NEVADA DIVISION OF
ENVIRONMENTAL
PROTECTION

Drinking Water State Revolving Fund
Intended Use Plan
State Fiscal Year 2026

Submitted to the
U.S. Environmental Protection Agency
Region IX

Contents

List of Acronyms

ACFR	Annual Comprehensive Financial Report
AMP	Asset Management Plan
ARRA	American Recovery and Reinvestment Act of 2009
AWOP	Area-Wide Optimization Program
BABA	Build America, Buy America
BFWP	Board for Financing Water Projects
BSDW	Bureau of Safe Drinking Water
CFR	United States Code of Federal Regulations
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
EC	Emerging Contaminants
EPA	Environmental Protection Agency
ETT	Enforcement Targeting Tool
FFY	Federal Fiscal Year
IIJA	Infrastructure Investments and Jobs Act
IUP	Intended Use Plan
LSL	Lead Service Lines
MHI	Median Household Income
NAC	Nevada Administrative Code
NDEP	Nevada Division of Environmental Protection
NIFS	Nevada Infrastructure Financial System
NRS	Nevada Revised Statutes
OFA	Office of Financial Assistance
PFAS	Per- and Polyfluoroalkyl Substances
PWS	Public Water System
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SFY	State Fiscal Year
TMF	Technical, Managerial, and Financial (Capacity)

1) Executive Summary

The Drinking Water Intended Use Plan (IUP) communicates to drinking water systems, the public, the U.S. Environmental Protection Agency (EPA), and other state departments on how money in the Drinking Water State Revolving Fund (DWSRF) will be managed. The IUP further provides specific details on key aspects of the program, including our state's short- and long-term goals, the priority setting process used to rank projects, a list of projects eligible to receive funding from DWSRF, and programmatic requirements to receive funding.

Nevada agrees to comply with all DWSRF regulations, the EPA general grant regulations, all applicable federal cross-cutting authorities, and the specific conditions of the grants.

Nevada has qualified projects ready to apply for these federal EPA grants. The amounts available to Nevada are as follows:

Federal Grant Awards Available to Nevada

Federal Grant Awards available to Nevada

	Available	Current Plan	Future Plan
2026 Base Appropriation	$3,984,000	$3,984,000	$0
Subtotal Base funding	**$3,984,000**	**$3,984,000**	**$0**
2026 IIJA Supplemental	$25,804,000	$25,804,000	$0
2022 IIJA (EC) Reallotment	$2,000	$2,000	$0
2023 IIJA (EC) Reallotment	$47,000	$47,000	$0
2026 IIJA Emerging Contaminants (EC)	$7,921,000	$7,921,000	$0
2026 IIJA Lead Service Lines (LSL)	$27,456,000	$0	$0
Subtotal IIJA Funding	**$61,230,000**	**$33,774,000**	**$0**

	Available	Current Plan	Future Plan
2026 Base Appropriation	$3,984,000	$3,984,000	$0
Subtotal Base Funding	**$3,984,000**	**$3,984,000**	**$0**
2026 IIJA Supplemental	$25,804,000	$25,804,000	$0
2022 IIJA (EC) Re-allotment	$2,000	$2,000	$0
2023 IIJA (EC) Re-allotment	$47,000	$47,000	$0
2026 IIJA Emerging Contaminants (EC)	$7,921,000	$7,921,000	$
2026 IIJA Lead Service Lines (LSL)	$27,456,000	$0	$0
Subtotal IIJA Funding	**$61,203,000**	**$33,774,000**	**$0**
Total Federal Funding	**$65,214,000**	**$37,758,000**	**$0**

The first requirement for a system to obtain DWSRF funding is to be added to the Nevada Drinking Water Project Priority List. **Attachment A** outlines the DWSRF Project Priority List ranking criteria. See

Attachment D for the current Priority List effective May 2026. A project pre-application can be submitted at any time through the Nevada Infrastructure Financial System (NIFS)[1].

Nevada will spend the required grant amounts according to the grant terms and conditions outlined in **Attachment E**. Nevada's projects expected to receive funding are outlined in **Attachment C**. Eligibility and amounts for principal forgiveness loans that satisfy the subsidy requirement in the grants are outlined in **Attachment B**.

[1] https://ndepifs.ndep.nv.gov/

2) Introduction; Available Federal Funds

The 1996 Amendments to the Federal Safe Drinking Water Act (SDWA) authorized the creation of the DWSRF. Nevada's program is administered by the Office of Financial Assistance (OFA), under the direction of the Nevada Division of Environmental Protection (NDEP), Department of Conservation and Natural Resources. NDEP is the agency designated to apply for the capitalization grants for the DWSRF Program and related State funds[2].

Additionally, Congress passed the Infrastructure Investments and Jobs Act (IIJA), that is expected to provide Nevada with additional resources until State Fiscal Year 2027 (SFY; June 30, 2027).

The Intended Use Plan must describe:

- Goals of the program
- Fundable list of projects
- Information on activities to be supported
- Assurances and specific proposals for meeting the requirements of 42 U.S.C. §300j-12
- Criteria and method for fund distribution

Nevada has projects on its fundable list that support applications to EPA for federal funding. Nevada intends to request the following from federal sources:

Base Appropriation Requirements in Dollars

	2026 Base	Total
Total Amount Provided as Subsidy	**$1,952,160**	**$1,952,160**
Mandate to disadvantaged communities	$1,394,400	$1,394,400
Mandate to qualified entities	$557,760	$557,760
Total Amount for Set-Asides	**$1,235,040**	**$1,235,040**
2% Small systems technical assistance	$79,680	$79,680
4% Administration	$159,360	$159,360
10% State program management	$398,400	$398,400
15% local assistance	$579,600	$579,600
Amount Provided as Loans	**$796,800**	$796,800
Total Amount of Grant	**$3,984,000**	**$3,984,000**
Federal match requirement	**$796,800**	**$796,800**

[2] Nevada Revised Statutes (NRS) 445A.200 to 445A.295
Nevada Administrative Code (NAC) 445A.6751 to 445A.67644

Base Appropriation Requirements in Percent

	2026 Base	Total
Total Amount Provided as Subsidy	**49.00%**	**49.00%**
Mandate to disadvantaged communities	35.00%	35.00%
Mandate to qualified entities	14.00%	14.00%
Total Amount for Set-Asides	**31.00%**	**31.00%**
2% Small systems technical assistance	2.00%	2.00%
4% Administration	4.00%	4.00%
10% State program management	10.00%	10.00%
15% Local assistance	15.00%	15.00%
Amount Provided as Loans	**20.00%**	**20.00%**
Federal Match Requirement	**20.00%**	**20.00%**

Nevada intends to request the following from the IIJA allotments. These funds are anticipated to be available to Nevada by October 2026 (SFY2027).

IIJA Funding Requirements in Dollars

	Supplemental	2022 EC	2023 EC	2026 EC	Total
Total Amount Provided as Subsidy	**$12,643,960**	**$2,000**	**$47,000**	**$7,921,000**	**$20,613,960**
Mandate to disadvantaged communities	$12,643,960	$500	$11,750	$1,980,250	**$14,636,460**
Mandate to qualified entities	$0	$1,500	$35,250	$5,940,750	**$5,977,500**
Total Amount for Set-Asides	**$7,999,240**	**$0**	**$0**	**$0**	**$7,999,240**
2% Small systems technical assistance	$516,080	$0	$0	$0	**$**
4% Administration	$1,032,160	$0	$0	$0	**$**
10% State program management	$2,580,400	$0	$0	$0	**$**
15% local assistance	$3,870,600	$0	$0	$0	**$**
Amount Provided as Loans	**$5,160,800**	**$0**	**$0**	**$0**	**$5,160,800**
Total Amount of Grant	**$25,804,000**	**$2,000**	**$47,000**	**$7,921,000**	**$33,744,000**
Federal match requirement	**$5,160,800**	**$0**	**$0**	**$0**	**$5,160,800**

IIJA Funding Requirements in Percent

	Supplemental	2022 EC	2023 EC	2026 EC	Total
Total Amount Provided as Subsidy	**49.00%**	**100.00%**	**100.00%**	**100.00%**	**63.03%**
Mandate to disadvantaged communities	49.00%	25.00%	25.00%	25.00%	**43.34%**
Mandate to qualified entities	0.00%	75.00%	75.00%	75.00%	**17.70%**
Total Amount for Set-Asides	**31.00%**	**0.00%**	**0.00%**	**0.00%**	**23.68%**
2% Small systems technical assistance	2.00%	0.00%	0.00%	0.00%	**1.53%**
4% Administration	4.00%	0.00%	0.00%	0.00%	**3.06%**
10% State program management	10.00%	0.00%	0.00%	0.00%	**7.64%**
15% local assistance	15.00%	0.00%	0.00%	0.00%	**11.46%**
Amount Provided as Loans	**20.00%**	**0.00%**	**0.00%**	**0.00%**	**15.28%**
Federal match requirement	**20.00%**	**0.00%**	**0.00%**	**0.00%**	**15.28%**

3) <u>DWSRF Goals</u>

Nevada's Short-Term Goals

- Provide financial assistance to recipients on Nevada's Fundable List (**Attachment C**).
- Ensure active projects are drawing funds timely to address the program's excess cash.
- Work with EPA on our performance metrics to improve commitments and cash turnover.
- Ensure compliance with all pertinent federal, state, and local laws and regulations.
- Coordinate and partner with other federal and state funding authorities.
- Provide technical assistance to build operating, managerial, and financial capacity in drinking water systems.
- Help systems address emerging contaminants.
- Help systems prepare a lead and copper inventory.
- Ensure the program's budget adequately supports resources and administrative activities, while anticipating future needs.

