



SFY 16

Nevada Division of Environmental Protection

Clean Water State Revolving Fund

Intended Use Plan

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LIST OF ACRONYMS

AB = Assembly Bill
CBR = Clean Water Benefits Reporting
CWA = the Clean Water Act of 1987, as amended
CWSRF = Clean Water State Revolving Fund
DWSRF = Drinking Water State Revolving Fund
EPA = Environmental Protection Agency
FFY = Federal Fiscal Year
GPR=Green Project Reserve Projects
HUD = Housing and Urban Development
IUP = Intended Use Plan
MHI = Median Household Income
NAC = Nevada Administrative Code
NDEP = Nevada Division of Environmental Protection
NIMS = National Information Management System
NRS = Nevada Revised Statute
OFA = Office of Financial Assistance
SFY = State Fiscal Year
SRF = State Revolving Fund
TMDL = Total Maximum Daily Loads
USDA = United States Department of Agriculture
WQF = Water Quality Factor
WRRDA = Water Resource Reform and Development Act

I. INTRODUCTION

A. History and Legislation

The 1987 Amendments to the Clean Water Act (CWA) authorized the Clean Water State Revolving Fund (CWSRF). Nevada's allotment of the Federal Fiscal Year (FFY) 2016 CWSRF budget is \$6,525,000. These funds are available after Nevada successfully obtains a Capitalization Grant Award from the U. S. Environmental Protection Agency (EPA) for its CWSRF program.

In 1989, the Nevada State Legislature passed legislation, Assembly Bill (AB) 88, which authorized the State Department of Conservation and Natural Resources to implement and administer the CWSRF program in Nevada. In accordance with the CWA, the legislation authorized the Treasurer of the State of Nevada to set up the account for the revolving fund and the account for administration. Nevada Revised Statutes (NRS) 445A.060 to 445A.160, inclusive, is the state statutes for the CWSRF and may be reviewed at the following Internet Web URL:

<http://www.leg.state.nv.us/NRS/NRS-445A.html>.

The regulations for the CWSRF promulgated by the Department of Conservation and Natural Resources, later revised by the State Environmental Commission, are found in Nevada Administrative Code (NAC) 445A.685 to 445A.805 inclusive and may be reviewed at the following Internet Web URL:

<http://www.leg.state.nv.us/NAC/nac-445A.html>.

The CWA requires State Programs to prepare an annual Intended Use Plan (IUP) for Federal funding. The IUP must describe the use of a state's capitalization grant, state match funds, principal and interest from loan repayments, other interest earnings of the CWSRF, bond proceeds, funds designated for administration, funds transferred from or to the Drinking Water State Revolving Fund (DWSRF) and any other monies deposited into the CWSRF. The IUP is the central component of the CWSRF grant application and communicates plans to stakeholders who include; systems, the public, EPA, and other state departments. This IUP provides specific details on key aspects of the program including our state's short- and long-term goals, the priority setting process used to rank projects and the list of projects eligible to receive funding from available CWSRF funding. Figure 1 on page 6 displays the role the IUP plays in the CWSRF funding process.

The program is administered by the Office of Financial Assistance (OFA) under the administration of the Nevada Division of Environmental (NDEP), and as such, is the designated agency to apply for the capitalization grant for the CWSRF Program and related state funds. This IUP reflects the priorities set by the OFA, which administers the CWSRF program's construction loan program.

In State Fiscal Year (SFY) 2016, OFA will continue to focus on ensuring the integrity of Nevada's water and protection of public health and environment, and will ensure the funds move expeditiously and responsibly from the time Nevada is awarded the capitalization grant to the time the funds are awarded to projects. These efforts are instrumental in achieving the requirements of the CWA. The OFA works closely with other state and federal agencies to identify opportunities for funding specific projects and to coordinate funding efforts.

B. What's New for 2016

Cash flow monitoring

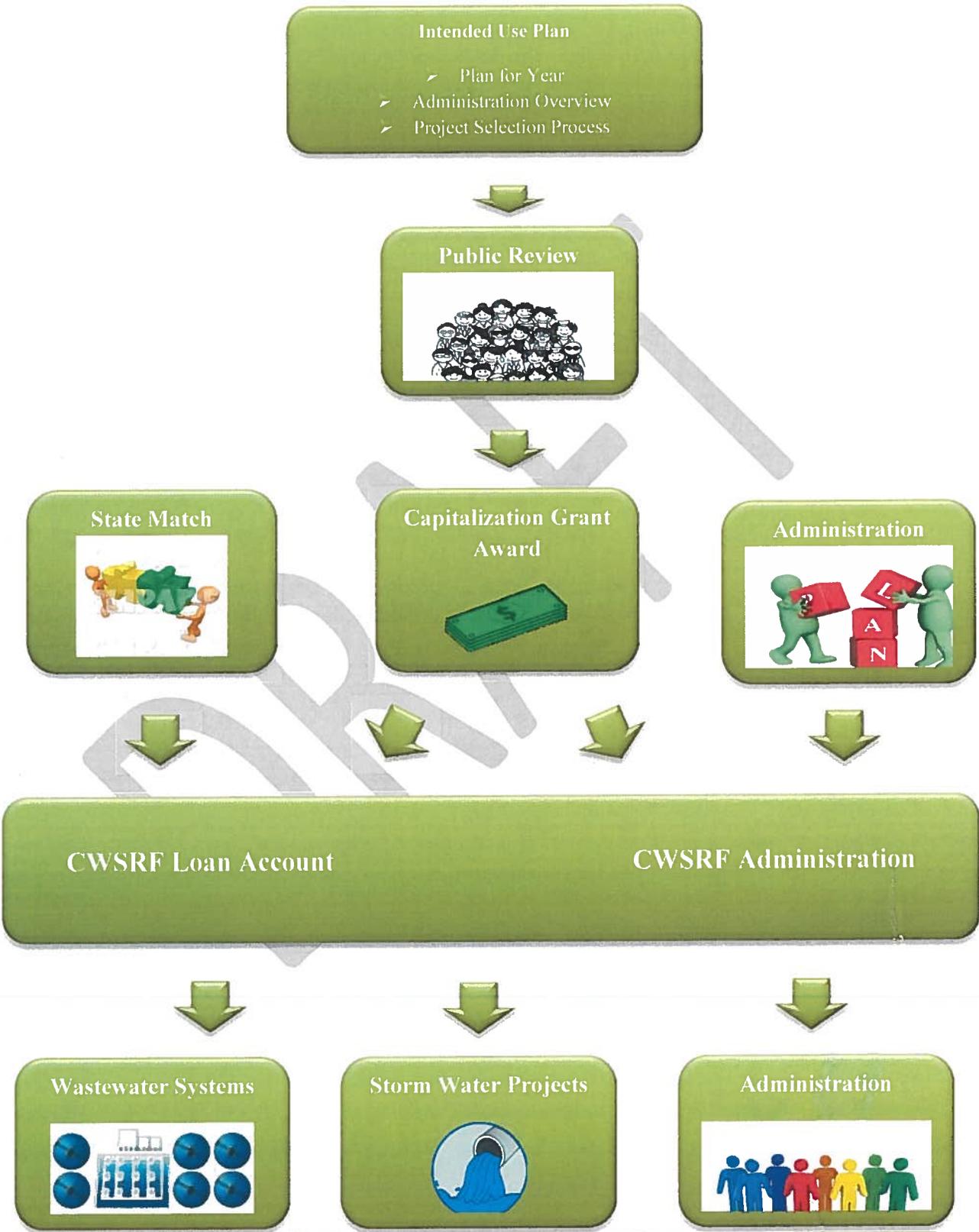
The OFA will continue its outreach activities to increase awareness of the program and types of projects fundable through the program. A pamphlet introducing Nevada's program was developed and will be sent out during the Priority List Solicitation of Projects. While OFA has always presented at the Nevada Rural Water Conference, this year the OFA plans to have a booth allowing continued exposure throughout the conference. In addition, the OFA will promote refinancing of SRF and, more importantly, outside loans.

