

Did your water system(s) receive funding from the Nevada Capital Improvement Grants Program (commonly referred to as the AB198 Program)? Not sure what the requirements are? Here is some help....

The AB198 program was established to fill the financial gap between actual costs and what the community can afford. In this sense, an applicant community is expected to do as much as possible to help themselves before seeking the State's assistance. When a project is required, the applicant is required to finance as much of the project as is locally possible. The Board for Financing Water Projects (Board) has established a policy for recipients to establish a capital replacement fund to help mitigate these costs.

The amount of money required to be reserved each year is based upon the amount of grant money received from the AB198 program and the useful life of the assets funded in the project. A schedule, determined by the recipient and agreed to by OFA, would be established to determine the annual amount of required contributions to the capital reserve account.

Should the system need to use any of the funds in the account to replace a capital asset, a simple email to OFA staff outlining the need for the use of the funds and the amount needed is sufficient to notify the Office of changes to the reserve balance. Prior notification to OFA before use of funds is highly encouraged to avoid confusion during the annual evaluation or capacity surveys.

The purpose of the fund is to assist systems with capital replacement of existing drinking water infrastructure. The funds cannot be used on assets that are considered normal repairs or maintenance, tools to fix equipment, vehicles for general use, or for new infrastructure that didn't exist before. Systems are highly encouraged to use the funds on existing capital assets that fail in the system. Examples of this include, but are not limited to, pumps, valves, pipes, meters, tank coatings and storage reservoirs, treatment plants, wells, surface water intakes, or those which extend the life of an asset and/or enhance its original value with better quality materials or system upgrades. ***Cash in this fund does not have to be restricted to the capital asset originally funded in the agreement under AB198.***

The Board did not establish maximum amounts or time limits on funding this account as the Board's intent was for systems to use the funds as needed on approved assets and to maintain sustainability of systems across the State for years to come. This requirement will be examined by OFA on an annual basis and considered when future funding is being requested from either the AB198 program or the State Revolving Loan Funds. Entities should work with their accountant to ensure these restricted funds are designated on their financial statements.

Should you have any questions regarding the funding or use of the AB198 Capital Replacement Projects Fund, please contact:

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