



Washoe County
Department of
Water Resources
4930 Energy Way
Reno, NV 89502-4106
Tel: (775) 954-4600
Fax: (775) 954-4610

DATE: February 22, 2011
TO: Board of County Commissioners
FROM: Ben Hutchins, Finance and Customer Service Manager, Department of Water Resources, 954-4652, bhutchins@washoecounty.us
SUBJECT: **Quarterly Report on Activities of the Washoe County Water and Sanitary Sewer Financial Assistance Program, Ordinance 1449 for the period ended December 31, 2010.**

SUMMARY

This report is an update on activities undertaken by the Department of Water Resources (DWR) pursuant to Section 7.4 of Washoe County Ordinance No. 1449 passed July 27, 2010. Ordinance No. 1449 established a "Water and Sanitary Sewer Financial Assistance Program" authorizing the use of gifts, grants monies and loans to assist property owners to pay fees and on-site costs associated with conversion from private water and sewer systems to Washoe County public water and sewer systems. Section 7.4 of the ordinance requires the Administrator to report to the Board, on a quarterly basis, the activities associated with this program, including loans made and loan repayment activity.

PREVIOUS ACTION

On July 27, 2010, the Board adopted Ordinance No. 1449 which amended Chapter 40 of the Washoe County Code by adding provisions governing the administration of the "Water and Sanitary Sewer Financial Assistance Program."

On July 27, 2010, the Board adopted formal policies and procedures related to implementing the "Water and Sanitary Sewer Financial Assistance Program."

On June 13, 2010, the Board heard the introduction and first reading of Ordinance 1449.

During the 2009 Nevada legislative session, the Board actively supported adoption of AB54 and directed staff to work toward its passage.

In the summer of 2008, the Board included in its 2009 Legislative Agenda a request for legislation to give the County authority to create a financing program to assist property owners in connecting to its community water and sewer systems. Pursuant to this action, a bill draft was developed that ultimately became Assembly Bill 54 (AB54).

BACKGROUND

Based on studies performed and data reviewed by DWR, many domestic wells have failed or no longer provide safe drinking water because of over-appropriation of water resources, declining water tables, poor water availability due to geologic structure, and/or water quality issues caused by natural contaminants or groundwater contamination caused by septic system effluent. Converting parcels served by domestic wells or on-site septic systems to available public water or sewer systems, where such systems are or can reasonably be made available, would substantially reduce these negative impacts to property owners.

Department of



Water Resources

At the time the program was adopted, the estimated per parcel costs to connect to an available public water or sewer systems ranged from \$15,000 to \$30,000. Since many residential property owners do not have the financial means to pay these significant up-front costs, especially under the presently unfavorable economic conditions, the Board included in its 2009 Legislative Agenda a request for legislation to give the County authority to create a financing program to assist property owners in connecting to its community water and sewer systems. Pursuant to this action, a bill draft was developed that ultimately became Assembly Bill 54 (AB54).

Assembly Bill 54 permitted Washoe County to establish a program under which the County could provide financial assistance in the form of loans to eligible owners of residential property to help them connect to public water or sewer systems and abandon private on-site domestic wells and/or septic systems. The Board passed Ordinance No. 1449 (Bill No. 1630) on July 27, 2010, which established a “Water and Sanitary Sewer Financial Assistance Program” authorizing the use of gifts, grants monies and loans to assist property owners to pay fees and on-site costs associated with conversion from private water and sewer systems to Washoe County public water and sewer systems. Section 7.4 of that ordinance requires the Administrator to report to the Board on a quarterly basis on the activities associated with this program, including loans made and loan repayment activity.

