

State of Nevada
Division of Environmental Protection
Clean Water State Revolving Fund
Intended Use Plan 2013 Grant



The project pictured above is located in a remote location in northeast Nevada called Mountain City, Elko County. The project consists of removing sludge from existing treatment ponds, installation of liners, rehabilitation of lift station and pump installation, and installation of additional monitoring well (photos courtesy of Day Engineering)

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I. Introduction

The State of Nevada, Division of Environmental Protection's (NDEP) Intended Use Plan (IUP) for the Clean Water State Revolving fund (CWSRF) is prepared in accordance with the provisions of Title VI of the Clean Water Act of 1987 and the Federal Fiscal Year (FFY) 2012 Consolidated Appropriations Act (P.L. 112-74) which has been extended from October 1, 2012 through March 27, 2013. This IUP is a required part of the process to request the Federal Fiscal Year 2013 Capitalization Grant which will be matched with 20 percent of state matching funds. The projected 2013 capitalization grant allotment for the State of Nevada is \$7,598,800 and is based on the 2012 allotment plus 10%. The IUP describes NDEP's intended uses for all funds available in the CWSRF program and an overview of how the state will comply with federally mandated requirements.

How the CWSRF Program Operates

Every year since the inception of the CWSRF program, the federal government has appropriated funds for the CWSRF. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1989, the NDEP CWSRF has received over \$173,342,400 in federal capitalization grants. In addition, as required by the legislation, NDEP has provided matching funds equal to 20 percent of the capitalization grants.

II. 2013 Project Funding

The projected NDEP 2013 federal capitalization grant allocation totals \$7,598,800. Congress mandated that for the 2013 grant not less than 10 percent of this amount (\$759,880) be put towards projects that qualify under the Green Project Reserve. In addition, NDEP anticipates a grant requirement of subsidy in the amount between approximately \$422,314 and \$633,470. CWSRF projects, regardless of funding source, will be required to follow Davis-Bacon wage provisions.

- NDEP expects to finance two wastewater infrastructure projects totaling at least \$10,500,000. Figure 1 includes NDEP's project funding list. The \$10,000,000 Clark County project will be used to meet the equivalency projects reporting requirements. An additional \$500,000 will be awarded to Gabbs to meet the anticipated 2013 Grant subsidy requirement. All projects meet the sustainability criteria through fix it first, water/energy efficiency, and/or green infrastructure. Although the fundable list is presented, additional projects that are ready to proceed from the Project Priority List may be funded as well. An expanded Project Priority List can be found in Appendix A. Project ranking criteria can be found in Appendix B.

Figure 1

List of Projects to be funded, FY2013												
											Green Project Reserve	
Rank	Community Name/Project Sponsor	NPDES permit number	Category	Project Description	Total Assistance	Interest Rate	Additional Subsidy/Principal Forgiveness Amount	Amount	Category	Business Case Project	Estimated binding commitment date	
9	Clark County (Green)	NV0021261	II	Membrane/Ozonation Upgrade at Central Plant, Phase II	10,000,000	To be determined	0	1,000,000	2.2-6	No	3/1/2013	
13	Gabbs	NEV70021	IVB	1.5 miles of 8-inch sewer main replacement	500,000	PF	500,000				5/1/2012	
Total					10,500,000		500,000	1,000,000				

III. Short and Long Term Goals

NDEP has developed short- and long-term goals for its CWSRF program.

Short-Term Goals

For the purposes of this IUP, a short-term goal is an activity intended to be initiated and, in some cases, completed within a year.

- *Issue loans totaling \$10,500,000.* See Figure 1 for further detail.
- *Effectively manage day to day operation of CWSRF by continuing to meet goals and restructure program duties as needed.*
- *Fund green infrastructure, water and energy efficiency, and environmentally innovative projects in an amount that is at least ten percent ($\$7,598,800 \times 10\% = \$759,880$) of the capitalization grant.* For the 2013 appropriation, Congress directed that at least 10 percent of the capitalization grant be allocated towards energy efficiency and environmentally innovative projects. The CWSRF program will work with projects to ensure that the 10 percent threshold is met. Funding of the Clark County project (\$10,000,000) shown in Figure 1 will meet this goal.
- *Fund subsidy projects in the amount of between \$422,314 and \$633,470 a projected.* The federal 2012 appropriation required that the state use a portion of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. An assumption is made that the same requirements will apply to the 2013 appropriation. Under the existing program, the CWSRF has authority to offer principal forgiveness and negative interest loans, in an amount up to 100% of the value of a loan, to disadvantaged communities.

The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the average income per household is less than 80 percent of the median household income of the State. To meet the Federal 2013 appropriation requirement, additional subsidy will first be offered to communities that meet the definition of a disadvantaged community. If the minimum grant amount for additional subsidization is not met through addressing health concerns, projects with critical infrastructure needs, where the community meets the definition of disadvantaged, will be considered.

