

State of Nevada
Division of Environmental Protection
Clean Water State Revolving Fund
Intended Use Plan 2012 Grant



The construction of a 10,000-gallon grease receiving tank and associated piping to facilitate the processing of restaurant grease at the Minden Gardnerville Sanitation District wastewater treatment plant. This project allows the plant to process the grease into its new anaerobic sludge digester and generate more gas for heating of the digesters and for heating of the plant buildings. Another component of this project is the installation of a 200-KW cogeneration system which will use the excess gas byproduct from the grease digestion in the digester to generate electricity for the plant.

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I. Introduction

The State of Nevada, Division of Environmental Protection's (NDEP) Intended use Plan (IUP) for the Clean Water State Revolving fund (CWSRF) is prepared in accordance with the provisions of Title VI of the Clean Water Act of 1987, and the Federal Fiscal Year (FFY) 2012 Consolidated Appropriations Act, H.R. 2055 which was signed into law on December 23, 2011. This IUP is a required part of the process to request the Federal Fiscal Year 2012 Capitalization Grant which will be matched with 20 percent of state matching funds. The 2012 capitalization grant allotment for the State of Nevada is estimated at \$7,008,000. The IUP describes NDEP's intended uses for all funds available in the CWSRF program and an overview of how the state will comply with federally mandated requirements.

How the CWSRF Program Operates

Every year since the inception of the CWSRF program, the federal government has appropriated funds for the CWSRF. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1989, the NDEP CWSRF has received over \$147,195,300 in federal capitalization grants. In addition, as required by the legislation, NDEP has provided matching funds equal to 20 percent of the capitalization grants.

American Recovery and Reinvestment Act

In SFY10, NDEP received additional capitalization of \$19,239,100 through the American Recovery and Reinvestment Act of 2009 (ARRA), the federal stimulus bill. Thirteen additional projects received low-cost financing through ARRA. Nine projects have completed construction as of June 30, 2011. The remaining projects are expected to complete construction by October 2012.

II. 2012 Project Funding

NDEP 2012 federal capitalization grant allocation totals \$7,008,000. Congress mandated that for the 2012 grant not less than 10 percent of this amount (\$700,080) be put towards projects that qualify under the Green Project Reserve. In addition, the 2012 Appropriations Act required that between \$1,401,600 and \$2,102,400 be provided for subsidy projects. NDEP plans to provide approximately \$1,633,691 in subsidy as principal forgiveness. Further, CWSRF projects, regardless of funding source, will be required to follow Davis-Bacon provisions.

NDEP expects to finance three wastewater and storm water infrastructure projects totaling at least \$31,633,691. These include:

- To meet the minimum estimated subsidy requirements, \$1,633,691 of the 2012 grant funds will be applied to two projects. The subsidy will be in the form of principal forgiveness. These projects meet the criteria for disadvantaged communities. The \$1,633,691 in principal forgiveness represents NDEP's projected 2012 capitalization grant requirements.
- Two projects are expected to qualify for the Green Project Reserve. Funding for these projects include a \$30,000,000 project with a 10% green component (\$3,000,000) and a project totaling \$1,121,890. The \$4,121,890 in green projects represents NDEP's projected 2012 capitalization grant requirements.
- All three projects meet the sustainability criteria through fix it first, water efficiency, and /or green infrastructure.

Figure 1 includes NDEP's project funding list. These are the projects that NDEP expects to fund. The Clark County project will be used to meet the equivalency projects reporting requirements. An expanded Project Priority List can be found in Appendix A. Project ranking criteria can be found in Appendix B.

Figure 1

List of Projects to be funded, FY2012											
Rank	Community Name/Project Sponsor	NPDES permit number	Category	Project Description	Total Assistance	Interest Rate	Additional Subsidy/Principal Forgiveness Amount	Green Project Reserve		Business Case Project	Estimated binding commitment date
								Amount	Category		
3	Orovada	NEV90006	IIIB	Construction of two HDPE lined treatment ponds, installation of two rapid infiltration basins, and associated piping, grading, sludge removal, fencing, electrical, and other incidental work.	511,801	PF	511,801	0			3/2/2012
9	Clark County (Green)	NV0021261	II	Membrane/Ozonation Upgrade at Central Plant, Phase II	30,000,000	To be determined	0	3,000,000	2.2-6	No	6/1/2012
6	Tonopah	NEV00026	II	Construction of Reclaimed water treatment facility.	1,121,890	PF	1,121,890	1,121,890	2.2-6	No	2/14/2012
				Total	31,633,691		1,633,691	4,121,890			

III. Short and Long Term Goals

NDEP has developed short- and long-term goals for its CWSRF program

Short-Term Goals

For the purposes of this IUP, a short-term goal is an activity intended to be initiated and, in some cases, completed within a year.

