

Meeting Minutes
BOARD FOR FINANCING WATER PROJECTS
May 15, 2024
9:30 am.

Bonnie Conference Room
901 South Stewart Street, 1st floor
Carson City, NV 89701

Held virtually using Microsoft Teams:
Meeting ID: 252 682 820 088

Members present:

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

Public present:

Owen Wurgler, Shaw Engineering
Jordan Bunker, Las Vegas Valley Water District
Kathy Flanagan Las Vegas Valley Water District
Rich Easter, Las Vegas Valley Water District
Chauncey Chau-Duong, Las Vegas Valley Water District

Legal counsel present:

Katie Armstrong, Deputy Attorney General

NDEP staff present:

Jason Cooper
Benjamin Miller
Joshua Cerda
Sheryl Fontaine
Danilo Dragoni
Matt Livingston
Chris Flores
Marcy McDermott
Kyle Casci

1) Board for Financing Water Projects regular meeting

1) Call to order

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

2) Introduction/establish quorum

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

3) Public comment

There were no public comments.

4) Approval of minutes from the January 24, 2024 regular meeting

Vice Chair Andre Belanger motioned to approve the minutes. The motion was seconded by Board Member Abigail Yacoben. The motion carried unanimously with Board Member Carl Ruschmeyer abstaining.

5) Election of Board Chair and Vice Chair

Board Member Mike Workman motioned to retain Bruce Scott as Chair and Andrew Belanger as Vice Chair. The motion was seconded by Board Member Yacoben. The motion carried unanimously.

6) Capital Improvements Grant Program Update

[See staff report, Exhibit 6](#)

Jason Cooper, with the Nevada Division of Environmental Protection (NDEP), stated as of May 13, 2024, there was \$5,976,435.75 in the bank, with \$18,808.02 reserved for administration, and \$5,504,210.84 committed to projects not yet disbursed. The Governor's office and administration have expressed concern that bond proceeds are being managed and spent effectively to avoid IRS audits. There are 3 projects that are having funds de-obligated back to the program, and an estimated \$4,556,824 will need to be committed to projects and spent by December 7, 2024. Staff is focusing on realigning funding of existing projects receiving principal forgiveness funding to capital improvement funds.

Board Member Yacoben had to leave the meeting during this discussion.

7) De-obligation of GP2105 Las Vegas Valley Water District- Blue Diamond Water System

Mr. Cooper commented that this agenda item had been removed as Las Vegas Valley Water District requested the balance of funds be de-obligated prior to the meeting.

8) Drinking Water State Revolving Fund (DWSRF) Update

[See staff report, Exhibit 8](#)

Mr. Cooper gave an update on the Drinking Water State Revolving Fund (DWSRF). As of April 29, 2024, there was \$163,004,428.31 in the bank, with \$27,019,888 committed funds not yet disbursed. Over the next three years, the lowest cash balance would be \$42,138,224. The program received approval to offer up to \$100 million at a 1% interest rate and borrowers have expressed interest in taking advantage of that incentive.

Chair Scott questioned if it was allowable in the program guidelines for an entity to be able to purchase a large quantity of meters for purposes of warehousing and replacing meters and extending metering policies within the entity. Mr. Cooper responded it is something staff is looking at in addition to the projects that are currently replacing meters within their project.

Vice Chair Belanger questioned if the program changes approved by the Board of Finance have had an increase in interest from borrowers. Mr. Cooper answered there has been positive feedback from borrowers on the programs changes made and potential projects have been added to the priority list because of the changes.

9) Approval of the Nevada Drinking Water Priority List- Effective May 2024

[See staff report, Exhibit 9](#)

Mr. Cooper gave a presentation outlining the Drinking Water State Revolving Fund (DWSRF) Project Priority List Effective May 2024 ranking criteria. The ranking reflects the policies and goals of NDEP regarding the use of the DWSRF.

Mr. Cooper began by discussing how projects are ranked:

- **Class 1:** Address demonstrated illnesses that are attributed to a public water system. These projects are for significant non-compliance, such as court-ordered compliance issues and acute health risks as defined by NDEP and the Environmental Protection Agency (EPA).
- **Class 2:** Address systems with chronic contaminants.
- **Class 3:** Address rehabilitation of a deteriorated system.
- **Class 4:** Address systems that need refinancing. These projects incurred debt after July 1, 1993 and followed federal requirements.

Review of projects on the priority list, project readiness to proceed, and bypassing projects on the priority list

Mr. Cooper gave a presentation on reviewing projects on the DWSRF Priority List, project readiness to proceed, and bypassing projects on the priority list. Mr. Cooper noted that applicants must be on the priority list to receive funds. Once applicants are on the list, they are left on the list until their projects are complete in case additional funding is needed.

The priority list currently has 195 projects with a total estimated cost of \$1,059,103,454.

Board Member Workman motioned to approve the Nevada Drinking Water Priority List Effective May 2024. The motion was seconded by Vice Chair Belanger. The motion carried unanimously.

10) Weed Heights Development Change of Scope

[See staff report, Exhibit 10](#)

Mr. Cooper recommended the board approve a resolution to approve a change of scope to Weed Heights Development for the rehabilitation and upgrading to meet OSHA requirements of four system storage tanks.

Vice Chair Belanger motioned to approve Resolution D09-0524 Weed Heights Development Project Loan Commitment. The motion was seconded by Board Member Workman. The motion carried unanimously.

Mr. Cooper proposed to the board in future staff reports to allow staff the ability to allow a project to use additional project funds left over to be used for control devices, SCADA, cyber security or physical security that addressed the asset within the project.

Vice Chair Belanger stated support of allowing staff the ability to make that funding decision if it did not exceed the approved project amount.

Board Member Workman and Board Member Ruschmeyer agreed that providing staff the flexibility to make that decision made sense.

11) Drinking Water State Revolving Fund (DWSRF) Resolution to Add Funds

[See staff report, Exhibit 11](#)

Mr. Cooper presented a resolution to amend previously approved Board resolution D09-0622. This amendment to D09-0622 provides for:

- Increasing the amount from \$2,000,000 to \$2,500,000 that NDEP may commit. This aligns with the maximum amount a system may receive as outlined in the current intended use plan.
- Allowing NDEP to also increase funding for planning and design only loans, should unforeseen circumstances arise that would not have been planned for in advance.
- A commitment from the Board that NDEP is under no obligation to increase the amounts within Board approved resolutions under this authority, and may, at NDEP's discretion, bring the project back to the next regularly scheduled Board meeting for additional funding consideration.
- All other sections of resolution D09-0622 remain unchanged.

