

Joe Lombardo
Governor

Jason B. Cooper, CGFM
Board Advisor

Katie Armstrong
Senior Deputy Attorney General

STATE OF NEVADA



Board Members:
Bruce Scott, *Chair*
Andrew Belanger, *Vice Chair*
Abigail Yacoben
Mike Workman
Carl Ruschmeyer

Non-Voting Member:
Andrea Seifert

AGENDA

STATE BOARD FOR FINANCING WATER PROJECTS

January 24, 2024

9:30 AM

The Board Meeting is open to the public and free to attend. However, only the first floor of the Bryan Building is open to the public without an escort. If you plan to attend the meeting in person please wait in the lobby; five minutes prior to the start of the meeting, we will have a staff member escort attendees to the meeting.

Location:

The Richard H. Bryan Building
Tahoe Hearing Room
901 South Stewart Street, 2nd Floor
Carson City, NV 89701

Join the Meeting virtually at:

Microsoft Teams:

Meeting ID: 280 603 643 072
Pass Code: PVMXYX

Call in by Phone (audio only)
United States: +1 (775) 321-6111
Meeting extension: 246658699#

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

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

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

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

- 4 **Approval of Minutes – October 18, 2023, Meeting (For Possible Action)**

- 5 **Drinking Water State Revolving Fund (DWSRF) Update (Discussion)**

Presented by Jason B. Cooper

- 6 **Capital Improvements Grant Program Update (Discussion)**

Presented by Jason B. Cooper

- 7 **Approval of the Nevada Drinking Water Priority List – Effective January 2024 (For Possible Action)**

Presented by Jason B. Cooper

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

Three resolutions for consideration

Summary by Elizabeth Kingsland

8A Shoshone Estates (For Possible Action) \$100,000

8B Town of Tonopah (For Possible Action) \$85,000

- 9 **Increased Funding to Board-Approved Principal Forgiveness Loan (For Possible Action)**

One resolution for consideration

Summary by Elizabeth Kingsland

9A Beatty Water and Sanitation District (For Possible Action)

DWSRF Loan	Current Loan:	Additional Funds:	Total Commitment:
	\$1,050,000	\$481,000	\$1,531,000

Projects for Consideration

10 Humboldt County (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Elizabeth Kingsland and Jason Cooper

11 Storey County (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Elizabeth Kingsland and Jason Cooper

12 Baker Water & Sewer General Improvement District (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Elizabeth Kingsland and Jason Cooper

13 Golconda General Improvement District (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Elizabeth Kingsland and Jason Cooper

14 Pershing County (For Possible Action)

Proposed project for the DWSRF program

One resolution for consideration

Summary by Elizabeth Kingsland and Jason Cooper

Other items

15 Board Comments (Discussion)

16 Public Comments (Discussion)

17 Public Workshop (Discussion)

18 Adjourn

Additional Information:

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

Address Questions to:

Jason Cooper, Manager – Drinking Water SRF Program
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Office of Financial Assistance
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Notice of this meeting was posted at the following Nevada locations:

- Nevada Public Notice Website - <https://notice.nv.gov/>
- The Nevada Division of Environmental Protection public notice website - <https://ndep.nv.gov/posts>
- Department of Conservation and Natural Resources, 901 South Stewart Street, Carson City

Supporting materials for all agenda items can be viewed at:

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

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify, in writing, the Nevada Board for Financing Water Projects, in care of Jason Cooper, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249, or by calling (775) 687-9531 prior to the date of the meeting.

**Board for Financing Water Projects
Drinking Water State Revolving Fund
January 2024**

Drinking Water Program Funding Updates as of January 4, 2024

Cash in fund		\$111,169,088
Less debt service reserves	(6,015,788)	
Add undrawn grant balance	63,424,030.00	
Available for projects		\$168,577,330
Committed funds not yet disbursed	27,954,566	
Add commitments for Board consideration	4,068,000	
Add commitments for project cost increases	481,000	
Total committed funds after Board Approval	32,503,566	
Add projects in discussion with OFA	33,899,772	
Total committed and potential project loans	66,403,338	
Lowest cash flow balance in three (3) years	\$108,336,625	

Drinking Water Cash Flow Projections¹

	Jul 01, 2023		
	Year 1	Year 2	Year 3
Cash balance forward	\$104,515,005	\$168,176,472	\$196,651,441
Receipts from grants awarded	53,483,300	21,696,300	24,045,700
Transfer to the CWSRF program ²	0	0	0
Receipts from bonds issued	6,000,986	0	5,000,000
Receipts from treasurer's interest ³	3,462,027	3,655,765	4,295,904
Receipts from loan principal	14,511,133	14,983,271	13,366,203
Receipts from loan interest	3,778,090	3,400,880	3,050,031
Payments for debt service on bonds	(4,276,900)	(3,592,488)	(2,423,300)
Payments for loan recipients ³	(13,243,674)	(10,105,846)	(11,534,717)
Change in debt service reserves	(53,495)	(1,562,913)	0
Cash balance forward	\$168,176,472	\$196,651,441	\$232,451,262

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

³Estimated at 2% A.P.R. on undisbursed cash in the fund. Subject to change.

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

Drinking Water Grant Conditions

Current funds to obligate for principal forgiveness loans from the Base Program	\$8,200,772
Pending Grants	\$0
Less projects for board consideration	4,549,000
Remaining funds to obligate for principal forgiveness loans	3,651,772
Projects in discussion with NDEP	3,651,772
Total Principal Forgiveness Funds for future commitments (estimated)	\$0

Current emerging contaminants funds to obligate for principal forgiveness loans	\$8,758,000
Pending Grants	-\$2,890,140
Less projects for board consideration	0
Remaining funds to obligate for principal forgiveness loans	5,867,860
Projects in discussion with NDEP	0
Total Principal Forgiveness Funds for future commitments (estimated)	\$5,867,860

Current Lead Service Line funds to obligate	\$28,650,000
Pending Grants	\$0
Less projects for board consideration	0
Remaining funds to obligate	28,650,000
Projects in discussion with NDEP	0
Total Principal Forgiveness Funds for future commitments (estimated)	\$28,650,000
NOTE: Funding is awarded as 49% principal Forgiveness /51% Loan at 0% interest	

Program Updates

Drinking Water Project funding increases

Additional Commitments for project cost increases (per Board resolution D9-0622 signed June 29, 2022)			
System Need	Original Amount	Amended Amount	Increase
DW2201 Silver Knolls Mutual Water Company Arsenic mitigation	\$ 520,360.00	\$ 656,360.00	\$136,000 or +26.1%



Proposed changes to the Board of Finance Debt Management Policy

NDEP proposes changes to the Board of Finance Debt Management Policy to continue to incentivize the SRF programs for those borrowers that can afford to take advantage of below market interest loans, and to provide other needed general updates. The terms and conditions required when the SRF Programs award a publicly issued loan (and the Treasurer purchases the associated bond) were initially put in place to safeguard the public funds being loaned to municipal borrowers and have been sufficient for many years. However, due to congressional changes to the programs, as well as an increase in grant funding (due to IIJA), they are no longer supportive. Changes include:

- Changes to the discount rate for equivalency projects
- Changes to the interest rate structure for 20, 30, and 40-year term bonds (tax-exempt and taxable bonds).
- Tempering revenue only security requirements to accommodate, attract, and provide flexibility to fiscally sustainable utilities.
- Updates to align with changes due to Assembly Bill 20 (82nd Session).
- Corrections for correct fund code names and federal citations.
- Addition of the authority for the State Treasurer to negotiate any of the terms in the policy should NDEP accumulate an excess amount of funds that conflicts with federal requirements for timely use of funds. The changes would need to be listed in the program's Intended Use Plan, which goes out for a 30-day public comment period.

Proposed Special Incentive Interest Rate for the DWSRF due to an excess amount of funds

NDEP is proposing a limited-time, special incentive interest rate to eligible DWSRF borrowers to help the program move idle cash in a short period of time. This proposal has been evaluated by our program financial advisors, Hilltop Securities, LLC. These proposed terms are meant to reduce the idle cash in the DWSRF account by issuing repayable loans that are in line with federal requirements, while not putting our program at financial risk. This will demonstrate to EPA Nevada's continued need for federal grant money, which primarily benefits our small and disadvantaged communities. Some of the proposed terms currently under negotiation with the State Treasurer's Office are as follows:

- Public entities seeking a traditional loan, with terms up to 30-years or the life of the assets, whichever is shorter, may receive a special, limited-time interest rate of 1.00%.
- The special interest rate would be available on a first-come, first-served basis to the entity (or entities) that have a governing board resolution committing to use the DWSRF program for a project that has been approved by the Board for Financing Water Projects for funding before June 30, 2025.
- The special interest rate would only be available on the first \$100 million from the DWSRF fund.
- Special interest rate loans would be subject to loan origination fees and service fees as authorized by regulations.
- Special interest rate loans would be subject to all federal and state equivalency requirements.

DWSRF Position on June 30, 2023

- **Cash balances in the Drinking Water State Revolving Fund as of June 30, 2023, are as follows:**

Reloan Principal:	\$75,898,505.41	
Match Bond Proceeds:	\$1,541,662.25	
Subtotal for Loans:		\$77,440,167.66
Reloan Interest:	\$6,445,682.08	
Treasurer's Interest earnings:	\$8,860,004.22	
Subtotal for Debt Service:		\$15,305,686.30
Federal grants for loan (un-drawn):	\$17,729,251.60	
Total Cash in Program:	\$110,475,105.56	
Total Cash in State:		\$92,745,853.96

- **The DWSRF program no longer authorizes the restructuring or early payoff of outstanding loans unless the entity is taking out a new DWSRF loan.**

Total DWSRF Outstanding Principal:	\$165,381,278.63
Total DWSRF Outstanding Interest:	\$25,838,620.96
Total DWSRF Repayments Due:	\$191,219,899.59

Total Repayments Due in the next 5 years:	\$82,693,101.43 43.2% of total outstanding
Maturity Date of last loan:	January 1, 2042 18.5 years
Total Loans outstanding:	54
Weighted Average Interest Rate:	1.7625%

- **Traditional loans (excludes principal forgiveness loans) awarded in the last five fiscal years:**

Date	Entity	Contract	Amount	Project
SFY21 5/20/2021	Douglas County	DW2110	\$16,250,000	Water Conservation in Cave Rock & Skyland area
SFY20 08/15/2019	West Wendover, City of	DW1908	\$2,200,000	Refinance USDA Debt
SFY19 02/05/19	Riverbelle MHP	DW1904	\$343,563.00	Consolidation with Truckee Meadows Water Authority
Total Funds:			\$18,793,563	

DWSRF future projections

- Funds available for bond debt service³:

June 30,	Beginning Retained Earnings	Earnings and Loan Interest Payment	State Match Debt Service	Coverage
2024	\$15,305,686.52	\$5,550,385.52	\$4,339,400.00	4.81
2025	16,516,672.04	5,693,914.25	4,794,362.50	4.63
2026	17,416,223.79	5,455,477.83	4,167,258.33	5.49
2027	18,704,443.28	5,025,666.61	4,668,158.33	5.08
2028	19,061,951.56	4,567,597.11	4,571,975.00	5.17
2029	19,057,573.67	4,421,603.20	4,265,650.00	5.50
2030	19,213,526.87	4,489,714.61	4,169,000.00	5.69
2031	19,534,241.48	4,587,152.23	2,889,050.00	8.35
2032	20,008,439.96	4,707,799.31	2,806,750.00	8.81
2033	20,085,974.27	4,845,544.02	1,950,450.00	12.78
2034	20,014,640.16	5,004,223.90	1,124,425.00	22.25
2035	20,048,116.95	5,177,207.39	984,875.00	25.61
2036	20,063,185.43	5,364,608.90	815,250.00	31.19
2037	20,093,098.17	5,564,657.10	329,175.00	77.95
2038	20,080,372.44	5,773,338.93	319,725.00	80.86
2039	20,008,444.66	5,988,605.84	0	

The coverage calculations include the following assumptions:

- \$100 million in repayable loans provided at **0%** interest from program funds. This scenario was analyzed to determine the lowest level the program could go without risking significant impacts to the program's coverage requirements.
- Treasurer's Interest earning at 2.00% per annum.
- An additional \$7 million in State GO match bonds issued at 5% to cover match requirements through federal 2027 grants.

³ Calculations provided by Hilltop Securities, Financial Advisor to the Nevada State Revolving Funds.:

- **Federal funds awarded and forecasted⁴:**

Federal Fiscal Year	Funding Type	Awarded to Nevada	Amount available for loans	Amount available on October 20, 2023
2018	Base Program	9/20/2018	\$10,559,246.00	\$0
2019	Base Program	8/29/2019	9,962,880.00	0
2020	Base Program	9/17/2020	10,334,770.00	0
2021	Base Program	8/30/2021	10,070,545.00	0
2022	Base Program	9/20/2022	4,309,730.00	2,595,510.06
2022	IIJA Supplement	5/10/2023	14,391,330.00	14,391,330.00
2023	Base Program	9/26/2023	4,450,600.00	4,450,600.00
2023	IIJA Supplement	9/15/2023	15,062,700.00	15,062,700.00
2024	Base Program	[Estimate only]	4,450,600.00	
2024	IIJA Supplement	[Estimate only]	17,245,700.00	
2025	Base Program	[Estimate only]	6,800,000.00	
2025	IIJA Supplement	[Estimate only]	17,245,700.00	
2026	Base Program	[Estimate only]	6,800,000.00	
2026	IIJA Supplement	[Estimate only]	17,245,700.00	
2027	Base Program	[Estimate only]	6,800,000.00	
2027	IIJA Supplement	[Estimate only]	0	
Totals			\$155,729,501.00	\$36,500,140.06

- **Match requirements through federal fiscal year 2027 grants:**

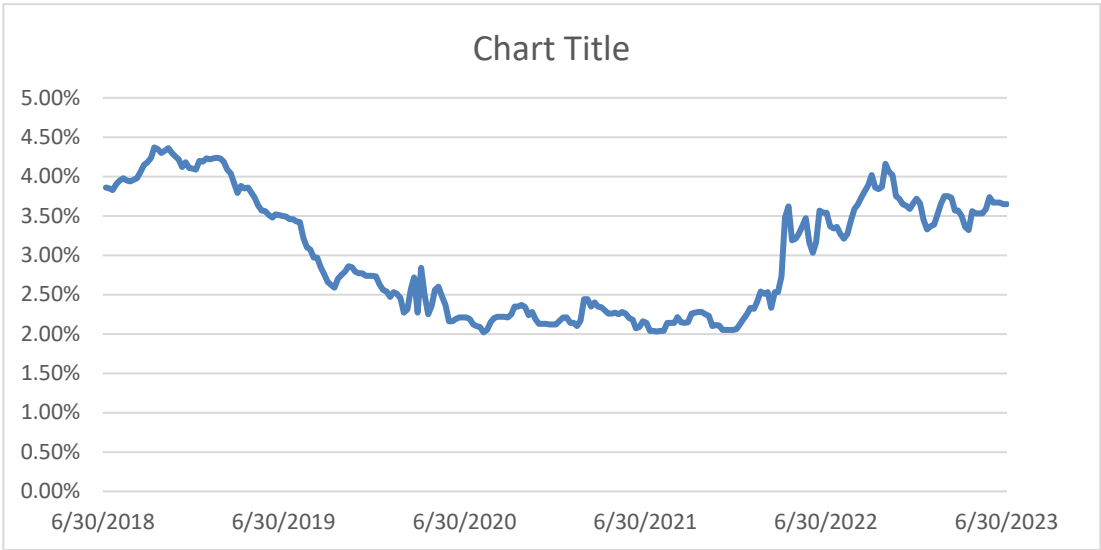
DW SRF Current Match Coverage	Base Grant	IIJA Supplemental	Total Grants
Total Grants Received by July 1, 2022	\$267,872,500.00	\$0.00	\$267,872,500.00
Less ARRA Grant	(19,500,000.00)	0.00	(19,500,000.00)
Total thru July 1, 2022	248,372,500.00	0.00	248,372,500.00
2023 through 2027 grants estimated	42,595,000.00	108,177,000.00	150,772,000.00
DWSRF Grants requiring Match	290,967,500.00	108,177,000.00	399,144,500.00
Total Match spent by June 30, 2027 ⁵	58,993,261.67	17,366,700.00	76,359,961.67
Total Match Needed ⁶	58,193,500.00	17,366,700.00	75,560,200.00
Overmatch / (undermatch)	799,761.67	0	799,761.67

⁴ Base program estimates are conditioned on the passage of annual Congressional appropriations. IIJA funds are based on EPA allotments for supplemental grants only. IIJA values exclude funding specific to Emerging Contaminants and Lead Service Lines. Federal funds cannot be awarded if Nevada cannot demonstrate there are projects ready to proceed for funding and the state has a need for more federal dollars.

⁵ Values include an additional \$7 million in GO match bonds to be issued in future state fiscal years.

⁶ Base program grants require a 20% match excluding ARRA funds. IIJA Supplemental grants require a 10% match for federal 2022 and 2023 grants, and a 20% match for the federal 2024, 2025, and 2026 grants.

Historical interest rate analysis



	Min	Max	Median	54% of Min
FY19	3.48%	4.37%	4.05%	1.73%
FY20	2.16%	3.49%	2.68%	1.10%
FY21	2.02%	2.44%	2.21%	1.09%
FY22	2.03%	3.62%	2.26%	1.17%
FY23	3.21%	4.16%	3.64%	1.88%

- Market rate on October 12, 2023: 3.97%
 - 1.00% represents 25.19% of the market rate for a 20-year bond. Our proposal would allow the rate to be awarded for a 30-year bond, providing a deeper discount.

Excerpts from the SFY 2022 EPA Program Performance Review (Transmitted May 2023)

- **Timely and Expeditious Use of Funds:** A state must agree to commit and expend all funds as efficiently as possible and in an expeditious and timely manner. Timely and expeditious use of the funds is critical to maximize the effectiveness of SRF assets and in meeting the public health needs of the state per 40 CFR § 35.3550(l) (page 7).
- **[DWSRF] Fund Utilization Rate:** Fund utilization rate or pace of the program is an indicator of the demand for funds as well as the ability of the state to award those funds to projects in a judicious manner. The rate of funds utilization is calculated as funds in executed loans as a percent of funds available. In terms of the fund utilization rate, Nevada's DWSRF program in FY2022 dipped below the national average for a third year (page 7). A low fund utilization rate indicates that there is a lack of demand in a state for SRF funding.
 - Typically, there are a wide range of factors for a low utilization rate, such as underinvestment in marketing and outreach, unappealing financing terms, or the availability of significant grant funding in competing state programs. However, EPA does not consider this to be the case with Nevada who has continually marketed the program and developed creative financing schemes for borrowers. Nevada has a unique demographic with only ten communities in the state with populations greater than 50,000. These ten communities represent the bulk of community water systems capable of affording a traditional SRF loan. It is more common for Nevada to receive applications for small principal forgiveness loans from the State's small and rural communities.
- **Undisbursed Cash to 3-year Average Disbursement Ratio:** This indicator looks at available funds that a state has at the U.S. Treasury and in state accounts and divides this by the prior three-year average annual disbursement figure. It is a metric to gauge how long it will take a state to disburse its funds.
 - **The Nevada DWSRF has a disbursement ratio of 4.9, which means Nevada has nearly 5 years of cash on hand. The national average is 2.9.**
 - **Recommended Follow-up:** As with the fund utilization rate, NDEP and EPA will continue to monitor this indicator.
- **Total Net:** This indicator seeks to gauge if an SRF program is growing through the activity of making loans. A positive figure shows that a program is maturing. The Nevada DWSRF has a total net of \$15.3 million which is up slightly from the prior year which was \$14.6 million. The Nevada DWSRF program continues to grow, but at a slow pace.
- **Net Interest Margin:** This indicator seeks to gauge if an SRF program is growing through interest earnings. A positive figure indicates that a program is maturing. Nevada has maintained a net interest margin at 1.6%, which is double the national average of 0.7%. This is consistent with last year's net interest margin of 1.4%.

