

**State of Vermont**  
**Intended Use Plan for the Drinking Water**  
**State Revolving Fund**  
**Federal Fiscal Year 2005**

**Prepared By**  
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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 \$8,285,500 for Federal Fiscal Year (FFY) 2005. 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 05 funding of \$8,285,500 and a state match of \$1,657,100. 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 ninth 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 Protection Program.
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 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 of the 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 2005, 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 8, 2005. 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 16, 2005.

#### **3.2. Direct Contacts**

Between January and April 2005, Water Supply Division staff and the project specialist from Vermont 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**

Placing an advertisement in the following newspapers and locations prior to the scheduled IUP meeting date provided public notice.

<b>Newspaper Name</b>	<b>Circulation</b>
<i>Burlington Free Press</i>	Statewide
<i>Rutland Herald</i>	Central and Southern Vermont
<i>Bennington Banner</i>	Southern Vermont
<i>Newport Daily Express</i>	Northern Vermont
<i>Caledonian Record</i>	Northeastern Vermont
<i>Rutland Tribune</i>	Central and Southern Vermont
<i>Washington World</i>	Central Vermont.

#### **3.4. Public Meeting Notices**

In May 2005, public meeting notices were mailed to approximately 750 water suppliers and stakeholders. Information in a very brief format was provided on a postcard (Section

8.3) identifying the following information:

- IUP public meeting date, time, and location;
- funding available for the plan;
- 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.

Additionally, letters were sent to all water system applicants wishing to get on the FY 2005 priority list and their consultants. All applicants were encouraged to attend this meeting.

### **3.5. *Public Meeting***

A public meeting was held to discuss the IUP and obtain public comments on June 16, 2005, in Montpelier, Vermont. A total of 12 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 04 is **\$8,285,500**; therefore, the amount of state match funds required is **\$1,657,100**. The state match will come from funds appropriated through the Vermont State Capital Appropriations Bill for State Fiscal Year 2006 Act No. 43 (H.518).

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 04 in excess of the required PWSS match. No more than 50% of the in-kind match can come from the excess FFY 93 money. The State of Vermont estimates that \$600,000 of excess state match will be spent on PWSS programs during FFY 05. Additionally, \$519,208 of FFY 93 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. This will provide a total of \$1,119,208 of match funds for the state program management set-aside. This IUP will use \$828,550 of these match funds. The State of Vermont will identify actual match funds based on the FFY 05 and FFY 93 expenditures and submit the appropriate documentation to EPA for approval at the end of FFY 05.

The State of Vermont identified \$1,039,681 of eligible in-kind match money based on FFY04 and FFY 93 excess expenditures for PWSS work in documentation submitted to EPA on August 22, 2005.

### **4.2. Funding Breakdown**

The State of Vermont will have a total of \$9,942,600 in new funds for the FFY 05 DWSRF Program. This includes \$8,285,500 in federal funds and \$1,657,100 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 \$2.6 million of the \$8.3 million. Instead, the State is proposing to use \$1,890,632 (approximately 23% of the \$8.3 million or 19% of the \$9.94 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 \$8,051,968 for construction-related projects. The 2005 DWSRF Project Priority List (Section 9) identifies Anticipated Loan Recipients' projects with a total estimated cost of \$8,051,968. 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. Income received from loan repayments and fund interest during the funding cycle, plus any underruns from prior year projects will be used to fund additional projects on the 2005 list.

#### **4.3. Payment Schedule**

EPA requires a payment schedule for planning the obligation of federal funds. A federal payment is defined as an increase to the ceiling in the Automated Standard Application for Payment System (ASAP).

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.

	<b>Federal Fiscal Year</b>		
<b>Payment No.</b>	<b>Quarter</b>	<b>Date</b>	<b>Amount</b>
1	2005-4	7/1/05-9/30/05	\$1,890,632
2	2006-3	4/1/06-6/30/06	\$1,000,000
3	2006-4	7/1/06-9/30/06	\$1,000,000
4	2007-3	4/1/07-6/30/07	\$4,394,868
Total			<b>\$8,285,500</b>

#### **4.4. DWSRF Disbursement Schedule**

EPA requires an estimated disbursement schedule for planning the disbursement of federal funds. Below is the schedule for the new funding of \$8,285,500.