Nevada's Long-Term Goals

- Obtain optimum use of the DWSRF through cash flow modeling.
- Issue debt obligations as needed so program funds either match federal grants or provide additional resources for projects while maintaining the program's AAA rating from Standard and Poor's.
- Enhance technical, managerial, and financial capacity within drinking water systems.
- Coordinate with EPA and Region 9 EPA to engage Nevada staff in an Area-Wide Optimization Program (AWOP) to address long term surface water, disinfection byproducts and groundwater treatment compliance.
- Address emerging contaminants, especially Per- and Polyfluoroalkyl (PFAS) in communities through direct funding of projects that will capture, treat, and mitigate emerging contaminants.

4) Project Eligibility, Criteria, and Selection

Supply	Primary or redundant sources that meet water quality standards.
Storage	Primary or redundant storage tanks, including internal re-coatings.
Treatment	Safe Drinking Water standards and Nevada secondary standards, including emerging contaminants.
Distribution	Transmission, distribution, service lines, meters, isolation valves, and SCADA controls.
Security	Physical Security (fences, cameras, lighting) and Cyber Security.
Planning	Preliminary Engineering Reports, Environmental Reviews, Cultural Resources
Refinancing	For qualified debt issued by the borrower after March 7, 1985.

Special IIJA Funding
Emerging Contaminants

The primary purpose must be to address emerging contaminants in drinking water.

Nevada intends to focus on addressing PFAS but has the flexibility to fund projects for any contaminant in any of EPA's Contaminant Candidate Lists and other contaminants identified by EPA. Some of the eligible project types from the Contaminant Candidate List include, but are not limited to:

- Cyanobacteria (blue-green algae)
- Pesticides
- Pharmaceuticals
- Biological toxins
- Disinfection byproducts
- Legionella
- Micro-plastics

Eligible costs include:

- New treatment
- Upgrade or rehabilitate treatment
- Development of a new source of supply
- Consolidation with another system
- Planning and design
- Pilot testing
- Non-routine sampling
- Creation of a new community water system to remove an unsafe privately-owned source

Special IIJA Funding
Emerging Contaminants

The primary purpose must be to address Lead or galvanized service lines.

A service line is defined as a line which connects the water main to the building inlet. A lead service line may be owned by the water system, owned by the property owner, or both. For the purposes of this subpart, a galvanized service line is considered a lead service line if it ever was or is currently downstream of any lead service line or service line of unknown material. EPA has expanded the eligible uses beyond the definition above to also include the replacement of lead goosenecks, pigtails, and connectors as eligible expenses, whether standalone or connected to a lead service line.

Eligible costs include:

- **MUST** remove both the public and private side of the service line.
- Lead or galvanized goosenecks, pigtails, and connectors
- Curb stops, curb stop boxes, and other service line appurtenances.
- Site restoration, including landscaping, sidewalks, driveways, etc.
- Temporary pitcher filters or point of use devices.
- Non-routine sampling.
- Development or updating of lead service line inventories.

Partnership in Funding

In an effort to ensure as many projects are completed as possible, and all available federal funds are utilized in Nevada, OFA partners with various agencies to bridge funding gaps and make projects more affordable. Federal partner funders have included the United State Department of Agriculture, Housing and Urban Development, and Indian Health Services.

Priority List

The first requirement for a system to obtain funding from the DWSRF is to be added to the Nevada Project Priority List. **Attachment A** outlines the DWSRF project priority list ranking criteria. See **Attachment D** for the current Priority List effective May 2026. A project pre-application can be submitted at any time through NIFS[3].

Being added to the priority list does not obligate a system to take out a loan from the DWSRF. However, the DWSRF is not able to provide funding for any system or project not listed on the finalized priority list.

Nevada will open the priority list, at least annually, to require those listed to renew their pre-applications and add any new projects. Additional openings of the priority list are subject to project need and staff resources.

The priority list is required to be ranked to ensure funding goes to the highest priority project first. However, Nevada can bypass projects on the list that are deemed not ready-to-proceed.[4]

Systems experiencing an emergency[5] may be added to the priority list once funding for the project is approved by the Board for Financing Water Projects (BFWP).

Ready-to-Proceed

Nevada defines "ready-to-proceed" for the purposes of Nevada Administrative Code (NAC) 445A.67573 to mean the following:

For planning and design projects

These projects are typically for a short period, no more than five years, and are designed to study technically feasible alternatives for addressing a need of the community, including, but not limited to, the environmental impacts of the chosen project, testing and sampling, exploratory work, permitting, land acquisition, easements, and design to get the project ready for construction.

1. A project has been defined by the governing board (this is not a master plan but a problem that has been identified that can be solved by a construction project); and
2. The system can demonstrate to NDEP they have maintained, or can maintain technical, managerial, and financial capability in accordance with (Nevada Revised Statutes (NRS) 445A.275(3); and
3. A cost estimate has been prepared by a Nevada-licensed professional engineer that is not less than six months old for the planning and design of the project; and
4. A timeline for completion is available; and
5. The system and their contracted professionals are registered and active in www.sam.gov as an approved vendor of the federal government; and
6. The vendors or service providers for the entity are licensed to do business in the state of Nevada; and

[3] https://ndepifs.ndep.nv.gov/
[4] NAC 445A.67567 through NAC 445A.67573
[5] NAC 445A.67527

7. The system charges a sufficient user rate to cover operations, maintenance, debt service requirements, reserve requirements, and/or asset replacement required by NAC 445A.676144; and
8. All required documents necessary to evaluate the loan application have been submitted timely to NDEP by the applicant; and
9. The system has complied with previous contract or regulatory requirements of the DWSRF program.

For projects that include the construction of physical assets

These projects are to actually construct or replace assets that are intended to last longer than one year and will be maintained by the system over their useful life. The project may include, but is not limited to, engineering supervision and inspection, land acquisition, permitting, easements, materials, utility upgrades, and bonding costs.

1. A project has been defined by the governing board, the board has indicated they intend to seek a loan from the State Revolving Fund for the defined project, and they have designated the individual(s) who are authorized to sign the contract; and
2. The system can demonstrate to NDEP they have maintained, or can maintain technical, managerial, and financial capability in accordance with NRS 445A.275(3); and
3. A cost estimate has been prepared by a Nevada-licensed professional engineer that is not less than six months old for the construction of the project; and
4. The system and their contractors are registered and active in www.sam.gov as an approved vendor of the federal government; and
5. The vendors or service providers for the entity are licensed to do business in the state of Nevada; and
6. A planned draw schedule is available; and
7. A timeline for completion is available; and
8. The system has complied with previous loan requirements from the DWSRF program, or other funding agency; and
9. The system has intent to comply with the requirements for projects as outlined in NAC 445A.676235 through NAC 445A.67644.
10. All required documents necessary to evaluate the loan application for a construction project have been submitted timely to NDEP by the applicant, including but not limited to:
    a. The responsible regulatory authority has given approval for construction, treatment technique, or other required permitted action of the project; and
    b. The necessary environmental documentation required by NAC 445A.6758 through NAC 445A.67612 has been prepared by the entity in order for the Division to make necessary determinations on the environmental impact of the project; and
    c. For equivalency projects, the necessary cultural resource investigations and documentation have been prepared by the entity for the Division to coordinate with the State Historical Preservation Office on behalf of the equivalency project.
    d. Necessary compiled or audited financial statements showing the utility's financial activity separate from other activities of the system.
    e. The system has obtained the necessary easements, discharge permits, or access to bid the construction process that are necessary for the project. The system has provided assurances that any additional easements, discharge permits, or access for the full construction of the project will be secured to complete the project as designed.