Water systems in Nevada that serve more than 10,000 people

Entity	Legal Structure	Population ⁷
LAS VEGAS VALLEY WATER DISTRICT	Public Community	1,502,604
NORTH LAS VEGAS UTILITIES	Public Community	376,515
HENDERSON CITY OF	Public Community	321,781
TRUCKEE MEADOWS WATER AUTHORITY	Public Community	311,932
CARSON CITY PUBLIC WORKS	Public Community	56,000
ELKO CITY OF	Public Community	20,451
FERNLEY PUBLIC WORKS	Public Community	19,790
VENETIAN PALAZZO	Private Company-Not SRF eligible	19,387
NELLIS AIR FORCE BASE	U.S. Government-Not SRF eligible	19,081
VIRGIN VALLEY WATER DISTRICT	Public Community	18,000
BELLAGIO RESORT AND CASINO	Private Company-Not SRF eligible	17,171
SUN VALLEY GID	Public Community	17,000
DAYTON VALLEY WATER SYSTEM	Public Community	15,830
MGM GRAND HOTEL AND CASINO	Private Company-Not SRF eligible	15,500
BOULDER CITY	Public Community	15,000
GARDNERVILLE RANCHOS GID	Public Community	11,300
RESORTS WORLD LAS VEGAS	Private Company-Not SRF eligible	11,250
MANDALAY BAY RESORT AND CASINO	Private Company-Not SRF eligible	10,549
TRI GENERAL IMPROVEMENT DISTRICT	GID-SRF eligible	10,001

⁷ Population as of September 2021. Value represents the number of people the entity serves on a consistent basis to qualify as a community water system or noncommunity, non-transient water system. Values do not count transient visitors to Nevada.

**Board for Financing Water Projects
Capital Improvements Grant Program
January 2024**

Capital Improvements Grant Program Funding Update as of January 9, 2024

Current Cash¹:	\$ 7,556,518.99¹
Reserved for Administration:	\$ 18,921.32
Committed bond funds not yet disbursed:	\$ 7,318,747.78
Projects for Consideration:	\$ 0.00
Un-committed funds:	\$ 405,014.27²

GP2103	Las Vegas Valley Water District (Big Bend)	Undrawn Balance: \$1,078,995.19
Treatment plant improvements; storage rehabilitation; distribution; electrical controls		Last Draw date: June 2023
GP2104	Alamo Sewer and Water GID	Undrawn Balance: \$268,004.39
Arsenic Treatment		Last Draw date: Jan 2024
GP2105	Las Vegas Valley Water District (Blue Diamond)	Undrawn Balance: \$3,950,727.83
Pipe replacement, storage, and backup well.		Last Draw date: May 2023
GP2201	Las Vegas Valley Water District (Big Bend)	Undrawn Balance: \$568,000.00
Phase II Construction		Last Draw date: No draws
GP2202	Golconda GID	Undrawn Balance: \$668,117.82
Phase II Construction		Last Draw date: Nov 2023
GP2203	Topaz Ranch Estates	Undrawn Balance: \$784,902.55
New Redundant Source		Last Draw date: Dec 2023

¹ From all sources including bond proceeds, administration fees, and treasurer's interest.

² Includes estimated bond interest earnings for the next 12 months at 2.00%.

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 September 29, 2023	(\$19,531,000)
Available to request issuance	\$105,469,000

As of: 1/9/2024

Bond Series	2019B	2020B	2021B
Legislative Authority	AB541 (80 th Session) \$3,000,000	AB541 (80 th Session) \$3,000,000	AB492 (81st Session) \$8,000,000
Date of Issuance	December 10, 2019	November 10, 2020	December 07, 2021
Initial Proceeds	\$ 1,526,618.00	\$ 1,556,536.30	\$ 8,082,775.25
Treasurer's Interest[1]	\$ 31,257.11	\$ 45,055.88	\$ 326,431.32
Total Proceeds	\$ 1,557,875.11	\$ 1,601,592.18	\$ 8,409,206.57
6 months	\$ (20,132.60) 1.3%	\$ (55,695.10) 3.48%	\$ (81,028.81) 0.96%
12 months	\$ (262,838.19) 16.9%	\$ (55,695.10) 3.48%	\$ (81,028.81) 0.96%
18 months	\$ (311,949.59) 20.0%	\$ (55,695.10) 3.48%	\$ (83,639.27) 0.99%
24 months	\$ (523,027.87) 33.6%	\$ (55,695.10) 3.48%	\$ (83,699.34) 1.00%
30 months	\$ (663,271.12) 42.6%	\$ (709,044.91) 44.27%	\$ (645,672.63) 7.68%
36 months	\$ (954,927.48) 61.3%	\$ (1,598,891.81) 99.83%	\$ (874,308.27) 10.40%
48 months	\$ (1,557,875.11) 100.00%	\$ (1,601,592.18) 100.00%	0.00%
Unspent Proceeds	\$ -	\$ - 0.00%	\$ 7,534,898.30 89.60%

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

January 2024

Shoshone Estates Water Co., Inc.

Amount and Term

\$100,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Shoshone Estates Water Co., Inc. to revise the system's existing Preliminary Engineering Report (PER) to further investigate the installation of a new drinking water supply well and associated infrastructure, and prepare the associated Environmental Assessment.

Management and Structure

Loan Recipient and Structure Shoshone Estates Water Co., Inc. is a privately owned and operated public water system.

Project system The project is for the Shoshone Estates Water Co., Inc.

System Number NV0005028

System Information

County Nye

System Population 240

**System Service
Connections** 78

System Infrastructure The Shoshone Estates Water Co., Inc. currently serves 86 residential and six commercial connections. The water is sourced from two wells (Well #1 and Well #2). The system also includes one 40,000 gallon-capacity storage tank and a distribution system.

Compliance The system is currently listed as non-compliant due to difficulties in implementing the installation and maintenance of point-of-use (POU) reverse osmosis (RO) systems for arsenic. The existing PER reports that, according to the most recent Sanitary Survey conducted in August 2021, the only deficiency noted was the need for planning to address the arsenic levels. The system has additionally received numerous violations relating to arsenic concentrations exceeding the Maximum Contaminant Level (MCL) for arsenic of 0.01 mg/L, with the most recent reported concentration from the Bureau of Safe Drinking Water (BSDW) identified as 0.042 mg/L during the Third Quarter 2023 monitoring period.

System Project for Funding

Priority List	Priority #33 on the Drinking Water SRF Priority List Effective January 2024.
Need	The Shoshone Estates Water Co., Inc. has a current need to address high levels of arsenic within the system's drinking water supply. Currently, a POU RO system is used to address the high levels of arsenic. However, the system is still listed as non-compliant due to some customers not allowing entry for RO installation/filter changes. The Public Water System (PWS) is equipped with two ground water wells; however, Well # 1 is presently out of service. Recently, a project was undertaken to deepen Well # 1 with the aim of encountering higher quality water with lower concentrations of arsenic. However, increased arsenic concentrations were discovered (exceeding 0.06 mg/L). As arsenic is still above the state's allowable MCL, final authorization to use the well cannot be given by BSDW until point-of-use treatment systems have been installed on all service connections, or an alternate source or form of treatment is installed.
Chosen Project	The presently chosen project alternative is to negotiate with Nye County to allow the system to drill a new well at the County Rodeo Grounds. The Rodeo Grounds is understood to be equipped with a well meeting drinking water quality standards for arsenic but would not provide the volume of water necessary to serve the Shoshone Estates users. The new well would be connected into the existing distribution system and approximately one mile of new pipeline would be installed to tie into the existing water storage tank. Based on water quality analysis for the existing well at the Rodeo Grounds, higher quality water is expected in the new area. Prior to proceeding with this option, the existing PER needs to be updated to reflect current information and focus on the newly selected alternative. Additionally, as the project would include the development of a new water source, an Environmental Assessment (EA) will need to be prepared.
Project Alternatives	Shoshone Estates Water Co., Inc. contracted a Nevada licensed professional engineer in 2021 to produce a PER to evaluate alternatives regarding elevated arsenic concentrations in the source water. A project to deepen one of the wells was identified as the preferred alternative; however, the project was not successful, and another solution must be found. In addition to the previously developed alternative and the current proposed alternative, a third alternative was evaluated which included implementing a Point-of-Entry (POE) Adsorption Media Filter to filter out the arsenic at the well head. This alternative would incorporate a 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 would be used to treat the water. However, this alternative has not been selected due to cost considerations related to maintenance.

Maps and Exhibits



Timeline

PER/EA Initiation: January 2024

PER/EA Final Report May 2024

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Design and Engineering	\$100,000.00	\$17,647.06	\$0.00	\$117,647.06
Totals	\$100,000.00	\$17,647.06	\$ 0.00	\$117,647.06

Other Source: _____

Environmental Review

To be developed within the scope of this project.

Community Engagement

The sole member of the Shoshone Estates Water Co., Inc. adopted a resolution approves staff to submit applications to the to the State Drinking Water State Revolving Fund for the purposes of funding several projects, including the proposed project herein. The effective date of this resolution was September 18, 2023.

Loan Recipient 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 statutes. Shoshone Estates Water Co., Inc. 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 available.
Technical Capacity	The Shoshone Estates Water Co., Inc. drinking water system requires operator certification level D-1 and T-0. The operator for this water system (number OP001049) holds full D-3 and T-2 certification. Shoshone Estates Water Co., Inc. has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Shoshone Estates Water Co., Inc. is a private water system currently under court receivership. The receiver has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of November 30, 2023:</u> Unrestricted Cash: \$4,525.12 Days cash on hand: 25 Outstanding Debt: \$0.00 Operating Income before Depreciation: -\$7,218.32 Current Ratio: Not accounting for liabilities Debt Coverage: No debt *Financial information included tax returns for 2020 and 2021. System financial report provided through November 2023. Shoshone Estates Water Co., Inc. is currently not generating enough cash to cover long-term operations of the system. They are conducting a user rate study, with support from a third-party vendor, that will provide the information to introduce a rate increase that will provide sufficient funding for long-term operations. NDEP will require the rate study to be completed by the final draw of this loan.
User Water Rates	Water user rates were adopted in February 2022: • Residential base rate per user per month: \$100.25 • Commodity Rate: None • Average Water Rate/Use for System: 23,622 The existing water rates do not sufficiently cover current operation, maintenance, debt service, and reserves of the system for long term sustainability. NDEP will require a user rate that is sufficient for financial sustainability be adopted prior to further support for funding to the board for the next construction project.
Asset Management Plan	An asset management plan has been developed and maintained by the system. This loan will contain a requirement to maintain an asset management plan.

Capital Replacement Reserve Account	Shoshone Estates Water Co., Inc. will need to establish a dedicated Capital Replacement Reserve Account before the final draw on this loan.
DWSRF Principal Forgiveness Eligibility Criteria	Shoshone Estates qualifies as a disadvantaged system.

System Previous Commitments and Studies

Project I.D. DW2203; Executed June 2022; Loan Amount \$110,000.00

Well modification for arsenic.

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.
- Develop a sufficient water user rate to maintain the system’s current needs prior to the final draw of this loan.
- Maintain an asset management 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 “D8A-0124 Shoshone Estates Water Co., Inc. Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$100,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D8A-0124

Shoshone Estates Water Co., Inc. Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Shoshone Estates Water Co., Inc. (Recipient) owns and operates a public community water system in Nevada; and
WHEREAS:	The Recipient submitted a pre-application to NDEP for funding a project to project (Project); and
WHEREAS:	The Project is included as project #33 on the Priority List Effective January 2024 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-0124 Shoshone Estates Water Co., Inc. Project Loan Commitment”.

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$100,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

**Loan Commitment from the
Drinking Water State Revolving Fund**
Board for Financing Water Projects
January 2024

Town of Tonopah

Amount and Term

\$85,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Town of Tonopah for a Preliminary Engineering Report (PER) and Environmental Report to investigate and prioritize storage and looping options.

Management and Structure

**Loan Recipient
and Structure** Tonopah Public Utilities is a public water system.

Project system The project is for the Tonopah Public Utilities.

System Number NV0000237

System Information

County Nye

System Population 2,493

**System Service
Connections** 938 Residential; 253 Other

System Infrastructure The Tonopah Public Utilities drinking water system has six active wells. The water from these wells is stored in nine storage tanks varying from 100,000 gallons to 1,080,000 gallons in capacity. Drinking water is distributed through a pipe system with the assistance of three booster pump stations. Chlorine is added to the drinking water with the use of a chlorinator at the Rye Patch Pump Station.

Compliance Violations recorded by the Bureau of Safe Drinking Water for Tonopah Public Utilities in 2023 were related to Total Coliform Rule regulations. Recent Sanitary Surveys were conducted on July 18, 2022, October 21, 2021, and September 12, 2018 with no significant deficiencies noted. Minor deficiencies were observed that need to be corrected to ensure adequate long-term protection, construction, monitoring, operation, and maintenance of the public water system. These deficiencies included a cracked well pad at Well 10 and Well 6, the implementation of a tank maintenance program, and the possible abandonment of the Airport Storage tank due to lack of demand.

System Project for Funding

Priority List	Priority #100 on the Drinking Water SRF Priority List Effective January 2024.
Need	The water system currently has seven pressure zones that are fed by six ground level storage tanks. The lowest five zones (Upper Sierra Vista, Middle Sierra Vista, Lower Sierra Vista, Ararat, and US 95) are fed by the two Ararat Tanks. The lowest five zones have exceeded their storage capacity (as provided by the two Ararat Tanks) and must currently rely on the excess capacity that is available in the upper zones. It is not efficient to consume energy to pump to the upper zones and then regulate back down to the lower zones. It is thought that efficiencies could be realized if each zone has its own standalone storage component adequately sized to serve the zone. Furthermore, the lowest pressure zone, Lower Sierra Vista, could be connected and served from the US 95 Zone through a pressure reducing station thus providing much needed looping and distribution main redundancy to the Lower Sierra Vista Zone.
Chosen Project	A PER is needed to evaluate storage efficiencies as well as possible looping of portions of the water system for needed redundancy. The scope of work will investigate increasing the storage volume that serves the lowest five zones (operational, fire, and emergency storage) and improve looping and redundancy to the Lower Sierra Vista Zone.
Project Alternatives	Project alternatives and priorities will be evaluated with this PER.

Maps and Exhibits



Timeline

PER/ER: October 2024

Design: October 2025

Construction Bid: November – December 2025

Construction Start: January 2026

Initiation of Operations: October 2026

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Other planning costs	\$85,000.00	\$15,000.00	\$0.00	\$100,000.00
Totals	\$85,000.00	\$15,000.00	\$ 0.00	\$100,000.00

Other Source: _____

Environmental Review

To be developed with the PER.

Community Engagement

The Town of Tonopah has a five-member board that meets on a monthly basis; meetings are subject to Open Meeting Laws. The Town of Tonopah Board met on November 20, 2023, to approve the application to the Drinking Water SRF Program to request funding for this PER project.

Loan Recipient Information

Water Conservation Plan	The Tonopah Public Utilities has a Water Conservation Plan which was submitted to the Nevada Division of Water Resources on February 11, 2020.
Technical Capacity	The Tonopah Public Utilities drinking water system requires operator certification level D-3 and T-0. The operator for this water system (number OP02564) holds D-3 certification. The Town of Tonopah has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Town of Tonopah is governed by a five-member board and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was November 20, 2023. The Town of Tonopah has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2022:</u> Unrestricted Cash: \$955,649.00 Days cash on hand: 715 Outstanding Debt: \$4,830,391.00 Operating Income before Depreciation: \$300,366.00 Current Ratio: 6.54 Debt Coverage: 1.88

	*Financial Information is independently audited by D. McArthur, LTD. The Town of Tonopah has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on July 1, 2023: • Residential base rate per user per month: \$10.35 • Commodity Rate: 4.35 • Average Water Rate/Use for System: \$21.55 (3,000 gallons) The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.
Asset Management Plan	An Asset Management Plan has been developed and will be part of the loan conditions for principal forgiveness funding.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account has been established and will be part of the loan conditions to maintain this account throughout the loan.
DWSRF Principal Forgiveness Eligibility Criteria	The Town of Tonopah is a disadvantaged entity and therefore qualifies for Principal Forgiveness funding.

System Previous Commitments and Studies

Project I.D. DW2314; Executed September 2023; Loan Amount \$3,500,000.00

Replace Galvanized/AC Pipe

Project I.D. DW1806; Executed December 2017; Loan Amount \$500,000.00

Radio Read Meter Implementation

Project I.D. DW1302; Executed February 2013; Loan Amount \$1,700,000.00

Replace Transmission Lines

Project I.D. DW1202; Executed August 2011; Loan Amount \$1,060,780.00

Arsenic Compliance

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 an asset management 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 “D08B-0124 Town of Tonopah Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$85,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D8B-0124

Town of Tonopah Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Town of Tonopah (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 project (Project); and
WHEREAS:	The Project is included as project #100 on the Priority List Effective January 2024 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 “D8B-0124 Town of Tonopah Project Loan Commitment”.

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$85,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

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

January 2024

Beatty Water & Sanitation District

Amount and Term

\$481,000.00

Additional Principal
Forgiveness
From DWSRF

\$1,531,000.00

Total commitment

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Beatty Water & Sanitation District for the relining of three system tanks and replacement of the booster tank.

Original Commitments

Project Beatty Water & Sanitation District has multiple components that are in need of replacement, rehabilitation, and upgrade. Based on dive reports, the 250,000-gallon Middle tank, 250,000-gallon South tank, and 260,000-gallon Indian Springs tank all are in the need of interior recoating. Timely coating of the water storage tanks will allow the tanks to be relined rather than requiring replacement at a significantly greater cost. The system's booster storage tank is in poor condition as well and lacks adequate capacity. The 20,000-gallon booster tank is to be replaced with a 45,000-gallon tank with a similar footprint.

Resolution Conditions Resolution D09-1222 for the Beatty Water & Sanitation GID Project Loan Commitment was adopted on December 6, 2022. This board resolution approved a not-to-exceed amount of \$1,050,000 in principal forgiveness funds from the Drinking Water State Revolving Fund.