<b>Disbursement Quarter</b>	<b>Amount</b>
1QFFY2006	\$341,980
2QFFY2006	\$626,979
3QFFY2006	\$1,041,980
4QFFY2006	\$1,896,693
1QFFY2007	\$1,547,000
2QFFY2007	\$1,355,763
3QFFY2007	\$826,797
4QFFY2007	\$459,909

<b>Disbursement Quarter</b>	<b>Amount</b>
1QFFY2008	\$188,399
Total	\$8,285,500

#### **4.5. Criteria and Method for Distributing Funds for Improvement Projects**

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 new priority list of projects requesting loans from FFY05 funds (Section 9) 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 this funding cycle (\$8,051,968) are those projects above the double line in Priority List and are regarded as Anticipated Loan Recipients (ALR). New funding will be used for the first 12 projects on the list and \$251,968 of the Stowe FD#4 project. Projects that are not ALR will be funded in priority order if funds become available during the funding cycle through the bypass procedure described in the Priority System section (Section 5.3.7) or with additional loan repayments and fund income received and excess funds available from prior year projects not completing loan applications by the September 30, 2005 deadline. The ALRs 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 (\$1,242,825). The ALRs are comprised of 12 small water systems and 1 water system serving more than 10,000 people. The list of ALRs includes \$6,051,968 for 12 projects that serve populations less than 10,000 persons.
- As required in Vermont legislation, funds for private water systems cannot exceed 20% of the available funds (\$1,610,394). Two private water systems on the list for \$250,000 are included in the ALR portion of the list.
- As required in federal legislation, subsidies for disadvantaged communities cannot exceed 30% of the federal capitalization grant (\$2,485,650 for FFY2005). The list of ALRs includes subsidies of approximately \$1,250,000 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 designated as an ALR 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, certain disadvantaged systems are eligible for debt forgiveness as a means of making a water improvement project more 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 (MHI) 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 1.0 percent of the median household income after construction of the proposed water supply improvements, or, if the MHI is at or above the state average of community MHIs, the water system must have an annual household water user cost greater than 2.5 percent of the median household income after construction of the proposed water supply improvements. 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. Disadvantaged municipally-owned water systems and privately-owned nonprofit community water systems that have an MHI below the state average 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 1.0 percent of the median household income of the municipality in which the water system is located or of the users of the water system. 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 zero (0) percent for systems that have an MHI at or above the state average to minus three (-3) percent for systems that have an MHI below the state average 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 Department of Environmental Conservation approves the loan

application. All other subsidies obtained from other institutions that 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) A Professional Engineer or ANR staff has verified the completed work.

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, effective July 1, 2005, is:

<b>Current Loan Status</b>	
Loans Awarded (112)	\$56,769,271
Loan Disbursements	\$44,854,519

<b>Current Loan Status</b>	
Loan Principal Repayments (52)	(\$3,646,033)
Current Outstanding Loan Principal	\$41,208,486

<b>Available Loan Funds (Unobligated Funds)</b>	
Federal Funds (All Funds thru FFY04 Cap Grant)	\$8,393,550
State Match (Full Match thru FFY04 Grant)	\$1,852,780
Fund Interest (at 7/1/05)	\$504,867
Loan Repayments & Miscellaneous (at 7/1/05)	\$1,872,009
<b>Subtotal Available Funds thru FFY04</b>	<b>\$12,623,206</b>
Anticipated Loan Obligations – FY04 and Prior Lists	\$12,623,206
Project Funds from FFY05 Cap Grant (available 10/1/05)	\$6,394,868
State Match to FFY05 Cap Grant (available 10/1/05)	\$1,657,100
<b>Total Funds Available at 10/1/05</b>	<b>\$8,051,968</b>

<b>Actual and Anticipated Fund Commitments</b>	
FFY 97 Priority List	\$12,339,642
FFY 98 Priority List	\$5,306,569
FFY 99 Priority List	\$6,983,484
FFY 2000 Priority List	\$7,680,131
FFY 2001 Priority List	\$9,496,897
FFY 2002 Priority List	\$8,787,695
FFY 2003 Priority List	\$8,280,992
FFY 2004 Priority List	\$11,467,282
<b>Total Fund Commitments</b>	<b>\$70,342,692</b>

<b>Total Loan Program Funds thru 7/1/05 (Obligated + Unobligated)</b>			
	<b>Federal</b>	<b>State</b>	<b>Total</b>
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	\$1,551,400	\$7,792,080
FFY 01 CAP Grant	\$5,856,754	\$1,557,820	\$7,414,574
FFY 02 CAP Grant	\$6,264,100	\$1,610,500	\$7,874,600
FFY 03 CAP Grant	\$6,593,314	\$1,600,820	\$8,194,134
FFY 04 CAP Grant	\$6,391,744	\$1,660,620	\$8,052,364
<b>Subtotals</b>	<b>\$53,298,878</b>	<b>\$13,409,940</b>	<b>\$66,708,818</b>
Interest Earnings (at 7/1/05)			\$504,867
Loan Repayments (at 7/1/05)			\$3,128,984
Miscellaneous Income (at 7/1/05)			\$23
<b>Total Funds</b>			<b>\$70,342,692</b>

There is no anticipated carryover from prior years' funds or program income for the FFY05 priority list, so funds available for the FFY2005 priority list are limited to the federal grant and state match, which total \$8,051,968. As loan repayments are received

and fund interest is earned during the FFY05 funding cycle, additional projects on the FFY05 priority list will be funded. Additional information on funding will be included in our annual report.

See Appendix 4 for a list of fund commitments projected at July 1, 2005. Appendix 4 does not include loans for which applications are anticipated to be received.

