



State of Nevada

Drinking Water State Revolving Fund

State Fiscal Year 2013

Annual Report



Walker Lake GID new well – the TDS in the existing wells exceeds 1,000 ppm & production is declining as lake levels continue to drop – the new source will provide both quantity & quality water

Division of Environmental Protection
October 2013

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List of Acronyms

ARRA = American Recovery and Reinvestment Act
BSDW = Bureau of Safe Drinking Water
BWPC = Bureau of Water Pollution Control
CDBG = Department of Housing and Urban Development's (HUD) Community Development Block Grant
CWSRF = Clean Water State Revolving Fund
DBE = Disadvantaged Business Enterprise
DWPA – Drinking Water Protection Area
DWSRF = Drinking Water State Revolving Fund
EPA = Environmental Protection Agency
FTE = Full time equivalent
FFY = Federal Fiscal Year
GID = General Improvement District
GIS = Geographic Information System
INC = Infrastructure for Nevada Communities
ISWPP = Integrated Source Water Protection Program
IUP = Intended Use Plan
MBE = Minority-owned Business Enterprise
MHI = Median Household Income
NAC = Nevada Administrative Code
NDEP = Nevada Division of Environmental Protection
NIMS = National Information Management System
NRS = Nevada Revised Statute
NVRWA = Nevada Rural Water Association
OFA = Office of Financial Assistance
OSGWA = Other Sensitive Groundwater Areas
PCS = Potential Contaminant Sources
PWSS = Public Water System Supervision
SDWA = Safe Drinking Water Act
SDWIS = Safe Drinking Water Information System
SFY = State Fiscal Year
SWA = Source Water Assessment
SWAP = Source Water Assessment Plan
SWP = Source Water Protection
TCR = Total Coliform Rule
UNR = University of Nevada, Reno
UNR-CE = University of Nevada Reno, Cooperative Extension
USDA-RD = US Department of Agriculture – Rural Development
WHPA = Wellhead Protection Area
WHPP = Wellhead Protection Program
WBE = Women-owned Business Enterprise

I. INTRODUCTION

The State of Nevada, through the Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP), is pleased to present the Annual Report on the Drinking Water State Revolving Fund (DWSRF) for State Fiscal Year (SFY) 2013 (July 1, 2012 through June 30, 2013). During SFY 2013, NDEP administered the DWSRF through the authority granted by the Nevada Legislature [see Nevada Revised Statutes (NRS) 445A.200 to 445A.295, inclusive, and may be reviewed at the following internet URL: <http://www.leg.state.nv.us/NRS/NRS-445A.html>]. The regulations for the DWSRF promulgated by the Health Division, later revised by the State Environmental Commission, are found in Nevada Administrative Code (NAC) 445A.6751 to 445A.67644 inclusive and may be reviewed at the following internet URL: <http://www.leg.state.nv.us/NAC/nac-445A.html>. In this report, the terminology “Division” refers to the Nevada Division of Environmental Protection, unless otherwise specified.

NDEP provides this comprehensive report to the public and to the U.S. Environmental Protection Agency (USEPA), Region IX, to detail the activities undertaken during SFY 2013 to reach the goals and objectives set forth in the 2013 Intended Use Plan (IUP) developed and filed with a capitalization grant application. No significant changes from the IUP were made. Any minor adjustments will be mentioned throughout the document.

This Annual Report documents the status of the program by describing the progress made toward program goals, the sources (e.g., federal grants, state matching funds) and uses of all funds (e.g., loans, set-asides), financial status of the DWSRF, and compliance with state and federal requirements for the DWSRF. It also addresses conditions of the Division’s Operating Agreement with the USEPA. This report should provide the necessary information for the USEPA to evaluate Nevada’s progress in implementing the DWSRF in conformance with the goals and objectives of the Safe Drinking Water Act, as amended in 1996 (SDWA).

NDEP presents the Annual Report in five major sections. This Section is the introduction. Section II provides a summary of progress made toward reaching goals of the program. Section III provides an overview of financial conditions of the program. Section IV details funding sources and uses. Finally, Section V reports on the Division’s compliance with provisions of the Capitalization Grant Assistance Agreement and the Operating Agreement, as amended.

II. GOALS AND ACCOMPLISHMENTS

Both long-term and short-term goals are identified in the 2013 Intended Use Plan. The long-term goals provide the framework that guides management decisions for the DWSRF program. The short-term goals support the implementation of the long-term goals and are activities initiated, and, in some cases, completed within a year.

A. Progress toward Sustainable Infrastructure

EPA has launched the Sustainable Infrastructure Initiative to promote sustainable practices that will help reduce the potential gap between funding needs and spending at the local and national level. To help water utilities operate more sustainably now and in the long-term, EPA has identified the following four priority areas: better management practices, efficient water use, full-cost pricing of water, and a watershed

approach to protection. Much of the activity associated with the Sustainable Infrastructure Initiative involves large utilities. However, a number of the set-aside activities in Nevada support the sustainable infrastructure concepts in small systems and are noted in the text below.

B. Progress toward DWSRF Long Term Goals (2013 IUP, Section III.B)

***Long-Term Goal 1:** Ensure that DWSRF funds are available in perpetuity to all Nevada public water systems to provide to their customers water that is safe and pleasant to drink all of the time.*

Progress toward Goal 1: All loans are backed by the full faith and credit of the loan recipient. To date, all loan repayments have been made. The interest rate established provides a nominal “cushion” of funds in case a loan were to default. Loans to publicly owned entities require that the loan applicant submit a bond for the loan to the State Treasurer through a rigorous debt analysis and bonding process required by the Local Government Securities Law (NRS 350.500 to 350.720, inclusive). The private systems, at a minimum, provide a dedicated interest-bearing reserve account equal to the annual loan repayment and provide additional security as necessary.

***Long-Term Goal 2:** Address the most serious risk to human health and comply with the requirements of the Safe Drinking Water Act.*

Progress toward Goal 2: The project priority list includes projects ranked in four primary categories according to the public health need that the project is intended to address in accordance with regulations adopted by the State Environmental Commission. The category that has first access to loan funds includes projects that are designed to address acute public health risks. The second category that has access to loan funds includes projects that address chronic health concerns. The third category is for infrastructure replacement or rehabilitation projects, and the fourth is for refinancing existing debt. The ranking of projects is described in NAC 445A.67569; it is also described in Section V of the IUP. The final priority list resulting from this process is reviewed at a public workshop and then submitted to the Board for Financing Water Projects for review and approval. Revisions to the list follow this same process.

Set-aside funding has provided a number of opportunities to facilitate public water system compliance with the Safe Drinking Water Act and drinking water regulations. Third party contractors have been utilized to provide small public water systems with technical assistance to improve their technical, managerial, and financial capabilities and improve operator knowledge through various training.

***Long-Term Goal 3:** Assist systems most in need, on a per household basis, according to State-determined affordability criteria.*

Progress toward Goal 3: Communities with lower than average median household incomes are given an advantage to access below-market interest rate loans, including

principal forgiveness. The ranking on the priority list takes into account the median household income (MHI) in the area served by a water system. Projects in communities with a lower MHI are ranked higher than an equivalent project in a community with a higher MHI. According to Nevada's 2013 IUP, systems where the MHI is at or below 80% of the state MHI may qualify for principal forgiveness funding. The terms and amount of subsidy are determined on a case by case basis based on the individual community's situation.

Long-Term Goal 4: Coordinate funding with other funding agencies through the Infrastructure for Nevada's Communities.

Progress toward Goal 4: Collaboration between the major funding agencies in the state as well as other state agencies and technical service providers is accomplished through quarterly meetings of the Infrastructure for Nevada Communities (INC) group. INC's mission statement is "To provide a forum for coordination on utilities serving Nevada communities to promote efficient application of technical and financial assistance and to ensure they have the best access to resources." The INC subcommittee known as the Nevada Water and Wastewater Review Committee (NWWRC) is comprised of representatives from the different funding groups in the state, including: Drinking and Clean Water State Revolving Fund (DWSRF and CWSRF) Loan programs, United States Department of Agriculture – Rural Development (USDA-RD) Loan/Grant program, and the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG). Other potential funding sources include: the Army Corps of Engineers, the Bureau of Reclamation, and short-term funding from groups such as the Rural Water Association. This collaborative effort maximizes the limited funding dollars to support the greatest number of projects and provide cost savings for communities. NWWRC has a "pre-application" common to all of the funders that makes coordination and communication between the agencies and applicants simple and allows the NWWRC to suggest funding solutions that are most appropriate while leveraging all of the funding available in the state. The NWWRC representatives also share a common goal of seeing water systems achieve full cost pricing through the setting of appropriate water rates and also the setting aside of funds for capital replacement, capital improvements, and emergency repairs. Information and pre-application forms are available on our website at <http://ndep.nv.gov/bffwp/nwwpa.htm>.

One of the projects that received a DWSRF loan in SFY 2013 was jointly funded by the DWSRF and USDA-RD.

C. Progress toward DWSRF Short Term Goals (2013 IUP, Section III.C)

Short-Term Goal 1: Make drinking water in Nevada more affordable by providing Federal, State, and repayment funds as loans to water systems in Nevada at or below market interest rates.

Progress toward Goal 1: Table 1 lists binding commitments approved by the Board for Financing Water Projects in SFY 2013.

Table 1: Loan Commitments

<i>Water System</i>	Loan Amount	Project Description	Subsidy Amount
Town of Tonopah NV0000237	\$1,700,000 (1/23/2013)	Transmission main replacement	\$1,700,000
Steamboat Springs NV0000282	\$60,000 (1/23/2013)	Upgrade of telemetry system and isolation of storage tanks using installation of valves.	
Town of Gabbs NV0000063	\$215,000 (1/23/2013)	Fluoride mitigation (additional loan funds)	\$215,000
Totals	\$1,975,000		\$1,915,000

Short-Term Goal 2: Use 20 – 30% of the federal 2013 funds for additional subsidies.

Progress toward Goal 2: The subsidy projects are identified in the table under Short-term Goal 1 and also under Section V.D EPA Strategic Plan. The FFY13 grant has not, yet, been fully committed to projects. NDEP anticipates that, through outreach, the additional subsidy requirement for the 2013 grant will be met in its entirety in FFY14.

Short-Term Goal 3: Issue loans totaling at least \$9,636,000.

Progress toward Goal 3: Nevada issued \$1,975,000 in loans during FFY13. Two of the projects on the 2013 fundable list (Kingsbury GID and Caliente) were not ready to move forward, and although Nevada issued a few smaller loans, it did not meet the goal.

D. Progress toward Goals for Program Administration (4% Set-Aside, 2012 IUP, Section IV.A)

The long-term goal of the program administration set-aside is to effectively manage a self-sustaining DWSRF Loan Program and ensure that funds are available in perpetuity. The following short-term goals and accomplishments support this long-term goal.

Short-Term Goal 1: Effectively and efficiently manage the day-to-day operation of the DWSRF.

Progress toward Short-term Goal 1: The Nevada Division of Environmental Protection manages the day-to-day operation of the DWSRF through the Office of

Financial Assistance (OFA). Funds from the 4% set-aside paid salaries and associated expenses of personnel administering the DWSRF program. The State is not currently charging fees to supplement available set-aside funds.

Administration of the DWSRF has required the work of 3 FTEs. The DWSRF accounting functions are performed by the accountant, the administrative services officer who serves as program manager, and the management analyst. All three positions serve both the DWSRF and CWSRF programs. The Nevada State Treasurer's staff is well qualified to administer and manage the SRF funds and accounts, specifically cash transactions, bond sales, and loan repayments. NDEP contracts with a financial advisor who prepares loan repayment schedules, analyzes the funds capability to provide loans, and provides other financial services as requested.

Technical integrity of the SRF is ensured through OFA's professional engineer and through technical support from the Bureau of Safe Drinking Water (BSDW). The technical support includes engineering reviews of DWSRF funded projects. OFA reviews preliminary engineering reports, project applications, design drawings and specifications, and bid documents for administrative purposes; conducts the environmental review; and makes site visits and attends construction meetings during the construction phase. The BSDW reviews design drawings and specifications as required under law, regulations, and permits, and conducts sanitary surveys after project start-up. Findings during the Program Evaluation Review can be found under Attachment H.

During SFY 2013, Nevada completed the following administrative activities:

- Solicited pre-applications from public water systems and held a workshop on the project priority list;
- Project selection and development of IUP and set-aside plans including solicitation of public comment on the IUP;
- Participated in infrastructure funding coordination group;
- Prepared capitalization grant applications and associated work plans and budgets;
- Review of documents associated with loan application including environmental documentation;
- Evaluate loan applicant's ability to repay loan and readiness to proceed and complete the project;
- Prepare loan contract documents and cash draw requests;
- Maintain accounting systems;
- Financial monitoring of sub-recipients;
- Manage set-aside work plans, activities, reporting, and budgeting; and
- Project site visits and construction and related meetings.

Short-Term Goal 2: Award at least 20%, but not more than 30% of the 2012 grant as "subsidy" projects to disadvantage communities.

Progress toward Short-Term Goal 2: NDEP identified one disadvantaged community with a project that was ready to proceed and one disadvantaged community with a project already underway using DWSRF subsidy funds that required additional subsidy to complete the projects. \$1,915,000 of the 2012 grant has been awarded as subsidy, and the additional subsidy requirement for both the 2012 and 2013 grants will be met or exceeded before the end of FFY14.

Short-Term Goal 3: Make upgrades to NDEP's LGTS database program.

Progress toward Short-Term Goal 3: Due to the high cost involved with these upgrades, NDEP deferred this work to a later time. OFA expects to have a contract in place by the end of SFY 2014.

E. Progress toward Goals for Technical Assistance for Small Public Water Systems Serving 10,000 or Fewer Persons (2% Set-Aside, 2013 IUP, Section IV.B)

The long-term goal of the 2% Set-Aside is to offer assistance to all of Nevada's small water systems.

Short-Term Goals:

- Provide technical assistance to small systems including assistance with compliance issues, sampling plans;
- O&M Manuals, Cross Connection Control Programs,
- Interim guided sanitary surveys;
- Assist water systems in the grant/loan application process;
- Water conservation plan implementation including water loss determinations, leak detection, meter calibrations and checks;
- Document power use, patterns and rate structure; and
- Provide managerial assistance including budget, water rates, and staffing needs.

Progress toward Goal: Technical assistance for small water systems is provided through a third-party contract with Nevada Rural Water Association (NVRWA). A list of the systems that received technical assistance is included in Appendix E. The list also includes a brief description of the assistance provided. In addition, assistance activities are discussed more extensively in the 2013 Annual Capacity Development Report (http://ndep.nv.gov/bffwp/docs/final_2013_annual_capacity_report.pdf).

