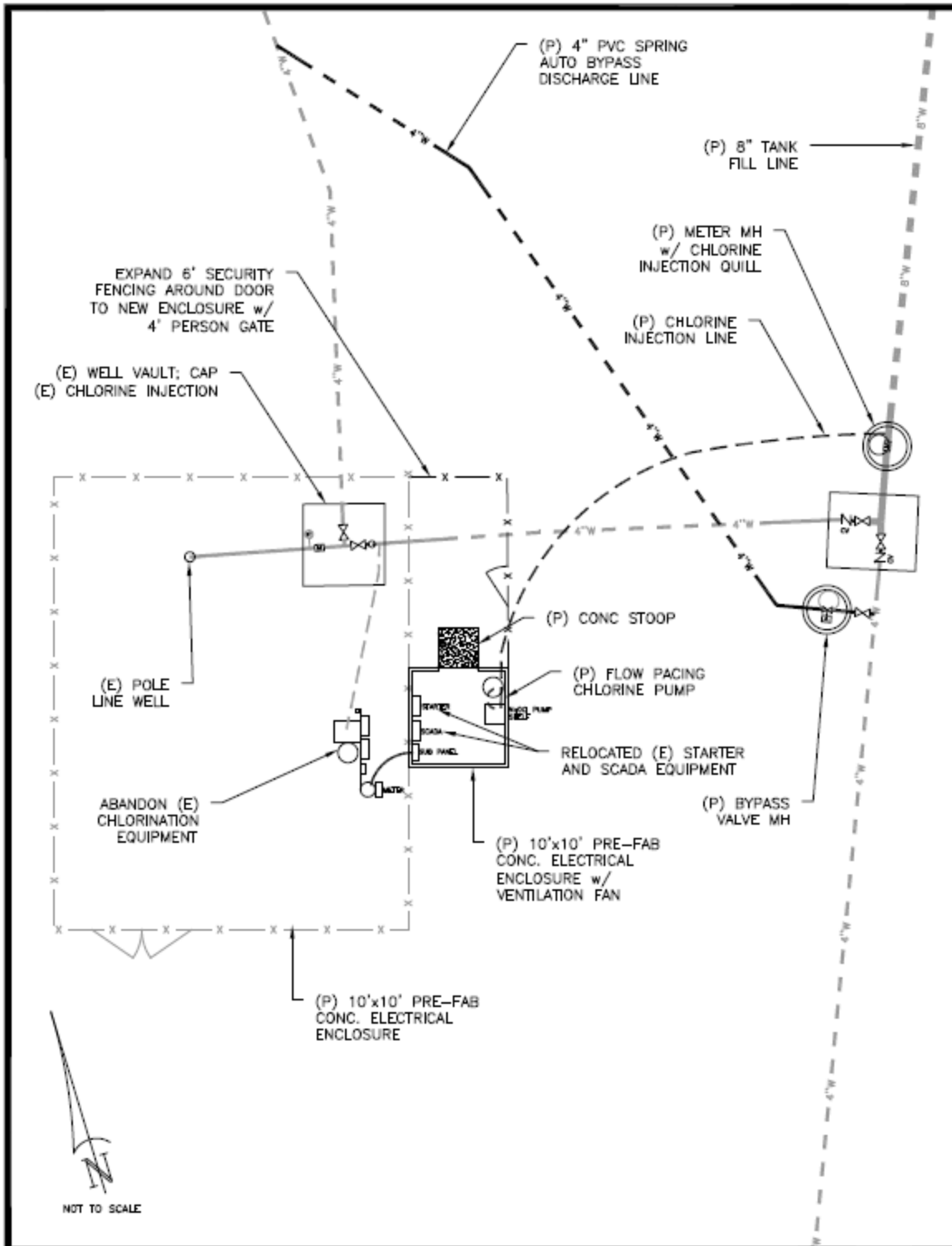


- SPRING REHABILITATION NOTES**
1. (E) SPRING COLLECTION MANHOLE SHALL RECEIVE A NEW PRE-FAB COVER SLAB AND A NEW FLANGE BOLT DOWN ALUMINUM HATCH WITH GASKETED COVER.
 2. CHAIN LINK FENCING SHALL BE EXPANDED AROUND SPRING COLLECTION AREA.
 3. NATIVE FILL SHALL BE PLACED OVER SPRING COLLECTION AREA WITH DIVERSION DITCHES/SWALES GRADED TO SHED RAINWATER AND OVERLAND FLOODING.
 4. OVERFLOW PIPE INSIDE SPRING BOX SHALL BE RAISED SO TOP OF OVERFLOW PIPE IS AT THE TOP OF THE SPRING TRANSMISSION LINE.