DWR has established written procedures and review committees to implement the review and approval of loans and authorized expenses in support of on-site costs. Members of these committees include the following:

Loan Committee

	Primary	Alternate
• DWR	Ben Hutchins	Rosemary Menard
• Finance	Sheri Mendez	John Sherman
• Health District	Bryan Tyre	Bob Sack

Receipts Processing Committee

	Primary	Alternate
• DWR	Dwayne Smith	Joe Stowell
• Public Works	Gordon Northan	Dave Solaro
• Health District	Dave Boland	Bob Sack

Per the adopted policies and procedures, the Loan Committee receives and reviews all applications, credit information and other supporting documentation submitted by applicants. Supporting documentation includes an authorization from the applicant(s) to obtain a credit report, a certified copy of the deed to the subject property, a \$400.00 nonrefundable loan application fee, a signed Acknowledgement of Loan Program Terms and Conditions, and a signed Acknowledgement That Washoe County is Not a Party to Any Contract Between a Contractor and Residential Property Owner.

The Loan Committee then meets and reviews the applicant’s submitted materials; a credit report obtained through the Treasurer’s Office, and determines whether all property tax and assessment payments are current. If the loan is approved, the Loan Committee issues an Offer of Preliminary Loan Commitment which states the maximum loan amount, maximum quarterly

payment installment, the number of repayment installments and the interest rate on those installments. It also notifies the applicant to obtain three bids from Nevada contractors for DWR review and approval.

Upon receipt of a signed Acceptance of Preliminary Loan Commitment and a minimum of three quotes or proposals for the connection to public water or sewer system(s) and abandonment of the property owner's private well or septic system, a DWR engineer is assigned to review and approve the lowest acceptable quote. Applicants are then notified to proceed by a formal Authorization to Proceed to Construction.

As of December 31, 2010, DWR had received eight applications for the Water and Sanitary Sewer Financial Assistance Program. Out of the eight applications, four had completed construction and connected to the County's water and sewer system; one had been approved to go to construction, and two were approved to obtain quotes or proposals. One applicant was denied approval due to a negative credit history and an inability to demonstrate sufficient income to repay the loan. The total amount of the four loans where construction was complete was \$68,108.36. The low on-site construction quote plus applicable County connection fees for the one applicant approved to go to construction was \$20,026.23; final costs can vary slightly from the quote.

FISCAL IMPACT

The total of the four loan amounts that were approved by the receipts processing committee is \$68,108.36, of which \$28,125.02 will result in direct cash outlays by the County to pay on-site construction costs. The balance of the loans represents connection fees owed to the County. Loan recipients will make quarterly installments over 20 years at an interest rate of 4.88% until which time a bond is secured to replace the seed money used to initiate the program whereby loan recipients will pay a modified rate based on the bond plus one percent (1%). The first quarterly installment of these four loans will be due March 1, 2011.

These expenditures were included in and are part of the budget for the current fiscal year. Loans will be recorded in fund 5120 using cash from the County's sewer fund as previously approved by the Board.

**Washoe County Water & Sanitary Sewer Financial Assistance Program
Status Report
As Of December 31, 2010**

Status and Area	Water or Sewer	On-Site Costs	DWR Fees	Grants	Callahan Ranch Mitigation	Estimated Loan Amount
CONSTRUCTION COMPLETE						
1) Mayberry Ranch Estates	S	7,200.00	16,576.23	(5,100.00)	-	18,676.23
2) Mayberry Ranch Estates	S	9,250.00	16,576.23	(5,100.00)	-	20,726.23
3) Callahan Ranch	W	5,164.30	15,243.00	-	(7,142.56)	13,264.74
4) Lemmon Valley	W	6,510.72	8,930.44	-	-	15,441.16
Total final costs		28,125.02	57,325.90	(10,200.00)	(7,142.56)	68,108.36
UNDER CONSTRUCTION						
5) Mayberry Estates	S	8,550.00	16,576.23	(5,100.00)	-	20,026.23
Total estimated costs		36,675.02	73,902.13	(15,300.00)	(7,142.56)	88,134.59
Summary						
Sewer related Water related	S	25,000.00	49,728.69	(15,300.00)	-	59,428.69
	W	11,675.02	24,173.44	-	(7,142.56)	28,705.90
Total estimated costs		36,675.02	73,902.13	(15,300.00)	(7,142.56)	88,134.59
APPROVED / WAITING FOR BIDS						
6) Cold Springs	S					
7) Lemmon Valley	W					
DENIED						
8) Callahan Ranch	W					