#### **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 seven 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 and seven (Section 5.1.1 through Section 5.1.5 and 5.1.7) 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 seven criteria are:

1. System facility deficiencies to be corrected by the project.
2. Physical consolidation of water systems.
3. Financial need/affordability.
4. Population.
5. Downtown center preference.
6. Source protection.
7. Security improvements.

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:

	<b>Deficiencies</b>	<b>Points</b>	<b>Description</b>
a	Microbiological Contaminated Source	120	Project will replace a documented contaminated source.
b	Contaminants above MCL	120	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	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 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.

	<b>Deficiencies</b>	<b>Points</b>	<b>Description</b>
e	Inadequate filtration performance	100	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	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	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	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	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	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	These points may be awarded for treatment systems needed to correct lead and copper corrosion control problems.

	<b>Deficiencies</b>	<b>Points</b>	<b>Description</b>
l	Contamination below MCL	80	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	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 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 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 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 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 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 may be awarded to replace or repair storage facilities. Routine operation and maintenance costs are not eligible.

	<b>Deficiencies</b>	<b>Points</b>	<b>Description</b>
t	Inadequate transmission main	40	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 may be awarded to provide additional storage capacity.
v	Inadequate pumping facilities	30	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 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 may be awarded to correct existing or potential cross-connection problems.
y	Inadequate distribution facilities	20	Points may be awarded to replace or repair distribution facilities. Routine operation and maintenance costs are not eligible.
z	Inadequate backwash	20	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 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.

	<b>Summary Description of Water System Facility Deficiencies</b>	<b>Priority Points</b>
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

	<b>Summary Description of Water System Facility Deficiencies</b>	<b>Priority Points</b>
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.

<b>Description (points received for 1 of the 4 areas only)</b>	<b>Priority Points</b>
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.

<b>Affordability (Community MHI/SCMI x 100 = X)</b>	<b>Priority Points</b>
X < 60	35
60 < X < 70	25
70 < X < 80	15
80 < X < 90	10
90 < X < 100	5
100 < X < 120	2
X > 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.

<b>Population</b>	<b>Priority Points</b>
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.

<b>Downtown Area Preference</b>	<b>Priority Points</b>
Project improves service to a designated downtown area	5

### 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.

<b>Land Location</b>	<b>Priority Points</b>
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.

<b>PSOCs addressed</b>	<b>Priority Points</b>
Project addresses microbiological PSOCs	20
Project addresses nitrate PSOCs	15
Project addresses primary inorganic or organic PSOCs	10

### 5.1.7. Security Projects

Projects receiving technical points “a” through “aa” above will be awarded the following additional points if the project includes security improvements. If the project is solely for security improvements, the following points will be awarded as technical points:

- ab. Security Improvements, 20 points. Points may be awarded if project will include security improvements to water system infrastructure. Project may include fencing and gates, alarm and detection systems, lock systems or other security type improvements necessary for critical infrastructure protection.

## 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, and 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. Commingling of New Projects with Continuing Projects**

Continuing projects will be commingled with new projects receiving technical priority points in the categories a., b., and c. listed in Section 5.1.1, i.e., for a microbiological contaminated source, 120 points; contaminants above MCL, 120 points; and unapproved source of water, 110 points, respectively. New projects with technical points in one of these three categories will be commingled with continuing projects based on the total amount of points available for the project. The projects will be funded in priority order.

#### **5.3.3. 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 tiebreaker. If the projects are still tied, the system serving the lowest population will be given priority.

#### **5.3.4. 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.

### **5.3.5. 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 when the Secretary specifically approves an exception.

<b>Loan Fund</b>	<b>Funding Cap</b>
Construction Loan Fund	\$2,000,000
Source Protection Loan Fund	\$200,000
Planning Loan Fund	\$100,000

### **5.3.6. 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.

### **5.3.7. 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.

### **5.3.8. Bypass Mechanisms**

#### **5.3.8.1. 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.

### **5.3.8.2. 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.

### **5.3.8.3. 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.

### **5.3.8.4. 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.

### **5.3.8.5. 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. Prioritization of planning loans will only be implemented when planning loan requests equal the current balance (prior years' allocations, loan repayments plus fund interest) of unobligated funds.

#### **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 (June 16, 2001).

##### **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 populations 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 \$1,890,632 (19%) 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 guidance for a variety of uses 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 the 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%, \$331,420, will be taken for the various uses described below. 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 \$3,023,408, including the FFY 2005 funds. Expenditures from this account through June 30, 2005 are \$2,452,917.

This set-aside will be used to pay for approximately 1.5 FTEs within the Water Supply Division and fund the associated operating costs. 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. An additional 0.8 FTE in the Water Supply Division is performing DWSRF administration work, but is funded under the Program Management Set-aside because the funding under the Administrative Set-aside has been maximized.

Funding for approximately 1.7 FTEs and associated operating 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 Understandings contained in the FFY 97 Capitalization Grant Application and subsequently amended.