F. Progress toward Goals for State Program Management (10% Set-Aside, 2013 IUP, Section IV.C)

The 10% set-aside activities cover two different areas: Public Water System Supervision Program and Capacity Development Strategy. Operator Certification is included in the Public Water System Supervision Program.

Public Water System Supervision Program (PWSS)

The DWSRF 10% set-aside funds are used to enhance and improve the PWSS program. The long-term goals include:

- Maintain the Safe Drinking Water Information System (SDWIS) for use in managing Nevada PWSs;
- Integrate SDWIS with other Bureau workflow management tools and other State databases as appropriate;
- Continue to manage State and USEPA compliance and enforcement priorities using Enforcement Targeting Tool information, pursue enforcement as warranted and track on going compliance with Administrative Orders issued for non-compliance;
- Maintain operator certification program; and
- Maintain engineering design review activities.

***Short-Term Goal:** The USEPA has released an updated version of SDWIS State that the NDEP will upgrade to in FFY13. Expenses involved in upgrading to SDWIS Web 3.1 may be fully or partially funded by the 10% Set-aside.*

Progress towards Goal: The BSDW has an outside contractor providing SDWIS assistance and add-on tools. The BSDW upgraded to SDWIS Web 3.1 utilizing the existing contract and additional SRF funding was not necessary to complete that effort.

***Short-Term Goal:** Begin to review and planning for adoption of the Revised Total Coliform Rule (RTCR) upon promulgation by the US. EPA. Activities planned for the 3 years allowed for adoption and primacy application will include development of implementation policies, procedures, forms, regulations and primacy revision application;*

Progress towards Goal: The BSDW is actively engaged with ASDWA and the U.S. EPA on early activities involving RTCR. Staff is participating on the ASDWA Regulatory Committee, the RTCR Workgroup, and the ASDWA Small Systems Committee.

***Short-Term Goal:** Seek resources and opportunities with US EPA to conduct RTCR training for Bureau staff, PWSs and the public through targeted events and workshops;*

Progress towards Goal: This is an ongoing activity that will be addressed more fully in SFY14. Full BSDW participation in the U.S. EPA's series of training webinars is planned for SFY14.

Short-Term Goal: *Continue to identify and conduct training for older SDWA Rules for newer Bureau and Program staff as well as work to refresh existing staff on the older Rules;*

Progress towards Goal: To the extent that training becomes available from the U.S. EPA, the Bureau staff will intend to participate. In the interim, in-house training of newer staff is occurring less formally and on an as-needed basis.

Short-Term Goal: *Continue to work with PWSs operating under Arsenic Rule Exemption Extensions that are issued for the period ending January 23, 2015;*

Progress towards Goal: Ten (10) Arsenic Rule Exemption Extensions were issued by the State Environment Commission in December, 2012 according to U.S. EPA Guidance. The 10 remaining systems will be on track for compliance by the deadline, or else formal enforcement will be pursued.

Short-Term Goal: *Under the Capacity Development Program, the BSDW Bureau Chief will continue to participate in the State-EPA Re-Energizing Capacity Development Work Group and promote participation of NDEP OFA and BSDW staff on activities under that umbrella.*

Progress towards Goal: This activity was ongoing during SFY 13.

G. Progress toward Goals for Local Assistance Activities (15% Set-Aside, 2013 IUP, Section IV.D)

1. Loans for Source Water Protection Program

Nevada did not set aside any funds for loans to be made under this program. These loans would include loans for the acquisition of land or easements, for local, voluntary source water protection, or for source water petition programs.

2. Provide Funding to Public Water Systems to Provide Technical or Financial Assistance under the Capacity Development Strategy

The focus of capacity development under the 15% set-aside is in the implementation of the Capacity Development Strategy. Technical assistance providers under contract offer assistance on a variety of issues. The long-term goal is to provide assistance and training to improve water system's technical, managerial, and financial capacity. This effort also includes the quarterly publication "*Water Lines*," which provides a variety of technical, managerial, and financial information for operators and owners of public water systems as well as training opportunities.

Short-Term Goal 1: *Edit, publish, and mail quarterly newsletter, Water Lines.*

Progress toward Goal 1: *Water Lines* is generated and published through the OFA with articles and training information provided by the Nevada Water and

Wastewater Operator's Forum. Issues of *Water Lines* are available on our website at http://ndep.nv.gov/bffwp/water_line.htm.

Short-Term Goal 2: Provide training to operators and Boards.

Progress toward Goal 2: NDEP funded the Nevada Rural Water Association to provide operator training using remote video-conferencing. This method of offering training has been very successful in part because it meets the needs of a very specific audience, the very small system operators (those that serve between 25-100 customers). The sessions are broadcast from Reno to sites all over the state and offer the advantage of being essentially local classes that are cost-effective extensions of the university and require minimal travel for the participants. Twenty-six (26) trainings were provided during SFY 2013. A list of the general details about these training sessions is included in Appendix E

NDEP also funded the NVRWA to provide both group and individual operator training at the operator's water system. These sessions are open to any interested party, and often staff from a number of nearby systems participate. Twenty-four (24) training sessions/courses were conducted for Boards and operators during SFY 2013. Certain Boards received special focused training in order to also be eligible for DWSRF Loans. A list of the systems that received training and other technical assistance is included in Appendix E. The management and financial training courses are consistent with the Sustainable Infrastructure Initiative concept of "Better Management."

Short-Term Goal 3: To the extent that time and resources allow, participate in Nevada Rural Water Association and American Water Works Association Conferences to educate Operators and enhance understanding of capacity concepts and requirement.

Progress toward Goal 3: A total of 11.5 hours over 6 training sessions were provided to water operators and system managers at the March 2013 Nevada Rural Water Association Conference & Training to enhance understanding of capacity concepts and requirements.

Short-Term Goal 4: Make available instructor-led courses awarding CEUs at rural sites where operators need this level of technology related courses in order to qualify for the Grade III and Grade IV exams. Courses include Treatment, Distribution, Small System O&M, Utility management and Management Success. Participants who register through the Office of Water Programs at CSUSac and pass the exams will be able to obtain certificates for these courses.

Progress toward Goal 4: See progress toward Goal 2 and Appendix E.

3. State Source Water Protection Program

The Nevada Source Water Protection Program (SWPP) is comprised of the voluntary Integrated Source Water Protection Program (ISWPP), formerly referred to as the Wellhead Protection Program (WHP), follow-up activities for the Source Water Assessment Program (SWAP), and a variety of other source protection and coordination activities administered by NDEP. The long-term goals of the SWPP include: 1) the implementation of the comprehensive SWPP by providing outreach and assistance to local communities on strategies to protect their local water resources by preventing contamination of groundwater and surface water, identifying and reducing the risk posed by potential water pollution sources through various state and local programs, and coordinating water protection activities throughout the state and 2) utilizing information gathered from the SWAP and related programs within NDEP to develop and implement source water protection strategies for the state. The goals of the source water protection program are consistent with the Sustainable Infrastructure Initiative priority of “Watershed Approach.” Further information on the program is available at our website <http://ndep.nv.gov/bwpc/sourcewater.htm>.

3a. Wellhead Protection Program

Section 1452(k) of the Safe Drinking Water Act currently specifies that wellhead protection programs are eligible for funding under the 15% set-aside. Groundwater is the source of drinking water for approximately 90% of Nevada’s public water systems. Nevada’s ISWPP funds activities that protect underground sources of drinking water from anthropogenic activities and events. Funding from the 15% set-aside is used to enhance the existing ISWPP, assist with the development and implementation of community/tribal source water protection plans (CSWPPs) through funding and technical assistance, and to coordinate with other agencies who manage related programs. Wellhead protection activities are outlined in the “Comprehensive State Groundwater Protection Program” updated in March 1998 and approved by the U.S. Environmental Protection Agency.

Historically, NDEP provided grants to public water systems and communities for a variety of wellhead protection plan development and implementation projects, including inventorying, evaluating, and strategically planning for managing high risk contaminant sources and to develop public education and outreach strategies to promote local awareness of these sensitive areas. During this work plan cycle, NDEP contracted with a consulting firm to assist in the implementation of Nevada’s ISWPP and provide technical assistance to local communities and public water systems to develop and implement source water protection/wellhead protection plans using a county-wide planning approach.

Since the inception of the State’s Wellhead Protection Program in 1994 through the recent implementation of the ISWPP, Nevada has assisted in the development of 76 wellhead/source water protection plans, covering 209 of 567 public water systems in Nevada. The success of the ISWPP and local CSWPP plan development depends on the establishment of engaged local planning teams; they represent the water

systems, local planning agencies, and other stakeholders throughout each county. Each team must be structured so that it adequately represents the community's public water systems and planning agencies. A representative team allows for more transparency of the planning effort and brings credibility when presenting the plan to community leaders. It is also imperative that the teams are committed for the entire plan development process, which on average takes approximately two years. The time it takes to complete a plan may vary depending upon the county's population, geographic size, resource availability, and commitment.

***Short-Term Goal 1:** Enhance State program and develop strategies for carrying out the programs and protecting public drinking water supplies and groundwater resources.*

Progress toward Goal 1: The State ISWPP was thoroughly reviewed and updated in 2009. As a part of the review process, NDEP renamed the program to reflect broader planning goals and to also provide a more intuitive understanding of the program. In addition, NDEP developed the "ISWPP Draft Update: March 2010" (http://ndep.nv.gov/bwpc/docs/iswpp_03-2010.pdf) which outlines the programs changes and NDEP's approach to community plan development and implementation. While the fundamental goals of local source water protection have not changed, the planning approach has changed significantly to target Nevada's counties and to encourage the development of county-wide plans to include all public water systems within each county. The idea is to offer small public water systems such as mobile home parks, local taverns and businesses, homeowners associations, etc., an opportunity to be included in the county-wide planning approach. Under the new ISWPP approach, small water systems are absorbed under a broader county-wide planning approach, under which implementation strategies are developed in coordination with the local planning and governing agencies that have influence over land use planning. BWPC staff work jointly with a third party contractor to develop county-wide source water protection programs. Each community develops a representative team of public water systems and local government agencies charged with land use planning and policy making.

Program enhancements are done on an as-needed basis to reflect lessons learned in applying the program approach in various counties. County-wide planning is unique in each of the 17 counties, and the broader planning approach requires logistical adjustments accordingly. The ISWPP has been developed to accommodate these challenges, and as the challenges are addressed, the individual program development strategies, planning, and funding schedules are modified accordingly. Three counties (Douglas, Nye, and White Pine) completed their respective county-wide plans in SFY 2012 under this approach.

During SFY 2013, focus has also been placed on outreach activities to encourage participation in the program and implementation of source water protection strategies at the community level. Staff presented the ISWPP at local conferences

and meetings which were attended by local decision makers, planners, and key stakeholder groups.

Short-Term Goal 2: *Provide technical assistance with the development and implementation of community/public water system source water/wellhead protection plans; and encourage these activities at the local level.*

Progress toward Goal 2: Between 2009 and 2012, the ISWPP assisted three counties in developing and implementing plans which covered all regulated public water systems within the respective counties. In the spring of 2012, the Douglas County CSWPP was unanimously adopted by the Douglas County Regional Planning Commission and the Board of County Commissioners. This plan was incorporated into the County's Master Plan to ensure its implementation in future planning activities. Two other counties – White Pine and Nye – were cycled into the planning schedule following Douglas County's planning momentum. Both the White Pine and Nye County Boards of County Commissioners also formally adopted their plans in 2012 and are currently coordinating protection activities through outreach and education at the local level.

In the summer of 2012, a new technical contractor was selected to provide community assistance under the ISWPP. Lyon County and Carson City currently receive planning assistance and are scheduled to release draft plans in December 2013 and January 2014, respectively. Staff is working with the ISWPP contractor to select and cycle in two more communities in 2014.

Short-Term Goal 3: *Coordinate with federal, state, and local agencies and other community groups involved with source water and wellhead protection activities; including participation in USEPA sponsored source water protection forums and workshops.*

Progress toward Goal 3: Professionals from federal, state, and local agencies serve on the local source water protection planning teams and are coordinated with regularly for both local planning efforts and data sharing for more comprehensive statewide source water protection planning and implementation. Staff also coordinates a Ground Water Protection Task Force (GWPTF) that meets quarterly to collaborate and share data and information related to statewide groundwater issues and/or projects. The GWPTF issues the quarterly Groundwater News e-newsletter which highlights various projects, studies, and publications related to groundwater issues affecting Nevada. In addition, staff attends and participates regularly in meetings, webcasts, symposiums, seminars, and workshops and also on committees and research teams associated with groundwater protection activities and education in Nevada.

Short-Term Goal 4: *Develop technical guidance for water pollution prevention activities and best management practices, including utilizing other federal, state,*

and local program guidance documents and fact sheets to promote source water protection activities at the state and local level.

Progress toward Goal 4: Staff developed a draft guidance document for Drinking Water Protection Area Delineation and Management Strategies to be used for State implementation, local ordinances, and education/outreach efforts (<http://ndep.nv.gov/bwpc/wellhead.htm>). Staff continues to participate in the development of a draft guidance document for “Permitting of a Reuse System by injection of Highly Treated Reclaimed Water into an Underground Source,” which incorporates source water protection components and requires applicants to work with NDEP’s ISWPP.

Short-Term Goal 5: Develop educational outreach materials and coordinate educational outreach activities (e.g., local government presentations, school presentations, and outreach at scheduled community events) with other state and local programs, schools, and other established source water protection groups. Materials will be developed for a variety of audiences to inform the general public of the importance of source water/wellhead protection into the future.

Progress toward Goal 5: Staff coordinated and supported various statewide outreach events including, but not limited to: Earth and Science Day Fairs, University events, internal and external workshops, government board meetings, and groundwater model demonstrations to school age children. In addition, a Source Water Protection Education and Outreach Plan template including power point presentations, fact sheets, and other education and outreach tools was developed for Nevada communities.

Short-Term Goal 6: : Develop and enhance source water/wellhead protection data management and coordinate data sharing with related programs, local governments, and other source water/wellhead protection activities.

Progress toward Goal 6: Staff continues to maintain and update the Geographic Information System (GIS) tool to assist source water protection planning and activities. Staff continues to coordinate data sharing with Douglas, Nye, and White Pine Counties’ Source Water Protection program development; the Bureau of Safe Drinking Water Vulnerability Assessment Program; the Nevada Rural Water Association Source Water Protection activities; and the University of Nevada, Las Vegas Source Water Assessment/Vulnerability Assessment project.

Short-Term Goal 7: Maintain/enhance staff technical capabilities through various local, state, and federal training opportunities and coordinating and participating in source water/wellhead protection activities at the regional and national level.