Need for Additional Funds During the bidding process for this project, responsive contractors provided bids which exceeded the original estimate prepared by the project engineer. Therefore, without additional funding, only the booster tank and the recoating of one water storage tank can be completed.

Timeline

Original

Updated

Design: February 2023

Complete

Construction Bid: May 2023

October 2023

Construction Start: June 2023

February 2024

Initiation of Operations: September 2023

August 2024

Explanation of Changes

The resolution referenced above was adopted on December 6, 2022. The environmental process, contract drafting, review, and circulation was completed and yielded a signed contract on May 2, 2023. Beatty received their permit for construction from the Bureau of Safe Drinking Water on October 5, 2023. The construction bid

closing was October 25, 2023; two bidders responded to the posting and submitted bids. After the construction bids came in higher than the available budget, the project proponents spent additional time attempting to identify additional funding in order to be able to construct all project elements.

	Original Budget	Additional Funding	Total Costs
Planning	\$10,000.00	\$0.00	\$10,000.00
Design, Inspection, & Construction Management	\$125,400.00	\$0.00	\$125,400.00
Construction/Improvements	\$894,600.00	\$481,000.00	\$1,375,600.00
Administration	\$50,000.00	\$0.00	\$50,000.00
Totals	\$1,080,000.00	\$481,000.00	\$1,561,000.00
SRF Funds	\$1,050,000.00	\$481,000.00	\$1,531,000.00
Local Source Funds	\$30,000.00	\$0.00	\$30,000.00

Explanation for Changes in Budget

The Beatty Water & Sanitation District tank relining and replacement project cost estimate is dated May 2022. The cost of materials has escalated substantially since this estimate. Additionally, the increase in the number of construction projects in Nevada continues to tax the construction industry. The number of contractors with the availability and resources to bid on construction projects is very small.

Opportunity for Other Funding

Additional principal forgiveness funds in the DWSRF are available. The only funding source for this project is the DWSRF and local funding sources. To complete the entire project and utilize the existing contractor retained for the project, Beatty Water & Sanitation District would not have sufficient time to apply for funding from another source. In addition, providing additional funding as a traditional loan would not be affordable for the community.

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 an asset management 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 "D09A-0124 Beatty Water & Sewer Sanitation District Project Loan Commitment," to increase the loan amount by \$481,000.00 to an amount not to exceed \$1,531,000.00.

RESOLUTION D9A-0124

Beatty Water & Sanitation District Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Beatty Water & Sanitation District (Recipient) owns and operates a public community water system in Nevada; and
WHEREAS:	The Project is included as project #23 on the Priority List Effective January 2024 of water projects; and
WHEREAS:	NDEP and the Recipient entered into loan contract DW2310 on May 2, 2023, in order to pay for the relining of three system tanks and replacement of the booster tank; 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 “D09A-0124 Beatty Water & Sanitation District Project Loan Commitment”.

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$481,000.00 from the revolving fund account consistent with NRS 445A.265(3). The total commitment to loan DW2310 would therefore be \$1,531,000.00.

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed: _____

Chair

Board for Financing Water Projects

Attest: _____

Advisor

Board for Financing Water Projects

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

January 2024

Humboldt County

Amount and Term

\$248,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Humboldt County for a Preliminary Engineering Report (PER) amendment, an environmental assessment, and the construction of an intertie between Gold Country Water System and the Star City Water System.

Management and Structure

Loan Recipient and Structure Humboldt County operates non-profit public water systems.

Project system To project is for Humboldt County which manages several water systems.

System Number NV0003079

System Information

County Humboldt

System Population 1,634

System Service Connections 480 Residential, 10 Other

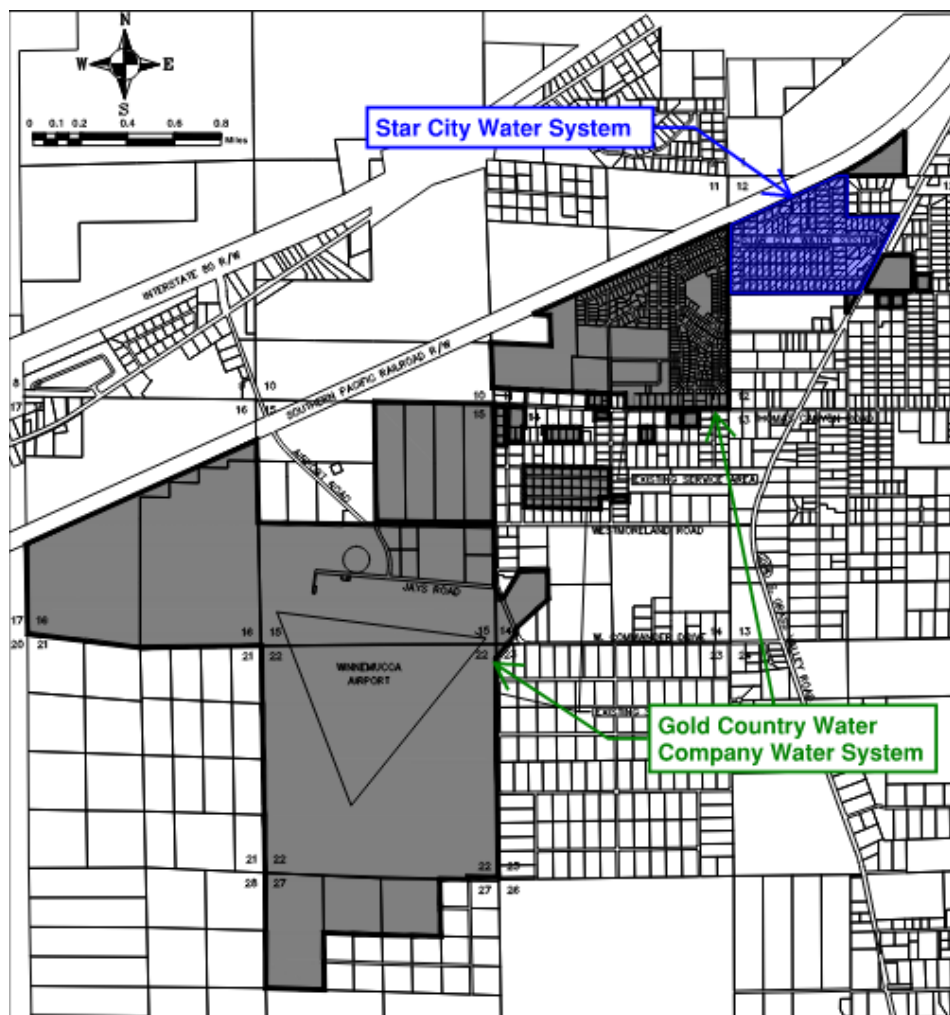
System Infrastructure The Gold Country Water Company water system currently has four system wells but only uses three of them for water supply. One 285,000-gallon storage tank manages water storage for the system, and water distribution is handled with a booster pump station and a network of transmission and distribution lines. The water system is controlled by Supervisory Control and Data Acquisition (SCADA) computer system. The booster pump has a backup generator in case of outages. A backup generator is located such that it can supply power to both Wells #3 and #4. Wells #1 and #2 do not have backup generators. Water meters are used to measure consumption and help identify leaks. Approximately 95% of the transmission and distribution water lines are C900 PVC, but there is one Asbestos Cement Pipe that is 3,100 feet in length. A project to construct a fifth well was approved by the Board of Financing Water Projects in December of 2022.

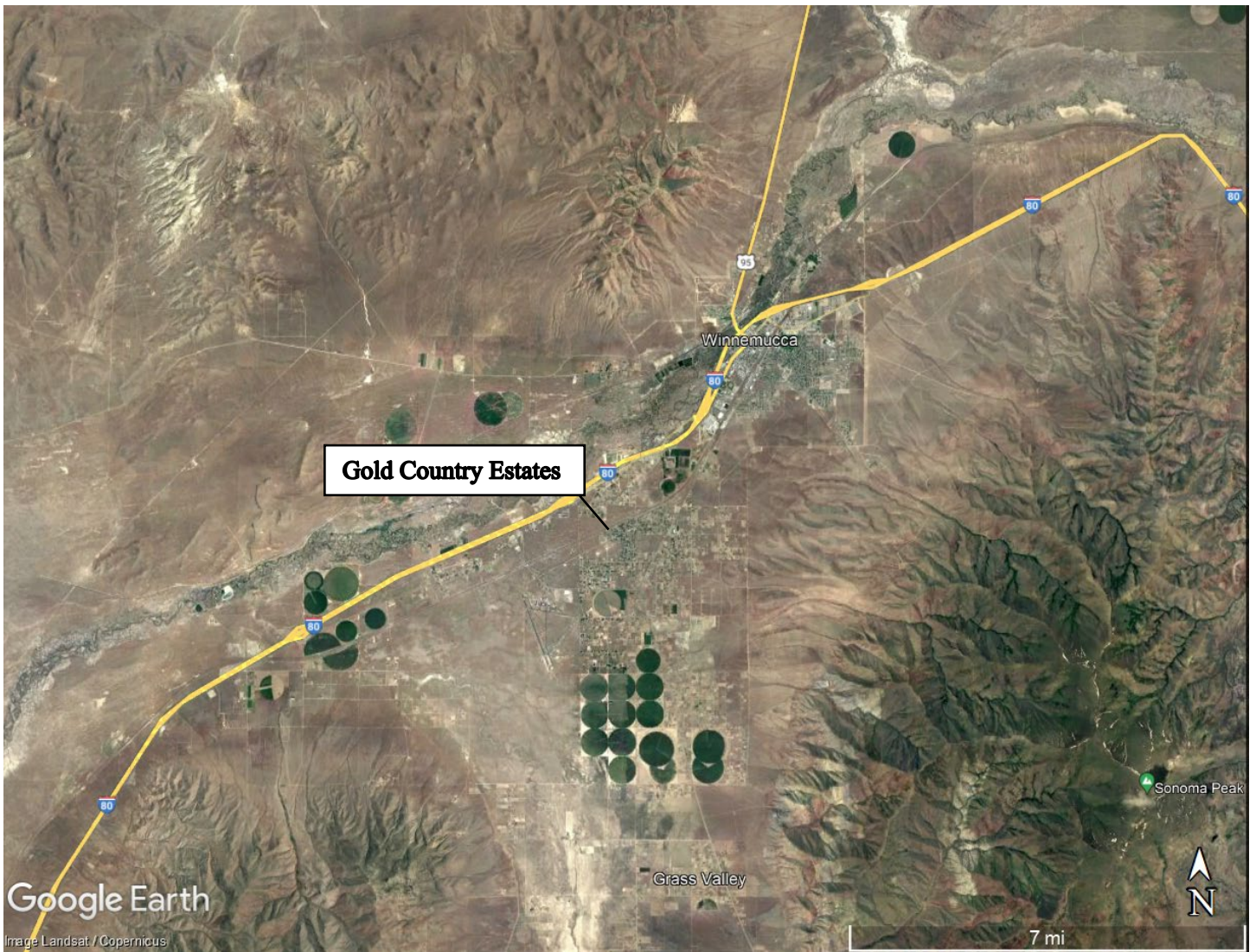
Compliance While high nitrate levels threaten exceedance, blending has been successful in managing nitrate levels as the last nitrate violation was in 2012. A violation was logged in 2020 for exceedance of the state Maximum Contaminant Level for color at Well #2.

System Project for Funding

Priority List	Priority #1 on the Drinking Water SRF Priority List Effective January 2024.
Need	Drilling of a new well requires the development of an Environmental Assessment per NAC 445A.67583. The environmental process must be completed prior to signing the draft DWSRF loan contract to drill the new well (#5) that was approved in December of 2022 by the Board for Financing Water Projects. Construction of the intertie as part of the current project will address the immediate need for a blending source of water to address rising nitrate levels.
Chosen Project	The project includes amendments to the existing PER (as applicable) and the development of an Environmental Assessment. The project also includes the construction of the intertie between the Gold Country Water System and the Star City Water System which will allow blending of water between these two water systems.
Project Alternatives	Project alternatives for the well selection location and the intertie were evaluated in the PER and during the staff evaluation in December of 2022.

Maps and Exhibits





Timeline

Intertie Design: Feb 2023-July 2024
Construction Bid: July 2024
Construction Start: August 2024
Initiation of Operations: October 2024

EA/Amended PER Design: February-December 2024

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Design and Engineering	\$96,000.00	\$0.00	\$0.00	\$96,000.00
Construction/Improvements	\$152,000.00	\$0.00	\$0.00	\$152,000.00
Other	\$0.00	\$0.00	\$0.00	\$ 0.00
Totals	\$248,000.00	\$ 0.00	\$ 0.00	\$248,000.00

Other Source: _____

Environmental Review

The project will include the development of an Environmental Assessment to identify and evaluate any potential impacts associated with the selected alternative.

Community Engagement

The Humboldt County Board of Commissioners is a five-member board that meets twice monthly and is subject to Open Meeting Laws. The Humboldt County Board of Commissioners held a public meeting on December 11, 2023, to obtain approval to submit a loan application to the DWSRF program for the proposed project.

Loan Recipient Information

Water Conservation Plan	Humboldt County is in need of a Water Conservation Plan. NDEP has contacted our Technical Assistance providers for assistance in the development of the plan.
Technical Capacity	The Gold Country Water Company water system requires the operating capacity of "T-0" for treatment facilities and "D-2" for the source, storage, and distribution system. The operator has active certifications to operate T-3 and D-3 systems, which exceeds the operational requirements of this system. Humboldt County has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Humboldt County is governed by a five-member board and meetings are subject to open meeting laws. The last time this project was addressed at a public meeting was May 22, 2023. Humboldt County has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of December 18, 2023:</u> Unrestricted Cash: \$80,007.29 Days cash on hand: 369

	Outstanding Debt: \$1,000,000.00 Operating Income before Depreciation: \$41,014.70 * Financial information is provided by Humboldt County (unaudited) Humboldt County recently acquired the assets of Gold Country Water Company. A full accounting year has not yet occurred. Humboldt County has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	- Residential base rate per user per month: \$36.75 (0-8,000 gallons of water) - Commodity Rate: \$1.05/1,000 gallons over the base gallons - Fire Protection flat rate per user per month: \$9.47 - Average Water Rate/Use for System: \$50.00 residential (21,000 gallons per month) The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.
Asset Management Plan	RCAC is currently assisting Humboldt County with the development of an Asset Management Plan. An Asset Management Plan will be part of the loan conditions for principal forgiveness funding.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account will be maintained by Humboldt County as part of this loan agreement.
DWSRF Principal Forgiveness Eligibility Criteria	This project qualifies as disadvantaged for Principal Forgiveness funding.

System Previous Commitments and Studies

Project I.D. DW2307; Executed Date will follow the completion of the EA; Loan Amount \$1,350,000

Gold Country Nitrate Issue Consolidation: This project included the purchase of the Gold Country Water System, the refinance of the Gold Country debt, and the construction of a new well.

Project I.D. DW2105; Executed February 2021; Loan Amount \$44,000

Gold Country Water Company Nitrate Mitigation Assessment – Preliminary Engineering Report

This report was created by One Water Consulting and is dated February 18, 2022. This report evaluated possible mitigation strategies to address the nitrate issue for this water system.

Evaluation of Groundwater Nitrate Contamination within the Gold Country Water System

This study conducted and published by Greg Pohl, Ph.D. and Christian Kropf, Ph. D., dated June 2021, investigated the hydrogeologic properties of aquifer systems near Winnemucca, Nevada, and conducted modeling to study nitrate contamination.

Manhard Engineering Hydraulic Analysis

This report, dated April 5, 2012, modeled the Gold Country Water Company system needs for various scenarios including Max Day, Peak Hour, and Max Day plus Fire Flow.

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.
- Develop and maintain an asset management 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 “D010-0124 Humboldt County Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$248,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D010-0124

Humboldt County Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Humboldt County (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 project (Project); and
WHEREAS:	The Project is included as project #1 on the Priority List Effective January 2024 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 “D010-0124 Humboldt County Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$248,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

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

January 2024

Storey County

Amount and Term

\$1,150,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Storey County Water District for the preparation of a Preliminary Engineering Report (PER) and Environmental Review (ER), design, and engineering for the Lead Siphon Transmission Replacement Project.

Management and Structure

Loan Recipient and Structure Storey County is a nonprofit public water system.

Project system The project is for the Storey County Water District.

System Number NV0000240

System Information

County Storey

System Population 1,110

System Service Connections 803

System Infrastructure The source of water for the Storey County Water District is surface water from the Marlette Water System, which is owned and operated by the State of Nevada. Water travels from the storage reservoir of Marlette Lake over 14 miles (as the crow flies) to the Virginia City Water Treatment Plant; the plant includes chlorination and media filtration. Storey County is responsible for 11.4 miles of the transmission main from Marlette Lake to Virginia City plus the local distribution system. Water is stored in a 5,000,000-gallon reservoir and well as seven storage tanks, which range from 75,000 to 500,000 gallons in capacity.

Compliance In the last ten years, violations recorded by the Bureau of Safe Drinking Water for the Storey County Water District were related to routine monitoring and the Total Coliform Rule regulations. The most recent Sanitary Survey was conducted on November 16, 2023, with significant deficiencies noted in treatment plant design specifications, testing of backflow devices, and the facility's Cross Connection Control Plan.

System Project for Funding

Priority List	Priority #11 on the Drinking Water SRF Priority List Effective January 2024.
Need	The Storey County Water District is supplied water from the Marlette Lake Water System (Marlette System) which is owned and operated by the State of Nevada. Per the operating agreement, Storey County is responsible for the maintenance and operation of the transmission main from US I580 to the Water Treatment Plant (WTP) in Virginia City, NV. This 11.4-mile transmission main includes leaded joints. The segment between I580 and the top of the siphon is a steel pipeline from the 1870s which contains leaded joints. This segment is subject to frequent failures or breaks which cause extended disruptions to the supply of water to the Storey County Water District. Additionally, this segment of transmission main is also the current restriction or chokepoint for the flow of water from the Marlette System to Virginia City. In the 2021 Storey County Water Resource Plan, it was found that the Storey County Water District does not have the storage or supply capacity to meet the requirements of NAC 445A under the buildout condition for the current service area. A significant contributor to the storage and supply capacity of the system is the conveyance capacity of the transmission main or siphon.
Chosen Project	This phase of the Lead Siphon Transmission Replacement Project includes a PER and ER, design, and engineering. The 11.4-mile transmission main is composed of the following segments (Segment Diameter (in.)/Length (ft.)/Install Date): I580 to Top of Siphon (10 / 25,700 / 1875), Top of Siphon to 5 Mile Reservoir (10 / 17,605 / 2003), 5 Mile Reservoir to VC WTP (12 / 17,300 / 1980-2019). The proposed construction project, following completion of the PER and ER and replacement of 25,700 linear feet of transmission main with a new 12-inch main from I580 to the Top of the Siphon. The pipe will be installed via trenched construction techniques and will include ten air release valve assemblies to maintain operability across the variable terrain.
Project Alternatives	Project alternatives and priorities will be evaluated with this PER.