There are adequate projects on the Priority List that meet the above affordability criteria to more than satisfy the requirement of the grant. The terms and amount of the additional subsidy will be determined on a case by case basis based on the individual community's financial situation.

It is possible that some of the projects on the Priority List meeting the above affordability criteria will not utilize SRF funds. If necessary to meet the additional subsidization requirement, the eligibility for additional subsidy will be expanded to include all communities with a population less than 10,000 people.

- *Make upgrades to NDEP's LGTS database program.* The LGTS system does not always give NDEP the information it needs, causing NDEP to use a series of spreadsheets to track much of its information. Updating of the LGTS database program will allow NDEP to access information more readily and cut back on data entry.

- *Complete and Submit updated Operating Agreement.* Currently, NDEP has separate Operating Agreements for the Drinking Water State Revolving Loan Fund and the Clean Water State Revolving Loan Fund Programs, which were approved several years ago. NDEP intends to submit, for approval by EPA, a new Operating Agreement that will include any updates to the agreement and will combine both programs.
- *Update criteria method for distribution of funds.* NDEP intends to streamline the method for ranking the priority list. The current method is cumbersome and inefficient. The limited funds of Nevada's CWSRF program must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The 8 priority classes will be condensed into 3 priority classes without losing the importance of the projects effects on public health or the environment. Changes will go into effect during the SFY 2014.

Long-Term Goals

For purposes of this IUP, a long term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- *Maintain compliance by all publicly owned treatment works with water quality goals and protect the public health by assisting in the completion of cost effective projects.*
Outreach techniques are used, including meetings with various funders, participation in conferences, and personal visits to communities. The CWSRF expects to continue these efforts and to respond to evolving water quality and environmental priorities in the state and nationally.
- *Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF through fiscal and technical integrity of the State Revolving Fund program.*
NDEP's CWSRF is committed to bringing projects to the program that address the state's most important water quality priorities. NDEP uses a CWSRF financial planning model to guide decisions on funding levels, interest rates, and other financing terms.
- *Work with other state funding sources to coordinate water quality financing.*
The CWSRF program meets quarterly with other financing programs in Nevada, including the U.S. Department of Agriculture (USDA) Rural Development program, the Department of Housing and Urban Development's (HUD) Community Development Block Grant program, and various state agencies. The programs meet to discuss program applicants and develop funding packages, which can maximize resources and cost savings.

IV. Allocation of Funds

a. Criteria Method for Distribution of Funds

State revolving loan funds, for the construction of municipal wastewater treatment works and pollution control projects, are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The priority system described herein reflects the policies of the Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP) regarding the utilization of the SRF, and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State
- Protection of the health of the people of the State from the threat created by inadequate or improper treatment, collection, and disposal of municipal wastewater and wastewater from non-point sources
- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses
- Operation of the SRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF

The primary purpose of the priority system is to describe how staff of the NDEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority class and given a priority value. The product of this evaluation is a Project Priority List which was formally adopted by NDEP during a public hearing. See Appendix A for the 2013 Priority List and Appendix B for the complete policy.

Bypass Procedures

NDEP may bypass projects on the IUP List of Projects to be Funded and Priority List if they are later determined to not be ready for funding. In those events, other projects from the Project Priority List may move to the funding list based on project priority ratings. Projects that are by passed maintain their rate.

All projects must be on the Project Priority List in order to receive funding. All bypasses will be explained in the Annual Report.

b. Types of Projects to be Funded and Financing Rates

Section 212 Projects

Projects identified as qualifying for the CWSRF under the Clean Water Act section 212 will have an interest rate of 62.5% of the Bond Buyers Index Rate. The Division however, can use other means of determining the interest rate if it concludes another method is appropriate. If a project meets the elements in the Sustainability Policy and there are grant requirements for subsidy, principal forgiveness may apply. This is outlined below.

V. Financial Management

a. Source of State Match

NDEP's 2013 appropriation of \$7,598,800 requires state matching funds of \$1,519,760 (20 percent). NDEP plans to convert \$3,000,000 of leverage bonds to state match bonds as partial match to the 2012 grant and complete match to the 2013 grant. The state match bonds will be repaid using interest earnings on investments and assistance agreements. The term of the bonds will be decided closer to issuance and be based on what will contribute best to the financial health of NDEP.

b. Fee Income

NDEP applies a loan origination fee of 0.5% of the amount of base loans. The fee will be applied on a case by case basis. The fee income will eventually help cover the costs of administration. Two hundred thousand dollars in fees are expected to be deposited into the CWSRF administrative budget for SFY 2013.