## **6.2. State Program Management Set-aside**

The state is requesting \$828,550 for the Program Management Set-aside. The State Program Management Set-aside can be used to fund a variety of SDWA required programs, including emergency support and various PWSS programs. This year's Program Management Set-aside funds will be used to fund five different activities.

### **6.2.1. 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. A Memorandum of Understanding defines the activities that will occur with this funding.

### **6.2.2. Water Supply Division Personnel Costs**

Amount - \$628,550

Description - The money will provide funding for approximately 9 FTEs and associated operating costs. Duties of the FTEs include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessment and protection, planning, outreach, data management, engineering and construction supervision, compliance supervision, DWSRF loan program administration, and other drinking water program activities.

### **6.2.3. SDWIS State**

Amount - \$135,000

We will continue to work on the development of using EPA's SDWIS-State as our database for all public water system information. The funding will be used to improve and develop database components and reports using contracts.

### **6.2.4. Employee Health and Safety**

Amount - \$15,000

We will use a contract to develop a comprehensive Employee Health and Safety Plan to address sanitary surveys, site visits, sampling, and security response issues, among other issues.

### **6.2.5. Operator Training**

Amount - \$30,000

With the anticipated end of the Operator Training Grant and its prohibition on funding Transient Non-community Water System Training, we intend to develop operator training opportunities using contracts, grants, and vendors to establish operator trainings.

### **6.2.6. Continued Activities Using Prior Year Funds**

A number of programs described and funded under the prior IUPs are still active but do not require additional funding this year. These include Water Supply Division - Owner/Operator communications, group training and one-on-one assistance, legal assistance, Public Service Board assistance, board member – owner’s manual, consolidation study, cross connection control manual, emergency support, and the source water 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. The FFY 05 funds available for this set-aside are \$165,710. 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 05 will be used to continue funding these activities in future years.

As part of providing water systems with the necessary assistance to develop and maintain financial, managerial, and technical capacity, the Water Supply Division will use a contract(s) to provide non-regulatory assistance directly to water systems along with specialty services associated with environmental documentation required for construction projects. We also intend to pursue a contract to provide design and oversight of Transient Non-community Water System treatment systems.

A continuing initiative without any new funding is the pilot program for alternative treatment technologies for naturally occurring contaminants at small public water systems. This initiative was establishing in the FFY 03 IUP for grants or contracts for piloting various treatment technologies to assist small systems in determining economically and technically feasible treatment technologies.

### **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, 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 \$564,952 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 \$203,196. There is a balance of \$695,698 in this account for future projects. The State of Vermont does not intend to take any FFY 05 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. 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. 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 in FFY 05. Current planning loan commitments and set-aside funding amounts are listed below.

<b>Summary of Planning Loan Set-aside Amounts</b>	
<b>Funding Year</b>	<b>Amount</b>
FFY 98	\$534,000
FFY 99	\$300,000
FFY 00	\$200,000
FFY 01	\$500,000
FFY 02	\$250,000
FFY 03	\$225,000
FFY 04	\$225,000
FFY 05 (proposed)	\$225,000
Subtotal	\$2,459,000
Other Funds	\$401,049
Total Funds	\$2,860,049
Total Awards (48)	\$1,868,866

<b>Summary of Planning Loan Set-aside Amounts</b>	
<b>Funding Year</b>	<b>Amount</b>
Current Available Balance	\$991,183

### **6.4.3. Small System Engineering Evaluations**

A Small System Engineering Evaluation Program to develop technical capacity for small systems was implemented with FFY 99 funding. Several contracts have been awarded to engineering firms to prepare Small System Engineering Evaluations. The Small System Engineering Evaluations include a replacement schedule for major system components, cost estimates, evaluation of consolidation with other systems, and evaluation of potential compliance issues identified through sanitary surveys or other means by the Water Supply Division. The Small System Engineering Evaluations was described in detail in the FFY 99 Intended Use Plan under the Facility Improvement Plan Program. In FFY 00, the evaluations started to involve school systems and community systems serving populations under 500. In 2000, special studies were added as an activity, including funding for contracts to provide on-site technical assistance to surface water systems. The contract funding for surface water systems was converted to 0.6 FTE temporary position funding with the FFY 04 grant. The funding for FFY 05 is \$44,993 to fund the FTE and associated costs.

<b>Small System Engineering Evaluations Funding Summary</b>	
<b>Federal Fiscal Year</b>	<b>Amount</b>
1999	\$150,000
2000	\$250,000
2001	\$135,000
2002	\$150,000
2003	\$0
2004	\$150,000
2005 (proposed)	\$44,993
Total	\$879,993

If funds are available, evaluations may be completed for larger systems. Some of these funds may be used to complete special studies using a contractor 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.

### **6.4.4. Capacity Implementation**

#### **6.4.4.1. Capacity Positions**

Amount - \$146,976

Starting in the FFY 03 IUP, the State funded approximately 1.09 FTE and associated costs as part of our capacity implementation program. We are

increasing the FTEs to approximately 2.0 in the FFY 05 grant. The total FFY 05 funding for these FTEs and associated costs is \$146,976.

