



# WASHOE COUNTY

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CM/ACM\_\_\_\_\_

Finance\_\_\_\_\_

DA\_\_\_\_\_

Risk Mgt.\_N/A\_

HR\_N/A\_

Other\_N/A\_

## STAFF REPORT

BOARD MEETING DATE: February 22, 2011

**DATE:** February 7, 2011  
**TO:** Board of County Commissioners  
**FROM:** Rosemary Menard, Director, Department of Water Resources  
954-4666, [rmenard@washoecounty.us](mailto:rmenard@washoecounty.us)

**SUBJECT:** Review, discussion and possible direction to staff of a possible approach to modifying the loan application review process set forth in the Policies and Procedures for the Financial Assistance Program to provide an opportunity for reconsideration in the event of a loan denial. (All Commission Districts)

### SUMMARY

Over the last decade Washoe County's Department of Water Resources (DWR) has worked to address a range of groundwater management issues, especially those related to concerns raised by domestic well owners on the impacts of municipal pumping on groundwater levels and domestic well failures. DWR staff has been asked to bring an agenda item to the Board of County Commissioners (Board) to provide a comprehensive review of its groundwater management efforts. A report titled "Status Report on Groundwater management and Domestic Well Mitigation Issues" dated February 22, 2011 accompanies a separate staff report on today's Board agenda.

The subject staff report specifically covers issues related to the implementation of the Washoe County Water and Sanitary Sewer Financial Assistance Program (AB 54 Loan Program) and possible strategies to address the needs of loan applicants who have been denied loans based on not meeting established eligibility criteria.

DWR staff requests that the Board provide direction on the possible approach to modifying the Water and Sanitary Sewer Financial Assistance Program loan application review process set forth in the Policies and Procedures for the Financial Assistance Program to provide an opportunity for reconsideration in the event of a loan denial.

**Strategic Objective supported by this item: Sustainable Resources. BCC Annual Goal supported by this item:** Expand formal and informal partnerships among governmental and non-governmental entities that improve service and/or increase efficiency or reduce cost. The DWR will manage and protect regional water resources in a sustainable, cost-effective manner.

### 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 July 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**

As DWR staff has worked with community interests and property owners facing conversion of domestic wells and on-site wastewater systems (septic tanks) to community water and sewer systems, resource constraints in paying up front connection fees have been a common concern. In 2008, DWR staff worked with legal counsel and other County staff to develop a bill draft request for the 2009 Legislature. Assembly Bill 54 authorized Washoe County to create a Water and Sanitary Sewer Financial Assistance Program by local ordinance. DWR staff developed the program and the enabling Ordinance and program Policies and Procedures were adopted by the Board on July 27, 2010 (See Attachments 1 and 2 respectively).

Implementation of the Financial Assistance Program got underway in the early fall of 2010 and activities through the end of December 2010 are summarized below:

**Summary of Water and Sewer Financial Assistance Program through 12/31/10**

	Status and Area	Water or Sewer	On-Site Costs	DWR Fees	Grants	Callahan Ranch Mitigation	Estimated Loan Amount
<b>COMPLETED CONSTRUCTION</b>							
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
<b>UNDER CONSTRUCTION</b>							
5)	Mayberry Estates	S	8,550.00	16,576.23	(5,100.00)	-	20,026.23
<b>Summary</b>	Sewer related	S	25,000.00	49,728.69	(15,300.00)	-	59,428.69
	Water related	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
<b>APPROVED/WAITING FOR BIDS</b>							
6)	Cold Springs	S					
7)	Lemmon Valley	W					
<b>DENIED</b>							
8)	Callahan Ranch	W					

The Callahan Ranch case that was denied was reviewed by the Financial Assistance Loan Committee twice and ultimately denied due to concerns about the applicant's ability to repay the loan.

The Financial Assistance Program Policies and Procedures do not include a provision allowing an applicant whose request for loan funding is denied to request reconsideration. At the Board meeting where the current policies and procedures were proposed and adopted, staff was asked whether such a procedure had been included in the proposal. Staff replied that no provision had been included to respond to requests for reconsideration and acknowledged that it was likely that the Financial Assistance Program's policies and procedures would need to evolve over time to address issues that were not anticipated.

DWR staff has developed a possible approach to modifying the Water and Sanitary Sewer Financial Assistance Program loan application review process, as set forth in the Policies and Procedures for the Financial Assistance Program, to provide an opportunity for reconsideration in the event of a loan denial.

**“Applicant’s Request for Reconsideration:** An applicant who has been denied a loan based on the Loan Committee’s review may, within ten (10) days from the date of the written denial, submit a written request for reconsideration of the application denial to the Water and Sanitary Sewer Financial Assistance Program Board. The Financial Assistance Board shall consist of two (2) County Commissioners and the Director of the Department of Water Resources. The Financial Assistance Board will convene, if and as needed, to review the applicant’s information and the decision of the Loan Committee and to hear from the Applicant.

If the Financial Assistance Board finds, by unanimous vote, that the Loan Committee’s action was based on a material factual or clerical error with respect to the applicant’s eligibility to receive loan financing, the Financial Assistance Board will direct the Program Administrator to proceed to offer a loan to the applicant.

If the Financial Assistance Board finds, by unanimous vote, that denial of the application is the result of failing to meet the condition of demonstrating an ability to repay the loan due to severe economic hardship and that the lack of water or sewer service to the applicant’s residence presents a significant risk to the health and safety of the applicant and his or her family, the Financial Assistance Board may, in its sole discretion, recommend that the Board of County Commissioners direct the Program Administrator to offer a loan to the applicant by placing an item on the next available County Commission meeting agenda for the full Commission’s consideration.

A decision by the Financial Assistance Board to affirm the Loan Committee’s decision to deny the Applicant’s request is final unless and until the Applicant can resolve any and all issues that led to the Loan Committee’s decision to deny the loan application.”

Staff requests the Board’s direction on whether to proceed with some approach to address this issue. If, after the Board’s discussion of this issue, the Board directs staff to proceed to

incorporate an opportunity for reconsideration, staff will bring amended policies and procedures for the Financial Assistance Program for the Board's consideration and possible action at a future Board meeting.

**FISCAL IMPACT**

There is no fiscal impact regarding this staff report.

**RECOMMENDATION**

It is recommended that the Board of County Commissioners review, discuss and provide direction to staff on a possible approach to modifying the loan application review process set forth in the Policies and Procedures for the Financial Assistance Program to provide an opportunity for reconsideration in the event of a loan denial.

**POSSIBLE MOTION**

Should the Board wish to implement the staff recommendation, a possible motion would be: "Move to provide direction to staff on a possible approach to modifying the loan application review process set forth in the Policies and Procedures for the Financial Assistance Program to provide an opportunity for reconsideration in the event of a loan denial."