Capacity Assessments

The SDWA requires that a public water system (PWS) applying for a DWSRF loan must show it has the technical, managerial, and financial (TMF) capacity to ensure compliance and system sustainability.[6] OFA regulations also require that borrowers obtain and/or maintain TMF capability (or capacity) when obtaining a loan from the program[7]. If a system does not have adequate capacity, assistance may only be provided if it will ensure the system can achieve adequate capacity. The goal of this requirement is to ensure that DWSRF assistance is not used to create or support non-viable systems. NDEP's TMF capacity survey is completed as part of the DWSRF loan application process, if a system has not gone through a capacity survey in the past five years. OFA can use the TMF capacity survey and will also consider the results of sanitary surveys and the Enforcement Targeting Tool (ETT) score when assessing capacity.

Technical capacity

NRS 445A.847 "Technical capability" defined. "Technical capability" means the ability of a public water system to:

1. Obtain an adequate and reliable source of water that is necessary to provide the quantity and quality of water required by the system;
2. Establish and maintain an adequate infrastructure for the treatment, storage and distribution of the quantity and quality of water required by the system; and
3. Employ operators who have the technical knowledge and ability to operate the system.

OFA reviews the records of the system to see if there are any outstanding water compliance problems. OFA will first support funding a project that is addressing a current water compliance problem. Should the system have additional projects, OFA will only support them concurrently with the compliance project. This review is done in partnership with NDEP's Bureau of Safe Drinking Water (BSDW).

The engineering reports, plans, and specifications for the proposed project, and the system's technical capacity from the TMF capacity survey, will all be evaluated during the loan application process. The water system must have a qualified water operator in accordance with the State's operator certification program.

Managerial capacity

NRS 445A.827 "Managerial capability" defined. "Managerial capability" means the ability of a public water system to conduct its administrative affairs in a manner that ensures compliance with all applicable standards based on:

1. The accountability, responsibility and authority of the owner or operator of the system;
2. The personnel and organization of the system; and
3. The ability of the persons who manage the system to work with:
    a. Jurisdictional, regulatory and other governmental agencies;
    b. Trade and industry organizations; and
    c. The persons served by the system.

OFA reviews the applicant's managerial capacity from the TMF capacity survey and supporting documentation to ensure that management is: involved in the day-to-day supervision of the water system,

[6] NAC 445A.67563(7) and NAC 445A.67563(8)
[7] NAC 445A.67518

responsive to all regulations, available to respond to emergencies, and capable of identifying and addressing all necessary capital improvements to ensure operation viability.

OFA also reviews the applicant's managerial capacity to undertake the chosen project. Management must have either sufficient, competent staff, or contracted vendors, who can properly administer the technical aspects of the project, as well as all DWSRF funding requirements.

OFA will encourage physical and/or managerial consolidation efforts when two or more systems can benefit, and encourage other options, such as contract management or partnerships with other communities in their area. The priority ranking criteria provides additional points to encourage this option.

Financial capacity

NRS 445A.817 "Financial capability" defined. "Financial capability" means the ability of a public water system to:

1. Pay the costs related to maintenance, operations, depreciation and capital expenses;
2. Maintain creditworthiness; and
3. Establish and maintain adequate fiscal controls and accounting methods required for the operation of the system.

OFA reviews the applicant's financial capacity from the TMF capacity survey, the project budget, annual financial reports, and other financial information to ensure the applicant has adequate financial capacity. Financial ratios are used to analyze traditional loan borrowers' solvency and liquidity, and include: the current ratio, working capital, operating ratio (before non-cash expenses), debt coverage ratio (before non-cash expenses), and debt-to-asset ratio.

Principal forgiveness borrowers are evaluated for their ability to financially support operations, maintenance, debt service, and required reserves of their current and project completed system. They are also required to prepare an asset management plan and establish a capital replacement reserve account or fund depreciation. The priority ranking criteria provides additional points to encourage this objective.

NDEP Changes to Reduce the Burden of the Application Process

The NIFS program is a web-based program allowing entities and staff to collaborate on a project; store shared documents more efficiently; and provide a simpler application, draw, and project management process. Access to the system is restricted to users who have a need for the information. OFA staff make sure that those gaining access to the system have permission from the authorized representatives of the systems.

Public Participation

Priority List Process

The Drinking Water Priority List was opened in August 2025 for new applications. A publicly noticed workshop was held on November 5, 2025, at 1:00 pm. The Drinking Water Priority List—Effective November 2025 was then approved by the Board for Financing Water Projects on November 19, 2025, per NRS 445A.265(3)(b).

The priority list was re-opened February 2026, for new and renewal applications. The list closed in March, with a public workshop held May 5, 2026, at 2:00 pm. The Drinking Water Priority List –

Effective May 2026 was approved by the Board for Financing Water Projects on May 20, 2026, per NRS 445A.265(3)(b).

DWSRF IUP

NDEP will post the draft Intended Use Plan for public comment for 30-days prior to finalization. The Intended Use Plan will be in alignment with Nevada public notice policies. The document will be posted on our website as a public notice document and sent out to our listserv members.

Comments received: None

5) Set-Aside Activities

The SDWA allows each state to set aside a portion of its federal capitalization grant to support various drinking water projects. This includes administration costs, technical assistance, state program management, and special activities. The funding request is based on the State's biannual budget.

Small System Technical Assistance

- This set-aside assists small systems serving less than 10,000 people via state personnel or agreements with third party assistance providers. Assistance includes, but is not limited to:
    - Compliance issues and sanitary survey deficiencies
    - Cross-connection controls
    - Hydraulic modeling
    - Operation and maintenance manuals
    - Digital mapping of system assets
    - Budgeting, rate setting, board training, general office, and business training
    - Non-routine sampling for emerging contaminants
    - Lead and copper inventory assistance

Small System Technical Assistance Set-Aside (2% of grant)

	Requested Amount	Maximum Amount (2%)	Change in Banked Balance	Banked Balance at end of SFY 2026
2026 Base Appropriation	$79,680	$79,680	$0	
Subtotal Base Funding	**$79,680**	**$79,680**	**$0**	**$1,185,527**
2026 IIJA Supplemental	$516,080	$516,080	$0	$516,080
2022 IIJA Emerging Contaminants	$0	$40	$40	
2023 IIJA Emerging Contaminants	$0	$940	$940	
2026 IIJA Emerging Contaminants	$0	$158,240	$158,420	
Subtotal IIJA EC	**$0**	**$159,400**	**$159,400**	**$916,337**
2026 IIJA Lead Service Lines	$0	$0	$0	$0
Subtotal IIJA Funding	**$516,080**	**$675,480**	**$159,400**	**$1,433,417**

The changes in banked balances for Small Systems Technical Assistance will not have a negative impact on our future ability to meet the needs of Nevada Small Systems nor on our ability to qualify for future grant funding. See **Attachment F** for banked authority amounts.

Administration

- This set aside allows OFA to administer the program and associated expenses allocated to the drinking water grants. Funds support site inspections, grant reporting, project compliance monitoring, project applications, and draw processing.
  - Salaries and benefits
  - Travel and Training
  - Contracts and Subgrants
  - Equipment
  - Operations, rentals, and lease expenses

The changes to the SDWA from the Water Infrastructure Improvements for the Nation Act of 2016) allows states to take up to 4% of the cumulative federal capitalization grant, 20% of the current valuation of the fund, or $400,000 per year to support administration of the program. Nevada has historically requested less than what is authorized to allow more funding for projects.

Administration Set-Aside (4% of grant)

	Requested Amount	Maximum Amount (4%)	Change in Banked Balance	Banked Balance at end of SFY 2026
2026 Base Appropriation	$159,360	$159,360	$0	
Subtotal Base Funding	**$159,360**	**$159,360**	**$0**	**$2,555,724**
2026 IIJA Supplemental	$1,032,160	$1,032,160	$0	$1,032,160
2022 IIJA Emerging Contaminants	$0	$80	$80	
2023 IIJA Emerging Contaminants	$0	$1,880	$1,880	
2026 IIJA Emerging Contaminants	$0	$316,840	$316,840	
Subtotal IIJA EC	**$0**	**$318,800**	**$318,800**	**$1,834,674**
2026 IIJA Lead Service Lines	$0	$0	$	$1,146,000
Subtotal IIJA Funding	**$1,032,160**	**$1,350,960**	**$318,800**	**$4,012,834**

The changes in banked balances for Administration will not have a negative impact on our future ability to meet the needs of Nevada water systems nor on our ability to qualify for future grant funding. See **Attachment F** for banked authority amounts.