Vice Chair Belanger motioned to approve the resolution D10-0524 NDEP Amended Authority to Change Drinking Water Revolving Fund Contracts Under Certain Situations. The motion was seconded by Board Member Ruschmeyer. The motion carried unanimously.

12) Board comments

There were no board comments.

13) Public comment

Mr. Cooper stated the next board meeting will be June 26, 2024.

14) Adjourn the Board for Financing Water Projects meeting

The board meeting adjourned at 10:50 am.

2) ATTACHMENTS

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

Capital Improvements Grant Program Funding Update as of June 12, 2024

Current Cash¹:	\$ 6,012,536.10¹
Reserved for Administration:	\$ 21,400.52
Estimated Bond interest Earnings:	\$ 190,757.95
Committed bond funds not yet disbursed:	\$ 1,501,231.97
Projects for Consideration:	\$ 4,674,378.00
Un-committed funds:	\$ 6,283.56²

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 April 1, 2024	(\$17,004,223)
Available to request issuance	\$107,995,777

Bond Series	2021B	
Legislative Authority	AB492 (81st Session)	
	\$8,000,000	
Date of Issuance	December 07, 2021	
Initial Proceeds	\$	8,082,775.25
<u>Treasurer's Interest²</u>	\$	479,845.16
Total Proceeds	\$	8,562,620.41
6 months	\$ (81,028.81)	0.95%
12 months	\$ (81,028.81)	0.95%
18 months	\$ (83,699.34)	0.98%
24 months	\$ (645,672.63)	7.54%
30 months	\$ (2,531,723.28)	29.57%
36 months	\$ (2,531,723.28)	29.57%
42 months	\$ (2,568,037.81)	29.99%
Unspent Proceeds	\$ 5,994,582.60	70.01%

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%.

**Loan and Grant Re-alignment from the Drinking
Water State Revolving Fund and
Capital Improvements Grant Program**
Board for Financing Water Projects

June 2024

Storey County

Amount and Term	Recommendation
<u>(\$252,000)</u> Principal Forgiveness from DWSRF <u>\$252,000</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a re-alignment of funding from the Drinking Water State Revolving Fund (DWSRF) to the Capital Improvements Grant Program for Storey County.

Background

The Capital Improvements Grant Program recently had three borrowers de-obligate funding or indicate they will be de-obligating a portion of their original funding commitment, from the program. The program is currently funded with the 2021B tax-exempt bond, which is subject to arbitrage restrictions. It is of the utmost importance that the funds be re-directed to other eligible recipients of the program to ensure that the funds are spent timely to avoid arbitrage calculations. Further, the timely use of funds will assist NDEP in justifying more funds are needed in the next legislative session for the Capital Improvements Grant Program to support critical infrastructure in water systems across the state.

Storey County is a current recipient of a DWSRF principal forgiveness loan (DW2410). Storey County, and project DW2410, both qualify to receive funding from the Capital Improvements Grant Program in conformance with NRS 349.982. The application submitted to NDEP for DW2410 has satisfied the requirements for applying for funding in the Capital Improvements Grant Program.

The proposed resolutions would be to re-align funding from DW2410 to the Capital Improvements Grant Program to utilize the available resources in this program.

Changes to the original project

None

Funding Scale

Based on the scale to determine grant amount adopted by the Board on January 20, 2021, Storey County is eligible to receive 45% of eligible project costs from the Capital Improvements Grant Program. An equal match from DWSRF loan contract DW2410 will be required on each draw request.

Recipient commitment to spend funds by November 1, 2024

NDEP has received confirmation from Storey County that the amount of funds being re-aligned to the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. Storey County also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Amount committed to spend by November 1, 2024	\$560,000¹
Reimbursed from the Capital Improvements Grant Program	\$252,000
Reimbursed through Drinking Water SRF Contract DW2410	\$308,000

¹ Amount has been reduced from recipients Engineer’s estimate by NDEP.

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 conditions on principal forgiveness loan DW2410 will remain the same as the original resolution.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the loan de-obligation “D06-0624” for Storey County in an amount of \$252,000. This de-obligation is only to re-align funding for this project to the Capital Improvements Grant Program and is not an indication that the project is complete or in violation of any requirements of the program.

RESOLUTION D06-0624

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 in conformance with NRS 445.265; and
- WHEREAS:** On January 24, 2024, the Board, under NRS 445A.265(3), approved funding to Storey County for eligible project costs associated with Project; and
- WHEREAS:** Storey County and NDEP entered into a funding agreement numbered DW2410 on May 8, 2024; and
- WHEREAS:** Project DW2410 remains current and in good standing, and
- WHEREAS:** Storey County continues to maintain technical, financial, and managerial capacity for their system; and
- WHEREAS:** Storey County has submitted sufficient support to apply for grant funding from the Capital Improvements Grant Program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** Storey County intends to utilize \$252,000 in funding from the Capital Improvements Grant Program to complete project DW2410.

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

Section 1: This resolution shall be known as the “D06-0624 Storey County Project Loan Commitment”

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

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a de-obligation of funds in the amount of \$252,000 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvements Grant Conditions

Attached to the grant resolution.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the grant resolution “G06-0624” for Storey County in an amount not to exceed \$252,000.

RESOLUTION G06-0624

Storey County Project Grant Commitment

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** Storey County, ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has submitted to the Board sufficient information to apply for funding from the program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** The Recipient's eligible project is "Lead Transmission Replacement Phase 1" with an eligible program costs estimated to be \$1,325,000. The project is listed on the current Drinking Water Priority List (Project #18); and
- WHEREAS:** The Recipient has been determined to qualify for 45% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by November 1, 2024.

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

Section 1: This resolution shall be known as the “G06-0624 Storey County Project Loan Commitment.”

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Recipient in an amount not to exceed \$252,000. The Recipient’s share required to match this grant is 45% of eligible project cost.