- *Issue loans totaling \$31,633,691. See figure 1 for further detail.*
- *Effectively manage day to day operation of CWSRF by continuing to meet goals and restructure program duties as needed.*
- *Use 20% to 30% of 2012 Federal appropriation CWSRF funds awarded to Nevada for additional subsidies. EPA's Sustainability Policy encourages states to direct additional subsidies towards projects in communities that would the otherwise not be able to afford financing and to projects that repair existing infrastructure ("fix it first"), promote effective utility management or planning. Two projects have been designated to meet this goal and are shown in the Figure 1 above.*
- *Fund green infrastructure, water and energy efficiency and environmentally innovative projects in an amount that is at least ten percent ($\$7,008,000 \times 10\% = \$700,800$) of the capitalization grant. Congress has directed that at least 10 percent of the capitalization grant be allocated towards energy efficiency and environmentally innovative projects for its 2012 project priority list. The CWSRF program will work with projects to ensure that the 10 percent threshold is met. Funding of the Clark County project shown in Figure 1 will meet this goal.*

Long-Term Goals

For purposes of this IUP, a long term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- *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.*

NDEP uses a CWSRF financial planning model to guide decisions on funding levels, interest rates, and other financing terms.

- *Ensure fiscal and technical integrity of the State Revolving Fund program. NDEP's CWSRF is committed to bringing project to the program that address the state's most important water quality priorities.*

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.

- *Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF.*

NDEP uses a CWSRF financial planning model to guide decisions on funding levels, interest rates and other financing terms. NDEP strives to balance the goals of maximizing subsidies while maintaining the fund in perpetuity.

- *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 cost savings.

IV. Allocation of Funds

a. Criteria Method for Distribution of Funds

State revolving loan funds for the construction of municipal wastewater treatment works and pollution control projects are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The priority system described herein reflects the policies of the Department of Conservation and Natural Resources, Nevada Division of Environmental Protection (NDEP) regarding the utilization of the SRF, and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State.
- Protection of the health of the people of the State from the threat created by inadequate treatment,

collection and improper disposal of municipal wastewater and wastewater from non-point sources.

- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses.
- Operation of the SRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF.

The primary purpose of the priority system is (Appendix A) to describe how staff of the NDEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority class and given a priority value. The product of this evaluation is a project priority list which was formally adopted by NDEP during a public hearing. See Appendix B for the complete policy.

Bypass Procedures

NDEP may bypass projects on the IUP List of Projects to be Funded and Priority List if they are later determined to not be ready for funding. In those events, other projects from the Project Priority List may move to the funding list based on project priority ratings. Project that are by passed maintain their rate.

All projects must be on the Project Priority List in order to receive funding. All bypasses will be explained in the Annual Report.

b. Types of Projects to be Funded and Financing Rates

Section 212 Projects

Projects identified as qualifying for the CWSRF under the Clean Water Act section 212 will have an interest rate of 62.5% of the Bond Buyers Index Rate. The Division however, can use other means of determining the interest rate if it concludes another method is appropriate. If a project meets the elements in the Sustainability Policy principal forgiveness may apply. This is outlined below.

In its 2012 appropriations, Congress required states to provide additional subsidies. NDEP is required to provide between \$1,401,600 and \$2,102,400 as additional subsidy. In Nevada additional subsidy will be provided as principal forgiveness towards disadvantaged communities. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the median income per household is less than 80 percent of the state median household income. To meet anticipated federal 2012 appropriation requirement, additional subsidy will be offered to communities that meet the definition of disadvantaged community. There are adequate projects on the Priority List that meet the above definition of a disadvantaged community to more than satisfy the requirement of the federal grant. The terms and amount of the additional subsidy will be determined on a case by case basis based on the individual community's financial situation.

The CWSRF will be used to fund the following types of projects.

1. Construction of wastewater treatment plants and treatment plant upgrades including planning and design.
2. Construction of sewer collection lines including planning and design.
3. New or expanded water reclamation and reuse facilities.
4. Non-point source projects.
5. Sustainability projects such as fix it first water efficiency, energy efficiency, green infrastructure or other environmentally innovative activities.

V. Financial Management

a. Source of State Match

NDEP's 2012 appropriation of \$7,008,000 requires state matching funds of \$1,401,600 (20 percent). NDEP will issue approximately \$2,800,000 in state match bonds in or near July 2012 to be put towards meeting state match requirements for the 2012 grant and future years. NDEP has a surplus of state match bonds that can be applied towards a portion of the required state match for the 2012 grant. NDEP will only draw 2012 grant funds up to the 20% available in state match funds until the remainder is deposited. The state match bonds will be repaid using interest earnings on investments and assistance agreements. The term of the bonds will be decided closer to issuance and be based on what will contribute best to the financial health of NDEP.

b. Fee Income

NDEP applies a loan origination fee of 0.5% of the amount of base loans. The fee will be applied on a case by case basis. The fee income will eventually help cover the costs of administration. One hundred, fifty thousand dollars in fees are expected to be deposited into the CWSRF administrative budget.

