NEVADA DIVISION OF ENVIRONMENTAL PROTECTION

**Office of Financial Assistance**
**Guidance Document**
*April 2026*

# Fiscal Sustainability Plans

## Information for Clean Water State Revolving Fund Loan Recipients

**IN THIS DOCUMENT**

You'll learn what the Office of Financial Assistance (OFA) requires in a Fiscal Sustainability Plan (FSP).

***Background***

*Federal law requires certain wastewater treatment projects to have a Fiscal Sustainability Plan (FSP) before they can receive a loan from the Clean Water State Revolving Fund (CWSRF). These rules are part of the Federal Water Pollution Control Act (FWPCA)*[1].

If a publicly owned treatment works is being **repaired, replaced, or expanded**, the loan recipient must either:

- Create and follow a Fiscal Sustainability Plan, or
- Prove that one already exists and meets all requirements.

An FSP must include:

1. A list of the most important parts of the treatment system (called "critical assets").
2. An evaluation of the condition and performance of these assets.
3. Proof that the system has looked at ways to save water and energy and plans to use those efforts.
4. A plan for maintaining, repairing, and replacing the treatment system when needed, along with a plan to pay for these activities.

## When an FSP is required

An FSP is required for any CWSRF-funded project that involves repairing, replacing, or expanding a publicly owned treatment works.

[1] In 2014, a federal law called the Water Resources Reform and Development Act was passed. It changed parts of the FWPCA. Among its provisions are amendments to Titles I, II, V, and VI. The act is codified in Title 33 of the United States Code. As amended, the FWPCA now includes section 603(d)(1)(E).

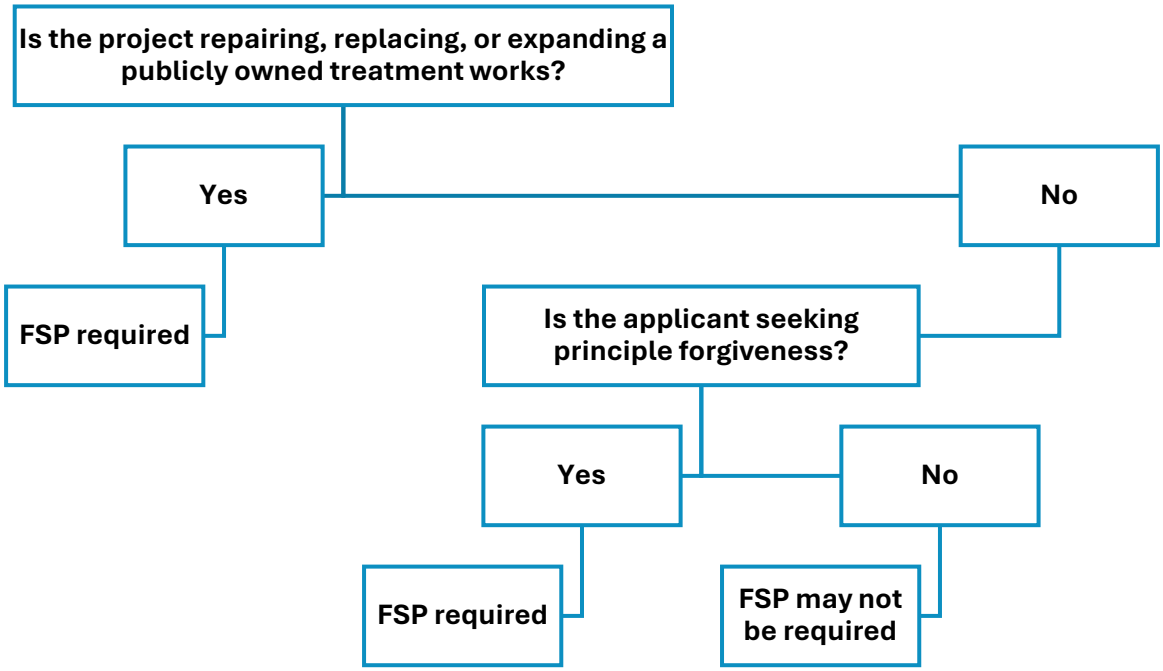
An FSP is *not* required for:

- Building a completely new treatment plant, unless it replaces or expands an existing system
- Upgrades that do not involve repair, replacement, or expansion (for example, adding advanced treatment technology without increasing capacity)

## Principal Forgiveness Requirement

Borrowers receiving **principal forgiveness** through the CWSRF program must complete and implement an FSP before they request their final loan draw. Office of Financial Assistance requires all principal-forgiveness borrowers to meet this requirement as part of their funding conditions.

**Figure 1. When is an FSP required?**




## Purpose

- All water and wastewater systems are responsible for protecting public health, reducing water loss, preventing pollution, and supporting the economic well-being of their communities.
- Systems must show they can properly operate and manage their facilities.
- Fiscal Sustainability Plans should be "living documents," meaning they are reviewed, updated, expanded, and used regularly as part of daily system operations.
- The goal of an FSP is to help a system provide reliable service at the lowest long-term cost.

## Terms in the Nevada intended use plans

1. **When an FSP is required:**
    a. Any CWSRF loan applicant asking for funding to repair, replace, or expand a publicly owned treatment works must have an FSP.
    b. Any CWSRF loan applicant asking for **principal forgiveness** for a construction project must also have an FSP.

2. **What an FSP must include:**
    a. A list of the system's most important assets (critical assets).
    b. An evaluation of the condition and performance of those assets or asset groups.
    c. Documentation of the expected useful life of each asset.
    d. A plan for maintaining, repairing, and replacing assets when needed, plus how these activities will be funded.
    e. Proof that the system has looked at water and energy conservation options and will use the most efficient approaches possible when repairing or replacing assets.

3. **Creating the asset inventory**
    Systems should group assets into logical sections based on professional judgment. For example, a large sewer system being repaired might be divided into areas or zones, and the FSP could focus on the part affected by the project, whereas a smaller system might choose to create one plan that covers the entire collection system.

4. **If the system already has an FSP:**

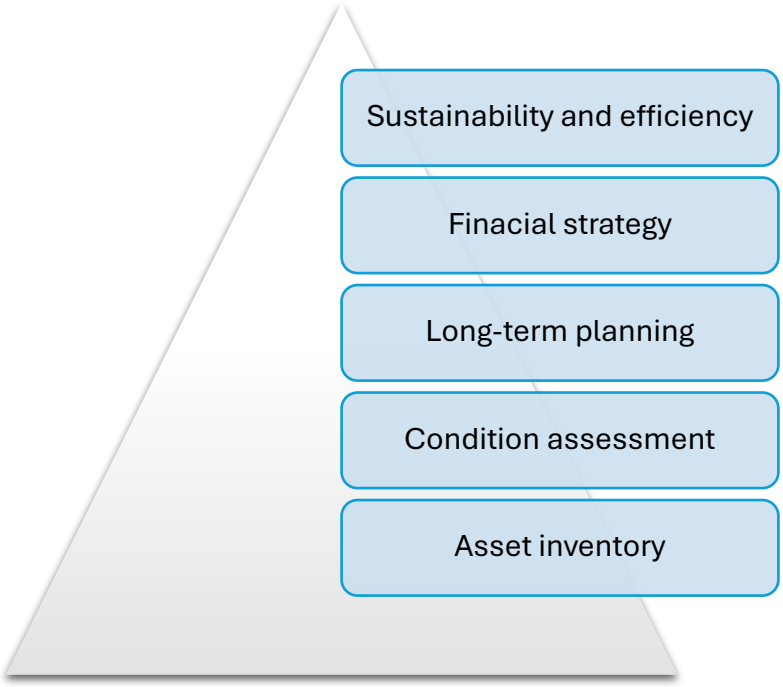
    - The system must certify that the FSP has been created and is being used before the loan is finalized (Attachment A).
    - The FSP must have been reviewed or updated by the governing board within the last five years.
    - OFA may review the FSP during the loan application process and may complete an evaluation checklist for the staff report (Attachment B).