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

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

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

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

Section 7: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

ATTACHMENT A

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

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

**Loan and Grant Re-alignment from the Drinking
Water State Revolving Fund and
Capital Improvements Grant Program**
Board for Financing Water Projects

June 2024

Beatty Water & Sanitation District

Amount and Term	Recommendation
<u>(\$354,876)</u> Principal Forgiveness from DWSRF <u>\$354,876</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a re-alignment of funding from the Drinking Water State Revolving Fund (DWSRF) to the Capital Improvements Grant Program for Beatty Water & Sanitation District.

Background

The Capital Improvements Grant Program recently had three borrowers de-obligate funding or indicate they will be de-obligating a portion of their original funding commitment, from the program. The program is currently funded with the 2021B tax-exempt bond, which is subject to arbitrage restrictions. It is of the utmost importance that the funds be re-directed to other eligible recipients of the program to ensure that the funds are spent timely to avoid arbitrage calculations. Further, the timely use of funds will assist NDEP in justifying more funds are needed in the next legislative session for the Capital Improvements Grant Program to support critical infrastructure in water systems across the state.

Beatty Water & Sanitation District is a current recipient of a DWSRF principal forgiveness loan (DW2310). Beatty Water & Sanitation District and project DW2310 both qualify to receive funding from the Capital Improvements Grant Program in conformance with NRS 349.981. The application submitted to NDEP for DW2310 has satisfied the requirements for applying for funding in the Capital Improvements Grant Program.

The proposed resolutions would be to re-align funding from DW2310 to the Capital Improvements Grant Program to utilize the available resources in this program.

Changes to the original project

None

Funding Scale

Based on the scale to determine grant amount adopted by the Board on January 20, 2021, Beatty Water & Sanitation District is eligible to receive 66% of eligible project costs from the Capital Improvements Grant Program. An equal match from DWSRF loan contract DW2310 will be required on each draw request.

Recipient commitment to spend funds by November 1, 2024

NDEP has received confirmation from Beatty Water & Sanitation District that the amount of funds being re-aligned to the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. Beatty Water & Sanitation District also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Amount committed to spend by November 1, 2024	\$537,690.91¹
Reimbursed from the Capital Improvements Grant Program	\$354.876.00
Reimbursed through Drinking Water SRF Contract DW2310	\$182.814.91

¹ Amount has been reduced from recipient’s Engineer’s estimate by NDEP.

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 conditions on principal forgiveness loan DW2310 will remain the same as the original resolution.

RECOMMENDED CONSENT MOTION

I move to adopt consent items 7a and 7b, in the amounts and terms specified in the resolutions and staff reports.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the loan de-obligation “D07-0624” for Beatty Water & Sanitation District in an amount of \$354,876. This de-obligation is only to re-align funding for this project to the Capital Improvements Grant Program and is not an indication that the project is complete or in violation of any requirements of the program.

RESOLUTION D07-0624

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 in conformance with NRS 445.265; and
- WHEREAS:** On December 6, 2022, the Board, under NRS 445A.265(3), approved funding to Beatty Water & Sanitation District for eligible project costs associated with Project; and
- WHEREAS:** Beatty Water & Sanitation District and NDEP entered into a funding agreement numbered DW2310 on May 2, 2023; and
- WHEREAS:** Project DW2310 remains current and in good standing, and
- WHEREAS:** Beatty Water & Sanitation District continues to maintain technical, financial, and managerial capacity for their system; and
- WHEREAS:** Beatty Water & Sanitation District has submitted sufficient support to apply for grant funding from the Capital Improvements Grant Program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** Beatty Water & Sanitation District intends to utilize \$354,876 in funding from the Capital Improvements Grant Program to complete project DW2310.

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

Section 1: This resolution shall be known as the “D07-0624 Beatty Water & Sanitation District Project Loan Commitment”

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

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a de-obligation of funds in the amount of \$354,876 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvements Grant Conditions

Attached to the grant resolution.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the grant resolution “G07-0624” for Beatty Water & Sanitation District in an amount not to exceed \$354,876.

RESOLUTION G07-0624

Beatty Water & Sanitation District Project Grant Commitment

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** Beatty Water & Sanitation District, ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has submitted to the Board sufficient information to apply for funding from the program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** The Recipient's eligible project is "System Rehab Tank Phase" ("Project") with an eligible program costs estimated to be \$1,561,000. The project is listed on the current Drinking Water Priority List (Project #32); and
- WHEREAS:** The Recipient has been determined to qualify for 66% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by November 1, 2024.

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

Section 1: This resolution shall be known as the “G07-0624 Beatty Water & Sanitation District.

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Recipient in an amount not to exceed \$354,876. The Recipient’s share required to match this grant is 66%) of eligible project cost.

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

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

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

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

Section 7: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

ATTACHMENT A

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

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

Loan and Grant Re-alignment from the Drinking Water State Revolving Fund and Capital Improvements Grant Program

Board for Financing Water Projects

June 2024

Pershing County

Amount and Term	Recommendation
<u>(\$350,500)</u> Principal Forgiveness from DWSRF <u>\$550,500</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a partial re-alignment of funding from the Drinking Water State Revolving Fund (DWSRF) to the Capital Improvements Grant Program for Pershing County.

Background

The Capital Improvements Grant Program recently had three borrowers de-obligate funding, or indicate they will be de-obligating a portion of their original funding commitment, from the program. The program is currently funded with the 2021B tax-exempt bond, which is subject to arbitrage restrictions. It is of the utmost importance that the funds be re-directed to other eligible recipients of the program to ensure that the funds are spent timely to avoid arbitrage calculations. Further, the timely use of funds will assist NDEP in justifying more funds are needed in the next legislative session for the Capital Improvements Grant Program to support critical infrastructure in water systems across the state.

Pershing County is a current recipient of a DWSRF principal forgiveness loan (DW2319). Pershing County, and project DW2319, both qualify to receive funding from the Capital Improvements Grant Program in conformance with NRS 349.981. The application submitted to NDEP for DW2319 has satisfied the requirements for applying for funding in the Capital Improvements Grant Program.

The proposed resolutions would be to partially re-align funding from DW2319 to the Capital Improvements Grant Program to utilize the available resources in this program.

