



WASHOE COUNTY

Integrity Communication Service
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STAFF REPORT

BOARD MEETING DATE: April 25, 2017

CM/ACM US
Finance CE
DA SH
Risk Mgmt N/A
Grants CE
Comptroller CH

DATE: March 31, 2017

TO: Board of County Commissioners

FROM: Dwayne Smith, P.E., Division Director, Engineering and Capital Projects
Community Services Department, 328-2043, desmith@washoecounty.us

THROUGH: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-2040, dsolaro@washoecounty.us

SUBJECT: Recommendation to acknowledge the receipt of a loan from the Nevada State Department of Conservation & Natural Resources through the Nevada Division of Environmental Protection with a term for no more than 20 years from the contract date of December 6, 2016 for the Panther Drive Emergency Sanitary Sewer Project [amount not to exceed \$500,000 with 100 percent of the principal forgiven]; and to direct the Comptroller's Office to make the appropriate budget amendments. (Commission District 5.)

SUMMARY

The Washoe County Health District has determined that untreated sewer flows from failed or failing residential septic systems are being expressed at the ground surface in the Panther Valley area of Washoe County. In response, the Washoe County Community Services Department developed a strategy to design and construct a municipal sewer solution which will allow the residents along Panther Drive to abandon their failed or failing individual septic systems and connect to municipal sewer. To fund the project, the Community Services Department entered into a loan contract with the Nevada State Department of Conservation & Natural Resources acting by and through the Nevada Division of Environmental Protection (Division) on December 6, 2016. The Division is loaning a sum not to exceed \$500,000 to Washoe County, and 100 percent of the principal will be forgiven.

Washoe County Strategic Objective supported by this item: Safe, Secure and Healthy Communities.

PREVIOUS ACTION

On July 26, 2016, the Board of County Commissioners (Board) authorized the Director of the Community Services Department to enter into all necessary agreements and construction contracts for the development and implementation of the Panther Drive Emergency Sanitary Sewer Project.

BACKGROUND

The Washoe County Health District, Environmental Health Services Division was contacted by a resident on Panther Drive regarding the possibility of raw sewage present in the area. Through

AGENDA ITEM # 12

investigations involving sampling and testing, the Health District determined that untreated sewer flows are being expressed at the ground surface in the area; pooling and ponding water in the area contain both E. Coli and Total Coliform counts. This indicates that residential septic systems in the immediate area have failed or are in the process of failing. The Health District notified area residents of the public health risk due to the presence of raw sewage by both letter and signage along Panther Drive.

In response, the Washoe County Community Services Department developed a strategy to design and construct a municipal sewer solution which will allow the residents along Panther Drive to abandon their failed or failing individual septic systems and connect to municipal sewer. To fund the project, the Community Services Department entered into a loan contract with the Nevada State Department of Conservation & Natural Resources acting by and through the Nevada Division of Environmental Protection on December 6, 2016. The Division will loan a sum not to exceed \$500,000, and 100 percent of the principal will be forgiven.

LOAN SUMMARY

Project/Program Name: Panther Drive Emergency Sanitary Sewer Project

Scope of the Project: The project will consolidate decentralized sewage treatment systems to a centralized, wastewater treatment works in the Panther Valley area of Washoe County.

Benefit to Washoe County Residents: The project will allow residents on Panther Drive to abandon their failed or failing individual septic systems and connect to municipal sewer. It will also resolve the raw sewage public health risk in the area.

On-Going Program Support: On-going program support after the project is complete will not be necessary.

Loan Amount: Not to exceed \$500,000; however, since this project is eligible for additional subsidy as specified in Nevada's Intended Use Plan, 100 percent of the principal is forgiven

Loan Period: No more than 20 years from the loan contract date of December 6, 2016

Funding Source: Nevada State Department of Conservation & Natural Resources

Pass Through Entity: Nevada Division of Environmental Protection

CFDA Number: The exact funding source for the forgivable loan has not yet been identified. Any federal funds used will be provided through the Capitalization Grants for Clean Water State Revolving Funds CFDA #66.458.

Match Amount and Type: Matching funds are not required.

Sub-Awards and Contracts: The Community Services Department will advertise and solicit bid proposals for this project in accordance with the loan contract and Washoe County policy.

FISCAL IMPACT

This is a 100 percent forgivable loan for an amount not to exceed \$500,000. Costs will be posted to a project number (pending) established in Utilities Fund 5150 cost center 664900, where there is sufficient cash to cover the project. Loan draws will be posted to a liability account in Fund 5150. When the project is complete, the loan will be forgiven and the liability will be reduced. Revenue will be recorded in an internal order (pending), also associated with Utilities Fund 5150 cost center 664900 with the Utility completely reimbursed.

Should the Board agree with staff's recommendation, the adopted budget will be increased by \$500,000 in both revenues and expenses in the following accounts:

Cost Object	G/L Account	Amount
Internal order (pending)	432100 State Grants	\$500,000
Project number (pending)	781080 Construction Contracts	\$500,000

If federal funds are used, budget and actual totals will be transferred from revenue account 432100 State Grants to 431100 Federal Grants within the internal order.

Pre-loan costs were required due to the urgent nature of the project. The Community Services Department is currently seeking the necessary approval to include these costs in loan draw reimbursement requests. Indirect costs might also be included, after all design and construction costs have been covered. Costs will be invoiced periodically, in accordance with the loan contract.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge the receipt of a loan from the Nevada State Department of Conservation & Natural Resources through the Nevada Division of Environmental Protection with a term for no more than 20 years from the contract date of December 6, 2016 for the Panther Drive Emergency Sanitary Sewer Project [amount not to exceed \$500,000 with 100 percent of the principal forgiven]; and to direct the Comptroller's Office to make the appropriate budget amendments.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to acknowledge the receipt of a loan from the Nevada State Department of Conservation & Natural Resources through the Nevada Division of Environmental Protection with a term for no more than 20 years from the contract date of December 6, 2016 for the Panther Drive Emergency Sanitary Sewer Project [amount not to exceed \$500,000 with 100 percent of the principal forgiven]; and to direct the Comptroller's Office to make the appropriate budget amendments."