Changes to the Clean Water Act

The Water Resources Reform and Development Act of 2014 (WRRDA) was signed into law on June 10, 2014 and made significant changes to Titles I, II, V and VI of the Clean Water Act. Some of the changes include expanding eligible types of projects fundable under the Act, allowing 30 year loans to recipients, allowing loans to privately owned systems, requiring loan recipients to prepare fiscal sustainability plans, and increased flexibility in state administration of the programs. One of the requirements for the CWSRF program is to establish affordability criteria to assist in identifying municipalities that would receive additional subsidy, should funding be available through appropriation. The OFA has included this requirement in section IV (b) and Attachment C in this document.

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Figure 1: The CWSRF Funding Process



II. STRUCTURE OF THE CWSRF

The CWSRF consists of two components that will be used to provide assistance to accomplish its goals.

A. Capital Planning, Design and Construction

Capital planning, design and construction will provide assistance for the planning, design, and construction of improvements to publicly owned wastewater treatment works and for the implementation of programs for the management of point and nonpoint sources of water pollution. Eligible project types include sewage treatment plants, collection systems, interceptors, infiltration/inflow correction, sludge management projects, storm water control projects, erosion control and other non-point source control projects. This account will consist of all federal funds used for infrastructure loan assistance, all state match funds, loan repayments, and interest earnings of the fund.

B. Administration

Funds made available in the grant will be used to support the state operation and management of the CWSRF program.

III. CWSRF GOALS

In establishing the national Clean Water State Revolving Fund program, Congress gave states the flexibility to design a program that can be tailored to meet the needs of local systems. The long- and short-term goals developed for the CWSRF are presented below. They provide a framework that will guide the decision-making in Nevada's CWSRF program.

A. Long-Term Goals

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

programs meet to discuss program applicants and develop funding packages, which can maximize resources and cost savings.

B. Short-Term Goals

- 1. Issue loans totaling at least \$11,998,831 (see Attachment B, Fundable List).**
- 2. Effectively manage day to day operation of CWSRF by continuing to meet goals and restructure program duties as needed.**
- 3. Fund green infrastructure, water and energy efficiency, and environmentally innovative projects in an amount at approximately \$652,500 of the capitalization grant (GPR Projects). (see Attachment B, Fundable List)**
- 4. Award at least 10% or \$652,500 of the capitalization grant as additional subsidy. (see Attachment B, Fundable List)**

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

A. Distribution of Funds Analysis

The OFA conservatively estimates the needs of the systems within the state over a two year fiscal period. The needs of our systems, however, vary widely. Some of our systems are concerned with aging infrastructure, while others are working on attainment of water quality standards. The OFA planning accounts for these challenges by having direct dialogue with systems, engineers, and contractors that deal with these systems directly. Nevada is a small enough state by system count that allows the OFA to work with these systems and understand which projects will be most ready to proceed for the communities' needs. This is done in conjunction with the preparation of the priority list. Once the OFA has determined the need, funding sources for these systems are then determined and the likelihood they will come to the program for funding. [Figure 2]

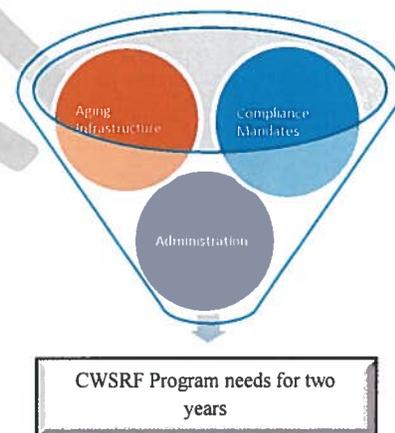
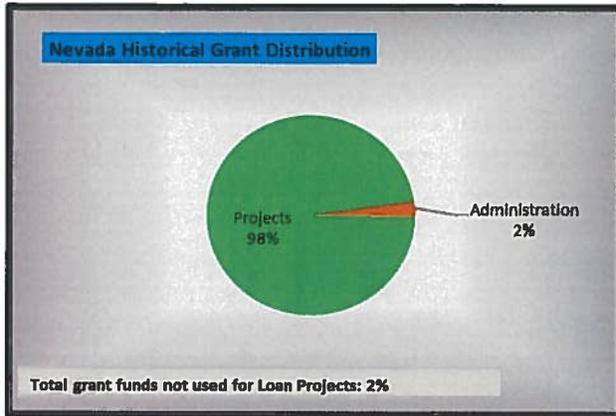


Figure 2: Two year program needs

Figure 3: Historical Grant Distribution



Historically, Nevada has not requested its full authority on administration to allow for more grant dollars to go towards projects [Figure 3].

The OFA considers the need of systems and the health and safety of the citizens of Nevada its first priority. To ensure the Program is available to assist with this goal, the OFA analyzes the health of the program and availability of funds in perpetuity. The methodology OFA employs to determine its fund balance, in other words, amount of

funding available for loans has ensured that current needs are being met, along with a long term growth of the fund. As Figure 4 illustrates, while funding levels have fluctuated greatly over the life of the program (partially due to leveraging 2003-2005), the trend line demonstrates a gradual increase of the funding.