State Program Management

- This set aside supports:
  - Public Water System Supervision
    - The BSDW maintains the Safe Drinking Water Information System (SDWIS). SDWIS manages PWS data in Nevada and will integrate with other bureau workflow management tools and State databases.
    - BSDW continues to manage State and EPA compliance and enforcement priorities using ETT information, the Strategic Performance Measure, pursuing enforcement when necessary, and tracking ongoing compliance with administrative orders.
    - BSDW maintains engineering design review activities.
  - Capacity Development Program
    - Develops and monitors the Capacity Development Strategy
    - BSDW staff support capacity development through routine communication, coordinating technical assistance, and providing support to public water systems.
    - OFA staff support capacity development through subgrant agreements, and the coordination, monitoring, and reporting of third-party vendors.
  - Operator Certification
    - NDEP conducts a water system operator certification program. To comply with SDWA requirements – and to provide the resources needed to certify operators of all community and non-transient non-community systems (including systems without treatment).
    - NDEP's operator certification program meets the criteria presented by EPA in stakeholder meetings and guidance.

State Program Management Set-Aside (10% of grant)

	Requested Amount	Maximum Amount (10%)	Change in Banked Balance	Banked Balance at end of SFY 2026
2026 Base Appropriation	$398,400	$398,400	$0	
Subtotal Base Funding	**$398,400**	**$398,400**	**$0**	**$6,711,374**
2026 IIJA Supplemental	$2,580,400	$2,580,400	$0	$2,580,400
2022 IIJA Emerging Contaminants	$0	$200	$200	
2023 IIJA Emerging Contaminants	$0	$4,700	$4,700	
2026 IIJA Emerging Contaminants	$0	$792,100	$792,100	
Subtotal IIJA EC	**$0**	**$797,000**	**$797,000**	**$4,586,686**
2026 IIJA Lead Service Lines	$0	$0	$0	$2,865,000
Subtotal IIJA Funding	**$2,580,400**	**$3,377,400**	**$797,000**	**$7,167,086**

The change in banked balances for State Program Management will not have a negative impact on our future ability to meet the needs of Nevada water systems nor on our ability to qualify for future grant funding. **See Attachment F** for banked authority amounts.

Local Assistance and Other State Programs

This set-aside supports three main programs. Federal regulations state that no more than 10% of the federal capitalization grant can be allotted to any one of these activities.

- Source Water Protection
  Source water protection is a cost-effective strategy that focuses on preventing contamination of drinking water supplies. Funding under this set-aside is used to:
  - Revise and implement source water protection programs
  - Develop and perform technical assistance programs
  - Deal with threats like pathogens, inorganics, nutrients, and emerging contaminants like PFAS
  - Provide direct loans to consolidate septic systems to protect water supplies

- Wellhead Protection
  Support for the Source Water Protection Program provides outreach and assistance to communities. The program helps develop strategies to protect local water resources by:
  - Preventing contamination of groundwater and surface water
  - Identifying and reducing the risk posed by potential water pollution sources
  - Coordinating water protection activities throughout the State
  - Updating Source Water Assessments
  - Purchase land or land easements to protect against contamination
  - Decommissioning abandoned wells

- Capacity Development
  Assistance to any size system via state personnel or agreements with third party assistance providers. Assistance may include, but is not limited to:
    - Compliance issues and sanitary survey deficiencies
    - Asset Management Plans
    - Operator certification training
    - Board and management training
    - DWSRF outreach and project support
    - Budgeting and rate setting
    - Non-routine sampling for emerging contaminants
    - Lead and copper inventory assistance
    - Direct programmatic assistance for compliance with Davis-Bacon, American Iron and Steel, Build America, Buy America (BABA), or procurement requirements.
- Area-Wide Optimization Program
  The Area-Wide Optimization Program provides tools and strategies for drinking water systems to meet water quality optimization goals and provide an increased – and sustainable – level of public health protection to their consumers. AWOP is a voluntary program for which Nevada plans to initiate staff training in 2026. AWOP will provide additional tools allowing the State to provide compliance assistance through optimization, particularly for small- and medium-sized systems. The program teaches problem-solving skills designed to improve operations at drinking water systems without costly capital improvements. Nevada has an increasing number of water systems treating their drinking water, in particular for arsenic and surface water, and AWOP provides an opportunity to partner with water systems to enhance

Local Assistance Set-Aside (15% of grant)

	Requested Amount	Maximum Amount (15%)	Change in Banked Balance	Banked Balance at end of SFY 2026
2026 Base Appropriation	$597,600	$597,600		
Subtotal Base Funding	**$597,600**	**$597,600**		
2026 IIJA Supplemental	$3,870,600	$3,870,600		
2022 IIJA Emerging Contaminants	$0	$300		
2023 IIJA Emerging Contaminants	$0	$7,050		
2026 IIJA Emerging Contaminants	$0	$1,188,150		
Subtotal IIJA EC	**$0**	**$1,195,500**		
2026 IIJA Lead Service Lines	$0	$0		
Subtotal IIJA Funding	**$3,870,600**	**$5,066,100**		

In SFY 2026, NDEP will work to further integrate its statewide source water protection strategy with other federal, State, and local programs. This will improve protection and management of water resources. NDEP continues to encourage public support and responsibility for local water supplies by supporting citizen advisory committees. These committees help implement NDEP's existing source water protection program.

6) Program Financial Management

Grant Match Requirements

The SDWA requires states to provide a 20% match to the base program capitalization grant. The IIJA requires states to provide a match to the supplemental grant equal to 10% for the first two years and 20% for the remaining three years. Nevada issues general obligation bonds – additionally secured by pledged revenues – to meet this match requirement. In SFY 2025, Nevada issued $6,000,082, which satisfied the match requirement for the base and IIJA grants through SFY 2025. Nevada spends match dollars first before federal grants are drawn.

DWSRF Current Match Coverage

	Base Program	IIJA Supplemental	Total
Total Grants Received	$297,419,500	$92,332,000	**$389,751,500**
Less Arra Grant	($19,500,000)	$0	**($19,500,000)**
Total Requiring Match	$277,919,500	$92,332,000	**$370,251,500**
Total Match Spent			**$75,526,930**
Total Match Needed			**$69,781,600**
Overmatch/(Undermatch)			**$5,745,330**
2026 Grant Match Requirement			**$5,957,600**
Overmatch/(Undermatch) for Federal Fiscal Year (FFY) 2026			**($212,270)**

Loan Origination and Service Fees

NDEP charges a loan origination fee and a service fee. These fees went into effect on December 29, 2022, with the adoption of the regulation amendments by the State Environmental Commission[8].

- For borrowers issuing a bond and receiving a long-term loan (public entities):
  - The loan origination fee is 0.50% of the loan amount and is collected within 30 days of loan closing.
  - The service fee is 0.50% of the loan amount, divided by the term of the loan, and is collected annually before January 1.

EXAMPLE: a $10,000,000, 30-year loan would pay a loan origination fee of $50,000 within 30 days of closing and pay a service fee of $1,666.67 each year prior to January 1.

- For borrowers not issuing a bond and receiving a long-term loan (private entities):
  - The loan origination fee is 0.50% of the loan amount and is collected within 30 days of loan closing.
  - The service fee is 0.75% of the loan amount, divided by the term of the loan, and is collected annually before January 1.

[8] https://www.leg.state.nv.us/Register/2022Register/R109-22AP.pdf

EXAMPLE: a $10,000,000, 30-year loan would pay a loan origination fee of $50,000 within 30 days of closing and pay a service fee of $2,500.00 each year prior to January 1.

- For borrowers receiving a principal forgiveness or short-term loan, $1,000.
  - Short-term loans are reserved for planning and design only.
- For communities that meet the definition of 42 U.S. Code §300j-12(b)(d)(3), no origination fee or service fee is collected.

Cumulative Receipts	Interest on fees	Cumulative Uses	FY2025 Ending Balance
$287,665.00	$12,424.81	$0	$300,089.81

Use of All Funds Available

Nevada utilizes a cash flow analysis to determine how much money in the program is available for loans over a five-year period. This model takes into account all the funds of the program, including federal grants, state-issued bonds, treasurer's interest, and loan repayments. A target minimum balance of $20 million plus debt service reserves is maintained in the fund. As projects are ready-to-proceed, NDEP considers the draw timeline of the project to determine if funding is available and whether additional leverage resources are needed.