Changes to the original project

DW2319 needs an additional \$200,000 to address electrical improvements that exceeded the PER estimate. These additional funds will allow them to complete the project. Only a portion of the funds previously approved by the board will be re-aligned to the Capital Improvements Grant Program. This will increase the overall project cost:

Original funding authorized by D12-0623 (June 28, 2023)	\$1,504,800
Increase in electrical costs	\$200,000
Modified overall project cost	\$1,704,800
Paid by Capital Improvements Grant program	\$550,500
Paid by DW2319	\$1,154,300

Funding Scale

Based on the scale to determine grant amount adopted by the Board on January 20, 2021, Pershing County is eligible to receive 67% of eligible project costs from the Capital Improvements Grant Program. An equal match from DWSRF loan contract DW2319 will be required on each draw request.

Recipient commitment to spend funds by November 1, 2024

NDEP has received confirmation from Pershing County that the amount of funds being re-aligned to the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. Pershing County also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Amount committed to spend by November 1, 2024	\$821,641.79¹
Reimbursed from the Capital Improvements Grant Program	\$550,500.00
Reimbursed through Drinking Water SRF Contract DW2319	\$271,141.79

¹ Amount has been reduced from recipient's Engineer's estimate by NDEP.

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 conditions on principal forgiveness loan DW2319 will remain the same as the original resolution.

RECOMMENDED CONSENT MOTION

I move to adopt consent items 8a and 8b, in the amounts and terms specified in the resolutions and staff reports.

RECOMMENDED MOTION FOR THE DWSRF LOAN

I move to approve the loan de-obligation “D08-0624” for Pershing County in an amount of \$350,500. This de-obligation is only to re-align funding for this project to the Capital Improvements Grant Program and is not an indication that the project is complete or in violation of any requirements of the program.

RESOLUTION D08-0624

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 in conformance with NRS 445.265; and
- WHEREAS:** On June 28, 2023, the Board, under NRS 445A.265(3), approved funding to Pershing County for eligible project costs associated with Imlay Water System; and
- WHEREAS:** Pershing County and NDEP entered into a funding agreement numbered DW2319 on October 23, 2023; and
- WHEREAS:** Project DW2319 remains current and in good standing, and
- WHEREAS:** Pershing County continues to maintain technical, financial, and managerial capacity for their system; and
- WHEREAS:** Pershing County has submitted sufficient support to apply for grant funding from the Capital Improvements Grant Program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** Pershing County intends to utilize \$550,500 in funding from the Capital Improvements Grant Program to complete project DW2319.

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

Section 1: This resolution shall be known as the “D08-0624 Pershing County Project Loan Commitment”

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

Section 3: Based on NDEP’s review of the application and recommendation to the Board concerning the Project, and subject to the provisions of Section 2 and 4 of this resolution, the Board approves a de-obligation of funds in the amount of \$350,500 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvements Grant Conditions

Attached to the grant resolution.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the grant resolution “G08-0624” for Pershing County in an amount not to exceed \$550,500.

RESOLUTION G08-0624

Pershing County Project Grant Commitment

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** Pershing County, ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has submitted to the Board sufficient information to apply for funding from the program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** The Recipient's eligible project is "Imlay Water System" ("Project") with an eligible program costs estimated to be \$1,529,442.00. The project is listed on the current Drinking Water Priority List (Project #57); and
- WHEREAS:** The Recipient has been determined to qualify for 67% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by December 1, 2024.

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

Section 1: This resolution shall be known as the “G08-0624 Pershing County

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Recipient in an amount not to exceed \$550,500. The Recipient’s share required to match this grant is 67% of eligible project cost.

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

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

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

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

Section 7: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed:_____

Chair
Board for Financing Water Projects

Attest:_____

Advisor
Board for Financing Water Projects

ATTACHMENT A

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

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

Loan Commitment from the Drinking Water State Revolving Fund

Board for Financing Water Projects

June 2023

Pershing County-Imlay

Amount and Term	Recommendation
<u>\$1,504,800</u> Principal Forgiveness from DWSRF	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a loan commitment to Pershing County for the construction of a new water tank and the purchase and installation of new well pump motors and SCADA.

Management and Structure

Loan Recipient and Structure Pershing County-Imlay is a community public water system.

Project system The project is for Imlay Water System (NV0000226), which is managed by Pershing County.

System Project for Funding

Priority List Priority #40 on the Drinking Water SRF Priority List Effective June 2023.

Need The Imlay Water System has many deficiencies that are caused by the age of the system, growth of the community, and statutes requiring redundancy to improve the reliability of the system. The existing 134,000-gallon water tank requires recoating of the interior, which if not addressed, will cause the water quality to degrade and potentially impact the health of the Imlay residents. If this single water storage tank were taken out of service to be media-blasted and re-coated, the community would not have access to drinking water during this operation. Additionally, this water tank does not have sufficient storage to supply drinking water volumes, nor at adequate pressures, to meet the current water usage demands of the residents of Imlay.

The drinking water source for the Imlay Water System is supplied by wells that do not have remote operational function. If one of the aging well pump motors experience an interruption in service or a mechanical failure, the operator will have to travel from 45 minutes away to activate the redundant well. This 45-minute lag only addresses the travel time. These aging pump motors are more prone to experience mechanical issues as well as being significantly less efficient than newer

pump motors. This inefficiency causes the pump motors to cycle more frequently than is necessary using significantly more electricity and increasing the likelihood of service interruption or failure.

Chosen Project The project includes 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, and any other related, minor repair needs identified during this project undertaking. The new tank is to be located alongside an existing 134,000-gallon water tank, in a location which was previously occupied by three 20,000-gallon water tanks prior to construction of the existing tank in 2008. The dimensions and elevation of the new water tank will be similar to the existing water tank. The pump and motor of the primary well are 15 years old and approaching the end of life for a submersible pump and motor. The backup well must be started and stopped manually, which impedes the service provided by the system. The SCADA computer system will be replaced with a new system to allow communication with the new storage tank and to both wells, allowing the system to run automatically.

Project Alternatives In addition to the project alternative detailed above as the “Chosen Project,” two additional project alternatives were considered in the Preliminary Engineering Report (PER) developed for the Imlay Water System. These other alternatives are highlighted below:

One alternative was to remove the existing 134,000-gallon water tank and construct, in its place, a new tank with an approximate capacity of 260,000 gallons to meet the storage requirements of the Imlay Community. This option was not selected as the remaining service life of the existing water tank is not utilized, and operating a water system with a single tank does not allow the tank to be taken out of service to be recoated without incurring significant expense for temporary water storage. This alternative is not operationally or financially feasible.