Progress toward Goal 7: Staff participated in numerous training opportunities including in house GIS courses, webcasts, conferences, and technical trainings. Staff also attended the Nevada Water Resource Association Annual and the

American Water Works Association California-Nevada Section conferences in March 2013. In the fall of 2012, staff participated in the Western States Source Water Protection Forum hosted by the USEPA and the Idaho Department of Environmental Quality in Sun Valley, Idaho. Participants included western states in EPA Regions 8, 9 and 10, federal agencies, and non-profit organizations.

3b. Vulnerability Assessment and Monitoring Waiver Program

The Vulnerability Water Assessment and Monitoring Waiver Program (program) conducts drinking water protection activities that fall within the objectives of the program but fall outside of the scope of the Wellhead Protection Program. The long term goal is to utilize information gathered during the assessment to implement the program. This program and its goals were inadvertently omitted from the 2013 IUP.

In January 2010, BSDW contracted with the University of Nevada, Las Vegas (UNLV) to perform vulnerability assessments using SWAP evaluation criteria at Community and NTNC water system wells permitted after 2003. As part of the contract, UNLV also updated the potential contaminant source inventories of many of the Community and NTNC water systems that were previously evaluated during the Source Water Assessment Program. Information from this project with UNLV was received in SFY 2012 and is currently being reviewed by BSDW. Updated vulnerability assessment reports and Consumer Confidence Reports will then be prepared by BSDW staff and provided to the water systems.

***Short-Term Goal 1:** Conduct vulnerability assessments on newly permitted water sources. Evaluate vulnerability potential to source water from identified potential contaminant sources by considering water quality, risk, well construction, time of travel, susceptibility, and other relevant information in order to determine source vulnerability. Issue water quality monitoring waivers as appropriate. Generate water quality monitoring schedules.*

Progress toward Goal 1: Updated vulnerability assessment work has been completed by UNLV staff on newly permitted groundwater sources through 2010. Waivers will be issued as appropriate and monitoring schedules for the new sources that have been previously generated will be modified based on the issuance of any waivers. Additionally BSDW staff are currently performing vulnerability assessments on newly permitted water sources as time allows.

***Short-Term Goal 2:** Conduct field surveys at public drinking water systems in order to update source contaminant inventories. Update and revise water quality monitoring waivers as appropriate and generate water quality monitoring schedules. Generate updated water quality monitoring schedules.*

Progress toward Goal 2: Field survey work for targeted water systems has been completed in all counties in Nevada. Water quality monitoring waivers and water

quality monitoring schedules are being updated using the information received from the vulnerability assessments conducted by UNLV.

***Short-Term Goal 3:** Generate new and updated vulnerability assessment reports for public water systems as appropriate.*

Progress toward Goal 3: New vulnerability assessment reports will be generated as appropriate.

***Short-Term Goal 4:** As needed provide updated SWAP summaries to community water systems for inclusion in their Consumer Confidence Reports.*

Progress toward Goal 4: Updated vulnerability summaries will be provided to community water systems for inclusion in their Consumer Confidence Reports.

***Short-Term Goal 5:** Provide NDEP's Wellhead Protection Program with new or updated vulnerability assessment information, as needed.*

Progress toward Goal 5: Updated vulnerability assessment information has been provided to NDEP's Wellhead Protection Program for Douglas, White Pine, and Nye Counties. Additional vulnerability information for other Nevada counties will be made available to the Wellhead Protection Program as needed once it has been compiled.

***Short-Term Goal 6:** Encourage water systems to engage in source water protection efforts.*

Progress toward Goal 6: Source water protection efforts are encouraged by BSDW. Setbacks for new water sources from potential pollution sources as required by NAC 445A are strictly adhered to during BSDW's plan review.

III. FINANCIAL SUMMARY

The following discussion provides details on the financial management activities in the DWSRF.

A. Financial Statements

Financial statements (unaudited) for the DWSRF will be provided in December 2013 as noted in Appendix A and cover the operation of the DWSRF during the SFY 2013 with comparative figures for SFY 2012. Details of accounting policies, loans receivable, bonds payable, and other financial activity are found in the notes to the financial statements. The DWSRF is an "enterprise fund" and as such, the financial statements are prepared on an accrual basis in accordance with pronouncements of the Governmental Accounting Standards Board (GASB), as well as the Financial Accounting Standards Board (FASB).

B. Status of Loans

A loan commitment of funds from the DWSRF is made when the Board for Financing Water Projects approves a recommendation from NDEP. A loan contract, which establishes the terms and conditions of the loan, is then negotiated between NDEP and the loan applicant. Once the contract is signed, the funds can be drawn down by the loan recipient with the appropriate justification of expenditures. Committed funds that remain undrawn without reason are deobligated.

As of June 30, 2013 the Drinking Water program had 25 active projects, 3 of which are funded through ARRA funds. Eleven projects are paying interest on the amount drawn to date, four remain open, but are paying both principal and interest, five ARRA loans are paying principal only, and twenty-eight completed projects are fully drawn and repaying both interest and principal in regular semi-annual payments. The balance of loans receivable as of June 30, 2013 was \$109,118,629. This and other figures throughout this report may differ from the financial statements and/or NIMS reports due to timing differences.

Appendix B outlines the existing loans by recipient, date of contract, amount of the loan commitment and the interest rate. This appendix also lists the amount that each recipient has drawn, the amount repaid, and the remaining balance of the loan commitment.

C. Loan Disbursements/Cash Draw Proportionality

Fourteen federal grants totaling \$159,551,500 have been awarded to the Program since its inception, including the ARRA grant totaling \$19,500,000. The Program carries 9 general obligation bonds, which provides the match of \$30,187,720, which is \$2,177,420 greater than the 20% match required. No funds have been transferred to or from this program and the Clean Water State Revolving Fund program.

As of June 30, 2013, Nevada has disbursed or is obligated by an executed loan contract to make loan disbursements in the amount of \$173,284,453 of which \$18,996,894 was funded through the ARRA grant. Disbursements to-date total \$157,553,512 and consist of \$28,327,568 of state funds and \$117,361,685 of federal funds. An additional \$11,864,259 in Reloan funds have been disbursed during the life of the program.

Loan disbursements and proportionality figures for 2013 are listed in Appendix C.

D. Set-Aside Disbursements

Nevada has disbursed \$27,380,355 in set-aside funds since the DWSRF program's start. Appendix D includes a summary of set-aside activity which shows grant amounts expended with remaining balances available. Nevada has banked a total of \$5,213,353 in set-aside funds. See Appendix G

E. Annual Repayment/Aging of Accounts

The DWSRF received \$8,226,075 in scheduled loan repayments during SFY 2013. In SFY 2014, the Program is scheduled to receive loan repayments of \$9,451,644. A

schedule of repayments on completed projects for the next twenty years is contained in the notes of the financial statements.

F. Loan Portfolio Analysis

Appendix B outlines the details of each loan by date of contract execution, date and amount of the commitment, interest rate, draws to date, deobligations, repaying commitment, and balance due. Fifty-six of the approved contracts are to municipal governments and twenty-one of the approved contracts are to private entities. There were 2 project starts and 6 completions in SFY 2013.

In accordance with statutory and regulatory requirements of the State of Nevada, the municipal governments secure the loan with revenue or GO bonds issued to the State Treasurer. The private systems, at a minimum, provide a dedicated interest-bearing reserve account equal to the annual loan repayment and provide additional security as necessary.

G. DWSRF National Information Management System (DWSRF NIMS)

The National Information Management Systems (NIMS) report was filed in September 2013. The information provided in that report will differ from that presented in the financial statements because the NIMS data is prepared on the cash basis, with information available through early August, while the financial statements are prepared on the full accrual basis, with information available through the close of the year. More information is at <http://www.epa.gov/safewater/dwsrf/dwnims.html>.

IV. DWSRF FUNDING SOURCES AND USES

In this section, NDEP provides a detailed discussion of the DWSRF assistance activities during SFY 2013. Details of the sources of funding in the DWSRF program, the status of loan activities, and the status of set-aside activities are discussed. Again, financial statements will be forwarded in December 2013.

The Program's financial statements, footnotes, and related schedules are presented in Appendix A. 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 it 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 (FY2012) and the related (FY2013) unaudited financial statements. This reconciliation is included in the notes to the Financial Statements in Appendix A.

A. Sources of DWSRF Funding

The net funding provided for the DWSRF program from inception through June 30, 2013 totaled \$198,281,997. This includes \$140,051,500 from capitalization grants, \$19,500,000 from an ARRA capitalization grant, \$30,187,720 from state matching contributions (required 20% match for grants), and \$27,351,315 in interest earned (\$4,029,572 in investment interest and \$23,321,743 in loan interest), less \$18,808,538 of expenditures for state match bond debt service.

1. Capitalization Grants

NDEP received the FFY 2013 capitalization grant award in late September 2013.

2. 20% State Match

The most recent bond sale was in November 2011, when the State Treasurer issued general obligation bonds on behalf of the Program (referenced as NEVDRK 2011F), which yielded net proceeds for matching in the amount of \$2,915,210. The funds deposited to the Program's account provide the required state match for grants and was deposited before the award funds were drawn.

3. One to One State Match—10% Set-Aside Program

The 10% set-aside required the state provide 1:1 match for \$503,500 of federal funds. This match was provided from two sources. One source comes from the State expenditure for the 1993 Public Water System Supervision (PWSS) program as allowed by the Safe Drinking Water Act. This historical amount is \$238,129. The second source is annual permit fees NDEP collects for water system operation, operator certification, lab certification, plan reviews, or water pollution control groundwater discharge permits.

4. Interest Earnings

Interest revenue from cash deposits held with the State Treasurer was \$101,775. Interest revenue from outstanding loans for SFY 2013 was \$2,922,669.

B. Uses of DWSRF Funds

From inception through SFY 2013, the DWSRF program made \$186,482,680 in loan commitments to public and private water systems, including \$19,187,476 in ARRA funded projects. During SFY 2013, the program incurred \$1,791,644 in set-aside program expenses. This set-aside assistance included program administration expenses (\$327,877), state program management expenses (\$503,506), technical assistance to small systems expenses (\$171,323) and other local assistance expenditures (\$788,936).

1. Loan Assistance Status

The Division made cash draws of \$4,350,163.94 on behalf of projects during SFY 2013. The loan terms for the projects are for 20 years with an interest rate of 0% to 2.87%.

2. Binding Commitments

In SFY 2013, the Board for Financing Water Projects approved two new binding loan commitments for a total of \$1,760,000 in loans. As of June 30, 2013, a total of \$186,482,680 had been committed to water projects. Of this amount approximately \$13.2 million has been deobligated due to projects being completed under budget. See Appendix B for detailed information on loans.

3. Project Bypass

NDEP bypassed a number of projects on the 2013 Project Priority List. The projects that were bypassed were provided notice and an opportunity to object as required by NAC 445A.67573. Since NDEP has determined which projects are ready to proceed before considering bypassing, projects being bypassed did not object.

4. Small Systems

The SDWA requires that a state use a minimum of 15% of the loan fund to provide assistance to “small systems” (population less than 10,000) to the extent such funds can be obligated for eligible projects. On the SFY 2013 Priority List, 74% are “small systems.” All of the new loan commitments (total of two) in SFY 2013 were to a “small systems.”

Through the 2% technical assistance set-aside, assistance has been provided to several small systems to assist them qualifying for future funding. A list of the systems that received technical assistance is included in Appendix E.

5. Disadvantaged Community Systems

Federal regulations allow a state to take up to 30% of the capitalization grant to provide loan subsidies to disadvantaged communities either through reduced or zero interest or principal forgiveness or combination of these. 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 state median household income. Nevada chose to focus the additional subsidy on disadvantaged communities and to offer the additional subsidy in the form of 100% principal forgiveness. The subsidy projects funded in SFY 2013 are listed in Table 1 on page 4.

6. Set-Aside Activity Status

The tables in Appendix D show how federal funds from the Capitalization Grants were distributed between each set-aside program. The set-aside accomplishments and activities are described in Section II Goals and Accomplishments.

V. COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS

A. Operating Agreement—Assurances

Nevada has complied with the conditions of the DWSRF Operating Agreement. An amendment to the original Operating Agreement was submitted to USEPA on July 7, 1999 and approved (with an amendment) on September 30, 1999. After the program transferred from the Health Division to the Division of Environmental Protection, Nevada revised the Operating Agreement and submitted the draft to USEPA. Subsequently, with the formation of the Office of Financial Assistance, NDEP has combined the DWSRF and CWSRF into one SRF Operating Agreement which was submitted to EPA for approval in March of 2013.

NDEP has met and continues to be in compliance with the following Assurances as described in the Operating Agreement:

- 1. Administration**
- 2. Payments**
- 3. State Match**
- 4. Binding Commitments**
- 5. Efficient, Expeditious and Timely Expenditure**
- 6. State Laws**
- 7. Accounting and Audit Procedures**
- 8. Annual Report**
- 9. Environmental Review**
- 10. EPA Program Review**
- 11. Disadvantaged Business Enterprise (DBE) Compliance**
- 12. Records Maintenance**
- 13. Congressional and Public Inquiries**
- 14. Nevada Public Records Law**
- 15. Davis Bacon Act**
- 16. Process for Evaluating Capacity and Compliance**
- 17. Provide State Match for State Program Management Set-Aside**
- 18. Withholding of Funds**
- 19. Diligence Review**

B. Operating Agreement—State Requirements

NDEP has attempted to comply with the following Requirements as described in the Operating Agreement:

1. 40 CFR Part 31 Assurances

NDEP has, or is intending, to meet the requirements of 40 CFR Part 31, Uniform Administrative Requirements for Grant and Cooperative Agreements to State and Local Governments.

2. Review of Technical, Managerial and Financial Capability of Assistance Recipients

The regulations developed for the DWSRF program (NAC 445A.6571 to 445A.67644, inclusive) provide for the review of the technical, managerial and financial capability of potential loan assistance recipients. All loan recipients receive a technical, managerial and financial capability review. In addition, the approved capacity development strategy and technical assistance program serves to assist public water systems in improving their capacity.

3. Preparation of an Intended Use Plan

NDEP has prepared an IUP for each capitalization grant applied for thus far. The project priority list is part of the IUP and may be amended from time to time.

4. Development and Submittal of a Project Priority Ranking System

The Project Priority Ranking System is described generally in the IUP and codified in NAC 445A.67569. As is customary, in late December 2011, NDEP sent a solicitation to all community and non-transient, non-community water systems for proposed water projects for the 2013 Priority List. The Division held a Priority List Workshop on April 9, 2012 on the 2013 Priority List. Due to the infrequent scheduling of meetings of the Board for Financing Water Projects, the Board for Financing Water Projects approved the 2013 Priority List at their meeting on April 17, 2012 and it was immediately implemented.