Maps and Exhibits



Timeline

- Design: Complete January 2025
- Construction Bid: February 2025
- Construction Start: March 2025
- Initiation of Operations: September 2025

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Planning cost already incurred	\$0.00	\$50,000.00	\$125,000.00	\$175,000.00
Other planning costs	\$86,504.00	\$0.00	\$0.00	\$86,504.00
Design and Engineering	\$1,061,366.25	\$0.00	\$0.00	\$1,061,366.25
Other	\$2,129.75	\$0.00	\$0.00	\$2,129.75
Totals	\$1,150,000.00	\$50,000.00	\$125,000.00	\$1,325,000.00

Environmental Review

To be developed with the PER.

Community Engagement

Storey County has a five-member board that meets twice per month; meetings are subject to Open Meeting Laws. The Board of Storey County met on November 21, 2023, to approve the application to the Drinking Water SRF Program to request funding for this phase of the Lead Siphon Transmission Replacement Project.

Loan Recipient Information

Water Conservation Plan	Storey County submitted a Water Conservation Plan to the Nevada Division of Water Resources in May 2010. An updated Water Conservation Plan is required as more than five years has passed since the last update. This updated document has been provided to the Nevada Division of Water Resources but has not yet been issued approval. However, approval is expected to be attained with cooperation of the county.
Technical Capacity	The Storey County drinking water system requires operator certification level D-2 and T-3. The operator for this water system (number OP00620) holds full D-3 and T-3 certification. Storey County has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Storey County has a three-member governing board that meets bi-monthly. The last time this project was discussed at a public meeting was October 3, 2023. Storey County has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2022:</u> Unrestricted Cash: \$1,537,894.00 Days cash on hand: 854 Outstanding Debt: \$0.00 Operating Income before Depreciation: \$204,356.00 Current Ratio: 18.44 Debt Coverage: 2.00 *Financial Information is independently audited by DiPietro & Thornton. Storey County has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on January 1, 2020: - Residential base rate per user per month: \$36.35 - Commodity Rate: \$3.24 / 1,000 gallons over 2,000 gallons in base rate - Average Water Rate/Use for System: 11,508 The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.

Asset Management Plan	An Asset Management Plan will be part of the loan conditions for principal forgiveness funding.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account will be maintained by Humboldt County as part of this loan agreement.
DWSRF Principal Forgiveness Eligibility Criteria	This project qualifies for DWSRF Principal Forgiveness as a disadvantaged community.

System Previous Commitments and Studies

None

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.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- Establish and 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 “D11-0124 Storey County Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,150,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D11-0124

Storey County Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Storey County (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 project (Project); and
WHEREAS:	The Project is included as project #11 on the Priority List Effective January 2024 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 “D11-0124 Storey County Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed \$1,150,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

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

January 2024

Baker Water & Sewer General Improvement District

Amount and Term

\$160,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Baker Water and Sewer General Improvement District for planning, design and environmental services for the Baker Infrastructure Project.

Management and Structure

Loan Recipient and Structure Baker Water & Sewer General Improvement District is a non-profit public water system.

Project system The project is for Baker Water & Sewer General Improvement District.

System Number NV0000863

System Information

County White Pine

System Population 230

System Service Connections 104

System Infrastructure The Baker Water & Sewer General Improvement District drinking water system consists of one active well with chlorination at the well, a 265,000-gallon storage tank that was constructed in 2016, and a distribution system.

Compliance In the last ten years, the only violations recorded by the Bureau of Safe Drinking Water for the Baker Water & Sewer General Improvement District were related to the Consumer Confidence Rule. Sanitary Surveys were conducted on October 21, 2021, and on September 12, 2018, with no significant deficiencies noted.

System Project for Funding

Priority List	Priority #29 on the Drinking Water SRF Priority List Effective January 2024
Need	Baker Water & Sewer General Improvement District's current potable water system has a lack of access valves for isolation and maintenance, many dead-end lines of substantial length, an inadequate number of fire hydrants, and aging concrete meter boxes. The Baker Infrastructure Project would accomplish looping of the potable water system within the town and around the township perimeter. With these improvements, the system will begin to meet regulations for fire flow and pressure, improve connectivity, allow for isolation of system sections for maintenance and repair, and address flow and velocity

	issues. This will result in reduced stress on the system, improved performance, and decreased expenses. Additionally, a paved and landscaped trail system connecting Great Basin National Park to the Township of Baker has been proposed. Nearly a mile of trail will be constructed over existing utility rights-of-way. The General Improvement District will need to install water infrastructure in these rights-of-way prior to the trail construction.
Chosen Project	This phase of the Baker Infrastructure project includes the planning and engineering design for the Drinking Water Phase I work and an Environmental Assessment (EA) for Phases I - III Drinking Water projects. The Drinking Water Phase I work is to include the installation of new connections and larger diameter pipelines from the storage tank to the main waterline, connection and looping of waterlines, extending the existing main waterline, installation of tee and isolation valves at 16 locations, installation of 17 fire hydrants, and replacement of 94 aged concrete meter boxes with new PVC boxes.
Project Alternatives	The "No Action / Alternative 1" would perpetuate deficiencies in fire flow, water pressure, number of fire hydrants, and proper isolation valves. Alternatives 2 and 3 proposed variations in the project of either performing only drinking water improvement aspects of the project (Alternative 3) or completing both drinking water and sewer system improvements (Alternative 2, the chosen project) concurrently. Please note that this loan application herein only addresses the planning and design for the drinking water project phase, but that applications for a clean water phase 1 project are anticipated.

Maps and Exhibits





Timeline

Design: Completion – February 2025

Construction Bid: March 2025

Construction Start: June 2025

Initiation of Operations: June 2026

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Other planning costs	\$68,550.00	\$0.00	\$0.00	\$68,550.00
Design and Engineering	\$56,720.00	\$0.00	\$0.00	\$56,720.00
Contingency	\$11,230.00	\$0.00	\$0.00	\$11,230.00
Other	\$23,500.00	\$0.00	\$0.00	\$23,500.00
Totals	\$160,000.00	\$ 0.00	\$ 0.00	\$160,000.00

Other Source: _____

Environmental Review

To be developed within the scope of this project.

Community Engagement

The Baker Water & Sewer General Improvement District has a five-member board that meets on a monthly basis; meetings are subject to Open Meeting Laws. The Baker Water & Sewer General Improvement District met on July 27, 2023, to approve the application to the Drinking Water SRF Program to request funding for the Baker Infrastructure Project.

Loan Recipient Information

Water Conservation Plan	A Water Conservation Plan was received by the Division of Water Resources for the Baker Water & Sewer General Improvement District on June 23, 2014. An update of the Water Conservation Plan is required as more than five years has passed since the last update. The NDEP Office of Financial Assistance has submitted a request to provide technical assistance for Baker Water & Sewer General Improvement District to update their Water Conservation Plan.
Technical Capacity	The Baker Water & Sewer General Improvement District drinking water system requires operator certification levels of D-1 and T-0. The operator of this system (number OP00287) holds a full D-1 and T-1 certification. The Baker Water & Sewer General Improvement District has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	The Baker Water & Sewer General Improvement District has a five-member board that has been responsive to system needs and requests from NDEP.

	The Baker Water & Sewer General Improvement District has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2023:</u> Unrestricted Cash: \$31,409.00 Days cash on hand: 266 Outstanding Debt: \$56,702.00 Operating Income before Depreciation: \$37,020.00 Current Ratio: 10.54 Debt Coverage: 6.49 *Financial Information compiled by McMullen McPhee, LLC. The Baker Water & Sewer General Improvement District has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on October 2, 2017: - Residential base rate per user per month: \$23.00 - Commodity Rate: \$1.00 - Average Water Rate/Use for System: \$43.00 (20,000 gallons) The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system. Baker Water & Sewer General Improvement District is currently conducting a rate study.
Asset Management Plan	A technical assistance provider is currently completing an asset management plan for Baker Water & Sewer General Improvement District. An Asset Management Plan will be part of the loan conditions for principal forgiveness funding. The plan must be submitted to NDEP before the final draw is issued.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account will be required as part of the condition for funding. Proof of establishment must be submitted to NDEP before the final draw is issued.
DWSRF Principal Forgiveness Eligibility Criteria	Baker Water & Sewer General Improvement District qualifies as disadvantaged and is therefore eligible for principal forgiveness funding.

System Previous Commitments and Studies

Project I.D. DW2402; Executed TBD 2024; Loan Amount \$2,500,000.00

Development of a public drinking water system for the Lehman Creek Residential Area of the Baker GID.

Project I.D. DW2318; Executed August 2023; Loan Amount \$332,200.00

Replacement of aging Saddle Taps in the Baker Water & Sewer GID drink water distribution system.

Project I.D. DW2210; Executed March 2022; Loan Amount \$100,000.00

Preliminary Engineering Report and Environmental Review to develop the Lehman Creek Subdivision water system.

Project I.D. DW1602; Executed April 2016; Loan Amount \$685,522.57

Replacement of a bolted steel water tank with 250,000-gallon welded steel 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.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- Develop and 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 “D12-0124 Baker Water & Sewer General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$160,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D12-0124

Baker Water & Sewer General Improvement District Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Baker Water & Sewer General Improvement District (Recipient) owns and operates a public community water system in Nevada; and
WHEREAS:	The Recipient submitted a pre-application to NDEP for funding a project to project (Project); and
WHEREAS:	The Project is included as project #29 on the Priority List Effective January 2024 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 “D12-0124 Loan Recipient Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$160,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

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

January 2024

Golconda General Improvement District

Amount and Term

\$825,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Golconda General Improvement District for distribution system rehabilitation.

Management and Structure

**Loan Recipient
and Structure**

Golconda General Improvement District is a nonprofit public water system.

Project system

The project is for Golconda General Improvement District.

System Number

NV0005029

System Information

County Humboldt

System Population 175

**System Service
Connections** 71

System Infrastructure

The community has two sources of water supply, one groundwater well and a spring. An additional well, known as the I80 well, exists but is for emergency purposes only. A transmission main connects the system from the spring to the 150,000-gallon steel bolted storage tank, which is located at the well site. Well water is piped into the transmission main, and the line continues downgradient, beneath Interstate 80 and into town. The distribution system consists of various-sized piping from 2 to 8 inches in diameter.

Compliance

The Bureau of Safe Drinking Water identified several deficiencies in the Golconda General Improvement District 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.

System Project for Funding

Priority List	Priority #30 on the Drinking Water SRF Priority List Effective January 2024.
Need	While Golconda General Improvement District has made some recent improvements that help strengthen some of the system's critical infrastructure, there are several remaining vulnerabilities which need to be addressed. The system includes aging and undersized lines, ongoing leaks, and other inefficiencies. Simple water service lateral leaks take

	significant and sometimes costly outside resources to correct due to limited staff and the resulting need for volunteers. In addition, responding to emergency main leaks can prove to be extremely difficult as the system's limited number of properly functioning isolation valves force multiple services to be shut down simultaneously, instead of being able to only shut down what is necessary to conduct repairs or maintenance.
Chosen Project	This project consists of rehabilitation and upgrades for the Golconda General Improvement District's distribution system, including: the replacement of gate valves, fire hydrants, meter laterals, and an existing Supervisory Control and Data Acquisition (SCADA) computer, plus the abandonment of a water main leading to a former water storage tank. Water lateral replacements are proposed which will replace aging laterals that are frequent sources of leaks. A new SCADA computer will be installed as the current computer is outdated and poses a cyber security risk for the system. Additionally, a former water storage tank was eliminated from the system; however, there remains a dead end main leading to the tank. The old tank main is to be abandoned at the street where the line meets the distribution system.
Project Alternatives	The No Action alternative would result in continued elevated maintenance of the water system due to leaks and repairs. The lack of adequate isolation valves in the existing system also means that basic repairs require multiple service connections to lose water service during leak repairs. The temporary loss of water during continued and exacerbated leaks and breaks has a negative impact on the health of the community as water has to be boiled for over 48 hours every time someone loses water. The existing project was chosen as the preferred alternative. Additional infrastructure projects are planned for the future which will address other aspects of the system.

Maps and Exhibits



A



Timeline

Design: January 2024

Construction Bid: September 2024

Construction Start: December 2024

Initiation of Operations: March 2025

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Design and Engineering	\$67,440.00	\$0.00	\$0.00	\$67,440.00
Construction/Improvements	\$562,000.00	\$0.00	\$0.00	\$562,000.00
Administration	\$67,440.00	\$0.00	\$0.00	\$67,440.00
Financing	\$11,240.00	\$0.00	\$0.00	\$11,240.00
Construction Contingency	\$112,400.00	\$0.00	\$0.00	\$112,400.00
Other	\$4,480.00	\$0.00	\$0.00	\$4,480.00
Totals	\$825,000.00	\$ 0.00	\$ 0.00	\$825,000.00

Environmental Review

If funding for the Golconda General Improvement District infrastructure project is approved, NDEP will issue a Categorical Exclusion for the project for a 15-day public comment period. In accordance with NAC 445A.67583(2)(b) the project is eligible for a Categorical Exclusion as it is “(b) The replacement of equipment or structures.” All construction work is understood to be located on previously disturbed land. Impacts to environmental resources are not anticipated.

Community Engagement

The Golconda General Improvement District has a five-member board that meets on a regular basis; meetings are subject to Open Meeting Laws. The Golconda General Improvement District met on November 30, 2023, to approve the application to the Drinking Water SRF Program to request funding for the Golconda Distribution System Project. Public Notice for the project will be posted for public comment for 15 days at the State Clearinghouse website and on NDEP’s website.

Loan Recipient Information

Water Conservation Plan	The current water conservation plan was submitted to the Division of Water Resources on November 18, 2019. An updated Water Conservation Plan will be required by November 2025.
Technical Capacity	The Golconda General Improvement District drinking water system requires operator certification level D-1 and T-0. The operator for this water system (number OP00502) holds D-2 and T-2 certification. The Golconda General Improvement District has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	The Golconda General Improvement District has a five-member governing board that meets monthly. The last time this project was discussed at a public meeting was October 9, 2023. The Golconda General Improvement District has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2023:</u> Unrestricted Cash: \$70,241.00 Days cash on hand: 284 Outstanding Debt: \$0.00 Operating Income before Depreciation: \$62,366 Current Ratio: 8.90 Debt Coverage: 0.00 *Financial Information is independently audited by Drake Rose & Associates as part of the Humboldt County Comprehensive Annual Financial Report The Golconda General Improvement District has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on January 1, 2023: - Residential base rate per user per month: \$65.00 - Commodity Rate: \$1.00

	Average Water Rate/Use for System: \$65.00 (10,000 gallons per month) The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.
Asset Management Plan	An Asset Management Plan is currently being developed by the system as required by a current DWSRF loan. An Asset Management Plan will be part of the loan conditions for principal forgiveness funding.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account will be maintained by Golconda as part of this loan agreement.
DWSRF Principal Forgiveness Eligibility Criteria	This project qualifies for DWSRF Principal Forgiveness as a disadvantaged community.

System Previous Commitments and Studies

Project I.D. DW2205 Executed August 2022; Loan Amount \$604,000.00

Spring Rehabilitation & System Improvements

Project I.D. GP2202; Executed August 2022; Loan Amount \$793,000.00

Spring Rehabilitation & System Improvements

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.
- Develop and maintain an asset management plan that is reviewed by the governing board at least every five (5) years.
- Establish and 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 “D13-0124 Golconda General Improvement District Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$825,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D13-0124

Golconda General Improvement District Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Golconda General Improvement District (Recipient) owns and operates a public community water system in Nevada; and
WHEREAS:	The Recipient submitted a pre-application to NDEP for funding a project to project (Project); and
WHEREAS:	The Project is included as project #30 on the Priority List Effective January 2024 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 “D13-0124 Golconda General Improvement District Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

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 \$825,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

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

January 2024

Pershing County

Amount and Term

\$1,500,000.00

Principal Forgiveness Loan
From DWSRF

Recommendation

The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Pershing County for rehabilitation of an existing water tank, water meters valves, hydrants, Supervisory Control and Data Acquisition (SCADA) computer system, individual flow meters and totalizers, a pump to waste line with well pump control valve, and any other related minor repair needs identified during the project undertaking.

Management and Structure

Loan Recipient and Structure Pershing County operates non-profit public water systems.

Project system The project is for Imlay Water System, which is managed by Pershing County.

System Number NV0000226

System Information

County Pershing

System Population 200

**System Service
Connections** 98

System Infrastructure The Imlay Water System has two active wells for water source and one 134,000-gallon water tank for storage. A second tank is currently in the design stages. The water system includes chlorination and a pipe system for water distribution.

Compliance No violations have been observed in the Imlay Water System in the last 10 years.

One significant deficiency was observed during the site survey conducted on May 23, 2022, related to the Coliform Sampling Plan. After further review, it was determined that the Coliform Sampling Plan is in compliance with the Total Coliform Rule regulations.

System Project for Funding

Priority List	Priority #47 on the Drinking Water SRF Priority List Effective January 2024.
Need	The existing water tank has not been recoated since it was constructed in 2008 and requires both internal and external recoating. In addition, the existing water meters were installed in the 1990-1998 timeframe and are losing accuracy as they age.
Chosen Project	A recent tank inspection in October of 2023 revealed Alternative B to be the selected alternative for the existing tank. Under Alternative B, the tank will be recoated on the interior and exterior and a new floor, subgrade, and internal and external corrosion protection systems will be installed; the tank is expected to have approximately 60% of its value remaining after 20 years, equal to a lifespan of 90 years. (Recoating of the exterior of the tank must be funded with an alternate source of funding.) In addition, the budget includes the replacement of 69 water meters and valves, installation of eight new hydrants, a Supervisory Control and Data Acquisition (SCADA) computer system, individual flow meters and totalizers, a pump to waste line with well pump control valve, and any other related minor repair needs identified during the project undertaking.
Project Alternatives	The Preliminary Engineering Report identified three alternatives for the tank project. Selection of the preferred alternative was to be based on the collection of coupons from the tank floor to inspect for corrosion. Alternative A included recoating of the interior and exterior of the tank and installation of corrosion protection. Alternative B would recoat the interior and exterior of the tank and replace the floor and subgrade including interior and exterior corrosion protection. Alternative C would replace the existing tank with a new tank.

Maps and Exhibits





Timeline

Design: 03/24/24 – 11/13/24

Construction Bid: 11/13/24

Construction Start: 01/15/25

Initiation of Operations: 02/09/26

Sources of Project Funding

	DWSRF	Local	Other Source	Total Costs
Design and Engineering	\$203,911.00	\$0.00	\$0.00	\$203,911.00
Construction/Improvements	\$1,070,534.00	\$0.00	\$0.00	\$1,070,534.00
Construction Contingency	\$225,555.00	\$0.00	\$0.00	\$225,555.00
Totals	\$1,500,000.00	\$ 0.00	\$ 0.00	\$1,500,000.00

Other Source:

Environmental Review

If funding for the Imlay Water System project is approved, NDEP will issue a Categorical Exclusion for the project for a 15-day public comment period. In accordance with NAC 445A.67583(2)(b) the project is eligible for a Categorical Exclusion as it is “(b) The replacement of equipment or structures” and “(d) Minor upgrading or expansion of the existing capacity of: (1) The distribution system of a public water system.”