SCALE: NTS



Golconda GID
Spring Transmission Line, Chlorination & Bypass Project - SRF Project
Figure 2

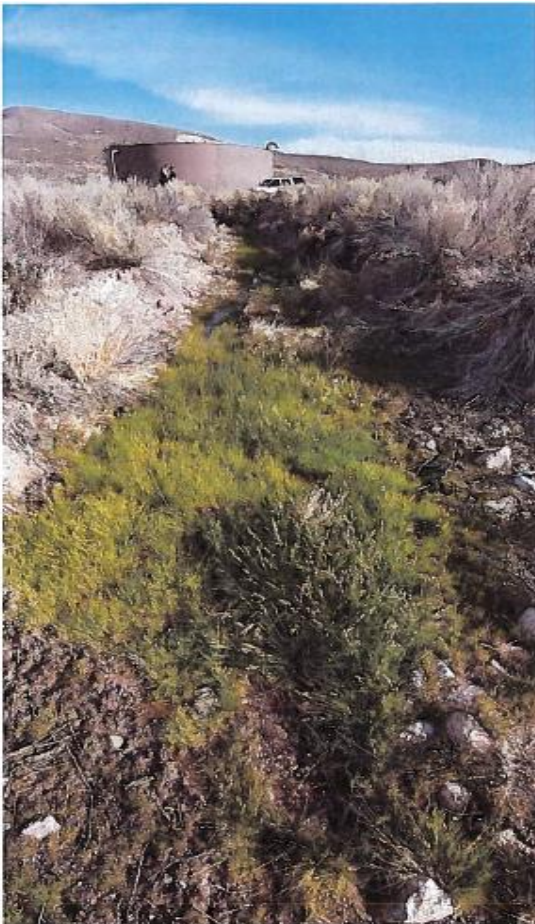


Golconda GID
 Well Site Upgrades & Spring Bypass - SRF Project
 Figure 3

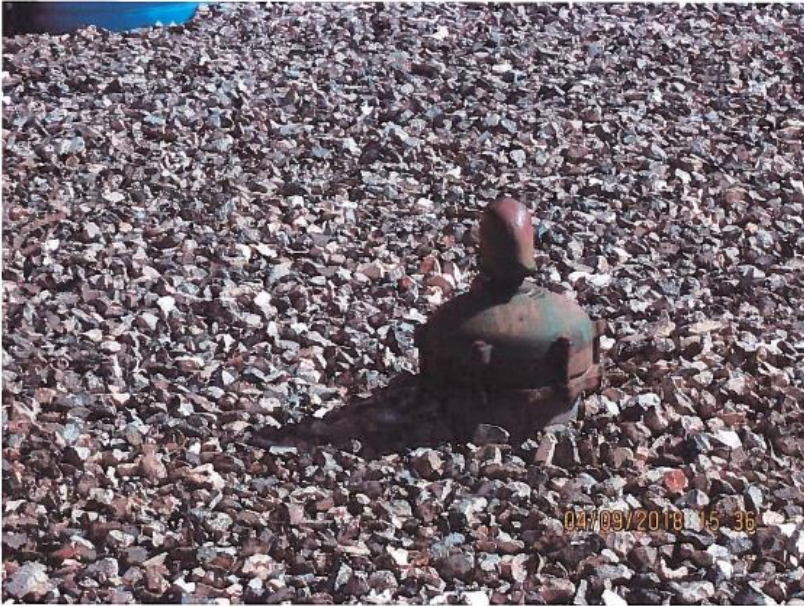
Pole Creek Spring (2020)



Chlorinated water running from the storage tank to Pole Creek Spring (2018)



Well Head under 18" above the ground level (2018)



Wellhead (2021)



Storage Tank and Spring Overflow to the creek (2021)



Staff showing the padlocked Vaults to distribution system adjacent to the highway



SCADA and Chlorination facility susceptible to vandalism (2018)



Current practice - Staff replacing the Chlorine tablet in the tubes placed over the water streaming from the stream (2021)



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 “D13-1221 Golconda Water General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$507,000. 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 D13-1221

Golconda 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Golconda 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 spring rehabilitation, transmission, treatment, and other system improvements (Project); and
- WHEREAS:** The Project is included as project #22 on the Priority List Effective July 2021 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 “D13-1221 Golconda Water GID 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 \$507,000 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 December 15, 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 grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G13-1221 Golconda Water General Improvement District Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$793,000.

RESOLUTION G13-1221

Golconda Water General Improvement District 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 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: Golconda Water GID (Applicant) has applied to the Board for a grant for a project having eligible costs estimated to be \$1,300,000 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 “spring rehabilitation, transmission, treatment, and other system improvements.” (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 "G13-1221 Golconda Water GID.

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 \$793,000 of eligible project costs estimated to be \$1,300,000.

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 December 15, 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.

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

Board for Financing Water Projects

December 2021

Topaz Ranch Estates GID

Amount and Term	Recommendation
<u>\$1,645,520</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a grant commitment to Topaz Ranch Estates General Improvement District (TREGID) for a capital improvement project to establish new redundant source and various upgrades (Project).