5. Environmental Review

The environmental review process is codified in NAC 445A.6758 to 445A.67612, inclusive. It has been reviewed by USEPA, generally follows the provisions of the National Environmental Policy Act and applies to all projects. The final loan contract is executed only after NDEP has conducted an environmental review, and a determination is made.

6. Entering into Binding Commitments with Assistance Recipients

Recommendations by NDEP for loan commitments must be submitted to, and approved by the Board for Financing Water Projects after all of the conditions of a loan application are fulfilled. Once the Board approval is obtained, a loan contract is negotiated between NDEP and the loan applicant. The State Treasurer reviews terms and conditions of the loan agreement. Local governmental entities must also issue securities in the form of a bond to the State Treasurer in accordance with Nevada's Local Government Securities Law (NRS 350.500 to 350.720, inclusive). These local securities must be issued to the State Treasurer at the time the loan closes. Upon final signature by the loan applicant and NDEP

Administrator, and having satisfied loan security, the loan applicant may have access to the funds, provided all other requirements are met.

7. State/Recipient Compliance with Applicable Federal Cross-Cutting Authorities

The loan contract requires that loan recipients comply with applicable federal crosscutting authorities. The state is required to comply with applicable federal crosscutting authorities by the assistance and operating agreements it signs with USEPA and by applicable federal regulations.

C. USEPA Assistance Agreement--Terms and Conditions

NDEP signs assurances, certification and the following Terms and Conditions for all EPA Assistance Agreements.

1. Financial Status Report

Financial Status Reports will be submitted 90 days after the anniversary of the project period start date.

2. In-Kind

DWSRF does not have any in-kind expenditure in SFY 2013.

3. Non-Federal Contributions

Required match is verifiable.

4. State Revolving Fund Expenditures

NDEP tracks expenditures and drawdowns separately for each DWSRF project and set-aside. DWSRF cash draws are separate from cash draws for other EPA funded programs.

5. LUST Trust Fund Program Expenditures

Not applicable to DWSRF.

6. Superfund Consolidated Cooperative Agreement Expenditures

Not applicable to DWSRF.

7. Sub awards

Loans and technical assistance providing services instead of money are not considered sub awards according to EPA Assistance Administrative Manual 5700.

8. Single Audit Act

The Program maintained compliance with the Single Audit Act during SFY 2013. Findings are included in Appendix I

9. DBE Rules

A fair share objective is a goal based on the capacity and availability of qualified, certified MBEs and WBEs in the relevant geographic market for the grant recipient in the procurement categories of construction, equipment, services, and supplies... compared to the number of all qualified entities in the same market for the same procurement categories.

- A fair share objective is not a quota.
- A recipient cannot be penalized for not meeting its fair share objectives.
- Once negotiated, fair share objectives remain in place for three years.

Applicable “fair share” negotiated goals are:

	<u>MBE</u>	<u>WBE</u>
Construction	12%	10%
Services	7%	25%
Supplies	13%	28%
Equipment	11%	23%

The EPA DBE guidance information and “fair share” goals are included in all subrecipient construction bid documents.

10. DBE Report

The most recent semi-annual report (Oct – Mar 2013) was submitted on April 4, 2013.

11. Procurement for non-Superfund Programs

NDEP follows the same policies and procedures for federal funds as are followed for non-federal funds.

12. Procurement for Superfund Programs

Not applicable to DWSRF.

13. Payment to Consultants

Salaries paid to contractors did not exceed the rate for a Level IV of the Executive Schedule.

14. Indirect Costs

Indirect costs are in accordance with the Negotiated Indirect Cost Rate Agreement(s), as negotiated annually.

15. Restrictions on Lobbying (Awards in excess of \$100,000)

Subrecipients have submitted appropriated certification forms.

16. Lobbying and Litigation

No grants funds have been used to engage in lobbying.

17. Recycled Paper

NDEP utilizes recycled paper.

18. Hotel and Motel Fire Safety

As best it can determine, NDEP held its DWSRF meetings and conferences in buildings that comply with this Act.

19. Drug-Free Workplace

The State of Nevada has a zero tolerance Drug-Free workplace policy.

20. Suspension and Debarment

NDEP has complied with Subpart C of 2 CRF Part 180 and 2 CFR Part 1532.

21. Trafficking Victim Protection Act of 2000

EPA has not found any violations of the Trafficking Victim Protection Act of 2000.

22. Reimbursement Limitation

EPA's financial obligations to the recipient are limited by the amount of federal funding awarded to date as shown on line 15 in its EPA approved budget.

23. Management Fees

DWSRF has not charged any Management Fees.

The Programmatic Terms and Conditions listed below are from the FFY12 grant award.

P.1 Operating Agreement: NDEP has operated the SRF program in accordance with the provisions and requirements of the Safe Drinking Water Act; applicable portions for the federal regulations; SRF Guidance; Operating Agreement; Intended Use Plan; and other applicable statutes, regulations, and authorities.

P.2 Annual Reporting & Strategic Planning: Financial and program information has been entered into both DWSRF Program Benefits Reporting (PBR) and the National Information Management System (NIMS). FFATA reporting requirements were applied in July 2012. See P.9 for further information on the Annual Report.

P.3 Equipment: There were no purchases of equipment exceeding \$5,000 during SFY 2013.

P.4 Grant Payment, Binding Commitments, Loan Agreements and Disbursement Schedule: Nevada's SRF binding commitments, final loan agreements and disbursements met or exceeded the minimum SRF program pace for efficient, timely, and expeditious expenditures of funds.

P.5 Staffing & Travel: The DWSRF program has maintained staffing levels sufficient to ensure the financial, administrative, and managerial capacity to operate. Staff attends the annual Council of Infrastructure Authorities (CIFA) national SRF conference and EPA sponsored regional meetings.

P.6 Loan Fees: NDEP does not, currently, charge any loan fees.

P.7 FY-12 Final Guidance: The FFY12 grant guidance, issued August 9, 2012, was adhered to.

P.8 FY-12 Data Reporting: NDEP has been entering the required information into the DWSRF Project Benefits Reporting database no less than quarterly. FFATA reporting requirements were applied in July 2012.

P.9 Annual Report Requirements: This Annual Report includes information on

- 1) Achievement of the outputs and outcomes established in the Intended Use Plan: see section II of this report.
- 2) The reasons for delays if established outputs or outcomes were not met: see section II of this report.
- 3) Any additional pertinent information on environmental results: see section II.B Progress towards long-term goal #1.
- 4) Compliance with Green Project Reserve requirement: Not Applicable
- 5) Compliance with additional subsidization requirement: Section II.C

P.10 Additional Subsidies: NDEP provided additional subsidies in the form of forgiveness of principal to communities that could not afford to borrow the money. The projects receiving additional subsidy involved repairing, replacing, or upgrading existing infrastructure. See also Section II.C.

P.11 Green Project Reserve: When developing the annual Priority List, NDEP has solicited for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The FFY13 Grant had no specific requirement for green projects.

P.12 FY-12 Davis-Bacon Wage Rate Requirements: NDEP has included a condition requiring compliance with Davis Bacon Wage Rates in all loan agreements executed on or after October 30, 2009.

P.13 Sufficient Progress: The annual report, as a whole, demonstrates sufficient progress in all areas of the assistance agreement.

D. EPA Strategic Plan Information

Measure	Measure Text	National Target	Nevada FY-12	Nevada FY-13
SDW-4	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the Drinking Water State Revolving Fund (DWSRF)	Target 89%	Actual 91%	Actual 85%
SDW-5	Number of Drinking Water State Revolving Fund (DWSRF) projects that have initiated operations (cumulative)		25 2 27	27 6 33

Details of Nevada’s DWSRF activities supporting the National USEPA Strategic Plan are included in the tables below.

<i>Loan Recipient</i>	<i>Town of Tonopah</i>		
<i>System #</i>	<i>NV0000237</i>	<i>Population Served</i>	<i>2,600</i>
<i>Type of Assistance</i>	<i>Subsidy</i>	<i>Interest Rate</i>	<i>PF</i>
<i>Project Description</i>	<i>Arsenic mitigation – new well & transmission main</i>	<i>Loan Amount</i>	<i>\$1,060,780</i>

<i>Loan Recipient</i>	<i>Town of Gabbs</i>		
<i>System #</i>	<i>NV0000063</i>	<i>Population Served</i>	<i>411</i>
<i>Type of Assistance</i>	<i>Subsidy</i>	<i>Interest Rate</i>	<i>PF</i>
<i>Project Description</i>	<i>New well & transmission main (increase in funding)</i>	<i>Loan Amount</i>	<i>\$806,376 (original loan) + \$215,000 = \$1,021,376</i>

<i>Loan Recipient</i>	<i>Steamboat Springs Waterworks Inc.</i>		
<i>System #</i>	<i>NV0000282</i>	<i>Population Served</i>	<i>998</i>
<i>Type of Assistance</i>	<i>DWSRF Loan</i>	<i>Interest Rate</i>	<i>2.87%</i>
<i>Project Description</i>	<i>Storage tank isolation valves & telemetry upgrades</i>	<i>Loan Amount</i>	<i>\$60,000</i>

Appendix A

Unaudited Financial Statements For the

State of Nevada Drinking Water State Revolving Fund

For the Period

July 1, 2012 through June 30, 2013

This page left intentionally blank. The financial statements for SFY 2013 will be forwarded to the EPA when finalized (Estimated to be December 2013)