c. Program Administration

NDEP has budgeted \$67,959 in administrative costs for SFY2012, but as there are ample funds available for administration from previous grants, NDEP intends to use all of the 2012 appropriation funds for financing wastewater construction projects.

d. Anticipated Cash Draw Ratio

NDEP uses the rolling proportionality methodology to match the grant. Bonds are used as match and are drawn down as needed for requested loan disbursements. NDEP maintains the ratio at 20 % or more as required by the grant conditions. State matching funds will be deposited to the CWSRF before or at the same time as capitalization grants funds.

e. Transfer of Funds from the Drinking Water State Revolving Fund

Nevada reserves the right to make a transfer of up to 33% of the CWSRF capitalization grant into the DWSRF or an equivalent amount from the DWSRF capitalization grant into the CWSRF. This would require public review and the approval of the Governor, State of Nevada. The decision to transfer funds will be based on funds available relative to projected demand in either DWSRF or CWSRF.

f. Estimated Sources and Uses

The Sources and Uses table in Figure 2 identifies the sources and the uses of all of the available funds in the CWSRF, as well as cumulatively. Sources of funds include federal capitalization grants and state matching funds, as well as leveraged bond proceeds and repayments. Investment earnings and originations fees are also sources of funds.

In keeping with the objective of the CWSRF, the majority of the available funds are used to pay for water quality projects. Funds are also used to pay for administration and for debt service on leveraged and state match bonds.

Figure2: Estimated and Cumulative Sources and Uses

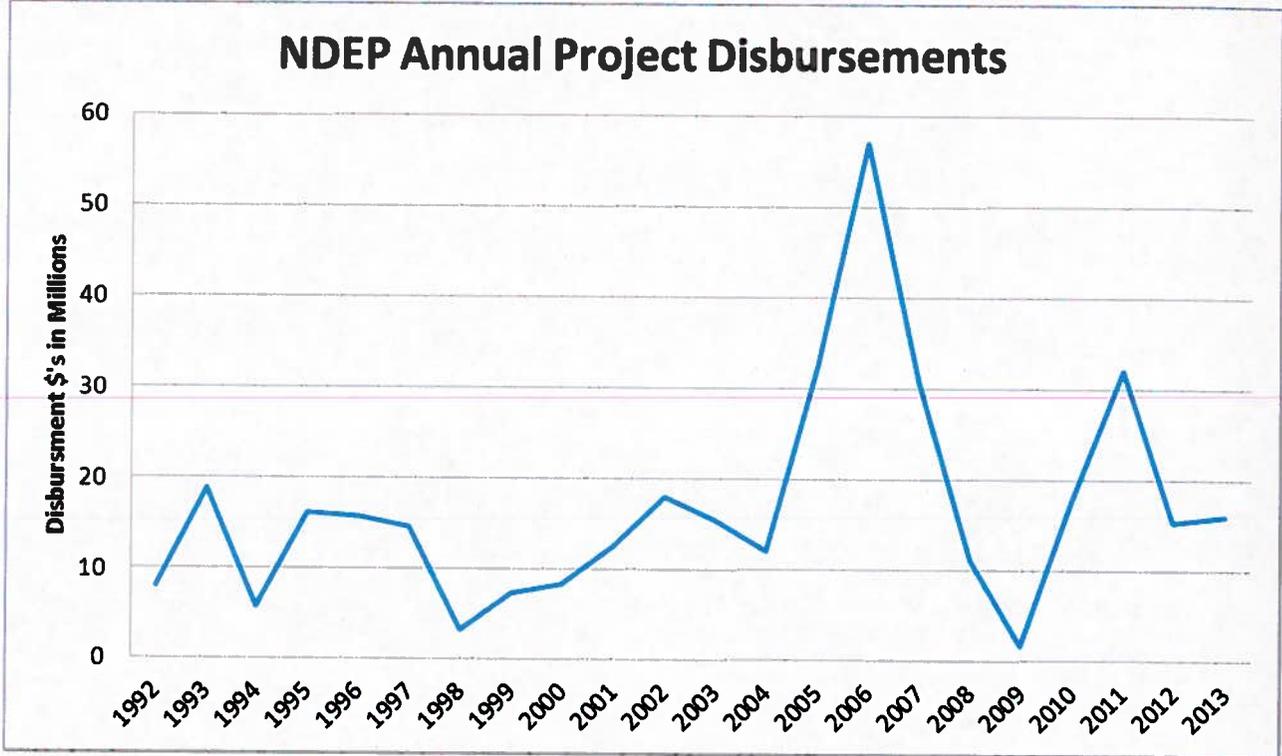
Estimated FY2012 and Cumulative Sources and Uses			
	Cumulative Total from 1989 through 2011 Grants	2012 Grant	Cumulative Total through 2012 Grant
SOURCES			
Federal Capitalization Grants	147,195,300	7,008,000	154,203,300
ARRA Capitalization Grant	19,239,100		19,239,100
State Match			0
Provided from State Match Bond Issues	30,721,490	1,401,600	32,123,090
CWSRF Leveraged Bond Proceeds	138,558,639		138,558,639
Principal Repayments on Assistance Provided	126,047,972	17,042,026	143,089,998
Interest Repayments on Assistance Provided	70,840,302	5,276,826	76,117,128
Investments Earnings	17,419,782	182,751	17,602,533
Fees Deposited into the CWSRF	382,914	150,000	532,914
Funds Transferred from (To) DWSRF	0	0	0
TOTAL SOURCES	550,405,498	31,061,204	581,466,701
USES			
Financing Agreements Entered (Base Program)	382,112,186	0	382,112,186
Projects on IUP (2012 IUP)	24,625,691	7,008,000	31,633,691
ARRA Financing Agreements Executed	19,222,555	0	19,222,555
Leveraged Bond Debt Service			0
Principal	32,550,000	5,240,000	37,790,000
Interest	38,627,700	2,664,536	41,292,236
Bond Debt Service Reserve	19,912,317	14,016,439	33,928,756
State Match Bond Debt Service			0
Principal	21,645,000	1,790,000	23,435,000
Interest	8,083,912	342,229	8,426,141
ARRA Administrative Expense	16,545		16,545
Administrative Expenses (Non-ARRA)	3,609,592		3,609,592
TOTAL USES	550,405,498	31,061,204	581,466,702

