

State of Vermont
Intended Use Plan for the
Drinking Water State
Revolving Fund
Federal Fiscal Year 2003

Prepared
by the
Water Supply Division
Department of Environmental Conservation

DRAFT 5/27/03

NOTE: * indicates the information will be completed for the
final version of the IUP.**

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1. Introduction

The 1996 Amendments to the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF). The State of Vermont's allotment for the DWSRF is **\$8,004,100** for Federal Fiscal Year (FFY) 2003. This money can be used for a wide variety of activities, including public water system infrastructure improvements, source water protection, and water system management enhancements.

The SDWA requires that each state prepare an Intended Use Plan (IUP) each fiscal year that details how the DWSRF money will be used. Once the IUP has undergone public comment, it is submitted along with other supporting documents to the regional United States Environmental Protection Agency (EPA) office. These various documents comprise the capitalization grant request for the DWSRF. While a wide variety of state agencies are involved in the process, the Water Supply Division (WSD) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting all of these documents. The WSD is also responsible for the implementation of the various policies and procedures that will be followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

This intended use plan is for the FFY 03 funding of \$8,004,100 and a state match of \$1,600,820. Information is also provided on prior years' funds and progress in meeting short and long term goals in the annual report.

2. Short and Long Term Goals

2.1. Short Term Goals and Objectives

- 1) Secure the State's seventh capitalization grant to finance improvements for public water systems.
- 2) Administer a DWSRF program for projects that have been determined to be the highest priority to address contamination issues that pose the most serious risk to human health.
- 3) Provide loans to assist eligible public water systems listed in the IUP and priority list for projects to ensure compliance with the SDWA requirements and maintain and/or improve drinking water quality.
- 4) Provide loans to municipally owned and privately owned non-profit water systems with populations of fewer than 10,000 for conducting feasibility studies, preliminary engineering and final designs for water system improvements.
- 5) Provide loans to municipalities for purchasing land or conservation easements in order to protect public water sources and ensure compliance with drinking water regulations.
- 6) Promote capacity development by completing infrastructure improvement plans for small community water systems and schools through contracts.
- 7) Actively promote and pursue funding for all eligible systems, especially systems serving disadvantaged communities and systems with populations of fewer than 10,000 (small systems) that do not have adequate technical, managerial, or financial resources to come into or maintain compliance, and to provide safe drinking water.
- 8) Ensure that at least 15% of the DWSRF Project Fund Account provides loan assistance to small systems on an annual basis.
- 9) Continue the Vermont Source Water Assessment Program with funding from the FFY 97 capitalization grant.
- 10) Provide effective program management and resources to ensure the integrity of the DWSRF.
- 11) Coordinate DWSRF activities with enforcement activities of the State and EPA.
- 12) Continue implementation of the statewide strategy to improve capacity for existing public water systems and assure capacity for new public water systems.
- 13) Use DWSRF set-aside funding to provide the additional resources required to manage the Vermont Drinking Water Program.
- 14) Continue programs to encourage participation of small water systems in the loan program.

2.2. Long Term Goals and Objectives

- 1) Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the SDWA, maintaining the public health objectives of the SDWA, and ensuring the public has safe drinking water.
- 2) Maintain the fiscal integrity of the Drinking Water State Revolving Fund (DWSRF) and comply with generally accepted government accounting standards to assure continuance of loan funds for future generations.
- 3) Provide funding assistance to eligible public water systems for eligible projects associated with the improvement and maintenance of water treatment, storage and

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distribution facilities, and for consolidation or interconnection of water systems to improve service or develop capacity.

- 4) Use set-asides to improve source water protection and assessment efforts by providing technical and financial assistance.
- 5) Continue to update, develop, and implement administrative rules and guidance for carrying out the DWSRF program.
- 6) Continue to update, develop, and implement the capacity development strategy for existing systems.

3. Public Participation

The Water Supply Division recognizes that public participation and the persistent cultivation of stakeholder interests is an integral element in the development of an effective program. The public participation component in the development of this IUP is a continuation of previous comprehensive efforts. Public meeting locations are handicapped accessible. The WSD will continue to cultivate and encourage public participation in the development IUP. In brief, the procedure for public participation in the development of this IUP included the following notifications and meetings. Copies of the various public participation documents are in Section 8.

3.1. Notification of Application Form Availability

In January 2003, approximately 750 Vermont water systems, stakeholders, and consultants were notified by postcard (Section 8.1) that Priority List Application Forms were available on the Water Supply Division website or by calling the Water Supply Division. The application form with its attached instructions states that the provided information will be used to make preliminary determinations on project eligibility; project priority; water system financial, administrative, and technical capacity; and to determine loan lending rates consistent with Federal and State legislation. Completed priority list applications were due by April 11, 2003. Applicants were notified that a public meeting would be conducted by the WSD in order to obtain public comment on the project priority list and IUP. The Public meeting was held on June 19, 2003.

3.2. Direct Contacts

Between January and April 11, 2003, Water Supply Division staff and the project specialist from Northeast Rural Water Association (who is funded by a DWSRF set-aside) contacted the most needy and high priority water systems and encouraged them to apply to be included in the priority list. These contacts were primarily via phone.

3.3. Newspaper Advertisements

Public notice was provided by placing an advertisement in the following newspapers and locations approximately 30 days prior to the scheduled IUP meeting date:

Burlington Free Press, Statewide,
Rutland Herald, Central and Southern Vermont,
Bennington Banner, Southern Vermont,
Newport Daily Express, Northern Vermont,
Caledonian Record, Northeastern Vermont,
Windsor Chronicle, Southeastern Vermont,
Rutland Tribune, Central and Southern Vermont, and
Washington World, Central Vermont.

3.4. Public Meeting Notices

In May 2003, public meeting notices were mailed to approximately 750 water suppliers and stakeholders. The stakeholders included Northeast Rural Water Association, the Vermont Groundwater Association, organizations representing vulnerable populations, engineering

and hydrogeology consultants, and regional planning commissions.

Information in a very brief format was provided on a postcard (Section 8.3) identifying the following information:

- the IUP public meeting date, time, and location;
- funding available for the plan;
- the proposed uses of the funds;
- that the use of the available money would be discussed at the meeting;
- the WSD return mailing address and toll-free telephone number in order to request a copy of the proposed IUP, and provide written comments; and
- the website address to access the draft IUP.

3.5. Public Meeting

A public meeting was held to discuss the IUP and obtain public comments on June 19, 2003, in Montpelier, Vermont. A total of *** people, in addition to WSD staff, attended the meeting. The basic format of the meeting was a brief presentation on the draft IUP and then a question and answer period. Several handouts were available at the meeting including a form to provide written comments; extra copies of the draft IUP; and a calculation of each water system's priority points. Written record was made of the questions and answers and used to create the Responsiveness Summary, (Section 8.4) a summary of the verbal and written comments received during the public comment period. In some instances, the questions are edited for clarity and brevity. A file of all written comments is available for review at the Water Supply Division.

4. Financial Matters

4.1. State Match Provisions

Under the provisions of the Safe Drinking Water Act Amendments of 1996 (Section 1452(e)), each State is required to deposit in the DWSRF an amount equal to at least 20% of the total amount of the capitalization grant. This amount must be deposited on the date of, or before, receiving payments under the capitalization grant agreements. The State of Vermont's Capitalization Grant request for FFY 03 is **\$8,004,100**, therefore, the amount of state match funds required is **\$1,600,820**. The state match will come from funds appropriated through the Vermont State Capital Appropriations Bill for State Fiscal Year 2004 (H.457).

An additional one-to-one state match is also necessary for the State Program Management Set-aside. This match can be an in-kind match for money spent on PWSS work in FFY 93 and FFY 03 in excess of the required PWSS match. At least 50% of the in-kind match must come from the excess FFY 03 money. The State of Vermont determined that an estimated \$6,405,000 in excess of the necessary state match will be spent on PWSS programs during FFY 03. Additionally, \$519,208 of FFY93 state match funds have been previously approved by EPA as eligible to use towards the one-to-one state match for the Program Management Set-aside. The State of Vermont will identify actual in-kind match funds based on FFY 03 expenditures and submit appropriate documentation to EPA for approval at the end of FFY 03. Projected FFY 03 excess expenditures for PWSS work are \$405,000. This will provide a total of \$810,000 of match funds for the state program management set-aside. This IUP will use \$609,123 of these match funds. The State of Vermont will identify actual match funds based on the FFY 03 and FFY 93 expenditures and submit the appropriate documentation to EPA for approval at the end of FFY 03.

The State of Vermont identified \$1,947,175 of eligible in-kind match money based on FFY02 and FFY 93 excess expenditures for PWSS work in documentation submitted to EPA and approved by EPA on December 30, 2002.

4.2. Funding Breakdown

The State of Vermont will have a total of \$9,604,920 in new funds for the FFY 03 DWSRF Program. This includes \$8,004,100 in federal funds and \$1,600,820 in state match money. This amount is divided between set-aside activities and loans for water system facility improvements. Revolving fund interest earnings, loan repayments and uncommitted prior year revolving loan funds will be used to fund additional construction projects.

4.2.1. Set-asides

The State of Vermont does not intend to take the full amount of set-asides allowed for in the DWSRF Federal Guidance. If all the set-asides were maximized, they would consume approximately \$2.5 million of the \$8.0 million. Instead, the State is proposing to use \$1,546,076 (approximately 19% of the \$8.0 million or 16% of the \$9.6 million) of the DWSRF for set-aside activities. This will allow the State to fund a larger number of

high priority infrastructure related projects. The set-aside activities are described in Section 6 of this IUP.

4.2.2. Facility Improvement Loans

The State is proposing to spend \$*** for construction-related projects. This includes \$8,058,844 of new funds and \$*** of uncommitted prior years funds, interest, repayments and miscellaneous income. The 2003-2004 DWSRF Project Priority List (Section 9) identifies Anticipated Loan Recipients' projects with a total estimated cost of \$***. Additional projects on the priority list will be funded if more funds become available. Binding commitments have not been finalized for all prior year priority list projects and funds are being reserved for those projects that have current verbal and written funding commitments.

4.3. Payment Schedule

A payment schedule is required by EPA for planning the obligation of federal funds. A federal payment is defined as an increase to the ceiling in the Automated Clearinghouse Payment System.

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Except for the set-aside payments taken the first quarter, each payment must be obligated within one year of the payment date, in accordance with the Safe Drinking Water Act Amendments of 1996.

Payment No.	Federal Fiscal Year		Amount (\$)
	Quarter	Date	
1	4 th quarter	7/03 – 9/03	\$1,546,076
2	1 st quarter	10/03-12/03	\$2,000,000
3	2 nd quarter	1/04-3/04	\$2,000,000
4	3 rd quarter	4/04-6/04	\$2,000,000
5	4 th quarter	7/04-9/04	\$ 458,024
Total			\$8,004,100

4.4. DWSRF Disbursement Schedule

An estimated disbursement schedule is required by EPA for planning the disbursement of federal funds. This schedule is for the new funding of \$8,004,100.

Disbursement Quarter	Amount
10/03 - 12/03	\$376,500
1/04 - 3/04	586,819
4/04 - 6/04	1,041,500
7/04 - 9/04	2,175,817

10/04 - 12/04	1,705,585
1/05 - 3/05	1,028,533
4/05 - 6/05	549,320
7/05 - 9/05	240,026
10/05 - 12/05	100,000
1/06 - 3/06	100,000
4/06 - 6/06	100,000
Total	\$8,004,100

4.5. Criteria and Method for Distributing Funds for Improvement

A list of projects requiring loans is maintained by the Water Supply Division and updated annually. This list plus additional information submitted by water systems was used to develop a Project Priority List (Section 9) of projects requesting loans during the federal fiscal year using the project priority system described in Section 5.

Projects with a total cost that does not exceed the estimated funds available for the priority list during the fiscal year (\$8,058,844 for 2003-2004) are identified as Anticipated Loan Recipients (ALR) on the Priority List. New funding will be used for the first 17 projects on the list and for \$196,086 of the Mt. Snow project. Repayments, interest, and miscellaneous income will be used to provide additional funding for Mt. Snow. Projects not identified as Anticipated Loan Recipients will be funded in priority order if funds become available during the year through the bypass procedure described in the Priority System section (Section 5.3.7) or with excess funds available from prior year projects not completing loan applications by the September 30, 2003 deadline. The Anticipated Loan Recipients are those projects with the highest scores that comply with the following:

- As required in federal legislation, a minimum of 15% of the capitalization grant funds must be used for projects serving communities with populations of less than 10,000 persons (\$1,200,615 for 2003-2004). The ALR is composed entirely of small systems, except for one project. The list includes \$6,058,844 for 17 projects that serve populations less than 10,000 persons.
- As required in Vermont legislation, funds for private systems cannot exceed 20% of the available funds (\$1,617,688 for 2003-2004). The list includes \$1,364,000 for 3 private system projects.
- As required in federal legislation, subsidies for disadvantaged communities cannot exceed 30% of the federal capitalization grant (\$2,401,230 for 2003-2004). The list includes subsidies of \$139,370 for disadvantaged community projects.

State Legislation provides specific guidance on loan interest rates and terms. The rates established for different types of loans in accordance with State and Federal requirements are outlined under the Program Description (Section 10). In addition, the preliminary loan rate

determination for each project on the Project List is identified in Section 9.

4.6. Disadvantaged System

The State of Vermont recognizes the need to provide additional assistance to certain water systems beyond what the standard DWSRF construction loan program offers. The disadvantaged system program is intended to provide longer loan terms and principal forgiveness to water systems that have relatively low income and relatively high water user costs. Unlike the standard loan program, disadvantaged systems are eligible for debt forgiveness as a means of making a water improvement project affordable.

4.6.1. Community Water System Disadvantaged Program

A community water system is considered disadvantaged when *both* of two conditions are satisfied. First, the municipality in which the water system is located or the users of the water system must have a median household income below the average of the community median household incomes of the state. Second, the water system must have an annual household water user cost greater than 1.25 percent of the median household income after construction of the proposed water supply improvements. (Note: As of late May 2003, legislation was pending to change the threshold user cost for disadvantaged status to 1.00 percent of the MHI.) The median household income of the system will either be taken from the most recent federal census data for the municipality or be determined from the area served by the water system based upon the data gathered by an independent contractor hired by the applicant water system. The water system has the option of choosing which method is used to determine the median household income although the Secretary shall make the final determination. The cost of the independent contractor may be included in the total project cost. The user cost of the water system shall take into account the monies needed to cover this project cost, prior drinking water projects, and the estimated annual operation and maintenance costs as determined by the Secretary. Municipally owned water systems and privately owned nonprofit community water systems are eligible to receive assistance in the form of principal forgiveness.