Management and Structure

Loan Recipient and Structure TREGID is a nonprofit community public water system.

Project system The project is for Topaz Ranch Estates GID (NV0000239).

System Project for Funding

Priority List 27 Class III Rehabilitation

Need The TREGID Public Water System (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. In July 2020 the PWS has received funding support to address this and additional systemwide upgrade needs remaining at the conclusion of the United States Department of Agriculture-Rural Development Office (USDA) supported project for the system to prepare a preliminary engineering report (PER). The system is now in need to undertake the work consistent with this PER and outcomes of the evaluation therein.

Some of the PER suggestions included, but not limited to, a redundant production capacity mandatory to comply with Nevada Administrative Code (NAC) 445A.6686. Well #6 rehabilitation project, fiscally supported by USDA, was determined to be no longer a viable water source. To maintain production for the system, including meeting NAC 445A requirements for a redundant source, a new well is needed as a replacement for well 6. There are several abandoned wells that need to be reevaluated and some need to be sealed per Nevada Division of Water Resources (NDWR) requirements in order to protect the groundwater.

The original 2" and 4" pipe in the TREGID distribution system is known to be in very poor condition and system improvements prior to 2015 were estimated to be contributing to a system loss of between 15-25%. Normally, 8-10% are acceptable for system losses, therefore all remaining 2" and 4" pipe in the system needs replacement.

The PER further evaluated 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. PER noted a need for new PRV stations and a need to eliminate multiple pressure zones to reduce the operational complexity and maintenance costs.

Chosen Project The proposed project "Topaz Ranch Estates Water System Improvements" intends to drill a new well to provide redundancy, provide additional backup power options for the booster stations, replace 31,260 linear feet of aging two inch and four inch piping with new 8" diameter piping, and water modeling as well as mapping for the entire system.

Further, the PER proposed two phases to address system-wide capacity needs.

Phase 1 would focus on immediately addressing the redundant capacity issue by drilling a new well, then equip the well and a new transmission main connected to the existing system. 85% of the costs are planned Phase 1 would be spent for the new well source and transmission main. The rest of the project components intended to be taken up as Phase 1 and engineer's opinion of probable costs for the same are presented in appendix A.

Phase 2 would focus on completing the previously planned water main rehabilitation projects throughout TREGID. Details of the project components intended to be undertaken as Phase 2 and probable cost estimates were also presented in the PER; these shall be on file with the NDEP for future reference.

The life cycle cost analysis for the proposed alternative was calculated based on a 20-year period for evaluation and amounts to. The current loan, if granted will support the phase 1 of the project.

Project Alternatives The PER has evaluated two other alternatives and conclusions are as follows:

1. No action alternative: The no action alternative for the items other than the redundant well/source would generally lead to increased operations and maintenance costs from fixing leaks on the aging pipeline, loss of revenue due to potential additional water leaks, and added contractor costs during emergency scenarios such as a power outage due to having to hop-scotch a generator around or rent a generator during a prolonged power outage. Lastly, additional leaks and use of substandard and old materials (beyond their useful life) in the water system, could eventually lead to water quality concerns and physical materials breaking down inside of the piping system and making their way to the piping in the homes which are served.
2. This alternative would tie the existing TREGID distribution system into a nearby existing system. The nearest to TREGID is Holbrook Station Mobile Home and RV Park. This system is 1.2 miles away from the westerly boundary of Topaz Ranch Estates. The Holbrook water system only has 90 connections, is privately owned and operated and is considerably smaller than TREGID. The system is significantly undersized to provide any type of backup source or meaningful wholesale connection. In order for Holbrook to

provide sufficient water resources to act as a secondary source or to supply water to TREGID, significant expansion and upgrades would be required on their system.

Both these alternatives are considered the only other reasonably potential alternatives but both are found to be infeasible. As such, a life cost analysis was not conducted to compare with the chosen alternative.

Maps Maps are attached to this report.

Timeline

Design: Jan 2022

Construction Bid: Feb 2022

Construction Start: Apr 2022

Initiation of Operations: Apr 2023

Sources of Project Funding	DWSRF	Capital Improvement Grant	USDA-RD	Total
Design, inspection, and Construction Management		\$164,150	\$80,850	\$245,000
Construction / Improvements		\$1,171,160	\$576,840	\$1,748,000
Administration		\$117,250	\$57,750	\$175,000
Construction Contingency		\$192,960	\$95,040	\$288,000
Totals		\$1,645,520	\$810,480	\$2,456,000.00

System Previous Commitments and Studies

DW2101 TREGID PER 2020

In July 2020, the DWSRF Board has funded a PER/ER project to address various items of concern for the PWS. The proposed project is chosen based on the analysis presented in this PER.