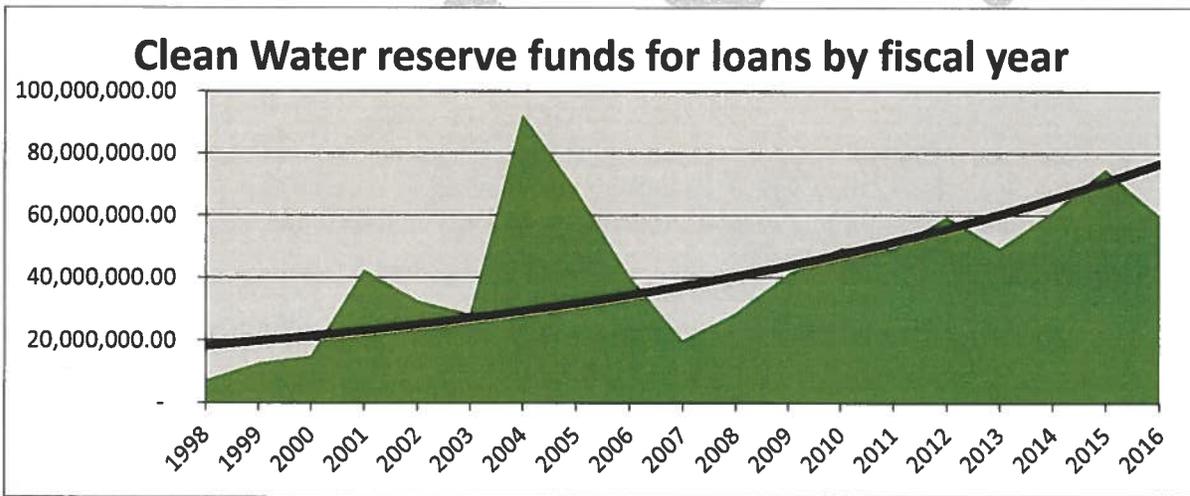


Figure 4: Growth of reserve funds by fiscal year

B. Disadvantaged Community Program

The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the average income per household is less than 80 percent of the median household income of the state. OFA has prepared criteria in which systems will need to meet in order to qualify for additional subsidy from the program. See Section IV B Financial Terms of Loans below for details on the evaluation criteria.

C. Establishing Project Priority

Nevada uses a ranking system to prioritize the order in which eligible projects will be

financed (NAC 445A.765 to NAC 445A.769, inclusive). In general, priority is given to projects that are necessary to meet the enforceable requirements of the water quality standards or permit requirements. Priority is also given to those projects which otherwise significantly further the health protection objectives of the CWA and for systems most in need on a per capita basis. Projects shall be ranked within the Priority Classes on the basis of the total number of ranking points each project receives.

Class A: Project benefits public health and/or the environment

Treatment works or pollution control projects necessary to eliminate documented public health hazards in unsewered communities as evidenced by a finding of violation which has been issued in writing by the public health authority having jurisdiction over the area and by an official action which has been taken to halt or restrict construction of individual sewerage disposal systems, eliminate or restrict the discharge from a non-point source, or treatment works necessary to eliminate documented public health hazards in sewered communities where existing facilities have exceeded their useful life and have deteriorated to the point that a public health hazards exists. (10 points)

Treatment works or pollution control projects necessary to correct existing surface water quality standards violations. Violations must be documented by in-stream water quality data and have resulted in a notification of water quality standards violations being issued by NDEP to the municipal discharger or to the person(s) responsible for the non-point source discharge. (8 points)

Treatment works necessary to correct violations of discharge permit limitations. Permit limit violations must be documented by discharge monitoring reports or NDEP compliance monitoring, with a resultant notice of violation and administrative order issued by NDEP. (6 points)

Treatment works or pollution control projects necessary to eliminate and/or prevent interference with an existing beneficial use of groundwater where it has been determined that such an interference exists. (4 points)

Class B: Projects necessary to increase reliability or sustainability

Treatment works necessary to provide a degree of treatment beyond that required by water quality standards or permit requirements in order to reclaim and reuse wastewater or to provide treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses. (10 points)

Interceptors in sewered communities, pumping stations, infiltration inflow correction, correction of combined sewer overflows, sewer system rehabilitation, and reclaimed water distribution. (8 points)

Facility flow or loading as a percent of design capacity exceeds 85% (6 points); exceeds 75% (4 points)

Class C: Other clean water needs projects

Projects which provide wastewater treatment and collection in existing unsewered

communities where no public health hazards or water standards violations have been demonstrated or to provide wastewater collection systems to unsewered portions of sewer communities. (10 points)

All other treatment works or pollution control projects. (5 points)

Other Considerations for Points on the Priority List

Water quality factor (WQF):

Applies only to Class A & B projects.

Surface waters in Nevada are assessed based on a two-year, rotating watershed basin cycle. Assessment data and narrative explanations are compiled into the 305(b) Report to Congress. Section 303(d) of the CWA requires each state to list those waters within its boundaries for which technology based effluent limitations are not stringent enough to protect any water quality standard applicable to such waters. The 303(d) List of Waters, now published with the 305(b) report, identifies all waters assessed as "impaired" for one or more pollutants, and are therefore waters not "meeting the water quality standard." NDEP is required to develop TMDLs for those water bodies that are not meeting water quality standards establishing the allowable loadings of pollutants or other quantifiable parameters for a waterbody based on the relationship between point and nonpoint pollution sources and in-stream water quality conditions. TMDLs are prioritized with respect to designated use classifications and the severity of pollution.

The numerical value of WQF is based on the segment to which a treatment plant discharges or which is affected by the discharge from a non-point source:

1. Not supporting – At least one of the water quality standards for the beneficial use was not met (5 points)
2. Groundwater impairment that affects water quality (5 points)
3. Fully supporting; however project is needed to maintain attainment of water quality standards (1 point)

Project Readiness:

Applies to all priority classes

The highest point value is assigned to projects that are ready to bid a project.

1. Plans and Specification approved by NDEP – includes everything needed to bid the project (10 points)
2. Facility Plan approved by NDEP; final plans and specifications to be completed within six months (7 points)
3. Facility Plan approved by NDEP (5 points)

Asset Management:

Applies to all priority classes

NDEP encourages systems that do not have an existing Asset Management Plan to develop and implement one. Asset management is actively managing infrastructure capital assets to minimize the total cost of owning and operating them, while delivering the service levels customer's desire. Each utility is responsible for making sure that its system stays in good working order regardless of the age of components or the availability of additional funds. Asset management programs with long-range planning, life-cycle costing, proactive operations and maintenance, and capital replacement plans based on cost-benefit analyses can be the most efficient method of meeting this challenge.

