

**State of Nevada—Intended Use Plan  
For the  
Allocation of Drinking Water State Revolving Funds  
For Federal Fiscal Year 2014 Allotment  
Under the Safe Drinking Water Act, as Amended in 1996**

**Nevada Division of Environmental Protection**

**April 2014**



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## **LIST OF ACRONYMS**

BSDW = Bureau of Safe Drinking Water  
BWPC = Bureau of Water Pollution Control  
CWSRF = Clean Water State Revolving Fund  
DBE = Disadvantaged Business Enterprise  
DWSRF = Drinking Water State Revolving Fund  
EPA = Environmental Protection Agency  
FFY = Federal Fiscal Year  
GIS = Geographic Information System  
IUP = Intended Use Plan  
MBE = Minority-owned Business Enterprise  
MHI = Median Household Income  
NAC = Nevada Administrative Code  
NDEP = Nevada Division of Environmental Protection  
NRS = Nevada Revised Statute  
OSGWA = Other Sensitive Groundwater Areas  
PWSS = Public Water System Supervision  
RCAC = Rural Community Assistance Corporation  
SCADA = Supervisory Control and Data Acquisition  
SDWA = Safe Drinking Water Act  
SDWIS = Safe Drinking Water Information System  
SFY = State Fiscal Year  
SWA = Source Water Assessment  
SWAP = Source Water Assessment Plan  
USEPA = United States Environmental Protection Agency  
UIC = Underground Injection Control  
UICP = Underground Injection Control Program  
UNR = University of Nevada Reno  
WHP = Wellhead Protection  
WBE = Women-owned Business Enterprise

## **I. INTRODUCTION**

### **A. History and Legislation**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). Nevada's allotment of the Federal Fiscal Year (FFY) 2014 DWSRF budget is \$12,614,000. These funds are available after Nevada successfully obtains a Capitalization Grant Award from the U. S. Environmental Protection Agency (EPA) for its DWSRF program.

In 1997, the Nevada State Legislature passed legislation, Senate Bill (SB) 302, which authorized the State Health Division to develop, implement and administer the DWSRF program in Nevada. In accordance with the SDWA, the legislation authorized the Treasurer of the State of Nevada to set up the account for the revolving fund and the account for set-aside programs. The 2003 Nevada State Legislature passed legislation, Assembly Bill (AB) 473, which transferred the DWSRF from the State Health Division to the Nevada Division of Environmental Protection (NDEP). NRS 445A.200 to 445A.295, inclusive, is the state statutes for the DWSRF and may be reviewed at the following Internet Web URL:

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

The regulations for the DWSRF promulgated by the Health Division, later revised by the State Environmental Commission, are found in Nevada Administrative Code (NAC) 445A.6751 to 445A.67644 inclusive and may be reviewed at the following Internet Web URL:

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

The 2014 Intended Use Plan describes how the state intends to use available federal fiscal year 2014 DWSRF funds to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health.

### **B. Financial Status of the Nevada DWSRF**

The financial status of the DWSRF is shown in Table 1 on the next page.