Appendix B
Loan Portfolio

Drinking Water Loan Portfolio
thru FY 2013

		Loan	Interest Rate	Date of Loan Contract	Obligation	Total Disbursements	Total Deobligations	Remaining Obligations	Repayments	Loan Balance
Traditional Fund Loans										
Public	Closed	Southern Nevada Water Authority 1	3.61	8/19/1999	12,269,695.00	12,269,695.00		0.00	6,950,959.34	5,318,735.66
Private	Closed	Steamboat Springs Water Works	4.00	6/15/2000	50,752.00	43,470.55	7,281.45	0.00	23,739.20	19,731.35
Public	Closed	Henderson, City of	3.65	8/11/2000	5,500,000.00	5,500,000.00		0.00	2,258,002.13	3,241,997.87
Private	Closed	Silver Knolls Mutual Water Co.	4.03	8/11/2000	120,000.00	119,999.96	0.04	0.00	57,219.64	62,780.32
Public	Closed	Gardnerville Ranchos GID1	3.86	8/17/2000	3,256,735.00	3,256,735.00		0.00	1,242,110.45	2,014,624.55
Public	Closed	Indian Hills GID1	3.86	9/1/2000	643,500.00	608,065.06	35,434.94	0.00	231,914.49	376,150.57
Public	Closed	Southern Nevada Water Authority 2	3.46	4/19/2001	10,000,000.00	10,000,000.00		0.00	4,905,450.64	5,094,549.36
Private	Closed	Indian Springs Sewage Co.	3.45	11/30/2001	207,000.00	203,346.00	3,654.00	0.00	203,346.00	0.00
Private	Closed	Country Terrace Mobile Home Park	3.61	8/2/2002	358,561.00	355,398.22	3,162.78	0.00	146,245.28	209,152.94
Public	Closed	Fallon, City of	3.33	10/24/2002	2,000,000.00	2,000,000.00		0.00	600,705.10	1,399,294.90
Public	Closed	Kingsbury GID (1)	3.19	3/28/2003	4,000,000.00	4,000,000.00		0.00	1,310,449.96	2,689,550.04
Public	Closed	Big Bend Water District1	3.19	4/28/2003	4,000,000.00	4,000,000.00		0.00	1,304,924.74	2,695,075.26
Public	Closed	Gardnerville Ranchos GID2	3.58	8/19/2003	1,261,840.00	1,261,840.00		0.00	400,852.49	860,987.51
Public	Closed	Indian Hills GID2	3.46	10/1/2003	1,700,000.00	1,699,436.67	563.33	0.00	467,836.16	1,231,600.51
Public	Closed	Virgin Valley Water District	3.43	11/24/2003	4,000,000.00	4,000,000.00		0.00	939,537.07	3,060,462.93
Public	Closed	Big Bend Water District2	3.20	8/2/2004	6,000,000.00	3,197,729.08	2,802,270.92	0.00	852,651.15	2,345,077.93
Public	Closed	Incline Village GID	3.08	9/14/2004	2,000,000.00	1,687,282.00	312,718.00	0.00	515,706.73	1,171,575.27
Public	Closed	Truckee Meadows Water Authority	3.21	6/9/2005	9,270,659.00	4,669,564.51	4,601,094.49	0.00	1,338,287.89	3,331,276.62
Public	Closed	Washoe County	2.81	6/14/2005	14,463,000.00	14,463,000.00		0.00	4,256,679.99	10,206,320.01
Public	Closed	Douglas County/Sheridan Acres	2.99	12/21/2005	700,000.00	674,542.01	25,457.99	0.00	146,872.52	527,669.49
Public	Closed	Sun Valley GID	3.02	6/2/2006	9,000,000.00	9,000,000.00		0.00	2,255,325.02	6,744,674.98
Public	Closed	Round Hill GID (1)	2.94	10/6/2006	1,100,000.00	620,084.27	479,915.73	0.00	125,939.42	494,144.85
Public	Closed	Fallon, City of (2)	2.93	6/21/2007	1,750,000.00	1,750,000.00		0.00	199,634.27	1,550,365.73
Public	Closed	Winnemucca, City of	2.93	6/21/2007	1,600,000.00	1,600,000.00		0.00	339,452.04	1,260,547.96
Private	Closed	Three T Water Company	PF	7/10/2007	268,600.00	268,551.65	48.35	0.00	268,551.65	0.00
Public	Open	Kingsbury GID (2)	2.96	11/30/2007	3,000,000.00	2,577,746.93		422,253.07	249,198.14	2,328,548.79
Public	Closed	Moapa Valley Water District	2.78	2/1/2008	1,500,000.00	1,500,000.00		0.00	172,558.61	1,327,441.39
Private	Closed	Gold Country (1)	3.43	7/1/2008	376,000.00	373,222.44	2,777.56	0.00	33,095.95	340,128.49
Public	Closed	Sun Valley GID (2)	3.14	7/10/2008	3,400,000.00	3,400,000.00		0.00	662,784.92	2,737,215.08
Public	Closed	Sierra Estates GID	3.09	9/17/2008	210,000.00	210,000.00		0.00	19,412.62	190,587.38
Private	Open	Lamolle Water Users, Inc.	3.00	11/5/2008	775,000.00	745,288.39		29,711.61	51,011.64	694,276.75
Public	Open	Douglas County/Cave Rock/Skyland	3.27	3/6/2009	3,500,000.00	2,252,371.52		1,247,628.48	97,894.23	2,154,677.29
Public	Closed	Eik Point	3.80	4/20/2009	171,000.00	110,578.86	60,421.14	0.00	110,578.86	0.00
Private	Closed	Silver Springs - Pleasant Springs Properties	PF	5/17/2009	307,500.00	306,919.10	580.90	0.00	0.00	0.00
Private	Closed	Tolas	PF	9/30/2009	490,810.00	490,810.00	0.00	0.00	0.00	0.00
Private	Closed	Dutchman Acres	3.29	1/5/2010	50,000.00	50,000.00		0.00	5,781.07	44,218.93
Public	Closed	Douglas County/Foothill/SID	2.84	2/11/2010	1,150,000.00	1,150,000.00		0.00	94,134.30	1,055,865.70
Public	Open	Truckee Meadows Water Authority (2)	3.25	2/11/2010	8,500,000.00	4,381,613.87	4,118,386.13	0.00	0.00	4,381,613.87
Public	Open	Indian Hills GID3	3.46	3/11/2010	1,105,630.00	960,626.27		145,003.73	0.00	960,626.27
Public	Open	Kingsbury GID (3)	2.85	6/9/2010	3,306,650.00	2,960,746.06		345,903.94	0.00	2,960,746.06
Public	Open	Alamo	PF	8/3/2010	1,945,500.00	1,872,237.98		73,262.02	0.00	0.00
Public	Closed	Dyer Elementary School/Esmeralda Co	PF	10/8/2010	295,675.00	295,675.00		0.00	0.00	0.00
Public	Open	Goldfield	PF	10/19/2010	435,306.00	414,106.00	21,200.00	0.00	0.00	0.00
Public	Open	Carson City	2.53	10/22/2010	21,900,000.00	19,212,908.47		2,687,091.53	0.00	19,212,908.47
Public	Closed	Walker Lake GID	PF	3/2/2011	20,000.00	20,000.00		0.00	0.00	0.00
Private	Open	Gold Country (2)	3.68	3/29/2011	705,000.00	563,180.29		141,819.71	0.00	563,180.29
Public	Closed	Yerington	3.27	4/15/2011	1,100,000.00	567,322.05	532,677.95	0.00	21,951.54	565,370.51
Public	Open	Searchlight/LVWA	PF	4/20/2011	400,000.00	0.00		400,000.00	0.00	0.00
Public	Closed	Douglas County/ZWUD	3.21	4/29/2011	1,000,000.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00
Private	Open	Roark Homeowners Association	PF	5/19/2011	207,000.00	171,214.24	0.00	35,785.76	0.00	0.00
Public	Open	Round Hill GID (2)	2.94	7/29/2011	1,200,000.00	799,992.48	0.00	400,007.52	0.00	799,992.48
Public	Closed	Tonopah	PF	8/2/2011	1,060,780.00	1,060,780.00	0.00	0.00	0.00	0.00
Private	Open	Frontier MHP (IGWT)	2.54	11/21/2011	200,000.00	177,113.68		22,886.32	0.00	177,113.68
Public	Open	Nye County/Gabbs	PF	11/29/2011	1,021,376.00	197,013.00		824,363.00	0.00	0.00
Public	Open	Kingsbury GID (4)	2.39	3/2/2012	5,000,000.00	513,146.78		4,486,853.22	0.00	513,146.78
Public	Open	Incline Village GID (2)	2.39	3/16/2012	3,000,000.00	3,000,000.00		0.00	60,835.93	2,939,164.07
Public	Open	West Wendover	PF	6/11/2012	746,435.00	0.00		746,435.00	0.00	0.00
Private	Open	Vardi Water	3.17	7/9/2012	635,200.00	96,669.60		538,530.40	0.00	96,669.60
Public	Open	Douglas County/ZWUD-LT2	2.49	7/13/2012	1,300,000.00	191,774.58	0.00	1,108,225.42	0.00	191,774.58
Public	Open	Tonopah 2	PF	2/27/2013	1,700,000.00	31,322.20		1,668,677.80	0.00	31,322.20
Private	Open	Steamboat Springs Water Works 2	2.87	4/25/2013	60,000.00			60,000.00	0.00	0.00
Subtotal (Traditional Fund Loans)					167,295,204.00	138,903,119.77	13,007,645.70	15,384,438.53	32,921,431.18	101,152,933.27
ARRA										
Public	Open	Beatty Water & San Dist.	PF	7/14/2009	2,910,000.00	2,717,586.07		192,413.93	0.00	0.00
Public	Closed	Hawthorne Utilities	PF	7/14/2009	470,000.00	470,000.00		0.00	0.00	0.00
Public	Open	McDermitt Water Co.	PF	7/14/2009	492,000.00	364,535.70		127,464.30	0.00	0.00
Public	Closed	Schurtz - Mineral Co. School District	PF	7/21/2009	327,000.00	278,380.27	48,619.73	0.00	0.00	0.00
Private	Closed	Topaz Lake Water Co.	0.00	3/8/2009	780,000.00	775,822.62	4,177.38	0.00	44,332.74	731,489.88
Public	Closed	Truckee Meadows Water Authority	0.00	8/14/2009	2,401,120.00	2,401,120.00		0.00	360,586.16	2,040,533.84
Private	Closed	Silver Springs Mutual Water Co.	PF	8/17/2009	3,662,350.00	3,662,307.15	42.85	0.00	0.00	0.00
Public	Closed	Alamo Sewer and Water Co.	PF	8/20/2009	302,000.00	301,727.07	272.93	0.00	0.00	0.00
Public	Closed	Elko County/Jackpot	PF	9/18/2009	556,900.00	556,558.10	341.90	0.00	0.00	0.00
Private	Closed	Tolas Waterworks	PF	9/30/2009	265,690.00	229,190.00	36,500.00	0.00	0.00	0.00
Public	Closed	Devils Gate GID	PF	10/6/2009	565,000.00	564,750.00	250.00	0.00	0.00	0.00
Public	Closed	Carson City	0.00	11/13/2009	3,400,000.00	3,400,000.00		0.00	367,567.57	3,032,432.43
Private	Closed	Carver's MHP	0.00	11/16/2009	80,000.00	80,000.00		0.00	6,666.69	73,333.31
Public	Open	Walker Lake GID	PF	11/16/2009	530,671.00	504,047.00		26,624.00	0.00	0.00
Private	Closed	Sage Valley MHP	PF	12/1/2009	134,800.00	129,911.67	4,888.33	0.00	0.00	0.00
Public	Closed	Southern Nevada Water Authority	0.00	12/11/2009	2,309,945.00	2,214,457.00	95,488.00	0.00	126,540.40	2,087,916.60
Subtotal (ARRA Loans)					19,187,476.00	18,650,392.65	190,581.12	346,602.23	905,693.56	7,965,706.06
Total contract obligations					186,482,680.00					
TOTAL					173,284,453.18	157,653,512.42	13,198,226.82	15,730,940.76	33,827,124.74	109,118,639.33

Appendix C

Loan Disbursements & Proportionality Worksheet For SFY 2013

**Drinking Water State Revolving Fund
Loan Disbursements and Proportionality Worksheet
For the Period July 1, 2010
through June 30, 2011**

						Loan Disbursements			
Date	SFY	Borrower	Total Loan Request	Treasurer's Int	Reloan funds	SFY 2013			
Received	Paid					Federal	Fed Grant	State	St Bond
07/10/12	13	Tonopah	117,337.52			117,337.52	11		
07/13/12	13	Douglas Co-ZWUD 1	54,582.84			8,530.31	11	46,052.53	B11F
07/16/12	13	Alamo	233,868.30			233,868.30	10		
07/25/12	13	Lamoille	19,644.96			19,644.96	10		
07/25/12	13	Douglas Co.-Cave Rock	149,138.87					149,138.87	B10I
08/01/12	13	IGWT-Frontier Village	56,193.79			56,193.79	11		
08/03/12	13	Gold Country 2	216,788.60			216,788.60	11		
08/09/12	13	Indian Hills GID	7,442.99			7,442.99	10		
08/14/12	13	Tonopah	62,623.56			62,623.56	11		
08/14/12	13	Alamo	386,831.42			386,831.42	10		
08/15/12	13	KGID-3	16,174.85			16,174.85	11		
08/15/12	13	KGID-4	162,588.74		162,588.74				
08/16/12	13	KGID-2	34,163.30		34,163.30				
8/16/2012	13	KGID-2	161,719.87		161,719.87				
09/06/12	13	Douglas Co.-ZWUD 1	198,735.33			198,735.33	11		
09/10/12	13	KGID-4	1,773.75		1,773.75				
09/11/12	13	Alamo	227,647.65			227,647.65	10		
09/13/12	13	IGWT-Frontier Village	74,453.06			74,453.06	11		
09/18/12	13	Tonopah	340,573.39			340,573.39	11		
		Tonopah	51,217.21			51,217.21	12		
09/19/12	13	Gold Country 2	17,444.50			17,444.50	11		
10/01/12	13	Lamoille	98,031.97			98,031.97	10		
10/10/12	13	Verdi Business Park	49,717.10			49,717.10	11		
10/10/12	13	Tonopah	68,923.79			68,923.79	12		
10/17/12	13	Gold Country 2	13,616.18			13,616.18	11		
10/17/12	13	IGWT-Frontier Village	10,350.00			10,350.00	11		
10/22/12	13	Esmeralda-Dyer Elem	2,165.62			2,165.62	10		
10/25/12	13	Nye Co.-Gabbs	175,413.00			175,413.00	11		
10/25/12	13	KGID-2	114,264.48		114,264.48				
11/01/12	13	Douglas Co/ZWUD 1	320,804.30		27,031.00		11	293,773.30	B10I
11/01/12	13	Alamo	366,016.43			366,016.43	10		
11/15/12	13	Kingsbury GID 4	116,060.66					116,060.66	B10I
11/20/12	13	Incline Village #2	695,330.49					695,330.49	B11F
11/26/12	13	Indian Hills GID	3,461.20			3,461.20	10		
11/27/12	13	Gold Country 2	3,388.50			3,388.50	11		
11/28/12	13	Verdi Business Park	8,052.50			8,052.50	11		
12/11/12	13	Carson City	2,221,023.14		1,662,396.79			558,626.35	B10I
12/11/12	13	Alamo	114,696.87			114,696.87	10		
		Alamo	9,329.78			9,329.78	12		
12/13/12	13	Verdi Business Park	16,956.50			16,956.50	11		
12/27/12	13	Round Hill GID	731,324.50	731,324.50					
01/08/13	13	Gold Country 2	2,319.50			2,319.50	11		
01/14/13	13	Indian Hills GID	7,682.24			7,682.24	10		
01/14/13	13	Esmeralda-Dyer Elem	183.91			183.91	10		
01/17/13	13	Alamo	12,515.55			12,515.55	12		
01/22/13	13	Verdi Business Park	9,074.00			9,074.00	11		
01/28/13	13	ZWUD #1	40,287.78			40,287.78	10		
01/28/13	13	DC ZWUD Phase II	110,000.00			110,000.00	10		
02/07/13	13	Douglas Co ZWUD LT2	1,082.71					1,082.71	B11F
02/13/13	13	Nye Co.-Gabbs	4,500.00			4,500.00	10		
02/14/13	13	Verdi Business Park	562.50			562.50	10		
03/01/13	13	IGWT-Frontier Village	28,802.83			28,802.83	10		
03/07/13	13	Gold Country 2	10,696.70			10,696.70	10		
03/11/13	13	Indian Hills GID	54,293.56			54,293.56	10		
03/21/13	13	Carson City	1,088,159.77		1,088,159.77				
04/16/13	13	Tonopah 2	1,000.00			1,000.00	10		

Appendix D

**Schedule of Set-aside Amounts Expended with Remaining
Balances Available**

For the Period

Thru SFY 2013

**Set-aside Budget Summary
thru SFY 2013**

	Total Award	Total Expended	Balance
4% Admin	5,201,538.00	4,526,733.05	674,804.95
2% Small Systems Technical Assistance	2,557,362.00	2,369,065.89	188,296.11
10% State Program Management	11,650,655.00	9,971,977.48	1,678,677.52
15% Local Assistance and Other State Programs	12,494,642.00	10,512,578.08	1,982,063.92
	<u>31,904,197.00</u>	<u>27,380,354.50</u>	<u>4,523,842.50</u>