c. Program Administration

NDEP has budgeted \$289,210 in administrative costs for SFY 2013, but as there are ample funds available for administration from previous grants, NDEP intends to use all of the 2013 appropriation funds for

financing wastewater construction projects.

d. Anticipated Cash Draw Ratio

NDEP uses the rolling proportionality methodology to match the grant. Bonds are used as match and are drawn down as needed for requested loan disbursements. NDEP maintains the ratio at 20 % or more as required by the grant conditions. State matching funds will be deposited to the CWSRF before or at the same time as capitalization grant funds.

e. Transfer of Funds from the Drinking Water State Revolving Fund

Nevada reserves the right to make a transfer of up to 33% of the CWSRF capitalization grant into the DWSRF or an equivalent amount from the DWSRF capitalization grant into the CWSRF. This would require public review and the approval of the Governor, State of Nevada. The decision to transfer funds will be based on funds available relative to projected demand in either DWSRF or CWSRF.

f. Estimated Sources and Uses

The Sources and Uses table in Figure 2 identifies the sources and the uses of all of the available funds in the CWSRF, as well as cumulatively. Sources of funds include federal capitalization grants and state matching funds, as well as leveraged bond proceeds and repayments. Investment earnings and originations fees are also sources of funds.

In keeping with the objective of the CWSRF, the majority of the available funds are used to pay for water quality projects. Funds are also used to pay for administration and for debt service on leveraged and state match bonds.

g. Financial Management Strategies

NDEP contracts with a financial advisor for financial planning. Information for financial planning is requested from the advisor on an “as needed basis” to determine leveraging practices, bond issuances, early payoffs, and long term financing capacity.

Figure 3 illustrates the historical and projected disbursements based on current financing policies. The proposed payment schedule can be found in Figure 4.

Figure2: Estimated and Cumulative Sources and Uses

Estimated FY2013 and Cumulative Sources and Uses			
	Cumulative Total from FY 1989 through FY 2012	2013 Fiscal Year	Cumulative Total through 2013 Grant
SOURCES			
Federal Capitalization Grants	154,103,300	7,598,800	161,702,100
ARRA Capitalization Grant	19,239,100		19,239,100
State Match			0
Provided from State Match Bond Issues	30,721,493	3,000,000	33,721,493
CWSRF Leveraged Bond Proceeds	101,160,000	(3,000,000)	98,160,000
Principal Repayments on Assistance Provided	143,370,621	15,475,516	158,846,137
Interest Repayments on Assistance Provided	76,356,786	5,568,206	81,924,992
Investments Earnings	17,572,264	141,448	17,713,712
Fees Deposited into the CWSRF	382,914	200,000	582,914
Funds Transferred from (To) DWSRF	0	0	0
TOTAL SOURCES	542,906,477	28,983,970	571,890,447
USES			
Financing Agreements Entered (Base Program)	364,490,716		364,490,716
Projects on IUP (2013 IUP)	26,115,484	18,657,316	44,772,800
ARRA Financing Agreements Executed	18,902,555	0	18,902,555
Leveraged Bond Debt Service			
Principal	32,550,000	5,240,000	37,790,000
Interest	37,874,170	2,664,536	40,538,706
Bond Debt Service Reserve	28,995,493		28,995,493
State Match Bond Debt Service			
Principal	21,645,000	1,790,000	23,435,000
Interest	8,083,912	342,908	8,426,820
ARRA Administrative Expense	16,545		16,545
Administrative Expenses (Non-ARRA)	4,232,602	289,210	4,521,812
TOTAL USES	542,906,477	28,983,970	571,890,447