Systems will receive additional points for all of the following criteria:

1. The system has mapped its treatment and collection system and analyzed conditions, including risks of failure, expected dates of renewals and ultimate replacements, and sources and amounts of revenues needed to finance operation, maintenance, and capital needs (1 point)
2. The system has developed appropriate rate structures to build, operate, and maintain the system (1 point)
3. The system has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure (1 point)

Green Projects:

Applies to all priority classes

Green projects are projects that include a component(s) that has Green Infrastructure, Water Efficiency, Energy Efficiency or Environmentally Innovative Benefit. The EPA has provided information on green project reserve guidance at the following URL: http://water.epa.gov/grants_funding/cwsrf/Green-Project-Reserve.cfm. Systems may receive additional points for projects that incorporate green infrastructure, water conservation/efficiency, energy efficiency, or environmentally innovative components.

1. Energy efficient retrofits and upgrades to pumps, treatment processes, etc. (5 points)
2. On site clean power production including: wind, solar, hydroelectric, geothermal, biogas, etc. (5 points)
3. Installation of water meters. (5 points)
4. Replacement or rehabilitation of distribution lines that have data documenting water loss. (5 points)
5. Reuse of treated effluent (5 points)
6. Other environmentally innovative projects(5 points)

General Criteria: applies to all priority classes

The product of the initial rank number of a project within a class of projects and the ratio of the state median household income to the median household income that is associated with the service area served by the applicant determines the final rank number associated with the project within each class.

D. Priority List/Fundable List

On an annual basis, following a statewide solicitation for projects, the Division develops a statewide priority list of projects. Placement on the priority list does not guarantee that a project will be funded. However, only those projects that are included on the priority list will be considered for possible funding. The IUP, including the list of projects, undergoes a public review and comment process at least once each year.

The Division may revise the ranking of a project on an existing list at any time if information affecting the ranking of the project becomes available that was not available at the time the list was developed. Any revised list, before it is adopted, must undergo the public review and comment process outlined in the regulations. The Division may, without holding a public participation workshop, revise a priority list to correct minor typographical or technical errors.

EPA Guidance ordinarily requires identifying a fundable list of projects. The fundable list included in Attachment B was developed based on a readiness to proceed.

A list of projects in order of priority that may receive assistance from the account for the revolving fund is made a part of this IUP (See Attachment A). At the end of each calendar year, NDEP sends out a solicitation to all systems for proposed water projects. In late December 2014, NDEP sent out a solicitation letter for the 2016 Priority List. The Division held a Priority List Workshop on April 27, 2015 at 10:00am for review of the 2016 Priority List. The 2016 Priority List went into effect at the close of that public meeting. The fundable list for 2016 is included in Attachment B.

1. Tie Breaking Procedure

If the scores for two or more projects are tied, ranking will be based on population, with the higher population given the higher ranking.

2. Bypass Procedures/Readiness to proceed

Eligible projects on the priority list may be bypassed if the applicant withdraws a project, requests that action be deferred, fails to meet submittal deadlines, or is not ready to proceed as determined by the Division. The projects that are bypassed will be provided notice by the Division and have an opportunity for objection.

3. Refinancing Existing Loans

The CWSRF may be used to buy or refinance debt obligations for CWSRF projects. The long-term debt must have been incurred and construction began after March 7, 1985, to be eligible for refinancing. Projects must meet CWSRF requirements. The OFA will not refinance loans that were solely for the purchase of land.

V. FINANCIAL MANAGEMENT

A. Sources and Uses of Funds

1. State Match Source

The CWA requires states to provide a 20 percent match to the capitalization grants received from the federal government. The OFA continues to meet this requirement through the issuance of General Obligation Bonds. The State intends to issue bonds in late spring of 2016 totaling approximately \$4 million. This will meet the required match through the 2017 grant award. No funds will be drawn from these grants until the match funds have been deposited. Please see Table 1 for further detail.

2. Fee Income

The OFA applies a loan origination fee of 0.5% of the amount of base loans. The fee will be applied to all projects/loans except principal forgiveness loans and the refinance of an SRF loan. The fee income will eventually help cover the costs of administration. Approximately \$130,000 dollars in fees are expected to be deposited into the CWSRF administrative budget for SFY 2016.

3. Leveraging

States may issue bonds through the CWSRF program using the federal capitalization grant as security to provide for higher funding levels in the current year of the program. Leveraging of federal funds is a useful financial option available to states with a high demand of shovel ready projects for immediate CWSRF funding. The CWSRF program has taken advantage of leveraging previously, but the OFA does not see a need for additional leveraged funds in FY2016.

4. Use of All Funds Available

Since the program's inception, the CWSRF has closed 77 loans (a total of \$441,847,089). The amount of funds in the CWSRF for SFY 2016-including the FFY 2016 grant, repayments, and interest earnings-and the intended allocation to each activity is presented in Table 1 Sources and Uses. SFY 2016 funding will total \$12 million. The CWSRF will provide \$12 million in loans and loan refinancing to systems. All infrastructure projects will be funded through the capitalization grants, repayment funds, a bond funds (match), and investment interest.

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Table 1: Sources and Uses

| Estimated FY2016 Cumulative Sources and Uses | | | |
|--|---------------------------------------|------------------------------------|---|
| | Cumulative Total through FY2015 | 2016 Fiscal Year (Projected) | Cumulative Total through 2016 Grant |
| Sources | | | |
| Federal Capitalization Grants | 174,293,300 | 6,625,000 | 180,918,300 |
| ARRA Capitalization Grant | 19,239,100 | | 19,239,100 |
| State Match/Provided from State Match Bond Issues | 33,755,531 | 4,000,000 | 37,755,531 |
| CWSRF Leveraged Bond Proceeds | 99,991,711 | | 99,991,711 |
| Principal Repayments on Assistance Provided | 191,456,994 | 16,434,924 | 207,891,918 |
| Interest Repayments on Assistance Provided | 93,186,444 | 5,243,202 | 98,429,646 |
| Fees Deposited into the CWSRF Admin. Budget | 856,164 | 300,000 | 1,156,164 |
| Treasurers Interest | 18,221,862 | 279,501 | 18,501,363 |
| TOTAL SOURCES | 631,001,106 | 32,882,627 | 663,883,733 |
| USES | | | |
| Financing Agreements Entered (Base Program) | 441,847,089 | | 441,847,089 |
| Projects in the 2016 IUP Fundable List | | 12,639,971 | 12,639,971 |
| ARRA Financing Agreements Executed | 19,222,555 | | 19,222,555 |
| Leverage Bond Debt Service | | | |
| Principal | 53,605,000 | 9,460,000 | 63,065,000 |
| Interest | 47,272,009 | 1,757,201 | 49,029,210 |
| Bond Debt Service Reserve | 25,965,643 | 7,013,432 | 32,979,075 |
| State Match Bond Debt Service | | | |
| Principal | 29,680,000 | 1,675,000 | 31,355,000 |
| Interest | 9,117,373 | 125,700 | 9,243,073 |
| ARRA Administrative Expense | 16,545 | | 16,545 |
| Administrative Expenses (non-ARRA) | 4,274,891 | 211,323 | 4,486,214 |
| TOTAL USES | 631,001,106 | 32,882,627 | 663,883,733 |