Appendix E

List of Systems that Received Technical Assistance

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

<u>Water System Name</u>	<u>Description of Assistance</u>
Jul-Sep 2012	
1 Wildes Manor MHP	SRF loan application, water conservation plan, O&M plan, ERP, bacteriological sampling plan, capacity evaluation
2 Kingsbury GID	Leak detection assistance to find a system leak
3 Canyon GID	Assisted with GIS valve records
4 Virgin Valley Water District	Composed GIS map using NAIP images
5 Kingston	Excel training (2 people, 1 system, 7.5 hrs)
6 Weed Heights	Assisted with new chlorine residual requirements & SOP
7 Indian Hills GID	Assisted with troubleshooting after positive e. coli result & subsequent boil water notice
8 Washoe State Park	Assisted with troubleshooting bacteriological contamination & subsequent disinfection of system
9 Hawthorne Utilities	Review & assistance with CCC implementation
10 Sierra Estates GID	Vulnerability Assessment, ERP, CCCP
11 McGill-Ruth Consolidated Sewer & Water GID	O&M plan, CCCP, bacteriological sampling plan, chlorine residual analysis SOP
12 The Lodge at Galena	Update of CCCP
Kingsbury GID	Valve exercising
Virgin Valley Water District	Updated GPS data & datasets, GIS & GPS training
13 Moapa Valley Water District	Updated GIS data for meter locations, updated ArcGIS10.1 software, GIS & GPS training
14 Topaz Ranch Estates GID	Assisted with operator candidate interview, public outreach information, effective communications with Board
15 City of Wells	Interim guided sanitary survey
16 Biglieri Water System (Washoe County)	O&M plan, CCCP, and ERP development
17 Old Forty West Motel (Washoe County)	O&M plan, CCCP, and ERP development
18 4th St Bistro (Washoe County)	O&M plan, CCCP, ERP, and Bacteriological Sampling Plan development
Canyon GID	CCCP development
19 Arrowhead MHP (Washoe County)	O&M plan, CCCP, and ERP development; assisted with well logs & water rights
20 Mt Rose Bowl HOA	Assisted with funding options for a pH control project
McGill-Ruth Consolidated Sewer & Water GID	Assist with vector data re-alignment
21 Crosby's Lodge, Sutcliffe	D-1 operator training (1 operator, 1 system, 1.5 hrs)
Indian Hills GID	Leak detection/Water audit training (2 people, 1 system, 2.5 hrs)
22 City of Fernley	Excel training (2 people, 1 system, 2.25 hrs)
23 Gardnerville Ranchos GID	Leak detection training (3 people, 1 system, 1.25 hrs)
Oct-Dec 2012	
24 Elk Point Country Club	Assisted with chlorine residual SOP and CCCP
25 Lahontan Dam State Park	Assisted with source water treatment
26 Lander County Water & Sewer District 2 (Austin)	Assisted with chlorine residual testing
Wildes Manor MHP	Assisted with Spanish version of Boil Water Notice
27 Dyer Elementary School	Assisted with updates to O&M plan and ERP
28 City of Carlin	Installed ArcReader and provided training on the use of published maps and asset tables
City of Wells	Training on ArcGIS 9.1
Kingsbury GID	Leak Detection Training
Elk Point Country Club	Leak Detection Training (1 person, 1 system, 3 hrs)
29 Gerlach GID	Cross-connection Control for Board (10 people [5 Board members], 1 system, 1.25 hrs)
Lander County Water & Sewer District 2 (Austin)	Distribution Operator Training (1 person, 1 system, 5.75 hrs)
30 Round Mountain	Leak Detection Training (1 person, 1 system, 4 hrs)
31 City of Fallon	Water Audit and Leak Detection Training (4 people, 1 system, 2.25 hrs)
32 Tonopah Public Utilities	Water Audit and Leak Detection Training (2 people, 1 system, 8 hrs)
33 Lamoille Water Users Association	Assisted with Bacteriological Sampling Plan, O&M plan, ERP, Cl2 Residual SOP, & Asset Mgt
34 Crescent Valley	Assisting with truck transport (Boss Tanks) of water to Barrick Mine
35 Elko RV Park	Assisted with SOPs
36 Goldfield Utilities	Demonstrated & set up ArcGIS online
Virgin Valley Water District	Assisting with final map view & display of records
McGill-Ruth Consolidated Sewer & Water GID	Set up ArcGIS online
Tonopah Public Utilities	Leak Detection Training (1 person, 1 system, 3.75 hrs)
37 Topaz Best Western	Assisting BSDW in sanitary survey of new system & sampling techniques
38 City of Ely	Assisted BSDW with CCC implementation - cited as a significant deficiency on the June 2012 Sanitary Survey
Canyon GID	Income survey
Lahontan Dam State Park	Installed ArcGIS and reviewed possible GPS purchase
Canyon GID	Assisting with determining accuracy of GPS and post processing
Jan-Mar 2013	
39 Windmill Ridge Restaurant & Lodge	Assisted with investigations into high nitrate test results
40 Carvers Smoky Valley RV & MHP	Assisted with development of Bacteriological Sampling Plan
41 Panaca Farmstead Water Association	CCCP development
Carvers Smoky Valley RV & MHP	CCCP development
Lahontan Dam State Park	Assisted with Mobile Mapper GPS unit & post-processing attribute data collected
Goldfield Utilities	Edited GIS tables for use with mobile devices
42 Beatty Water & Sanitation District	Excel Training (1 person, 1 system, 4.5 hrs)
Goldfield Utilities	Leak Detection Training (4 people, 1 system, 3 hrs)

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

<u>Water System Name</u>	<u>Description of Assistance</u>
Jan-Mar 2013	
Weed Heights	Assisted with Bacteriological Sampling Plan
Dyer Elementary School	Assisted with Bacteriological Sampling Plan Updates
McGill-Ruth Consolidated Sewer & Water GID	Assisted with CCCP update
43 City of Caliente	Assisted with CCCP development & presentation to the City Council
Lahontan Dam State Park	Training on Mobile Mapper and ArcGIS 10.0 (1 person, 1 system)
Goldfield Utilities	Prepared system maps for ArcGIS online account
City of Fallon	Treatment training (2 people, 2 systems, 2 hours)
44 City of Yerington	Leak Detection/Water Audit training (4 people, 1 system, 4.75 hours)
City of Fallon	Treatment training (2 people, 2 systems, 2 hours)
City of Fallon	Treatment training (2 people, 2 systems, 2 hours)
45 Dutchman Acres	Assisted system with issues leading to boil water notice & return to compliance
City of Ely	Assisted with CCC Draft Plan & Start-up
Canyon GID	Assisted with TCR site sampling plan
46 Pyramid Lake Piute Tribe	Training and data assistance in use of ArcGIS
City of Fallon	Treatment training (2 people, 2 systems, 2.5 hours)
Apr-Jun 2013	
Sierra Estates GID	Assisted with TCR site sampling plan
47 Tolas Waterworks Co-op	Assisted with CCR
48 Jiggs Bar	Assisted with manganese compliance (reviewed water quality, treatment options, corrosivity index)
49 Lovelock Meadows Water District	Assisted with CCC implementation
Moapa Valley Water District	Demonstrated ArcGIS Online and assisted with editing the meter file
Panaca Farmstead Water Association	Demonstrated ArcGIS Online and provided general GIS assistance on files
Lander County Water & Sewer District 2 (Austin)	Leak detection training (1 person, 1 system, 2 hours)
Dutchman Acres	Assisted with CCCP, ERP, O&M plan
Panaca Farmstead Water Association	GPS water meters
50 Terrace Garden Apts	Assisted operator addressing customer complaints
Tonopah Public Utilities	Created free ArcGIS online account for TPU & uploaded their data files
51 Washoe Tribe of NV & CA, Carson Colony	Assisted with Tier II public notification due to rising nitrate levels in source water with treatment out of service
City of Carlin	Review & upload GIS data for publishing on ArcGIS online
52 Esmeralda Market - Dyer	Assisted with TCR site sampling plan
Beatty Water & Sanitation District	Assisted with standard operating procedures including startup of arsenic treatment plant
Washoe Tribe of NV & CA, Carson Colony	Assisted with treatment plant start-up
53 Montello	Assisted with Income Survey
City of Wells	Set up ArcGIS online account, assisted with data updates, & trained one operator on the use of ArcGIS online
54 Battle Mountain Te-Moak Tribe	Assisted with arsenic treatment plant start-up
55 Midway Gold	Provided treatment review materials for operator independent study
Virgin Valley Water District	Assisted with the transfer of GPS points to GIS geodatabases
Panaca Farmstead Water Association	Assisted with the GPS of water meters & mapping of legally defined service area for PUC
56 Alamo Sewer & Water GID	Arranged GIS data for internet publishing
Dutchman Acres	Assisted with the GPS of assets and other points for system mapping

General Training provided by Nevada Rural Water Association (Component C)

<u>Course Title</u>	<u>Date</u>	<u>Contact Hours</u>	<u>Number of Participants</u>	<u>Number of Systems</u>	<u>Locations</u>
<i>GIS for Rural Water Utilities</i>	7/20/2012	3.00	7	6	Videoconference to multiple locations
<i>Fire Hydrants: Installation, Repair, & Maintenance</i>	8/17/2012	3.00	31	16	Videoconference to multiple locations
<i>Water Distribution Certification Review</i>	9/4/2012	4.00	9	6	Silver Springs
<i>Water Distribution Certification Review</i>	9/18/2012	4.00	14	7	Silver Springs
<i>Water Distribution and Treatment Certification Review</i>	9/18/2012	4.00	10	6	Silver Springs
<i>Trench Safety Awareness</i>	9/21/2012	3.00	34	16	Videoconference to multiple locations
<i>Survey of Water Distribution System Components</i>	10/19/2012	3.00	40	19	Videoconference to multiple locations
<i>Transmission Mainline, Lateral Valve Insertion & AWWA Valves</i>	11/16/2012	3.00	48	29	Videoconference to multiple locations
<i>Water Rights Boot Camp</i>	12/7/2012	3.00	70	43	Videoconference to multiple locations
<i>Water Operator Principles - Distribution & Treatment</i>	1/9/2013	2.00	7	4	Silver Springs
<i>Doing Your Best to Ensure Water Quality</i>	1/18/2013	3.00	52	30	Videoconference to multiple locations
<i>Water Operator Principles - Distribution & Treatment</i>	1/23/2013	2.50	16	7	Silver Springs
<i>Water Treatment</i>	1/25/2013	2.50	2	2	NA
<i>Water Operator Principles - Distribution & Treatment</i>	1/30/2013	2.00	18	8	Silver Springs
<i>Monitoring - An In-Depth Look</i>	2/15/2013	3.00	62	32	Videoconference to multiple locations
<i>Water Operator Principles - Distribution & Treatment</i>	2/20/2013	2.50	15	7	Silver Springs
<i>Water Operator Principles - Distribution & Treatment</i>	2/27/2013	2.50	14	6	Silver Springs
<i>Overcoming Hurdles to CCC Implementation</i>	3/12/2013	2.00	48	33	Nevada Rural Water Conference - Reno
<i>How Do I Know When an Asset Needs to be Replaced</i>	3/13/2013	2.25	24	14	Nevada Rural Water Conference - Reno
<i>Practical Steps for Conducting Water Audits</i>	3/13/2013	1.25	39	23	Nevada Rural Water Conference - Reno
<i>Understanding Map Projections and Coordinate Systems Using GIS & GPS</i>	3/13/2013	2.00	17	13	Nevada Rural Water Conference - Reno
<i>New Developments in GIS: Why it is easier than ever to collect and update GIS Data</i>	3/13/2013	2.00	29	18	Nevada Rural Water Conference - Reno
<i>New Developments in GIS: Why it is easier than ever to collect and update GIS Data</i>	3/14/2013	2.00	12	7	Nevada Rural Water Conference - Reno
<i>Cross Connection Control Refresher Workshop</i>	4/19/2013	3.00	55	33	Videoconference to multiple locations
<i>Design Considerations for Sanitary Sewer & Stormwater Pump Stations (approved for water hours, pumping related)</i>	5/10/2013	3.00	28	16	Videoconference to multiple locations
<i>DNA of Hazardous Waste Compliance</i>	6/19/2013	3.00	19	12	Videoconference to multiple locations

Appendix F

2013 Project Priority Lists

As is customary, in late December 2011, NDEP sent a solicitation to all community and non-transient, non-community water systems for proposed water projects for the 2013 Priority List. The Division held a Priority List Workshop on April 9, 2013 on the 2013 Priority List. Due to the infrequent scheduling of meetings of the Board for Financing Water Projects, the Board approved the 2013 Priority List at their meeting on April 17, 2013.

Year 2013 Priority List - Drinking Water State Revolving Fund

Rank	Water System	Total Points	Arsenic Factor	Adjst. Total	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
Class I--Acute Health Risks													
1	Douglas County (Zephyr WUD)	3	NA	3	0.91	2.72	Public	DO	NV0000258	1,193	477	LT2E surface water treatment, distribution (GREEN)	\$1,300,000
												Total Class I	\$1,300,000
Class II--Chronic Health Risks Community Water Systems													
2	Roark Estates	10	1.0	10	2.10	21.05	Private	CL	NV0000319	62	27	Arsenic compliance	\$300,000
3	Alamo Sewer & Water GID	10	1.0	10	1.70	16.97	Public	LI	NV0000005	900	275	Arsenic compliance	\$750,000
4	LVVWD (Searchlight)	10	0.9	9	1.47	13.22	Public	CL	NV0000219	740	310	Arsenic compliance	\$466,150
5	McDermitt	10	0.9	9	1.44	12.93	Public	HU	NV0000162	200	100	Arsenic compliance	\$478,000
6	Wildes Manor	10	1.0	10	1.26	12.57	Private	CH	NV0000058	70	20	Arsenic compliance	\$375,000
7	Old River	10	1.0	10	1.08	10.80	Private	CH	NV0000303	300	112	Arsenic compliance	\$1,451,835
8	Carson City Utilities	10	1.0	10	1.07	10.70	Public	CC	NV0000015	56,000	16,447	Arsenic & Uranium compliance (pipeline to Douglas Co and transmission within Carson City)	\$10,388,000
9	Holbrooke Station	10	1.0	10	1.04	10.45	Private	DO	NV0002046	168	84	Arsenic compliance	\$103,000
10	Frontier Village MHP	10	1.0	10	0.99	9.91	Private	CL	NV0000147	60	71	Arsenic compliance	\$194,955
11	Shoshone Estates	10	1.0	10	0.86	8.63	Private	NY	NV0005028	240	76	Arsenic compliance	\$1,660,000
12	Douglas County (Fairgrounds/Sunrise Estates)	10	0.9	9	0.74	6.62	Public	DO	NV0002540	150	46	Arsenic compliance	\$2,619,000
13	Washoe Co DWR (Sunrise Estates)	10	0.9	9	0.67	6.00	Public	WA	NV0002525	86	32	Arsenic compliance	\$451,408
14	Gabbs	1	NA	1	2.35	2.35	Public	NY	NV0000063	411	160	Fluoride compliance	\$1,500,000
Class II--Chronic Health Risks Non Community Water Systems													
15	Verdi Business Park	10	0.8	8	0.74	7.39	Private	WA	NV0005061	225	16	Arsenic compliance through consolidation with	\$635,200
												Total Class II	\$21,372,548
Class III--Rehabilitation Community Public Water Systems													
16	Lovelock Meadows	43	NA	43	1.46	62.65	Public	PE	NV0000161	5,278	1,409	New well, transmission, storage, treatment	\$7,478,000
17	Caliente	29	NA	29	2.14	61.96	Public	LI	NV0000013	1,123	465	Well upgrades, transmission & distribution line	\$1,905,000
18	Dayton Utilities	39	NA	24	1.05	40.82	Public	LY	NV0000838	1,578	895	New well storage, upgrade transmission &	\$1,720,000
19	Elko Co (Montello)	10	NA	10	3.60	35.95	Public	EL	NV0000169	150	73	Storage tank, SCADA	\$269,300
20	Palm Gardens Water Coop	33	NA	33	1.00	32.85	Private	CL	NV0000819	58	51	Treatment, storage, security (fencing)	\$163,000
21	Wendover	24	NA	24	1.33	31.94	Public	EL	NV0000246	4,990	1,103	Transmission, distribution, storage	\$1,341,600
22	Lamoille Water Users, Inc	39	NA	39	0.70	27.28	Private	EL	NV0000273	200	71	Storage, transmission, distribution	\$500,000
23	Reno Sahara MHP	25	NA	25	1.07	26.72	Private	WA	NV0000701	90	30	Consolidation with TMWA	\$175,000
24	Foothill MHP	25	NA	25	1.07	26.72	Private	WA	NV0000200	35	17	Consolidation with TMWA	\$100,000
25	Truckee Meadows Water Authority	23	NA	23	1.14	26.21	Public	WA	NV0000190	325,000	90,000	Glendale treatment plant operations building	\$2,000,000
26	Walker Lake GID	11	NA	11	2.23	24.55	Public	MI	NV0000268	400	160	Distribution rehabilitation (GREEN)	\$1,000,000
27	Goldfield	15	NA	15	1.40	20.95	Public	ES	NV0000072	350	217	Back-up well	\$115,000
28	Ruth	18	NA	18	1.08	19.50	Public	WP	NV0000164	700	320	Pipe, pump water from existing Steptoe Valley wells	\$7,000,000
29	Storey County (Virginia City)	24	NA	19	0.80	19.24	Public	ST	NV0000240	2,517	694	Tank, transmission	\$7,000,000
30	Orovada	19	NA	19	1.01	19.18	Public	HU	NV0003022	200	50	Storage, distribution, meters	\$1,800,000
31	LVVWD (Blue Diamond)	24	NA	24	0.71	16.96	Public	CL	NV0000010	282	125	New wells, replace distribution	\$4,173,693
32	Washoe Co DWR (Lemmon Valley)	18	NA	18	0.86	15.39	Public	WA	NV0000202	8,000	7,500	Transmission, storage	\$13,500,000
33	Lyon County (Silver City)	14	NA	14	1.03	14.41	Public	LY	NV0000240	244	116	Transmission & distribution line replacement	\$1,900,000
34	Tonopah	8	NA	8	1.59	12.74	Public	NY	NV0000237	2,600	1,500	Transmission line replacement	\$5,700,000
35	Washoe Co DWR (Desert Springs)	18	NA	18	0.69	12.48	Public	WA	NV0001085	11,980	5,800	Tank relocation, transmission	\$2,898,300
36	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement (U0026)	\$2,300,000
37	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	North Green Valley Parkway transmission and distribution improvements (U0027)	\$1,200,000