Due to the uncertainty surrounding the future federal funding and authorization for the DWSRF, the results of the cash flow model may result in OFA pausing transfers and/or projects between the programs in order to meet demand should federal funding not be appropriated and/or be rescinded. The model as of July 1, 2025, for the next four years was as follows:

Values include federal grants received through FY25 with projected FY26 Allotment	Jul 01,2025 Year 1	Jul 01,2026 Year 2	Jul 01,2027 Year 3	Jul 01,2028 Year 4	Net Change
Cash balance forward	**$161,048,928**	**$182,856,313**	**$69,044,578**	**($24,579,839)**	
Receipts from grants awarded	25,626,770	20,553,720	0	0	46,180,490
Transfer to the CWSRF program[2]	0	(60,000,000)	(60,000,000)	0	(120,000,000)
Receipts from bonds issued	0	0	1,000,000	0	1,000,000
Receipts from treasurer's interest[3]	5,860,054	5,009,220	5,026,352	5,026,352	20,921,978
Receipts from loan principal	13,023,240	12,834,744	13,299,835	13,682,398	52,840,217
Receipts from loan interest	3,107,146	2,938,625	2,656,490	2,352,454	11,054,715
Payments for debt service on bonds	(5,124,623)	(3,926,325)	(3,986,850)	(3,482,025)	(16,519,823)
Payments for loan recipients[3]	(19,787,810)	(91,424,144)	(52,299,969)	(15,564,548)	(179,076,471)
Change in debt service reserves	(897,392)	202,425	679,725	1,489,100	1,473,858
Cash balance forward	**$182,856,313**	**$69,044,578**	**($24,579,839)**	**($21,076,108)**	**($182,125,036)**
				Beginning Cash	$161,048,928
				Ending Cash	**($21,076,108)**

[2]Transfer to CWSRF is dependent upon budget approval and EPA consent

[3]Estimated at 3% A.P.R. on undisbursed cash in the fund. Subject to change.

All publicly issued loans will be funded with resources in a specific order, utilizing the first-in, first-out method for bonds and grants:

1. Bond proceeds (match and leverage, if available)
2. Capitalization grant funds
3. IIJA Supplemental grant funds
4. Re-loan principal
5. Re-loan interest
6. Investment interest (Treasurer's Interest)

All privately issued loans will be funded with capitalization grant funds or re-loan funds only.

Projects addressing emerging contaminants or lead service lines will first come from federal funds authorized for those projects.

Program Transfers

NDEP may transfer an amount equal to 33% of a fiscal year's DWSRF program grant to the Clean Water State Revolving Fund (CWSRF) program or an equivalent amount from the CWSRF program to the DWSRF program[9]. Transferring funds between programs reduces bonding costs for unnecessary leverage bonds and utilizes idle cash for current projects. The long-term impact of transfers is expected to be minimal.

Transfers (based on DWSRF Grants)

	Base Appropriations	IIJA Supplemental	IIJA EC	Lead Service	Total
Cumulative DWSRF grants through FFY 2025	$297,419,500	$92,332,000	$32,817,000	$28,650,000	**$451,218,500**
Additional grants	$3,984,000	$25,804,000	$7,921,000	$0	**$37,709,000**
33% allowed for transfer	$99,463,155	$38,984,880	$13,443,540	$0	**$151,891,575**
Transferred prior to SFY 2025	**$0**	**$0**	**$2,890,140**	**$0**	**$2,890,140**
Transfers pending in SFY 2026	$0	$0	$0	$0	**$0**
Requested in SFY 2026	$0	$0	$0	$0	**$0**
Remaining authority to transfer	$99,463,155	$38,994,880	$10,553,400	$0	**$149,001,435**
Total transfers at the end of SFY 2026	**$0**	**$0**	**$2,890,140**	**$0**	**$2,890,140**

Nevada reserves the right to request a transfer up to the amount allowed under each grant within the year. If a transfer is requested, Nevada will outline in a supplemental document to this IUP the uses of the funds.

[9] 40 C.F.R. Sec. 35.3530(C)

Sources and Uses of all DWSRF Funds Since Inception

The following table summarizes the DWSRF program funds since inception.

Estimated FY2026 and Cumulative Sources and Uses

	Cumulative through FY 2025	FY 2026	Cumulative Total
SOURCES			
Federal Grants (Base Program)	$277,919,500	$3,984,000	$281,903,500
Federal Grants (IIJA Funding)	153,799,000	$33,725,000	$187,524,000
Federal Grants (ARRA)	$19,500,000	$0	$19,500,000
State Match Bonds	$75,337,100	$0	$75,6367,100
State Leverage Bonds	$0	$0	$0
Principal Repayments	$174,594,801	$12,909,545	$187,504,346
Interest Repayments	$66,864,218	$3,099,695	$69,963,913
Service Fees for Administration	$287,904	$15,456	$303,360
Investment Earnings	$20,349,748	$6,252,398	$26,602,146
Funds Transferred to (from) DWSRF	($2,890,140)	$0	($2,890,140)
Total Sources	**$785,762,131**	**$59,986,094**	**$845,748,225**
USES			
Final Loan Agreements (Base & IIJA Program)	$370,231,052	$67,882,870	$438,113,922
Final Loan Agreements (ARRA)	$19,039,051	$0	$19,039,051
Match Bond Debt Service	$63,362,940	$5,124,623	$67,487,563
Leverage Bond Debt Service	$0	$0	$0
Set-Asides (Base Funding)	$60,731,758	$1,235,040	$61,966,798
Set-Asides (IIJA Funding)	$32,060,920	$7,999,240	$40,060,160
Set-Asides (ARRA Funding)	$460,949	$0	$460,949
Debt Service Reserves	$7,412,994	$0	$7,412,994
Available for Loan Commitments			$211,206,788
Total Uses	**$552,299,664**	**$82,241,773**	**$845,748,225**

Attachment A: DWSRF Project Priority List Ranking Criteria

Nevada uses a ranking system to prioritize the order in which eligible projects will be financed[10]. On an annual basis – following a statewide solicitation for projects – NDEP develops a statewide priority list of water projects, which is a part of this IUP. 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. Any list, before it is adopted, must undergo the public review and comment process outlined in the regulations and must be approved by the (BFWP).

NDEP may revise the ranking of a project on an existing list at any time if new information affecting the ranking of the project becomes available. NDEP may, without holding a public participation workshop, revise a priority list to correct minor typographical or technical errors. NDEP does not need approval from the BFWP to make these corrections[11].

NDEP may bypass a water project on the priority list if it determines that the water project is not ready to proceed or the applicant for the project withdraws the project or fails to file a letter of intent. NDEP will notify systems bypassed on the list and provide an opportunity to object to the determination[12].

If the scores for two or more projects are tied, ranking will be based on population, with the higher population given the higher ranking. Systems or projects that meet the definition of disadvantaged will receive an additional 25 points to arrive at the final score for the project.

Projects are ranked into the following four classes (listed in order of priority):

1. Acute health risks[13]
    i. a concern regarding human health that occurs when exposure to a contaminant causes an immediate risk to human health and causes symptoms to occur quickly.
2. Chronic health risks[14]
    i. a concern regarding human health that occurs when: (1) Short-term exposure to a contaminant does not cause an immediate risk to human health but may result in adverse, long-term health symptoms; or (2) Long-term exposure may cause adverse health symptoms to develop over a long period.
3. Infrastructure rehabilitation
    i. obtaining and installation of any equipment, accessories or appurtenances during the life of a water project that are necessary to maintain the capacity and performance which the water project was designed to achieve, including major rehabilitation, repair or replacement of any capital or fixed assets of a water project.
4. Refinancing existing debt that qualifies under the DWSRF.

In each of the categories, projects are ranked by type of PWS, 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

[10] NAC 445A.67569
[11] NAC 445A.6757
[12] NAC 445A.67573
[13] NAC 445A.67513
[14] NAC 445A.67521

The priority list allows the intended use plan to outline additional projects within each class[15]. The following types of projects shall be added to each ranking class to the ranking criteria:

<u>Class I Acute:</u> Systems that have not received a written notice of violation for an acute contaminant exceedance but are actively addressing the increasing levels of an acute contaminant within their project to prevent a violation. **1 point**

<u>Class II Chronic:</u> Systems that have not received a written notice of violation for a chronic contaminant exceedance but are actively addressing the increasing levels of a chronic contaminant within their project to prevent a violation. **1 point**

<u>Class III Rehabilitation:</u> Projects that address the removal of lead transmission, distribution, or services lines, if it does not qualify for acute or chronic contamination. **1 Point**

Requests for financial assistance for emergency situations may be made to NDEP 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 Water Projects will add the project to the priority list at the same time it approves the loan commitment. The project must meet the definition of an emergency project[16], the project must be ready to proceed faster than the normal process for funding, and the system must demonstrate a current response to the emergency.

[15] NAC 445A. 67569
[16] NAC 445A.67527

Attachment B: DWSRF Principal Forgiveness Loans

Principal forgiveness loans are available to the extent there are federal grants awarded and available to Nevada that require compliance with 42 U.S. Code §300j-12(b)(d)(3). If grants are not awarded or rescinded, or federal law changes, then Nevada is under no obligation to provide principal forgiveness funding to any recipient.