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

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

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. If necessary, NDEP will conduct the environmental review for both the phases presented in the PER to facilitate flexibility to undertake the second phase when the system is ready. 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

TREGID currently holds monthly board meetings that are open to the public where updates on the status of the system are given. As of January 2021, discussions over the installation of a new well source and reviews of draft versions of the 2021 PER have taken place. No other forms of community engagement are currently in use by TREGID.

System Information

System Location Douglas County

System Population 1545

System Service Connections 748

System Infrastructure The TREGID PWS currently only has one reliable well (Well 1) to rely on for water source. Well 1 is currently equipped to pump approximately 500 gallons per minute (GPM) and is capable of meeting system maximum day demand (MDD) as well as average day demand (ADD). The rest of the five wells are inactive.

The three storage tanks maintained in the system are in overall acceptable condition. The interior of tank 1 has recently had epoxy repairs completed on the inside of the tank and is in good condition. Tank 1 and Tank 5 need a new exterior over-coating. Tank 3 is in the worst condition of the three storage tanks and needs exterior sandblasting and recoat in order for it to remain operable.

TREGID operate the two booster stations, booster station 1 has the higher operational capacity at 340gpm compared to 45gpm at booster station 2. The booster pump stations are generally in good condition with sufficient pumping capacity to meet the ADD and MDD of their respective pressure zones. TREGID system has 10 PRV stations. However, TREGID has multiple pressure zones that are not looped adequately.

Most of the pipeline distribution system has been upgraded to either 6", 8", or 10" diameter to aid in meeting the necessary demands and keeping up with fire flows required, however some of the system is still operating with 2" or 4" pipe which is aging and can make meeting delivery flows a challenge.

Compliance TREGID does not have any pending or unresolved compliance items to report.

User Water Rates	<ul style="list-style-type: none"> • Residential base rate per user per month: \$45.50 • Commodity Rate: \$2.75/1,000 gallons • Average Water Rate/Use for system: \$64.75 (7,000 gallons) <p>The water rates established sufficiently cover operation, maintenance, debt service and reserves of the system.</p>
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Topaz Ranch Estates GID Information

Water Conservation Plan A Water Conservation Plan was submitted and approved to the Division of Water Resources on August 19, 2020.

Technical Capacity The entity is maintaining a certified operator and has been responsive to technical needs of the system. Topaz Ranch Estates GID has demonstrated technical capacity for NDEP to recommend funding support.

Managerial Capacity The system has a five-member board the actively meets and engages the community. Topaz Ranch Estates GID has demonstrated managerial capacity for NDEP to recommend funding support.

Financial Capacity

Financial Information as of 6/30/2020

Unrestricted Cash: \$633,593

Days cash on hand: 552

Outstanding Debt: \$4,490,934

Operating Income before Depreciation: \$155,410

Current Ratio: 3.38

Debt Coverage: 1.57

*Financial information is independently audited by VT Accounting Associates

Topaz Ranch Estates GID has demonstrated financial capacity for NDEP to recommend funding support.

Fiscal Sustainability Plan Fiscal Sustainability Plan will be required as a condition of funding.

Capital Replacement Reserve Account Topaz Ranch Estates GID has a previously established Capital Replacement Reserve account in accordance with previous loan requirements.

Capital Improvement Grant Scale determination Topaz Ranch Estates GID qualifies for up to 67% of the project in Cap Grant funding. The amount established is based on current estimates of project costs and could be limited by total funds available in the program.

Maps and Exhibits



	FIGURE 2	McGinley & Associates Environmental Engineering and Science RENO LAS VEGAS www.mcgain.com							
	VALLEY FLOOR WELLS -SHOWING- TOPAZ RANCH DOUGLAS COUNTY, NV		FILE: Figure 2 Valley Floor Wells						
	JOB NO.: SHAW012		DATE: 12/11/2020		COORDINATE SYSTEM: WGS 1984 UTM Zone 11N				
				DESIGNED	AT	CHECKED	DS	REVISION:	
				DRAWN	AT	APPROVED	DS	-	