An Environmental Assessment for this proposed project was conducted by the borrower’s consultant Farr West Engineering (now DOWL, Inc.). A Class I record search was performed by Great Basin Consulting Group, LLC to identify previous cultural resource inventories and cultural resources recorded in the vicinity of the proposed project. All construction work is understood to be located on previously disturbed land and Best Management Practices (BMPs) will be utilized to minimize erosion/disturbance. It was recommended that land disturbance and vegetation clearing activities should occur outside of the migratory bird breeding season (identified as April 15 to July 15), or that a qualified biologist conduct a survey for bird breeding behavior within 10 days prior to the disturbance. Impacts to environmental resources are not anticipated; however, the project will be posted on the Nevada State Clearinghouse for a 15-day comment period.

Community Engagement

Pershing County has a three-member board that meets twice per month; meetings are subject to the Open Meeting Laws. Pershing County met on October 4, 2023, to approve the application to the Drinking Water SRF Program to request funding for the rehabilitation of their existing tank, Supervisory Control and Data Acquisition (SCADA) computer system, new meters, and other appurtenant structures.

Loan Recipient Information

Water Conservation Plan	A Water Conservation Plan was received by the Division of Water Resources for the Imlay Water System on October 15, 2018. An update of the Water Conservation Plan is required as more than five years has passed since the last update. The NDEP Office of Financial Assistance has notified the Imlay Water System and Pershing County of this requirement and will be requesting free Technical Assistance to get this plan updated.
Technical Capacity	The Imlay Water System requires operator certification levels D-1 and T-0. The operator for this water system (number OP002472) holds full D-1 certification. The Imlay Water System has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Pershing County is governed by a three-member board and meetings are subject to Open Meeting Laws. The last time this project was addressed at a public meeting was June 7, 2023. The Imlay Water System has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2021:</u> Unrestricted Cash: \$13,042.00 Days cash on hand: 206 Outstanding Debt: \$0.00 Operating Income before Depreciation: \$11,820.00 Current Ratio: 471.3 (no debt liabilities) Debt Coverage: 0.00 * Financial information is independently audited by Eide Bailly.

	Pershing County has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Residential base rate per user per month: \$27.50 The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.
Asset Management Plan	Pershing County requested technical assistance to complete an Asset Management Plan. The plan has been completed and will be provided to Pershing County at the beginning of calendar year 2024. An Asset Management Plan will be part of the loan conditions for principal forgiveness funding. The plan must be submitted to NDEP before the final draw is issued.
Capital Replacement Reserve Account	A Capital Replacement Reserve Account will be required as part of the condition for funding. Proof of establishment must be submitted to NDEP before the final draw is issued.
DWSRF Principal Forgiveness Eligibility Criteria	The project qualifies as disadvantaged for principal forgiveness funding.

System Previous Commitments and Studies

Project I.D. DW2319; Executed June 2023; Loan Amount \$1,504,800.00

The project included the construction of a new water tank, the installation of new well pumps and motors at the existing primary well and backup well, the replacement of the Supervisory Control and Data Acquisition (SCADA) computer system.

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.
- Develop and maintain an asset management 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 “D14-0124 Pershing County Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,500,000.00. The loan will include terms and conditions as outlined in the resolution and staff report.

RESOLUTION D14-0124

Pershing County Project Loan Commitment

WHEREAS:	The Board for Financing Water Projects (Board) of the State of Nevada is authorized by Nevada Revised Statutes (NRS) chapter 445A.265 to approve the Nevada Division of Environmental Protection (NDEP) prioritized lists of water projects and to commit loans from the revolving fund account to help community water systems and non-transient water systems pay for capital improvements and debt refinancing, both of which are required and made necessary under NRS 445A.800 to 445A.955, inclusive, by the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), and by corresponding regulations; and
WHEREAS:	NDEP has the responsibility of administering the Drinking Water State Revolving Fund program; and
WHEREAS:	On January 24, 2024, the Board, under NRS 445A.265(3), approved the Priority List Effective January 2024, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
WHEREAS:	Pershing County (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 project (Project); and
WHEREAS:	The Project is included as project #47 on the Priority List Effective January 2024 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 “D14-0124 Pershing County Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include terms and conditions as outlined in the staff report dated January 24, 2024, and must comply with applicable provisions in the Nevada Drinking Water Intended Use Plan.

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a commitment of funds in the amount not to exceed \$1,500,000.00 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED January 24, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

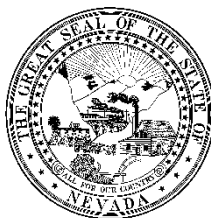
Board for Financing Water Projects

Joe Lombardo
Governor

Jason B. Cooper, CGFM
Board Advisor

Katie Armstrong
Senior Deputy Attorney General

STATE OF NEVADA



Board Members:
Bruce Scott, *Chair*
Andrew Belanger, *Vice Chair*
Abigail Yacoben
Mike Workman
Carl Ruschmeyer

Non-Voting Member:
Andrea Seifert

AGENDA

STATE BOARD FOR FINANCING WATER PROJECTS WORKSHOP January 24, 2024 11:30 AM

The workshop is open to the public and free to attend.

Location:

The Richard H. Bryan Building
Tahoe Hearing Room
901 South Stewart Street, 2nd Floor
Carson City, NV 89701

Join the Meeting virtually at:

Microsoft Teams:

Meeting ID: 280 603 643 072
Pass Code: PVMXYY

Call in by Phone (audio only)
United States: +1 (775) 321-6111
Meeting extension: 246658699#

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

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

1 Call to Order – Chair Bruce Scott

2 Introduction (Discussion)

3 Public Comment (Discussion)

Public comments can be delivered during the meeting in person or virtually by joining the TEAMS meeting or calling in using the telephone numbers listed on page 1 of this notice.

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

4 NDEP authority to change contract amounts under certain conditions (Discussion)

Related to Board resolution D09-0622 dated June 29, 2022

Presented by Elizabeth Kingsland

5 Borrower contributions for loans and grants (Discussion)

Discussion on whether loan and grant recipients of the Drinking Water State Revolving Fund and the Capital Improvements Grant Program should be contributing a portion of the required funding for the project.

Presented by Jason Cooper

6 Funding remote communities (Discussion)

Discussion on funding residents that are living remotely from current water systems.

Presented by Jason Cooper

7 Capital Improvement Grant Regulations (Discussion)

Discussion on Nevada Administrative Code (NAC) 349.430 through 349.574 and proposed changes to those regulations.

Presented by Jason Cooper

Other items

8 Board Comments (Discussion)

9 Public Comments (Discussion)

10 Adjourn

Additional Information:

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

Address Questions to:

Jason Cooper, Manager
Division of Environmental Protection
Office of Financial Assistance
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- Department of Conservation and Natural Resources, 901 South Stewart Street, Carson City

Supporting materials for all agenda items can be viewed online at:

<https://ndep.nv.gov/water/financing-infrastructure/board-for-financing-water-projects/meeting-agendas-minutes> or by contacting: Kyle Casci – kcasci@ndep.nv.gov or (775) 687-9420.

**GRANTS FOR WATER CONSERVATION AND IMPROVEMENTS TO CERTAIN WATER SYSTEMS
AND SEWAGE DISPOSAL SYSTEMS**

NAC 349.430 Definitions. ([NRS 349.982](#)) As used in [NAC 349.430](#) to [349.574](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 349.432](#) to [349.469](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.432 “Account for the Revolving Fund” defined. ([NRS 349.982](#)) “Account for the Revolving Fund” has the meaning ascribed to it in [NRS 445A.203](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.435 “Board” defined. ([NRS 349.982](#)) “Board” means the Board for Financing Water Projects created pursuant to [NRS 349.957](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.440 “Bureau” defined. ([NRS 349.982](#)) “Bureau” means the Bureau of Safe Drinking Water of the Division of Environmental Protection of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.443 “Community sewage disposal system” defined. ([NRS 349.982](#)) “Community sewage disposal system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.445 “Community water system” defined. ([NRS 349.982](#)) “Community water system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.450 “Department” defined. ([NRS 349.982](#)) “Department” means the State Department of Conservation and Natural Resources.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.455 “Director” defined. ([NRS 349.982](#)) “Director” means the Director of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.458 “Eligible recipient” defined. ([NRS 349.982](#)) “Eligible recipient” means a political subdivision of this State, including, without limitation, a city, county, unincorporated town, water authority, conservation district, irrigation district, water district, water conservancy district or general improvement district.

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.461 “Fund” defined. ([NRS 349.982](#)) “Fund” means the fund created pursuant to [NRS 349.984](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.4615 “Individual sewage disposal system” defined. ([NRS 349.982](#)) “Individual sewage disposal system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.462 “Irrigation district” defined. ([NRS 349.982](#)) “Irrigation district” has the meaning ascribed to it in [NRS 539.013](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.463 “Nontransient water system” defined. ([NRS 349.982](#)) “Nontransient water system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.464 “Program” defined. ([NRS 349.982](#)) “Program” means the program established pursuant to [NRS 349.981](#) to provide grants of money to purveyors of water and eligible recipients to pay for costs of improvements and for costs associated with:

1. Connecting to a municipal water system; or
2. Abandoning an individual sewage disposal system and connecting the property formerly served by the abandoned individual sewage disposal system to a community sewage disposal system.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.465 “Public water system” defined. ([NRS 349.982](#)) “Public water system” has the meaning ascribed to it in [NRS 445A.840](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.466 “Purveyor of water” defined. ([NRS 349.982](#)) “Purveyor of water” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.467 “Requirements for public water systems” defined. ([NRS 349.982](#)) “Requirements for public water systems” means the requirements imposed:

1. By the State Board of Health pursuant to [NRS 445A.800](#) to [445A.955](#), inclusive; or
2. Pursuant to the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.469 “Viable” defined. ([NRS 349.982](#)) “Viable” means:

1. For a purveyor of water, having the financial, managerial and technical ability to sustain over a long term the operation of a community water system or nontransient water system and to remain in compliance with the requirements for public water systems; and
2. For eligible recipients, having the financial, managerial and technical ability to remain in compliance with applicable federal, state and local requirements for the system for which the application for the grant was made.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.471 “Costs traditionally associated with capital improvements” interpreted. ([NRS 349.982](#)) For the purposes of [NRS 349.980](#), the Board interprets “costs traditionally associated with capital improvements” to include:

1. The costs to carry out any feasible and appropriate changes in operations necessary for a purveyor of water to become viable, including, without limitation, changes in ownership, management, accounting, rates, maintenance, consolidation and alternative supplies of water; and
2. Any costs that are not directly related to the actual construction of the capital improvement, including, without limitation, costs:
 - (a) For engineering, design, construction, legal and financial services;
 - (b) Incurred in obtaining a loan from the Account for the Revolving Fund; and
 - (c) For acquisition of water rights, easements and rights-of-way.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.475 Eligibility for grant; filing of letter of intent. ([NRS 349.982](#))

1. The Board will provide a grant to a purveyor of water or an eligible recipient only if:

- (a) The grant will assist:
 - (1) The purveyor of water in constructing a capital improvement to the community water system or nontransient water system that will directly enable the purveyor of water to comply with the requirements for public water systems; or
 - (2) The eligible recipient in carrying out an improvement set forth in paragraph (b), (c), (d) or (e) of subsection 1 of [NRS 349.981](#);
- (b) The purveyor of water or eligible recipient is unable to finance from its own resources the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system;
- (c) The purveyor of water is currently included on the priority list for the Account for the Revolving Fund; and

(d) Water meters or other approved devices which will measure water delivered to each water user are installed and used in any community water system or nontransient water system for which an application for a grant is made, unless the Board determines that water meters or such other devices are not required to ensure effective monitoring and conservation of water in that community water system or nontransient water system.

2. To apply for a grant, a purveyor of water or eligible recipient must file with the Board a letter of intent. The letter must include:

(a) The name, address and telephone number of the applicant.

(b) The date on which the service was first provided by the community water system, nontransient water system, sewage disposal system or other system for which the application for a grant was made. If the exact date is not known, the month and year must be provided.

(c) The title or name, the location and a brief description of the proposed improvement, including maps or preliminary plans.

(d) The number of persons or other entities served and the assessed value of the property within the area that is served by the community water system, nontransient water system, sewage disposal system or other system for which the application for a grant was made.

(e) A preliminary estimate of the cost of the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system, including, without limitation, the cost of construction, engineering, contingencies and any additional costs necessary for financing the improvement.

(f) A description of future improvements planned by the applicant, if any, that are not part of the proposed improvement for which the application for a grant is made.

(g) A brief description of how the proposed improvement will assist the purveyor of water in complying with the requirements for public water systems or the eligible recipient in carrying out the purpose of the proposed improvement.

(h) Documentation concerning the inability of the applicant to finance the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system, including, but not limited to:

(1) Letters from local lending institutions;

(2) Letters from financial advisers, accountants or fiscal agents, if applicable;

(3) Copies of any applications for funding the proposed improvement or costs filed by the applicant and, if the application is for a loan, a copy of any documentation indicating that the loan was approved or denied or the likelihood that the loan will be approved, including, without limitation, such an application and documentation concerning a loan from:

(I) The Account for the Revolving Fund;

(II) The fund described in [NAC 445A.728](#); or

(III) Any other governmental agency that provides financial assistance for improvements and with which the applicant has applied for a loan; and

(4) A statement justifying the inability of the applicant to finance the proposed improvement or costs.

(i) A brief demonstration that the applicant will be viable upon completion of the proposed improvement which includes, without limitation, audited financial statements for the 3 years immediately preceding the date that the letter of intent is filed with the Board and a recently approved budget.

(j) If applicable, a statement that the plan of water conservation adopted pursuant to [NRS 540.131](#) will be filed with the Water Planning Section of the Division of Water Resources of the Department before receipt of the grant.

(k) Any additional information required by the Board.

3. A letter of intent must be directed to the Board at either:

(a) The address specified in the application for a grant provided by the Division of Environmental Protection of the Department to the applicant; or

(b) The address otherwise provided by the Division of Environmental Protection of the Department to the applicant for that purpose.

4. An applicant shall provide nine copies of the letter of intent to the Division of Environmental Protection of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.480 Procedure following receipt of letter of intent. ([NRS 349.982](#))

1. Upon receipt of a letter of intent, the Division of Environmental Protection of the Department shall:

(a) Record the date of receipt;

(b) Maintain a file containing all documents and information pertaining to the financing of the proposed improvement or costs; and

(c) Promptly forward a copy of the letter of intent to the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as appropriate given the type of improvement or costs proposed in the letter of intent.

2. The Division of Environmental Protection of the Department and the entity which received a copy of the letter of intent pursuant to paragraph (c) of subsection 1 shall review the letter of intent and forward their comments to the Board within 30 days after receipt of the letter of intent.

3. The Board will consider a letter of intent forwarded from the Division of Environmental Protection of the Department and will, in a motion or resolution adopted by the Board, determine whether:

(a) If the applicant is a purveyor of water other than the Lincoln County Water District, the community water system or nontransient water system was in existence on January 1, 1995, and is currently publicly owned;

(b) If the applicant is a conservation district, irrigation district, conservancy district or general improvement district, the applicant was in existence on January 1, 1995;

(c) The proposed improvements will be publicly owned;

(d) The applicant is eligible for the program pursuant to [NRS 349.981](#) or [349.983](#); and

(e) The proposed improvement is likely to be economically justified and financially feasible pursuant to the provisions of [NAC 349.430](#) to [349.574](#), inclusive.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.485 Approval of letter of intent. ([NRS 349.982](#))

1. The Board will approve the letter of intent in a motion or resolution adopted by the Board if the Board:

(a) Makes the determinations required pursuant to subsection 3 of [NAC 349.480](#); and

(b) Finds that the proposed improvement or costs qualify for a grant pursuant to [NRS 349.981](#) or [349.983](#).

2. Upon approval of a letter of intent by the Board, the applicant must file an application for the proposed improvement or costs within 1 year after the date of approval or by a date specified by the Board, except that:

(a) Upon the request of the applicant and based upon the occurrence of circumstances beyond the control of the applicant, the Division of Environmental Protection of the Department may once authorize the applicant to file the application at a later date, which must not be later than 18 months after the date of approval or 6 months after the date originally specified by the Board; or

(b) The Board may, upon good cause shown, extend the period for the applicant to file the application.

3. If the Board has approved a letter of intent, it may request that the Division of Environmental Protection or the Water Planning Section of the Division of Water Resources of the Department, as appropriate and within the limits of their available resources, assist the applicant with preparing an application. The Board may also request the Division of Environmental Protection of the Department to issue a letter evidencing an intent to proceed with the program.

4. The approval of a letter of intent by the Board does not guarantee or ensure that any proposed improvement or costs will be provided a grant.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.490 Disapproval of letter of intent; finality of decision of Board; reapplication. ([NRS 349.982](#))

1. If the Board does not make the affirmative determinations required by subsection 3 of [NAC 349.480](#) or finds that the letter of intent does not meet the

requirements of [NAC 349.475](#), the Board will disapprove the letter of intent, by motion or resolution, and promptly notify the Division of Environmental Protection of the Department and the applicant of its decision, listing the reasons for disapproval.

2. The decision of the Board is final.

3. If a letter of intent is disapproved by the Board, the applicant may reapply not less than 6 months after the date of disapproval or at such time as is permitted by the Board, whichever is earlier.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.495 Application: Submission. ([NRS 349.982](#))

1. If a letter of intent for a proposed improvement or proposed costs is approved, an applicant must submit an original and eight copies of an application to the Board.

2. An application submitted pursuant to subsection 1 must be:

(a) In the form provided by the Division of Environmental Protection of the Department; and

(b) Addressed to the Board as provided in subsection 3 of [NAC 349.475](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.500 Application: Required items and information; waiver of requirements. ([NRS 349.982](#))

1. Except as otherwise provided in subsections 2 and 3, the application must include the following items and information:

(a) A preliminary engineering report for the construction, operation and maintenance of the proposed improvement, including:

(1) The expected costs and benefits of the project;

(2) Plans for the development of the facilities of the applicant; and

(3) The economic justification for and expected feasibility of the project,

↪ as prepared by a person licensed as a professional engineer pursuant to [chapter 625](#) of NRS.

(b) A complete and legible legal description of the entire area of service for the proposed improvement, including a map showing the layout of the proposed improvement and the location and number of persons served by the proposed improvement in relation to maps of the United States Public Lands Survey, assessor's maps, or aerial or other similar maps showing sections and townships.

(c) A complete and legible copy of the legal description of the property that will be occupied by the proposed improvement, including the assessor's plot maps on which the proposed improvement is identified.

(d) Proof of ownership, rights-of-way, easements or agreements, showing that the applicant holds or is able to acquire all lands, other than public lands, interests therein and water rights necessary for the construction of the proposed improvement. Copies

of deeds to lands to be occupied, records of surveys, easements, agreements or permits to appropriate water may be used as evidence of ownership.

(e) A report concerning the amount of water required to satisfy the needs of the proposed improvement, including:

- (1) The source and amounts of supply;
- (2) The rights to the water;
- (3) The quality of the water going into the proposed improvement;
- (4) The quality of treated water flowing out of the proposed improvement; and
- (5) A schedule indicating the volume of water required each month from the proposed improvement to meet the needs of the customers of the community water system or nontransient water system.