Figure 3

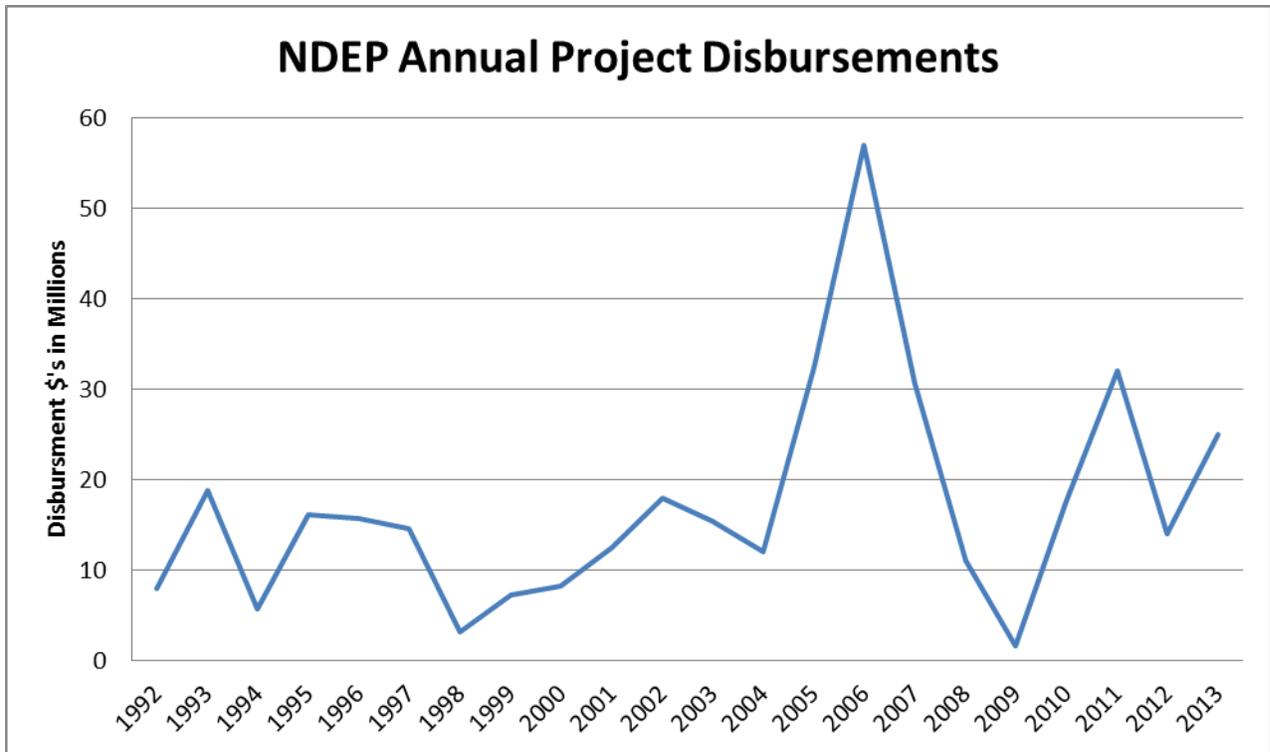


Figure 4

January 1 – March 31, 2013	
April 1 – June 30, 2013	2,532,934
July 1 – September 30, 2013	2,532,933
October 1 –December 31, 2013	2,532,933
Total	\$7,598,800

VI. Program Management

a. Assurances and Specific Proposals

NDEP has provided the necessary assurance and certifications as part of the Operating Agreement (OA) between NDEP and US EPA. The OA describes the mutual obligations between EPA and NDEP. The purpose of the OA is to provide a framework for procedures to be followed in the management and administration of the CWSRF. The OA will be updated in SFY 2013.

The OA addresses our commitment to key CWSRF requirements, including:

602 (a) Environmental Reviews: The State will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the Regulations Governing the State Revolving Loan Program (NAC 445A.685-805).

603 (b)(3) Binding Commitments: The CWSRF will enter into binding commitments for 120 percent of the quarterly grant payment within one year of receipt of the payment.

602 (b) (4) Expeditious and Timely Expenditures: The CWSRF will expend all funds in the CWSRF in a timely manner.

b. Federal Requirements

All assistance recipient agreements adhere to the following federal requirements:

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

Assistance recipients will:

- Demonstrate compliance with the federal environmental crosscutting authorities during the environmental review and project planning State
- Follow the EPA Office of Small Business Programs guidelines for encouraging disadvantaged businesses to participate during the binding process
- Report on executive compensation as outlined in the Federal Funding Accountability and Transparency Act
- Submit Single Audit reports in all years when disbursement of federal funds (both CWSRF and non-CWSRF federal funds) are greater than \$500,000

The project sponsors have been informed of the requirements. NDEP will be maintaining records of their compliance in the project files.

c. Davis-Bacon Wage Rates

EPA's 2012 Appropriations bill requires the application of Davis-Bacon federal prevailing wage rates to all treatment works projects funded in whole or in part by the CWSRF. The Davis-Bacon requirements do not apply to non-point source or decentralized wastewater treatment projects. Davis-Bacon applies to construction contracts of \$2,000 or more and their subcontractors (regardless of the subcontract amount).

NDEP will also provide assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and/or contracts. In addition, NDEP will collect Certification of Davis-Bacon compliance for assistance recipients with disbursement requests.

VII. Audits and Reports

Program information, Intended Use Plans, Annual Reports, and other program materials are posted on the SRF website: <http://ndep.nv.gov.bffwp/srlf01.htm>.

The Program's account balances and activities are audited annually, as they are included in Nevada's Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund. While materiality is a major concern to the EPA program staff, they agreed that having the DWSRF audited separately is not an efficient or effective use of State funds. Rather, the EPA is considering a number of "agreed-upon procedures" be performed on the DWSRF annual financial statements. In the meantime, EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements. The fund met the materiality threshold in FY2011 and FY2012 and as a result, underwent an audit in FY 2012 and is scheduled for another in 2013.