g. Financial Management Strategies

NDEP contracts with a financial advisor for financial planning. Information for financial planning is requested from the advisor on an "as needed basis" to determine leveraging practices, bond issuances, early payoffs, and long term financing capacity.

Figure 3 illustrates the historical and projected disbursements based on current financing policies.

Figure 3



The proposed payment schedule can be found in Figure 4.

Figure 4

April 1- June 30, 2012	1,401,600
July 1 – September 30, 2012	1,401,600
October 1 – December 31, 2012	1,401,600
January 1 – March 31, 2013	1,401,600
April 1 – June 30, 2013	1,401,600
Total	\$7,008,000

VI. Program Management

a. Assurances and Specific Proposals

NDEP has provided the necessary assurance and certifications as part of the Operating Agreement (OA) between NDEP and US EPA. The OA describes the mutual obligations between EPA and NDEP. The purpose of the OA is to provide a framework for procedures to be followed in the management and administration of the CWSRF. The OA will be updated within the next few months.

The OA addresses our commitment to key CWSRF requirements, including:

602 (a) Environmental Reviews: The State will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the Regulations Governing the State Revolving Loan Program. (NAC 445A.685-800).

603 (b)(3) Binding Commitments: The CWSRF will enter into binding commitments for 120 percent of the quarterly grant payment within one year of receipt of the payment.

602 (b) (4) Expeditious and Timely Expenditures: The CWSRF will expend all funds in the CWSRF in a timely manner.

b. Federal Requirements

All assistance recipient agreements adhere to the following federal requirements:

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

Assistance recipients will:

- Demonstrate compliance with the federal environmental crosscutting authorities during the environmental review and project planning State.
- Follow the EPA Office of Small Business Programs guidelines for encouraging disadvantaged businesses to participate during the binding process.
- Report on executive compensation as outlined in the Federal Funding Accountability and Transparency Act.
- Submit Single Audit reports in all years when disbursement of federal funds (both CWSRF and non-CWSRF federal funds) are greater than \$500,000.

The project sponsors have been informed of the requirements. NDEP will be maintaining records of their compliance in the project files.

c. Davis-Bacon Wage Rates

EPA's 2012 Appropriations bill requires the application of Davis-Bacon prevailing wage rates to all treatment works projects funding in whole or in part by the CWSRF. The Davis-Bacon requirements do not apply to nonpoint source or decentralized wastewater treatment projects. Davis-Bacon applies to construction contracts of \$2,000 or more and their subcontractors (regardless of the subcontract amount).

NDEP will also provide assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and /or contracts. In addition, NDEP will collect Certification of Davis-Bacon compliance for assistance recipients with disbursement requests.

d. Audits and Reports

Program information, Intended Use Plans, Annual Reports and other program materials are posted on the SRF website: <http://ndep.nv.gov.bffwp/srlf01.htm>.

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 and the related unaudited financial statements.

Project milestones and information are reported through EPA's Clean Water Benefits Reporting database and NIMS. The NDEP commits to entering benefits information on all projects into CBR by the end of the quarter in which the assistance agreement is signed.

VII. Public Review and Comment

On June 7, 2011 at the NDEP office located at 901 S. Stewart Street, Suite 4001, a public hearing was held to

receive comments on the 2012 CWSRF Priority List. The meeting was advertised in major newspapers in the state, on the CWSRF website, and through a mass mailing to all NDEP communities, consulting engineers, regional councils, watershed groups, and other interest parties.