(f) A report concerning the implementation of the plan of water conservation adopted by the applicant pursuant to [NRS 540.131](#), including:

- (1) A copy of the plan;
- (2) The most recent schedule established by the applicant for carrying out the plan; and
- (3) An analysis of the effectiveness of the plan.

(g) A complete and itemized list of the total estimated cost of the proposed improvement, including an estimate for construction costs, contingencies, engineering fees, administrative fees, legal fees and financing fees.

(h) An estimate of the capital costs required for the installation of water meters on all service connections to the community water system or nontransient water system, including an analysis of the feasibility of installing the water meters.

(i) Information which demonstrates that the proposed improvement complies with applicable local regulations governing the use of land and water and any other applicable regulations and ordinances.

(j) A list of the permits required to carry out the proposed improvement, with the anticipated dates and conditions for approval of those permits.

(k) The estimated cost of operation and maintenance for the proposed improvement.

(l) The amount of money available for the proposed improvement other than the money to be derived from the program, including terms of repayment if short-term or long-term financing is contemplated as a source of funding.

(m) A plan for the construction of any related improvements during the next 5 years.

(n) Copies of the current documents prepared by or on behalf of the applicant pursuant to [NRS 350.013](#), which depict the effect of the proposed improvement on the financial capacity of the applicant.

(o) Data and information deemed necessary by the Division of Environmental Protection of the Department or by the financial advisers or other consultants of the Division.

2. The Board may waive any of the requirements of subsection 1 upon written request of the applicant.

3. An applicant is not required to include an item and information required by subsection 1 if the item or information is not applicable to the type of improvement proposed in the application.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.505 Determination of financial feasibility of proposed improvement; evaluation of certain abilities of applicant and charge for water; determination of exceptional circumstances. ([NRS 349.982](#)) Upon receipt of an application, the Division of Environmental Protection of the Department shall:

1. If necessary, forward all data and information contained in the application to any financial adviser, attorney and other person retained by the Division to determine the financial feasibility of the proposed improvement.

2. If applicable, evaluate the ability of the applicant to provide for:

(a) The continuing replacement of components of the water system that are functionally obsolete or worn out;

(b) Current and anticipated debt service; and

(c) Current and future expenses of operation and maintenance.

3. If applicable, evaluate the charge for water that customers of the community water system or nontransient water system are paying and determine if the charge is sufficient to satisfy expenses related to:

(a) The operation and maintenance of the community water system or nontransient water system; and

(b) Periodically replacing components of the community water system or nontransient water system that are functionally obsolete or worn out.

4. If applicable, determine whether any exceptional circumstances exist in the area served by the community water system or nontransient water system.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.510 Review of application and feasibility reports; incomplete application; reports to Board. ([NRS 349.982](#))

1. Within 20 working days after receipt of an application, the Division of Environmental Protection of the Department shall review the application and determine if all information required by the Board has been provided.

2. If the Division of Environmental Protection of the Department determines that the application is incomplete, the Division of Environmental Protection of the Department shall, within 30 working days after the receipt of the application, notify the applicant of the deficiencies and provide the applicant with instructions for satisfying those deficiencies. The applicant must comply with those instructions within 45 working days after the receipt of the instructions, except that, upon written request by the applicant and for good cause, the Division of Environmental Protection of the

Department may once extend the period for compliance by the applicant. If the applicant submits any additional information concerning the application within the appropriate period, the Division of Environmental Protection of the Department shall, within 30 working days after receipt of that information, determine whether the application is complete. If the applicant does not complete the application because the applicant failed to comply with the instructions provided to the applicant by the Division of Environmental Protection of the Department or failed to submit any additional information required by the Division of Environmental Protection of the Department within the appropriate period, the Division of Environmental Protection of the Department shall recommend that the Board deny the application.

3. Within 30 working days after the Division of Environmental Protection of the Department determines that the application is complete, the Division of Environmental Protection of the Department and the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as appropriate given the type of improvement proposed in the application, shall review the application and feasibility reports to determine if the proposed improvement complies with:

(a) The requirements for public water systems if the applicant is a purveyor of water; or

(b) The applicable federal, state and local requirements for the system for which the application for a grant was made if the applicant is an eligible recipient.

4. The Division of Environmental Protection of the Department shall prepare a report to the Board concerning the proposed improvement or costs within 60 working days after receipt of the completed application. The Division of Environmental Protection of the Department shall ensure that:

(a) It receives information concerning the review of the application by the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as applicable; and

(b) The information received pursuant to paragraph (a) is incorporated in the report prepared by the Division of Environmental Protection of the Department.

5. The report to the Board prepared by the Division of Environmental Protection of the Department must contain:

(a) The application;

(b) A summary of the economic justification for and financial feasibility of the proposed improvement;

(c) The status of the funding available to the applicant for the proposed improvement or costs; and

(d) Evaluations by the Division of Environmental Protection of the Department concerning:

(1) Whether the applicant will be viable upon completion of the proposed improvement;

(2) If applicable, the effectiveness of the applicant's efforts to conserve water and of the plan of water conservation adopted by the applicant pursuant to [NRS 540.131](#);

(3) The need for and the feasibility of installing water meters on all service connections to the community water system or nontransient water system; and

(4) The information that results from the evaluations and determinations conducted pursuant to subsections 3 and 4 of [NAC 349.505](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.515 Receipt of permits or authority to proceed required; exceptions; determination of sufficient water rights. ([NRS 349.982](#))

1. Except as otherwise provided in subsections 2 and 3, an application must not be approved by the Board until:

(a) Copies of any permits necessary for compliance with any requirements for planning and zoning, including any necessary variances or special use permits, are received by the Board; or

(b) Each agency issuing a permit specified in paragraph (a) has given written authorization to proceed with the proposed improvement and a copy of the authorization is received by the Board.

2. The Board may waive the requirements of subsection 1 if it has received information from its counsel or any other reliable source that the proposed improvement will receive or has received all permits required by any governmental agency which are necessary to proceed with the construction, improvement, rehabilitation or redevelopment of the proposed improvement.

3. The Board may, before it receives any permit required pursuant to subsection 1 that requires the submission of a detailed engineering design, approve an application if there are no foreseeable conditions threatening the feasibility of the proposed improvement.

4. The Board will not approve an application until it determines that the applicant owns sufficient water rights to carry out the proposed improvement or there are water rights otherwise available and committed to the proposed improvement.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.520 Disapproval of application: Procedure; notice. ([NRS 349.982](#))

1. If the Board determines not to approve an application, it will prepare findings and conclusions concerning its determination and adopt a resolution stating the reasons for the disapproval.

2. The Board will give the applicant and the Division of Environmental Protection of the Department notice of its action.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.525 Public meeting on proposed improvement or costs; correction of deficiencies in application. ([NRS 349.982](#)) Before approving an application, the Board or its designated representative:

1. Will hold a public meeting on the proposed improvement or costs and provide reasonable notice to the members of the public who may be affected by the proposed improvement or costs.

2. May return the application to the applicant for the correction of any deficiencies.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.530 Review of completed application; determinations by Board. ([NRS 349.982](#))

1. Except as otherwise provided in subsection 2, the Board will review the completed application and determine whether, based on the records and documents submitted to the Board concerning the proposed improvement or costs:

- (a) The proposed improvement is economically justified and financially feasible.

- (b) The proposed improvement complies with the provisions of [NRS 349.980](#) to [349.987](#), inclusive.

- (c) The plan for development of the proposed improvement is satisfactory.

- (d) The applicant is able to obtain the financing required to complete the proposed improvement.

- (e) The applicant has taken sufficient and reasonable efforts to determine whether the proposed improvement conflicts with any regional master plan of any local, state or federal governing authority, and those efforts have not revealed such a conflict.

- (f) The proposed improvement will not use or waste excessive quantities of water.

2. If the Board determines pursuant to paragraph (a) of subsection 1 that the proposed improvement is not economically justified and financially feasible, the Board will, based on the records and documents submitted to the Board concerning the proposed improvement, determine whether the construction of the proposed improvement is in the interest of the State and brings the purveyor of water into compliance with the requirements for public water systems or brings the eligible recipient into compliance with any applicable federal, state or local laws with which the eligible recipient is not in compliance. In making its determination, the Board will consider, if applicable:

- (a) Whether there are any communities located near the community water system or nontransient water system that offer similar living conditions with potable water;

- (b) Whether the applicant has taken sufficient and reasonable efforts to discover an alternate source of potable water for the community water system or nontransient water system; and

(c) Whether any other useable source of potable water for the community water system or nontransient water system has been discovered.

3. The Board will approve or disapprove the proposed improvement or costs taking into consideration the determinations made pursuant to subsections 1 and 2. If the Board approves the proposed improvement or costs, it will take into consideration the amount of money in the Fund and determine whether to provide a grant for the proposed improvement or costs. The Board may give precedence to improvements which provide maximum benefits to the State.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.535 Determination to provide grant: Action by Board; amount of grant; duties of Division of Environmental Protection of the Department. ([NRS 349.982](#))

1. If the Board determines to provide a grant, it will adopt a resolution which must 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.

2. To determine the amount of a grant to a purveyor of water, the Board will, pursuant to [NRS 349.983](#), develop and use a scale which the Board may periodically revise. The factors the Board will consider in developing the scale include, without limitation:

(a) Whether the improvement for which the grant is requested is included on the priority list for the Account for the Revolving Fund for the current year;

(b) If applicable, the rank of the improvement for which the grant is requested in relation to other projects on the priority list for the Account for the Revolving Fund for the current year;

(c) The median household income for the community or area that is served by the community water system or nontransient water system for which the grant is requested as compared to the median household income in this State;

(d) The number of persons served by the community water system or nontransient water system for which the grant is requested;

(e) The amount of reduction in the leakage of water, if any, in the community water system or nontransient water system for which the grant is requested;

(f) The effectiveness of any water conservation in the area that is served by the community water system or nontransient water system for which the grant is requested; and

(g) The monthly charge for water that residential customers of the community water system or nontransient water system for which the grant is requested are paying for the month in which the application for a grant is submitted.

3. The Board will send a copy of the resolution to the Division of Environmental Protection of the Department.

4. Within 10 days after receipt of the resolution of the Board, the Division shall:

(a) Notify the applicant and the Director of the decision of the Board.

(b) Send the applicant an inducement letter which:

(1) States the intention of the Director to issue the grant to be paid as other claims against the State are paid if the improvement meets local, state and federal requirements;

(2) States the amount of the grant;

(3) States that if the grant is to be made from the proceeds of bonds, it will be conditioned upon the successful issuance of the bonds;

(4) Directs the applicant to submit any supporting documentation required by the Division; and

(5) Directs the applicant to comply with any conditions imposed upon the grant and to enter into the funding agreement required pursuant to [NAC 349.549](#) within 6 months after the date the Board approves the grant or such other date as the Board specifies.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.540 Request for issuance of general obligation bonds. ([NRS 349.982](#))

Upon receipt of a resolution of the Board approving the improvement or costs, the Division of Environmental Protection of the Department may request the Office of the State Treasurer to issue general obligation bonds in an amount sufficient to fund the grant.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.549 Administrative fee; funding agreement. ([NRS 349.982](#))

1. The recipient of a grant under the program shall pay to the Division of Environmental Protection of the Department an administrative fee of \$1,000. The money must be used for the purposes set forth in subsection 4 of [NRS 349.982](#).

2. The recipient of a grant under the program and the Director shall, if all conditions of the grant have been met, execute a funding agreement that complies with the requirements of this section.

3. The funding agreement must:

(a) Be for a term of not more than 5 years.

(b) Set forth the maximum amount disburseable pursuant to the grant, the percentage of eligible costs that will be paid and the amount of the minimum contribution to be paid by the recipient.

(c) Distinguish costs that are eligible and ineligible for payment pursuant to the grant, and set forth formulas for sharing the cost of components of the improvement that are partially eligible for payment pursuant to the grant.

(d) Describe procedures for the disbursement of the grant.

(e) Set forth any state requirements regarding:

(1) Compliance with the laws of this State;
(2) Access by the State to any accounts and books of the recipient that relate to the improvement;

(3) Access to the site of the improvement for inspection by state personnel;

(4) Indemnification of the State;

(5) The acknowledgment of the amount contributed by the State pursuant to the grant;

(6) The submission of financial reports and reports concerning the progress of the improvement;

(7) The maintenance of records;

(8) The provision of addresses for notification and other communication;

(9) The approval of plans and specifications;

(10) The submission of proof of the receipt of any required permits;

(11) The notification of the State concerning any difficulties in the construction or funding of the improvement that could adversely affect the improvement;

(12) The notification of the State concerning any claims made against the recipient of the grant, the engineer or contractor for the improvement, or any other person associated with the improvement; and

(13) The submission, review and approval of contract change orders.

(f) Set forth provisions concerning:

(1) Requirements for the methods of procurement and applicability of the provisions of [chapter 332](#) of NRS;

(2) Any default or termination;

(3) The rights of the State if the agreement is terminated;

(4) The right of the State to commence legal proceedings;

(5) The right of the State to require audits at the expense of the recipient;

(6) The amendment of the agreement;

(7) Requirements for notification of the parties to the agreement; and

(8) The release of any liability arising from a default.

(g) Set forth any other contractual provisions relevant to the grant or improvement.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.554 Duties of recipient of grant before commencement of bidding and construction. ([NRS 349.982](#)) The recipient of a grant under the program:

1. Shall, before:

(a) Bids for the improvement are advertised, submit to the Division of Environmental Protection of the Department the engineering design, plans and specifications for the improvement.

(b) Bids for the improvement are opened, submit to the Division the bidding schedules and item descriptions for measurement and payment.

(c) Construction of the improvement is begun, submit to the Division:

(1) Proof of the receipt of all necessary permits.

(2) Documentation that any procedures for purchasing and contracting required by the State are being followed.

(3) The agendas for any conferences held before bidding and construction.

(4) Schedules for procurement and construction.

(5) Proof that the funding required to be contributed by the recipient of the grant has been committed to the improvement.

(6) Any other documents that the Division deems necessary to verify compliance with the goals of the program.

2. Shall not allow the commencement of any construction relating to the improvement until the Division provides the recipient of the grant with a written notice to proceed with the improvement. The Division shall, upon its approval of the items received pursuant to subsection 1, provide the recipient with that notice.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.559 Duties of recipient of grant: Submission of information to Division of Environmental Protection of Department. ([NRS 349.982](#)) The recipient of a grant under the program shall:

1. During the construction of the improvement, provide the Division of Environmental Protection of the Department with such documents as the Division deems necessary to determine compliance with the funding agreement.

2. Submit to the Division monthly reports concerning the progress of the construction of the improvement. Each report must include:

(a) A brief description of any work performed on the improvement after the date of the report submitted by the recipient pursuant to this subsection for the immediately preceding month;

(b) A discussion of any problems encountered that may cause a deviation from the schedule of construction for the improvement or an adjustment to the budget for the improvement; and

(c) Copies of any work directives and change orders issued to the contractor during the period specified in paragraph (a), regardless of whether the contractor approved the directives or orders.

3. Submit to the Division quarterly financial reports concerning the construction of the improvement. Each report must:

(a) Include a current budget for the completion of the improvement that accurately reflects:

- (1) Any costs incurred up to the date of the report;
- (2) The anticipated monthly costs to complete the improvement; and
- (3) The status of available funding; and

(b) Be accompanied by copies of any change orders affecting the scope or cost of any components of the improvement that are eligible for payment pursuant to the grant.

4. Provide the Division with current schedules for the construction of the improvement and such other current information as the Division deems necessary to ensure that:

(a) The components of the improvement that are eligible for payment pursuant to the grant will be completed; and

(b) The health needs of the community will be met.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.564 Disbursement of money pursuant to grant. ([NRS 349.982](#))

1. The recipient of a grant under the program shall:

(a) Submit periodic requests for the disbursement of money pursuant to the grant on forms provided by the Division of Environmental Protection of the Department.

(b) Provide the Division with:

(1) Copies of all contracts related to the improvement, including contracts for construction, procurement and the provision of professional services. Any invoice submitted by the recipient of the grant for the payment of reimbursable costs must include references to the authorizing contracts and, if such a contract is divided into separate tasks, references to those tasks.

(2) Proof that any prior disbursements of money pursuant to the grant have been distributed in an appropriate manner and that any disbursements made pursuant to a present request for the disbursement of money pursuant to the grant will be distributed in an appropriate manner. The proof must consist of:

(I) Copies of the front of cancelled checks issued by the recipient of the grant;
or

(II) A signed letter from a vendor stating that the vendor has been paid in full for an invoice that is to be reimbursed by a disbursement made pursuant to the present request for the disbursement.

2. The disbursement of any money pursuant to a grant under the program must comply with the funding agreement. Each payment must be approved based on the actual costs to date.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.569 Award of credit toward amount of money recipient of grant is required to provide. ([NRS 349.982](#))

1. The Division of Environmental Protection of the Department may give a recipient of a grant pursuant to the program credit toward the amount of money the recipient is required to provide for the capital improvement pursuant to subsection 3 of [NRS 349.983](#) if the recipient contributes to the capital improvement:

(a) All of the money the recipient has available for that purpose; and

(b) Material, labor, equipment or any other contribution approved by the Division other than money.

↪ The credit must not exceed the unpaid balance of the amount the recipient is required to provide pursuant to that subsection.

2. To obtain credit pursuant to subsection 1:

(a) A recipient of a grant pursuant to the program must submit to the Division:

(1) Documentation for each contribution made to the capital improvement by the recipient for material, labor, equipment or other contribution approved by the Division;

(2) A postconstruction audit of each contribution made to the capital improvement by the recipient; and

(3) Any other information the Division deems appropriate.

(b) All forms, rates and documentation submitted by the recipient of the grant must be approved by the Division.

3. If the Division approves the credit, the amount of the credit must be determined by the Division based on:

(a) The prevailing wage for similar classifications of work;

(b) The rates paid by the Department of Transportation for the rental of equipment; or

(c) The actual costs sustained by the recipient of the grant.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.574 Procedure following completion of improvement. ([NRS 349.982](#))

1. After the recipient of a grant pursuant to the program has completed the improvement, the recipient shall submit to the Division of Environmental Protection of the Department for its approval:

(a) A final engineering report that includes a certificate of completion executed by an engineer indicating that:

(1) The improvement has been completed in accordance with the provisions of the funding agreement;

(2) The improvement as constructed has been tested and satisfies the objectives for which it was designed and performs the functions for which it was intended; and

(3) Based on the results of the test specified in subparagraph (2), the quality of materials and workmanship are consistent with the plans and specifications approved for the improvement;

(b) Drawings of the improvement as constructed that depict any material changes from the initial plans for the improvement;

(c) The dates the improvement was tested, accepted and placed into service;

(d) A statement of the final costs for the improvement; and

(e) If required by the Division, proof that the improvement performs the tasks for which it was designed.

2. The recipient of the grant may submit its final request for disbursement of the grant only after the Division has approved the final engineering report submitted pursuant to subsection 1.