### **C. Nevada Request**

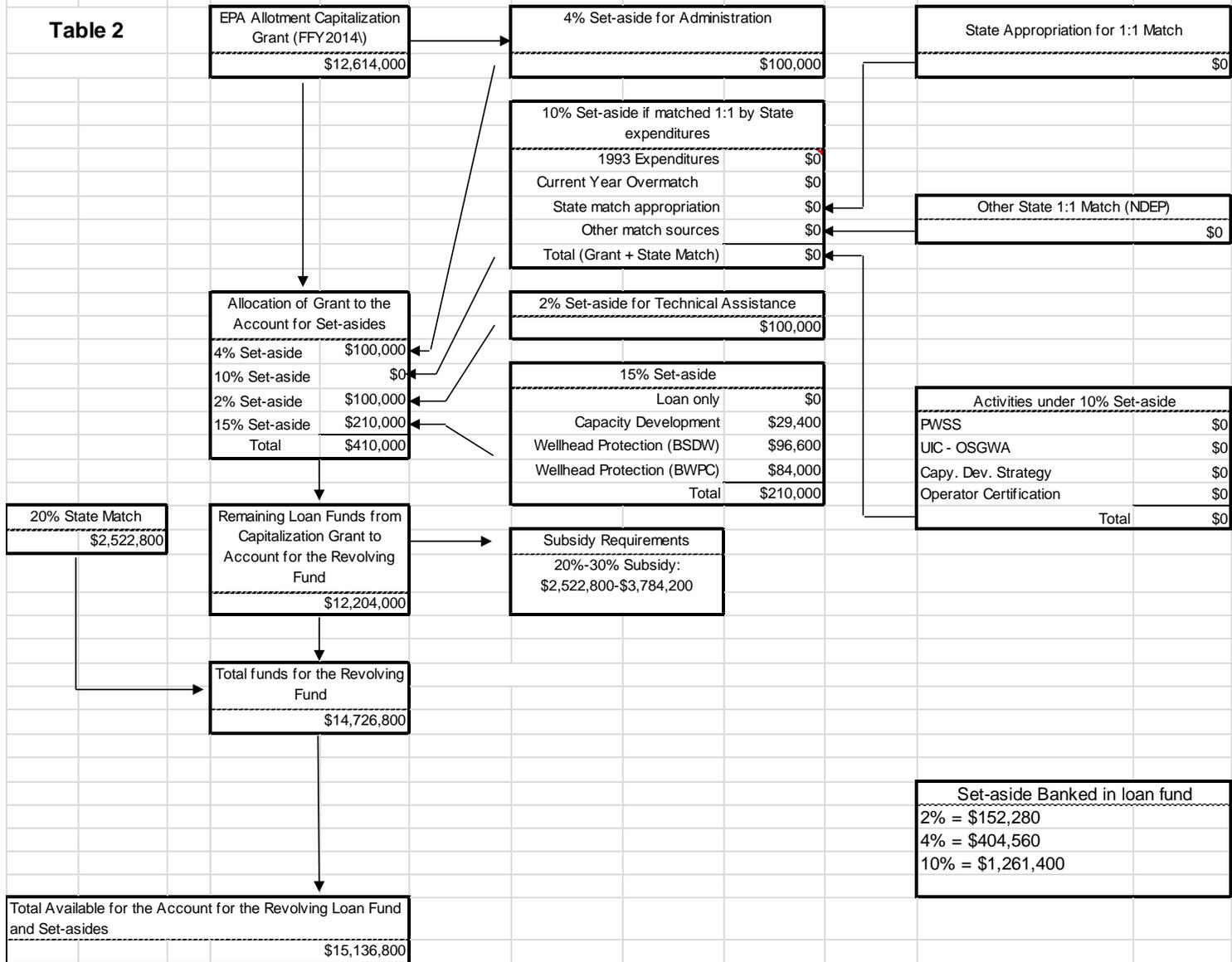
This Intended Use Plan (IUP) is a required element of the grant application documentation to obtain the Federal Fiscal Year (FFY) 2014 grant award. Nevada herewith submits its IUP for the 2014 funds available to Nevada for the purposes of continuing the development, implementation and administration of the DWSRF program in Nevada. The allotment available to Nevada from EPA's 2014 grant totals \$12,614,000. The total allotment will be matched by the 20% match requirement of \$2,522,800 from state financial resources. Nevada intends to divert \$410,000 of this allotment to the various set-aside programs, leaving \$12,204,000 in federal funds for the account for the revolving loan fund (Table 2). Additional funding for the set-aside programs will be funded through previous grants. NDEP requests banking of the remaining set-asides as shown in Attachment E.

**TABLE 1: Sources and Uses of Funds**

Estimated FY2014 and Cumulative Sources and Uses			
	Cumulative Total from 1998 through 2013 Grants	*2014 Fiscal Year	Cumulative Total through 2014 Grant
<b>SOURCES</b>			
Federal Capitalization Grants	148,472,500	12,614,000	161,086,500
ARRA Capitalization Grant	19,500,000		19,500,000
State Match			0
Provided from State Match Bond Issues	30,187,720	3,000,000	33,187,720
Principal Repayments on Assistance Provided	33,838,370	6,505,524	40,343,894
Interest Repayments on Assistance Provided	23,321,743	3,049,646	26,371,389
Investments Earnings	4,029,572	11,972	4,041,544
Funds Transferred from (To) DWSRF	0	0	0
<b>TOTAL SOURCES</b>	<b>259,349,906</b>	<b>25,181,141</b>	<b>284,531,047</b>
<b>USES</b>			
Financing Agreements Entered (Base Program)	173,284,453		173,284,453
Projects on IUP	0	16,158,300	16,158,300
ARRA Financing Agreements Executed	19,039,051	0	19,039,051
Bond Debt Service Reserve	22,634,687	3,347,291	25,981,978
State Match Bond Debt Service			
Principal	11,060,000	2,460,000	13,520,000
Interest	7,748,538	748,943	8,497,481
4% ARRA Administrative Expense	16,770	0	16,770
4% Administrative Expenses (Non-ARRA)	4,526,733	358,519	4,885,252
2% Small Systems Technical Assistance (Non-ARRA)	2,369,066	183,940	2,553,006
10% ARRA State Program Management	444,179	0	444,179
10% State Program Management (Non-ARRA)	7,713,850	829,553	8,543,403
15% Local Assistance (Non-ARRA)	10,512,578	1,094,596	11,607,174
			0
<b>TOTAL USES</b>	<b>259,349,906</b>	<b>25,181,142</b>	<b>284,531,047</b>
* The 2014 Fiscal Year column indicates all funds planned to be spent during SFY2014 and includes funding from previous years' grants.			

**Distribution of DWSRF Funds  
Projected Program Expenditures**

**Table 2**



## **II. TYPES OF PROJECTS TO BE FUNDED FROM THE VARIOUS DWSRF ACCOUNTS**

### **A. The types of projects for which loan funds from the account for the revolving fund are intended include:**

- B.** Construction/upgrading of water treatment facilities;
- C.** Replacement of contaminated sources with new groundwater or surface water sources;
- D.** Installation/upgrade of treatment and disinfection facilities to meet public health standards and to protect public health;
- E.** Consolidation and interconnection of public water systems to address technical, managerial and financial capacity issues;
- F.** Planning and engineering associated with eligible projects;
- G.** Replacement of aging infrastructure;
- H.** Replacement/rehabilitation of transmission and distribution lines and storage facilities;
- I.** Installation of meters and backflow prevention devices;
- J.** Refinancing eligible projects where debt was incurred after July 1, 1993;
- K.** Land acquisition that is integral to a DWSRF-eligible project;
- L.** Other projects necessary to address compliance/enforcement or security issues; and
- M.** Promote green infrastructure, water and energy efficient projects.