B. Financial Terms of Loans

1. Standard Loans

The CWA allows states to charge interest rates ranging from zero percent to below market rates for standard CWSRF loans. The OFA has determined that the interest rate on a CWSRF loan should reflect current market conditions. Interest rates are set 62.5% of the General Obligations Bond Index or the Revenue Bond Index rate at the time of the loan award. Loans will have a maximum repayment term of 30 years with fixed interest rates. Repayment of loan principal will commence no later than one year after project completion.

2. **Principal Forgiveness Loans**

The federal 2016 appropriation requires the state to use a portion, 10% or \$641,140, of its grant to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Under the existing program, the CWSRF has authority to offer principal forgiveness and negative interest loans, in an amount up to 100% of the value of a loan. In SFY 2016, OFA will provide \$641,140 of funds available to principal forgiveness loans.

The OFA will evaluate systems using the criteria outlined in Attachment C to determine if they will qualify for a principal forgiveness loan. A total of 185 points are available. A system needs to obtain 50 or more points to be eligible for a Principal Forgiveness Loan.

- a. Median Household Income (MHI) shall be taken to mean:
 - i. The latest American Community Survey information used for the current year priority list, or
 - ii. A valid income survey performed within the last five (5) years.
- b. Population Trends shall be taken to mean:
 - i. The change in population over a three (3) year period as reported on the latest American Community Surveys available.
- c. Unemployment Percentage shall be taken to mean:
 - i. The percent listed on the same American Community Survey used for the MHI calculations.
- d. Percent of population not in workforce shall be taken to mean:
 - i. The percent listed on the same American Community Survey used for the MHI calculations.
- e. Affordability shall be taken to mean:
 - i. Whether or not an interest bearing loan will increase reasonable user rates by 25% or more.
 1. A comparison to the existing operating, maintenance and debt service requirements to the new operating, maintenance, and debt service will be performed. This will be compared to existing user rates.
 2. Existing rates must be considered reasonable, meaning they are currently sufficient to cover existing operating, maintenance and debt service.
- f. Other factors will be counted if they relate to the project.

C. Loan Disbursements

At the end of FY2015, the OFA had disbursed \$398 million for water projects since the program's inception. Bond proceeds from either match bonds or leverage bonds are spent first. Federal dollars are spent next. Federal funds are used for all principal forgiveness loans since state statutes and regulations do not expressly authorize the OFA to use state funds for these loans. Therefore, a portion of federal dollars will be reserved

for these projects until fully funded. Once bond proceeds and grant dollars available to traditional loans are spent, then re-loan principal, re-loan interest, and investment interest is spent, in this order. However, an amount of at least 3 times Nevada's debt service requirement is retained from earnings as debt service coverage requirements.

D. Fund Transfers

NDEP reserves the right to transfer up to 33 percent of CWSRF capitalization grant to the DWSRF or an equivalent amount from the CWSRF to the DWSRF. Since program inception no funds have been transferred. Details will be made available to EPA and interested parties should NDEP determine this is needed.

VI. ADMINISTRATION

The CWA allows each state to utilize up to 4 percent of its federal capitalization grant to support administration of the program. The funding request is based on the State biannual budget. For FY 2016, we plan to use a total of \$211,323 of federal funding from previous grant awards for administration. Administration funds will be used to pay salaries and associated expenses of program personnel devoting time to the administration of the CWSRF loan account. Part of this account will also be used to pay for of a contracted Financial Advisor, who will assist in fund analysis and bond issuances. Administration funds will also be used to procure all equipment and training necessary for the adequate performance of the staff.

VII. PUBLIC PARTICIPATION

A. Public Meetings and Comment Activities

To ensure that the public has an opportunity to review our proposed plans for the CWSRF, the 2016 draft IUP will post it on the Division's website (<http://ndep.nv.gov/bffwp/srlf01.htm>) for 30 days before it is finalized. A public workshop to solicit public comment for the 2016 Priority List was held on April 27, 2015 at 10:00am and a second for the 2017 Priority List was held Tuesday, April 19, 2016 at 10:30am. Both went into immediate effect.

VIII. AUDITS AND REPORTING

Ensuring transparency and accountability, all program materials are posted on our website (<http://ndep.nv.gov/bffwp/index.htm>). The State Controller's Office annually utilizes the services of an independent audit to ensure financial integrity. We commit to entering project and benefits data into the EPA Clean Water National Information Management System (NIMS) and Clean Water and Benefits Reporting (CBR) System to evaluate the benefits of the CWSRF program. Among other parameters, the reporting systems will evaluate the number of CWSRF projects that provide the following public health benefits:

- i. Achieve compliance with CWA;
- ii. Maintain compliance with CWA; and
- iii. Meet future requirements of CWA.

We will enter project benefits information into CBR by the end of the quarter in which the assistance agreement is signed.