Project milestones and information are reported through EPA's Clean Water Benefits Reporting (CBR) database and NIMS. The NDEP commits to entering benefits information on all projects into CBR by the end of the quarter in which the assistance agreement is signed.

NDEP will meet requirements in accordance with the Federal Funding Accountability and Transparency Act (FFATA) by reporting sub awards in the required time-frame up to the total grant award. The first Clark County Project listed in Figure 1 will be reported and will more than meet the equivalency requirement for the 2013 grant.

VIII. Public Review and Comment

On April 9, 2012 at the NDEP office located at 901 S. Stewart Street, Suite 4001, a public hearing was held to receive comments on the 2013 CWSRF Priority List. The meeting was advertised in major newspapers in the state, on the CWSRF website, and through a mass mailing to all NDEP communities, consulting engineers, regional councils, watershed groups, and other interest parties.

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ATTACHMENT A

2013 Priority List of Projects

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Year 2013 Priority List - Clean Water State Revolving Loan Fund

Class A - Treatment works or pollution control projects necessary to eliminate documented public health hazards in unsewered communities as evidenced by a finding of violation which has been issued in writing by the public health authority having jurisdiction over the area and by an official action which has been taken to halt or restrict construction of individual sewerage disposal systems, eliminate or restrict the discharge from a non-point source or treatment works necessary to eliminate documented public health hazards in sewer communities where existing facilities have exceeded their useful life and have deteriorated to the point that a public health hazards exists.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
1	Washoe County DWR	NEV40024	IVA	11.31	Spanish Springs septic to sewer	\$ 31,900,000
2	Washoe County DWR	NEV40024	VI	5.31	Spanish Springs effluent recharge (GREEN)	\$ 2,850,000
Total Class A						\$ 34,750,000

Class B - Treatment works or pollution control projects necessary to correct existing surface water quality standards violations. Violations must be documented by in stream water quality data and have resulted in a notification of water quality standards violations being issued by DEP to the municipal discharger or to the person(s) responsible for the non-point source discharge.

NONE

Class C - Treatment works necessary to correct violations of discharge permit limitations. Permit limit violations must be documented by discharge monitoring reports or DEP compliance monitoring, with a resultant notice of violation and administrative order issued by DEP.

NONE

Class D - Treatment works or pollution control projects necessary to eliminate and/or prevent interference with an existing beneficial use of groundwater where it has been determined that such and interference exists.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
3	Lyon County Utilities	NEV87022	IVA	11.00	Dayton Septic Tank Conversion Project	\$ 7,800,000
Total Class D						\$ 7,800,000

Class E - Treatment works necessary to increase capacity or reliability, or provide a degree of treatment beyond that required by water quality standards or permit requirements, in order to reclaim and reuse wastewater or to otherwise provide for treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses.

Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
4	Tonopah Utilities	NEV00026	II	27.00	Treatment effluent infrastructure project-Phase 2 (GREEN)	\$ 3,516,900
5	Elko Co Public Works- Mtn. City	NEV20014	IIIB/IVA	27.00	Treatment pond relining, sewer system repairs	\$ 350,000
6	Storey Co Public Works	NEV20451	I	24.00	Wastewater treatment plant replacement	\$ 5,000,000
7	City of Reno	NEV20150	II	16.00	Expansion of reclaimed water distribution system in and around Reno (GREEN)	\$ 12,000,000
8	Clark County Water Rec. District	NV0021261	II	13.00	Membrane/Ozonation Upgrade at Central Plant, Phase II	\$ 45,000,000
9	Washoe County DWR	NEV40024	IIIB	13.00	Expansion of So. Truckee Meadows Water Reclamation facility to 6MGD (GREEN)	\$ 46,500,000
10	City of West Wendover	NEV10019	II	8.00	Replacement of effluent reuse line (GREEN)	\$ 1,316,000
11	Carson City	NEV90008	I	6.00	Wastewater treatment plant rehabilitation/upgrades, effluent line repair	\$ 14,630,000
12	Yerington	NEV40033	I	6.00	Yerington WWTP Upgrades	\$ 4,000,000
Total Class E						\$ 132,312,900