Projects will be ranked using the priority system. Based on preliminary information, estimated subsidies from the Disadvantaged System Program are included on the priority list. Disadvantaged systems are eligible to receive loans up to 30 years in length and receive interest rates of no more than plus three (+3) percent but not less than minus three (-3) percent. The interest rate cannot be less than that necessary to achieve the *target annual household user cost* of one and one-quarter (1.25) percent of the median household income of the municipality in which the water system is located or of the users of the water system (may change to one percent pending outcome of proposed 2003 legislation). To achieve the target annual household user cost, a mixture of debt forgiveness, standard DWSRF loan rates, and extended loan terms will be offered. First, disadvantaged systems will have the loan extended from 20 to 30 years provided that the funded project elements have a design life of at least the length of the loan term. If this action doesn't achieve the target annual household user cost, the interest rate will be incrementally reduced from plus three (+3) percent to minus three (-3) percent to achieve the *target rate*. If a disadvantaged system's user cost still exceeds the *target annual*

household user cost after receiving the maximum debt forgiveness, no additional forgiveness of principal will be granted.

The application of the disadvantaged system program will be based on the best available information when the loan application is approved by the Department of Environmental Conservation. All other subsidies obtained from other institutions which will reduce the project and user cost shall be considered when calculating whether a system is disadvantaged or not. The value of principal forgiveness for all loans cannot exceed 30 percent of the amount of the capitalization grant in any given year. If the full amount of principal forgiveness is met in any given year, any remaining projects eligible for the program subsidy can either receive standard project loans for that funding year or delay the project so they may avail themselves of disadvantaged program funding in the future. The Secretary shall make the determination whether to defer the project based on public health and other factors.

4.6.2. School Water System Disadvantaged Program

Public funding for schools in Vermont is controlled by the State to ensure that all Vermont children have equal access to resources for education through high school. The complicated system of state wide property tax, property tax rebates and local school district property tax sharing requirements make all municipally owned school water systems equally disadvantaged and discouraged from making needed water system improvements. All *municipally* owned public school water systems are eligible for loan principal forgiveness under the disadvantaged program.

Projects are ranked in accordance with the priority system. Loans for water system improvements to schools have a maximum term of 20 years and an interest rate of 3%. To make school system water projects more affordable, up to \$25,000 of the principal of a construction loan may be forgiven when the following conditions are met:

- 1) The system demonstrates capacity;
- 2) The system is in compliance with the Vermont Water Supply Rule including any temporary operating permit or other compliance schedule;
- 3) A Department of Environmental Conservation construction permit has been obtained and all conditions of the construction permit satisfied;
- 4) Competitive procurement procedures in accordance with ANR requirements were followed; and
- 5) The completed work has been verified by a Professional Engineer or ANR staff.

More detailed guidance on eligibility and procedures is provided in a Water Supply Division Guidance Document. The standard ANR procedures for obtaining a loan must be followed and the system will not be eligible for principal forgiveness if the 30% limit on loan subsidies has been utilized by projects higher on the priority list.

4.7. Financial Status of Drinking Water State Revolving Fund

As part of the Intended Use Plan, states must report on the financial status of the DWSRF. The first capitalization grant was awarded September 30, 1997. The status of the fund,

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effective July 1, 2003, is:

Current Loan Status	
Loans Awarded (72)	\$36,583,846
Loan Repayments (27)	(\$1,366,323)
Current Outstanding Loan Amount	\$35,217,523

Available Loan Funds (Unobligated Funds)	
Federal Funds (All Funds thru FFY02 Cap Grant)	\$8,087,475
State Match (Full Match thru FFY02 Grant)	\$1,755,270
Interest (at 5/1/03)	\$ 465,984
Loan Repayments & Miscellaneous (at 5/1/03)	\$1,366,323
Subtotal Available Funds thru FFY02	\$11,675,052
Anticipated FFY03 Cap Grant (available 10/1/03)	\$ 6,458,024
State Match to FFY03 Cap Grant (available 10/1/03)	\$ 1,600,820
Total Funds Available at 10/1/03	\$19,499,399

Actual and Anticipated Fund Commitments	
FFY 97 Priority List	\$12,776,114
FFY 98 Priority List	\$ 5,031,149
FFY 99 Priority List	\$ 9,283,782
FFY 2000 Priority List	\$ 6,230,000
FFY 2001 Priority List	\$ 9,741,584
FFY 2002 Priority List	\$ 8,058,844
Total Fund Commitments	\$ 51,121,473

Total Funds Available			
	Federal	State	Total
FFY 97 CAP Grant	\$ 10,399,392	\$ 2,511,760	\$12,911,152
FFY 98 CAP Grant	\$ 5,506,022	\$ 1,424,260	\$6,930,282
FFY 99 CAP Grant	\$ 6,045,972	\$ 1,492,760	\$7,538,732
FFY 00 CAP Grant	\$ 6,241,580	\$ 1,551,460	\$7,792,980

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FFY 01 CAP Grant	\$ 5,856,754	\$ 1,557,820	\$7,414,574
FFY 02 CAP Grant	\$ 6,458,024	\$ 1,600,820	\$8,058,844
Subtotals	\$ 40,507,744	\$ 10,138,880	\$50,646,564
Interest Earnings (at 5/1/03)			\$465,984
Loan Repayments (at 5/1/03)			\$1,366,300
Miscellaneous Income (at 5/1/03)			\$23
Total Funds Available			\$52,478,871

The current funds available for the FFY2003 priority list are \$*** ((Total Funds Available (\$***)) minus Total Fund Commitments (\$***)). Additional information on funding will be included in our annual report.

Following is a list of fund commitments projected at July 1, 2003.

FFY 97 Priority List Projects		
Community	Loan Amount	Subsidy
Rutland Town FD #6	\$ 360,000	\$ 0
Fairfax FD #1	\$ 131,731	\$ 0
Marshfield Water System	\$ 553,500	\$ 220,004
Stowe Village Water System	\$ 2,000,000	\$ 0
Lyndonville Water System	\$ 1,600,000	\$ 635,965
Wallingford FD # 1	\$ 116,600	\$ 0
Hillside Manor (ACCT)	\$ 330,000	\$ 125,603
Rutland Town FD # 8	\$ 247,500	\$ 98,376
Graniteville FD # 4	\$ 1,867,455	\$ 83,584
Hinesburg Water Dept	\$ 209,834	\$ 0
Mountain View MHP (HFI)	\$ 249,125	\$ 98,902
Randolph Village	\$ 387,264	\$ 153,929
Westons MHP	\$ 154,700	\$ 0
Cabot Village Water System	\$ 1,383,336	\$ 555,013
Morristown Corner Water Corp	\$ 13,518	\$ 0

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Northshore MHP (Ho-Ges Realty)	\$ 38,500	\$ 0
Bradford Village Water System	\$ 540,000	\$ 214,638
Rutland Town FD # 10	\$ 125,000	\$ 0
Black Mountain Park (Tri-Park CHC)	\$ 120,000	\$ 47,697
Northfield Water Dept	\$ 167,000	\$ 0
Bakersfield FD # 1	\$ 210,000	\$ 0
Thetford Water Co-op Inc	\$ 90,000	\$ 0
E Mountain Water Corp	\$ 50,000	\$ 0
Stowe FD 2 GBII	\$ 345,000	\$ 0
Fairfax Water Dept	\$ 1,486,051	\$ 590,673
Totals	\$12,776,114	\$ 2,824,384

FY 98 Priority List Projects		
Community	Loan Amount	Subsidy
Rutland Town Mendon	\$ 450,000	\$ 171,270
Stowe Village Water System	\$ 600,000	\$ 0
Windy Hill Acres MHP (HFI)	\$ 355,000	\$ 135,113
Okemo Trailside Condo	\$ 567,000	\$ 0
South Royalton FD # 1	\$ 37,800	\$ 0
Springfield Water Dept	\$ 154,400	\$ 0
Fairfax Water Dept	\$ 663,949	\$ 252,698
Bethel	\$ 507,000	\$ 0
Windsor	\$ 1,075,000	\$ 0
Orleans	\$ 161,000	\$ 62,207
Riverside MHP	\$ 460,000	\$ 182,840
Totals	\$ 5,031,149	\$ 805,128

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FFY 99 Priority List Projects		
Community	Loan Amount	Subsidy
Stowe Village	\$ 2,200,000	\$ 0
Starksboro	\$ 14,657	\$ 0
Lyndonville	\$ 600,000	\$ 228,360
South Royalton FD # 1	\$ 712,200	\$ 271,063
Springfield	\$ 1,845,600	\$ 0
Murray Hill	\$ 120,000	\$ 0
Windy Hill Acres MHP	\$ 118,324	\$ 45,034
Okemo Trailside	\$ 10,000	\$ 0
Cavendish	\$ 42,000	\$ 0
Grand Isle Consolidated	\$ 819,000	\$ 0
Derby Center	\$ 124,000	\$ 0
Bethel	\$ 178,000	\$ 0
Grand Isle FD#4	\$ 900,000	\$ 0
Cavendish	\$ 94,000	\$ 0
Randolph	\$ 774,314	\$ 294,704
Orleans	\$ 75,000	\$ 0
Shattuck Hill MHP	\$ 120,000	\$ 45,672
Union Water Co.	\$ 18,287	\$ 0
Locust Hill	\$ 16,000	\$ 0
Cavendish	\$ 27,400	\$ 0
Totals	\$ 8,808,782	\$ 884,833

FFY 00 Priority List Projects		
Community	Loan Amount	Subsidy
Spencer Water Co.	\$ 54,500	\$ 0
Castleton Fire District #3	\$ 203,000	\$ 0
Rutland Town Fire District #10	\$ 130,000	\$ 0
Stowe Village	\$ 1,500,000	\$ 0

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Arlington Water Co.	\$ 709,331	\$ 0
Tri-Town Water District	\$ 1,425,000	\$ 0
Grand Isle Consolidated	\$ 1,000,000	\$ 0
North Hyde Park	\$ 32,000	\$ 0
Birchwood Manor	\$ 225,000	\$ 0
Northfield	\$ 980,500	\$ 0
Totals	\$ 6,259,331	\$ 0

FFY 01 Priority List Projects		
Community	Loan Amount	Subsidy
Grand Isle Cons. Water District	\$ 2,005,000	\$ 0
Wintergreen at Killington	\$ 31,860	\$ 0
Riverside MHP	\$ 30,000	\$ 0
Mansfield View Water Corp.	\$ 5,000	\$ 0
Braintree Elementary School	\$ 5,000	\$ 25,000
East Wind MHP	\$ 25,000	\$ 0
Northbrook Country Estates	\$ 85,000	\$ 0
Westfield FD #1	\$ 650,000	\$ 258,310
Cavendish (contamination)	\$ 1,821,000	\$ 723,665
Alta Garden Estates	\$ 52,200	\$ 0
Hartford Water Dept.	\$ 525,000	\$ 0
Rutland Town FD #4	\$ 75,000	\$ 0
North Hero Water System	\$ 425,000	\$ 0
Alpine Haven	\$ 125,000	\$ 0
Eastridge Acres Assoc.	\$ 85,000	\$ 0
Charleston Elementary School	\$ 40,000	\$ 25,000
Bellows Falls Water Dept.	\$ 2,000,000	\$ 794,800
Colchester FD #2	\$ 14,500	\$ 0
Fairlee	\$ 50,000	\$ 0

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Vergennes-Panton Water Dept.	\$ 110,000	\$ 0
Stowe, Town of	\$ 500,000	\$ 25,000
Birchwood Manor MHP	\$ 423,636	\$ 168,386
Poultney Water Dept.	\$ 100,000	\$ 39,748
Kountry Trailer Park	\$ 185,000	\$ 79,500
Proctor	\$ 34,470	\$ 0
Totals	\$ 9,402,666	\$ 2,139,409

FFY 02 Priority List Projects (as of 5/26/03***)		
Community	Loan Amount	Subsidy
Bellows Falls	\$ 750,000	\$ 298,000
Hartford	\$ 2,000,000	\$ 0
Vergennes-Panton	\$ 1,276,500	\$ 0
Fairlee	\$ 721,070	\$ 0
Bennington	\$ 249,000	\$ 0
East Haven School/Community Building	\$ 25,000	\$ 25,000
Deep Rock FD # 8	\$ 409,000	\$ 0
Beeman Elementary School	\$ 26,200	\$ 25,000
Danby-Mt. Tabor	\$ 50,600	\$ 0
Orange Central School	\$ 25,000	\$ 25,000
Tunbridge Central School	\$ 25,000	\$ 25,000
St. Johnsbury FD # 1	\$ 776,000	\$ 308,443
Putney School	\$ 441,000	\$ 0
Oglewood/Milton FD # 1	\$ 75,000	\$ 0
Johnson Village	\$ 100,000	\$ 0
Newport City	\$ 547,000	\$ 0
Greensboro FD # 1	\$ 75,000	\$ 0
Newbury Village	\$ 150,000	\$ 0
Totals	\$ 7,721,370	\$ 706,443

4.8. DWSRF and CWSRF Transfer

The Safe Drinking Water Act Amendments of 1996 (Section 303) allow a state to transfer up to 33% of the DWSRF capitalization grant from the DWSRF to the Clean Water State Revolving Fund (CWSRF) or an equivalent amount from the CWSRF to the DWSRF. This transfer is at the Governor's discretion. Vermont does not intend to transfer any money between these funds, although the right is reserved to do so at a later date.

5. Priority Ranking System

The State of Vermont will use a point system to prioritize the order in which eligible water supply projects that are ready to proceed will be financed. To be eligible, projects must maintain or facilitate compliance with the drinking water regulations or further the protection of public health. The projects must also be needed and the proposed type, size and estimated cost of the project must be suitable for its intended purpose. Additionally, the water system must have or will have the technical, financial and managerial capability to operate the system in compliance with federal and state law, and the system must not or will not be in significant noncompliance with the regulations. Projects on the list should anticipate needing the estimated funding during the next year. Projects will be phased if appropriate. Projects for final design are expected to request proposals for engineering services prior to October 1st of the following year and projects requesting construction funds are expected to advertise for bids prior to the October 1st deadline.

Priority in funding will be given to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act (SDWA) and the Vermont Water Supply Rule (WSR), and assist systems most in need according to State affordability criteria. Examples of projects that might meet these goals include repairing or replacing aged infrastructure (e.g., install or replace/upgrade treatment, storage, or transmission facilities), water system restructuring such as consolidation of systems, or management changes to ensure technical, managerial, and financial capabilities of the water utility. Projects not eligible include operation and maintenance costs, future growth, fire protection, and laboratory fees for monitoring.

Municipal projects to purchase land or conservation easements for the purpose of protecting public drinking water supplies and planning projects are also prioritized using this system. Separate priority lists will be maintained for each of the loan types.

5.1. Priority Ranking System Scoring Criteria

There are six criteria used to prioritize projects. The criteria used will be determined based on the loan fund used to fund the project. Criteria one through five (Section 5.1.1 through Section 5.1.5) will be used for the Revolving Loan Construction Fund and Planning Loan Fund and criteria 3 through 6 (Section 5.1.3 through Section 5.1.6) for the Source Protection Loan Fund.

The priority ranking system scores projects based on information submitted by water systems and from information in the WSD files. The six criteria are:

- System facility deficiencies to be corrected by the project.
- Physical consolidation of water systems.
- Financial need/affordability.
- Population.
- Downtown center preference.
- Source protection.

Priority points assigned to projects are computed in the manner described below. Projects to

extend existing water systems or develop new water systems to replace contaminated non-public water sources are assigned points based on documented information on water facilities serving a majority of the homes to be served. Points for such projects are only awarded for System Facility Deficiencies (criteria 1, Section 5.1.1) and must satisfy the EPA requirement of addressing significant threats to public health.

5.1.1. System Facility Deficiencies

The points assigned to each required improvement reflect the relative public health risk and compliance concern of the deficiency being corrected. Points are awarded for the deficiency corrected by the project that addresses the highest health risk and compliance concern, and represents a significant portion of the total project cost. The Secretary may phase projects for priority scoring purposes when more than one deficiency is being corrected, the associated costs of correcting each deficiency is significant, and the relative public health risk and compliance concern of the deficiencies are significantly different. Priority points are awarded for the following deficiencies:

- a. **Microbiological Contaminated Source, 120 points.** Project will replace a documented contaminated source.
- b. **Contaminants above MCL, 120 points.** Project will correct a deficiency resulting in water being delivered to consumers exceeding an MCL. This project may be a new source, replacement of contaminated equipment, piping, or treatment.
- c. **Unapproved source of water, 110 points.** Water system is routinely using a non Water Supply Division permitted water source that requires a boil water or do not drink advisory. The project may include a new source or approval of the existing unapproved source.
- d. **Action level above DOH and DEC established levels of concern for eight chemicals (benzene; carbon tetrachloride; vinyl chloride; dibromochloropropane (DBCP); 1,2 dichloroethane; 1,2 dichloropropane; hexachlorobenzene, and tetrachloroethylene), 100 points.** Points will also be awarded for other chemicals when DOH expresses a similar level of concern. Project may include new source, treatment or removal of contamination source.
- e. **Inadequate filtration performance, 100 points.** Documentation of inadequate performance should be available. This deficiency applies to filtration to control microbiological contamination or treatment to reduce an MCL contaminant. Inadequate filtration or other equipment to control secondary contaminants does not meet this criterion.
- f. **No treatment under influence of surface water, 95 points.** These points are awarded in those instances when a source has not been determined to be microbiologically contaminated; a) applies in those cases.
- g. **Inadequate chlorination or disinfection facilities, 95 points.** These points would be awarded to projects where water systems are required to continuously disinfect and maintain chlorine contact time. A project to provide equipment, controls or storage for the contact time could receive these points.
- h. **Daily or routine water shortages, 95 points.** These shortages should require either water conservation measures by customers, water hauling or use of an

- emergency source.
- i. **Lack of standby disinfection facilities, 90 points.** These points could be awarded for all community systems without these facilities and for NTNCs where bacteriological sampling or source risk assessment justifies a recommendation for such facilities.
 - j. **Finished storage vulnerable to contamination, 90 points.** These points could be awarded to correct a deficiency such as a reservoir with a leaking roof or within a building that is not insect or rodent proof.
 - k. **Lead and Copper corrosion control, 80 points.** These points may be awarded for treatment systems needed to correct lead and copper corrosion control problems.
 - l. **Contamination below MCL, 80 points.** These points may be awarded if the project is being undertaken to treat or eliminate contamination of a regulated contaminant below an MCL.
 - m. **Seasonal water shortages, 70 points.** These points may be awarded if a water system experiences water shortages seasonally requiring hauling or water conservation measures. Improvements may include new source, increases in pump sizes or mains or treatment facilities, or replacement of leaking water mains.
 - n. **Routine pressure below 20 psi in distribution system, 70 points.** Points may be awarded if pressure falls below 20 psi regularly on a weekly basis. Project may include storage, pumping, source, distribution or transmission facilities.
 - o. **Source vulnerable to PSOCs, 60 points.** Points will be awarded if project is being undertaken to eliminate potential sources of contamination of a water source.
 - p. **Pressure under 20 psi during fire flow, 60 points.** Points may be awarded if pressures will drop below 20 psi in the distribution system during system expected fire flows. Project may involve storage, transmission, pumping or distribution facilities.
 - q. **Redundancy of critical components, 50 points.** Points may be awarded if project will provide redundant facilities such as pumps, sources, storage or treatment facilities.
 - r. **Iron, manganese, and other secondary contaminants, 50 points.** Points may be awarded if project will eliminate or minimize secondary contaminant problems. Project may involve replacement of piping, treatment facilities or new source.
 - s. **Inadequate finished storage construction, 50 points.** Points may be awarded to replace or repair storage facilities. Routine operation and maintenance costs are not eligible.
 - t. **Inadequate transmission main, 40 points.** Points may be awarded to repair or replace transmission mains. Routine operation and maintenance costs are not eligible.
 - u. **Inadequate finished storage capacity, 40 points.** Points may be awarded to provide additional storage capacity.
 - v. **Inadequate pumping facilities, 30 points.** Points may be awarded to replace or

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- repair pumping facilities. Routine operation and maintenance costs are not eligible.
- w. **Lack of reserve capacity, 30 points.** Points may be awarded to provide system reserve capacity recommended by the Water Supply Rule. Project may include source, pumping, transmission mains or treatment facilities.
 - x. **Inadequate cross-connection control, 30 points.** Points may be awarded to correct existing or potential cross-connection problems.
 - y. **Inadequate distribution facilities, 20 points.** Points may be awarded to replace or repair distribution facilities. Routine operation and maintenance costs are not eligible.
 - z. **Inadequate backwash, 20 points.** Points may be awarded to correct inadequate back wash facilities. Projects may include pumping, storage, and backwash disposal facilities.
 - aa. **Routine distribution pressure below 35 psi, 20 points.** Points may be awarded if project will correct distribution system pressures below 35 psi. Project may include pumping, storage, or distribution facilities.

The following table summarizes the points available for water system facility deficiencies:

	Description of Water System Facility Deficiencies	Priority Points
a	Microbiological Contaminated Source	120
b	Contaminants above MCL	120
c	Unapproved source of water	110
d	Action Level reached for eight chemicals of concern to DOH and DEC (See above)	100
e	Inadequate filtration performance	100
f	No treatment under influence of surface water	95
g	Inadequate chlorination or disinfection facilities	95
h	Daily or routine water shortages	95
I	Lack of standby disinfection facilities	90
j	Finished storage vulnerable to contamination	90
k	Lead and Copper corrosion control	80
l	Contaminant below MCL	80
m	Seasonal water shortages	70
n	Routine pressure below 20 psi in distribution system	70
o	Source vulnerable to PSOCs	60
p	Pressure under 20 psi during fire flow	60
q	Redundancy of critical components	50
r	Iron and Manganese and other secondary contaminants	50
s	Inadequate finished storage construction	50
t	Inadequate transmission main	40
u	Inadequate finished storage capacity	40
v	Inadequate pumping facilities	30
w	Lack of reserve capacity	30
x	Inadequate cross connection control	30

y	Inadequate distribution facilities	20
z	Inadequate backwash	20
aa	Routine distribution pressure below 35 psi	20

5.1.2. Physical Consolidation of Water Systems

The physical consolidation of small water systems is a major factor in the capability of small systems to protect public health and comply with Safe Drinking Water Act regulations. The following points will be awarded to projects that consolidate systems. Higher points are awarded to projects that will have a greater positive impact on compliance and protecting public health. Points are awarded for only one of the four sub-criteria. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

Description (points received for 1 of the 4 areas only)	Priority Points
Consolidation of interconnection of community system lacking capacity	20
Consolidation or interconnection of community system	15
Consolidation or interconnection of NTNC systems	10
Consolidation of interconnection of TNC systems	5

5.1.3. Financial Need/Affordability

Affordability only considers income because it is the most fundamental predictor of a household's ability to pay and is represented by the *median community household income* statistic. Affordability is based on a comparison of state community median household income (SCMI) to the median household income (MHI) of the water system or of the town(s) in which the system exists. The SCMI figure is \$38,394 based on the 2000 federal census. For water systems that encompass more than one town, the MHI will be based on the weighted number of household connections in each town if the MHI is to be based on town figures. The formula for affordability involves first dividing the community of water system MHI by the SCMI (\$38,394), and then multiplying this figure by one hundred (100) to yield a percentage. Different percentage brackets are then assigned points. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

Affordability (Community MHI/SCMI x 100 = X)	Priority Points
$X < 60$	35
$60 \leq X < 70$	25
$70 \leq X < 80$	15
$80 \leq X < 90$	10
$90 \leq X < 100$	5
$100 \leq X < 120$	2
$X \geq 120$	0

5.1.4. Population Criteria

Priority points will be assigned to the system based on population. Small systems are generally at a disadvantage because of economies of scale (affects ability to do physical improvements, improve system capacity, etc.); projects for small systems have a greater impact on protecting public health and compliance with regulatory requirements than projects for larger systems.

Population	Priority Points
0 to 100	20
100 to 200	15
200 to 300	10
300 to 500	5
500 to 3300	3
> 3300	0

The point values for population will be multiplied by a factor of 3 for the set-aside planning loan fund to give higher priority to small systems. Population used for assigning points will be total population served including seasonal population. Populations for unserved areas will be total estimated population of the geographical area to be served. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

5.1.5. Downtown Area Preference

The points assigned for this factor will give minimal priority to projects that improve service to designated downtown areas.

Project improves service to a designated downtown area	5
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5.1.6. Source Protection - Loan Purchase or Conservation Easement Projects (only)

Sources must have an approved hydrogeologically delineated Source Protection Area and an approved Source Protection Plan prior to loan approval.

- a. Land location points are not additive. Points for the highest applicable improvement are counted.

Land Location	Priority Points
Project achieves isolation zone control	40
Project achieves primary recharge zone control	10

- b. Potential Sources of Contamination (PSOCs) addressed. Points are not additive, and are awarded for the highest applicable improvement.

PSOCs addressed	Priority Points
Project addresses microbiological PSOCs	20
Project addresses nitrate PSOCs	15

Project addresses primary inorganic or organic PSOCs	10
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5.2. Refinancing of Existing Facilities

The DWSRF construction loan program may be used to buy or refinance municipal debt including all obligations for DWSRF eligible projects. Under federal law, privately owned systems (both profit and nonprofit) are not eligible for refinancing. The long-term debt must have been incurred and construction must have started after July 1, 1993 to be eligible for refinancing. *The use of DWSRF funds are intended to be first directed at proposed projects that address ongoing compliance problems or public health risks.*

State legislation allows for loans to systems that incurred debt and initiated construction after April 5, 1997 at interest rates and terms comparable to those for new projects. Projects that have initiated or completed construction in accordance with DWSRF environmental and procurement requirements will receive priority ranking using the procedure described for new projects for the next two annual priority lists compiled following the initiation of construction. All other applications to refinance existing debt or fund completed construction will not be considered.

5.3. Construction Loan Fund Priority List

The fund provides construction loans to municipalities and certain privately-owned water systems for planning, design, construction, repairing or improving public water systems to comply with State and Federal standards and protect public health. The projects that are ready to proceed in the Federal fiscal year October 1 - September 30 are assigned points in accordance with the Priority Ranking system scoring criteria. Project funding is based on priority score and the following considerations:

5.3.1. Projects Partially Funded in Prior Year

Projects that received partial funding from the construction loan fund in the current state fiscal year are placed at the top of the priority list. If there is more than one such project, priority order of these projects will be determined by priority score. Partial funding includes final design and/or partial construction. *Planning and feasibility study loans are not considered partial funding.* The water system must have submitted a loan application and Water Supply Division funding commitments must be made prior to July 1st to receive this consideration; projects that have received in excess of \$ 2.5 million for construction costs are not eligible.

5.3.2. Tie Breaking Procedure

When two or more projects score equally under the project priority system, the higher total score under the system facility deficiencies criteria will be used as a tie-breaker. If the projects are still tied, the system serving the lowest population will be given priority.

5.3.3. Amendments

The state revolving fund priority list may be amended twice a year to consider updated or new information from water systems that have already been identified and ranked

through the priority system public participation process and are listed on the Comprehensive Project Priority List. Amendments to the priority list will only affect the ranking of eligible projects; projects will not be removed from the Anticipated Loan Recipient category. A public participation process will be followed for any amendments to the priority list.

5.3.4. Funding Cap

All three loan funds have maximum annual funding limits. No more than the following amounts of funds available in any given year can go to a single project except when there is a surplus of funds, or the Secretary specifically approves an exception.

Loan Fund	Funding Cap
Construction Loan Fund	\$2,000,000
Source Protection Loan Fund	\$200,000
Planning Loan Fund	\$100,000

5.3.5. Bypass System

It is the intention of the state of Vermont to adhere to the priority list to the maximum extent possible. However, there are certain funding limits that could result in changes to the list. Also, the state recognizes that some systems may not be ready to proceed or emergency events could occur that would necessitate systems being bypassed in a given funding year. Anticipated Loan Recipients with a total cost of projects that does not exceed the estimated funds available during the fiscal year are identified in the Intended Use Plan.

5.3.6. Bypassed Projects

Bypassed projects in any given year may be eligible for funding in the next funding year. The projects will be considered for the following year's project priority list. Updated information on project plans and scheduling will be required. Projects that will be bypassed will receive formal written notification in advance of being bypassed.

Programs funded under the technical assistance and the local assistance set-aside will be used to assist bypassed systems with pre-project activities required for project approval and funding.

5.3.7. Bypass Mechanisms

5.3.7.1. Small Water Systems

A minimum of 15 percent of the DWSRF monies must go to systems serving fewer than 10,000 persons. Meeting this minimum funding requirement should not be a problem in Vermont since all but eight systems serve a population of fewer than 10,000 people. However to ensure compliance with this item, the projects on the list serving more than 10,000 people will be bypassed in any given year by the highest priority projects serving fewer than 10,000 people as necessary to meet the 15% funding requirement for the Anticipated Loan Recipients.

5.3.7.2. Private Water Systems

A maximum of 20 percent of the available funds can go to privately-owned water systems. If necessary, privately-owned water system projects on the list will be bypassed to comply with the 20% limitation for Anticipated Loan Recipients.

5.3.7.3. Financial Capacity or Readiness

Systems that have not demonstrated financial capacity (e.g., positive bond vote) or are not ready to proceed (i.e., do not meet schedules approved by the Department of Environmental Conservation such as feasibility and engineering studies, final design, construction or signed agreements) may be bypassed in any given funding year. In general, projects requiring bond votes with fund commitments will be bypassed if there is not a positive bond vote by April 1st of the funding year. When project(s) not meeting the eligibility guidelines are bypassed, the highest priority project(s) not identified as Anticipated Loan Recipients will become eligible for funding utilizing the monies made available. In general, new funding commitments will not be made after July 1st of the funding year. Any uncommitted funds identified after July 1st will be used to fund projects on the following year priority list.

5.3.7.4. Disadvantaged Community

Disadvantaged communities can elect to be bypassed if they are not able to receive principal forgiveness because the 30 percent annual maximum has been reached. The highest priority project(s) not identified as Anticipated Loan Recipients will then be selected for funding up to the dollar amount allocated to the bypassed project. Lack of funding does not alter the obligation of the bypassed system to comply with the SDWA and WSR regulatory requirements.

5.3.7.5. Emergencies

Systems either on or off the Priority List that experience an emergency resulting in an imminent and substantial threat to the public health may bypass all other projects and may be assigned top priority. Emergency additions to the Priority List will result in the lower priority projects identified as Anticipated Loan Recipients being bypassed. The number of projects bypassed will depend upon the amount of funds needed to cover the emergency. Projects that may be required to address such a health risk could involve installation of treatment facilities, construction of a new water source, or replacement of a failed system element.

5.4. Planning Loan Fund

The planning loan fund provides loans up to \$100,000 to municipalities and privately-owned non-profit community water systems (other privately owned water systems are not eligible) for preparation of preliminary engineering planning studies and final engineering plans and specifications for water system improvement projects. Priority list applications for planning loans may be submitted at any time for projects that are ready to proceed. Proposed projects that are ready to proceed are assigned points in accordance with the priority ranking system scoring criteria and available funds are used to fund the projects with the highest scores. Initial funding commitments for new funding will be made based on priority list applications received on or before October 1st. Additional projects are

funded in priority order as funds become available. A total of \$225,000 of planning loan funds will be reserved for funding projects later in the year. At the beginning of each quarter (January 1st, April 1st, July 1st), \$75,000 of this \$225,000 will be made available. Water systems are given 60 days to submit loan applications following notification of available funds. Additional time to submit applications based on a project schedule approved by the Water Supply Division may be authorized by the DWSRF Program Manager. *Expenditures by the applicant prior to fund commitment by the Department are not loan eligible.*

5.4.1. Planning Loan Forgiveness

Under certain circumstances up to \$50,000 of the unpaid balance of a planning loan to a *municipality* may be forgiven by the Secretary. Potentially eligible preliminary engineering and design cost forgiveness will be determined by DEC using DEC guidance documents (Engineering Fee Allowance Curve) and the completed documented construction cost eligible for revolving loan funds. The forgiveness criteria may be modified in the future based on operating experience. Procedures and eligibility criteria for planning loan forgiveness are detailed in a Water Supply Division guidance document.

5.4.1.1. General Eligibility Criteria

- 1) The system must demonstrate Capacity.
- 2) The system must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule.
- 3) The system must be current on fee payments.
- 4) A construction permit must be issued and the requirements must be satisfied including O&M manual and as-built requirements.
- 5) The loan funding agreement must be signed following the effective date of legislation authorizing loan forgiveness.

5.4.1.2. Specific Eligibility Criteria

Projects must meet at least one of the criteria below to qualify for forgiveness.

- 1) Construction of the project was completed using non-Drinking Water State Revolving Loan Funds (DWSRF) and the project did not receive other state appropriated funds for project costs.
- 2) If the project serves a small population, the maximum forgiveness shall be \$25,000. Projects for systems serving populations of 300 or fewer shall receive 100 percent of eligible forgiveness. The percent eligible for forgiveness for systems serving 300 to 500 population shall be reduced by 0.5% for an increase of one in the design population. Systems serving populations of 500 and above will not be eligible for any forgiveness under this criterion.
- 3) User rates exceed 2% of the median household income. The amount of forgiveness will be determined by increasing the forgiveness until the 2% target, the \$50,000 maximum, or the amount of the unpaid balance is reached. The annual planning loan cost to the municipality will be determined using construction loan terms and interest rates for DWSRF funded projects.

5.5. Source Protection Fund

The source protection fund provides loans to municipalities (privately-owned water systems are not eligible) for purchasing land or conservation easements in order to protect public water sources and ensure compliance with drinking water regulations. Priority list applications for land purchase or conservation easement projects may be submitted at any time for projects that are ready to proceed. The proposed projects are assigned points in accordance with the Priority Ranking System Scoring Criteria; projects are funded in priority order when funds become available. Water systems are required to submit a project schedule for approval by the Water Supply Division within 30 days of notification of available funding.

6. Information on Set-asides

The State of Vermont plans to set aside \$1,546,076 (19.3%) of the Capitalization Grant for various non-construction related activities that are authorized in the Safe Drinking Water Act Amendments of 1996. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their system effectively. Some of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996. The SDWA provides for a variety of guidance on the use of the set-aside money. The set-aside money will be placed in separate accounts outside the Project Fund. The SDWA allows for transfers between the set-aside accounts, and from the Set-aside Account to the Project Fund Account, but not from the Project Fund Account to the Set-aside Account. The set-aside amounts and Project Fund amounts are the current best estimates of the funds required to complete the programs and projects described in the IUP. Transfers of funds between accounts and projects in accordance with EPA requirements will be made as necessary to accomplish the programs and projects described and efficiently and effectively use the available funds. The SDWA limits the percentage of capitalization grant that can be used in each of these set-asides and whether the set-aside funds can be “banked” or reserved for future use.

6.1. DWSRF Administrative Set-aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-aside. The full 4%, \$320,164, will be taken for the various uses described below.

This set-aside will be used to pay for 1.5 FTEs within the Water Supply Division and fund the associated operating expenses. These FTEs are responsible for the preparation and public participation of the IUP and grant applications. They also manage the day-to-day operations of the DWSRF, including reviewing contracts, ensuring that state and federal guidelines are followed, monitoring and approving fund obligations, environmental reviews, project approvals, etc.

Funding for approximately 2.5 existing FTEs and support costs will be utilized by the Facilities Engineering Division to support their roles in the DWSRF. The Facilities Engineering Division will be responsible for a variety of tasks, including, but not limited to loan application processing, preparation of loan documents, maintaining project financial records, approving loan disbursements, completing project audits, inspections, managing loan closeouts, monitoring loan repayments, and managing compliance with Federal Cross-cutting Authorities.

As part of the financial administration required by Vermont Statute and federal guidelines, set-aside funds will be used for financial administration of the DWSRF. This money will go to other state agencies or authorities in accordance with Memoranda of Understanding contained in the FFY 97 Capitalization Grant Application.

The maximum 4% administrative set-aside has been taken each year. Expenditures are made from the earliest fiscal year funds available. The total of administrative funds set-aside to date is \$2,359,864. This includes \$320,164 of FFY 2003 funds. Expenditures from this

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account through June 30, 2003 are \$***.

6.2. State Program Management Set-aside

The state is requesting \$609,123 for the program management set-aside account. The State Program Management Set-aside can be used to fund a variety of SDWA required programs, including emergency support and various PWSS programs.

The new program management set-aside funds will be used to initiate and continue funding five different activities. Continued funding will be provided for eight activities and one new activity will be initiated.

6.2.1. Continuing Activities

6.2.1.1. Health Department Support

Amount - \$20,000

Description - These funds will be used by the Vermont Department of Health for water system supervision activities. Most of the funds will be used to pay costs associated with public water system evaluations, included with food and lodging inspections.

6.2.1.2. Water Supply Division Personnel Costs

Amount - \$364,123

Description - The money will provide funding for 4.89 FTE from the Program Management Set-aside through December 2005. This does not include the 3.26 FTEs and associated costs that were formerly funded out of the Source Water Assessment and Protection Activity in the FY1997 Local Assistance Set-aside. The Local Assistance money left for this activity was transferred into the FY1997 Program Management Set-aside due to the May 6, 2003 deadline for completion of spending under this activity. The Water Supply Division has filled all of the vacancies identified in the FY02 IUP. A limited amount of these funds may be used for salaries and expenses of existing staff working on similar activities and other drinking water programs. Duties of the FTEs include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of the Surface Water Treatment Rule, implementation of the Ground Water Rule, source water assessment and protection, planning, outreach, engineering and construction supervision, compliance supervision, and other drinking water programs. A portion of these funds will be used for computers, furniture, and space modifications for these positions.

6.2.1.3. Water Supply Division Newsletter

Amount - \$20,000

Description - The Water Supply Division publishes a newsletter three times a year to improve communications and provide timely information to owners/operators and stakeholders. The newsletter has a distribution list of over 3000 entities and is posted on the Division's web page, www.VermontDrinkingWater.org.

6.2.1.4. Technical Assistance

Amount - \$20,000

Engineering technical assistance is provided to small water systems with operation and maintenance problems, DWSRF loan applications, preparation and review of technical assistance agreements, and review of technical work products. This assistance, provided through contracts issued to professional engineers was initiated with FFY 2000 set-aside funding and will be continued with an additional \$20,000.

Assistance is generally provided based on the date of the request. Establishment of a priority system for this assistance has not been required to date. However, if a priority system becomes necessary the following factors will be major considerations:

1. DWSRF Priority List Status.
2. System Ownership (Municipal, Private Non-Profit, Private Profit).
3. System Type (Community, NTNC, TNC).
4. System Size (Design Population).
5. Permanent Occupants.

6.2.1.5. Emergency Support

Amount - \$ 10,000

Description - These funds are used for costs associated with emergency response necessary to protect public health of water system users. Costs are generally for sampling and technical assistance and in unusual circumstances operational assistance or minor system repairs may be appropriate. Some of the previously allotted funds for this activity have been used to respond to drought-related emergencies.

6.2.2. New Initiative

One new initiative under the Program Management Set-aside will be to begin the work to switch some or all of the Vermont Public Water System Inventory to SDWIS State. Funds will be used to pay EPA the initial fee of \$25,000 to “join” SDWIS State. Also, we intend to negotiate a multi-year contract to assist in the migration to SDWIS State up to \$150,000.

6.2.3. Continued Activities Using Prior Year Funds

A number of programs described and funded under the prior IUPs are still active but are not projected to require additional funding. These include Water Supply Division - Owner/Operator communications, group training and one-on-one assistance, legal assistance, Public Service Board assistance, board member - owners manual, consolidation study, cross connection control manual, and the source water assessment and protection program. If limited additional funding is required for some of these programs, funds will be transferred between the various program management set-aside activities.

6.3. Small Systems Technical Assistance Set-aside

The State of Vermont has chosen to take the allowed 2% of the DWSRF for the Small Systems Technical Assistance Set-aside and continue activities initiated with the FY 97 Capitalization Grant.

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As part of providing water systems with the necessary assistance to develop and maintain financial, managerial, and technical capacity, the Water Supply Division provided a grant of \$81,000 to Northeast Rural Water Association to provide non-regulatory assistance directly to water systems with FFY 97 funds; additional funding has been provided with FFY 98, FFY 99, FFY 2000, FFY 2001, and FFY 2002 funds. A grant or a contract will be developed for another year.

In addition, a grant to Northeast Rural Water Association to contract for specialty services associated with environmental documentation required for construction projects was awarded in 1998. Additional funding for this activity may be required and \$10,000 will be used to develop a grant or contract.

A new initiative will be funded under this set-aside to provide a pilot program for alternative treatment technologies for naturally-occurring contaminants at small public water systems. Grants or contracts up to \$49,032 will be awarded to pilot various treatment technologies to assist small systems in determining economically and technically feasible treatment technologies. Additionally, the results will be used by the WSD to streamline treatment reviews for similar systems.

The FFY 03 funds available for this set-aside are \$160,082. This will be combined with the funds remaining from previous grants for technical assistance to develop the work plan. Any monies remaining in this set-aside account beyond FFY 03 will be used to continue funding these activities in future years.

6.4. Local Assistance and other State Program Assistance Set-asides

States are authorized to take up to 15% of the capitalization grant for this set-aside. The authorized activities under this set-aside include a land acquisition and conservation easement loan program, assistance for delineations and assessments, a voluntary source water quality protection efforts loan program, establishment and implementation of a wellhead protection program, and technical and financial capacity implementation. No more than 10% of the capitalization grant can be used for any one of these authorized activities. The State of Vermont is requesting to take \$456,707 for this set-aside.

6.4.1. Source Protection Loan Program

The Source Protection Loan Program was established with FFY 98 funds to make loans to municipal water systems to purchase land or conservation easements in order to protect public water sources and ensure compliance with state and federal drinking water regulations. FFY 98 funding for this program was \$534,000. This program is described in detail in the program description section of this document and the administrative details are included in the work plan included with the FFY 98 EPA grant application. Additional funding totaling \$200,000 was provided with the FFY 00 and FFY 01 EPA Grants. Loans have been made to fund three source protection projects, for a total of \$200,000. There is a balance of \$654,584 in this account for future projects. The State of Vermont does not intend to take any FFY 03 funds for this activity.

6.4.2. Planning Loan Program

The Planning Loan Program was established with FFY 98 funds to make planning loans to municipally owned water systems serving populations of fewer than 10,000. The program was expanded to provide loans for both planning and final design and to authorize loans to owners of non-profit privately owned community water systems in October 2001. This program is part of the state capacity development strategy to provide assistance to small systems with feasibility studies, planning, and preliminary designs in order to comply with state and federal standards and protect public health. FFY 98 funding for this program was \$534,000, FFY 99 funding was \$300,000, FFY 00 funding was \$200,000, FFY01 funding was \$500,000, and FFY02 funding was \$250,000. This program is described in detail in the Program Description Section of the IUP and the administrative details are included in the work plan included with the FFY 98 EPA grant application. The State of Vermont is requesting to increase available funds in this account by \$225,000 to \$*** with this grant. Current planning loan commitments are listed below.

6.4.3. Planning Loan Projects

DWSRF Loan Number	Water System	Loan Amount
WPL-003	Waitsfield	\$138,750
WPL-007	Milton	\$25,000
WPL-008	Fair Haven	\$6,700
WPL-009	Middlesex	\$20,310
WPL-012	Barre	\$57,000
WPL-014	Westfield FD # 1	\$46,000
WPL-016	West Rutland	\$21,000
WPL-017	Colchester FD # 2	\$19,000
WPL-018	Greensboro FD # 1	\$75,000
WPL-019	Alburg	\$89,000
WPL-020	North Hero	\$38,850
WPL-021	Saint Johnsbury	\$36,000
WPL-022	Proctor	\$12,000
WPL-023	Richmond	\$25,000
WPL-024	Danville	\$92,000
WPL-025	Deep Rock FD # 8	\$33,480
WPL-026	Newport City	\$85,900
WPL-027	Berlin	\$14,784
WPL-028	North Hero	\$34,900
WPL-029	Milton FD # 1	\$25,000
TOTAL		\$895,674

Under certain circumstances up to \$50,000 of the unpaid balance of a planning loan to a municipality may be forgiven by the Secretary. Criteria for forgiveness are described in

detail in Section 5.4 and in a Water Supply Division guidance document.

6.4.4. Source Water Assessment and Delineation Program

A four-year work plan for the \$1,255,880 FFY97 set-aside for source water assessment and delineation was submitted to EPA on February 17, 1999. The funds are being used to develop source water assessments for all Transient, Non-community Public Water Systems and Source Protection Plans for Public Community and Non-transient, Non-community Water systems. This will be accomplished with funding for four Water Supply Division positions, contracts, and grants. The remaining balance in this activity has been transferred into the Program Management Set-aside to continue the activities identified in the workplan.

6.4.5. Facility Improvement Plan Program

A Facility Improvement Plan program to develop technical capacity for small systems was implemented with \$150,000 of FFY 99 funding. Three contracts were awarded to engineering firms to prepare Facility Improvements Plans for seventy-nine (79) small public water systems serving populations under 500. The facility improvement plans include a replacement schedule for major system components, cost estimates, evaluate consolidation with other systems and evaluate potential compliance issues identified through sanitary surveys or other means by the Water Supply Division. The Facility Improvement Plan Program was described in detail in the FFY 99 Intended Use Plan. An additional \$250,000 of funding was provided with the FFY 00 grant to complete facility evaluations for school systems and additional community systems serving populations under 500. An additional \$135,000 was provided with FFY 01 grant funds to continue this program and for special studies. An additional \$150,000 was provided with FFY 02 grant funds to continue this program and complete facility evaluations for systems serving populations under 500. In FFY 03, no additional funds are requested for this activity. If funds are available, evaluations may be completed for larger systems. Some of these funds may be used to complete special studies that impact or may impact a number of water systems, such as, studying pilot treatment options for regulatory compliance, material or replacement options, or adequacy of existing materials and/or equipment. An estimated \$50,000 may be used for these purposes.

6.4.6. Capacity Implementation

The State will fund 1.09 FTEs as part of our capacity implementation program. This position has previously been funded under the Program Management Set-aside. The focus of this position is shifting from capacity program development to capacity program implementation. The funding for the position and related costs is \$81,707.

6.5. Summary of DWSRF Set-asides for FFY 2003

DWSRF Set-asides for FFY 03		
Set-aside	Funds Available	Grant Request
Administration (4%)	\$320,164	\$320,164

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Technical Assistance (2%)	\$160,082	\$160,082
Program Management (10%)	\$800,410	\$609,123
Local Assistance (15%)	\$1200615	\$456,707
Totals	\$2,481,271	\$1,546,076

DWSRF Set-asides Summary					
Set-aside	Previous Funding	FFY 03 Funding	Total	Expended as of 6/30/03	Unexpended as of 6/30/03¹
Administration	\$2,039,700	\$320,164	\$2,359,864	\$***	\$***
Technical Assistance	\$1,014,850	\$160,082	\$1,174,932	\$***	\$***
Program Management ²	\$3,605,755 ³	\$609,123	\$4,214,878	\$***	\$***
Local Assistance SWAP Program	\$475,375	\$0	\$475,375	\$475,375	\$0 ⁴
Local Assistance Planning Loans	\$1,784,000	\$225,000	\$2,009,000	\$***	\$*** ⁵
Local Assistance Source Protection Loans	\$834,000	\$0	\$834,000	\$***	\$***
Local Assistance Facility Plans	\$ 685,000	\$0	\$685,000	\$***	\$***
Local Assistance Capacity	\$0	\$231,707	\$231,707	\$0	\$0
Totals	\$10,438,680	\$1,546,076	\$11,984,756	\$***	\$***

¹ Plans for use of unexpended finds are included in work plans; some of these funds are committed in grants, contracts, or loans committed to activities described in previous work plans.

² Vermont has reserved the right to take additional program management funds from future grants. (FFY97 - \$1,155,880; FFY 98 - \$592,130; FFY99- \$226,380; FFY00 - \$275,700; FFY01 - \$48,910; FFY 03 - \$191,287 = \$2,490,287)

³ This amount includes the transfer of funds from the FFY97 Local Assistance SWAP Activity in May 2003.

⁴ In May 2003, the unexpended balance of this activity was transferred to the 1997 Program Management Set-aside.

⁵ These accounts may have repayments and interest earnings. These are the uncommitted balances as of July 1, 2003, plus FFY 2003 funding

7. Program Changes

The WSD will complete guidance documents explaining how each of these changes will be used in determining loan rate and terms.

7.1. MHI Change

State legislative changes are proposed (Spring 2003) to adjust the definition of *Disadvantaged Municipality* and the target annual household user cost used for purposes of establishing the term, interest, and administrative fee for facility improvement loans. The proposed changes are included in H.457, this year's (SFY 04) capital appropriation bill.

The change is needed to account for the new federal census data that will be applied to FFY 02 and future priority lists. The median of the median community household income (MHI) increased from \$28,633 to \$40,368 (a 40% increase) resulting in 181 of the 305 census-listed municipalities being eligible for disadvantaged status. However, with the target annual user rate of 1.25% of the community MHI, the higher community MHI will increase the target annual household user cost significantly, resulting in fewer reduced interest rates.

To remedy this situation, the formula for the target annual household user cost is proposed to be 1% of the MHI. Additionally, the legislation includes an annual inflationary adjustment of 4% to the federal census data beginning with the FFY 03 priority list. This annual adjustment will provide a more gradual transition to the use of subsequent federal census data.

7.2. Standardized Operation and Maintenance Costs for DWSRF Projects

In an effort to make Operation and Maintenance costs for similar sized water systems equivalent, we have developed a schedule for standard allowances for similar size water systems. Water systems can either use the standardized O & M costs or actual costs, as approved by the WSD.

7.3. Community Household Unit Determinations

The WSD is working on further refinements to household unit determinations.

8. Appendix 1: Public Participation Documents

8.1. Request for Priority List Applications Form

VERMONT DRINKING WATER STATE REVOLVING FUND Request for Priority List Applications

The 1996 Safe Drinking Water Act (SDWA) amendments authorized low interest loans using federal and state funds administered by the State for water system improvements. Funds for loans to municipalities and certain privately-owned water systems for planning, final design and construction, repairing or improving public water systems to comply with State and Federal standards and protect public health will be available.

A list of projects (in priority order) to be funded during the period October 1, 2003 through September 30, 2004 is now being developed. If you would like an application form for your water system improvement project to get on the priority list, please call the Water Supply Division at 1-800-823-6500. Additionally, a copy of the form can be found and completed online on the Water Supply Division website at <http://www.anr.state.vt.us/dec/watersup/capacity.htm>.

New or updated previously submitted applications are required. Completed applications must be returned to the Water Supply Division before close of business on Friday, April 11, 2003. We plan to have a draft priority list available by Friday, May 16, 2003. A public meeting to receive comments on the draft priority list, and the 2003 Vermont Intended Use Plan will be held on Thursday, June 19, 2003 in Montpelier, Vermont. Final written comments will be due by Friday, June 27, 2003. Our goal is to submit the final draft of the 2003 Priority List and Intended Use Plan to the United States Environmental Protection Agency by August 1, 2003.

If you have questions about completing the application form, or the loan program in general, please contact David Allerton toll-free in Vermont at 1-800-823-6500, direct at 1-802-241-3400, by fax at 1-802-241-3284, or by email at davida@dec.anr.state.vt.us. We look forward to assisting you with your water system improvement needs.

8.2. Letter of Intent



VERMONT DRINKING WATER STATE REVOLVING FUND LETTER OF INTENT

Department Of Environmental Conservation Priority List Application FOR

WATER SYSTEM IMPROVEMENT PROJECTS, INCLUDING: PLANNING, DESIGN, CONSTRUCTION, LAND PURCHASE OR CONSERVATION EASEMENTS FOR SOURCE WATER PROTECTION

Vermont
Water Supply
Division



(PLEASE SEE ATTACHED INSTRUCTIONS FOR COMPLETING THE FOLLOWING **SECTIONS**)

1. WATER SYSTEM NAME		2. WSID Number
CONTACT PERSON – Authorized Representative to make commitments for organization.		
3. NAME:		4. TITLE:
5. MAILING ADDRESS:		
6. TELEPHONE:	7. FAX:	8. E-MAIL:
9. Ownership Type: ☐ MUNICIPAL ☐ HOME OWNERS ASSOCIATION ☐ INDIVIDUAL ☐ PUBLIC SCHOOL ☐ PRIVATE SCHOOL ☐ CORPORATION OTHER (explain) :		10. Financial Status: PROFIT ☐ NON-PROFIT ☐
11. If private Non-profit, is the organization tax-exempt? YES ☐ OR NO ☐		

PROJECT COSTS & FUNDING SOURCES		
12. ESTIMATED TOTAL PROJECT COST: \$	14. LIST OTHER FUNDS FOR	Amount
13. ESTIMATED DWSRF PROJECT LOAN: \$	a.	\$
15. BASIS OF ESTIMATE:	b.	\$

PROJECT SCHEDULE		
16. Target application date for this Loan:	17. TARGET BOND VOTE DATE:	18. TARGET CONSTRUCTION START DATE:

19. PROJECT DESCRIPTION FOR THE PURPOSE OF THIS LOAN
--

LOAN WILL INCLUDE (see instructions)		
A) FEASIBILITY STUDY/ PRELIMINARY ENGINEERING ☐	B) FINAL DESIGN ☐	C) CONSTRUCTION ☐
D) LAND PURCHASE ☐	E) CONSERVATION EASEMENT ☐	F) CONSOLIDATION OF A WATER SYSTEM ☐
20. ESTIMATED LOAN AMOUNT FOR THE PURPOSE(S) IDENTIFIED ABOVE: \$		

BRIEFLY DESCRIBE ANY WORK ALREADY DONE ON THE PROJECT (e.g. feasibility studies, preliminary engineering, design or construction.)

WATER SYSTEM SERVICING

22. CURRENT PERMANENT YEAR ROUND RESIDENT POPULATION SERVED BY WATER SYSTEM:

23. CURRENT TRANSIENT POPULATION (NON-RESIDENT) SERVED BY WATER SYSTEM:

24. CURRENT NUMBER OF SERVICE CONNECTIONS:

25. POPULATION TO BE SERVED BY THE PROPOSED PROJECT:

26. NUMBER OF NEW SERVICE CONNECTIONS TO BE SERVED BY PROPOSED PROJECT:

WATER SYSTEM RATE & USER BASE

27. Are water bills based on a: Flat Fee ☐ Metered Rate ☐ or Both ☐ Tax

28. What is the household water rate? \$ *(attach your rate)*

29. What is the total number of equivalent units served by the water system?

30. Projected annual Operations & Maintenance cost per household: \$

31. Current annual debt retirement cost of previous water system projects per household: \$

ENGINEERING CONSULTANT FIRM

32. Firm / Agency Name:

33. Mailing Address:

34. Telephone:

35. Fax:

36. E-mail:

SIGNATURE

As authorized representative, I hereby certify that the foregoing information is true and correct to the best of my knowledge.

Authorized Representative

Date

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System Improvement Information

PLEASE CHECK THE LETTER OF ALL THAT APPLY. Points are only awarded for the deficiency corrected which addresses the highest health risk and compliance concern, and represents a significant portion of the total project cost.

- ☐ **A. Microbiological Contaminated Source, 120 points.** Project will replace a documented contaminated source.
- ☐ **B. Contaminants above MCL, 120 points.** Project will correct a deficiency resulting in water being delivered to consumers exceeding an MCL. This project may be a new source, replacement of contaminated equipment, piping, or treatment.
- ☐ **C. Unapproved source of water, 110 points.** Water system is routinely using a non Water Supply Division permitted water source that requires a boil water or do not drink advisory. The project may include a new source or approval of the existing unapproved source.
- ☐ **D. Action level above DOH and DEC established levels of concern for eight chemicals (benzene; carbon tetrachloride; vinyl chloride; dibromochloropropane (DBCP); 1,2 dichloroethane; 1,2 dichloropropane; hexachlorobenzene, and tetrachloroethylene), 100 points.** Points will also be awarded for other chemicals when DOH expresses a similar level of concern. Project may include new source, treatment or removal of contamination source.
- ☐ **E. Inadequate filtration performance, 100 points.** Documentation of inadequate performance should be available. This deficiency applies to filtration to control microbiological contamination or treatment to reduce an MCL contaminant. Inadequate filtration or other equipment to control secondary contaminants does not meet this criteria.
- ☐ **F. No treatment under influence of surface water, 95 points.** These points are awarded in those instances when a source has not been determined to be microbiologically contaminated; a) applies in those cases.
- ☐ **G. Inadequate chlorination or disinfection facilities, 95 points.** These points would be awarded to projects where water systems are required to continuously disinfect and maintain chlorine contact time. A project to provide equipment, controls or storage for the contact time could receive these points.
- ☐ **H. Daily or routine water shortages, 95 points.** These shortages should require either water conservation measures by customers, water hauling or use of an emergency source.
- ☐ **I. Lack of standby disinfection facilities, 90 points.** These points could be awarded for all community systems without these facilities and for NTNCs where bacteriological sampling or source risk assessment justifies a recommendation for such facilities.
- ☐ **J. Finished storage vulnerable to contamination, 90 points.** These points could be awarded to correct a deficiency such as a reservoir with a leaking roof or within a building that is not insect or rodent proof.
- ☐ **K. Lead and Copper corrosion control, 80 points.** These points may be awarded for treatment systems needed to correct lead and copper corrosion control problems.
- ☐ **L. Contamination below MCL, 80 points.** These points may be awarded if the project is being undertaken to treat or eliminate contamination of a regulated contaminant below an MCL.
- ☐ **M. Seasonal water shortages, 70 points.** These points may be awarded if a water system experiences water shortages seasonally requiring hauling or water conservation measures. Improvements may include new source, increases in pump sizes or mains or treatment facilities,

or replacement of leaking water mains.

☐ **N. Routine pressure below 20 psi in distribution system, 70 points.** Points may be awarded if pressure falls below 20 psi regularly on a weekly basis. Project may include storage, pumping, source, distribution or transmission facilities.

☐ **O. Source vulnerable to PSOCs, 60 points.** Points will be awarded if project is being undertaken to eliminate potential sources of contamination of a water source.

☐ **P. Pressure under 20 psi during fire flow, 60 points.** Points may be awarded if pressures will drop below 20 psi in the distribution system during system expected fire flows. Project may involve storage, transmission, pumping or distribution facilities.

☐ **Q. Redundancy of critical components, 50 points.** Points may be awarded if project will provide redundant facilities such as pumps, sources, storage or treatment facilities.

☐ **R. Iron, manganese, and other secondary contaminants, 50 points.** Points may be awarded if project will eliminate or minimize secondary contaminant problems. Project may involve replacement of piping, treatment facilities or new source.

☐ **S. Inadequate finished storage construction, 50 points.** Points may be awarded to replace or repair storage facilities. Routine operation and maintenance costs are not eligible.

☐ **T. Inadequate transmission main, 40 points.** Points may be awarded to repair or replace transmission mains. Routine operation and maintenance costs are not eligible.

☐ **U. Inadequate finished storage capacity, 40 points.** Points may be awarded to provide additional storage capacity.

☐ **V. Inadequate pumping facilities, 30 points.** Points may be awarded to replace or repair pumping facilities. Routine operation and maintenance costs are not eligible.

☐ **W. Lack of reserve capacity, 30 points.** Points may be awarded to provide system reserve capacity recommended by the Water Supply Rule. Project may include source, pumping, transmission mains or treatment facilities.

☐ **X. Inadequate cross-connection control, 30 points.** Points may be awarded to correct existing or potential cross-connection problems.

☐ **Y. Inadequate distribution facilities, 20 points.** Points may be awarded to replace or repair distribution facilities. Routine operation and maintenance costs are not eligible.

☐ **Z. Inadequate backwash, 20 points.** Points may be awarded to correct inadequate back wash facilities. Projects may include pumping, storage, and backwash disposal facilities.

☐ **AA. Routine distribution pressure below 35 psi, 20 points.** Points may be awarded if project will correct distribution system pressures below 35 psi. Project may include pumping, storage, or distribution facilities.

Please return this application to:

Water Supply Division
DWSRF Program
103 South Main Street
Waterbury, VT 05671-0403

Questions? Please call us at 1-800-823-6500 or 1-802-241-3400, and visit our website at
<http://www.anr.state.vt.us/dec/watersup/capacity.htm>
for loan applications and information

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PRIORITY LIST APPLICATION INSTRUCTIONS

This application is for use by all water systems and for various types of projects. Some questions may not be appropriate for your particular water system, or the choices for your response may not be complete. Please use attachments if necessary to adequately respond to specific questions.

Assistance in completing the application is available from:
Elizabeth Walker, Northeast Rural Water Association, (802) 660-4988
David Allerton, Water Supply Division, 1-800-823-6500

- 1-2. Self explanatory.
- 3-8. Name of individual and contact information of a person that will have authority to furnish information, data and documents pertaining to the project. Please include the title to the water system, i.e., Responsible Person, Prudential Committee, Town Manager, Principal, etc.
- 9-11. Ownership Type – check the type of organization that owns the water system. Examples: Municipality, Homeowners Association, Individual, Corporation, Public School District, Private School, etc. Ownership Financial Status: List profit or non-profit and if non-profit are you tax-exempt.
12. Please provide the estimated total project cost to plan, design and construct the improvements.
13. Estimate the loan amount that will be requested from the State of Vermont DWSRF for the total project (planning, design and construction).
14. List other sources of available funds for the project. The total funds identified for this item (14) plus the total loan amount (item 13) should equal the total project cost estimate (item 12).
15. Basis of Cost. Some examples include: a) Engineer's estimate; b) Feasibility study; c) Operator estimate; d) Construction bids; e) Previous construction costs; f) Actual costs (with short term financing); g) Option to purchase land or easement.
- 16-18. Self explanatory.
19. Project Description. Please provide a brief description of the project. Some examples include: a) Replace 1,000 feet of transmission main; b) Replace 500 feet of water distribution main; c) Construct 10,000 gallon storage tank; d) Install standby chlorination and 50,000 gallon storage tank; e) Purchase land or obtain easement for source protection. (A detailed description of need for land purchase or conservation easement should be provided which identifies potential sources of contamination addressed including their location relative to the water source.)
20. Self explanatory.
21. Briefly describe work completed to date. Some examples include: a) Preliminary Engineering complete; b) Bond Vote passed; c) Construction bid documents complete; d) Property/rights of way obtained; e) Project under construction; f) Permit to Construct obtained; g) Construction complete (with short term financing); h) Option to purchase easement or land obtained.
- 22-23. Self explanatory.
24. Enter current number of service connections, e.g., a 20-unit apartment building is 20

connections, a four-bedroom house is one connection.

25-26. Self explanatory.

27-28. Self explanatory.

29. For systems serving non-residential users i.e., schools, businesses, etc., these organizations are often assigned a specified number of equivalent units for billing purposes. Please list the total number of equivalent units used for billing purposes. For example, a system may serve 50 homes and a school; the school may be considered equal to 10 homes. The total number of equivalent units would be 60.

30-36. Self explanatory.

|

8.3. Postcard Announcing Public Meeting

VERMONT'S INTENDED USE PLAN FOR THE DRINKING WATER STATE REVOLVING FUND

The Vermont Water Supply Division is inviting you to help us determine how to spend the Fiscal Year 2003 Drinking Water State Revolving Fund of approximately \$9.6 million dollars on drinking water infrastructure, source water protection, and water system capacity assistance. The Draft Intended Use Plan (IUP) includes the FY 2003 Priority List for construction projects proposed for funding. One public meeting will be held to discuss the IUP. The location and date for this meeting is:

Thursday, June 19, 2003, 1:00 to 4:00 P.M., Pavilion Building Auditorium, 109 State Street, Montpelier, VT 05602, 1-802-828-3314

Please attend this informational meeting to discuss the IUP. If you would prefer to provide written comments, please send them to: Water Supply Division, DWSRF Program, 103 South Main Street, Waterbury, VT 05671-0403. Written comments are due by Friday, June 27, 2003.

If you have questions or would like to see a copy of the Draft IUP, please contact the Water Supply Division, DWSRF Program toll-free in Vermont at 1-800-823-6500, or direct at 1-802-241-3400. Additionally, a copy of the Draft IUP may be viewed on our website at <http://www.vermontdrinkingwater.org/capacity.htm> after June 1, 2003.

8.4. Responsiveness Summary

Comments were made verbally during the public meeting in Montpelier on June 19, 2003. The comments have been edited and consolidated for brevity and clarity. In addition, verbal or written comments were received (i.e., letter, fax, phone, or email) during the public comments period. The Water Supply Division has a file available to the public that contains the notes from the public meetings and written comments received during the public comment period.

9. Appendix 2: Comprehensive Priority List and Anticipated Loan Recipients for DWSRF Construction Loans

The following Project Priority List is a comprehensive list of projects for water systems which have indicated a need for a DWSRF loan prior to September 30, 2004. Projects are listed in descending priority order and are selected for funding based upon their priority list standing. Anticipated Loan Recipients with funding available during the October 1, 2003 to September 30, 2004 period are identified with a single asterisk. Additional projects will be funded in priority order if additional funds become available. Interest rate determinations and subsidies are preliminary estimates only. Final determinations are made based on loan applications and final project costs.

9.1. 2003 DWSRF Priority List

	Water System Name	WSID	Town	Population	Ownership	MHI	Disadvan- taged	Interest Rate	Disadv. Subsidy	TOTAL POINTS	Current Loan Amount	Cumulative Loan Amount
1	Bennington Water Dept. *	5016	Bennington	17000	Municipal	\$33,706	no	3%	\$0	120	\$2,000,000	\$2,000,000
2	Oglewood Estates/Milton FD 1 *	5551	Milton	110	Municipal	\$49,379	no	3%	\$0	100	\$700,000	\$2,700,000
3	Johnson *	5156	Johnson	1420	Municipal	\$23,846	yes	3%	\$0	98	\$1,700,000	\$4,400,000
4	Hartford *	5319	Hartford	7000	Municipal	\$42,990	no	3%	\$0	97	\$395,000	\$4,795,000
5	Colchester Fire District # 2 *	5059	Colchester	8688	Municipal	\$51,429	no	3%	\$0	70	\$300,000	\$5,095,000
6	Proctor *	5228	Proctor	2500	Municipal	\$39,773	no	3%	\$0	65	\$466,810	\$5,561,810
7	Notch Brook Subdivision *	5167	Stowe	96	Private	\$52,378	no	3%	\$0	150	\$812,000	\$6,373,810
8	Mettawee School *	20721	Pawlet	100	Municipal	\$36,429	yes	3%	\$15,000	145	\$15,000	\$6,388,810
9	Cabot Village *	5261	Cabot	60	Municipal	\$43,092	no	0.6%	\$0	142	\$250,000	\$6,638,810
10	Alburg Fire District # 1 *	5137	Alburg	64	Municipal	\$33,148	yes	-3%	\$99,370	130	\$250,000	\$6,888,810
11	Deep Rock FD # 8 *	5249	Barre	75	Municipal	\$46,563	no	3%	\$0	130	\$409,000	\$7,297,810
12	Dummerston Town School Dist. *	6693	Dummerston	240	Municipal	\$46,121	yes	3%	\$25,000	130	\$62,120	\$7,359,930
13	Newbury Village *	5175	Newbury	500	Municipal	\$27,115	no	3%	\$0	130	\$150,000	\$7,509,930
14	Parsons Hill *	5584	Castleton	52	Municipal	\$39,615	no	3%	\$0	127	\$20,000	\$7,529,930
15	Marshfield *	5269	Marshfield	350	Municipal	\$43,542	no	3%	\$0	127	\$100,000	\$7,629,930
16	Spencer Water Co./Rutland FD 11*	20633	Rutland	42	Municipal	\$44,420	no	3%	\$0	112	\$73,000	\$7,702,930
17	Grandview Acres *	5237	Rutland	88	Private	\$44,420	no	3%	\$0	112	\$100,000	\$7,802,930
18	Mount Snow Village Assoc. *	5291	West Dover	108	Private	\$43,824	no	3%	\$0	112	\$452,000	\$8,254,930
19	Danby-Mt. Tabor	5217	Danby/Mt. Tabor	360	Municipal	\$32,250	no	3%	\$0	110	\$50,600	\$8,305,530
20	Long Point Corporation	8350	N. Ferrisburg	250	Municipal	\$53,672	no	3%	\$0	105	\$500,000	\$8,805,530
21	Green Mountain Valley School	6621	Waitsfield	118	Private	\$45,577	yes	3%	\$0	102	\$18,870	\$8,824,400
22	Putney School	6624	Putney	209	Private	\$40,346	no	3%	\$0	102	\$450,000	\$9,274,400
23	North Hero, Town of	20562	North Hero	1750	Municipal	\$45,577	no	0%	\$0	100	\$550,000	\$9,824,400
24	Proctor	5228	Proctor	2500	Municipal	\$39,773	no	3%	\$0	100	\$459,450	\$10,283,850
25	Harwood Union High School	6707	S. Duxbury	1010	Municipal	\$47,981	no	3%	\$25,000	98	\$100,000	\$10,383,850
26	Bolton Fire District # 1	none	Bolton	400	Municipal	\$49,625	no	3%	\$0	95	\$657,400	\$11,041,250
27	Alburg, Town of	none	Alburg	750	Municipal	\$33,148	yes	-3%	\$795,000	95	\$2,000,000	\$13,041,250

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	Water System Name	WSID	Town	Population	Ownership	MHI	Disadvan- taged	Interest Rate	Disadv. Subsidy	TOTAL POINTS	Current Loan Amount	Cumulative Loan Amount
28	Newport, City of	5202	Newport	8005	Municipal	\$25,544	no	3%	\$0	95	\$550,000	\$13,591,250
29	Stowe	5163	Stowe	1000	Municipal	\$52,378	no	3%	\$0	93	\$885,000	\$14,476,250
30	Northfield, Village of	5275	Northfield	5275	Municipal	\$41,523	no	3%	\$0	92	\$900,000	\$15,376,250
31	Magic Village Co-op Corp.	5294	Londonderry	200	Private	\$43,669	no	3%	\$0	87	\$425,000	\$15,801,250
32	Alpine Haven	5208	Westfield	250	Private	\$38,021	no	3%	\$0	85	\$261,425	\$16,062,675
33	Mountain Home Park MHP	20604	Brattleboro	700	Private	\$31,997	yes	3%	\$0	83	\$1,000,000	\$17,062,675
34	Waitsfield	none	Waitsfield	1000	Municipal	\$45,577	no	3%	\$0	70	\$2,000,000	\$19,062,675
35	Brattleboro	5290	Brattleboro	12200	Municipal	\$29,952	no	3%	\$0	70	\$2,000,000	\$21,062,675
36	Lyndonville Village	5040	Lyndon	3200	Municipal	\$26,354	no	3%	\$0	68	\$220,000	\$21,282,675
37	Isle La Motte School	20629	Isle La Motte	84	Municipal	\$36,125	yes	3%	\$10,670	65	\$10,670	\$21,293,345
38	Brewster-Pierce Memorial School	6065	Huntington	160	Municipal	\$49,559	yes	3%	\$25,000	65	\$18,200	\$21,311,545
39	Danville FD # 1	5037	Danville	850	Municipal	\$42,440	no	3%	\$0	65	\$931,000	\$22,242,545
40	Williamstown	5186	Williamstown	1600	Municipal	\$38,929	no	3%	\$0	65	\$650,000	\$22,892,545
41	Randolph, Town of	5179	Randolph	2724	Municipal	\$41,283	no	3%	\$0	65	\$225,000	\$23,117,545
42	Norwich	5326	Norwich	700	Municipal	\$66,000	no	3%	\$0	63	\$250,000	\$23,367,545
43	Jericho-Underhill	5096	Jericho-Und.	800	Municipal	\$62,188	no	3%	\$0	63	\$333,876	\$23,701,421
44	Barstow School	6627	Chittenden	280	Municipal	\$45,313	yes	3%	\$25,000	62	\$25,000	\$23,726,421
45	Barre, City of	5254	Barre	14000	Municipal	\$30,393	no	3%	\$0	60	\$2,000,000	\$25,726,421
46	Rutland City FD # 6	5378	Rutland	140	Municipal	\$44,420	no	3%	\$0	57	\$190,000	\$25,916,421
47	Rutland City FD # 1	5534	Rutland	580	Municipal	\$44,420	no	3%	\$0	55	\$250,000	\$26,166,421
48	South Hero FD # 4	20080	South Hero	775	Municipal	\$52,344	no	3%	\$0	43	\$110,000	\$26,276,421
49	Brookfield Elementary School	6741	Brookfield	130	Municipal	\$45,515	yes	3%	\$23,200	17	\$23,200	\$26,299,621
	* Anticipated Loan Recipient											
										Total	\$26,299,621	

Notes:

- 1) Project numbers 1 through 6 on the priority list have received or may be receiving partial funding from the FY 2002 Priority List. These projects will receive top priority for funding from the FY 2003 Priority List.
- 2) Interest rates and disadvantaged subsidies are preliminary determinations only.
- 3) Based on EPA interpretation of new water systems and water system extension projects, the Waitsfield project is not eligible for DWSRF funding. However, the Waitsfield project may be partially eligible.

9.2. 2003 DWSRF Priority List Project Descriptions

For funding during the October 1, 2003 to September 30, 2004 Funding Cycle

The following six projects have received or may be receiving partial funding from the FY 2002 DWSRF priority list. These projects will receive top priority for funding from the FY 2003 priority list, and are listed in priority order. Technical points for each project follow each project description. Points allotted for population, consolidation, downtown impacts, and affordability are shown on the attached spreadsheet.

1. **Bennington Water Dept., WSID # 5016.** Water system improvements to include modifications to the intake structure, raw water piping, raw water flow controllers for each filter unit, 2.5 MG clearwell, filtered water pump station, lime silo and feed system, carbon dioxide storage and feed system, a residuals handling thickener, a freezing/drying bed, controls and instrumentation upgrade, a SCADA system upgrade and miscellaneous meter and piping upgrades. Inadequate filtration performance, 100 pts.
2. **Milton FD # 1/Oglewood Water Assoc., WSID # 5551.** Identify and develop either a new groundwater supply source for the FD, or extend the Town of Milton municipal water supply to connect the FD. Approximately 9,000 lf of transmission main would be required for a connection to Milton. Seasonal water shortages, 70 pts.
3. **Johnson, Village of, WSID # 5156.** Development of a new water source for the Village, pumping and treatment facilities, transmission mains, and distribution improvements. Seasonal water shortages, 70 pts.
4. **Hartford, WSID # 5319.** Final design and construction of
 - 1) new pumping station for the new Wilder Well # 2
 - 2) connecting water main to the existing Wilder groundwater treatment facility
 - 3) new oversized discharge water main to provide 20 minutes of chlorine contact time
 - 4) an upgrade to the existing groundwater treatment facility to increase capacity, resolve operation problems, and update systems,
 - 5) an upgrade to the existing Wilder Well # 1 pumping station to resolve deficiencies and update systems.Inadequate chlorination or disinfection facilities, 95 pts.
5. **Colchester FD # 2, WSID # 5059.** Replace the existing waterlines on Porters Point Road from Lois Lane to Smith Road with 2,000 lf of new 8-inch ductile iron waterlines to correct undersized and aging mains. Routine pressure below 20 psi in distribution system, 70 pts.
6. **Proctor, WSID # 5228.** Replace 3,600 feet of transmission/distribution main. Pressure under 20 psi under fire flow, 60 points.

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The following projects are considered as new projects and are listed in priority order.

7. **Notch Brook Subdivision, WSID # 5167.** Connect existing system to the Village of Stowe municipal water system. Unapproved source of water, 110 pts.
8. **Mettawee School, WSID # 20721.** Provide treatment for arsenic. Contaminants above MCL, 120 pts.
9. **Cabot Village, WSID # 5261.** Extend the Cabot Village water system to lower Cabot to provide a new source of drinking water to homeowners whose wells a leaking gasoline UST has contaminated. Contaminants above an MCL, 120 pts.
10. **Alburg FD # 1, WSID # 5137.** Improved and relocated raw water intake structure (e.g., infiltration gallery) and improved intake line. New treatment facility consisting of filtration and disinfection. Upgrades of distribution and storage components. Inadequate filtration performance, 100 pts.
11. **Deep Rock FD # 8, WSID # 5249.** Replacement of transmission lines; connection to the East Barre FD and/or connection to 20-inch main serving Barre City (Trowehill area); possible pump station and holding tank. Alternatives are currently being considered as part of Preliminary Engineering Report. Daily or routine water shortages, 95 points.
12. **Dummerston Town School District, WSID # 6693.** Water system improvements including arsenic treatment, well pump, water storage tank, two booster pumps, hydropneumatic tanks and controls. Contaminants above MCL, 120 pts.
13. **Newbury Village, WSID # 5175.** Drill one well and pump test a total of three wells. Connect three wells to system with approximately 1,700 feet of water lines. Complete preliminary engineering report and evaluation for water system improvements. Unapproved source of water, 110 pts.
14. **Parsons Hill, WSID # 5584.** Connection/consolidation with Castleton FD # 3. Lack of standby disinfection facilities, 90 pts.
15. **Marshfield, WSID # 5269.** Installation of a uranium treatment system. Contaminants above MCL, 120 pts.
16. **Spencer Water Co./Rutland FD 11, WSID # 20633.** Extend Rutland City water main with a new valved 8-inch branch 420 lf along west side of Patricia Lane Extension and north side of Patricia Lane connecting to existing 2-inch PVC distribution system. Install fire hydrant on Patricia Lane with water meter and backflow preventer in a concrete chamber. Seasonal water shortages, 70 pts.
17. **Grandview Acres, WSID # 5237.** Install chlorine pump and solution tank, chlorine contact piping, and replace water lines on David Road and Ruth Avenue. Lack of

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standby disinfection facilities, 90 pts.

18. **Mount Snow Village Assoc., WSID # 5291.** Develop additional water source for system, evaluate condition of transmission and distribution lines, and install telemetry system. Daily or routine water shortages, 95 pts.
19. **Danby-Mt. Tabor, WSID # 5217.** Install UV disinfection equipment plus appropriate controls. Reorganize piping in distribution system in the control house, increase size of control house. No treatment under the influence of surface water, 95 pts.
20. **Long Point Corporation, WSID # 8350.** Construction of a filtration facility for unfiltered surface water source. No treatment under the influence of surface water, 95 pts.
21. **Green Mountain Valley School, WSID # 6621.** Mitigation of elevated lead levels as detected in the water system in September 2001 and 2002. Project includes fixture replacement, pressure tank replacement, distribution mapping, backflow preventers and metering. Lead and Copper corrosion control, 80 pts.
22. **Putney School, WSID # 6624.** Construct new centralized booster station with controls, alarms, and disinfection. Well pump station and storage valving improvements. Replacement of waterlines. Lack of standby disinfection facilities, 90 pts.
23. **North Hero, Town of, WSID # 20562.** Install 175 gpm filter, backwash facilities, and flow-paced chlorination. Construct additional storage to supplement existing clearwell and for CT. Construct Station Road 8-inch watermain loop to improve system hydraulics. Inadequate chlorination or disinfection facilities, 95 pts.
24. **Proctor, WSID # 5228.** Preliminary engineering to address low pressure areas in high elevation locations, final design of chlorine contact time at Field Street well and filter plant improvements. Inadequate chlorination or disinfection facilities, 95 pts.
25. **Harwood Union High School, WSID # 6707.** Locate and develop new primary and secondary source or provide treatment to correct groundwater under the influence of surface water issue. Replace existing booster pumps and controls. Provide backflow prevention, and proper control system for chlorinator. No treatment under the influence of surface water, 95 points.
26. **Bolton FD # 1, WSID # 5051.** Replacement of inadequate surface water source, installation of meters, distribution system and storage reservoir improvements. Finished storage vulnerable to contamination. 90 pts.
27. **Alburg, Town of.** Extension of existing Village of Alburg water distribution system to serve need in Town, including approximately 91,000 feet of 8-inch distribution piping. No treatment under the influence of surface water, 95 pts.

28. **Newport, City of, WSID # 5202.** Install and develop a large diameter (18- or 12-inch) production well and appurtenances. Seasonal water shortages, 70 pts.
29. **Stowe, Town of, WSID # 5163.** Construct new 750,000 gallon storage tank on Sunset Hill as part of overall water system improvements. Finished storage vulnerable to contamination, 90 pts.
30. **Northfield, Village of, WSID # 5275.** Replace or rehabilitate the existing 500 MG Cheney Farm storage tanks and replace approximately 600 linear feet of 12-inch transmission lines. Preliminary engineering to investigate condition of existing 100-year-old water mains. Finished storage vulnerable to contamination, 90 pts.
31. **Magic Village Co-op Corp., WSID # 5294.** Increase storage capacity from 20,000 to 65,000 gallons, new source development, add generator and new building for control panel, upgrade entire system. Seasonal Water shortages, 70 pts.
32. **Alpine Haven, WSID # 5208.** Acquire system assets from current owner, provide additional water source capacity, increase reservoir capacity, correct low water pressures at homes in higher elevations, and to cease the use of surface water at times of peak consumption. Seasonal water shortages, 70 pts.
33. **Mountain Home Park MHP, WSID # 20604.** Planning, final design, and construction for the replacement of the transmission and distribution mains within the MHP. Routine pressure below 20 psi in distribution system, 70 pts.
34. **Waitsfield.** New Public Community Water System including source(s), pumping and treatment facility, water storage tank, water mains, water services, water meters and hydrants to eliminate water shortages for consolidated water systems. Seasonal or routine water shortages, 70 pts.
35. **Brattleboro, WSID # 5290.** Water treatment facility improvements and modifications including filter to rinse piping, building addition to house a fourth filter unit, fourth adsorber clarifier/filter unit, process piping, raw water coagulation piping, recycle upgrades, filter control and instrumentation improvements, SCADA improvements, lagoon modifications, freezing/drying bed, building addition for storage and maintenance, miscellaneous site grading, piping, and electrical improvements. Redundancy of Critical Components, 50 pts.
36. **Lyndonville Village, WSID # 5040.** Replacement of transmission and distribution mains. Inadequate transmission main, 40 pts.
37. **Isle Lamotte School, WSID # 20629.** Provide additional chlorine contact time, provide metering, and miscellaneous improvements. Inadequate finished storage capacity, 40 pts.

38. **Brewster-Pierce Memorial School, WSID # 6065.** Install water softener type iron removal system and piping to septic system, install UV disinfection system. Iron, manganese and other secondary contaminants, 50 pts.
39. **Danville FD # 1, WSID # 5037.** Replacement of approximately 8,600 lf of existing water main that is undersized and in poor condition. Construction will include approximately 3,200 lf of 12-inch ductile iron water main and appurtenances on Hill Street and 2,000 lf of 8-inch ductile iron water main and appurtenances on Highland Avenue and Grandview Avenue. Approximately 3,400 lf of 12-inch ductile iron pipe along Route 2 will be replaced under a separate contract with Vermont Department of Transportation Route 2 reconstruction. Pressure under 20 psi during fire flow, 60 pts.
40. **Williamstown, WSID # 5186.** Distribution upgrade to address system hydraulics, inadequate pressure flow characteristics and storage capacity. Pressure under 20 psi during fire flow. 60 pts.
41. **Randolph, Town of, WSID # 5179.** Replace old and undersized water distribution lines with 8-inch mains to improve service pressure and fire protection. Pressure under 20 psi during fire flow, 60 pts.
42. **Norwich, WSID # 5326.** Replace approximately 5,000 feet of 6-inch and 8-inch transmission and distribution water main. Pressure under 20 psi during fire flow, 60 pts.
43. **Jericho-Underhill Water District, WSID # 5096.** Construction of approximately 1,320 feet of transmission main and a 150,000-gallon water storage tank. Pressure under 20 psi during fire flow, 60 pts.
44. **Barstow School, WSID # 6627.** Construction of necessary water system improvements including: water storage tank, booster pumps, hydropneumatic tanks, and well/booster pump control/alarm system. Redundancy of critical components, 50 pts.
45. **Barre, City of, WSID # 5254.** Construction of 5,200 lf of 24-inch water transmission main on Route 302 and 1,700 lf of 24-inch water transmission main on East Cobble Hill Road and appurtenant construction. Inadequate transmission main, 40 pts.
46. **Rutland City FD # 6, WSID # 5378.** Replacement of upper and lower Victoria Drive water mains due to severe history of water main breaks. Inadequate transmission main, 40 pts.
47. **Rutland Town FD # 1, WSID # 5534.** Design and construction of an emergency water connection to the Rutland City Water System. Also, the replacement of old A-C water mains. Redundancy of critical components, 50 pts.
48. **South Hero FD # 4, WSID # 20080.** Design and construction of additional storage

capacity. Inadequate finished storage capacity, 40 pts.

49. **Brookfield Elementary School, WSID # 6741.** Installation of UV standby disinfection system. 0 pts. There is no category to give technical points for this project, because the school is not required to install standby disinfection, they do not have any MCL violations for bacteriological contaminants, and the source is not vulnerable to PSOCs. Therefore, only non-technical points are awarded for the project.

10. Appendix 3: Program Description

PROGRAM DESCRIPTION VERMONT DRINKING WATER STATE REVOLVING FUND May 2003

The following is a brief and general overview of the Drinking Water State Revolving Fund (DWSRF) program; official interpretations of policies and procedures may be obtained from the Water Supply Division (803-241-3400). The four sections in this Program Description are Construction Loans, Planning Loans, Source Protection Loans, and All Loans.

10.1. CONSTRUCTION LOANS (Planning & Design also eligible)

10.1.1. Eligible Organizations

- (1) Publicly owned community water systems.
- (2) Privately owned community water systems.
- (3) Non-profit, Non-community water systems.

10.1.2. Eligible Projects

Nearly all water system improvement projects are eligible (new construction, renovation or replacement, or consolidation of systems) which will facilitate compliance with federal primary drinking water regulations or otherwise significantly further health protection objectives of the Safe Drinking Water Act (SDWA). Generally, the complete project will be eligible for a loan.

- Replacement of contaminated sources with new sources;
- Construction of treatment facilities;
- Installation of disinfection facilities;
- Projects required to address compliance or enforcement issues;
- System consolidation or interconnection to address capacity issues;
- Costs for planning and engineering design associated with a DWSRF eligible project;
- Land acquisition integral to a DWSRF eligible project.
- Replacement of aging infrastructure, including all distribution and transmission lines;
- Upgrade or rehabilitation of existing water facilities;
- Installation of meters and back flow prevention devices; and
- Refinancing of DWSRF eligible projects where the debt was incurred after July 1, 1993. (Funds currently not available.)

10.1.3. Ineligible Projects

The fund cannot provide funding assistance for the following projects and activities:

- Dams or rehabilitation of dams;
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is

- located;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;
- Projects for systems in significant noncompliance, unless funding will ensure compliance; and
- Projects primarily intended to serve future growth.

10.1.4. Project Planning

The phasing of construction projects over multiple years is an acceptable practice. However, each application must identify a stand-alone project. The funding of future phases will be contingent on availability of funds and project priority.

10.1.5. Loan Rates and Terms

The following rates are subject to change based on determinations by the State Treasurer and the Secretary.

LOAN TYPE ^[1]	ORGANIZATION TYPE	INTEREST RATE PLUS ADMINISTRATIVE FEE	MAX TERM ^[2]
Planning	All	0%	5 yrs.
Construction	Municipal Community ^[3] Non-Disadvantaged	(3%) - (0%) ^[7]	20 yrs.
Construction	Municipal/Disadvantaged ^[4]	(3%) - (-3%) ^[7]	30 yrs.
Construction	Private-Profit Community	3% ^[8]	20 yrs.
Construction	Private-Non-Profit Community (Disadvantaged) ^[4]	(3%) - (-3%) ^[10]	30 yrs.
Construction	Private-Non-Profit Community (Non-Disadvantaged)	3% ^[8]	20 yrs.
Construction	Private-Non-Profit Non-Community	3% ^[8]	20 yrs.
Construction	Municipal (Non-Community)	3% ^[9]	20 yrs.
Refinancing	Municipal (Debt incurred July 1, 1993 - April 5, 1997)	4.376% ^[5]	20 yrs.

Refinancing	Municipal (Debt incurred after April 5, 1997)	New loan rates ^[6]	New loan ^[6] terms
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- 1) Planning loans may include feasibility studies, preliminary engineering, engineering design etc., and will be rolled over into a long term loan if a loan is obtained for the proposed facilities. Construction loans include all system improvement type loans.
- 2) Loan durations are for maximum terms but may be for a shorter time based on loan amount and other considerations.
- 3) Municipal includes city, town, village, fire district, school district, etc. Interest rate plus administrative fee will not be less than necessary to achieve an annual household user cost of 1.25% of median household income. The percentage is proposed to be changed to 1% during the 2003 legislative session.
- 4) A disadvantaged municipality has a median household income below the state average community median household income (\$40,368). Interest rate plus administrative fee and term will not be less than necessary to achieve an annual household user cost of 1.25% of median household income and final adjustments will be made when loan is finalized after construction completion. . The percentage is proposed to be changed to 1% during the 2003 legislative session
- 5) Interest rate set by State Treasurer.
- 6) Interest rate plus administrative fee and term will be the same as for new loans if funded within 2 years of the initiation of construction.
- 7) Administrative fee will be from 0% to 2%.
- 8) Administrative fee will be 3%.
- 9) Administrative fee will be 2%.
- 10) Administrative fee will be from 0% to 3%

10.1.6. Comprehensive Project List

A list of known projects eligible for loans is maintained by the Water Supply Division for planning purposes. The list is updated annually and water systems are encouraged to identify projects and submit applications for this list. The Water Supply Division may add projects to the list without an application from the water system.

10.1.7. Project Ranking and Selection Criteria

A project priority list is established for projects needing funds during the Federal fiscal year. (The list is for the period October 1 - September 30.). A priority score is established for each eligible project by assigning points based on established criteria. The criteria required by Federal and State regulations are covered under the following general categories:

- 1) System facility deficiencies,
- 2) Physical consolidation of water system,
- 3) Financial need/affordability,
- 4) Population,
- 5) Downtown area preference,
- 6) Source protection.

Projects are listed in priority order based on total scores.

10.1.8. Anticipated Loan Recipients

The highest priority projects with a total cost that does not exceed the estimated funds available during the fiscal year and which comply with the following Federal and State regulatory requirements are identified as Anticipated Loan Recipients on the list.

- 1) A minimum of 15% of the funds must be used for projects serving communities with populations of fewer than 10,000 persons.
- 2) Funds for private systems cannot exceed 20% of the available funds.
- 3) Subsidies for disadvantaged communities cannot exceed 30% of the federal capitalization grant.

Projects not identified as Anticipated Loan Recipients will be funded in priority order, if funds became available during the year.

10.1.9. Bypassed Projects

Anticipated Loan Recipients may be bypassed if they do not proceed in accordance with the planned project schedule or if emergency projects are funded to address imminent and substantial threats to public health.

10.1.10. Re-Application

Priority lists will be revised at least annually; updated information or new applications will be required. The Water Supply Division may include projects on the list without applications.

10.1.11. Feasibility Studies, Engineering Reports and Plans and Specifications

Water Supply Division approval of feasibility studies and engineering reports funded by the program is required. Approval of plans and specifications for all water system improvements is required by the Water Supply Rule.

10.1.12. Procurement Requirements

Competitive procurement requirements and approvals will be included in loan agreements. Force account construction will not be allowed except in unusual circumstances.

10.1.13. Maximum and Minimum Loan Amounts

A minimum loan amount has not been established; not more than \$2 million of the funds

available in any given year can go to a single project, without specific review and approval by the Secretary. It should be feasible to phase projects with cost estimates exceeding \$2 million.

10.1.14. Project Approval Steps

Following are the steps for a standard construction project.

- 1) Application for priority list or updated information submitted by applicant. (April of each year.)
- 2) Eligibility determinations on application.
- 3) Priority list developed.
- 4) Public comment obtained on priority list.
- 5) Capitalization grant finalized and submitted to EPA.
- 6) EPA approves grant to State.
- 7) Anticipated loan recipients required to attend pre-application meetings.
- 8) Anticipated Loan Recipients required to submit project schedule.
- 9) Project schedule approved by Water Supply Division.
- 10) Anticipated Loan Recipients requested to submit application.
- 11) Application required to include information for environmental review.
- 12) Project determinations (eligibility, scope, interest rate, etc.) made.
- 13) Environmental review process completed.
- 14) Bond Bank or VEDA notified of project approval.
- 15) Applicant submits loan application to VEDA or Bond Bank if required.
- 16) VEDA or Bond Bank executes loan agreement with applicant.
- 17) Plans and Specifications approved.
- 18) Contracts awarded in accordance with loan agreement.
- 19) Construction initiated.
- 20) Loan disbursements made during construction for completed work.
- 21) All construction completed.
- 22) All loan agreement conditions completed.
- 23) Loan closed out.
- 24) Loan payments begin.

10.1.15. Municipally Owned School Water System Disadvantaged Program

Up to \$25,000 of a loan from the construction fund for improvements to a *municipally* owned public school water system may be forgiven. The following criteria must be satisfied.

- 1) The system must demonstrate capacity.
- 2) The system must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule.
- 3) The improvements must be completed in accordance with a construction permit issued by DEC and all of the construction permit conditions must be satisfied.
- 4) Competitive procurement procedures must be followed for the construction.
- 5) The completed work must be inspected and completed in accordance with the

construction permit verified by a professional engineer or DEC staff.

- 6) Standard procedures for obtaining a loan must be followed.

The determination by the Secretary on loan forgiveness will be final. The determination will be made when the loan is finalized following construction completion.

10.1.16. Department of Agriculture Rural Development - ANR Joint Funded Projects

The Secretary may designate certain projects as joint funded projects and reduce the ANR administrative fee plus interest rate to make the total cost to the borrower equivalent to an ANR DWSRF loan for the total project. Municipalities will be contacted prior to making such decisions and this procedure will generally only be considered for large projects.

10.2. PLANNING LOAN FUND.

10.2.1. Eligible Organizations

Municipal systems and non-profit community private systems with populations under 10,000.

10.2.2. Eligible Projects

Preliminary engineering planning studies and final engineering plans and specifications for water system improvement projects needed to comply with state and federal standards and to protect public health.

10.2.3. Loan Terms and Rates

0% interest, 5 year term.

10.2.4. Maximum and Minimum Loan Amounts

The maximum loan amount is \$100,000.

10.2.5. Project Ranking

A project priority list is maintained by the Water Supply Division. A priority score is established for each eligible project by assigning points for the water system improvement project based on established criteria. The criteria which are the same as for construction projects include the following general categories except for points awarded for population:

- 1) System facility deficiencies;
- 2) Physical consolidation of water systems;
- 3) Financial need/affordability;
- 4) Population (scores are triple scores awarded for construction projects); and
- 5) Growth center impact.

Projects are only scored when there is a shortage of funds.

10.2.6. Priority List Applications

Applications will be accepted on a continuing basis.

10.2.7. Loan Recipients

The highest priority projects on the priority list will be funded as funds become available.

10.2.8. Loan Applications

Water systems will generally be given 60 days to submit a loan application following notification of available funds.

10.2.9. Loan Consolidation Requirement

Consolidation of the planning loan with a loan from the construction loan fund for the water system improvements will be required as a loan condition. Consolidation will be made when the construction loan is finalized following completion of construction.

10.2.10. Procurement Requirements

Procurement requirements will be included in loan agreements. All professional service contracts will require review and approval of scope of services, level of effort, and cost. All feasibility studies, planning documents, preliminary engineering reports, and plans and specifications require review and approval by the Water Supply Division. Costs incurred prior to a commitment of loan funds by DEC are not eligible for a loan.

10.2.11. Repayment

The first loan repayment will be two years after last loan disbursement or approval of the engineering report, whichever occurs first. Under certain circumstances up to \$50,000 of the unpaid balance of a planning loan to a *municipality* may be forgiven by the Secretary following the completion of project construction. The following criteria must be satisfied to obtain loan forgiveness; the Secretary's determinations on loan forgiveness shall be final. Potential eligible preliminary engineering and design cost will be determined by DEC using DEC guidance documents (Engineering Fee Allowance Curve) and the completed documented construction cost eligible for revolving loan funding.

(1) General Criteria

- (a) Must demonstrate capacity,
- (b) Must be in compliance with the Water Supply Rule including any temporary operating permit or other compliance schedule,
- (c) Must be current on fees,
- (d) Improvements for which planning loan was provided must be completed in accordance with a Water Supply Division construction permit.
- (e) All construction permit requirements must be satisfied including O & M manual and as-builts.
- (f) Loan agreement must be executed following the effective date of the authorizing legislation.

(2) Specific Criteria. The project must meet at least one of the following specific criteria.

- (a) Construction of the project was completed using non-Drinking Water State Revolving Loan Funds (DWSRF) and the project did not receive other

appropriated state funds for project costs.

- (b) The project serves a small population. The maximum forgiveness shall be \$25,000. Projects for systems serving populations of 300 or less shall receive 100% of eligible forgiveness. The percent eligible for forgiveness for systems serving 300 to 500 population shall be reduced by 0.5% for an increase of one in design population. Systems serving populations of 500 and above will not be eligible for forgiveness under this provision.
- (c) User rates exceed 2% of the median household income. The amount of forgiveness will be determined by increasing the amount of forgiveness until the 2% target, the \$50,000 maximum, the amount of the unpaid balance or the eligible preliminary engineering and design cost is reached. The annual planning loan cost to the municipality will be determined using construction loan terms and interest rates for DWSRF funded projects.

10.3. SOURCE PROTECTION LOANS

10.3.1. Eligible Organizations

Municipal water systems.

10.3.2. Eligible Projects

For purchasing land or conservation easements in order to protect public water sources and ensure compliance with state and federal drinking water regulations.

Source must have hydrogeologically delineated source protection area (no 3000' radius source protection areas) and an approved source protection plan prior to loan award.

Water system must demonstrate how the project will directly promote public health protection or compliance with national drinking water regulations.

10.3.3. Loan Terms and Rates

3% interest, 20 year term.

10.3.4. Maximum and Minimum Loan Amounts.

The maximum loan amount is \$200,000. There is no minimum loan amount.

10.3.5. Project Ranking

A project priority list is maintained by the Water Supply Division. A priority score is established for each eligible project by assigning points based on established criteria. The criteria, most of which are the same as for construction projects, include the following general categories:

- 1) Population;
- 2) Financial need/affordability;
- 3) Downtown area preference;
- 4) Source protection.

10.3.6. Priority List Applications

Applications will be accepted on a continuing basis.

10.3.7. Loan Recipients

The highest priority projects on the priority list will be funded when funds become available.

10.3.8. Loan Applications

Water systems will be required to submit a project schedule for approval by the Water Supply Division within 30 days of notification of available funding.

10.3.9. Loan Conditions

Loan conditions on land use may include:

- 1) Management in accordance with source protection plan;
- 2) Prohibition of sale as long as source is an approved water source;
- 3) Requirement for an annual inspection and report.

10.3.10. Procurement Requirements

Procurement requirements will include:

- 1) A minimum of two appraisals will be required for evaluation purposes;
- 2) Proposed easements and purchase agreements will require review and approval by WSD;
- 3) Normal closing requirements, such as title search, will apply;
- 4) Purchase must be from a willing seller.

10.3.11. Repayment

Payments begin one year after last loan disbursement.

10.4. All Loans

10.4.1. Lack of technical, managerial and financial capability

A loan fund may not provide any type of assistance to a system that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance will ensure capacity over the long-term.

The Water Supply Division will make a determination on system capacity based on information available in Water Supply Division records, the priority list application, completion of the capacity evaluation form at the pre-application meeting, and the loan application. Some considerations include current compliance status with requirements for an operation and maintenance manual, operator certification, water quality monitoring, source protection plan, payment of lawful fees, groundwater under the influence determination, sanitary survey recommendations, and long range planning. Financial capacity determination will also consider current and projected water rates, delinquent water accounts, and financial planning.

The existence of an active organization with identified responsible officials and business practices with respect to customer complaints will be considerations in managerial capability determinations.

Loan applications will rarely be rejected based on capability determinations (e.g., capacity determination), however, loan agreements will frequently include corrective action requirements to improve capability.

10.4.2. Loan Application Fees

There are no application fees, however an administrative fee will be charged on some loans.

10.4.3. Loan Disbursements

Loan disbursements will be made in accordance with the loan agreement, however, only one disbursement will be allowed in a calendar month and disbursements must be for expenses incurred and paid. An estimated disbursement schedule will be required at the time of loan execution.

10.4.4. Loan Repayment

Loan repayment requirements will be specified in the loan agreement; however, repayments must start no later than 1 year after project completion.

10.4.5. Financial Capability to Repay Loan

The Vermont Municipal Bond Bank shall make these determinations for all loans to municipal organizations and the Vermont Economic Development Authority (VEDA) will make these determinations for all loans to private organizations.

The Bond Bank and VEDA make the loans on behalf of the state. Applicants must submit the necessary applications and other information to these entities as necessary for processing the loans.