DRAFT

ATTACHMENT A: 2016 & 2017 Project Priority Lists

DRAFT

Final Year 2016 Priority List - Clean Water State Revolving Loan Fund

Class A: Project benefits public health and/or the environment

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MH / PWWS MH | Revised Points | Project Description | Pre-Application Estimate |
|----------------------|---------------------------------|------------|--------|------------|--------------------|----------------|---|--------------------------|
| 1 | Carson City Public Works | NS0090008 | 28 | 55,375 | 1.02 | 28.45 | Septic to Sewer Conversion | \$ 3,000,000 |
| 2 | Washoe County DWR | NV0020150 | 28 | 20,239 | 1.00 | 27.87 | Spanish Springs septic to sewer | \$ 31,900,000 |
| 3 | Churchill Co - Pine Grove | NS2006511 | 25 | 450 | 1.06 | 26.49 | Pine Grove Lift Station Removal - Conversion to Gravity (GREEN) | \$ 641,140 |
| 4 | Lyon County Utilities | NS2000500 | 22 | 11,000 | 1.06 | 23.31 | Dayton Valley Septic Conversions | \$ 10,000,000 |
| 5 | Lyon County Utilities | NS0040032 | 14 | 11,000 | 1.06 | 14.83 | Carson Highlands WWTF Decommissioning | \$ 2,200,000 |
| 6 | City of Winnemucca | NS0040037 | 19 | 10,500 | 0.75 | 14.28 | Replace RIBs in Floodplain w/New Irrigated Pivot & RIBs outside of Floodplain | \$ 18,000,000 |
| 7 | Round Mountain Public Utilities | NS0087032 | 15 | 544 | 0.62 | 9.37 | Treatment Pond lining & System Repair/Rehabilitation | \$ 3,050,840 |
| Total Class A | | | | | | | | \$ 66,791,980 |

Class B: Projects necessary to increase reliability or sustainability

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MH / PWWS MH | Revised Points | Project Description | Pre-Application Estimate |
|----------------------|--|-----------------|--------|------------|--------------------|----------------|---|--------------------------|
| 8 | Tonopah Public Utilities | NS0000026 | 24 | 2,478 | 1.51 | 36.21 | Treatment effluent infrastructure project - Phase 2 (GREEN) | \$ 3,516,900 |
| 9 | Elko Co Public Works (Mountain City) | NS0040023 | 16 | 60 | 1.52 | 24.25 | Sewer system repairs | \$ 600,000 |
| 10 | Elko Co Public Works (Jackpot) | NS0080018 | 18 | 1,100 | 1.28 | 23.06 | Wastewater reclamation (GREEN) | \$ 1,040,000 |
| 11 | City of Reno | NV0020150 | 18 | 258,138 | 1.13 | 20.32 | Expansion of reclaimed water distribution system in and around Reno (GREEN) | \$ 12,000,000 |
| 12 | Clark County Water Rec. District | NV0024200 | 18 | 891,305 | 1.03 | 18.58 | Membrane/Ozonation Upgrade at Central Plant, Phase II (GREEN) | \$ 45,000,000 |
| 13 | Clark County Water Rec. District | NV0021261 | 18 | 891,305 | 1.03 | 18.58 | Central Plant Filters Replacement - Phase 3/4 (GREEN) | \$ 50,660,000 |
| 14 | Carson City Public Works | NS0090008 | 18 | 55,375 | 1.02 | 18.29 | WWTP rehab/upgrades, effluent line repair, & other system projects (GREEN) | \$ 24,000,000 |
| 15 | McGill-Ruth GD | NS0087046 | 12 | 1,200 | 1.45 | 17.36 | Wastewater treatment facility monitoring well | \$ 56,000 |
| 16 | McGill-Ruth GD | NS0087046 | 12 | 1,200 | 1.45 | 17.36 | McGill Wastewater Treatment Facility Upgrade | \$ 459,160 |
| 17 | Nye County (Gabbs) | NS0070021 | 8 | 378 | 2.08 | 16.61 | 1.5 miles of 8-inch sewer main replacement | \$ 500,000 |
| 18 | City of Henderson | NS0080003 | 16 | 258,138 | 0.82 | 13.10 | Replacement of Sunset lift station with gravity sewer (U0010) (GREEN) | \$ 500,000 |
| 19 | City of Henderson | NS0080003 | 16 | 258,138 | 0.82 | 13.10 | Replacement of Mohawk lift station with gravity sewer (U0028) (GREEN) | \$ 1,500,000 |
| 20 | City of Sparks | NS0095005 | 13 | 90,504 | 1.00 | 13.05 | North Truckee Drain Project | \$ 15,000,000 |
| 21 | Imley Sewer Coop | GNEV05050910125 | 15 | 145 | 0.87 | 13.03 | System Replacement/Rehabilitation & Extension | \$ 1,500,000 |
| 22 | Yerington | NS0040033 | 10 | 3,300 | 1.30 | 12.96 | Yerington WWTP Upgrades | \$ 4,000,000 |
| 23 | Indine Village GD | NS0030009 | 17 | 9,700 | 0.76 | 12.84 | Effluent Export Rehabilitation Phase II | \$ 23,000,000 |
| 24 | City of West Wendover | NS0010019 | 16 | 4,410 | 0.75 | 12.02 | Replacement of effluent reuse line (GREEN) | \$ 1,500,000 |
| 25 | Lyon County Utilities | NS2000500 | 11 | 11,000 | 1.06 | 11.66 | Rose Peak, Cardelli Road lift station replacement; septic sewer conversions | \$ 1,350,000 |
| 26 | City of Ely | NS0070015 | 8 | 5,500 | 1.16 | 9.26 | Replacement of clay sewer line | \$ 3,240,000 |
| 27 | City of Ely | NS0070015 | 8 | 5,500 | 1.16 | 9.26 | New 8-inch PVC sewer pipeline and manholes on Murry St | \$ 435,780 |
| 28 | City of Henderson | NS0080003 | 11 | 258,138 | 0.82 | 9.01 | Horizon Sewer Main Replacement (U0003) | \$ 1,000,000 |
| 29 | City of Henderson | NS0080003 | 11 | 258,138 | 0.82 | 9.01 | Townsite Phase 2 (U0072) | \$ 4,200,000 |
| 30 | City of Henderson | NS0080003 | 11 | 258,138 | 0.82 | 9.01 | Townsite Phase 1 (U0034) | \$ 2,900,000 |
| 31 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,801 | 0.69 | 8.98 | Headworks Improvements & other system improvements | \$ 892,160 |
| 32 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.69 | 8.98 | Solids Handling & Dewatering Improvements | \$ 884,800 |
| 33 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.69 | 8.98 | Emergency Storage; Main Pump Station | \$ 1,269,656 |
| 34 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.69 | 8.98 | DCDS/STPUD Emergency Intertie Project | \$ 529,200 |
| 35 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.69 | 8.98 | Grit Removal Rehabilitation Project | \$ 1,322,720 |
| 36 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.69 | 8.98 | Emergency Storage; Beach Pump Station | \$ 818,215 |
| 37 | Sage Valley MHP | GNEV05050910150 | 8 | 188 | 1.06 | 8.46 | Wet Well Rehab & Sewer Lift Pump Replacement | \$ 73,000 |
| 38 | City of Carlin | NS0093001 | 11 | 2,800 | 0.76 | 8.35 | Lining of waste water ponds | \$ 800,000 |
| 39 | Douglas Co (North Valley) | NS0060025 | 12 | 4,500 | 0.69 | 8.29 | North Valley Wastewater Treatment Plant Expansion | \$ 4,900,000 |
| 40 | Douglas County Public Works | Multiple | 8 | 9,450 | 0.88 | 7.03 | Telemetry & SCADA Improvements | \$ 700,000 |
| 41 | Storey Co Public Works (Virginia City) | NV0020451 | 9 | 2,838 | 0.76 | 6.86 | Major sewer line replacements | \$ 11,300,000 |
| Total Class B | | | | | | | | \$ 221,447,591 |