ATTACHMENTS

- A) 2012 Project Priority List
- B) State Project Priority System
- C) Payment Schedule
- D) Green Project Reserve

ATTACHMENT A

2012 Priority List of Projects

Nevada Clean Water State Revolving Loan Fund
Final Project Priority List FY-12

Priority	Applicant Name & Address	Loan No.	Permit No.	Class	Category	Points	Project Description	Requested Amt
1	Washoe County DWR	CS32-0701	NEV40024	A	VI	4.78	Spanish Springs effluent recharge (GREEN)	\$2,850,000
2	Washoe County DWR	CS32-0102	NEV40024	A	IVA	4.78	Spanish Springs septic to sewer	\$31,900,000
3	Orovada GID	CS32-1002	NEV90006	D	IIIB	6	Relining of the primary wastewater treatment ponds	\$325,000
4	Elko Co Public Works- Mtn. City	CS32-1015	NEV20014	E	IIIB/IVA	27	Treatment pond relining, sewer system repairs	\$1,488,209
5	Town of Gerlach GID	CS32-0803	NEV20010	E	IIIB	23	Wastewater treatment ponds relining	\$755,000
6	Tonopah Utilities	CS32-1016	NEV00026	E	II	23	Treatment effluent infrastructure project-Phase I (GREEN)	\$1,400,000
7	City of Reno	CS32-0912	NEV20150	E	II	16	Expansion of reclaimed water distribution system in and around Stead (GREEN)	\$3,000,000
8	City of Reno	CS32-0913	NEV20150	E	II	16	Expansion of reclaimed water distribution system in and around Reno (GREEN)	\$12,000,000
9	Clark County Water Rec. District	CS32-1203	NV0021261	E	II	13	Membrane/Ozonation Upgrade at Central Plant, Phase II	\$45,000,000
10	Washoe County DWR	CS32-0910	NEV40024	E	IIIB	13	Expansion of So. Truckee Meadows Water Reclamation facility to 6MGD (GREEN)	\$46,500,000
11	Indian Hills GID	CS32-0926	NEV80039	E	IIIB	13	Sludge dewatering centrifuge project	\$1,355,750
12	City of West Wendover	CS32-1009	NEV10019	E	II	8	Replacement of effluent reuse line (GREEN)	\$1,316,000
13	City of Reno	CS32-0905	NEV20150	E	IIIB	7	Phased replacement of several anaerobic digester covers at the TMWRF	\$7,500,000
14	Mineral County	CS32-1012	NEV20009	F	IVB	13.5	Replacement of Town of Hawthorne's wastewater collection system	\$6,600,000
15	Gabbs	CS32-1017	NEV70021	F	IVB	9.7	1.5 miles of 8-inch sewer main replacement	\$500,000
16	City of Reno	CS32-0901	NEV20150	F	IIIB	6.31	Lining (CIPP) of 11,500 ft of sewer interceptor line near the airport	\$4,700,000
17	City of Reno	CS32-0902	NEV20150	F	IIIB/IVB	6.31	North Virginia St. Interceptor Phase II-Lift station, forcemain, gravity interceptor	\$9,292,000
18	City of Reno	CS32-0948	NEV20150	F	IIIB	6.31	Sewer replacement project - NW/NE	\$7,400,000
19	City of Reno	CS32-0949	NEV20150	F	IIIB	6.31	Sewer Replacement project - SW	\$4,700,000
20	City of Reno	CS32-0950	NEV20150	F	IIIB	6.31	Sewer replacement project - SE	\$7,000,000
21	City of Reno	CS32-0962	NEV20150	F	IVB	6.31	Sewer interceptor replacement at No Virginia Street and McCarran	\$4,200,000
22	City of Reno	CS32-0946	NEV20150	F	IIIB	6.31	Phase 1A-Sewer rehabilitation project	\$12,850,000
23	City of Reno	CS32-0903	NEV20150	F	IIIB	6.31	Sewer rehabilitation Phase 1-small diameter sewer main replacement	\$11,500,000
24	City of Reno	CS32-0947	NEV20150	F	IIIB	6.31	Lakeside Drive and Manzanita sanitary sewer project	\$3,800,000
25	City of Reno	CS32-0904	NEV20150	F	IIIB	6.31	El Rancho wastewater lift station replacement	\$1,310,000
26	Carson City Public Works	CS32-1205	NEV90008	F	IIIB	5.74	Prison Farm, Darling Ranch, and Reservoir Pipelines	\$685,500
27	City of Henderson	CS32-0945	NEV20150	F	IIIB	5.7	Phase 1B sewer collection replacement project	\$5,870,000
28	City of Henderson	CS32-1201	NEV80003	F	IVB	5.37	Ease Side Interceptor	\$21,800,000
29	City of Henderson	CS32-1202	NEV80003	F	IIIB	5.27	Horizon Sewer Main Replacement	\$4,400,000
30	Lyon County Utilities	CS32-0939	NEV87022	F	IIIB	5.04	Rose Peak, Cardelli Road lift station replacement septic sewer conversions	\$1,350,000
31	Storey Public Works	CS32-0942	NEV20451	F	IIIB	4.41	Major sewer system replacements	\$16,300,000
32	City of Henderson	CS32-1007	NEV80003	F	IIIB	4.83	Paradise Hills Sewer Interceptor relief sewer on Mission Dr.	\$420,000
33	Churchill County	CS32-1013	NEV200651	F	IVB	4.3	SCADA system upgrade on the county collection system	\$100,000
34	City of Henderson	CS32-1006	NEV80003	F	IIIB	3.87	Replacement of Sunset lift station with gravity sewer	\$500,000
35	City of Henderson	CS32-1207	NEV80003	F	IVA	3.8	Townsite Phase 2	\$4,200,000
36	City of Henderson	CS32-1206	NEV80003	F	IVA	3.65	Townsite Phase 1	\$2,300,000
37	City of Henderson	CS32-1008	NEV80003	F	IIIB	3.6	Replacement of Mohawk lift station with gravity sewer	\$1,400,000
38	Washoe County DWR	CS32-0111	NEV40024	G	IVB	14.54	Pleasant Valley interceptor	\$17,120,000
39	City of Reno	CS32-0807	NEV20150	G	IVB	8.48	Extension of the Lawton Verdi sewer interceptor Phase V	\$4,350,000
40	Washoe County DWR	CS32-0411	NEV40024	G	IVA	4.3	Verdi septic to sewer	\$7,000,000
41	City of Reno	CS32-0914	NEV20150	H	II	8	Reclaimed water aquifer storage and recovery project	\$6,000,000
42	Clark County Water Rec. District	CS32-1204	NV0021261	H	IIIB	1	Solar Power Project at Main Plant (GREEN)	\$40,000,000
43	Washoe County DWR	CS32-0413	NEV40024	H	II/IIIB	1	Huffaker Hills reservoir relining (GREEN)	\$17,000,000
TOTAL FOR ALL PROJECTS								\$380,037,459

