HAMP Call Meeting Notes
9-25-17

1) **Updated total project costs** – IHS stated that the updated total remaining (i.e. unfunded portion) project cost to build the HAMP as proposed in the 2014 PER is approximately $14.1 Million. The remaining cost estimate accounts for the tribal contribution of $1 million toward the electrical connection as well as EPA-funded projects U62 and portions of U76 and the Hopi Tribe-funded project E89. Expiring funds from EPA-funded projects E55 and E73 were not considered in the above calculation.

2) **Proposed Tribal/HUC contributions to capital and O+M costs** – In the 2014 PER the Tribe had committed to $2 million in capital costs. This year the council passed a resolution committing to fund the NTUA electrical connection to the Turquoise Trail wells at a cost of ~$1.08M. The Tribe and the HUC have yet to determine if future contributions should be applied toward facility costs or utilized to subsidize O+M costs of the HUC.

3) **Potential EPA and IHS contributions-** Funding from both agencies is contingent on the HUC completing the following : 1) Submitting an application to the USDA for funding the remaining cost of the entire regional system; 2) Obtaining signatures of all First and Second Mesa Villages on the Utility/Tribal/Village agreements in support of the HAMP. It is recognized at this time that the First Mesa Villages have yet to sign agreements.; 3) Developing a first-year operating budget and completed financials in support of USDA application and IHS/EPA application requirements; and 4) Completing any follow-up requirements for USDA funding. Expenditure of EPA and IHS construction funds is further contingent on the Tribe successfully securing total project funding.

EPA contributions – EPA described the application process and timeline for submitting proposals and supporting documentation. EPA stated that they could commit to contribute between $3M to $4M over two years of funding cycles (FY18 and FY19). The commitment is contingent on EPA receiving similar levels of funding for its set-aside program as well as the HUC completing the above-mentioned milestones. The initial project application is due to EPA by November 9, 2017.

IHS Contributions - IHS stated that through SDS funding they would be able to contribute between $1.2 - $2 Million over a two-year period (in FY18 and FY19). The commitment is still pending IHS HQ approval and is contingent on IHS plans to make its funding decisions in the February 2018 timeframe such that the above contingencies would need to be completed by then. The above range is based on providing ¼ of the total annual IHS SDS funding received for each of the next two years. Past Phoenix Area IHS SDS allocations are as follows:

2014 $2,537,000 (x 25% = $634,250)

2015 $2,850,000 (x 25% = $712,500)

2016 $3,298,000 (x 25% = $824,500)

2017 $4,209,000 (x 25% = $1,052,250)

5) **Determining USDA application for loan/grant remainder** – Based on the revised total project cost ($14.1 M), IHS ($1.2M-$2M) and EPA ($3M-$4M) commitments, the HUC could seek funding for the remaining balance of $8.1M - $9.9M from USDA-RD. If successful in obtaining a 25% Loan, 75% Grant split, the Tribes loan could range from $2.025M to $2.475M.

6) **Cost of individual phases** – IHS stated that it would cost approximately $8M to deliver water to First Mesa and $10M to deliver water to all of Second Mesa if the project were funded as two separate projects. With that said many of the facilities are shared (ex. Water main from Turquois Trail Wells to split where distinct lines for service to First and Second Mesa diverge) so completing service to one Mesa or the other would reduce the cost for service to the other with the total cost estimated to be $14.1M.

It was noted that once the Tribe secures commitments for complete funding of the HAMP construction could be phased in a manner that, while not necessarily delivering arsenic compliant water, would deliver potable water service to homes currently without. For example and hypothetically, HAMP mains on Second Mesa could be constructed such that the current Shungopavi distribution system could be extended to homes currently without service. These new mains would be turned over to the HUC for operation at a later date once connection to the Turquois Trail Wells was attained. This would likely require some additional agreements between the HUC and the Village of Shungopavi.

There was a discussion of the cost estimates in the 2014 PER. While the project may realize some cost savings over the cross-country construction portions, it's likely those savings would be utilized by the higher construction costs on the mesa tops. IHS and HUC agreed that the costs in the 2014 PER are reasonable and should not be updated.

7) **Council Meeting** – EPA and IHS requested a session with the Tribal Council to discuss progress on the HAMP project. Subsequent emails between IHS, EPA and the HUC identified November 8th as the date EPA and IHS requested to discuss the HAMP project with the council.

8) **Next Steps** – The HUC Board meeting took place on September 26th. The HUC plans to decide on funding applications and next steps. Our next call will be on October 4th at 9am.