Class C: Other clean water needs projects

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MH / PWWS MH | Revised Points | Project Description | Pre-Application Estimate |
|----------------------|----------------------------------|------------|--------|------------|--------------------|----------------|---|--------------------------|
| 42 | Clark County Water Rec. District | NV0021261 | 13 | 891,305 | 1.03 | 13.42 | Solar Power Project at Main Plant (GREEN) | \$ 40,000,000 |
| 43 | City of Fernley | NS0080011 | 0 | 18,000 | 1.00 | 0.00 | Loan Refinancing | \$ 8,000,000 |
| 44 | Washoe County | Multiple | 0 | NA | 1.00 | 0.00 | Loan Refinancing | \$ 3,210,048 |
| Total Class C | | | | | | | | \$ 51,210,048 |

TOTAL FOR ALL PROJECTS \$ 341,449,619

Year 2017 Priority List - Clean Water State Revolving Loan Fund

Class A: Project benefits public health and/or the environment

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MHI / PWWS MHI | Revised Points | Project Description | Pre-Application Estimate |
|----------------------|---------------------------------|------------|--------|------------|----------------------|----------------|--|--------------------------|
| 1 | Carson City Public Works | NS0090008 | 28 | 55,375 | 1.04 | 29.17 | Septic to Sewer Conversion | \$ 3,000,000 |
| 2 | Churchill Co - Pine Grove | NS2006511 | 25 | 450 | 1.01 | 25.33 | Pine Grove Lift Station Removal - Conversion to Gravity; sewer line replacements (GREEN) | \$ 641,140 |
| 3 | Lyon County Utilities | NS2000500 | 24 | 13,000 | 1.03 | 24.73 | Sewer Lift Station Rehabilitation/Replacement & replacement of sewer main (GREEN) | \$ 1,500,000 |
| 4 | Washoe County DWR | NV0020150 | 28 | 20,239 | 0.80 | 22.36 | Spanish Springs septic to sewer | \$ 31,900,000 |
| 5 | City of Fernley | NS0080011 | 17 | 19,200 | 0.97 | 16.42 | WWTP Improvements | \$ 1,300,000 |
| 6 | Douglas County (North Valley) | NS0060025 | 15 | 4,500 | 0.72 | 10.84 | Septic to Sewer Conversion | \$ 1,500,000 |
| 7 | City of Winnemucca | NS0040037 | 21 | 10,500 | 0.72 | 15.21 | New Treatment Facility | \$ 18,000,000 |
| 8 | Round Mountain Public Utilities | NS0087032 | 19 | 544 | 0.54 | 10.27 | Treatment Pond Lining & System Repair/Rehabilitation | \$ 3,050,840 |
| Total Class A | | | | | | | | \$ 60,891,980 |

Class B: Projects necessary to increase reliability or sustainability

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MHI / PWWS MHI | Revised Points | Project Description | Pre-Application Estimate |
|----------------------|--|------------|--------|------------|----------------------|----------------|---|--------------------------|
| 9 | Tonopah Public Utilities | NS0000026 | 24 | 2,478 | 1.25 | 29.90 | Treatment effluent infrastructure project - Phase 2 (GREEN) | \$ 3,516,900 |
| 10 | Jackpot | NS0080018 | 18 | 1,100 | 1.55 | 27.84 | Wastewater reclamation (GREEN) | \$ 1,040,000 |
| 11 | Nye County (Gabbs) | NS0070021 | 8 | 378 | 3.16 | 25.26 | Sewer main & lateral replacement | \$ 500,000 |
| 12 | Elko Co Public Works (Mountain City) | NS0040023 | 16 | 60 | 1.53 | 24.51 | Sewer system repairs | \$ 600,000 |
| 13 | City of West Wendover | NS0010019 | 16 | 4,410 | 1.25 | 19.94 | Replacement of effluent reuse line (GREEN) | \$ 1,500,000 |
| 14 | City of Reno | NV0020150 | 18 | 258,138 | 1.04 | 18.80 | Expansion of reclaimed water distribution system in and around Reno (GREEN) | \$ 12,000,000 |
| 15 | Carson City Public Works | NS0090008 | 18 | 55,375 | 1.04 | 18.75 | WWRP rehab/upgrades, effluent line repair, & other system projects (GREEN) | \$ 24,000,000 |
| 16 | Clark County Water Rec. District | NV0024200 | 18 | 891,305 | 1.03 | 18.46 | Membrane/Ozonation Upgrade at Central Plant, Phase II (GREEN) | \$ 45,000,000 |
| 17 | Clark County Water Rec. District | NV0021261 | 18 | 891,305 | 1.03 | 18.46 | Central Plant Filters Replacement - Phase 3/4 (GREEN) | \$ 100,339,000 |
| 18 | Hawthorne | NS0020009 | 17 | 3,020 | 1.08 | 18.39 | Sewer System Improvements | \$ 5,857,000 |
| 19 | McGill-Ruth GID | NS0087046 | 12 | 1,200 | 1.11 | 13.38 | McGill Wastewater Treatment Facility Upgrade | \$ 459,160 |
| 20 | City of Henderson | NS0080003 | 16 | 258,138 | 0.82 | 13.09 | Replacement of Sunset lift station with gravity sewer (U0010) (GREEN) | \$ 370,000 |
| 21 | City of Henderson | NS0080003 | 16 | 258,138 | 0.82 | 13.09 | Replacement of Mohawk lift station with gravity sewer (U0028) (GREEN) | \$ 1,000,000 |
| 22 | City of Sparks | NS0085005 | 13 | 90,504 | 0.98 | 12.69 | North Truckee Drain Project | \$ 15,000,000 |
| 23 | Incline Village GID | NS0030009 | 17 | 9,700 | 0.75 | 12.68 | Effluent Export Rehabilitation Phase II | \$ 23,000,000 |
| 24 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,801 | 0.96 | 12.53 | Headworks Improvements & other system improvements | \$ 892,160 |
| 25 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.96 | 12.53 | Solids Handling & Dewatering Improvements | \$ 884,800 |
| 26 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.96 | 12.53 | Emergency Storage: Main Pump Station | \$ 1,269,656 |
| 27 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.96 | 12.53 | DCDIS/STPUD Emergency Intertie Project | \$ 529,200 |
| 28 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.96 | 12.53 | Grit Removal Rehabilitation Project | \$ 1,322,720 |
| 29 | Douglas Co SID No. 1 | NS0080033 | 13 | 2,800 | 0.96 | 12.53 | Emergency Storage: Beach Pump Station | \$ 818,215 |
| 30 | City of Yerington | NS0040033 | 10 | 3,200 | 1.24 | 12.42 | City of Yerington Sewer System Improvements | \$ 15,923,613 |
| 31 | City of North Las Vegas | NV0023647 | 11 | 231,000 | 0.98 | 10.81 | Sewer Main Rehabilitation | \$ 11,840,000 |
| 32 | Stoney Co Public Works (Virginia City) | NV0020451 | 9 | 2,838 | 1.20 | 10.80 | Major sewer line replacements | \$ 11,300,000 |
| 33 | Douglas County Public Works | Multiple | 13 | 9,450 | 0.78 | 10.11 | Telemetry & SCADA Improvements | \$ 700,000 |
| 34 | City of Henderson | NS0080003 | 11 | 258,138 | 0.82 | 9.00 | Horizon Sewer Main Replacement (U0003) | \$ 1,000,000 |
| 35 | City of Ely | NS0070015 | 8 | 5,500 | 1.10 | 8.81 | Upgrades to the City's Sanitary Sewer Collection System | \$ 7,495,490 |
| 36 | City of Ely | NS0070015 | 8 | 5,500 | 1.10 | 8.81 | New 8-inch PVC sewer pipeline and manholes on Murry St | \$ 435,780 |
| 37 | City of Ely | NS0070015 | 8 | 5,500 | 1.10 | 8.81 | Sewer Main Replacements on Aultman St & Great Basin Blvd | \$ 1,427,500 |
| 38 | Douglas Co (North Valley) | NS0060025 | 12 | 4,500 | 0.72 | 8.67 | North Valley Wastewater Treatment Plant Replacement/Expansion | \$ 4,900,000 |
| 39 | City of Carlin | NS0093001 | 11 | 2,800 | 0.71 | 7.75 | Lining of waste water ponds | \$ 800,000 |
| Total Class B | | | | | | | | \$ 295,721,194 |