3. If the final engineering report, certificate of completion and statement of final costs submitted pursuant to subsection 1 are approved by the Division:

(a) The Division shall release the recipient of the grant from any liability arising pursuant to the funding agreement; and

(b) The recipient of the grant shall discharge the Division and the State of Nevada from any claims or demands arising pursuant to the funding agreement.

4. Upon completion of the requirements of this section and payment of the final request submitted pursuant to subsection 2, any undisbursed amount of the sum authorized for the grant will be made available for other grants pursuant to the program.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

Agenda Items 5 and 6 do not have any board material

Item 7 Capital Improvements Grant Regulations (Discussion)

Reason for updates and changes

- 1) Assembly Bill 20 (82nd Session) makes various changes to NRS 349
 - a. Transfer the program to the Department of Conservation and Natural Resources
 - b. State Environmental Commission to adopt regulations relating to the financing of water projects.
 - c. Expands eligible recipients for wellhead abandonment and septic-to-sewer conversions.
- 2) Senate Bill 150 (80th Session) makes various changes to NRS 349
 - a. Adds Governing body and water resource plans as an eligible entity and project.
- 3) Improved flow of process for application and award of funds.
- 4) Incorporate 13 Board Policies into the regulations.
- 5) Housekeeping

1	Definitions	NAC 349.430-349.471
Summary The Nevada Administrative Code (NAC) definitions are generally correct and current, but not complete with recent statutory changes. Two separate types of systems are eligible for grant funding: (1) purveyors of water and (2) eligible recipients. Proposed changes • Define the program as the Capital Improvements Grant Program. • Define a third type of system that is eligible for funding: governing body. • Define Division, Water Resource Plan, Authorized Representative, and Fiscal Sustainability Plan • Correct references from State Board of Health to Division of Environmental Protection (NDEP) and applicable statutory references.		
2	Program eligibility, filing of letter of intent, and application	NAC 349.475-349.530
Summary The NAC outlines the conditions in which the Board for Financing Water Projects (Board) will award a grant from the program, the requirement to file a letter of intent, and filing a loan application. • Current conditions for which the Board would provide a grant for a purveyor of water and eligible recipient. • Applicant completes a letter of intent to the Board. • The Board hears the letter of intent and approves or denies the letter of intent. • Applicants can only apply to the program once the letter of intent is approved. • Application is presented to the Board for approval. Proposed changes • Separate the recipient types into subsections that identify what each recipient type must do to receive funding. Establish requirements for those recipient types to obtain a grant.		

Item 7 Capital Improvements Grant Regulations (Discussion)

○ Purveyor of water ○ Eligible recipient ○ Governing body • Incorporates funding nonprofit public water systems into program eligibility • Updates the letter of intent content and process: ○ Directs the letter of intent to be sent to NDEP. ○ Updates the contents and submission requirements for the letter of intent. ○ NDEP to assess the applicant's ability to apply to the Board for funding. ○ Updates for the Board policy on sufficient user rates ○ Updates for the Board policy on fiscal sustainability plans ○ Updates for the Board policy on capital replacement reserves. ○ Updates for the Board policy on water meters ○ Updates for the Board policy on alternative funding ○ Process to petition the Board if the applicant disagrees with NDEP's determination. • Updates the loan application content and process: ○ Updates for the Board policy on construction, engineering, and contingency ○ Housekeeping updates the contents and submission requirements for the application. ○ NDEP evaluates the application and presents the application to the Board or approval of grant funding. ○ Updates the information presented to the Board for approval. ○ Approval or disapproval of loan application by the Board.		
3	Determination to provide grant, action by the Board; amount of the grant; duties of the Division	NAC 349.535
Summary NAC outlines the requirements for the contents of the Board resolution, when the Board may approve an application, determine the grant amount using a scale, and directs the applicant to comply with any conditions imposed by the Board. Proposed changes • Update the regulations for the Board policy on the scale to determine grant amount for purveyors of water, eligible recipients, and governing bodies. • Adds in requirements to maintain sufficient user rates, develop and maintain a fiscal sustainability plan or asset management plan, and fund a capital replacement reserve account. • Incorporating the use of the program for septic-to-sewer system connections and nonprofits into the Boards determination		
4	Bonding	NAC 349.540
Summary NAC instructs NDEP on the request to issue general obligation bonds from the State Treasurer's Office to support the program.		

Item 7 Capital Improvements Grant Regulations (Discussion)

Proposed changes

- Adds, “upon approved legislation.”

5 Administrative Fee and funding agreement

NAC 349.549

Summary

NAC outlines the amount the recipient shall pay to NDEP as an administrative fee and the contents of the funding agreement.

Proposed changes

- Changes the administrative fee:
 - Applicant is obtaining funding from the DWSRF or CWSRF program in partnership with the grant: 0.25% of the grant amount.
 - Applicant is not obtaining funding from the DWSRF or CWSRF program in partnership with the grant: 0.5% of the grant amount.
 - Fee is payable in installments over 12 months. NDEP to negotiate the installment arrangement with the applicant. Any default in payment of fees results in a hold of grant funds.
 - Requires NDEP to maintain 5 years of administrative funds, evaluation of the administrative fee, and use of bond proceeds for administration per the board policy on administrative funding.
- Funding agreement not more than 3 years, with the possibility of 1 extension that is approved by the Board.
- Updates to the funding agreement deemed necessary by the Attorney General’s office and NDEP.

6 Recipient Responsibilities

NAC 349.554-349.574

Summary

NAC outlines the duties a recipient must follow in receiving a grant, including but not limited to: bidding, construction, draw requests, credit towards recipient portion of project funding, and completion of the project.

Proposed changes

- Require a public procurement process for soliciting and bidding contracts to show open and fair competition, regardless of the legal structure of the applicant.
- Documentation accepted for proof of payments on draws.
- Housekeeping

**GRANTS FOR WATER CONSERVATION AND IMPROVEMENTS TO CERTAIN WATER SYSTEMS
AND SEWAGE DISPOSAL SYSTEMS**

NAC 349.430 Definitions. ([NRS 349.982](#)) As used in [NAC 349.430](#) to [349.574](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 349.432](#) to [349.469](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.432 “Account for the Revolving Fund” defined. ([NRS 349.982](#)) “Account for the Revolving Fund” has the meaning ascribed to it in [NRS 445A.203](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.435 “Board” defined. ([NRS 349.982](#)) “Board” means the Board for Financing Water Projects created pursuant to [NRS 349.957](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.440 “Bureau” defined. ([NRS 349.982](#)) “Bureau” means the Bureau of Safe Drinking Water of the Division of Environmental Protection of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.443 “Community sewage disposal system” defined. ([NRS 349.982](#)) “Community sewage disposal system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.445 “Community water system” defined. ([NRS 349.982](#)) “Community water system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.450 “Department” defined. ([NRS 349.982](#)) “Department” means the State Department of Conservation and Natural Resources.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.455 “Director” defined. ([NRS 349.982](#)) “Director” means the Director of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.458 “Eligible recipient” defined. ([NRS 349.982](#)) “Eligible recipient” means a political subdivision of this State, including, without limitation, a city, county, unincorporated town, water authority, conservation district, irrigation district, water district, water conservancy district or general improvement district.

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.461 “Fund” defined. ([NRS 349.982](#)) “Fund” means the fund created pursuant to [NRS 349.984](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.4615 “Individual sewage disposal system” defined. ([NRS 349.982](#)) “Individual sewage disposal system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.462 “Irrigation district” defined. ([NRS 349.982](#)) “Irrigation district” has the meaning ascribed to it in [NRS 539.013](#).

(Added to NAC by Bd. for Financing Water Projects by R104-04, eff. 9-18-2006)

NAC 349.463 “Nontransient water system” defined. ([NRS 349.982](#)) “Nontransient water system” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.464 “Program” defined. ([NRS 349.982](#)) “Program” means the program established pursuant to [NRS 349.981](#) to provide grants of money to purveyors of water and eligible recipients to pay for costs of improvements and for costs associated with:

1. Connecting to a municipal water system; or
2. Abandoning an individual sewage disposal system and connecting the property formerly served by the abandoned individual sewage disposal system to a community sewage disposal system.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.465 “Public water system” defined. ([NRS 349.982](#)) “Public water system” has the meaning ascribed to it in [NRS 445A.840](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91)

NAC 349.466 “Purveyor of water” defined. ([NRS 349.982](#)) “Purveyor of water” has the meaning ascribed to it in [NRS 349.980](#).

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.467 “Requirements for public water systems” defined. ([NRS 349.982](#)) “Requirements for public water systems” means the requirements imposed:

1. By the State Board of Health pursuant to [NRS 445A.800](#) to [445A.955](#), inclusive; or
2. Pursuant to the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98)

NAC 349.469 “Viable” defined. ([NRS 349.982](#)) “Viable” means:

1. For a purveyor of water, having the financial, managerial and technical ability to sustain over a long term the operation of a community water system or nontransient water system and to remain in compliance with the requirements for public water systems; and
2. For eligible recipients, having the financial, managerial and technical ability to remain in compliance with applicable federal, state and local requirements for the system for which the application for the grant was made.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.471 “Costs traditionally associated with capital improvements” interpreted. ([NRS 349.982](#)) For the purposes of [NRS 349.980](#), the Board interprets “costs traditionally associated with capital improvements” to include:

1. The costs to carry out any feasible and appropriate changes in operations necessary for a purveyor of water to become viable, including, without limitation, changes in ownership, management, accounting, rates, maintenance, consolidation and alternative supplies of water; and
2. Any costs that are not directly related to the actual construction of the capital improvement, including, without limitation, costs:
 - (a) For engineering, design, construction, legal and financial services;
 - (b) Incurred in obtaining a loan from the Account for the Revolving Fund; and
 - (c) For acquisition of water rights, easements and rights-of-way.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.475 Eligibility for grant; filing of letter of intent. ([NRS 349.982](#))

1. The Board will provide a grant to a purveyor of water or an eligible recipient only if:

- (a) The grant will assist:
 - (1) The purveyor of water in constructing a capital improvement to the community water system or nontransient water system that will directly enable the purveyor of water to comply with the requirements for public water systems; or
 - (2) The eligible recipient in carrying out an improvement set forth in paragraph (b), (c), (d) or (e) of subsection 1 of [NRS 349.981](#);
- (b) The purveyor of water or eligible recipient is unable to finance from its own resources the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system;
- (c) The purveyor of water is currently included on the priority list for the Account for the Revolving Fund; and

(d) Water meters or other approved devices which will measure water delivered to each water user are installed and used in any community water system or nontransient water system for which an application for a grant is made, unless the Board determines that water meters or such other devices are not required to ensure effective monitoring and conservation of water in that community water system or nontransient water system.

2. To apply for a grant, a purveyor of water or eligible recipient must file with the Board a letter of intent. The letter must include:

(a) The name, address and telephone number of the applicant.

(b) The date on which the service was first provided by the community water system, nontransient water system, sewage disposal system or other system for which the application for a grant was made. If the exact date is not known, the month and year must be provided.

(c) The title or name, the location and a brief description of the proposed improvement, including maps or preliminary plans.

(d) The number of persons or other entities served and the assessed value of the property within the area that is served by the community water system, nontransient water system, sewage disposal system or other system for which the application for a grant was made.

(e) A preliminary estimate of the cost of the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system, including, without limitation, the cost of construction, engineering, contingencies and any additional costs necessary for financing the improvement.

(f) A description of future improvements planned by the applicant, if any, that are not part of the proposed improvement for which the application for a grant is made.

(g) A brief description of how the proposed improvement will assist the purveyor of water in complying with the requirements for public water systems or the eligible recipient in carrying out the purpose of the proposed improvement.

(h) Documentation concerning the inability of the applicant to finance the proposed improvement or costs associated with connecting to a municipal water system or community sewage disposal system, including, but not limited to:

(1) Letters from local lending institutions;

(2) Letters from financial advisers, accountants or fiscal agents, if applicable;

(3) Copies of any applications for funding the proposed improvement or costs filed by the applicant and, if the application is for a loan, a copy of any documentation indicating that the loan was approved or denied or the likelihood that the loan will be approved, including, without limitation, such an application and documentation concerning a loan from:

(I) The Account for the Revolving Fund;

(II) The fund described in [NAC 445A.728](#); or

(III) Any other governmental agency that provides financial assistance for improvements and with which the applicant has applied for a loan; and

(4) A statement justifying the inability of the applicant to finance the proposed improvement or costs.

(i) A brief demonstration that the applicant will be viable upon completion of the proposed improvement which includes, without limitation, audited financial statements for the 3 years immediately preceding the date that the letter of intent is filed with the Board and a recently approved budget.

(j) If applicable, a statement that the plan of water conservation adopted pursuant to [NRS 540.131](#) will be filed with the Water Planning Section of the Division of Water Resources of the Department before receipt of the grant.

(k) Any additional information required by the Board.

3. A letter of intent must be directed to the Board at either:

(a) The address specified in the application for a grant provided by the Division of Environmental Protection of the Department to the applicant; or

(b) The address otherwise provided by the Division of Environmental Protection of the Department to the applicant for that purpose.

4. An applicant shall provide nine copies of the letter of intent to the Division of Environmental Protection of the Department.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.480 Procedure following receipt of letter of intent. ([NRS 349.982](#))

1. Upon receipt of a letter of intent, the Division of Environmental Protection of the Department shall:

(a) Record the date of receipt;

(b) Maintain a file containing all documents and information pertaining to the financing of the proposed improvement or costs; and

(c) Promptly forward a copy of the letter of intent to the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as appropriate given the type of improvement or costs proposed in the letter of intent.

2. The Division of Environmental Protection of the Department and the entity which received a copy of the letter of intent pursuant to paragraph (c) of subsection 1 shall review the letter of intent and forward their comments to the Board within 30 days after receipt of the letter of intent.

3. The Board will consider a letter of intent forwarded from the Division of Environmental Protection of the Department and will, in a motion or resolution adopted by the Board, determine whether:

(a) If the applicant is a purveyor of water other than the Lincoln County Water District, the community water system or nontransient water system was in existence on January 1, 1995, and is currently publicly owned;

(b) If the applicant is a conservation district, irrigation district, conservancy district or general improvement district, the applicant was in existence on January 1, 1995;

(c) The proposed improvements will be publicly owned;

(d) The applicant is eligible for the program pursuant to [NRS 349.981](#) or [349.983](#); and

(e) The proposed improvement is likely to be economically justified and financially feasible pursuant to the provisions of [NAC 349.430](#) to [349.574](#), inclusive.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.485 Approval of letter of intent. ([NRS 349.982](#))

1. The Board will approve the letter of intent in a motion or resolution adopted by the Board if the Board:

(a) Makes the determinations required pursuant to subsection 3 of [NAC 349.480](#); and

(b) Finds that the proposed improvement or costs qualify for a grant pursuant to [NRS 349.981](#) or [349.983](#).

2. Upon approval of a letter of intent by the Board, the applicant must file an application for the proposed improvement or costs within 1 year after the date of approval or by a date specified by the Board, except that:

(a) Upon the request of the applicant and based upon the occurrence of circumstances beyond the control of the applicant, the Division of Environmental Protection of the Department may once authorize the applicant to file the application at a later date, which must not be later than 18 months after the date of approval or 6 months after the date originally specified by the Board; or

(b) The Board may, upon good cause shown, extend the period for the applicant to file the application.

3. If the Board has approved a letter of intent, it may request that the Division of Environmental Protection or the Water Planning Section of the Division of Water Resources of the Department, as appropriate and within the limits of their available resources, assist the applicant with preparing an application. The Board may also request the Division of Environmental Protection of the Department to issue a letter evidencing an intent to proceed with the program.

4. The approval of a letter of intent by the Board does not guarantee or ensure that any proposed improvement or costs will be provided a grant.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.490 Disapproval of letter of intent; finality of decision of Board; reapplication. ([NRS 349.982](#))

1. If the Board does not make the affirmative determinations required by subsection 3 of [NAC 349.480](#) or finds that the letter of intent does not meet the

requirements of [NAC 349.475](#), the Board will disapprove the letter of intent, by motion or resolution, and promptly notify the Division of Environmental Protection of the Department and the applicant of its decision, listing the reasons for disapproval.

2. The decision of the Board is final.

3. If a letter of intent is disapproved by the Board, the applicant may reapply not less than 6 months after the date of disapproval or at such time as is permitted by the Board, whichever is earlier.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.495 Application: Submission. ([NRS 349.982](#))

1. If a letter of intent for a proposed improvement or proposed costs is approved, an applicant must submit an original and eight copies of an application to the Board.

2. An application submitted pursuant to subsection 1 must be:

(a) In the form provided by the Division of Environmental Protection of the Department; and

(b) Addressed to the Board as provided in subsection 3 of [NAC 349.475](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.500 Application: Required items and information; waiver of requirements. ([NRS 349.982](#))

1. Except as otherwise provided in subsections 2 and 3, the application must include the following items and information:

(a) A preliminary engineering report for the construction, operation and maintenance of the proposed improvement, including:

(1) The expected costs and benefits of the project;

(2) Plans for the development of the facilities of the applicant; and

(3) The economic justification for and expected feasibility of the project,

↪ as prepared by a person licensed as a professional engineer pursuant to [chapter 625](#) of NRS.

(b) A complete and legible legal description of the entire area of service for the proposed improvement, including a map showing the layout of the proposed improvement and the location and number of persons served by the proposed improvement in relation to maps of the United States Public Lands Survey, assessor's maps, or aerial or other similar maps showing sections and townships.

(c) A complete and legible copy of the legal description of the property that will be occupied by the proposed improvement, including the assessor's plot maps on which the proposed improvement is identified.

(d) Proof of ownership, rights-of-way, easements or agreements, showing that the applicant holds or is able to acquire all lands, other than public lands, interests therein and water rights necessary for the construction of the proposed improvement. Copies

of deeds to lands to be occupied, records of surveys, easements, agreements or permits to appropriate water may be used as evidence of ownership.

(e) A report concerning the amount of water required to satisfy the needs of the proposed improvement, including:

- (1) The source and amounts of supply;
- (2) The rights to the water;
- (3) The quality of the water going into the proposed improvement;
- (4) The quality of treated water flowing out of the proposed improvement; and
- (5) A schedule indicating the volume of water required each month from the proposed improvement to meet the needs of the customers of the community water system or nontransient water system.

(f) A report concerning the implementation of the plan of water conservation adopted by the applicant pursuant to [NRS 540.131](#), including:

- (1) A copy of the plan;
- (2) The most recent schedule established by the applicant for carrying out the plan; and
- (3) An analysis of the effectiveness of the plan.

(g) A complete and itemized list of the total estimated cost of the proposed improvement, including an estimate for construction costs, contingencies, engineering fees, administrative fees, legal fees and financing fees.

(h) An estimate of the capital costs required for the installation of water meters on all service connections to the community water system or nontransient water system, including an analysis of the feasibility of installing the water meters.

(i) Information which demonstrates that the proposed improvement complies with applicable local regulations governing the use of land and water and any other applicable regulations and ordinances.

(j) A list of the permits required to carry out the proposed improvement, with the anticipated dates and conditions for approval of those permits.

