BOARD FOR FINANCING WATER PROJECTS POLICY	REVISION DATE 01/25/06	PAGE Page 1 of 2
SUBJECT: ARSENIC PROJECTS		

STATEMENT OF POLICY:

The Policy on Arsenic Projects was implemented at the January 25, 2006, Board for Financing Water Projects Public Meeting.

PURPOSE:

To establish a protocol for Arsenic compliance projects under the Capital Improvement Grant.

REFERENCE:

The new Federal arsenic standard of 10 μg/L effective January 23, 2006.

BACKGROUND:

Many Nevada public water systems will be required to construct treatment facilities to meet, by January 23, 2006 (unless extended), the new arsenic standard of 10 μg/L. The capital cost, statewide, is expected to be about $250 to $300 million. This staggering cost cannot be paid with the limited funds managed by the Board for Financing Water Projects. To conserve the available grant funds and maintain the viability of the grant program, the Board for Financing Water projects finds it necessary to establish this policy for considering the funding of arsenic projects.

BOARD POLICY:

1. Before an arsenic project will be funded by the Board for Financing Water Projects, the eligible public water system must have obtained an Exemption or other form of extension or must have been denied an exemption or time extension or must demonstrate that a time extension is not otherwise obtainable from the Bureau of Safe Drinking Water (BSDW).

2. Before submitting a letter of intent or applying for a grant for an arsenic removal project, a water system must be listed on the current Drinking Water State Revolving Fund Priority List.

3. Before a drinking water utility can receive a grant to remove arsenic, that drinking water utility must apply for loans and grants in the maximum amount possible from: the Drinking Water State Revolving Fund, USDA Rural Development, CDBG, and/or other local lending intuitions.

4. The grant applicant must raise its water rates to the maximum extent possible to fund maintenance and operating expenses, any debt service and to fund the required capital replacement account.

5. Construction grants will be awarded on a priority basis subject to all grant requirements and availability of funds. Priority will be determined by:

    a. All eligible public water systems that do not meet the new arsenic standard of 10 μg/L are included on a priority list maintained by Staff. Systems with highest priority are those with the highest arsenic levels reported to the BSDW.

    b. Small water systems that serve a population less than 6,000 people must be given preference and larger water systems will be considered on a case-by-case basis.

6. In order to obtain USDA loans and grants, a preliminary engineering study (PER) is required. In addition, the BSDW requires an arsenic pilot study be conducted prior to approval of construction design for arsenic removal. As a general guide for grants for arsenic PER/Pilot Studies:

    a. Eligible public water systems that have conducted a water system PER/Master Plan or Arsenic Master Plan within the most recent 5 year period should show a reduction in cost for an arsenic PER as a significant body of research and analysis for the water system and its components will already exist.

    b. Arsenic PER/Pilot Studies for eligible public water systems should not be conducted more than two years prior to design and construction due primarily to possible changes in available technology and equipment and construction cost variability over time.

    c. Arsenic PER/Pilot Study grant requests will be funded on the same priority basis as construction grant requests as shown in item 5 above.