### **B. Activities intended to be funded from the account for set-aside programs include:**

1. Administration of the DWSRF program;
2. Assistance with technical, managerial and financial capacity development to small public water systems serving 10,000 or fewer persons;
3. Implementation of state drinking water program management;
4. Continued development of an information management system compatible with the Safe Drinking Water Information Management System (SDWIS) to enhance data storage, data queries and data retrieval;
5. Training for water operators and Board members;

6. Wellhead and source water protection programs;
7. Capacity Development;
8. Operator Certification; and
9. Assistance with water system consolidation.

### **III. DWSRF LOAN PROGRAM DESCRIPTION AND GOALS**

#### **A. DWSRF Loan Program General Information**

The Nevada DWSRF Loan Program funds publicly and privately owned community water systems and non-profit non-community water systems. Any project to facilitate compliance with the health protections goals of the Safe Drinking Water Act or state requirements is eligible including replacing aging infrastructure. Projects to consolidate water systems may also be eligible. Projects solely for new growth or fire protection are not eligible. Loan repayments to the State will provide a continuing source of infrastructure financing into the future. The program also places an emphasis on small and disadvantaged communities and on programs that emphasize prevention as a tool for ensuring safe drinking water.

#### **B. Long-Term Goals**

For the 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:

- *Ensure that DWSRF funds are available in perpetuity to all Nevada public water systems to provide their customers with water that is safe and pleasant to drink all of the time. NDEP will accomplish this by, when at all possible, addressing the most critical water issues of the state first, obligating funds as quickly as possible, and through effective and efficient management of the fund.*
- *Address the most serious risk to human health and comply with the requirements of the Safe Drinking Water Act. This is accomplished through the priority list ranking system.*
- *Assist systems most in need, on a per household basis, according to State determined affordability criteria. This is accomplished through adjusting the priority list ranking based on MHI.*
- *Coordinate funding with other funding agencies through the Infrastructure for Nevada's Communities. The DWSRF 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 helps in maximizing cost savings.*

### **C. Short-Term Goal**

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.

- Make drinking water in Nevada more affordable by providing Federal, State and repayment funds as loans to water systems in Nevada at below market interest rate.
- Use 20%-30% of the federal 2014 funds for additional subsidies.
- Issue loans totaling at least \$16,158,300

### **D. Additional DWSRF Loan Program Information**

Financial Terms of Loans for Public Water System Projects:

1. Subject to the limitation in paragraph 2 of this section, all loans for the financing of projects, or loans made under the Section 1452(k)(1) set-aside, will be for a term not to exceed 20 years from loan closing date, except that under some conditions, loans to disadvantaged communities for financing projects may be made for a period of 30 years from loan closing date.
2. Loan terms are not to exceed the useful life of the project.
3. Terms of financial assistance to public water systems serving disadvantaged communities are addressed in Section VII.
4. Repayment of loan principal must begin within 12 months of project completion based on the construction schedule available at the loan closing date or actual completion date or three years from the date of the initial principal advance, whichever is earlier.
5. Loan disbursements are to be made on a cost-reimbursement basis.
6. Leveraging: The decision to leverage will be based on demand on the loan fund for projects to address health concerns, market conditions and long term impact to the fund.
7. Administration Fee: Currently, Nevada does not assess a fee. At some point in the future, Nevada intends to assess a small administrative fee. Fees collected will be deposited and maintained outside of the SRF accounts and used for administrative or other eligible costs.

## **IV. DWSRF SET-ASIDE PROGRAM DESCRIPTION AND GOALS**

The SDWA §1452(g) and §1452(k) allow States to set aside up to 31% of the capitalization grant for the activities described in Section II. B of this IUP. Nevada expects to reserve fewer than 31% of the FFY 2014 capitalization grant for these purposes. NDEP requests that \$152,280 of the 2% Small System Technical Assistance authority be transferred to the loan program and banked for possible use in the 2% set-aside at a later date. NDEP requests that \$1,261,400 of the 10% State Programs authority be transferred to the loan program and banked for possible use in

the 10% set-aside at a later date. NDEP also request that \$404,560 of the 4% set-aside Administration authority be transferred to the loan program and banked for possible use in the 4% set-aside at a later date. See Appendix E for total banked authority through SFY 2014.

The DWSRF account for set-aside programs includes four specific set-aside categories identified as the 4%, 10%, 2% and 15% set-asides. If all of the set-aside funds within a set-aside activity are not expended, those remaining funds may be redirected to another set-aside activity as long as the maximum allowed for that activity has not been reached for the fiscal year from which the funds were derived. Nevada has submitted a detailed work plan and budget for set-aside activities described in Sections A through D (below).

The following sections describe each of the set-asides individually. Each section contains a general description of the set-aside and a description of the programs to be funded. Following these descriptions, long-term and short-term goals are identified for each program.

**A. Program Administration (4% Set-aside)**

The Bureau of Administrative Services within the Division of Environmental Protection will manage the day-to-day operation of the DWSRF. The Board for Financing Water Projects, a board that exists independent of the Division, approves the priority lists and loan commitments. Support for administering the program is also obtained from the State Treasurer's Office.