Proposed Well Siting Areas

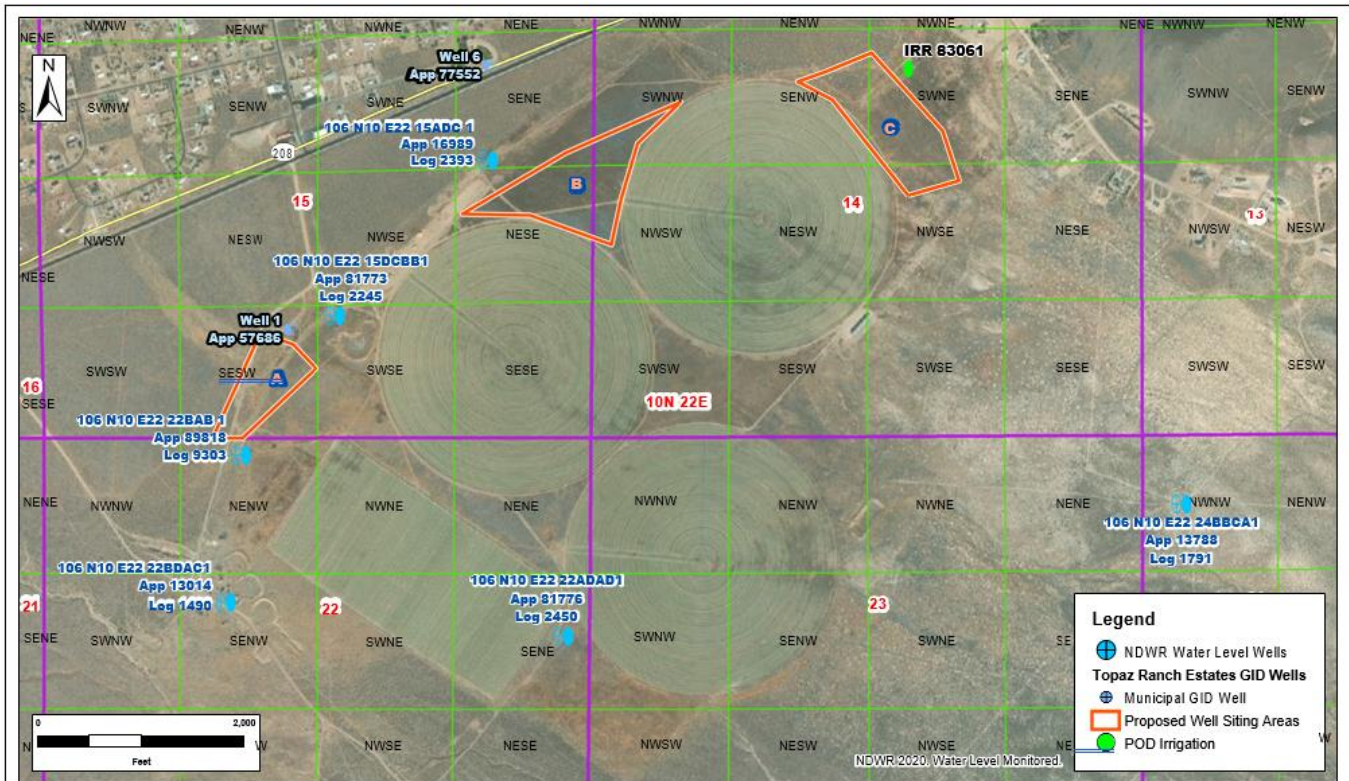


FIGURE 7
 TITLE:
WATER LEVEL MONITORING WELL SITES
 -SHOWING-
TOPAZ RANCH
DOUGLAS COUNTY, NV

JOB NO.: **SHAW012** DATE: **5/18/2021**

FILE:
Figure 7 Water Level Monitoring Sites Map

COORDINATE SYSTEM:
WGS 1984 UTM Zone 11N

DESIGNED	AT	CHECKED	DS	REVISION:
DRAWN	AT	APPROVED	DS	-

R:\Projects\GIS Data\SHAW012 - Topaz Ranch\Figure 7 Water Level Monitoring Sites.mxd

Appendix A

(Phase 1 – TREGID Project Engineer’s Opinion of Probable Costs)

