

Allocation of American Recovery and Reinvestment Act funds to the Clean Water and Drinking Water State Revolving Fund Programs Nevada Division of Environmental Protection

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. The overall purpose of the Act is to create or save jobs and promote economic recovery. ARRA includes \$2 billion to fund drinking water infrastructure and \$4 billion to fund wastewater infrastructure. These infrastructure funds are being distributed to the States through the existing State Revolving Fund (SRF) program. Nevada's allotment is \$19.2 million for wastewater and \$19.5 million for drinking water.

Although the ARRA funds are being distributed through the existing SRF program, ARRA has new requirements for additional subsidization and green infrastructure. Nevada's plans to implement these two requirements are described below.

Additional Loan Subsidization

To receive a grant award from USEPA, the State must agree to use at least 50% 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.

In Nevada, additional subsidization will be offered to communities meeting affordability criteria based on median household income. Experience has shown that the median household income is a relatively good measure of a community's ability to pay for infrastructure improvements. If the median household income of a community is less than 80 percent of the state median household income, the community will be eligible for additional subsidization. The Clean Water and Drinking Water Priority Lists identify the projects that meet the above affordability criteria. 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.

Green Infrastructure

ARRA requires that, to the extent there are sufficient eligible project applications, not less than 20% of the funds provided for projects must be used for water or energy efficiency, green infrastructure, or other environmentally innovative activities. EPA has directed States to prioritize projects that achieve the highest intent of the Act. The highest priority green projects for Nevada are those that generate clean energy or conservation/restoration projects with multiple environmental benefits. The Priority Lists for both Clean Water and Drinking Water identify the green projects that satisfy Nevada's highest priorities. Green projects will be funded with a 0% interest loan.

Remaining funds

After funding projects that qualify for additional subsidization and green projects, remaining funds will be allocated to projects highest on the priority list that are ready to proceed. The terms for the remaining projects will be 0% interest rate loans.

Project Readiness

ARRA requires that all funds must be under contract or under construction to eligible projects by February 17, 2010. If this condition is not met, Nevada loses the federal funds. To ensure Nevada does not lose federal funds, priority will be given to projects that have completed design and received applicable approvals. Loan contracts will include deadlines for completion of design and bid. If these deadlines are not met, the contract will be terminated and funds reallocated.

The steps Nevada has and will take to allocate the recovery funds are outlined below.

- **December 2008:** Solicited for both clean water and drinking water projects that are “ready to go”
- **January 2009:** Solicitation resulted in approximately \$985 million in clean water projects and \$562 million in drinking water projects
- **February 2009:** Draft Priority Lists developed
- **March 20- April 15 2009:** Public comment period for draft Priority Lists
- **April 2009:** Finalize Priority Lists and Intended Use Plans and start working with applicants
- **April 30 2009:** Receive grant awards from EPA
- **May 2009:** Local communities complete loan application process. Priority will be given to projects that are ready to go (design complete, approvals obtained)
- **June 2009:** Award first loan contracts
- **July-August 2009:** Additional local communities complete loan application process
- **September 2009:** Award next round of loan commitments
- **October-November 2009:** Additional local communities complete loan application process
- **December 2009:** Award last round of loan commitments if there are remaining or reallocated funds.
- **February 17, 2010:** All loan contracts must be awarded and projects either under construction or have construction contracts in place.