This set-aside will be used to pay salaries and associated expenses of program personnel devoting time to the administration of the fund as well as the necessary ancillary services performed by other agencies or contractors. These funds will also be used to procure all equipment and training necessary for the adequate performance of staff. Expenses for DWSRF-related public meetings, workshops and hearings will also be paid for out of this set-aside. Funds not used immediately will be reserved for use in future years.

**Long-Term Goal:**

- Effectively manage a self-sustaining DWSRF Loan Program and ensure that funds are available in perpetuity.

**Short-Term Goals:**

- Effectively and efficiently manage the day-to-day operation of the DWSRF;
- Award at least 20%, but not more than 30% of the 2014 grant as “subsidy” projects to disadvantage communities and/or projects that incorporate consolidation; and
- Make upgrades to NDEP’s LGTS database program.

**B. Technical Assistance for Small Public Water Systems Serving 10,000 or Fewer Persons (2% Set-aside)**

Nevada will utilize this set-aside to provide technical assistance to small public water systems using independent contractors, coalitions and/or non-profit organizations. Small public water systems are those systems that serve 10,000 or fewer persons.

Long-Term Goal:

- Offer assistance to all of Nevada's small systems.

Short-Term Goal:

- Provide technical assistance to small systems including assistance with compliance issues, sampling plans;
- O&M Manuals, Cross Connection Control Programs,
- Interim guided sanitary surveys;
- Assist water systems in the grant/loan application process;
- Water conservation plan implementation including water loss determinations, leak detection, meter calibrations and checks;
- Document power use, patterns and rate structure; and
- Provide managerial assistance including budget, water rates, power consumption, digital mapping, and staffing needs.
- Emergency assistance and planning assistance to prepare Public Notice documents for use in emergencies.
- Wellhead protection, hydraulic modeling

**c. State Program Management (10% Set-aside Recognizing Allowable 1:1 State Match Funds)**

Nevada will utilize the 10% set-aside activities for support of the Public Water System Supervision Program. Support of the Operator Certification program is included in the Public Water Supervision Program. The 10% set-aside requires a 1:1 match which the State may derive from two sources. The first source comes from the State expenditure for the 1993 Public Water System Supervision (PWSS) program as allowed by the Safe Drinking Water Act. This historical amount is **\$238,129**. This amount cannot exceed the match credits derived from the other components. The second source of matching funds to meet State match requirements is the expenditure of money by the Nevada Division of Environmental Protection (NDEP) on the State's source water protection program. The NDEP administers the major elements of this SDWA program and collects permit fees for groundwater discharge permits. Under Nevada's source water protection program, these groundwater discharge permit fees are used to reduce or eliminate the exposure of drinking water aquifers to contaminants in groundwater discharge activities. No direct State appropriation match money will be provided for the 2014 grant.

**1. Public Water System Supervision (PWSS) Program:**

The DWSRF funds will be used to implement overall ongoing PWSS activities administered by the Bureau of Safe Drinking Water and improve current public water system information management system functionality.

#### Long-Term Goals:

- Continued implementation of the Public Water System Supervision Program;
- Maintain the Safe Drinking Water Information System (SDWIS) for use in managing Nevada PWSs;
- Integrate SDWIS with other Bureau workflow management tools and other State databases as appropriate;
- Continue to manage State and US EPA compliance and enforcement priorities using Enforcement Targeting Tool information, pursue enforcement as warranted and track ongoing compliance with Administrative Orders issued for non-compliance;
- Continue to identify and conduct training for older SDWA Rules for newer Bureau and Program staff as well as work to refresh existing staff on the older Rules;
- Maintain operator certification program; and
- Maintain engineering design review activities.

#### Short-Term Goals:

- The NDEP is evaluating one more upgrade to SDWIS. The US EPA has released an updated version of SDWIS State that the NDEP may upgrade to in FY14. Expenses involved in upgrading to SDWIS Web 3.2 may be fully or partially funded by the 10% Set-aside;
- Continue tracking US EPA activities related to SDWIS Prime development and participate in workgroups and sprints as interest, time, and resources allow;
- Continue review of the federally adopted Revised Total Coliform Rule (RTCR) and plan for State adoption of the RTCT by reference. Activities planned for the 3 years allowed for adoption and primacy application will include development of implementation policies, procedures, forms, regulations and primacy revision application. The NDEP anticipates being on time with a primacy Revision Application without having to enter into an Extension Agreement with US EPA Region 9;
- Seek resources and opportunities with US EPA to conduct RTCR training for Bureau staff, PWSs and the public through targeted events and workshops;
- Continue to work with PWSs operating under Arsenic Rule Exemption Extensions that are issued for the period ending January 23, 2015; and
- Coordinate in FY14 with the State of Arizona for securing a joint USEPA Sanitary Survey Training Event in FY14 or FY15.

#### D. Local Source Water Protection Activities (15% Set-aside); (Not More than 10% of Capitalization Grant Can Be Used for Any One Activity)

The SDWA allows 15% of the capitalizations grant to be used for providing loans for source water protection; for providing assistance for the technical, managerial and financial capacity development strategy and for enhancing the State Wellhead Protection Program. None of the individual activities listed below will exceed 10% of the capitalization grant.

##### **1. Loans for Source Water Protection Programs**

These loans could include loans for the acquisition of land or easements, for local, voluntary source water protection, or for source water petition programs. As ample funding from previous grants remain, Nevada does not plan to set aside any 2014 funds for loans to be

made under this program.