#### **6.4.4.2. Technical Assistance**

Amount - \$20,000

This component of the Capacity Program is used to provide engineering technical assistance to 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 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.

#### **6.4.4.3. Legal Assistance Contracts**

Amount - \$20,000

This activity was previously funded under the Program Management Set-aside. We are proposing to continue develop contract(s) with law firms to provide legal assistance to public water systems.

#### **6.4.4.4. Ongoing Activities**

Ongoing activities under this project include the publication of the Water Supply Division Newsletter. No additional funding is requested in FFY 05 for this activity.

### **6.4.5. Wellhead Protection Program**

We are proposing to increase the funding of positions to implement the groundwater portion of Source Water Protection Program. We are seeking to provide funding for 1.5 FTEs and associated costs. The funding for surface water protection activities performed by these positions is funded under the Program Management Set-aside. This program includes the review and approval of Source Protection Plans, creating and reviewing Source Water Assessments, reviewing Source Protection Plans as part of the Phase II/V waiver review process, and outreach and assistance on source protection. The funding for this program is \$107,983.

## 6.5. Summary of DWSRF Set-asides for FFY 2005

<b>DWSRF Set-asides for FFY 05</b>		
<b>Set-aside (Maximum %)</b>	<b>Funds Available</b>	<b>Grant Request</b>
Administration (4%)	\$331,420	\$331,420
Technical Assistance (2%)	\$165,710	\$165,710
Program Management (10%)	\$828,550	\$828,550
Local Assistance (15%)	\$1,242,825	\$564,952
<b>Totals</b>	<b>\$2,734,215</b>	<b>\$1,890,632</b>

<b>DWSRF Set-asides Summary</b>					
<b>Set-aside</b>	<b>Previous Funding</b>	<b>Current Year Funding</b>	<b>Total</b>	<b>Expended as of 6/30/05</b>	<b>Unexpended as of 6/30/05<sup>1</sup></b>
Administration	\$2,691,988	\$331,420	\$3,023,408	\$2,452,917	\$570,491
Technical Assistance	\$1,340,994	\$165,710	\$1,506,704	\$938,902	\$567,802
Program Management <sup>2</sup>	\$5,045,188	\$828,550	\$5,873,738	\$3,171,826	\$2,701,912
Local Assistance	\$4,668,775	\$564,952	\$5,233,727	\$2,465,582	\$2,768,145
<b>Totals</b>	<b>\$13,746,945</b>	<b>\$1,890,632</b>	<b>\$15,637,577</b>	<b>\$9,029,227</b>	<b>\$6,608,350</b>

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

<sup>2</sup> Vermont has reserved the right to take additional program management funds from future grants. (FFY97 \$1,155,880; FFY98 \$592,130; FFY99 \$226,380; FFY00 \$275,700; FFY01 \$48,910; FFY03 \$177,410; Total \$2,476,410).

## **7. Program Changes**

There are no program changes of note this year.

## 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, 2005 through September 30, 2006 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 8, 2005. We plan to have a draft priority list available by Friday, May 20, 2005. A public meeting to receive comments on the draft priority list and the FY 2005 DWSRF Vermont Intended Use Plan will be held on Thursday, June 16, 2005, 1:00 P.M. to 4:00 P.M. in the Pavilion Auditorium in Montpelier, Vermont. Final written comments will be due by Thursday, June 30, 2005. Our goal is to submit the final draft of the 2005 Priority List and Intended Use Plan to the United States Environmental Protection Agency by August 1, 2005.

If you have questions about completing the application form or the loan program in general, please contact the Water Supply Division toll-free in Vermont at 1-800-823-6500, direct at 1-802-241-3400 or by fax at 1-802-241-3284. 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  
Priority List Application for Water System Improvement Projects**

1. <b>Water System Name</b>		2. WSID Number
<b>Contact Person</b> – Authorized representative to make commitments for organization		
3. Name -		4. Title -
5. Mailing address -		
6. Telephone -		8. Email -
7. Fax -		
9. Ownership Type - <input type="checkbox"/> Municipal <input type="checkbox"/> Home Owners Association <input type="checkbox"/> Individual <input type="checkbox"/> Private		10. Financial status
School <input type="checkbox"/> Corporation <input type="checkbox"/> Other (explain)		<input type="checkbox"/> Profit <input type="checkbox"/> Non-profit
11. If private Non-profit, is the organization tax exempt? Yes <input type="checkbox"/> or No <input type="checkbox"/>		

**PROJECT COSTS & FUNDING SOURCES**

12. Estimated total project cost - \$	15. List other funds for project	Amount
13. Estimated DWSRF project loan - \$		
14. Basis of estimate -		

**PROJECT SCHEDULE**

16. Target application date for this loan -	17. Target bond vote date -	18. Target construction start date -
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**PROJECT DESCRIPTION FOR THE PURPOSE OF THIS LOAN**

19.