Topaz Ranch Estates GID						
Alternative 2 Phase 1- New Well & Misc. Items						
Opinion of Probable Cost						
Jul-21						
Item No.	Description	Simerson Construction				
		Unit	Quantity	Unit	Price Per Unit	Total Price
1	Mob/Demob	LS	1	LS	40,000.00	\$40,000.00
2	Drill direct mud rotary plot test hole, 6 to 8-inch diameter	LF	450	LS	55.00	\$24,750.00
3	Install temp conductor casing	LS	1	LS	65,000.00	\$65,000.00
4	Drill 20-inch diameter bore hole, Indding pilot hole and reaming	LF	450	LS	125.00	\$56,250.00
5	Electrical Logging	LS	1	LS	7,000.00	\$7,000.00
6	Furnish & Install 12-inch I.D. Casing, 1/4" wall A53 Grade B steel	LF	300	LS	240.00	\$72,000.00
7	Furnish & Install 12-inch I.D. Mill Slot Perf. Casing, 1/4" wall A53 Grade B steel	LF	150	LS	260.00	\$39,000.00
8	Furnish & Install Gravel Pack from 55 feet to 450 feet	LS	1	LS	12,000.00	\$12,000.00
9	Furnish & Install Sanitary seal from 0 to 55 feet	LS	1	LS	12,000.00	\$12,000.00
10	Well Development by airlifting, swabbing & balling	HR	40	HR	600.00	\$24,000.00
11	Plumbness & Alignment Survey	LS	1	LS	3,500.00	\$3,500.00
12	Install test pump at 400 feet	LS	1	LS	12,000.00	\$12,000.00
13	Pumping Test & data collection	HR	90	HR	290.00	\$26,100.00
14	Final Well Completion video survey	LS	1	LS	3,000.00	\$3,000.00
15	Final Well disinfect and BAC-T samples	LS	1	LS	7,500.00	\$7,500.00
16	Final Site Cleanup, backfill, etc	LS	1	LS	6,000.00	\$6,000.00
17	New Well Mob/Demob	LS	1	LS	60,000.00	\$60,000.00
18	Transmission Main & Valves	LF	1650	LF	180.00	\$297,000.00
19	Jack and Bore (NDOT Crossing)	LF	100	LF	280.00	\$28,000.00
20	System Tie in, Abandonments, Etc.	LS	1	LS	25,000.00	\$25,000.00
21	Well 6 Disconnect	LS	1	LS	20,000.00	\$20,000.00
22	Well Site Utilities	LS	1	LS	35,000.00	\$35,000.00
23	Well Site Access Road Improvements	LS	1	LS	40,000.00	\$40,000.00
23	Well Site Grading & Improvements	LS	1	LS	50,000.00	\$50,000.00
24	Well Building	LS	1	LS	230,000.00	\$230,000.00
25	Well Building Piping, Pump, Appurtenances	LS	1	LS	160,000.00	\$160,000.00
26	Well Building Mechanical, Ventilation, Heating, Etc.	LS	1	LS	40,000.00	\$40,000.00
27	Well Building Electrical, Controls, Etc.	LS	1	LS	110,000.00	\$110,000.00
28	Chlorination System	LS	1	LS	30,000.00	\$30,000.00
29	Site Fencing	LS	1	LS	20,000.00	\$20,000.00
30	System Testing, Flushing, Disinfection	LS	1	LS	20,000.00	\$20,000.00
31	Stationary Generator for Booster Station 1	LS	1	LS	95,000.00	\$95,000.00
32	Stationary Generator for Booster Station 2	LS	1	LS	35,000.00	\$35,000.00
33	Hydraulic Modelling	LS	1	LS	18,000.00	\$18,000.00
34	Mapping for Pressure Zones, PRV's, Valves, and Fire Hydrants	LS	1	LS	20,000.00	\$20,000.00
35	Incorrectly Abandoned Water Lines	LS	1	LS	40,000.00	\$40,000.00
36	SCADA System Upgrades (Back-up Power, Remote Alarms, Etc.)	LS	1	LS	10,000.00	\$10,000.00
37	Auto Read Equipment (Hardware, Software, Etc.	LS	1	LS	60,000.00	\$60,000.00
38	Smartpoint Meter Retrofit	EA	536	EA	166.00	\$88,976.00
Construction Subtotal						\$1,942,076.00
Construction Contingency - 15%						\$291,311.40
Environmental Clearance, Engineering Design, Geotechnical, Surveying - 12%						\$233,049.12
Administrative, Legal and Financial - 2%						\$38,841.52
Contract Documents, Bidding, Construction Oversight and Inspections - 10%						\$194,207.60
Project Total						\$2,699,485.64

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 grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G14-1221 Topaz Ranch Estates GID Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$1,645,520.

RESOLUTION G14-1221

Topaz Ranch Estates GID 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:** Topaz Ranch Estates GID, (“Applicant”) has applied to the Board for a grant for a project having eligible costs estimated to be \$2,456,000 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 “new redundant source” (“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 “G14-1221 Topaz Ranch estates GID

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 \$1,645,520 of eligible project costs estimated to be \$2,456,000.

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 December 15, 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 Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

December 2021

Weed Heights Development

Amount and Term	Recommendation
<u>\$981,300</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan and commitment to the Weed Heights Development for their project to rehabilitate storage tanks and associated repair works (Project).

Management and Structure

Loan Recipient and Structure Weed Heights Development is a private water system.

Project system The project is for Weed Heights Development (NV0000242).

System Project for Funding

Priority List Class III Rank 60 according to the NV DWSRF project priority list effective July 2021.

Need NDEP's Bureau of Safe Drinking Water (BSDW) conducted a sanitary survey in 2019 and identified various minor deficiencies and one major deficiency (the storage tank does not have an access hatch to conduct the tank inspection). Subsequently, the applicant hired professional services to conduct diving and visual inspections and identified significantly exposed steel in the tank. The inspection report further identified the specific capital improvement needs to repair the storage tanks. Current projects are designed to restore water storage to close to original conditions. Technical assistance (TA) services were provided by NDEP's contracted vendor. Based on the age of the distribution system, the TA provider recommended either a plan to replace the pipe in segments over the next several years or seeking funding for a large-scale replacement. A combination of both may be necessary. Of these two needs, storage tank repair is noted as higher priority.