Rank	Water System	Total Points	Arsenic Factor	Adjust. Total	State MHI/ PWS MHI	Revised Points	Ownership of System	County	ID#	Pop. Served	Number of Svc. Conn.	Project Description	Amount
38	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Pittman/Boulder Highway waterline replacement (U0033)	\$4,700,000
39	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Victory Road cast iron main replacement - Townsite Phase 1 (U0034)	\$2,900,000
40	Henderson	14	NA	14	0.82	11.47	Public	CL	NV0000076	277,000	92,526	Townsite cast iron transmission and distribution replacement - Townsite Phase 2 (U0072)	\$4,200,000
41	Washoe Co DWR (Double Diamond)	15	NA	15	0.75	11.24	Public	WA	NV0000832	15,800	6,240	Equip (pumps, house, piping) new wells, disinfection	\$2,437,000
42	Stagecoach GID	8	NA	8	1.33	10.61	Public	LY	NV0000224	1,411	580	Intertie Stagecoach GID with Lyon County Utilities	\$1,280,000
43	Steamboat Springs Water Works	10	NA	10	1.00	10.05	Private	WA	NV0000282	750	297	Telemetry, isolation valves	\$60,000
44	Palm Gardens Water Coop	10	NA	10	1.00	9.96	Private	CL	NV0000819	58	51	Solar Power for Well (GREEN)	\$39,988
45	Henderson	10	NA	10	0.82	8.19	Public	CL	NV0000076	277,000	92,526	Reconstruct/retrofit existing transmission to include installation of an in-pipe hydroturbine (GREEN)	\$1,100,000
46	Henderson	10	NA	10	0.82	8.19	Public	CL	NV0000076	277,000	92,526	Reservoir Overflow Upgrades P1 R-11, R-17a and R-18 (U0004)	\$300,000
47	Round Hill GID	10	NA	10	0.79	7.94	Public	DO	NV0000260	1,700	502	Replace Upper storage tank	\$900,000
48	Washoe Co DWR (Spring Creek)	8	NA	8	0.98	7.85	Public	WA	NV0004082	1,850	743	Replace booster pump station	\$600,000
49	Ely	6	NA	6	1.17	7.04	Public	WP	NV0000038	5,500	2,200	Distribution	\$6,420,000
50	Sun Valley GID	6	NA	6	1.11	6.65	Public	WA	NV0000211	19,461	5,963	Distribution to eliminate dead ends, PRV	\$230,900
51	Henderson	8	NA	8	0.82	6.55	Public	CL	NV0000076	277,000	92,526	2007 Pressure zone (east) Water Main Phase II (W0295)	\$1,002,000
52	Henderson	8	NA	8	0.82	6.55	Public	CL	NV0000076	277,000	92,526	P17/P18 Upgrades , 36-inch Transmission Main (W0307/U0007)	\$14,000,000
53	Sage Valley MHP & RVP	6	NA	6	1.08	6.48	Private	CH	NV0002023	188	147	Replace existing water services (no connections)	\$75,000
54	Washoe Co DWR (Desert Springs)	8	NA	8	0.69	5.54	Public	WA	NV0001085	11,980	5,800	Intertie transmission line on Eagle Canyon Rd	\$1,900,000
55	Henderson	6	NA	6	0.82	4.91	Public	CL	NV0000076	277,000	92,526	Tropicana Square Townhomes Pressure Zone Conversion (W0308/U0006)	\$500,000
56	McDermitt	3	NA	3	1.44	4.31	Public	HU	NV0000162	200	100	Meters (GREEN)	\$80,000
57	Lyon County (Dayton)	3	NA	3	1.05	3.14	Public	DO	NV0000032	11,000	5,200	Meters, isolation valves (GREEN)	\$1,150,000
Class III--Rehabilitation													
Non Community Public Water Systems													
	None												
Total Class III												\$108,113,781	
Class IV--Refinance													
	None												
TOTAL FOR ALL PROJECTS												\$130,786,329	
<i>2010 Census did not collect MHI data.</i>													
<i>State MHI (Median Household Income) is \$55,726 based on 2006-2010 American Community Survey conducted by US Census.</i>													
<i>PWS MHI is based on 2006-2010 American Community Survey where data are available unless an approve income survey done in the past 5 years is available. If data are not available for a community in the 2006-2010 Survey, 2000 Census or individual income survey was used. Current MHI will always be reviewed before a loan is recommended for approval.</i>													

Appendix G

Set Aside Banked Authority Thru FFY2013

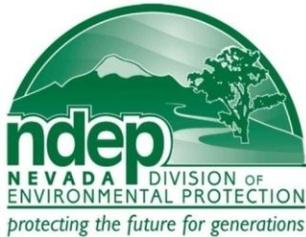
DWSRF Banked Authority Worksheet

as of 10/23/12

Grant Award Date	Grant Name	Amount	Loans				4% Admin				2% SSTA				10% Prog				15% Local (cannot bank)			
			Award	Amend	Banked Authority Used for Loans	Total Used for Loan	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside
9/1/1999	FS-99996099	14,585,100	11,633,199			11,633,199	583,404			583,404	291,702			291,702	1,396,795			1,396,795	680,000			680,000
11/21/1999	FS-99996098	12,558,800	9,808,687			9,808,687	502,352			502,352	223,608			223,608	559,006			559,006	1,465,147			1,465,147
8/24/2001	FS-99996001	7,757,000	6,209,147			6,209,147	310,280			310,280	155,140			155,140	742,433			742,433	340,000			340,000
7/29/2002	FS-99996002	15,841,600	4,876,528	7,554,514		12,431,042	249,251	384,413		633,664	124,626	192,206		316,832	623,128	961,032		1,584,160	357,747	518,155		875,902
9/24/2003	FS-99996003	8,004,100	5,522,829			5,522,829	320,164			320,164	160,082			160,082	800,410			800,410	1,200,615			1,200,615
1/18/2005	FS99996005	8,303,100	6,036,391			6,036,391	332,124			332,124	166,062			166,062	766,926			766,926	1,001,597			1,001,597
7/5/2005	FS99996005-1	8,285,500	6,282,421			6,282,421	331,420			331,420	165,710			165,710	546,998			546,998	958,951			958,951
6/16/2006	FS99996006	8,229,300	6,213,769		128,168	6,341,937	329,172		(128,168)	201,004	164,586			164,586	642,027			642,027	879,746			879,746
7/3/2007	FS99996007	8,229,000	6,135,889		437,210	6,573,099	329,160		(329,160)	0	164,580		(108,050)	56,530	635,121			635,121	964,250			964,250
10/1/2008	FS99996008	8,146,000	5,945,553			5,945,553	325,840			325,840	162,920			162,920	703,000			703,000	1,008,687			1,008,687
9/2/2009	0F00T04909 0 ARRA	19,500,000	16,380,000		2,659,051	19,039,051	780,000		(763,230)	16,770	390,000		(390,000)	0	1,950,000		(1,505,821)	444,179	0			0
5/1/2010	FS99996010-0	21,719,000	17,125,189			17,125,189	868,760		(231,804)	636,956	434,380			434,380	2,171,900		(510,222)	1,661,678	3,257,850	(1,397,053)		1,860,797
FFY11	FS99996010-0	9,268,000	6,394,920		171,378	6,566,298	370,720			370,720	185,360			185,360	926,800		(171,378)	755,422	1,390,200			1,390,200
FFY12	FS99996012	9,125,000	6,296,250		65,000	6,361,250	365,000		(65,000)	300,000	182,500			182,500	912,500			912,500	1,368,750			1,368,750
			0			0	0			0	0			0	0			0	0			0
		159,551,500	114,860,772	7,554,514	3,460,807	125,876,093	5,997,647	384,413	(1,517,362)	4,864,698	2,971,256	192,206	(498,050)	2,665,412	961,032	(2,187,421)	(1,226,389)		(878,898)	0		(878,898)

Appendix H

2012 Single Audit Response Letter & Response to 2012 PER Findings



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

March 4, 2013

Miao Ling (Elaine) Huang, Accountant
USEPA, Region 9, MTS-4-2
75 Hawthorne Street
San Francisco, CA 94105
(415) 972-3707

Dear Ms. Huang,

Kafoury, Armstrong and Company CPAs performed an annual Single Audit of the Drinking Water State Revolving Fund (DWSRF) grant program, CFDA's 66.468. This program was audited for the State Fiscal Year 2012, which ended 6/30/2012.

Kafoury, Armstrong's findings 12-27 concerns the DWSRF program.

Finding 12-27 resulted in the following Recommendation:

"We recommend the Nevada Department of Conservation and Natural Resources, Division of Environmental Protection enhance the controls and review procedures over the reporting process and ensure that all amounts included in the SF-425 Financial Report reconcile to the underlying accounting records.

Nevada Division of Environmental Protection (NDEP) Response:

The NDEP accepts this finding and has initiated corrective actions as noted below.

Corrective Action for Finding 12-27

Procedures have been enhanced to ensure reconciliation with the State accounting system (DAWN) information to Division records and then to the SF-425 Financial Report. This will be done under the supervision of Daralyn Dobson, Administrative Services Officer.

If you have any further questions, please contact me at (775) 687-9489 or ddobson@ndep.nv.gov or you can contact Adele Basham, Chief of Administrative Services at (775) 687-9488 or abasham@ndep.nv.gov.

Sincerely,

Daralyn Dobson
Administrative Services Officer III

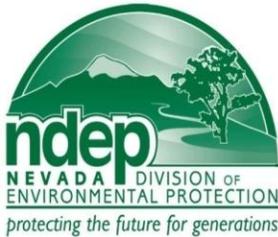
Office of Financial Assistance

Phone: 775-687-9489

Fax: 775-687-9510

ddobson@ndep.nv.gov

cc: Shannon Ryan, Deputy Legislative Auditor, LCB
Debbie Clark, Kafoury, Armstrong & Co.
Steven Weinberger, Manager, Internal Controls



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

Douglas E. Eberhardt, Manager
 United States Environmental Protection Agency
 Region IX
 75 Hawthorne Street
 San Francisco, CA 94105-3901

Dear Mr. Eberhardt:

During the month of March 2013 EPA Region 9 representatives performed the annual review of Nevada Division of Environmental Protection's (NDEP) Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. These programs were reviewed for the State Fiscal Year 2012, which ended 6/30/2012. Please see responses to the following findings.

- 1. Address all missing components from the review, which are outlined in the State Action Item Chart (Appendix B). Please review the table, address the issues and respond by September 16th, 2013.**

NV Ely – FY10 - \$789,790		
2.4	b. Requirement to report jobs created or retained (e.g. assistance recipients has maintained documentation to show that job data reported to the states is being complied and calculated accurately)	Nevada received Monthly Jobs Reports from each of the ARRA loan recipients and these were reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports. Please see attachment
Minden Gardnerville CWSRF – FY10 - \$1,427,583		
2.4	b. Requirement to report jobs created or retained (e.g. assistance recipients has maintained documentation to show that job data reported to the states is being complied and calculated accurately)	Nevada received Monthly Jobs Reports from each of the ARRA loan recipients and these were reviewed on a monthly basis by NDEP. Please see attachment
2.4	c. Requirement to post ARRA logo and whistleblower poster onsite	ARRA logo and Davis-Bacon documentation were displayed together in construction trailers for most ARRA projects. As the ARRA grant was the first to require Davis-Bacon wages, the inspection form called this out simply as ARRA sign. Please see attachment.
Mountain City CWSRF - FY12 - \$347,500		
2.2	1. File includes information to support project data entered into CWSRF Benefits Reporting (CBR) or DWSRF project Benefits Reporting (PBR) databases	NDEP continues to input information into the CBR and PBR as events occur or at least monthly.

3	a. Inspection reports indicate project is in compliance with: a. Davis-Bacon requirements	The project site is in Mountain City, Nevada. The site is two hours north of Elko, Nevada where weekly certified payroll submissions are reviewed by the County personnel. The County personnel provided evidence that the certified payroll documents were received/reviewed and the Davis-Bacon was properly followed. See attached

2. Respond to the items listed in Chapter 4 (Observations and Recommendations) by September 16th, 2013. These items include the following topics:

- a. Subsidy Tracking - NDEP will continue to track subsidies and will include information in the Annual Report, including any changes from or deviations of the IUP.
- b. Bond Conversion – NDEP will include all requested information pertaining to the 2013 Bond Conversion in the 2013 Annual Report.
- c. Draw Ratio – NDEP will draw all match money from a given capitalization grant prior to drawing the grant funds.
- d. Independent Audit - NDEP recognizes the importance of an independent financial audit. Both SRF programs’ account balances and activities are included in Nevada’s Comprehensive Annual Financial Report (CARF) as part of the Water Projects Loan Fund, a major enterprise fund which in most years is subjected to the single audit requirement and as such, was audited in 2011 and 2012. Even though the SRFs are considered major programs for audit purposes, the SRFs are blended with other water pollution control programs, its assets, liabilities, equity and activities are not identifiable in Nevada’s CAFR, as stated in the notes to SRF program’s financial statements. To address this difference, SRF accounting staff reconciles the audited CAFR and related unaudited financial statements for both the CW and DW SRFs. NDEP will work with Nevada’s Division of Human Resources to find the most qualified person for the Accountant position. NDEP will revisit the current auditing procedure as necessary.
- e. Green (Clean Water) - The State continues to insure that the Green project reserve (GPR) requirements are being met and if ever they fail to meet GPR requirements, in any year, it will be included in the annual report.
- f. Erroneous Payments – As stated in the PER, the NDEP SRF program agrees to disburse funds in accordance with clarified requirements, disbursing all match funds before disbursing grant funds.
- g. Priority Ranking System - Nevada provided the EPA with a copy of the draft 2014 CW Priority List ranking system during the March 2013 EPA PER. No comments were received from the EPA. After 30 days of public notice and a public workshop on April 30, 2013, no public comments were received. Nevada is proceeding with the new 2014 CW Priority List ranking system.
- h. First-In, First-Out and Unliquidated Obligations – Nevada meets ULO goals and implemented the First-In, First-Out methodology when drawing down funds early in 2013.
- i. Interest on Retention – Nevada manages funding sources closely and will use match money or recycled money to pay interest on retention.
- j. ARRA Unliquidated Obligations (DWSRF) – Nevada has complied with ARRA funding deadlines and as of September 2013 has drawn all of the funds.