Class F - Interceptors in sewer communities, pumping stations, infiltration inflow correction and sewer system rehabilitation.						
Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
13	Gabbs	NEV70021	IVB	9.58	1.5 miles of 8-inch sewer main replacement	\$ 500,000
14	Incline Village GID	NEV30009	IIIB	8.99	Effluent Export Rehabilitation Phase II	\$ 23,000,000
15	City of Henderson	NEV80003	IIIB	6.41	Horizon Sewer Main Replacement (U0003)	\$ 1,000,000
16	City of Henderson	NEV80003	IIIB	6.41	Replacement of Sunset lift station with gravity sewer (U0010)	\$ 500,000
17	City of Henderson	NEV80003	IIIB	6.41	Replacement of Mohawk lift station with gravity sewer (U0028)	\$ 1,500,000
18	City of Henderson	NEV80003	IVA	6.41	Townsite Phase 2 (U0072)	\$ 4,200,000
19	City of Henderson	NEV80003	IVA	6.41	Townsite Phase 1 (U0034)	\$ 2,900,000
20	City of Reno	NEV20150	IIIB	6.35	El Rancho waste water lift station replacement	\$ 1,310,000
21	City of Reno	NEV20150	IIIB/IVB	6.35	North Virginia St. Interceptor Phase II-Lift station, forcemain, gravity interceptor	\$ 9,292,000
22	Carson City Public Works	NEV90008	IIIB	5.74	Prison Farm, Darling Ranch, and Reservoir Pipelines	\$ 685,500
23	Lyon County Utilities	NEV87022	IIIB	5.04	Rose Peak, Cardelli Road lift station replacement-septic sewer conversions	\$ 1,350,000
24	Ely	NEV70015	IIIB	4.70	Replacement of clay sewer line	\$ 3,240,000
25	Mineral County	NEV20009	IVB	4.62	Replacement of Town of Hawthorne's wastewater collection system	\$ 2,000,000
26	Storey Co Public Works	NEV20451	IIIB	4.45	Major sewer line replacements	\$ 11,300,000
Total Class F						\$ 62,777,500
Class G - Projects which provide wastewater treatment and collection in existing unsewered communities where no public health hazards or water standards violations have been demonstrated or to provide wastewater collection systems to unsewered portions of sewer communities.						
Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
27	Washoe County DWR	NEV40024	IVA	5.31	Verdi septic to sewer	\$ 7,000,000
28	Washoe County DWR	NEV40024	IVB	5.31	Pleasant Valley interceptor	\$ 17,121,046
Total Class G						\$ 24,121,046
Class H - All other treatment works or pollution control projects.						
Priority	Applicant Name & Address	Permit No.	Category	Points	Project Description	Requested Amt
29	Clark County Water Rec. District	NV0021261	IIIB	1.00	Solar Power Project at Main Plant (GREEN)	\$ 40,000,000
30	City of Sparks	NEV95005	IVA	1.00	North Truckee Drain Project	\$ 55,000,000
31	Washoe County DWR	NEV40024	II/IIIB	1.00	Huffaker Hills reservoir relining (GREEN)	\$ 17,000,000
Total Class H						\$ 112,000,000
TOTAL FOR ALL PROJECTS						\$ 373,761,446
(GREEN) - Elements of the project meet 'Green' standards						

ATTACHMENT B

STATE PROJECT PRIORITY SYSTEM

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NEVADA PRIORITY SYSTEM FOR
DISTRIBUTION OF STATE WATER POLLUTION CONTROL
REVOLVING LOAN FUNDS

SECTION I GENERAL POLICY

State revolving loan funds for the construction of municipal wastewater treatment works and pollution control projects are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The priority system described herein reflects the policies of the Department of Conservation and Natural Resources, Division of Environmental Protection (DEP) regarding the utilization of the SRF, and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State.
- Protection of the health of the people of the State from the threat created by inadequate treatment, collection and improper disposal of municipal wastewater and wastewater from non-point sources.
- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses.
- Operation of the SRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF.

The primary purpose of the priority system is to describe how staff of the DEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority class and given a priority value, as is described in Section V. The product of this evaluation is a project priority list which will be formally adopted by DEP following a public hearing.

SECTION II DEFINITIONS

As used in the Nevada Priority System:

- A. "Enforceable Requirements of the Act" means provisions of the Federal Clean Water Act which, if violated by a wastewater treatment facility, could result in an administrative or judicial enforcement action.
- B. "EPA" means the United States Environmental Protection Agency.
- C. "Fiscal Year" refers to the federal fiscal year, October 1 through September 30.
- D. "Pollution Control Project" means any eligible component of the management programs established pursuant to the Federal Act. The term "pollution control project" is synonymous with the term "non-point source control project" as that term is used in the Federal Act.

- E. State Revolving Loan Fund (SRF) means a State fund established to provide loans and other forms of financial assistance to municipalities for the purpose of constructing wastewater treatment works.
- F. "Treatment Works" means a device or system for the conveyance, storage, treatment, recycling, reclamation or disposal of municipal sewage.
- G. "Water Quality Standard" means a standard established in regulation by the State of Nevada prescribing specific allowable limits of constituents in surface water.

SECTION III SPECIFIC POLICIES

A. Adoption of Priority List and Public Participation

Each year the DEP will prepare a project priority list.