Chosen Project The proposed project includes the interior and exterior (except the Bureau of Land Management (BLM) Reservoir) recoating of four steel water tanks: Austin North (0.064 million gallon (MG)), Austin South (0.064 MG), Domed Reservoir (0.23 MG), and the 1 MG BLM Reservoir (1MG). Other improvements to the tanks include the

addition of guardrails, manways, roof vents, and/or ladder safety improvements. The project will be bid as one project separated into three phases as follows: Phase 1 – Austin Tanks, Phase 2 – Domed Reservoir, and Phase 3 – BLM Reservoir. Phase 3 will include a tank condition assessment once the tank is removed from service and the existing liner is removed. Phase 2 will also require that temporary storage be erected in order to pull the Dome Tank offline. The applicant will be self-funding the costs for exterior coatings to each of the tanks, proposed as part of the rehabilitation project, as these costs are considered operational and maintenance costs and hence not eligible for SRF funding support.

Project Alternatives The proposed project scope is an outcome of review of the sanitary survey results and the professional engineer’s inspection report noting deficiencies significant to have a potential to cause public health and water supply disruption if not addressed in a timely manner. As such, these deficiencies directly correspond to the PWS’s need to achieve and maintain the capacity to ensure a reliable and sustainable drinking water supply to the town of Weed Heights. Additionally, the applicant has been actively collaborating with the NDEP to prepare and present a preliminary engineering report that evaluated the reasonable options and environmental factors; the PWS identified project phasing as the optimal approach to repair the tanks. There are no other reasonable alternatives to the proposed project goal of repairing the existing storage tanks.

Maps Maps are attached to this report.

Timeline	Design:	January 2022-June 2022
	Construction Bid:	July 2022
	Construction Start:	October 2022
	Initiation of Operations:	October 2023 (tentative)

Sources of Project Funding	DWSRF	Local	Other	Total
	Planning	\$69,600	\$5,600	
Construction / Improvements	\$753,600	\$61,000		\$814,600
Administration	\$37,700	\$3,000		\$40,700
Construction Contingency	\$120,400 ^A	\$9,100		\$129,500
Totals	\$981,300	\$78,700		\$1,060,000

^ANDEP rounded project to \$1,060,000 by adding \$7,400 to contingency.

System Previous Commitments and Studies

NDEP Technical Assistance

Upon initial consultation with the NDEP while scoping for funding support, the PWS is receiving technical assistance through the NDEP capacity assistance program.

Environmental Review

The project will benefit and serve the community at large. The project will not pose a disproportionately high and adverse human health or environmental effect on minority and low-income populations. Pending a formal environmental review and determination by NDEP, no significant environmental impacts of concern are anticipated at this time. A routine consultation with the State Historical Preservation Office will be conducted in conformance with the SRF programmatic requirements.

Community Engagement

The Applicant reports that as part of the water conservation plan, they are committed to establishing a conservation education program. The storage tank repair need has been widely discussed within the community and is well documented. A special Weed Heights Town Board meeting was conducted on May 26, 2021 to discuss the water tank rehabilitation project. The board concluded that rehabilitation of the storage tanks is critical and the most economical option for the PWS and to the town.

System Information

System Location Lyon County

System Population 340

System Service Connections 250

System Infrastructure The water supply for the PWS consists of two wells: the BLM Well with a single pump with one meter reading, and the TAC Well with one meter reading. The combined duty of certified water rights may not exceed 405.81 acre-feet annually and is used for quasi-municipal purposes for the Weed Heights Development, and the Anaconda Mine Site cleanup as required by USEPA and the State of Nevada. Both wells are within the Walker River Region, Mason Valley Basin. The two wells are connected to arsenic reduction treatment and two booster pump stations. The PWS uses four storage tanks which need repairs and rehabilitation. The PWS uses a chlorinator for disinfection and the distribution system.

Compliance The PWS currently does not have any outstanding violations on record. No records of violation are noted since 2014.

User Water Rates	<ul style="list-style-type: none">Residential base rate per user per month: \$60.00 included in rent - unmetered
-------------------------	--