(k) The estimated cost of operation and maintenance for the proposed improvement.

(l) The amount of money available for the proposed improvement other than the money to be derived from the program, including terms of repayment if short-term or long-term financing is contemplated as a source of funding.

(m) A plan for the construction of any related improvements during the next 5 years.

(n) Copies of the current documents prepared by or on behalf of the applicant pursuant to [NRS 350.013](#), which depict the effect of the proposed improvement on the financial capacity of the applicant.

(o) Data and information deemed necessary by the Division of Environmental Protection of the Department or by the financial advisers or other consultants of the Division.

2. The Board may waive any of the requirements of subsection 1 upon written request of the applicant.

3. An applicant is not required to include an item and information required by subsection 1 if the item or information is not applicable to the type of improvement proposed in the application.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.505 Determination of financial feasibility of proposed improvement; evaluation of certain abilities of applicant and charge for water; determination of exceptional circumstances. ([NRS 349.982](#)) Upon receipt of an application, the Division of Environmental Protection of the Department shall:

1. If necessary, forward all data and information contained in the application to any financial adviser, attorney and other person retained by the Division to determine the financial feasibility of the proposed improvement.

2. If applicable, evaluate the ability of the applicant to provide for:

(a) The continuing replacement of components of the water system that are functionally obsolete or worn out;

(b) Current and anticipated debt service; and

(c) Current and future expenses of operation and maintenance.

3. If applicable, evaluate the charge for water that customers of the community water system or nontransient water system are paying and determine if the charge is sufficient to satisfy expenses related to:

(a) The operation and maintenance of the community water system or nontransient water system; and

(b) Periodically replacing components of the community water system or nontransient water system that are functionally obsolete or worn out.

4. If applicable, determine whether any exceptional circumstances exist in the area served by the community water system or nontransient water system.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.510 Review of application and feasibility reports; incomplete application; reports to Board. ([NRS 349.982](#))

1. Within 20 working days after receipt of an application, the Division of Environmental Protection of the Department shall review the application and determine if all information required by the Board has been provided.

2. If the Division of Environmental Protection of the Department determines that the application is incomplete, the Division of Environmental Protection of the Department shall, within 30 working days after the receipt of the application, notify the applicant of the deficiencies and provide the applicant with instructions for satisfying those deficiencies. The applicant must comply with those instructions within 45 working days after the receipt of the instructions, except that, upon written request by the applicant and for good cause, the Division of Environmental Protection of the

Department may once extend the period for compliance by the applicant. If the applicant submits any additional information concerning the application within the appropriate period, the Division of Environmental Protection of the Department shall, within 30 working days after receipt of that information, determine whether the application is complete. If the applicant does not complete the application because the applicant failed to comply with the instructions provided to the applicant by the Division of Environmental Protection of the Department or failed to submit any additional information required by the Division of Environmental Protection of the Department within the appropriate period, the Division of Environmental Protection of the Department shall recommend that the Board deny the application.

3. Within 30 working days after the Division of Environmental Protection of the Department determines that the application is complete, the Division of Environmental Protection of the Department and the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as appropriate given the type of improvement proposed in the application, shall review the application and feasibility reports to determine if the proposed improvement complies with:

(a) The requirements for public water systems if the applicant is a purveyor of water; or

(b) The applicable federal, state and local requirements for the system for which the application for a grant was made if the applicant is an eligible recipient.

4. The Division of Environmental Protection of the Department shall prepare a report to the Board concerning the proposed improvement or costs within 60 working days after receipt of the completed application. The Division of Environmental Protection of the Department shall ensure that:

(a) It receives information concerning the review of the application by the Bureau or the Water Planning Section of the Division of Water Resources of the Department, as applicable; and

(b) The information received pursuant to paragraph (a) is incorporated in the report prepared by the Division of Environmental Protection of the Department.

5. The report to the Board prepared by the Division of Environmental Protection of the Department must contain:

(a) The application;

(b) A summary of the economic justification for and financial feasibility of the proposed improvement;

(c) The status of the funding available to the applicant for the proposed improvement or costs; and

(d) Evaluations by the Division of Environmental Protection of the Department concerning:

(1) Whether the applicant will be viable upon completion of the proposed improvement;

(2) If applicable, the effectiveness of the applicant's efforts to conserve water and of the plan of water conservation adopted by the applicant pursuant to [NRS 540.131](#);

(3) The need for and the feasibility of installing water meters on all service connections to the community water system or nontransient water system; and

(4) The information that results from the evaluations and determinations conducted pursuant to subsections 3 and 4 of [NAC 349.505](#).

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.515 Receipt of permits or authority to proceed required; exceptions; determination of sufficient water rights. ([NRS 349.982](#))

1. Except as otherwise provided in subsections 2 and 3, an application must not be approved by the Board until:

(a) Copies of any permits necessary for compliance with any requirements for planning and zoning, including any necessary variances or special use permits, are received by the Board; or

(b) Each agency issuing a permit specified in paragraph (a) has given written authorization to proceed with the proposed improvement and a copy of the authorization is received by the Board.

2. The Board may waive the requirements of subsection 1 if it has received information from its counsel or any other reliable source that the proposed improvement will receive or has received all permits required by any governmental agency which are necessary to proceed with the construction, improvement, rehabilitation or redevelopment of the proposed improvement.

3. The Board may, before it receives any permit required pursuant to subsection 1 that requires the submission of a detailed engineering design, approve an application if there are no foreseeable conditions threatening the feasibility of the proposed improvement.

4. The Board will not approve an application until it determines that the applicant owns sufficient water rights to carry out the proposed improvement or there are water rights otherwise available and committed to the proposed improvement.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.520 Disapproval of application: Procedure; notice. ([NRS 349.982](#))

1. If the Board determines not to approve an application, it will prepare findings and conclusions concerning its determination and adopt a resolution stating the reasons for the disapproval.

2. The Board will give the applicant and the Division of Environmental Protection of the Department notice of its action.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.525 Public meeting on proposed improvement or costs; correction of deficiencies in application. ([NRS 349.982](#)) Before approving an application, the Board or its designated representative:

1. Will hold a public meeting on the proposed improvement or costs and provide reasonable notice to the members of the public who may be affected by the proposed improvement or costs.

2. May return the application to the applicant for the correction of any deficiencies.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R104-04, 9-18-2006)

NAC 349.530 Review of completed application; determinations by Board. ([NRS 349.982](#))

1. Except as otherwise provided in subsection 2, the Board will review the completed application and determine whether, based on the records and documents submitted to the Board concerning the proposed improvement or costs:

- (a) The proposed improvement is economically justified and financially feasible.

- (b) The proposed improvement complies with the provisions of [NRS 349.980](#) to [349.987](#), inclusive.

- (c) The plan for development of the proposed improvement is satisfactory.

- (d) The applicant is able to obtain the financing required to complete the proposed improvement.

- (e) The applicant has taken sufficient and reasonable efforts to determine whether the proposed improvement conflicts with any regional master plan of any local, state or federal governing authority, and those efforts have not revealed such a conflict.

- (f) The proposed improvement will not use or waste excessive quantities of water.

2. If the Board determines pursuant to paragraph (a) of subsection 1 that the proposed improvement is not economically justified and financially feasible, the Board will, based on the records and documents submitted to the Board concerning the proposed improvement, determine whether the construction of the proposed improvement is in the interest of the State and brings the purveyor of water into compliance with the requirements for public water systems or brings the eligible recipient into compliance with any applicable federal, state or local laws with which the eligible recipient is not in compliance. In making its determination, the Board will consider, if applicable:

- (a) Whether there are any communities located near the community water system or nontransient water system that offer similar living conditions with potable water;

- (b) Whether the applicant has taken sufficient and reasonable efforts to discover an alternate source of potable water for the community water system or nontransient water system; and

(c) Whether any other useable source of potable water for the community water system or nontransient water system has been discovered.

3. The Board will approve or disapprove the proposed improvement or costs taking into consideration the determinations made pursuant to subsections 1 and 2. If the Board approves the proposed improvement or costs, it will take into consideration the amount of money in the Fund and determine whether to provide a grant for the proposed improvement or costs. The Board may give precedence to improvements which provide maximum benefits to the State.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.535 Determination to provide grant: Action by Board; amount of grant; duties of Division of Environmental Protection of the Department. ([NRS 349.982](#))

1. If the Board determines to provide a grant, it will adopt a resolution which must 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.

2. To determine the amount of a grant to a purveyor of water, the Board will, pursuant to [NRS 349.983](#), develop and use a scale which the Board may periodically revise. The factors the Board will consider in developing the scale include, without limitation:

(a) Whether the improvement for which the grant is requested is included on the priority list for the Account for the Revolving Fund for the current year;

(b) If applicable, the rank of the improvement for which the grant is requested in relation to other projects on the priority list for the Account for the Revolving Fund for the current year;

(c) The median household income for the community or area that is served by the community water system or nontransient water system for which the grant is requested as compared to the median household income in this State;

(d) The number of persons served by the community water system or nontransient water system for which the grant is requested;

(e) The amount of reduction in the leakage of water, if any, in the community water system or nontransient water system for which the grant is requested;

(f) The effectiveness of any water conservation in the area that is served by the community water system or nontransient water system for which the grant is requested; and

(g) The monthly charge for water that residential customers of the community water system or nontransient water system for which the grant is requested are paying for the month in which the application for a grant is submitted.

3. The Board will send a copy of the resolution to the Division of Environmental Protection of the Department.

4. Within 10 days after receipt of the resolution of the Board, the Division shall:

(a) Notify the applicant and the Director of the decision of the Board.

(b) Send the applicant an inducement letter which:

(1) States the intention of the Director to issue the grant to be paid as other claims against the State are paid if the improvement meets local, state and federal requirements;

(2) States the amount of the grant;

(3) States that if the grant is to be made from the proceeds of bonds, it will be conditioned upon the successful issuance of the bonds;

(4) Directs the applicant to submit any supporting documentation required by the Division; and

(5) Directs the applicant to comply with any conditions imposed upon the grant and to enter into the funding agreement required pursuant to [NAC 349.549](#) within 6 months after the date the Board approves the grant or such other date as the Board specifies.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.540 Request for issuance of general obligation bonds. ([NRS 349.982](#))

Upon receipt of a resolution of the Board approving the improvement or costs, the Division of Environmental Protection of the Department may request the Office of the State Treasurer to issue general obligation bonds in an amount sufficient to fund the grant.

(Added to NAC by Bd. for Financing Water Projects, eff. 12-24-91; A by R113-96, 1-23-98; R104-04, 9-18-2006)

NAC 349.549 Administrative fee; funding agreement. ([NRS 349.982](#))

1. The recipient of a grant under the program shall pay to the Division of Environmental Protection of the Department an administrative fee of \$1,000. The money must be used for the purposes set forth in subsection 4 of [NRS 349.982](#).

2. The recipient of a grant under the program and the Director shall, if all conditions of the grant have been met, execute a funding agreement that complies with the requirements of this section.

3. The funding agreement must:

(a) Be for a term of not more than 5 years.

(b) Set forth the maximum amount disburseable pursuant to the grant, the percentage of eligible costs that will be paid and the amount of the minimum contribution to be paid by the recipient.

(c) Distinguish costs that are eligible and ineligible for payment pursuant to the grant, and set forth formulas for sharing the cost of components of the improvement that are partially eligible for payment pursuant to the grant.

(d) Describe procedures for the disbursement of the grant.

(e) Set forth any state requirements regarding:

(1) Compliance with the laws of this State;
(2) Access by the State to any accounts and books of the recipient that relate to the improvement;

(3) Access to the site of the improvement for inspection by state personnel;

(4) Indemnification of the State;

(5) The acknowledgment of the amount contributed by the State pursuant to the grant;

(6) The submission of financial reports and reports concerning the progress of the improvement;

(7) The maintenance of records;

(8) The provision of addresses for notification and other communication;

(9) The approval of plans and specifications;

(10) The submission of proof of the receipt of any required permits;

(11) The notification of the State concerning any difficulties in the construction or funding of the improvement that could adversely affect the improvement;

(12) The notification of the State concerning any claims made against the recipient of the grant, the engineer or contractor for the improvement, or any other person associated with the improvement; and

(13) The submission, review and approval of contract change orders.

(f) Set forth provisions concerning:

(1) Requirements for the methods of procurement and applicability of the provisions of [chapter 332](#) of NRS;

(2) Any default or termination;

(3) The rights of the State if the agreement is terminated;

(4) The right of the State to commence legal proceedings;

(5) The right of the State to require audits at the expense of the recipient;

(6) The amendment of the agreement;

(7) Requirements for notification of the parties to the agreement; and

(8) The release of any liability arising from a default.

(g) Set forth any other contractual provisions relevant to the grant or improvement.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.554 Duties of recipient of grant before commencement of bidding and construction. ([NRS 349.982](#)) The recipient of a grant under the program:

1. Shall, before:

(a) Bids for the improvement are advertised, submit to the Division of Environmental Protection of the Department the engineering design, plans and specifications for the improvement.

(b) Bids for the improvement are opened, submit to the Division the bidding schedules and item descriptions for measurement and payment.

(c) Construction of the improvement is begun, submit to the Division:

(1) Proof of the receipt of all necessary permits.

(2) Documentation that any procedures for purchasing and contracting required by the State are being followed.

(3) The agendas for any conferences held before bidding and construction.

(4) Schedules for procurement and construction.

(5) Proof that the funding required to be contributed by the recipient of the grant has been committed to the improvement.

(6) Any other documents that the Division deems necessary to verify compliance with the goals of the program.

2. Shall not allow the commencement of any construction relating to the improvement until the Division provides the recipient of the grant with a written notice to proceed with the improvement. The Division shall, upon its approval of the items received pursuant to subsection 1, provide the recipient with that notice.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.559 Duties of recipient of grant: Submission of information to Division of Environmental Protection of Department. ([NRS 349.982](#)) The recipient of a grant under the program shall:

1. During the construction of the improvement, provide the Division of Environmental Protection of the Department with such documents as the Division deems necessary to determine compliance with the funding agreement.

2. Submit to the Division monthly reports concerning the progress of the construction of the improvement. Each report must include:

(a) A brief description of any work performed on the improvement after the date of the report submitted by the recipient pursuant to this subsection for the immediately preceding month;

(b) A discussion of any problems encountered that may cause a deviation from the schedule of construction for the improvement or an adjustment to the budget for the improvement; and

(c) Copies of any work directives and change orders issued to the contractor during the period specified in paragraph (a), regardless of whether the contractor approved the directives or orders.

3. Submit to the Division quarterly financial reports concerning the construction of the improvement. Each report must:

(a) Include a current budget for the completion of the improvement that accurately reflects:

- (1) Any costs incurred up to the date of the report;
- (2) The anticipated monthly costs to complete the improvement; and
- (3) The status of available funding; and

(b) Be accompanied by copies of any change orders affecting the scope or cost of any components of the improvement that are eligible for payment pursuant to the grant.

4. Provide the Division with current schedules for the construction of the improvement and such other current information as the Division deems necessary to ensure that:

(a) The components of the improvement that are eligible for payment pursuant to the grant will be completed; and

(b) The health needs of the community will be met.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.564 Disbursement of money pursuant to grant. ([NRS 349.982](#))

1. The recipient of a grant under the program shall:

(a) Submit periodic requests for the disbursement of money pursuant to the grant on forms provided by the Division of Environmental Protection of the Department.

(b) Provide the Division with:

(1) Copies of all contracts related to the improvement, including contracts for construction, procurement and the provision of professional services. Any invoice submitted by the recipient of the grant for the payment of reimbursable costs must include references to the authorizing contracts and, if such a contract is divided into separate tasks, references to those tasks.

(2) Proof that any prior disbursements of money pursuant to the grant have been distributed in an appropriate manner and that any disbursements made pursuant to a present request for the disbursement of money pursuant to the grant will be distributed in an appropriate manner. The proof must consist of:

(I) Copies of the front of cancelled checks issued by the recipient of the grant;
or

(II) A signed letter from a vendor stating that the vendor has been paid in full for an invoice that is to be reimbursed by a disbursement made pursuant to the present request for the disbursement.

2. The disbursement of any money pursuant to a grant under the program must comply with the funding agreement. Each payment must be approved based on the actual costs to date.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.569 Award of credit toward amount of money recipient of grant is required to provide. ([NRS 349.982](#))

1. The Division of Environmental Protection of the Department may give a recipient of a grant pursuant to the program credit toward the amount of money the recipient is required to provide for the capital improvement pursuant to subsection 3 of [NRS 349.983](#) if the recipient contributes to the capital improvement:

(a) All of the money the recipient has available for that purpose; and

(b) Material, labor, equipment or any other contribution approved by the Division other than money.

↪ The credit must not exceed the unpaid balance of the amount the recipient is required to provide pursuant to that subsection.

2. To obtain credit pursuant to subsection 1:

(a) A recipient of a grant pursuant to the program must submit to the Division:

(1) Documentation for each contribution made to the capital improvement by the recipient for material, labor, equipment or other contribution approved by the Division;

(2) A postconstruction audit of each contribution made to the capital improvement by the recipient; and

(3) Any other information the Division deems appropriate.

(b) All forms, rates and documentation submitted by the recipient of the grant must be approved by the Division.

3. If the Division approves the credit, the amount of the credit must be determined by the Division based on:

(a) The prevailing wage for similar classifications of work;

(b) The rates paid by the Department of Transportation for the rental of equipment; or

(c) The actual costs sustained by the recipient of the grant.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)

NAC 349.574 Procedure following completion of improvement. ([NRS 349.982](#))

1. After the recipient of a grant pursuant to the program has completed the improvement, the recipient shall submit to the Division of Environmental Protection of the Department for its approval:

(a) A final engineering report that includes a certificate of completion executed by an engineer indicating that:

(1) The improvement has been completed in accordance with the provisions of the funding agreement;

(2) The improvement as constructed has been tested and satisfies the objectives for which it was designed and performs the functions for which it was intended; and

(3) Based on the results of the test specified in subparagraph (2), the quality of materials and workmanship are consistent with the plans and specifications approved for the improvement;

(b) Drawings of the improvement as constructed that depict any material changes from the initial plans for the improvement;

(c) The dates the improvement was tested, accepted and placed into service;

(d) A statement of the final costs for the improvement; and

(e) If required by the Division, proof that the improvement performs the tasks for which it was designed.

2. The recipient of the grant may submit its final request for disbursement of the grant only after the Division has approved the final engineering report submitted pursuant to subsection 1.

3. If the final engineering report, certificate of completion and statement of final costs submitted pursuant to subsection 1 are approved by the Division:

(a) The Division shall release the recipient of the grant from any liability arising pursuant to the funding agreement; and

(b) The recipient of the grant shall discharge the Division and the State of Nevada from any claims or demands arising pursuant to the funding agreement.

4. Upon completion of the requirements of this section and payment of the final request submitted pursuant to subsection 2, any undisbursed amount of the sum authorized for the grant will be made available for other grants pursuant to the program.

(Added to NAC by Bd. for Financing Water Projects by R113-96, eff. 1-23-98; A by R104-04, 9-18-2006)