Prior to the beginning of each funding period, DEP will conduct a survey of proposed wastewater treatment works within the State. A form (Attachment #1) for each proposed project is completed by eligible loan applicants. The form provides a description, justification, estimated cost, and implementation schedule for the project. Utilizing this information and other data obtained from the discharge permit program, water quality management plans, municipal compliance plans, local district health officials and other sources, the proposed projects are classified and ranked to form the state project priority list.

The DEP will conduct a public hearing on the proposed priority list in order to solicit public comment and encourage public participation. No later than 15 days prior to the hearing, copies of the priority list and priority system will be distributed to all parties which have expressed an interest in receiving such information, and will also be made available at DEP's office in Carson City. No later than 30 days prior to the public hearing, notice of the hearing shall be published in newspapers statewide.

The Administrator of DEP or his designee will act as hearing officer, and will consider all testimony presented at the public hearing or in writing prior to the public hearing. Based upon the testimony, the DEP may modify the proposed list prior to adoption. The adopted list and a public comment summary will be submitted to EPA, as an attachment to the annual Intended Use Plan.

B. Additions, Modification, Bypass and Removal

The DEP may adjust the priority list at its option (in accordance with NAC 445.42138).

Any change to the priority list that affects the funding or priority of any project on the priority list shall be made only after written notice has been given to all affected parties, a public hearing if required has been held, and a period of 10 working days has elapsed after the date of such notice or hearing.

C. Reserves

- 1) An amount not to exceed 4 percent of the capitalization grant may be reserved to provide funds for the administration of the SRF program.

- 2) Not less than \$100,000 not more than 1% of the State's annual allotment shall be reserved to develop and implement a non-point source management program. (in accordance with 33 U.S.C~1384(b))

Up to 20 percent of Nevada's annual allotment may be used for major sewer system rehabilitation and/or new collector sewers and appurtenances.

SECTION IV PRIORITY CLASSES

The determination of project priority is a two-step process. Projects are grouped into broad classes in order to establish relative priorities under the provisions of the Clean Water Act. Projects in each class are then ranked in priority order in accordance with the ranking formulas described in Section V.

Class A

Treatment works or pollution control projects necessary to eliminate documented public health hazards in unsewered communities as evidenced by a finding of violation which has been issued in writing by the public health authority having jurisdiction over the area and by an official action which has been taken to halt or restrict construction of individual sewerage disposal systems, eliminate or restrict the discharge from a non-point source or treatment works necessary to eliminate documented public health hazards in sewered communities where existing facilities have exceeded their useful life and have deteriorated to the point that a public health hazards exists.

Class B

Treatment works or pollution control projects necessary to correct existing surface water quality standards violations. Violations must be documented by in stream water quality data and have resulted in a notification of water quality standards violations being issued by DEP to the municipal discharger or to the person(s) responsible for the non-point source discharge.

Class C

Treatment works necessary to correct violations of discharge permit limitations. Permit limit violations must be documented by discharge monitoring reports or DEP compliance monitoring, with a resultant notice of violation and administrative order issued by DEP.

Class D

Treatment works or pollution control projects necessary to eliminate and/or prevent interference with an existing beneficial use of groundwater where it has been determined that such and interference exists.

Class E

Treatment works necessary to increase capacity or reliability, or provide a degree of treatment beyond that required by water quality standards or permit requirements, in order to reclaim and reuse wastewater or to otherwise provide for treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses.

Class F

Interceptors in sewered communities, pumping stations, infiltration inflow correction and sewer system rehabilitation.

Class G

Projects which provide wastewater treatment and collection in existing unsewered communities where no public health hazards or water standards violations have been demonstrated or to provide wastewater collection systems to unsewered portions of sewered communities.

Class H

All other treatment works or pollution control projects.

SECTION V

Projects shall be ranked within the Priority Classes in accordance with the numerical score derived from the following formulas:

Classes A, F and G

$$PV = \log \text{ population served} + R$$

Classes B and C

$$PV = VF + WQF + R$$

Class D

$$PV = GW + R$$

Class E

$$PV = D + C + E + R$$

Class H

$$PV = R$$

PV is the point value assigned to each project.

WQF is a water quality factor, which applies only to Class B & C projects. The numerical value of WQF is based on the segment to which a treatment plant discharges or which is affected by the discharge from a non-point source and is determined from Table I.

VF which applies only to Class B and C projects, is a violation factor based upon the highest existing beneficial use for which a stream is utilized. The numerical value for VF is determined from Table II.

GW is a groundwater factor and is determined in the following manner:

Treatment works or pollution control projects that are necessary to:

Eliminate an existing contamination of groundwater currently used for drinking water.	10 points
Eliminate an existing contamination of groundwater not currently used for drinking water.	5 points
Prevent potential contamination of groundwater used for drinking water.	3 points

R is a readiness factor. The numerical score for this factor is determined in the following manner.