Nevada seeks to support as many communities as possible with the limited resources available. Therefore, the amount a single project may receive as principal forgiveness funding is limited.

Funds are committed on a first-come, first-served basis, depending on project priority list rank and readiness-to-proceed for the phase of the project within a grant cycle. Projects already partially funded or projects meeting the definition as stated in 42 U.S. Code §300j-12(b)(d)(3) will be prioritized over other projects when determining if available funds exist.

System or Project Qualifications and Total Estimated Grant Amounts Available

Base Grant Appropriation Mandate

Base Appropriation Requirements in Dollars

	2026 Base	Total
Total Amount Provided as Subsidy	**$1,952,160**	**$1,952,160**
Mandate to disadvantaged communities	$1,394,400	$1,394,400
Mandate to qualified entities	$557,760	$557,760

To subsidy communities.

- Systems or projects must qualify as subsidy eligible to receive funding.

To qualified entities.

- Traditional Loan Incentives
  Traditional loan recipients may receive up to 1.5% of the loan as principal forgiveness. Funds will be available to the first qualified borrower(s) to submit a loan application and sign a contract. The program is available until funds are committed. Funds are available on a first come, first qualified basis. There are no limits to the number of borrowers or size of repayable loan that qualifies. No exceptions apply to this funding.
- Short-term planning and design loans.

IIJA grants subsidy mandate

	Supplemental	2022 EC	2023 EC	2026 EC	Total
Total Amount Provided as Subsidy	**$12,463,960**	**$2,000**	**$47,000**	**$7,921,000**	**$20,613,960**
Mandate to disadvantaged communities	$12,463,960	$500	$11,750	$1,980,250	**$14,636,460**
Mandate to qualified entities	$0	$1,500	$35,250	$5,940,750	**$5,977,500**

IIJA Supplemental mandate to disadvantaged communities

- Qualifications
  Systems or projects must qualify as disadvantaged.

IIJA emerging contaminants funding

- Qualifications
  Systems or projects must be addressing an emerging contaminant issue.

System or Project Funding Limitations from the Emerging Contaminants Grants

Construction Projects
No limit

Short-term design and planning loans

Preliminary Engineering Reports (PER) and Environmental Documents
- Limit of 80% of the document cost.
- A 20% match will be required upon each draw request.

Test Wells and/or project exploration
- Limit of 80% of the document cost.
- A 20% match will be required upon each draw request.

Design that directly contributes to a capital project
No limit

System or Project Funding Limitations from the Base Grants

Construction Projects for acute or chronic health issues
Limit $2,500,000 per project[2]

Construction Projects for rehabilitation
Limit $1,500,000 per system[2], or $2,500,000 per system[2] if the system is:

1) Fully funding depreciation, or
2) Physically or managerially consolidating a deficient system

Short-term design and planning loans
Preliminary Engineering Reports (PER) and Environmental Documents

- Limit of 80% of the document cost.
- A 20% match will be required upon each draw request.
- DWSRF cannot fund master plans or regional water plans that do not directly contribute to the construction of a capital project.

Test Wells and/or project exploration

- Limit of 80% of the document costs.
- A 20% match will be required upon each draw request.

Design that directly contributes to a capital project
Limited to project funding eligibility

[2]See Requirements for additional funding beyond the limitations.

Requirements for additional funding beyond the limitations
NDEP has additional funds from the grants, AND

Acute or Chronic Projects to go over $2,500,000 per project:

- Additional funding required to complete the project would raise the average rates by more than 10%, or
- System is funding a portion of the project with a repayable loan.

Rehabilitation project to go over $1,500,000 per system:

- Systems can demonstrate that adding in the full cost of depreciation into their rate structure would increase average rates by more than 30%, or
- System is funding a portion of the project with a repayable loan.

Rehabilitation project to go over $2,500,000 per system:

- Additional funding required to complete the project would raise the average rates by more than 10%, or
- System is funding a portion of the project with a repayable loan.

Subsidy Qualifications

Subsidy funding is available to communities that satisfy the requirements of NAC 445A.675245. These are communities which, as compared to other communities in this State, residents disproportionately experience economic, environmental or health issues, including, without limitation, high rates of poverty or unemployment[17].

NAC 445A.67575(8) further requires an intended use plan to be prepared by NDEP, which describes how all money deposited into the Account for the Revolving Fund and the Account for Set-Aside Programs will be used, including a description of any program for subsidy funding for projects.

NDEP will utilize a point system to determine if a system or project qualifies as a subsidy system or project. The following will be used in the point system. A minimum of 50 points must be obtained to be defined as subsidy eligible. Data is obtained from the American Community Survey 2023 five-year estimates date profiles.

Income Data	Possible Points
Median Household Income (MHI) of project service area MHI shall be taken to mean the American Community Survey information used for the current year project priority list that relates to the census tract of the project area; or a valid income survey performed within the last five calendar years.	
Below 80% of State MHI	50
Between 80% and 99% of State MHI	30
Between 100% and 119% of State MHI	0
Above 120% of State MHI	-10
Percent of families and people whose income in the past 12 months is below the state property level	
Project service area is at or below the state percent	20
Project service area is below the state percent	0

Population Trend	Possible Points
Based upon last three years of American Community Survey best available data	
Decreasing and/or system serves less than 1,000 residents	5
Increasing	0

Workforce Indicators	Possible Points
Percent of residential population of the service area not in the workforce Based upon American Community Survey for MHI data	
Lower than or equal to state	0
Between 100% and 110% of state	10
Between 111% and 120% of state	15
Above 120% of state	20
Unemployment rate Based upon American Community Survey used for MHI data	
Lower than or equal to the state	0
Between 100% and 110% of state	5
Greater than 110% of state	10

[17] https://www.leg.state.nv.us/Register/2022Register/R109-22AP

Affordability	Possible Points
How will additional loan dollars impact water system residential rates • *Rates must already be sufficient to cover current operations, maintenance, debt service and required reserves for the system.* • *Average user rate is based on the rate a residential customer would pay for the average usage of water consumed.*	
The water system has not specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure.	-5
System has not reviewed rates in five years	-5
Residential average user rates increased by more than 10% in the last 5 years, or will increase by more than 10% to fully fund this project	10
Residential average user rates increased by more than 20% in the last 5 years, or will increase by more than 20% to fully fund this project	20
Residential average user rates increased by more than 30% in the last 5 years, or will increase by more than 30% to fully fund this project	30
Residential base rate to Median Household Income:	
Residential base rate is 2.0% of the communities MHI	20
Residential base rate is between 1.5% and 1.99% of the communities MHI	10
Residential base rate is below 1.5% of the communities MHI	0

Other Factors	Possible Points
Project is preparing a PER with an EP to plan for a project	10
Project is physically or managerially consolidating a system for capacity	10
Qualifies as an Acute or Chronic project on the current Priority List	10
Project is addressing an emerging contaminant of Lead Service Line	50
System at risk for emergencies or is facing a current emergency	10
Population demographics 10% of the population (see below)	10
Population demographics 15% of the population (see below)	20
Population demographics 25% of the population (see below)	30
Second homes/vacation homes are greater than 30% of the service area	-10
Maximum Points are 235 **Points needed to qualify for Principal Forgiveness is 50** **Population Demographics** • Supplemental Nutrition Benefits • Disabilities • No health insurance	

Special terms and conditions for principal forgiveness

User Rates
Evaluate user rates approved by the governing board at least once every five years to ensure they are sufficient to cover costs of: • Operating the current and funded system, and • Maintaining the current and funded system, and • Debt service of the current and funded system, and • Reserve requirements of any funding authority, and • Evaluate the impact to rates to fully fund depreciation. **Technical assistance in developing sufficient rates can be provided to applicants free of charge.**

Develop and maintain an Asset Management Plan
An asset management plan (AMP): • Evaluated the level of service required for the system, and • Contains an inventory of all assets that are part of the system, and • Contains an evaluation of the condition and performance of inventoried assets, and • Lists the useful life of the assets, and • Contains a plan for maintaining, repairing, and as necessary, replacing the assets, and • Contains a plan for funding maintenance, repair, and replacement, and • Evaluates and implements water and energy conservation efforts. Loan applicants must certify as part of the funding agreement that the recipient has, or will develop, a plan prior to the final draw on the loan. Existing applicant plans must have been reviewed and/or updated by the governing board no longer than five years prior to the date of the loan application. **Technical assistance in developing an AMP can be provided to applicants free of charge.**

Develop and maintain a Capital Replacement Reserve Account
Systems will need to establish and fund a short-lived capital replacement reserve account for the life of the project. • Must be funded at least yearly based upon the system’s short-lived assets   o (15 years or less), amortized on a straight-line basis. • Utilities may only use these reserve funds for capital improvements. • Utilities cannot use these reserve funds for inventory, maintenance, or operation expenses. • Utilities must clearly identify their annual contribution to this fund and the fund balance — in their financial statements • NDEP may consider other cash the system has available for capital improvements to meet this requirement. • NDEP may consider this requirement satisfied if the system is fully funding depreciation. **Technical assistance in developing a reserve account can be provided to applicants free of charge.**

PER and ER documents
• Systems will be required to commit to a timeline in the funding agreement.

