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| <p>BOARD FOR FINANCING WATER PROJECTS</p> <p>POLICY</p> | <p>EFFECTIVE DATE</p> <p>07/20/04</p> | <p>PAGE</p> <p>Page 1 of 1</p> |
| <p>SUBJECT: ALTERNATIVE FUNDING</p> | | |

STATEMENT OF POLICY:

The Policy on Alternative Funding was implemented at the July 20, 2004 Board for Financing Water Projects Public Meeting.

PURPOSE:

To establish a protocol under which the Water Conservation or Capital Improvement Grants can be awarded.

BOARD POLICY:

1. It is the intent of the Board for Financing Water Projects to be the last funding source from which a water utility receives funding.
2. Regardless of any other grants a water utility may have received, the water utility must attempt to obtain a loan from the Drinking Water State Revolving Fund, the U.S. Department of Agriculture, Rural Development and/or other loan sources for the maximum amount possible that will not cause an increase in water rates to exceed 1.5% of the median household income.
3. The median household income shall be determined using data from the latest U.S. Census data unless data from an approved income survey is available.
4. If a water utility is unable to finance or fund any portion of the capital improvement, a grant applicant, in accordance with NAC 349.475.2(h), must provide evidence of its inability in the application requesting a letter of intent from the Board for Financing Water Projects. The evidence must include a reasoned statement as to why the water utility is unable to fund or finance the project AND other documentation indicating its inability to fund or finance the project, including one or more of the following, but not limited to:
 - a. Letters from lending institutions indicating denial and reasons for the denial
 - b. Letters from financial advisers, accountants or fiscal agents justifying the water utility's inability to fund or finance the capital improvement.
5. This policy on alternative funding does not apply to a grant for an engineering study.