The second alternative selected is the “no-build” alternative. In this alternative, the interior coating of the existing water tank will continue to degrade. This degradation would decrease the life of the tank structure and could corrode it beyond repair, requiring the tank to be replaced at a significantly higher cost. The water quality would also continue to decrease as the tank coating degrades, creating a hazard to the Imlay residents. This alternative is not financially feasible and has the potential to introduce a health hazard to the Imlay residents.

Maps Maps are attached to this report.

Timeline

Design:	September 2023
Construction Bid:	February 2024
Construction Start:	March 2024
Initiation of Operations:	October 2024

Sources of Project Funding	DWSRF	Capital Improvement Grant	Local	Total
Planning already incurred	\$85,000.00	\$0.00	\$24,642.00	\$109,642.00
Design, inspection, and Construction Management	\$82,440.00	\$0.00	\$0.00	\$82,440.00
Construction / Improvements	\$961,800.00	\$0.00	\$0.00	\$961,800.00
Construction Contingency	\$274,800.00	\$0.00	\$0.00	\$0.00
Other	\$100,760.00	\$0.00	\$0.00	\$100,760.00
Totals	\$1,504,800.00	\$0.00	\$24,642.00	\$1,529,442.00

Environmental Review

If funding for the Imlay Water System new water tank project is approved and sufficient evidence is obtained from Pershing County, NDEP will issue a Finding of No Significant Impact (FONSI) for the project for a 30-day public comment period. In accordance with NAC 445A.67583(3), the project is not eligible for a Categorical Exclusion; NAC 445A.67583(3)(b) states that a water project that results in more than a minor increase in the capacity of a public water system to develop and treat water is ineligible for a Categorical Exclusion. The project herein includes the approximate doubling of the system's total water storage tank volume.

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. Ground disturbance activities will occur in previously disturbed areas 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 comment.

This project is the first phase of general improvements to the Imlay Water System. Later phases may include tasks such as the recoating, rehabilitation, or replacement of the original tank; the replacement of the backup well if determined necessary following well evaluations; wellhead improvements; and water meters.

Community Engagement

Pershing County-Imlay Public Water System has a three-member board that meets twice per month; meetings are subject to the Open Meeting Laws. Pershing County met on June 7, 2023, to approve the application to the Drinking Water SRF Program to request funding for 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. Public Notice for the project will be posted for public comment for 30 days at the State Clearinghouse website and the NDEP website.

Information

System Location	Pershing County
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. 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.
User Water Rates	• Residential base rate per user per month: \$27.50 • Water fees collected sufficiently cover operation and maintenance of the system.

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 has provided
--------------------------------	---

contact information for a Technical Assistance provider to assist with this update.

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. Based on this data, 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 system has demonstrated managerial capacity for NDEP to recommend funding.

Financial Capacity

Financial Information as of June 30, 2021

Unrestricted Cash: \$13,042

Days cash on hand: 206

Outstanding Debt: None

Operating Income before Depreciation: \$11,820

Current Ratio: 471.3 (no debt liabilities)

Debt Coverage: None

*Financial information is independently audited by Eide Bailly.

Pershing County has demonstrated financial capacity for NDEP to recommend funding support.

Asset Management Plan 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.

Maps and Exhibits



Imlay location map

DWSRF Authority and Purpose

The 1996 amendments to the Safe Drinking Water Act (SDWA) authorized the DWSRF. The DWSRF is a national program to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the SDWA and to further the public health objectives of the SDWA. The SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states that have established DWSRF programs. The Nevada Legislature passed legislation that authorizes NDEP to administer the DWSRF under the Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive. In addition to the authorizing statute, Nevada has adopted Nevada Administrative Code (NAC) 445A.6751 to 445A.67644, inclusive, which describes the program requirements. Federal regulations for implementing the DWSRF are found in 40 CFR, part 35. Other program directives include the Operating Agreement between NDEP and EPA, the annual Intended Use Plan, EPA guidance and policies, and conditions of each grant award.

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

DWSRF Loan Conditions

The principal forgiveness loan will contain the following conditions:

- Review user rates at least every three (3) years for the life of the loan.
- Maintain 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 “D12-0623 Pershing County-Imlay Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,504,800.

RESOLUTION D12-0623

Pershing County-Imlay 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 June 28, 2023, the Board, under NRS 445A.265(3), approved the Priority List Effective June 2023, which ranks water projects that are eligible for loans from the Drinking Water State Revolving Fund account; and
- WHEREAS:** Pershing County-Imlay (Recipient) owns and operates a public community water system in Nevada; and
- WHEREAS:** The Recipient submitted a pre-application to NDEP for funding a project for the construction of a new water tank and the purchase and installation of new well pump motors (Project); and
- WHEREAS:** The Project is included as project #40 on the Priority List Effective June 2023 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 “D12-0623 Pershing County-Imlay Project Loan Commitment.”

Section 2: The loan for the Project shall be negotiated between the Recipient and NDEP. The loan will include the terms and conditions as outlined in the staff report dated June 28, 2023, and must comply with all 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 \$1,504,800 from the revolving fund account consistent with NRS 445A.265(3).

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

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

PASSED, ADOPTED, AND SIGNED June 28, 2023

Signed: _____

Chair
Board for Financing Water Projects

Attest: _____

Advisor
Board for Financing Water Projects

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

June 2024

Las Vegas Valley Water District

(Big Bend Water System)

Amount and Term	Recommendation
<u>\$174,642</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve additional grant commitments in the amount of \$174,642 to the Las Vegas Valley Water District for Big Bend Rehabilitation.

Background

The Capital Improvements Grant Program recently had three borrowers de-obligate funding or indicate they will be de-obligating a portion of their original funding commitment, from the program. The program is currently funded with the 2021B tax-exempt bond, which is subject to arbitrage restrictions. It is of the utmost importance that the funds be re-directed to other eligible recipients of the program to ensure that the funds are spent timely to avoid arbitrage calculations. Further, the timely use of funds will assist NDEP in justifying more funds are needed in the next legislative session for the Capital Improvements Grant Program to support critical infrastructure in water systems across the state.