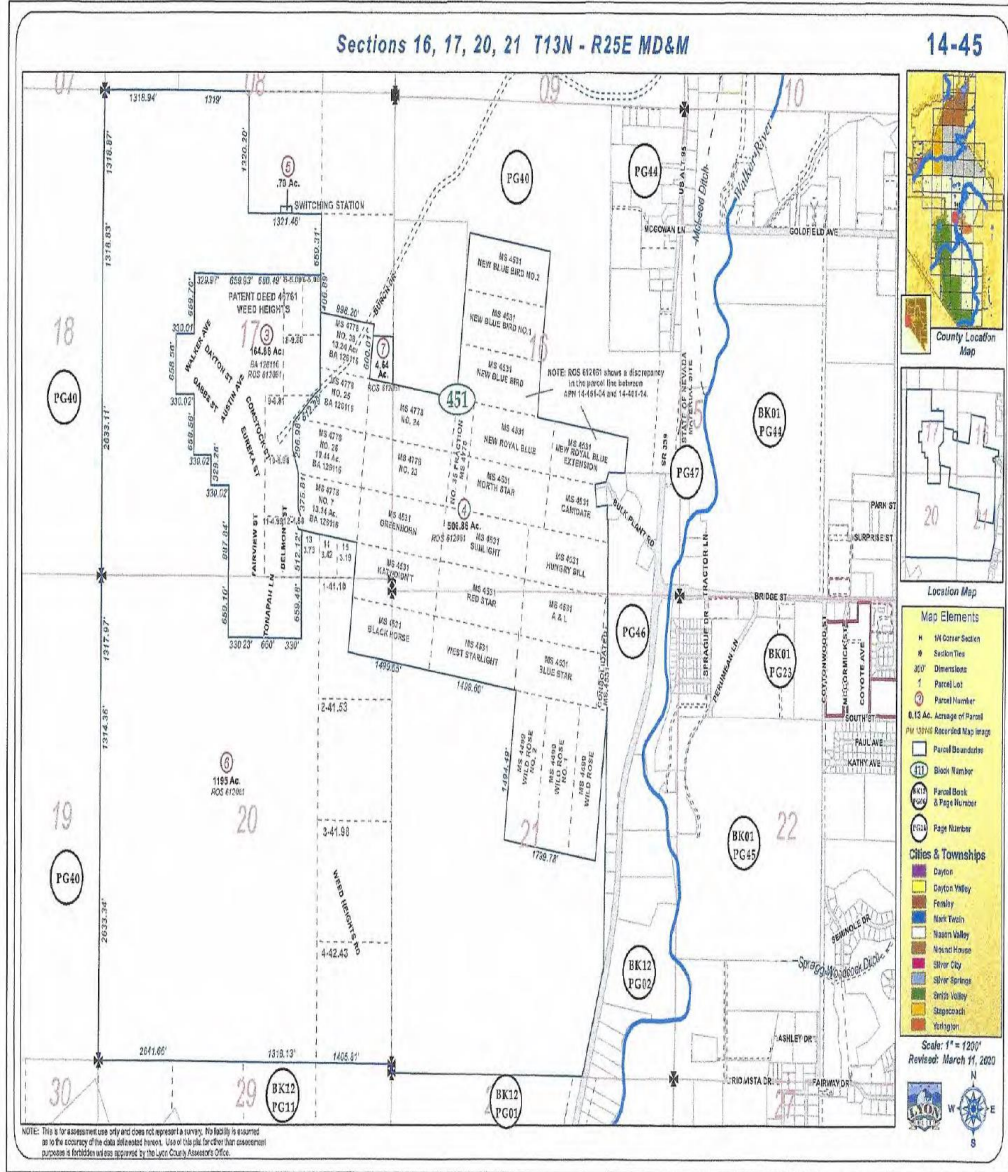
Loan Recipient Information

Water Conservation Plan	The 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 statutes ¹ . The PWS's water conservation plan was most recently prepared in August 2021 with the technical assistance provided by NDEP at no cost to the system.
Technical Capacity	This PWS's significant capacity issues will be addressed by the proposed project. The PWS will use the technical assistance services offered by the NDEP's SRF capacity development program, including but not limited to staff training and water conservation plan preparation. The PWS also has utilized professional services to assess the storage tank conditions periodically. As such, the PWS meets the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Weed Heights Development, LLC is governed by a five-member board. They have demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of 12/31/2020</u> Unrestricted Cash: \$729,097 Days cash on hand: 292 Outstanding Debt: \$120,240 Operating Income before Depreciation: \$ 280,328 Debt Coverage: debt schedule unknown – appears adequate <small>*Financial information is obtained from tax returns filed with the Internal Revenue Service</small> Weed Heights has demonstrated financial capacity for NDEP to recommend funding support.
Fiscal Sustainability Plan	A fiscal sustainability plan will be required as a condition of funding.
Capital Replacement Reserve Account	Weed Heights will need to establish a dedicated Capital Replacement Reserve account as a condition of funding.
DWSRF Principal Forgiveness Eligibility Criteria	Weed Heights meets the definition of a disadvantaged community, per NAC 445A.675245.

¹ Nevada Revised Statutes (NRS) 540.121 to 540.151

Maps and Exhibits

Assessor's parcel number (APN) Map



Project Location Maps



PROJECT LOCATION 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:

- 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 “D15-1221 Weed Heights Development Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$973,900. 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 D15-1221

Weed Heights Development 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 27, 2021, the Board, under NRS 445A.265(3), approved the Priority List Effective July 2021, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Weed Heights Development (Recipient) owns and operates a private water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project to rehabilitate storage tanks and associated repair works (Project); and
- WHEREAS:** The Project is included as project #60 on the Priority List Effective July 2021 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 “D15-1221 Weed Heights Development 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 \$981,300 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 December 15, 2021

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects