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SUBJECT: Asset Management plans required for DWSRF principal forgiveness loan recipients		

This guideline is created to describe the Office of Financial Assistance (OFA) requirements for an Asset Management plan (AMP).

## Background:

Nevada's Capacity Development Strategy was updated in March 2022. This was in direct response to the changes to the Safe Drinking Water Act requiring states to encourage the development of AMP's.

Asset Management is a planned and systematic method of managing and monitoring all the required physical components of a mechanical system and the desired level of service for a community. **It is not a capital improvement plan but may help develop a capital improvement plan.** For PWSs, major components include:

- Pumping equipment
- Water distribution/storage
- Protection and treatment systems
- Backflow prevention
- Cross-contamination systems
- Computers, software, etc.

Asset Management Plans (AMP) help identify a system's equipment and determine the equipment's criticality, nature of risk, and reliability. Managing these assets helps the system plan for repairs, maintenance, and replacements, and helps avoid unplanned breakdowns that can lead to interruptions in service. AMPs can also address natural assets, often referred to as "green" assets. This holistic management approach can help PWSs achieve the greatest financial, environmental, and social benefit for their water infrastructure. Adding green assets into the existing AMP framework also helps prevent remediation and/or treatment costs. A PWS that uses an AMP can make capital improvements, maintain its level of service, sustain its infrastructure, and acquire long-term funding and critical assets.

## Purpose:

- **All systems** have a responsibility to maintain health, reduce water loss, prevent pollution, and sustain economic vitality in their communities.
- Systems must demonstrate they have technical, managerial, and financial capability to meet their system responsibilities.
- AMPs should be treated as "living documents" that are regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system.
- The AMP should help the loan recipient maintain a desired level of service at the lowest life cycle cost.

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### Terms outlined in the Nevada Intended Use Plans:

1. An AMP will be required for the following loans:
  - a. **All DWSRF loan applicants** seeking principal forgiveness funding for a construction project.
2. The AMP:
  - a. Evaluates the level of service required for the system, and
  - b. Contains an inventory of all assets that are part of the system, and
  - c. Contains an evaluation of the condition and performance of inventoried assets, and
  - d. Lists the useful life of the assets, and
  - e. Contains a plan for maintaining, repairing, and as necessary, replacing the assets, and
  - f. Contains a plan for funding maintenance, repair, and replacement, and
  - g. Evaluates and implements water and energy conservation efforts.
3. System assets should be broken down into logical sections using best professional judgment.
4. If a loan recipient already has an AMP at the time the loan is requested, the recipient must certify to OFA that a AMP has been developed and is being implemented prior to the time of loan closing (Attachment A). **The AMP must have been reviewed and/or updated by the governing board no longer than five (5) years prior to the date of the loan application.** OFA will typically review the AMP as a part of the loan application. OFA staff may complete an evaluation checklist (Attachment B) to include with the staff report.
5. If a loan recipient does not have a AMP at the time the loan is requested, the recipient must certify to OFA that a AMP will be completed and maintained **prior to the final draw on the loan.** The loan agreement will subsequently include a requirement for the completion of the AMP.

### For further information

Please contact the OFA staff at [ndep-ofa@ndep.nv.gov](mailto:ndep-ofa@ndep.nv.gov) or visit our website at <http://ndep.nv.gov>.

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**Attachment A – Asset Management Plan Certification Form**

System Name	
System Number	
Name of Authorized Representative (Print or Type)	
Title of Authorized Representative (Print or Type)	

**Please select “yes” or “no” for each requirement:**

System has evaluated the level of service required for the system?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
System maintains an inventory of assets of the system?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
System has evaluated the condition and performance of assets?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
System maintains a technical plan for maintaining, repairing and replacing assets?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
System maintains a financial plan for maintaining, repairing and replacing assets?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
System has evaluated and implemented, if any, a plan for water and energy conservation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Has the governing board reviewed the AMP within the last five (5) years from the date of the application?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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 of Signature

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**Attachment B – Evaluation Checklist**

Date: \_\_\_\_\_

System Name: \_\_\_\_\_

System ID.: \_\_\_\_\_

Loan Recipients Present: \_\_\_\_\_

State OFA Staff Present: \_\_\_\_\_

	<b>AMP Checklist Item</b>	<b>Y / N</b>	<b>Comments</b>
<b>1.</b>	AMP has been developed at an appropriate depth and complexity and includes:		
<b>a.</b>	a complete and organized inventory of current system assets, location, age, life expectancy & cost		
<b>b.</b>	an evaluation of the condition & performance of inventoried assets or asset groupings		
<b>c.</b>	Determination of criticality of each asset & the probability & consequence of failure		
<b>d.</b>	a plan for maintaining, repairing, &, as necessary, replacing the treatment works		
<b>e.</b>	5-, 10-, and 20-year capital improvement plans		
<b>f.</b>	long-term funding strategy for activities in Items d & e		
<b>g.</b>	certification of evaluation and implementation of water and energy conservation efforts		
<b>2.</b>	AMP has been implemented		
<b>3.</b>	The system understands the condition and costs associated with its critical infrastructure assets		
<b>4.</b>	Incorporated, to the maximum extent practicable, water and energy efficient approaches into the funded project		