Las Vegas Valley Water District is a current recipient of a DWSRF principal forgiveness loan (DW2108) and the Capital Improvements Grant (GP2103). Las Vegas Valley Water District has requested an additional \$500,000 to complete the job, to be distributed between the two projects. The proposed resolution would increase the Capital Improvement Grant amount by \$174,642 for a grant commitment totaling \$1,908,622. Upon approval of this resolution, NDEP would increase the funding amount on the DWSRF principal forgiveness loan by \$325,358 for a loan commitment totaling \$1,829,378. The increase for DWSRF does not need approval as it is within the 30% increase of the original agreement. NDEP's authority to increase this contract was granted by the Board through Resolution D10-0524 adopted on May 15, 2024.

Total project costs would therefore be \$3,738,000.

Need for Additional Funds Additional funds are needed for the project due to the cost of materials and labor exceeding the original engineer’s estimate, prepared in 2021. This aligns with rising costs across the sector over the past 3 years. Additionally, equipment delays have extended construction schedules, resulting in disproportionately increased costs due to the remoteness of the water system.

Total project cost increase: \$500,000

Explanation of Changes

Original funding authorized by	\$3,238,000
Increase in costs	\$500,000
Modified overall project cost	\$3,728,000
Updated Capital Improvement Grant GP2103 (51.1%)	\$1,908,622
Updated DWSRF Principal Forgiveness loan DW2108 (48.9%)	\$1,829,378

Recipient commitment to spend funds by November 1, 2024

NDEP has received confirmation from Las Vegas Valley Water District that the funds aligned to the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. Las Vegas Valley Water District also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Amount of GP2103	\$1,908,622
Amount previously drawn for GP2103	\$(1,122,254)
Amount committed to spend by November 1, 2024, for GP2103	\$786,368
Amount of DW2108	\$1,829,378
Amount previously drawn for DW2108	\$(458,386)
Amount committed to spend by December 31, 2024, for DW2108	\$1,370,992

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvements Grant Conditions

Attached to the grant resolution.

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the grant resolution "G09-0624" for Las Vegas Valley Water District (Big Bend Water System) in an amount not to exceed \$174,642.

RESOLUTION G09-0624

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

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** Las Vegas Valley Water District (Big Bend Water System) ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has an existing open grant commitment (GP2103) totaling \$1,733,980; and
- WHEREAS:** The Recipient's eligible project is listed on the current Drinking Water Priority List (Project #54); and
- WHEREAS:** The Recipient has been determined to qualify for 71% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by November 1, 2024.

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

Section 1: This resolution shall be known as the “G09-0624 Las Vegas Valley Water District (Big Bend Water System) Project Grant Commitment.”

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Recipient in an amount not to exceed \$174,642. The Recipient’s share required to match this grant is 71% of eligible project cost.

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

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

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

Section 5: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NAC 349.549.

Section 6: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed: _____

Chair

Board for Financing Water Projects

Attest: _____

Advisor

Board for Financing Water Projects

ATTACHMENT A

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

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

**Grant Commitment from the
Capital Improvements Grant Program**
Board for Financing Water Projects

June 2024

City of Carlin

Amount and Term	Recommendation
<u>\$1,648,360</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a grant commitment from the Capital Improvements Grant Program to the City of Carlin.

Management and Structure

Loan Recipient and Structure City of Carlin is a nonprofit public water system

System Number NV0000014

System Information

County Elko County

System Population 2,000

System Service Connections 500

System Infrastructure Carlin has a spring and a well for sources of water.

System Project for Funding

Priority List	Priority #67 on the Drinking Water SRF Priority List Effective May 2024.
Need	Project is to replace the storage tank transmission mains.

Maps and Exhibits



Funding Commitment

NDEP has received confirmation from the City of Carlin that the funds provided by the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. The City of Carlin also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Sources of Project Funding

	Capital Improvement Grant	Local	Other Source	Total Costs
Engineering	\$230,324	\$0.00	\$456,676	\$687,000.00
Construction/Improvements	\$1,418,036.00	\$0.00	\$2,811,621.09	\$ 4,229,657.09
Financing	\$0.00	\$0.00	\$35,000.00	\$35,000.00
Contingency	\$0.00	\$0.00	\$211,483.91	\$211,483.91
Totals	\$1,648,360.00	\$ 0.00	\$3,514,781.00	\$5,163,141.00

Other Source:

USDA

Environmental Review

Project is receiving a traditional loan from USDA-Rural Development. They prepared an environmental review for this project. However, the Capital Improvements Grant Program does not require an environmental review.

Community Engagement

Project was part of the City of Carlin's public meeting process.

Grant Recipient Information

Water Conservation Plan	Last updated September 2021
Technical Capacity	Carlin has the technical capacity for NDEP to recommend funding support.
Managerial Capacity	Carlin has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of July 30, 2023: (listed information is for Drinking Water program. Currently Carlin does not have detailed financials separated out from utilities for Drinking Water or Clean Water. Separate financials will be available beginning FY25)</u> Unrestricted Cash: \$647,861 Days cash on hand: 469 Outstanding Debt: \$0.00

	Operating Income before Depreciation: \$143,986 Current Ratio: 0.00 Debt Coverage: 0.00 *Financial Information is independently audited by Eide Bailly City of Carlin has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on January 24, 2022. Rates listed are for FY24 • Residential base rate per user per month: \$74.34 • Commodity Rate: \$0.00 • Average Water Rate/Use for System: \$74.34 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 funding. The plan must be submitted to NDEP before the final draw is issued.
Capital Replacement Reserve Account	Current cash reserved for Capital Replacement is \$369,045, the same as June 30, 2022. Creation of Asset Management Plan as well as in-depth financials beginning in FY25 will help establish what is needed in the future.

System Previous Commitments and Studies

Project I.D. DW1704 Executed April 2017 Loan Amount \$75,000
Preliminary Engineer Report and Environmental Review

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvement Grant Conditions

Attached to the grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled “G10-0624 City of Carlin Project Loan Commitment,” which is intended to finance certain projects in an amount not to exceed \$1,648,360.

RESOLUTION G10-0624

City of Carlin Project Grant Commitment

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** The City of Carlin, ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has submitted to the Board sufficient information to apply for funding from the program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** The Recipient's eligible project is "Storage Tank Transmission Mains" with an eligible program cost estimated to be \$5,163,141. The project is listed on the current Drinking Water Priority List (Project #67); and
- WHEREAS:** The Recipient has been determined to qualify for 49% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by December 1, 2024.

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

Section 1: This resolution shall be known as the “G10-0624 City of Carlin.”