**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)

21.

**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. Water bills are based on: flat rate  metered rate  or both  tax rate  (Attach Your Rate Schedule)  
28. What is the household water 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. Email:

**SIGNATURE**

As Authorized Representative, I Hereby Certify That The Foregoing Information Is True And Correct To The Best Of My Knowledge.

\_\_\_\_\_  
Authorized Representative

5/9/2005

\_\_\_\_\_  
Date

2/5

### **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 a new source, treatment or removal of a 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 for under the 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.

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**Security Projects** – Projects receiving technical points A through AA listed above, will be awarded the following additional points if the project includes security improvements. If the project is solely for security improvements, the following points will be awarded as technical points.

- AB. Security Improvements, 20 points** - Points may be awarded if project will provide security improvements to water system infrastructure. Project may include fencing and gates, alarm and detection systems, lock systems or other security type improvements necessary for critical infrastructure protection.

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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:  
 Eric Blatt, Water Supply Division, 1-800-823-6500  
 Elizabeth Walker, Northeast Rural Water Association, (802) 660-4988

- 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 Program 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; f) improvements necessary for security protection of critical infrastructure. (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.

**Please return this application to the DWSRF program at the following address:**

This application and related environmental information are available electronically via the internet. For information visit us through the Vermont Homepage at <http://www.vermont.gov> or visit VT WSD directly at <http://www.vermontdrinkinwater.org>

Water Supply Division  
 103 South Main Street  
 Waterbury, VT 05671-0403  
 Toll free 1-800-823-6500  
 Out of State 1-802-241-3400  
 Fax 1-802-241-3284

### 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 2005 Drinking Water State Revolving Fund of approximately \$9.9 million dollars on drinking water infrastructure, public water system supervision, and water system capacity assistance. The Draft Intended Use Plan (IUP) includes the FY 2005 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 16, 2005, 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 Thursday, June 30, 2005.

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 1-802-241-3400. A copy of the Draft IUP may be viewed on our website [www.vermontdrinkingwater.org](http://www.vermontdrinkingwater.org) after June 1, 2005.

### 8.4. *Responsiveness Summary*

Comments were made verbally during the public meeting in Montpelier on June 16, 2005. 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.

#### 8.4.1. *Verbal Comments Received during the Public Meeting*

	<b>Question</b>	<b>Response</b>
1	Why are consolidation points only for physical consolidation? Why not administrative consolidation too?	If consolidation is solely managerial, there will be no related construction costs, so no loan would be needed.
2	What is the rationale of planning loans being only for non-profit systems? How can this be changed?	Initially, the loan fund was established for municipalities only, but was subsequently expanded to include privately-owned non-profit community water systems. Vermont Statute would need to be changed to further expand the use of these funds.
3	Why is \$250,000 liability insurance required?	This was the level of insurance coverage recommended by the State's Risk Management Division.

	<b>Question</b>	<b>Response</b>
4	How many negative interest loans are there? Are there any concerns or analyses of the impact of these loans? Does the 30% limit apply to loan repayment funds?	Thru fiscal year 2004, 43 disadvantaged loans were awarded with a total principal forgiveness of \$6,619,483. For the foreseeable future we expect to continue receiving federal capitalization grants in the \$8M to \$8.5M range, which will offset to a certain extent the loss of capital due to loan forgiveness. For any given year, the maximum loan forgiveness cannot exceed 30% of the federal cap grant.
5	Does change in ownership change our status on the list? Specifically, we are the Bolton Valley Project.	No.
6	What do you use to determine what the “community” is for determining MHI?	The town in which the system is located.

#### **8.4.2. Summarized Written Comments Received**

	<b>Question</b>	<b>Response</b>
1	Please consider adding an additional 20 points for population to Albert Bridge School. This will give them their current 120 points for contamination and then another 20 for population for a total of 140 points	We agree with this comment and have made the change.
2	With the new requirement that NTNCs have standby chlorination, the language in item I of the priority ranking system needs to be changed.	So noted. The language will be modified for the next (FFY06) priority list.
3	In the Draft Priority List, I noticed that projects that were tied were not subsequently ranked according to population, this needs to be done.	The final list reflects this secondary tie-breaking criterion.
4	There was nothing listed in the “Program Changes” section. Are there going to be any changes?	No changes are planned for this year.
5	Eden Central School was unaware of the additional points that are available for “contaminant above MCL.” They are above the combined annual average radium 226/227 MCL and would like to receive points for this.	The school is receiving 120 points for a contaminant above the MCL. The system now ranks 21st on the priority list.