Class C: Other clean water needs projects

| Priority | Applicant Name & Address | Permit No. | Points | Population | State MHI / PWWS MHI | Revised Points | Project Description | Pre-Application Estimate |
|-------------------------------|----------------------------------|------------|--------|------------|----------------------|----------------|---|--------------------------|
| 40 | Lyon County Utilities | NS2000500 | 20 | 13,000 | 1.03 | 20.61 | Rolling A POTW Solids Handling Facility (GREEN) | \$ 1,650,000 |
| 41 | Clark County Water Rec. District | NV0021261 | 13 | 891,305 | 1.03 | 13.33 | Solar Power Project at Main Plant (GREEN) | \$ 40,000,000 |
| Total Class C | | | | | | | | \$ 41,650,000 |
| TOTAL FOR ALL PROJECTS | | | | | | | | \$ 398,263,174 |

ATTACHMENT B: 2016 Fundable List

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List of Projects to be funded, FY2016

| Rank | Community Name/Project Sponsor | NPDES permit number | Class | Project Description | Total Assistance | Interest Rate | Additional Subsidy/Principal Forgiveness Amount ¹ | Green Project Reserve ² | | Business Case Project | Estimated binding commitment date |
|------------------------|--------------------------------|---------------------|-------|---|-------------------|--------------------|--|------------------------------------|-------------------|-----------------------|-----------------------------------|
| | | | | | | | | Amount | Category | | |
| 38 | Douglas County SID | NS0090008 | B | North Valley Wastewater Treatment Plant Expansion | 5,550,000 | Not yet determined | NA | 5,550,000 | Water Efficiency | | 5/17/2016 |
| 43 | Fernley, City of | NV0021261 | C | Refinance of non-SRF loan for various wastewater treatment plant projects | 5,807,691 | 2.35% | NA | | | | 8/6/2015 |
| 2 (2017 Priority List) | Churchill Co. - Pine Grove | NS2006511 | A | Lift state removal - conversion to Gravity: sewer line replacments | 641,140 | NA | 641,140 | | Energy Efficiency | | 8/1/2016 |
| Total | | | | | 11,998,831 | | 641,140 | 5,550,000 | | | |

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**ATTACHMENT C: Criteria to Determine eligibility for a
Principal Forgiveness Loan**

DRAFT

Scale to Determine Principal Forgiveness Amount

| State Median Household Income (MHI) versus Community MHI | Possible Points | System Received |
|--|------------------------|------------------------|
| Based upon the Current Priority List data | | |
| 1.25 or more | 50 | |
| less than 1.25 | 0 | |
| Project Points | | 0 |
| Population Trend | Possible Points | System Received |
| Based upon last three years of American Community Survey best available data | | |
| 1. Decreasing | 5 | |
| 2. Increasing | 0 | |
| Project Points | | 0 |
| Unemployment Rate | Possible Points | System Received |
| Based upon American Community Survey used for MHI data | | |
| Greater than 80% of statewide unemployment | 5 | |
| Less than 80% of statewide unemployment | 0 | |
| Project Points | | 0 |
| Population not in labor force | Possible Points | System Received |
| Based upon American Community Survey used for MHI data | | |
| Greater than state percentage | 10 | |
| Less than state percentage | 0 | |
| Project Points | | 0 |
| Affordability | Possible Points | System Received |
| Would an interest bearing loan increase already reasonable user rates by 25% or more with the new system and debt service? | | |
| Yes | 15 | |
| No | 0 | 0 |
| Project Points | | 0 |
| Other Factors | Possible Points | System Received |
| Qualifies as a Class A project on the current Clean Water Priority List | 25 | |
| Consolidation into another system | 50 | |
| Project considered Green | 15 | |
| Small Systems that serve populations less than 10,000 people | 10 | |
| Project Points | | 0 |
| Total Project Points | | 0 |

Maximum Points are 185

Points needed to Qualify for Principal Forgiveness is 50