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Applicant in an amount not to exceed \$1,648,360. The Recipient’s share required to match this grant is 49% of eligible project cost.

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

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

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

Section 5: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NAC 349.549.

Section 6: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed:_____

Chair

Board for Financing Water Projects

Attest:_____

Advisor

Board for Financing Water Projects

ATTACHMENT A

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

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

**Grant Commitment from the
Capital Improvements Grant Program**
Board for Financing Water Projects

June 2024

City of Henderson

Amount and Term	Recommendation
<u>\$1,694,000</u> Capital Improvement Grant	The Nevada Division of Environmental Protection (NDEP) recommends that the Board for Financing Water Projects (Board) approve a grant commitment to the City of Henderson for procurement of meters for installation.

Management and Structure

Loan Recipient and Structure City of Henderson is a municipal public water system.

System Number NV0000076

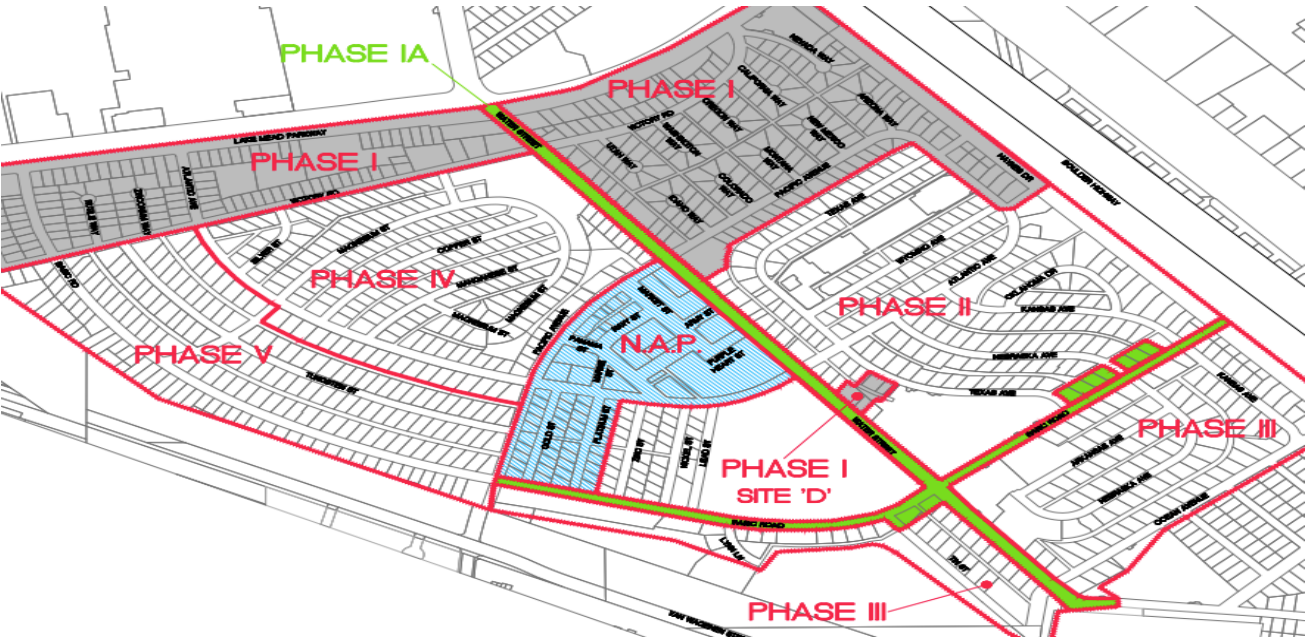
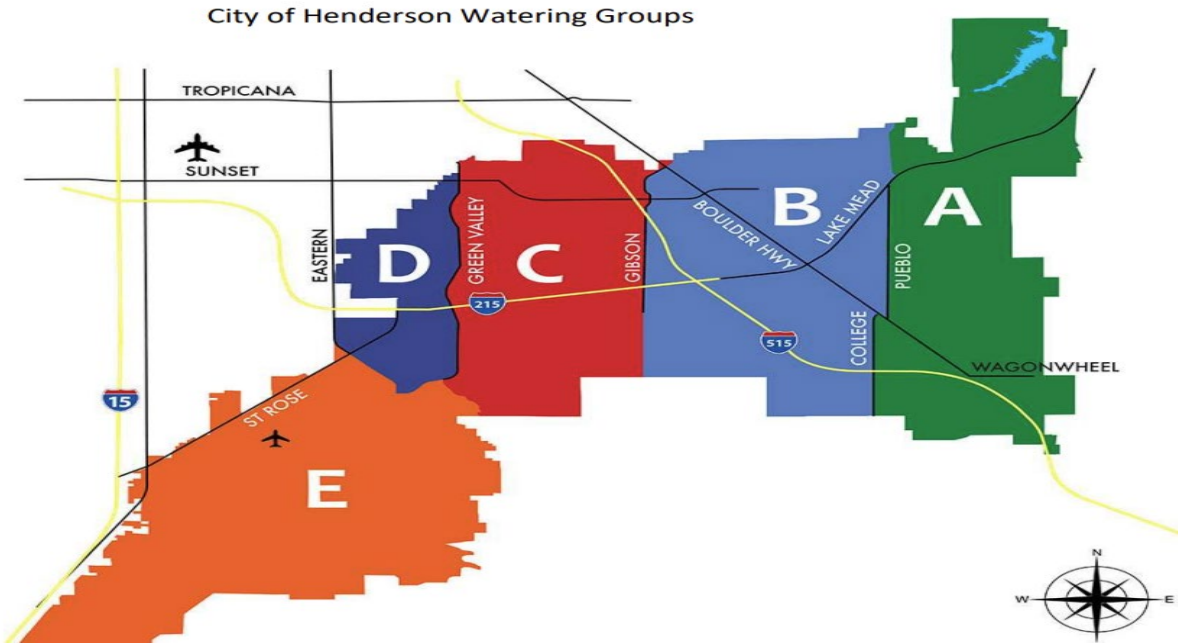
System Information

County Clark County
System Population 334,471
System Service Connections 100,915

System Project for Funding

Priority List	Priority #164 on the Drinking Water SRF Priority List Effective May 2024.
Need	The existing CIS system is a 23-year-old platform with limited resources available for support /professional services.
Chosen Project	Implementing a modern scalable technology platform and related meters allows the City to provide customers with the most up-to-date self-service capabilities and offerings as well as deliver a solution that will allow for efficient and secure operations.