ATTACHMENT B

STATE PROJECT PRIORITY SYSTEM

**NEVADA PRIORITY SYSTEM FOR
DISTRIBUTION OF STATE WATER POLLUTION CONTROL
REVOLVING LOAN FUNDS**

SECTION I GENERAL POLICY

State revolving loan funds for the construction of municipal wastewater treatment works and pollution control projects are made available to Nevada communities pursuant to the Federal Clean Water Act. These funds are not sufficient to satisfy all of the State's wastewater treatment needs. With this constraint, the limited funds must be used in a manner consistent with the water quality and public health goals of the State in order to ensure maximum public benefit. The priority system described herein reflects the policies of the Department of Conservation and Natural Resources, Division of Environmental Protection (DEP) regarding the utilization of the SRF, and is structured to support the following goals:

- Elimination of surface and groundwater pollution within the State.
- Protection of the health of the people of the State from the threat created by inadequate treatment, collection and improper disposal of municipal wastewater and wastewater from non-point sources.
- Attainment of water quality standards adopted by the State Environmental Commission to protect designated beneficial uses.
- Operation of the SRF program in such a manner so as to impose the minimal possible financial burden on municipalities and other entities eligible for loans from the SRF.

The primary purpose of the priority system is to describe how staff of the DEP will evaluate projects in Nevada in terms of the above goals. Projects are placed in a priority class and given a priority value, as is described in Section V. The product of this evaluation is a project priority list which will be formally adopted by DEP following a public hearing.

SECTION II DEFINITIONS
As used in the Nevada Priority System:

- A. "Enforceable Requirements of the Act" means provisions of the Federal Clean Water Act which, if violated by a wastewater treatment facility, could result in an administrative or judicial enforcement action.
- B. "EPA" means the United States Environmental Protection Agency.
- C. "Fiscal Year" refers to the federal fiscal year, October 1 through September 30.
- D. "Pollution Control Project" means any eligible component of the management programs established pursuant to the Federal Act. The term "pollution control project" is synonymous with the term "non-point source control project" as that term is used in the Federal Act.
- E. State Revolving Loan Fund (SRF) means a State fund established to provide loans and other forms of financial assistance to municipalities for the purpose of constructing wastewater treatment works.
- F. "Treatment Works" means a device or system for the conveyance, storage, treatment, recycling, reclamation or disposal of municipal sewage.
- G. "Water Quality Standard" means a standard established in regulation by the State of Nevada prescribing specific allowable limits of constituents in surface water.

SECTION III SPECIFIC POLICIES

A. Adoption of Priority List and Public Participation

Each year the DEP will prepare a project priority list.