- The preliminary engineering report must be formatted in accordance with Rural Utilities Services Bulletin 1780-2 to prepare for a specific course of action the community must address.
- DWSRF cannot fund master plans or regional water plans that do not directly contribute to the construction of a capital project.
- The environmental document must include sufficient information and evidence to support NDEP’s determination for environmental impacts. The document must be prepared by qualified individuals required for the type of project being constructed.

Attachment DWSRF 2026 Fundable List

PL Class[A]	PL Rank[A]	D[B]	E[C]	L[D]	Community Name/Project Sponsor	PWS ID	Population	Project Description	Total Assistance	Principal Forgiveness	Estimated Binding Commitment Date	Population less than 10,000
I	1		E		Las Vegas Valley Water District	NV0000751	2,258,111	EC-Legionella UV-LED Treatment	8,375,000	8,375,000	01/01/27	
I	4	D			Steamboat Springs Water Works	NV0000282	900	E Coli and BacT Chlorination	71,775	71,775	10/01/26	71,775
II	6	D			Gardnerville Ranchos GID	NV0000066	11,300	Well 5 Arsenic Treatment	6,181,130		01/01/27	
II	8	D			Goldfield Town Water	NV000072	345	Arsenic Treatment	1,612,512	1,612,512	12/30/25	1,612,512
II	10	D	E		Truckee Meadows Water Authority	NV0000190	115	Stampmill PFAS Treatment	3,745,000	3,745,000	07/01/27	3,745,000
II	11		E		Truckee Meadows Water Authority	NV0000190	34,432	EC-PFAS Remediation American Flats	6,000,000	6,000,000	04/23/26	
II	18	D			Storey County	NV0000240	1,110	Lead Transmission Line	1,150,000	1,150,000	05/08/24	1,150,000
II	21				elk Point Country Club HOA	NV0000271	325	Surface water intake PER	78,000		10/01/26	78,000
II	22	D			Amargosa Elementary School	NV0002190	200	Arsenic Treatement	1,500,000	1,500,000	08/01/26	1,500,000
III	30	D			Hawthorne Utilities	NV0000073	200	Mina-Luning System Improvements	35,463	35,463	03/25/26	35,463
III	54	D			Orovada GID	NV0003032	100	Redundant tank & transmission line	1,499,974	1,499,974	08/01/26	1,499,974
III	64	D			Searchlight Water Company	NV0000219	438	Well development	228,200	228,200	04/20/26	228,200
III	66	D			Silver Springs Mutual Water Company	NV0000223	3,070	Booster Pump Facility PER & ER	97,780	97,750	04/26/26	97,750
III	98	D			Moapa Valley Water District	NV0000160	705	Warm Springs Tank	1,699,360	1,699,360	03/18/26	1,699,360
III	119	D			Goldfield Town Water	NV0000072	345	Transmission line replacement & tank recoat	2,230,562	2,230,562	09/01/26	2,230,562
III	131	D			Town of Tonopah	NV0000237	2,493	Meters and system upgrades	816,375	816,375	03/25/26	816,375
III	139	D			Hawthorne Utilities	NV0000073	2,700	Storage Tank Recoating	149,622	149,622	03/25/26	149,622
III	140	D			McGill Ruth Consolidated Sewer & Water GID	NV0000163	1,099	Well Rehabilitation	209,000	209,000	09/17/25	209,000
III	146	D			Pioche Public Utilities	NV0000186	1,000	Meter replacement	182,039	182,039	03/18/26	182,039
III	156	D			Pioche Public Utilities	NV0000186	1,000	Backup generators	154,542	154,542	03/18/26	154,542
III	163	D			Pine View Estates HOA	NV0000172	450	Redundant well PER & ER	64,000	64,000	07/10/26	64,000
									$ 36,080,334	$ 29,821,174		$ 15,524,174
									$ 18,120,000			

A DWSRF Priority List--Effective May 2025
B Disadvantaged System
C Emerging Contaminants Project
D Lead Service Line Project

Attachment D: Drinking Water Priority List – Effective May 2026

Attachment E: DWSRG Grant Loan and Conditions

For the purposes of this section, the following definitions are used:

Equivalency Project	Projects that are selected to comply with the capitalization grants. The funding of these projects must equal an equivalent amount of the grant to satisfy the grant requirements, regardless of actual cash disbursed to the chosen project.
Peer Review	A cursory review of the work of the design engineer for a water project, conducted by a person with equal competence and expertise in that discipline who is retained by the applicant specifically to provide suggestions or comments which may enhance the performance of the water project or aid in the operation and maintenance of the water project.
Useful Life	The period during which a water project provides a service as designed without becoming obsolete or inoperable.
Value Engineering	A specialized technique for controlling costs which uses a systematic and creative approach to identify and focus on any unnecessary cost to reduce the cost of a water project without affecting the reliability or efficiency of the water project.

Additional Subsidy	Nevada awards principal forgiveness loans to satisfy the subsidy requirement in the grants. A borrower does not need to issue a bond if the loan is forgiven. Additionally, interest is also forgiven. Eligibility for a principal forgiveness loan is outlined in **Attachment B**. Nevada's expected projects receiving principal forgiveness funding are outlined in **Attachment C**.
American Iron and Steel	All borrowers will comply with the American Iron and Steel Requirement on any project funded in whole, or in part, with DWSRF funds.
Auditing	Nevada's Annual Comprehensive Financial Report (ACFR), Single Audit Report, and internal controls over financial reporting are independently audited by a contracted accounting firm. The DWSRF program is presented on the ACFR as a major enterprise fund, along with two other funds. OFA will prepare a management discussion of financial activity report at the end of the fiscal year and will publish the report when the State audit is completed. The report will highlight the program's financial activities.
Binding Commitments	Nevada will enter into binding commitments equal to at least 120% of each grant payment within one year after receipt (on a cumulative basis), in accordance with the U.S. Code of Federal Regulations 40 Code of Federal Regulations (CFR) 35.3135(c)(2). Nevada defines a binding commitment when the Board for Financing Water Projects approves the resolution for funding the project.

Borrower Financial Review and Assurances (NAC 445A.67613) (NAC 445A.676144) (NAC 445A.676146) (NAC 445A.67629) (NAC 445A.6763)	OFA will evaluate each applicant's fiscal information prior to executing a loan, as well as each year the loan is outstanding. Borrowers must demonstrate their ability to repay the loan to safeguard the public funds in the loan contract. Borrowers must also demonstrate fiscal sustainability in their system throughout the term of the loan contract. Reviewable fiscal information includes, but is not limited to bank statements, financial reports, financial audits, credit reports, letters of credit, user rates, debt management policies, and capital improvement plans. Current ratios used to analyze the borrower's solvency and liquidity include (but not limited to): working capital, operating ratio (before non-cash expenses), and debt coverage ratio (before non-cash expenses). Borrowers must design a system user rate that produces the money required for the cost of operation, maintenance, debt service requirements, and the replacement of water system assets. Phased-in rate structures will be considered sufficient if they are fully implemented by the time construction of the proposed project is complete. Borrowers will maintain project accounts in accordance with generally accepted governmental accounting standards. This includes maintaining a separate account that records all revenues and expenditures directly and indirectly related to the system receiving funding. Borrowers receiving a principal forgiveness loan must further prepare an asset management plan and commit to funding a capital replacement reserve account as a condition of receiving funding.
Build America, Buy America (BABA)	Borrowers identified as an equivalent project will comply with the Build America, Buy America Requirement on any project funded with DWSRF funds that executes a new or amended loan agreement after May 14, 2022, unless an EPA approved waiver is issued.
Cost and Effectiveness (NAC 445A.67619)	DWSRF applicants must certify that the proposed water project is feasible from an engineering and legal standpoint, is economically justified and is financially feasible.
Construction Commencement (NAC 445A.67624)	OFA will require borrowers to submit bidding schedules, estimated schedules of payment, proof of the receipt of all permits required to construct the water project, documentation that any procedures for purchasing and contracting required by a State agency will be adhered to, agendas for any conferences regarding bidding and construction, project schedules, and any other related activity; and any other documents OFA deems necessary.
Construction Process (NAC 445A.67638) (NAC 445A.67639)	OFA will require borrowers to promptly notify OFA in writing of awarding contracts, changes to contracts, delays in construction, and when construction is anticipated to be completed. The Division may conduct oversight inspections during the construction of a water project to ascertain that the recipient is constructing the project according to the approved plans and specifications and applicable contract requirements.