Plans and Specification approved by NDEP (This includes everything needed to bid the project).	10 points
Facility Plan approved by NDEP final plans and specifications to be completed within six months.	7 points
Facility Plan approved by NDEP	5 points
A Revolving Loan Fund Project Priority List Information Form has been submitted	1 point

D is a factor related to the elimination of a direct discharge to surface waters or groundwater (irrigation with effluent, wetlands enhancement, other forms of reuse) – The numerical factor is 10 points.

C is a factor related to projects which increase treatment plant capacity. Point values are determined in the following manner:

Existing or Committed Flow 0 – 50% permitted capacity	0 points
Existing or Committed Flow 50% – 85% permitted capacity	5 points
Existing or Committed Flow over 85% of permitted capacity	10 points

E is a factor related to projects that improve treatment efficiency, treatment plant reliability, or to provide a higher level of treatment than required by the discharge permit. The point value for E is 7 points.

TABLE I
WATER QUALITY STANDARD BY STREAM SEGMENT

Selected Waters with Numerical Standards

SEGMENT	POINT	BASIN
Truckee River: Below Steamboat Creek	10	Truckee
Truckee River: Above Steamboat Creek	10	Truckee
Bronco Creek	10	Truckee
Gray Creek	10	Truckee
Lake Lahontan	10	Carson
Carson River	10	Carson
East Fork Carson River	10	Carson
West Fork Carson River	10	Carson
Lake Mead	10	Colorado
Las Vegas Wash	10	Colorado
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Humboldt River	8	Humboldt
Colorado River	8	Colorado
Virgin River	8	Colorado
Beaver Dam Wash	8	Colorado
Meadow Valley Wash	8	Colorado
Muddy River	8	Colorado
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Walker River	6	Walker
West Walker River	6	Walker
East Walker River	6	Walker
Topaz Lake	6	Walker
Desert Creek	6	Walker
Sweetwater Creek	6	Walker
Owyhee River	6	Snake
Salmon Falls Creek	6	Snake
Jarbidge River	6	Snake
Bruneau River	6	Snake
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Big Goose Creek	4	Snake
Shoshone Creek	4	Snake
Smoke Creek	4	N.W. Lahontan
Indian Creek	4	Central Nevada
Snake Creek	4	Great Salt Lake
Chiatovich Creek	4	Central Nevada
Leidy Creek	4	Central Nevada
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II. Other Waters		
Class A Waters	2	
Class B Waters	2	
Class C Waters	2	

TABLE 2

WQF POINTS

Drinking Water	20
Bathing and Water Contact	15
Aquatic Life	15
Boating and Aesthetics	10
Wildlife Propagation	10
Industrial Use	5
Agricultural Use	5

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ATTACHMENT C

GREEN PROJECT RESERVE

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GREEN PROJECT RESERVE

The 2013 Federal Appropriation required that not less than 10% of the funds provided for projects must be used for water or energy efficiency, green infrastructure or other environmentally innovative activities to the extent there are sufficient eligible projects.

Water or energy efficiency projects will likely be the principal focus of the Green Project Reserve under the CWSRF. However, there may also be projects, or components of projects, that qualify for consideration because of green infrastructure or environmental innovation. Energy and water efficiency projects should demonstrate substantial benefits/savings compared to the average level of efficiency currently available for the project or component. In addition, water and energy efficiency benefits/savings must be a substantial part of the rationale or justification for the project, and cannot simply be incidental water and/or energy efficiency benefits.

The following are some examples of water and energy efficiency projects that would qualify under the Green Project Reserve. Eligible water and energy efficiency projects are not limited to the lists below. The lists merely identify the most common projects.

Energy Efficiency Examples

1. Energy efficient retrofits and upgrades to pumps and treatment processes;
2. On-site clean power production including wind, solar, hydroelectric, geothermal, biogas, etc.;
3. Replacement or rehabilitation of transmission or distribution that results in substantial energy savings;
4. Supervisory Control and Data Acquisition (SCADA) that results in substantial energy efficiency;
5. Pump replacement if pump selected ranks among the most energy efficient commercially available;
6. Projects specifically designed to improve the operational efficiency by improving overall hydraulic conditions in the distribution system;
7. Upgrading to variable frequency drive motors

Water Efficiency Examples

1. Installation of water meters and automated meter reading equipment. A project for the installation of water meters in a previously unmetered water system is categorically green with the caveat that the water system commits to bill a metered rate based on consumption.
2. Purchase of water efficient fixtures, fittings, equipment, or appliances
3. Purchase of leak detection devices and equipment
4. Replacement or rehabilitation of distribution lines that have data documenting water loss
5. Water conservation plans or water audits if they are reasonably likely to result in a capital project