Prior to the beginning of each funding period, DEP will conduct a survey of proposed wastewater treatment works within the State. A form (Attachment #1) for each proposed project is completed by eligible loan applicants. The form provides a description, justification, estimated cost, and implementation schedule for the project. Utilizing this information and other data obtained from the discharge permit program, water quality management plans, municipal compliance plans, local district health officials and other sources, the proposed projects are classified and ranked to form the state project priority list.

The DEP will conduct a public hearing on the proposed priority list in order to solicit public comment and encourage public participation. No later than 15 days prior to the hearing, copies of the priority list and priority system will be distributed to all parties which have expressed an interest in receiving such information, and will also be made available at DEP's office in Carson City. No later than 30 days prior to the public hearing, notice of the hearing shall be published in newspapers statewide.

The Administrator of DEP or his designee will act as hearing officer, and will consider all testimony presented at the public hearing or in writing prior to the public hearing. Based upon the testimony, the DEP may modify the proposed list prior to adoption. The adopted list and a public comment summary will be submitted to EPA, as an attachment to the annual Intended Use Plan.

B. Additions, Modification, Bypass and Removal

The DEP may adjust the priority list at its option (in accordance with NAC 445.42138).

Any change to the priority list that affects the funding or priority of any project on the priority list shall be made only after written notice has been given to all affected parties, a public hearing if required has been held, and a period of 10 working days has elapsed after the date of such notice or hearing.

C. Reserves

- 1) An amount not to exceed 4 percent of the capitalization grant may be reserved to provide funds for the administration of the SRF program.
- 2) Not less than \$100,000 not more than 1% of the State's annual allotment shall be reserved to develop and implement a non-point source management program. (in accordance with 33 U.S.C.~1384(b))

Up to 20 percent of Nevada's annual allotment may be used for major sewer system rehabilitation and/or new collector sewers and appurtenances.

SECTION IV PRIORITY CLASSES

The determination of project priority is a two-step process. Projects are grouped into broad classes in order to establish relative priorities under the provisions of the Clean Water Act. Projects in each class are then ranked in priority order in accordance with the ranking formulas described in Section V.

Class A

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.

Class B

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 DEP to the municipal discharger or to the person(s) responsible for the non-point source discharge.

Class C

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

Class D

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 and interference exists.

Class E

Treatment works necessary to increase capacity or reliability, or provide a degree of treatment beyond that required by water quality standards or permit requirements, in order to reclaim and reuse wastewater or to otherwise provide for treatment works or pollution control projects to sustain compliance with water quality standards or maintain beneficial uses.

Class F

Interceptors in sewered communities, pumping stations, infiltration inflow correction and sewer system rehabilitation.

Class G

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 sewered communities.

Class H

All other treatment works or pollution control projects.

SECTION V

Projects shall be ranked within the Priority Classes in accordance with the numerical score derived from the following formulas:

Classes A, F and G

$$PV = \log \text{ population served} + R$$

Classes B and C

$$PV = VF + WQF + R$$

Class D

$$PV = GW + R$$

Class E

$$PV = D + C + E + R$$

Class H

$$PV = R$$

PV is the point value assigned to each project.

WQF is a water quality factor, which applies only to Class B & C projects. 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 and is determined from Table I.

VF which applies only to Class B and C projects, is a violation factor based upon the highest existing beneficial use for which a stream is utilized. The numerical value for VF is determined from Table II.

GW is a groundwater factor and is determined in the following manner:

Treatment works or pollution control projects that are necessary to:

Eliminate an existing contamination of groundwater currently used for drinking water.	10 points
Eliminate an existing contamination of groundwater not currently used for drinking water.	5 points
Prevent potential contamination of groundwater used for drinking water.	3 points

R is a readiness factor. The numerical score for this factor is determined in the following manner.

Plans and Specification approved by NDEP (This includes everything needed to bid the project).	10 points
Facility Plan approved by NDEP final plans and specifications to be completed within six months.	7 points
Facility Plan approved by NDEP	5 points
A Revolving Loan Fund Project Priority List Information Form has been submitted	1 point

D is a factor related to the elimination of a direct discharge to surface waters or groundwater (irrigation with effluent, wetlands enhancement, other forms of reuse) – The numerical factor is 10 points.

C is a factor related to projects which increase treatment plant capacity. Point values are determined in the following manner:

Existing or Committed Flow 0 – 50% permitted capacity	0 points
Existing or Committed Flow 50% – 85% permitted capacity	5 points
Existing or Committed Flow over 85% of permitted capacity	10 points

E is a factor related to projects that improve treatment efficiency, treatment plant reliability, or to provide a higher level of treatment than required by the discharge permit. The point value for E is 7 points.

