

Office of Financial Assistance	EFFECTIVE DATE February 25, 2019	PAGE Page 1 of 5
Guideline and Policy		
SUBJECT: Fiscal sustainability plan required for CWSRF & DWSRF loan recipients		

This guideline and policy is created to describe the Office of Financial Assistance (OFA) requirements for a fiscal sustainability plan (FSP).

Background:

On June 10, 2014, President Obama signed into law the Water Resources Reform and Development Act of 2014. Among its provisions are amendments to Titles I, II, V, and VI of the Federal Water Pollution Control Act (FWPCA). The act is codified in Title 33 of the United States Code. As amended, the FWPCA now includes section 603(d)(1)(E), which states:

- (E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall—*
- (i) develop and implement a fiscal sustainability plan that includes—*
 - (I) an inventory of critical assets that are a part of the treatment works;*
 - (II) an evaluation of the condition and performance of inventoried assets or asset groupings;*
 - (III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and*
 - (IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or*
 - (ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i);*

Under this new law, a recipient that receives funding from the Clean Water State Revolving Fund (CWSRF) must develop and implement a FSP or certify that it has already developed and implemented such a plan. This only applies for projects that involve the repair, replacement, or expansion of a publicly-owned treatment works (33 U.S.C. §1383 (d)(1)(e)).

FSPs are not required for:

- New treatment works (unless they are physically replacing an existing treatment works or expanding the treatment capacity of an existing system)
- Projects involving an upgrade that does not involve repair/replacement or expand the treatment capacity (e.g., adding advanced treatment).

This provision applies to all loans for which the borrower submitted an application on or after October 1, 2014.

OFA added a requirement for borrowers seeking principal forgiveness funding from both the CWSRF and the Drinking Water State Revolving Fund (DWSRF) programs to develop and implement a FSP prior to the final draw on the loan. A letter dated May 21, 2018 was sent to all water systems on the project priority lists and the letter was publically noticed. **This requirement became effective for all principal forgiveness loan borrowers sumitting an application on or after June 23, 2018.**

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Purpose:

- All systems have a responsibility to maintain health, reduce water loss, prevent pollution, and sustain economic vitality in their communities.
- Systems must demonstrate they have technical, managerial and financial sustainability in meeting their responsibilities.
- FSPs should be treated as “living documents” that are regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system.
- The FSP should help the loan recipient maintain a desired level of service at the lowest life cycle cost.

Policy:

1. A FSP will be required for the following loans:
 - a. All CWSRF loan applicants seeking funding for the repair, replacement, or expansion of a publicly owned treatment works.
 - b. All CWSRF loan applicants seeking principal forgiveness funding for a construction project.
 - c. All DWSRF loan applicants seeking principal forgiveness funding for a construction project.
2. The FSP must include:
 - a. an inventory of critical assets that are part of the system;
 - b. an evaluation of the condition and performance of inventoried assets or asset groupings;
 - c. documentation of useful life of the assets;
 - d. a plan for maintaining, repairing, and, as necessary, replacing the assets and a plan for funding such activities;
 - e. a certification that the loan recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan and projects, and that it has selected, to the maximum extent practicable, water and energy efficient approaches to repair or replacement of assets.
3. System assets should be broken down into logical sections using best professional judgment. For a sewer rehabilitation or replacement project, for example, it may be appropriate to segment a large collection system into areas or zones and create a FSP for the affected area only. On the other hand, it may be more appropriate for a small system to create a plan that covers the entire collection system.
4. If a loan recipient already has a FSP at the time the loan is requested, the recipient must certify to OFA that a FSP has been developed and is being implemented prior to the time of loan closing (Attachment A). **The FSP must have been reviewed and/or updated by the governing board no longer than five (5) years prior to the date of the loan application.** OFA will typically review the FSP as a part

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of the loan application. OFA staff may complete an evaluation checklist (Attachment B) to include with the staff report.

5. If a loan recipient does not have a FSP at the time the loan is requested, the recipient must certify to OFA that a FSP will be completed and maintained **prior to the final draw on the loan**. The loan agreement will subsequently include a requirement for the completion of the FSP.

For further information

Please contact the OFA staff at ndep-ofa@ndep.nv.gov or visit our website at <http://ndep.nv.gov>.

Attachment A – Fiscal Sustainability Plan Certification Form

System Name	
System Number	
Name of Authorized Representative (Print or Type)	
Title of Authorized Representative (Print or Type)	

Applicant is seeking funding for: CWSRF Treatment Facility
 CWSRF Principal Forgiveness Loan
 DWSRF Principal Forgiveness Loan

Please select “yes” or “no” for each requirement:

System maintains an inventory of critical assets of the system?	Yes	No
System has evaluated the condition and performance of assets?	Yes	No
System maintains a technical plan for maintaining, repairing and replacing assets?	Yes	No
System maintains a financial plan for maintaining, repairing and replacing assets?	Yes	No
System has evaluated and implemented, if any, a plan for water and energy conservation?	Yes	No

Has the governing board reviewed the FSP within the last five (5) years from the date of the application?	Yes	No
Date of application to OFA:		
Date of last board review (attach meeting minutes):		

I hereby certify as the authorized representative that (check one):

The above named system meets the requirements of a fiscal sustainability plan and will continue to maintain the required components for at least the life of the loan.

The above named system will meet the requirements of a fiscal sustainability plan, including all of the components listed above, prior to the final disbursement of funds from the loan. The system will continue to maintain the required components for at least the life of the loan.

Signature of Authorized Representative

Date of Signature

Attachment B – Evaluation Checklist

Date: _____

System Name: _____

Permit No.: _____

Loan Recipients Present: _____

State OFA Staff Present: _____

	FSP Checklist Item	Y / N	Comments
1.	FSP has been developed at an appropriate depth and complexity and includes:		
a.	a complete and organized inventory of current system assets, location, age, life expectancy & cost		
b.	an evaluation of the condition & performance of inventoried assets or asset groupings		
c.	Determination of criticality of each asset & the probability & consequence of failure		
d.	a plan for maintaining, repairing, & as necessary, replacing the treatment works		
e.	5-, 10-, and 20-year capital improvement plans		
f.	long-term funding strategy for activities in Items d & e		
g.	certification of evaluation and implementation of water and energy conservation efforts		
2.	FSP has been implemented		
3.	The system understands the condition and costs associated with its critical infrastructure assets		
4.	Incorporated, to the maximum extent practicable, water and energy efficient approaches into the funded project		