	<b>Question</b>	<b>Response</b>
6	The Town of Fair Haven requests that they receive additional points for Inadequate Filtration Performance, 100 points. The existing filtration system recently went through a CPE and several items are being performed to improve the operation and reliability of the filtration system.	The town is receiving 100 points for this category and the project ranks 43rd on the priority list.
7	Recommend examining the history of the water systems serving Benson Village School, Townsend Elementary School, and Albert Bridge School for coliform contamination as they may all qualify to receive 120 points for a contaminant above the MCL.	All three schools have experienced recurring coliform contamination and all three are receiving 120 points for this technical deficiency. The schools are ranked 9th, 12th and 18th in the list, respectively.

## 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, 2006. 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, 2005 to September 30, 2006 period above the double line of the table in Section 9.1. Additional projects will be funded in priority order if additional funds become available. Determinations of loan subsidies are preliminary estimates only and are shown only for those projects which are anticipated to receive loans. Final determinations are made based on loan applications and final project costs.

### 9.1. 2005 DWSRF Priority List

	Water System Name	Prior Year Funding (FY)	WSID	Town	TOTAL POINTS	Current Loan Amount	Cumulative Loan Amount	Approximate Subsidy
1	City of Newport (04)	2004	5202	Newport	165	\$2,000,000	\$2,000,000	\$0
2	Notch Brook HOA (03&04)	2003, 2004	5167	Stowe	147	\$250,000	\$2,250,000	\$0
3	Newbury Village (04)	2004	5175	Newbury	120	\$0	\$2,250,000	-
4	South Alburg FD #2 (04)	2004	20964	Alburg	108	\$2,000,000	\$4,250,000	\$800,000
5	Bellows Falls Village (04)	2004	5298	Bellow Falls	90	\$0	\$4,250,000	-
6	Proctor Water Department (01&04)	2001	5228	Proctor	65	\$500,000	\$4,750,000	\$0
7	City of Barre (03&04)	2003, 2004	5254	Barre	60	\$2,000,000	\$6,750,000	\$0
8	Dairy Center Water System		5617	Enosburg	165	\$0	\$6,750,000	-
9	Benson Village School		6730	Benson	160	\$25,000	\$6,775,000	\$25,000
10	Troy Water System		5206	Troy	160	\$1,000,000	\$7,775,000	\$400,000
11	Albany Water System		5188	Albany	160	\$0	\$7,775,000	-
12	Townsend Elementary School		6071	Townsend	157	\$25,000	\$7,800,000	\$25,000
13	Stowe FD #4		5523	Stowe	155	\$766,035	\$8,566,035	\$0
14	Telemark Village Water System		5571	Killington	150	\$30,000	\$8,596,035	
15	Albany Community School		20563	Albany	145	\$15,000	\$8,611,035	
16	North Westminster Water Co-op		5308	Westminister	142	\$23,125	8,634,160	
17	Old School House Water System		20718	Sharon	142	\$140,000	\$8,774,160	
18	Albert Bridge School		6077	West Windsor	140	\$35,000	\$8,809,160	

	<b>Water System Name</b>	<b>Prior Year Funding (FY)</b>	<b>WSID</b>	<b>Town</b>	<b>TOTAL POINTS</b>	<b>Current Loan Amount</b>	<b>Cumulative Loan Amount</b>	<b>Approximate Subsidy</b>
19	Jamaica Village School		6070	Jamaica	140	\$0	\$8,809,160	
20	Middletown Springs School		6727	Middletown	140	\$40,500	\$8,849,660	
21	Eden Central School		6765	Eden	140	\$35,000	\$8,884,660	
22	Dover Elementary School		6685	Dover	137	\$25,000	\$8,909,660	
23	Westshire Elementary School		20833	West Fairlee	137	\$25,000	\$8,934,660	
24	Sugar Run Assoc. Inc.		5268	Fayston	135	\$20,000	\$8,954,660	
25	Rhodeside Acres Water System		5379	Georgia	135	\$20,000	\$8,974,660	
26	Windy Hill MHP (HFI)		5399	Springfield	135	\$100,000	\$9,074,660	
27	Battleground Condominium		5397	Fayston	130	\$40,000	\$9,114,660	
28	Marshfield Village		5269	Marshfield	127	\$600,000	\$9,714,660	
29	Brown Ledge Camp		6151	Colchester	125	\$95,000	\$9,809,660	
30	Whiting Water Coop		5012	Whiting	125	\$100,000	\$9,909,660	
31	Town of Middlebury		5004	Middlebury	125	\$300,000	\$10,209,660	
32	Jericho FD #1		5476	Jericho	125	\$0	\$10,209,660	
33	Catamount/Bolton Water & Sewer		5051	Bolton	123	\$447,556	\$10,657,216	
34	Sharon Elementary Water System		6645	Sharon	122	\$140,000	\$10,797,216	
35	Town of Cabot		5261	Cabot Village	120	\$230,000	\$11,027,216	
36	Bennington Water Dept.		5016	Bennington	120	\$2,000,000	\$13,027,216	
37	Castleton FD #1		5212	Castleton	120	\$400,000	\$13,427,216	
38	Elmore Water Coop		5152	Elmore	117	\$189,200	\$13,616,416	
39	Timberline Condos		5442	Warren	115	\$100,000	\$13,716,416	
40	Irasburg Water Cooperative, Inc.		5200	Irasburg	115	\$100,000	\$13,816,416	
41	Wardsboro Elementary School		6072	Wardsboro	115	\$25,000	\$13,841,416	
42	Larned Water System		5085	Richmond	115	\$200,000	\$14,041,416	
43	Fair Haven Water Department		5218	Fair Haven	113	\$1,955,000	\$15,996,416	
44	Waterville Elementary School		20506	Waterville	112	\$25,000	\$16,021,416	
45	Waitsfield Elementary School		6718	Waitsfield	112	\$100,136	\$16,121,552	
46	West River Montessori School		20387	Londonderry	112	\$0	\$16,121,552	
47	South Wallingford Water System		5243	Wallingford	112	\$200,000	\$16,321,552	
48	Warren Elementary School		6664	Warren	110	\$65,050	\$16,386,602	
49	Sunny Acres Dev. WAI		5535	Milton	110	\$50,000	\$16,436,602	
50	Richmond FD #1		5426	Richmond	110	\$150,000	\$16,586,602	
51	Fairfax Heights Water Coop		5118	Fairfax	110	\$100,000	\$16,686,602	
52	Sherburne Elementary School		6723	Killington	105	\$25,000	\$16,711,602	
53	Waterford Elementary School		6667	Waterford	105	\$35,000	\$16,746,602	