TABLE I
WATER QUALITY STANDARD BY STREAM SEGMENT

Selected Waters with Numerical Standards

SEGMENT	POINT	BASIN
Truckee River: Below Steamboat Creek	10	Truckee
Truckee River: Above Steamboat Creek	10	Truckee
Bronco Creek	10	Truckee
Gray Creek	10	Truckee
Lake Lahontan	10	Carson
Carson River	10	Carson
East Fork Carson River	10	Carson
West Fork Carson River	10	Carson
Lake Mead	10	Colorado
Las Vegas Wash	10	Colorado
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Humboldt River	8	Humboldt
Colorado River	8	Colorado
Virgin River	8	Colorado
Beaver Dam Wash	8	Colorado
Meadow Valley Wash	8	Colorado
Muddy River	8	Colorado
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Walker River	6	Walker
West Walker River	6	Walker
East Walker River	6	Walker
Topaz Lake	6	Walker
Desert Creek	6	Walker
Sweetwater Creek	6	Walker
Owyhee River	6	Snake
Salmon Falls Creek	6	Snake
Jarbidge River	6	Snake
Bruneau River	6	Snake
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Big Goose Creek	4	Snake
Shoshone Creek	4	Snake
Smoke Creek	4	N.W. Lahontan

Indian Creek	4	Central Nevada
Snake Creek	4	Great Salt Lake
Chiatovich Creek	4	Central Nevada
Leidy Creek	4	Central Nevada

II. Other Waters	
Class A Waters	2
Class B Waters	2
Class C Waters	2

TABLE 2

WQF POINTS

Drinking Water	20
Bathing and Water Contact	15
Aquatic Life	15
Boating and Aesthetics	10
Wildlife Propagation	10
Industrial Use	5
Agricultural Use	5

**ATTACHMENT C
PAYMENT SCHEDULE**

Proposed Payment Schedule

Community Name/Project Sponsor	Total 2012 Projected Grant Obligation	April-June 2012	July-Sept. 2012	Oct-Dec 2012	Jan-Mar 2013	April-Jun 2013	July-Sept 2013	Total
Orovada	511,801	170,600.33	170,600.33	170,600.33				511,801.00
Clark Co Water Reclamation District	193,417	193,417.00						193,417.00
Tonopah	1,121,890	186,981.67	186,981.67	186,981.67	186,981.67	186,981.67	186,981.67	1,121,890.00
Clark Co Water Reclamation District	5,180,892		1,036,178.40	1,036,178.40	1,036,178.40	1,036,178.40	1,036,178.40	5,180,892.00
Federal	7,008,000	550,999.00	1,393,760.40	1,393,760.40	1,223,160.07	1,223,160.07	1,223,160.07	7,008,000.00
State		110,199.80	278,752.08	278,752.08	244,632.01	244,632.01	244,632.01	1,401,600.00
		661,198.80	1,672,512.48	1,672,512.48	1,467,792.08	1,467,792.08	1,467,792.08	8,409,600.00

ATTACHMENT D

GREEN PROJECT RESERVE

GREEN PROJECT RESERVE

The 2012 Federal Appropriation required that not less than 10% of the funds provided for projects must be used for water or energy efficiency, green infrastructure or other environmentally innovative activities to the extent there are sufficient eligible projects.

Water or energy efficiency projects will likely be the principal focus of the Green Project Reserve under the CWSRF. However, there may also be projects, or components of projects, that qualify for consideration because of green infrastructure or environmental innovation. Energy and water efficiency projects should demonstrate substantial benefits/savings compared to the average level of efficiency currently available for the project or component. In addition, water and energy efficiency benefits/savings must be a substantial part of the rationale or justification for the project, and cannot simply be incidental water and/or energy efficiency benefits.

The following are some examples of water and energy efficiency projects that would qualify under the Green Project Reserve. Eligible water and energy efficiency projects are not limited to the lists below. The lists merely identify the most common projects.

Energy Efficiency Examples

1. Energy efficient retrofits and upgrades to pumps and treatment processes;
2. On-site clean power production including wind, solar, hydroelectric, geothermal, biogas, etc.;
3. Replacement or rehabilitation of transmission or distribution that results in substantial energy savings;
4. Supervisory Control and Data Acquisition (SCADA) that results in substantial energy efficiency;
5. Pump replacement if pump selected ranks among the most energy efficient commercially available;
6. Projects specifically designed to improve the operational efficiency by improving overall hydraulic conditions in the distribution system;
7. Upgrading to variable frequency drive motors

Water Efficiency Examples

1. Installation of water meters and automated meter reading equipment. A project for the installation of water meters in a previously unmetered water system is categorically green with the caveat that the water system commits to bill a metered rate based on consumption.
2. Purchase of water efficient fixtures, fittings, equipment, or appliances
3. Purchase of leak detection devices and equipment
4. Replacement or rehabilitation of distribution lines that have data documenting water loss
5. Water conservation plans or water audits if they are reasonably likely to result in a capital project