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DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF ENVIRONMENTAL PROTECTION

333 W. Nye Lane, Room 138
Carson City, Nevada 89706

Testimony of Allen Biaggi, Administrator, Nevada Division of Environmental Protection on AB473 (Drinking Water SRF – Transfer)

Before Assembly Ways and Means Committee

April 14, 2003

Good morning, Mr. Chairman and Assembly Ways and Means Committee members, my name is Allen Biaggi, and I am the Administrator of the Nevada Division of Environmental Protection. With me is Leo Drozdoff, Chief of the Division's Bureau of Water Pollution Control. Thank you for the opportunity to address you today with respect to AB 473.

The Nevada Drinking Water State Revolving Fund (DWSRF) Loan Program provides low interest loans to certain types of Public Water systems. Specifically, these funds are made available to publicly and privately owned and non-profit non-community water systems. Loans made under the program have low interest rates and provide a critical source of infrastructure financing. The program places an emphasis on small and disadvantaged communities and is an important component in ensuring safe drinking water for our citizens and visitors. The program is capitalized through grants from the U.S. Environmental Protection Agency. No general funds are used.

Historically the State Health Division has administered the DWSRF. The Division of Environmental Protection operates a similar Loan Program designed to address surface water pollution through the financing of wastewater treatment and collection infrastructure as well as a state funded drinking water grant program. For two decades the state has contemplated merging these two programs and the U.S. Environmental Protection Agency has strongly urged states to consolidate these two programs to the extent possible. The reason is simple; clean water and safe drinking water go hand in hand. Within the last six months a federal audit of the CWSRF directed DEP to add an accounting position to support its loan and repayment activities. Through consolidation, the need to add this accountant can be eliminated by utilizing existing DWSRF staff. We believe that the opportunity is ripe for consolidation of these programs under a single administrative umbrella.

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SUBMITTED BY: Allen Biaggi

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Consolidation will allow for consistent program administration, allow for more streamlined activities with the State Treasurer's office, and improve our negotiation abilities with the Environmental Protection Agency.

Lastly and perhaps most importantly, given the fact that NDEP already administers the federal CWSRF and the State Grant Program for Financing Water Projects, a consolidated program could provide more versatile and attractive financing packages to recipients utilizing alternatives that combine State grant and SRF monies. A single agency contact will also ease the burden on local governments that are pursuing economic incentive programs and allow the State to be more responsive to the needs of local governments.

I would like to make the Committee aware of the need for one minor change in the bill. Specifically in the last two lines in item 3 (line 35 and 36), the word Board should remain in place as it refers to the Board for Financing Water Projects and not the State Board of Health.

Finally, both NDEP and the State Health Division have agreed to work with each other over the next biennium to determine if additional reorganizations or transfers should be considered in order to improve these programs and State Government.

Thank you for your consideration of this bill.

If you have any questions, Mr. Drozdoff and I would be happy to answer them.