5. **If the system does not yet have an FSP:**

    - The system must certify that an FSP will be completed and maintained before the final loan draw.
    - The loan agreement will include a requirement to finish and implement the FSP.

## Asset management pyramid

**Figure 2. Asset management pyramid**




**Asset inventory:** Systems need to start by identifying their **critical assets** and grouping them logically. Without knowing *what* you own and *where* it is, none of the other steps can occur. It is the first required step and the basis for every assessment, plan, and financial decision that follows.

**Condition assessment:** This layer focuses on understanding how well each critical asset is currently functioning. It involves evaluating the **condition** and **performance** of assets or asset groups to determine their reliability and risk of failure. It allows systems to prioritize repairs and replacements based on actual need rather than guesswork, supporting smarter long-term decision making.

**Long-term planning:** This step establishes how the system will maintain, repair, and replace assets throughout their expected useful life. It includes documenting the **useful life** of each asset and developing a schedule that identifies when key activities should occur. It ensures the utility stays ahead of failures, plans upgrades proactively, and coordinates infrastructure needs with financial planning.

**Financial strategy:** This tier outlines how the system will **fund** all planned maintenance, repairs, and replacements. It ties the long-term planning activities to a practical, sustainable financing approach, ensuring needed work is financially feasible. Stable funding is essential for maintaining reliable service and meeting federal requirements for fiscal sustainability.

**Sustainability and efficiency:** This is the most advanced, continuous improvement layer.
It includes evaluating and integrating **energy and water efficiency** in repair and replacement decisions. It represents a mature system that moves beyond compliance and fully optimizes performance, cost savings, and reliability. It's also the "forward-looking" part of the FSP.

System Name:

System Number:

Name of Authorized Representative:

Title of Authorized Representative:

Applicant is seeking funding for:

☐ CWSRF Treatment Facility

☐ CWSRF Principal Forgiveness Loan

Please select "**Yes**" or "**No**" for each requirement:

1. System maintains an inventory of critical assets of the system? Select a valu
2. System has evaluated the condition and performance of assets? Select a valu
3. System maintains a technical plan for maintaining, repairing and replacing assets? Select a valu
4. System maintains a financial plan for maintaining, repairing and replacing assets? Select a valu
5. System has evaluated and implemented, if any, a plan for water and energy conservation? Select a valu
6. Has the governing board reviewed the FSP within the last five (5) years from the date of the application? Select a valu

   Date of application to OFA:

   Date of last board review (attach meeting minutes):

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

☐ The above named system meets the requirements of a Fiscal Sustainability Plan and will continue to maintain the required components for at least the life of the loan.

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

Signature of Authorized Representative Date

Date:

System Name:

Permit No.:

Loan Recipients Present:

State OFA Staff Present:

FSP checklist items:

| | |
|---|---|
| Select a valu | 1. FSP has been developed at an appropriate depth and complexity including: |
| Select a valu | a. A complete and organized inventory of current **system assets**, location, age, life expectancy and cost. |
| Select a valu | b. An evaluation of the **condition** and **performance** of inventoried asset or asset groupings. |
| Select a valu | c. Determination of **criticality** of each asset and the **probability** and **consequence** of failure. |
| Select a valu | d. A plan for **maintaining**, **repairing**, and, as necessary, **replacing** the treatment works. |
| Select a valu | e. Five, 10-, and 20-year **capital improvement plans**. |
| Select a valu | f. Long-term **funding strategy** for activities in items *d* and *e*. |
| Select a valu | g. Certification of evaluation and implementation of water and energy **conservation** efforts. |
| Select a valu | 2. FSP has been implemented. |
| Select a valu | 3. The system understands the condition and cost associated with its critical infrastructure assets. |
| Select a valu | 4. Incorporated, to the maximum extent practicable, water and efficient approaches into the funded project. |

Comments:

1a.

1b.

1c.

1d.

1e.

1f.

1g.

2.

3.

4.