Maps and Exhibits



Timeline

NDEP has received confirmation from the City of Henderson that the amount of funds provided by the Capital Improvements Grant Program will be spent by November 1, 2024, and a request for reimbursement will be submitted to NDEP no later than November 14, 2024. The City of Henderson also agrees to and understands that the resolution from the Board committing these funds will contain a clause allowing NDEP to de-obligate the funds and re-allocate them to another recipient, should the pre-approved draw schedule not be followed.

Sources of Project Funding

	Capital Improvement Grant	Local	Other Source	Total Costs
Equipment/Materials	\$1,694,000.00	\$2,156,000.00	\$0.00	\$3,850,000.00
Totals	\$1,694,000.00	\$2,156,000.00	\$ 0.00	\$3,850,000.00

Other Source: _____

Environmental Review

The Capital Improvements Grant Program does not require an environmental review.

Community Engagement

The Southern Nevada Water Authority (SNWA) created its youth education program to inform tomorrow's leaders – today's youth – about our region's unique water resource issues. The program provides training and materials to teachers so they can help students learn how to protect our most precious natural resource: water.

Grant Recipient Information

Water Conservation Plan	Last updated 2019
Technical Capacity	Henderson has secured enough water to supply their needs. They maintain certified operators as required by the Bureau of Safe Drinking Water. Henderson has demonstrated technical capacity for NDEP to recommend funding support.
Managerial Capacity	Henderson has a five-member governing board that is actively engaged in managing the day-to-day affairs of the city and the utility. Henderson has demonstrated managerial capacity for NDEP to recommend funding support.
Financial Capacity	<u>Financial Information as of June 30, 2023:</u> Unrestricted Cash: \$127,889,276 Days cash on hand: 502 Outstanding Debt: \$139,022,384 Operating Income before Depreciation: \$(1,365,764) – drop in Operating Income caused by increase in expenses due to “one-time cost related to connection fees” and contractual increase of PERS

	Current Ratio: 6.32 Debt Coverage: 0.86 *Financial Information is independently audited by Eide Bailly City of Henderson has demonstrated financial capacity for NDEP to recommend funding support.
User Water Rates	Water user rates were adopted on July 1, 2022. Listed below are rates for FY24 • Residential base rate per user per month: \$15.52 • Commodity Rate: ○ Tier 1 (0 – 3,000 gallons) \$1.76 k/gal ○ Tier 2 (4,000-6,000 gallons) \$2.77 k/gal ○ Tier 3 (7,000-11,000 gallons) \$3.41 k/gal ○ Tier 4 (12,000 gallons or more) \$7.30 k/gal • Average Water Rate/Use for System: \$56.27 The water rates established sufficiently cover current operation, maintenance, debt service, and reserves of the system.
Asset Management Plan	City of Henderson has a Capital Improvement Plan and a Debt Management Policy that cover the requirements of OFA's Asset Management Plan.
Capital Replacement Reserve Account	Current reserved cash for Capital Replacement is \$5,196,345 down from \$6,275,028 June 30, 2022.

System Previous Commitments and Studies

Project I.D. Hend 1 Executed August 2000; Loan Amount \$5,500,000
UV Disinfection

Capital Improvement Grants Program Authority and Purpose

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

Capital Improvement Grant Conditions

Attached to the grant resolution

RECOMMENDED MOTION FOR THE CAPITAL IMPROVEMENT GRANT

I move to approve the resolution titled "G11-0624 City of Henderson Project Loan Commitment," which is intended to finance certain projects in an amount not to exceed \$1,694,000.

RESOLUTION G11-0624

City of Henderson Project Grant Commitment

- WHEREAS:** Nevada Revised Statutes (NRS) 349.980 to 349.987, establishes a program to provide grants of money to purveyors of water, eligible recipients, or local governments to pay for eligible capital improvement costs and water resource plans; and
- WHEREAS:** The Board for Financing Water Projects (Board) administers the program and establishes regulations for requirements to participate in the program in conformance with NRS 349.982; and
- WHEREAS:** The City of Henderson, ("Recipient") is a purveyor of water seeking funding for a qualified project in conformance with NRS 349.981; and
- WHEREAS:** The Recipient has submitted to the Board sufficient information to apply for funding from the program in conformance with Nevada Administrative Code (NAC) 349.475 to NAC 349.530, inclusive; and
- WHEREAS:** The Recipient's eligible project is "AMI meter replacement" with an eligible program cost estimated to be \$3,850,000. The project is listed on the current Drinking Water Priority List (Project #164); and
- WHEREAS:** The Recipient has been determined to qualify for 44% of grant funding from the program for the eligible project; and
- WHEREAS:** the Board has taken all necessary and proper actions with respect to the Recipient as required pursuant to NAC 349.475 to NAC 349.545, inclusive, and in connection therewith, the Board has determined to provide a grant to the Recipient; and
- WHEREAS:** The Recipient has committed to spending the grant amount awarded in this resolution by December 1, 2024.

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

Section 1: This resolution shall be known as the “G11-0624 City of Henderson”

Section 2: In connection with its findings of fact set forth in Section 3 of this Resolution and subject to the provisions of Section 4 of this Resolution, the Board has determined, and does hereby declare, that it approves and shall provide a grant to the Recipient in an amount not to exceed \$1,694,000. The Recipient’s share required to match this grant is 44% of eligible project cost.

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

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

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

Section 5: The Board hereby authorizes and directs the Director of the Department of Conservation and Natural Resources to take all necessary and appropriate actions to effectuate the provisions of this Resolution in accordance with NAC 349.549.

Section 6: the Nevada Division of Environmental Protection shall administer the grant on behalf of the Board and provide the Board timely updates on the disbursement of funds.

Section 7: The Director of the Department of Conservation and Natural Resources has the authority to increase the amount not-to-exceed in Section 2 of this resolution, up to 100%, if additional funds become available that were issued from the 2021B Bond due to a de-obligation of funds from another recipient.

Section 8: This resolution shall be effective on its passage and approval.

PASSED, ADOPTED, AND SIGNED June 26, 2024

Signed: _____

Chair

Board for Financing Water Projects

Attest: _____

Advisor

Board for Financing Water Projects

ATTACHMENT A

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

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