## **2. Provide Funding to Public Water Systems to Provide Technical or Financial Assistance under the Capacity Development Strategy**

Nevada intends to provide assistance in technical, managerial and financial capacity development to public water systems. Technical assistance providers under contract will offer assistance on a variety of issues. This effort also includes a quarterly publication ("*Water Lines*"), which provides a variety of technical, managerial and financial information for operators and owners of public water systems. BSDW will continue to coordinate between the OFA Capacity Development Program and the BSDW Operator Certification Program to enhance the effectiveness of various elements of Nevada's Capacity Development Strategy.

### Long-Term Goal:

- Provide assistance to water systems to enhance their technical, managerial and financial capacity; and
- Educate water system operators and others in attendance at Sanitary Surveys performed by the BSDW to improve Capacity through hands-on and face-to-face discussions related to deficiencies found in relationship to all eight mandatory elements of a Sanitary Survey.

### Short-Term Goals:

- Edit, publish and mail quarterly newsletter *Water Lines*;
- Provide training to operators and Boards;
- To the extent that time and resources allow, participate in Nevada Rural Water Association and American Water Works Association Conferences to educate Operators and enhance understanding of capacity concepts and requirements; and,
- Make available instructor-led courses awarding CEUs at rural sites where operators need this level of technology related courses in order to qualify for the Grade III and Grade IV exams. Courses include Treatment, Distribution, Small System O&M, Utility management and Management Success. Participants who register through the Office of Water Programs at CSUSac and pass the exams will be able to obtain certificates for these courses.

## **3. State Source Water Protection Program**

The Nevada Source Water Protection Program (SWPP) was created in 2005. The goal of the SWPP is to ensure the protection of Nevada's drinking water resources by developing a comprehensive program to identify and address existing and potential water pollution sources, coordinate protection activities throughout the State, and provide outreach and technical assistance to communities on strategies to protect their drinking water resources. The SWPP is comprised of:

- The voluntary Integrated Source Water Protection Program (ISWPP) an update of former Wellhead Protection Program;
- Follow-up activities for the program formerly known as the US EPA's Source Water Assessment Program (SWAP), now known as the BSDW Vulnerability Assessment and Waiver Program;

- Source water protection and coordination activities administered within the Nevada Division of Environmental Protection (NDEP); and
- The Safe Drinking Water Information System (SDWIS) houses all the water quality data from Public Water Systems in Nevada. This data is a critical link in an effective source water protection program for Nevada and is regularly mined for source water protection activities. The US EPA has released an updated version of SDWIS State that the NDEP is considering for an upgrade of the current database software. Expenses involved in upgrading to SDWIS Web 3.2 may be partially funded by the 15% Set-aside.

The objectives of the SWPP are to 1) manage the ISWPP grant and provide technical assistance to communities and public water systems with the development and implementation of local source water protection or wellhead protection plans, and 2) coordinate and focus attention on ground and surface water protection activities conducted by NDEP, local agencies, state and federal agencies, other non-profit associations and groups working to protect sources of drinking water in Nevada. Although the SWPP addresses both ground water and surface water, the Drinking Water State Revolving Fund's (DWSRF) 15% set-aside funds are utilized to support the groundwater component. The SWPP is administered by the NDEP's Bureau of Water Pollution Control (BWPC).

#### **a. Integrated Source Water Protection**

Section 1452(k) of the Safe Drinking Water Act (SDWA) specifies that wellhead protection programs are eligible for funding under the 15% set-aside. Since 1994, NDEP has supported wellhead/source water protection activities that protect underground sources of drinking water from anthropogenic (human caused) activities and events, which include the development and implementation of community/tribal source water or wellhead protection plans through financial and technical assistance and coordination with other agencies who manage related programs. Source water or wellhead protection activities are outlined in the "Comprehensive State Groundwater Protection Program" updated in March 1998 and approved by the U.S. Environmental Protection Agency.

In 2010, implementing the ISWPP on a countywide planning and funding schedule has been accomplished through using a state contracted technical assistance provider and coordinating data collection, management, and sharing efforts through NDEP's GIS services. This approach enables NDEP to set standards for quality control and ensure that GIS data which is shared and referenced for various local, federal and state efforts is adequately verified. The communities of Douglas, White Pine, and Nye Counties have developed and implemented countywide source water/wellhead protection plans under the ISWPP. The countywide planning approach had enabled these communities to coordinate management strategies that are unique and compatible with local land development practices and which consider individual community characteristics. In 2012, a new contractor was selected to assist both Lyon County and Carson City to develop and implement countywide source water protection plans over the next two years. The ISWPP will continue to use DWSRF funds to assist community source water protection planning and implementation on a larger scale, and increase coordination and outreach statewide.

### **b. Source Water Protection Activities**

Section 1453 of the 1996 Amendment to the SDWA required states to develop and implement Source Water Assessment Programs (SWAPs) approved by the United State Environmental Protection Agency. Components of the program include delineation of source water assessment areas, analysis of existing and potential sources of contamination within the delineated areas, and determination of susceptibility to contamination for all public drinking water sources within each state. NDEP Bureau of Safe Drinking Water (BSDW) was the lead program for development and implementation of the state of Nevada's SWAP, which is now implemented as the BSDW Vulnerability Assessment and Waiver Program (Program). Nevada source water assessments were completed for all public water systems in 2003. Follow-up action is being coordinated by BSDW to implement the Program for public water systems throughout Nevada. The Program conducts drinking water protection activities that fall within the objectives of the program, but fall outside the scope of the Wellhead Protection Program.