If you have any questions or concerns please feel free to contact Daralyn Dobson at 775 687-9489 or at ddobson@ndep.nv.gov.

Sincerely,

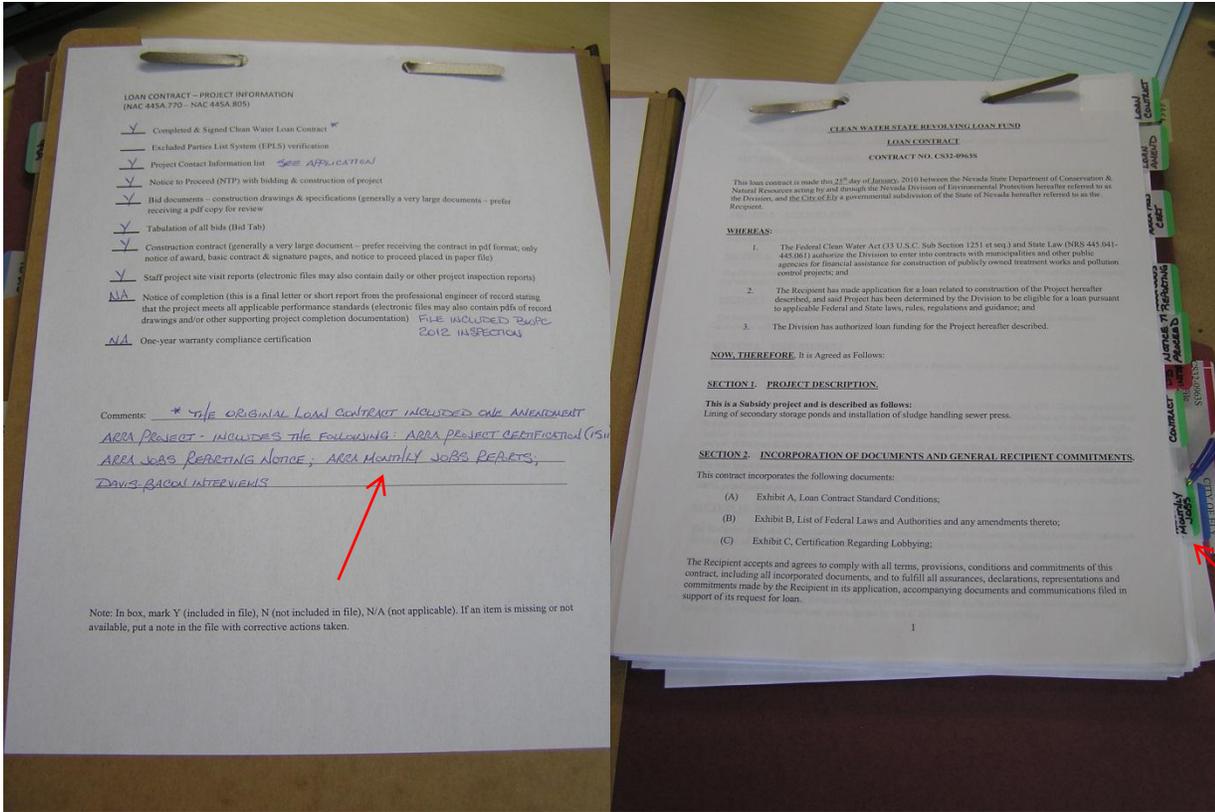
Adele Basham, Chief
Bureau of Administrative Services

Attachments

NV Ely (ARRA)

2.4 State Inspections b. Requirement to report jobs created or retained – inspection report does not indicate that job creation methodology was reviewed.

Nevada receives Monthly Jobs Reports from each of the ARRA loan recipients and these are reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports.



**Clean water
ARRA Jobs Monthly Reporting Form
Monthly Report of Jobs Created and Retained (by hours)**

Recipient Name CITY OF ELY
 Project Name WWTP POND LINING
 For the Month of MAY 2010

Report only the hours & jobs that are directly charged against the ARRA funds.

Hours Worked/Payroll Information	
Jobs created: Report total # of hours worked	172.5 ✓
Jobs retained: Report total # of hours worked	
ARRA Funds Expended on Payroll for current reporting period:	

Jobs by Category (check all that apply)	
Engineers/Inspectors	
Laborers (Carpentry, welding, iron working)	
Power Equipment/Operators	
Plumber/Pipefitter	2
Electrician	
Other (specify)	

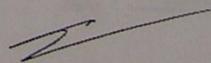
“Jobs or positions created” means those new positions created and filled, or previously existing unfilled positions that are filled, as a result of Recovery Act funding. “Jobs or positions retained” means those previously existing filled positions that are retained as a result of Recovery Act funding.

Recipients are required to report on ALL jobs created or retained, including sub-contractors.

If you have questions feel free to contact Ana Jimenez at (775) 687-9420.

Due by the 5th of each month
 Fax to (775) 687-9510
 Attention: Ana Jimenez
 or e-mail to: ajimenez@ndep.nv.gov

Dean Day
 City Engineer



ARRA Monthly Jobs
 C L
 CITY OF ELY
 832-09635
 File

Minden Gardnerville

2.4 State Inspections b. Requirement to report jobs created or retained – inspection report does not indicate that job creation methodology was reviewed.

Nevada receives Monthly Jobs Reports from each of the ARRA loan recipients and these are reviewed on a monthly basis by NDEP. These are in the Project Folders along with the project site inspection reports.

LOAN CONTRACT - PROJECT INFORMATION
(NAC 484.370 - NAC 484.805)

- Completed & Signed Clean Water Loan Contract *
- Excluded Parties List System (EPLS) verification
- Project Contract Information list *SEE LOAN APPLICATION*
- Notice to Proceed (NTP) with bidding & construction of project
- Bid documents – construction drawings & specifications (generally a very large documents – prefer receiving a pdf copy for review)
- Tabulation of all bids (Bid Tab)
- Construction contract (generally a very large document – prefer receiving the contract in pdf format; only notice of award, basic contract & signature pages, and notice to proceed placed in paper file)
- Staff project site visit reports (electronic files may also contain daily or other project inspection reports)
- Notice of completion (this is a final letter or short report from the professional engineer of record stating that the project meets all applicable performance standards (electronic files may also contain pdfs of record drawings and/or other supporting project completion documentation))
- NA* One-year warranty compliance certification

Comments: *ARRA PROJECT - INCLUDES THE FOLLOWING: ARRA PROJECT IDENTIFICATION (G101), ARRA JOBS REPORTING NOTICE, ARRA MONTHLY JOBS REPORTS*

* *NOTE: THE ORIGINAL LOAN CONTRACT INCLUDES THE AGREEMENT*

Note: In box, mark Y (included in file), N (not included in file), N/A (not applicable). If an item is missing or not available, put a note in the file with corrective actions taken.

Monthly Report of Jobs Created and Retained by Industry
Recipient Name: *Minden Gardner of the Sanitation District*
Project Name: *Grease Digestion & Power Cogeneration Project*
For the Month of: *May 2009 through August 2009*
Report only the hours & jobs that are directly charged against the ARRA funds.

Hours Worked	
Jobs created - Report total # of hours worked	237.00
Jobs retained - Report total # of hours worked	63.25

Jobs by Category (check all that apply)

Engineers/Inspectors	<input checked="" type="checkbox"/>
Laborers (Carpentry, welding, iron working)	<input type="checkbox"/>
Power Equipment/Operators	<input type="checkbox"/>
Plumber/Pipefitter	<input type="checkbox"/>
Electrician	<input type="checkbox"/>
Other (specify) <i>Environmental Specialist, Administrative/Clerical</i>	<input checked="" type="checkbox"/>

Jobs or positions created means those new positions created and filled, or previously existing unfilled positions that are filled, as a result of Recovery Act funding. *Jobs or positions retained* means those previously existing filled positions that are retained as a result of Recovery Act funding.

Recipients are required to report on ALL jobs created or retained, including sub-contractors.

If you have questions feel free to contact Ana Jimenez at (775) 687-9420.

Due by the 5th of each month
Fax to (775) 687-9510
Attention: Ana Jimenez
or e-mail to: ajjimenez@ndep.nv.gov

Signature: April L. Burchett Date: 9/10/09
(If e-mailed, type Name)

2.4 State Inspections c. Requirement to post ARRA logo and whistleblower poster onsite – reports indicate that the ARRA sign was posted, but make no mention of the whistleblower poster

ARRA logo and Davis-Bacon documentation were displayed together in construction trailers for most ARRA projects. As the ARRA grant was the first to require Davis-Bacon wages, the inspection form called this out simply as ARRA sign.



Mountain City

3. Inspection reports indicate project is in compliance with: a. Davis-Bacon requirements – inspection reports are focused on materials and construction work and do not address DB

The project site is in Mountain City, Nevada. The site is two hours north of Elko, Nevada where weekly certified payroll submissions are reviewed by the County personnel. The County personnel provided evidence that the certified payroll documents were being received/reviewed and the Davis-Bacon was being properly followed.

Appendix I
Region 9 SRF Annual Report Checklist

Certifications			
Item	Y/N	Follow-up?	Comments
1. AR contains statement assuring OA followed	Y		Pg. 20, Section V.B.
2. Staffing adequate for program	Y		Pg. 4, Section II.D, Goal 1
3. Audited financials in accordance with GAAP	N		Appendix A (Explanation pg. 17, Section IV)
4. Single audit	Y		Pg. 22, Section V.C.8, Appendix I
5. Annual Audit	Y		Explanation Pg. IV, Appendix I
6. State match provided on or before each grant payment is made; date state match deposited	Y		Pg. 16, Section III.C; Pg. 18, Section IV.A.2
7. CBR/PBR for all projects	Y		Pg. 25, Section V.C.P.8
8. Identify and certify Green Project Reserve	NA		NA
9. Additional Subsidization provided	Y		Pg. 4, Section II.C; Pg. 25, Section V.C.P.10
10. FFATA reported for the amount of the cap. grant	Y		Pg. 25, Section V.C.P.8
11. Statement of compliance with SERP	Y		Pg. 21, Section V.B.5
12. Complied with Federal Cross-Cutters	Y		Pg. Section V.B.7
13. DBE Certifications	Y		Pg. 22 Section V.C.9&10
14. Davis-Bacon Certifications	Y		Pg. 25, Section V.C.P.12
15. Statement of timely and expeditious use of funds	Y		Pg. 18, Section IV.B.12; Pg. 26, Section V.D
16. Compliance with grant conditions	Y		Pg. 19, Section V
17. Bypass statement CW and DW	Y		Pg. 19, Section IV.B.3
18. Statement of Funds transferred if applicable	Y		Pg. 15, Section III.C
19. Binding commitments within one year of payment (120%) have been met	Y		Pg. 4, Section II.C, Table 1
Programmatic			
Item	Y/N	Follow-up?	Comments
20. AR published 90 days after SRF reporting period	Y		Waiting for the ability to complete Financial Statements
21. SRF usage matches IUP	Y		Pg. 4, Section II.C
22. Explanation of difference between targeted projects funded from IUP and actual projects funded from AR	Y		Pg. 4, Section II.C
23. Short term goals met or not (explain each)	Y		Pg. 1-15
24. Long terms goals met or not (explain each)	Y		Pg. 1-15
25. AR contains list of projects & amt funded (identify	Y		Pg. 26, Section V.D

GPR and subsidized projects and amounts)			
26. Documentation of any changes from the IUP	Y		Pg. 1, Introduction
27. Discussion of resolution of prior year's findings in PER, single audit, annual independent audit, site inspections	Y		Appendix I
28. Explanation if GPRs are different than IUP	NA		N/A
29. Identify projects and amount that met equivalency requirements (i.e., cross-cutters, DBE, SERP, etc.)	Y		Pg. 24 P.2 Data Reporting
Financial			
Item	Y/N	Follow-up?	Comments
30. Binding commitment dates and amounts	Y		Appendix B
31. Binding commitments greater than or equal to 120% of grant amount	y		Appendix B & Section IV.B.2
32. Federal draws (disbursements)	Y		Pg. 16, Section III.C&D
33. State match provided \$	Y		Pg. 16, Section III.C; Pg. 17, Section IV.A.2
34. Cash draw ratio stated	Y		Pg. 20, Section V.A.12
35. Cash draw ratio matches IUP statement	Y		Pg. 20, Section V.A.12
36. % of additional subsidization provided	Y		Pg. 4 Section II.C;
37. Use of additional subsidization \$ – If not for disadvantaged or “fix-it-first” is there an explanation?	Y		Subsidization was used for only disadvantaged
38. If Administrative Fees are charge, identify \$ amount of fees collected, and sources and uses of the fees (program income and non-program income).	Y		No fees were charged
39. Discuss financial performance...Fund utilization; Unliquidated Obligations; policies and processes which promote the long-term financial health of the fund.	Y		Page 15, Section III
40. Amount of project funds deobligated and re-obligated or encumbered to other projects	Y		Appendix B
DWSRF Specific			
Item	Y/N	Follow-up?	Comments

41. Number of construction starts/initiation of operations	Y		Pg. 17, Section III.F
42. Bypass procedures statement	Y		Pg. 19, Section IV.B.3
43. Were projects bypassed	Y		Pg. 19, Section IV.B.3
44. Set-asides taken match IUP	N		P18, Section IV.B
45. Set-aside activities/projects funded reported in AR and match IUP	Y		Appendix B & E
46. Attach any annual reports related to set-asides (i.e., Capacity Development, Operator Certification)	Y		Appendix E