Construction Completion (NAC 445A.6764 to NAC 445A.67644)	Borrower shall submit to NDEP a draft operations and maintenance manual, one set of drawings of the water system as it was built, certification of performance, and any other documents deemed necessary by the division. Borrowers shall coordinate with NDEP a final inspection of the water project to ensure that the facilities of the water project are operating and capable of satisfying the applicable requirements for public health and water quality. Borrowers shall notify the Division of any claims against the owner, the professional engineer, the contractor or any subcontractor arising from or related to the water project; and is responsible for the resolution of those claims. A recipient shall not abandon, substantially discontinue the use of or dispose of a water project during its useful life without the prior written approval of the Division.
Davis-Bacon Wage Act and State Prevailing Wage Requirements. (NAC 445A.67635)	Borrowers shall comply with the provisions of the Davis-Bacon Act, 40 U.S.C. §§ 276a et seq., if they apply, the applicable provisions of chapter 338 of NRS and all other applicable state and federal labor laws.
Disadvantaged Business Enterprise (NAC 445A.67636)	A recipient shall comply with the requirements of federal law concerning the participation of qualified businesses.
Emerging Contaminants	Funding provided to Nevada from the IIJA Emerging Contaminants grants will be used in accordance with federal law and EPA guidance. Nevada will continue to prioritize systems addressing Per- and polyfluoroalkyl substances with this funding. Should projects that do not address per- and polyfluoroalkyl substances materialize, Nevada will concentrate these funds on addressing any item on the EPA Contaminant Candidate Lists.
Environmental Review (NAC 445A.6758 to NAC 445A.67612)	Nevada will ensure an environmental review of each project receiving assistance is completed prior to awarding funds from the DWSRF. The environmental review will meet federal requirements and include any other applicable crosscutter requirements.
Federal Crosscutters	Nevada will ensure borrowers identified as an equivalent project comply with other federal crosscutters, where applicable, that are allowed to be followed on an equivalent basis. Nevada will ensure borrowers follow all federal crosscutters, including Title VI of the Civil Rights Act, where the law requires all borrowers must follow federal requirements.
Lead Service Lines	Funding provided to Nevada from the IIJA Lead Service Lines grants will be used in accordance with federal law and EPA guidance. Lead or galvanized services lines, pig tails, and goosenecks are eligible. The entire service line, including privately owned portions, will be replaced.
Leveraging the Program	The DWSRF program has not yet issued leveraged bonds. OFA reserves the right to issue a leverage bond should project demand require additional funds.

Loan Interest	Nevada does not issue direct loans to DWSRF public applicants. Rather, the DWSRF applicant will be required to issue a bond, which the State Treasurer will purchase on behalf of the DWSRF program – if the loan is repayable. For private applicants, a direct loan is issued and secured with a combination of collateral and lien instruments at OFA's discretion. Interest rates are established by the State Board of Finance, Debt Management Policy and are fixed for the life of the loan. Interest will begin to accrue upon a draw against the bond. It will be repayable every six months on July 1 and January 1 while principal remains outstanding. Loan interest will be used by the program to repay outstanding debt issued to match the capitalization grant. The interest rate policy is established by the State Board of Finance and published in the State Debt Management Policy[18]. OFA considers the market rate to be that of the Bond Buyer 20 Index. Interest rates will range from 50% to 59% of the market rate depending on the type of bond the borrower is issuing. When a loan is for either a 30-year or 40-year term, the Bond Buyer 20 will be adjusted using the Municipal Market Data scale up to a 30-year rate. Special terms may be offered under certain circumstances after consultation and concurrence from the State Treasurer's Office.
Loan Principal	Traditional loans may have a maximum term of 30 years, or the life of the assets funded – whichever is shorter. Traditional loans for communities meeting subsidy requirements may have a maximum term of 40 years, or the life of the assets funded – whichever is shorter. Repayment of loan principal will commence no later than three years after the date of the agreement, or immediately after project completion – whichever is earlier. Loan principal will be payable every six months on July 1 and January 1. Principal from loan recipients will be used by the program to issue new loans.
Loan Payoff and Refinancing	NDEP recognizes the need for proper fiscal and infrastructure sustainability in systems. Therefore, NDEP does allow a current DWSRF borrower to pay off or restructure their outstanding DWSRF debt. Due to the impact this will have on the DWSRF fund and staff resources, these requests are processed on a first-come, first-served basis and can be denied by NDEP for good cause shown. Borrowers must meet certain conditions to qualify for approval from NDEP for early payoff or restructuring: • The existing DWSRF loan must be fully drawn or de-obligated; • The first principal draw on the loan must be five years old or older; • The early payoff or restructuring cannot violate tax-exempt bond law; • The borrower must demonstrate the need and/or benefit of early payoff and/or restructure to the users of the system; • The State Treasurer's Office must also agree to the payoff; • Loans can only be restructured one time. If the loan was previously restructured, it cannot be paid early at a later date.

[18] https://www.nevadatreasurer.gov/Finances/Debt/Home/

Loan Origination Fees and Loan Service Fees	• Loan origination fees shall be payable within 30 days of loan closing. • Loan services fees will be payable on January 1 of each year.
Procurement of Contracts	Borrowers shall comply with applicable Nevada laws for procuring engineering and construction contracts.
Reporting	Nevada will provide data or information on the DWSRF program to federal, state, or public inquiries in a manner as requested. Data will be entered into the federal reporting system at least quarterly. Additionally, Nevada agrees to comply with the capacity development reporting requirements to prevent federal withholding of funds.
Small System Funding	Nevada will ensure at least 15% of the projected program funding amount will be for PWSs that regularly serve fewer than 10,000 people, as required by the SDWA (see **Attachment C**).
Telecommunications	Borrowers must comply with 2 CFR 200.216 from procuring or obtaining telecommunication equipment as described in Public Law 115-232, Section 889, covered telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
Value Engineering (NAC 445A.676142)	Systems shall conduct value engineering if the total estimated cost of constructing the water project is more than $10,000,000. If the Division determines that a water project is especially complex, the Division shall require the applicant to submit the project for peer review.

Attachment F: DWSRF Banked Authority

DWSRF Banked Balances

DWSRF Banked Balances							
		Base	ARRA	Supplemental	EC	LSL	Total
	Cumulative DWSRF Grants awarded through Federal Grant 2025	$277,898,440	$19,500,000	$92,332,000	$29,926,860	$28,650,000	$448,307,300
	Federal Grants 2026	$3,984,000	$0	$25,804,000	$7,970,000	$0	$37,758,000
	Cumulative DWSRF Grants	$281,882,440	$19,500,000	$118,136,000	$37,896,860	$28,650,000	$486,065,300
2% Set-Aside	Authorized	$5,637,649	$390,000	$2,362,720	$757,937	$573,000	$9,721,306
	Requested	$4,842,122	$0	$1,846,640	$0	$573,000	$7,261,762
	In-Kind Usage	$0	$0	$0	$0	$0	$0
	Banked	$795,527	$390,000	$516,080	$757,937	$0	$2,459,544
	Change in banked balance	$0	$0	$0	$159,400	$0	$159,400
	Ending Banked balance	$1,185,527		$516,080	$917,337	$0	$2,618,944
4% Set-Aside	Authorized	$11,275,298	$780,000	$4,725,440	$1,515,874	$1,146,000	$19,442,612
	Requested	$9,482,804	$16,770	$3,693,280	$0	$0	$13,192,854
	Banked	$1,792,494	$763,230	$1,032,160	$1,515,874	$1,146,000	$6,249,758
	Change in banked balance	$0	$0	$0	$318,800	$0	$318,800
	Ending Banked balance	$2,555,724		$1,032,160	$1,834,674	$1,146,000	$6,568,558
10% Set-Aside	Authorized	$28,188,244	$1,950,000	$11,813,600	$3,789,686	$2,865,000	$48,606,530
	Requested	$22,982,691	$444,179	$9,233,200	$0	$0	$32,660,070
	Banked	$5,205,553	$1,505,821	$2,580,400	$3,789,686	$2,865,000	$15,946,460
	Change in banked balance	$0	$0	$0	$797,000	$0	$797,000
	Ending Banked balance	$6,711,374		$2,580,400	$4,586,686	$2,865,000	$16,743,460