In January 2010 BSDW contracted with the University of Nevada-Las Vegas (UNLV) to perform vulnerability assessments using SWAP evaluation criteria at Community and NTNC water system wells permitted after 2003. As part of the contract, UNLV also updated the potential contaminate source inventories of many of the Community and NTNC water systems that were previously evaluated during the Source Water Assessment Program. BSDW staff and contractors continue to proof the information provided by UNLV generate updated vulnerability assessments reports, as well as activities to verify monitoring waivers. Information for Consumer Confidence Reports will be provided to the Water Systems as applicable.

BSDW will continue to enhance activities linked with Source Water Protection through the use of vulnerability assessments, GIS capabilities, identification of potential contaminant sources during conduct of Sanitary Surveys, and other related activities.

#### **Short-Term Goals Vulnerability Assessment and Waiver Program:**

- Conduct vulnerability assessments on newly permitted groundwater sources. Evaluate vulnerability potential to source water from identified potential contaminant sources by considering water quality, risk, well construction, time of travel, susceptibility, and other relevant information in order to determine source vulnerability. Issue water quality monitoring waivers as appropriate. Generate water quality monitoring schedules;
- Observe and note changes in the community during Sanitary Surveys at public drinking water systems in order to update source contaminant inventories as applicable;
- Generate new and updated Vulnerability Assessment Reports for public water systems, as appropriate; and
- Coordinate and share information with the NDEP's Wellhead Protection Program that is generated by the vulnerability assessment program.

### **c. Other Source Water Protection Activities**

The Bureau of Pollution Control (BWPC)'s SWPP is also responsible for collecting and analyzing information available to the State in order to develop tools and guidance to

assist NDEP programs protect waters of the State from point source discharges. Activities that fall within the objectives of the SWPP, but fall outside of the scope of the ISWPP and SWAP, include:

- Analysis, prioritization and focused attention of potential contaminating activities based on review and analysis of results from the SWAP and data from other permitting, monitoring, and mitigation programs at NDEP to assist and enhance source water protection activities within the state;
- Coordination of ground water and surface water protection activities conducted by NDEP, other state and federal agencies, and other groups working to protect sources of drinking water in Nevada;
- Establishing state-wide standards and criteria for protection of drinking water sources within the state;
- Development and maintenance of a source water protection strategies and tools for the protection of the state's drinking water supply;
- Continuing and further promoting source water protection through public education and outreach efforts.

#### Long-Term Goals SWPP:

- Implement the comprehensive SWPP, by providing outreach and assistance to local communities on strategies to protect their local water resources by preventing contamination of ground water and surface water, identifying and reducing the risk posed by potential water pollution sources through various state and local programs, and coordinating water protection activities throughout the state.
- Utilize information gathered from the SWAP and related programs within NDEP to develop and implement source water protection strategies for the state.

#### Short-Term Goals SWPP:

- Enhance the State ISWPP and strategies for carrying out the programs and protecting public drinking water supplies and ground water resources;
- Provide technical assistance with the development and implementation of community/public water system source water/wellhead protection plans; and encourage these activities at the local level;
- Coordinate with federal, state and local agencies and other community groups involved with source water and wellhead protection activities; including participating in EPA sponsored source water protection forums and workshops.
- Develop technical guidance for water pollution prevention activities and best management practices, including utilizing other federal, state, and local program guidance documents and fact sheets to promote source water protection activities at the state and local level;
- Develop educational outreach materials and coordinate educational outreach activities (i.e. local government presentations, school presentations, outreach at scheduled community events, etc.) with other state and local programs, schools, and other established source water protection groups. Materials will be developed for a variety of audiences to inform the general public of the importance of source water/wellhead protection into the future;
- Develop and enhance source water/wellhead protection data management and coordinate data sharing with related programs, local governments, and other source water/wellhead protection activities; and

- Maintain/enhance staff technical capabilities through various local, state and federal training opportunities and coordinating and participating in source water/wellhead protection activities at the regional and national level.

## **V. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

### **A. Priority List Ranking Process**

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed (NAC 445A.67566 to NAC 445A.67574, inclusive). In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the SDWA. Priority is also given to those projects which otherwise significantly further the health protection objectives of Section 1452 of the SDWA and for public water systems most in need on a per capita basis. The priority ranking system, described generally below, is described in detail in NAC 445A.67569. Projects are ranked into the following four classes, listed in order of priority.

1. Significant health risks;
2. Primary and secondary drinking water standards;
3. Infrastructure replacement; and
4. Refinance of existing debt.

Points assigned, as specified in NAC 445A.67569, to address different problems within a class are additive. The initial ranking number is multiplied by the ratio of the State median household income to the public water system median household income. If the scores for two or more projects are tied, ranking will be based on population, with the higher population given the higher ranking. Within each of the above categories, the projects are ranked by type of public water system in the following order:

1. Community public water systems;
2. Non-profit, non-transient, non-community water systems;
3. Non-profit, transient, non-community water system;

On an annual basis, following a statewide solicitation for projects, the Division develops a statewide priority list of water 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.

