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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 Senate Natural Resources**

**May 12, 2003**

Good afternoon Mr. Chairman and Senate Natural Resource members, my name is Allen Biaggi, and I am the Administrator of the Nevada Division of Environmental Protection. With me is Leo Drozdoff, Deputy Administrator for the Division and Alex Haartz, Deputy Administrator for the State Health Division. Thank you for the opportunity to appear before you today to address 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 have provided a critical source of infrastructure financing for well over 20 years. The program emphasizes meeting the financing needs of 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. We also operate a state funded drinking water grant program through the Board to Finance Water Projects. 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.

We believe that the opportunity is ripe for consolidation of these programs under a single administrative umbrella. 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. Additionally, some cost savings will be realized over time. As an example, 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. With a consolidated program, the need to add this accountant can be eliminated or at least delayed by utilizing the existing staff of both programs.

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.

The Division of Environmental Protection 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 the effectiveness and efficiency of State Government.

Thank you for your consideration of this bill.

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