A project that is needed to comply with a EPA rule that has been adopted, but the compliance date is in the future will be ranked on the Priority List in either acute or chronic health class.

NAC 445A.67569 does not include criteria for projects related to security, computer system control, green infrastructure, water and energy efficiency, or other projects necessary to address compliance/enforcement issues. By way of this IUP, as allowed for in the NAC, these projects will be ranked in Class III system rehabilitation and given a score of 3 points.

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 and must be approved by the Board for Financing Water Projects. The Division may, without obtaining the approval of the Board for Financing Water Projects or holding a public participation workshop, revise a priority list to correct minor typographical or technical errors.

Requests for financial assistance for emergency situations may be made to the Division at any time. In any emergency situation, an applicant may submit a loan application without waiting for a revision to the priority list. All other applicants on an approved priority list will be notified of an emergency request and be given an opportunity for any comments or objections. The Board for Financing will add the project to the priority list at the same time the Board approves the loan commitment.

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.

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.

#### **B. Priority List Public Participation**

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 community and non-transient, non-community water systems for proposed water projects. In late December 2012, NDEP sent out this solicitation letter for the 2014 Priority List. The Division held a Priority List Workshop on April 30, 2013 on the 2014 Priority List. The Board for Financing Water Projects approved the 2014 Priority List at their meeting on July 13, 2013. The fundable list for 2014 is included in Attachment B. The Resolution of the Board for Financing Water Projects approving the 2014 Priority List effective July 2013 is included in Attachment C. A summary of the public workshops, comment and public participation is included in Attachment D. Although the 2014 Priority List is presented in this IUP, due to timing differences some projects applied to the 2014 grant may be derived from prior or future year Priority Lists.

#### **C. Impact of Funding Decisions on the Long-Term Financial Health of the DWSRF**

To monitor the long-term financial health of the DWSRF, the Division relies on a capacity model put together by the contracted Financial Advisor to assess the financial impact of policy decisions including the amount of forgivable principal to award, loan interest rates, early payoff requests, and state match bond structures.

#### **D. Relationship to State Program Goals and Objectives**

The Division places priority on projects that meet the goals specified in Section II of this IUP. In general, the resolution of imminent threat to public health by addressing acute

contaminants is paramount, followed by the resolution of compliance issues, long-term health protection through pollution or contamination prevention, long-term infrastructure needs, and consolidation of public water systems to improve system capabilities.

**E. Transferring Funds between the DWSRF and the CWSRF**

Although there are no immediate plans to transfer funds from one program to the other, Nevada reserves the right to make a transfer of up to 33% of the DWSRF capitalization grant into the CWSRF or an equivalent amount from the CWSRF capitalization grant into the DWSRF, when it is permissible. This would require public review and the approval of the Governor, State of Nevada.

**VI. ASSISTANCE TO SMALL PUBLIC WATER SYSTEMS**

The federal regulations for the DWSRF state that a minimum of 15% of the DWSRF must be used to provide loan assistance to small public water systems serving fewer than 10,000 people to the extent such funds can be obligated for eligible projects. The 2014 project priority list includes a large number of projects associated with small public water systems. It also includes several projects associated with large water systems. Every effort will be made to fund the small system projects, recognizing the requirement outlined in Section 1452 (a)(2) of the SDWA to make at least 15% of the fund available to small systems. Loans to large systems are important in obligating the entire capitalization grant. Repayments of these loans then make low-cost loans available to small systems in the future.

**VII. PROGRAM TO PROVIDE ASSISTANCE TO PUBLIC WATER SYSTEMS SERVING DISADVANTAGED COMMUNITIES**

The federal 2014 appropriation required that the state use at least 20% and up to 30% 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 DWSRF has authority to offer principal forgiveness and negative interest loans in an amount up to 100% of the value of a loan to communities that could not otherwise afford a loan; consolidation projects; and if need be, projects with populations under 10,000.

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. To meet the Federal 2014 appropriation requirement, additional subsidy will first be offered to communities that meet the definition of a disadvantaged community. If the minimum grant amount for additional subsidization is not met through addressing health concerns, projects with critical infrastructure needs where the community meets the definition of disadvantaged will be considered. In addition, to promote sustainability, projects that connect smaller systems with larger systems will be considered. It is possible that some of the projects on the Priority List meeting the above affordability criteria will not utilize SRF funds. If necessary to meet the 20% of the grant in additional subsidization requirement, the eligibility for additional subsidy will be expanded to include all communities with a population less than 10,000 people.

All subsidy projects will be limited to \$500,000 in subsidy dollars unless there is an acute health risk.

There are adequate projects on the Priority List that meet the above affordability criteria to more than satisfy the requirement of 20% to 30% of the 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.

In addition to reduced or zero interest loans for disadvantaged communities, the project prioritization process takes into account the median household income (MHI) in the area served by a water system. The process ranks projects in communities with a lower MHI higher than an equivalent project in a community with a higher MHI. This ranking process, therefore, gives those projects serving communities with a lower MHI the first opportunity at loan funds.

## VII. U.S. ENVIRONMENTAL PROTECTION AGENCY STRATEGIC PLAN GOALS AND OBJECTIVES

The Nevada DWSRF program supports the National USEPA Strategic Plan Goal 2 (Clean and Safe Water), Objective 1 (Protect Human Health), Sub-objective 1 (Water Safe to Drink) listed below. Specifically, Nevada established and is managing the revolving loan fund to make low cost loans and other types of assistance to water systems to finance the cost of infrastructure projects to achieve or maintain compliance with Safe Drinking Water Act requirements. Nevada DWSRF activities support USEPA Program Reporting Measure SDW-4 Fund Utilization and SDW-5 DWSRF projects that have initiated operations.

Measure	Measure Text	National Target	Nevada FY12	Nevada FY13	State FY14
SDW-4	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the Drinking Water State Revolving Fund (DWSRF)	Target 89%	Actual 91%	Actual 85%	Target 85%
SDW-5	Number of Drinking Water State Revolving Fund (DWSRF) projects that have initiated operations (cumulative)	Base 5,526 ARRA 200 Total 5,726	27 12 45	33 13 55	42 16 58

All planned and prior year loans have assisted public water systems in meeting the federal and state drinking water compliance requirements. Details of Nevada's DWSRF activities supporting the National USEPA Strategic Plan will be included in the DWSRF Annual Report, the Drinking Water National Information Management System (DW NIMS) and the Federal Funding Accountability and Transparency Act (FFATA) Reporting System.

## **Attachment A**

### **2014 Project Priority Lists**

# **ATTACHMENT B**

## **2014 Fundable List**



**Attachment C**  
**Resolution of the Board for Financing Water Projects**  
**On**  
**2014 Priority List**

## **Attachment D**

### **Summary of Public Workshops, Comment and Participation on Intended Use Plan and Project Priority List**

A public workshop on the 2014 Priority List was held on April 30, 2013. No objections were offered with respect to the priority list. The Board of Financing Water Projects approved the 2013 Priority List at their meeting on July 9, 2013. The Board meeting provided additional opportunity for public input. Notice of the public workshop on priority list was published in newspapers throughout the state and sent to all applicants on the priority list.

# **Attachment E**

## **Schedule of Banked Set-asides**

## DWSRF Banked Authority Worksheet

as of 5/06/14

Grant Award Date	Grant Name	Amount	Loans			4% Admin			2% SSTA			10% Prog			15% Local (cannot bank)							
			Award	Amend	Banked Authority Used for Loans	Total Used for Loan	Award	Amend	Banked Authority for Set-aside	Award	Amend	Banked Authority	Total Used for Set-aside	Award	Amend	Banked Authority	Award	Amend	Banked Authority	Total Used for Set-aside		
9/1/1999	FS99996099	14,535,100	11,633,199			11,633,199	583,404			291,702			1,396,795			680,000			680,000			
11/21/1999	FS99996098	12,558,800	9,808,687	0	9,808,687	502,352				223,608			559,006			1,465,147			1,465,147			
8/24/2001	FS99996001	7,757,000	6,209,147	0	6,209,147	310,280				155,140			742,433			340,000			340,000			
7/29/2002	FS99996002	15,841,600	4,876,528	7,554,514	0	12,431,042	249,251	384,413		124,626	192,206		623,128	961,032		357,747	(518,155)		875,902			
9/24/2003	FS99996003	8,004,100	5,322,829	0	5,322,829	320,164				160,082			800,410			1,200,615			1,200,615			
1/18/2005	FS99996005	8,303,100	6,056,391	6,688,411	6,704,802	332,124				166,062			516,926			1,001,597	668,411		333,186			
7/5/2005	FS99996005-1	8,285,500	6,282,421	831,589	7,114,010	331,420				165,710			296,998			958,951	831,589		127,362			
6/16/2006	FS99996006	8,229,300	6,213,769	128,168	6,341,937	329,172	128,168			164,586			642,027			879,746			879,746			
7/3/2007	FS99996007	8,229,000	6,135,889	437,210	6,573,099	329,160	329,160			164,580	108,050		635,121			964,250			964,250			
10/1/2008	FS99996008	8,146,000	5,945,553	0	5,945,553	325,840				162,920			703,000			1,008,687			1,008,687			
9/2/2009	08W0149090ARRA	19,500,000	16,380,000	2,659,051	19,039,051	780,000	763,230	16,770		390,000	390,000	0	1,950,000	1,505,821	444,179	0			0			
5/1/2010	FS99996010-0	21,719,000	17,125,189	2,139,079	19,264,268	868,760	231,804	636,956		434,380			2,171,900	510,222	1,661,678	3,257,850	1,397,053		1,860,797			
FFY11	FS99996011	9,268,000	6,394,920	171,378	6,566,298	370,720				185,560			926,800	171,378	755,422	1,390,200			1,390,200			
FFY12	FS99996012	9,125,000	6,296,250	65,000	6,361,250	365,000	65,000	300,000		182,500			912,500		912,500	1,368,750			1,368,750			
FFY13	FS99996013	8,421,000	5,810,490	2,273,670	8,084,160	336,840				168,420	168,420	0	842,100	842,100	0	1,263,150	1,263,150		0			
FFY14	FS99996014	12,614,000	8,703,660	3,500,340	12,204,000	504,560	404,560	100,000		252,280			1,261,400	1,261,400	0	1,892,100	1,682,100		210,000			
		180,586,500	129,374,922	7,554,514	12,873,886	149,803,332	6,639,047	1,384,413	1,921,922	5,301,538	3,391,956	182,206	8,18,750	2,765,412	14,980,544	961,032	4,290,921	11,650,653	18,028,790	5,324,148	0	12,704,942