	Water System Name	Prior Year Funding (FY)	WSID	Town	TOTAL POINTS	Current Loan Amount	Cumulative Loan Amount	Approximate Subsidy
54	Concord School		6729	Concord	105	\$25,000	\$16,771,602	
55	East Middlebury FD#1		5003	Middlebury	103	\$262,000	\$17,033,602	
56	Pownal Elementary School		6665	Pownal	102	\$25,000	\$17,058,602	
57	Colonial Estates Water Coop		5499	Rutland Town	102	\$100,000	\$17,158,602	
58	Sandy Pines MHP (HFI)		5267	East Montpelier	100	\$47,000	\$17,205,602	
59	Brandon FD #2		5417	Brandon	100	\$247,000	\$17,452,602	
60	Highgate Elementary School		6731	Highgate	97	\$75,000	\$17,527,602	
61	Magic Village Water Coop		5294	Londonderry	95	\$100,000	\$17,627,602	
62	Windsor Water Department		5341	Windsor	95	\$1,200,000	\$18,827,602	
63	Rutland Town FD #10		5482	Rutland Town	92	\$151,600	\$18,979,202	
64	Westford North Ridge Owners Assoc.		5450	Westford	90	\$250,000	\$19,229,202	
65	Brighton Water System		5105	Brighton	88	\$1,350,000	\$20,579,202	
66	Jericho East Homeowners Association		5652	Jericho	85	\$200,000	\$20,779,202	
67	Brattleboro Water Department		5290	Brattleboro	85	\$2,000,000	\$22,779,202	
68	Highland Water Coop		5242	Wallingford	82	\$100,000	\$22,879,202	
69	Village Of Northfield		5275	Northfield	80	\$2,000,000	\$24,879,202	
70	Williamstown Water Department		5186	Williamstown	75	\$610,663	\$25,489,865	
71	Killington Gateway Condo		5360	Mendon	70	\$100,000	\$25,589,865	
72	South Village Water System		5593	Warren	70	\$100,000	\$25,689,865	
73	Danville FD #1 (project #1)		5037	Danville	65	\$555,000	\$26,244,865	
74	Danville FD #1 (project #2)		5037	Danville	65	\$1,006,800	\$27,251,665	
75	Plainfield Water Department		5277	Plainfield	65	\$740,000	\$27,991,665	
76	Arlington Water System		5013	Arlington	65	\$175,000	\$28,166,665	
77	Mansfield View Water Coop.		5385	Stowe	65	\$75,000	\$28,241,665	
78	Milton Water Department		5079	Milton	60	\$840,600	\$29,082,265	
79	Wheelock FD #1		5049	Wheelock	45	\$35,000	\$29,117,265	
80	Lindale MHP		20958	Middlebury	40	\$278,000	\$29,395,265	
81	Hardwick Water Department		5039	Hardwick	33	\$160,000	\$29,555,265	
<b>Total</b>						<b>\$29,555,265</b>	<b>\$1,250,000</b>	

Notes:

- 1) Funding is available for projects above the double line, with project #13 only partial fundable.
- 2) Figures in parentheses denote continuing project and fiscal year funds were received.

- 3) Projects above the bold line are continuing projects.
- 4) Eligibility determinations have not been completed for all projects on the list.
- 5) Loan amounts are rough estimates for those projects that have not yet completed preliminary engineering.
- 6) Projects in the fundable range on the FY04 list that as of 8/1/05 have not submitted a loan application have zero loan dollars allocated in this list. However, if a project with loan funds reserved for it off the FY04 list does not submit a loan application by 9/30/05, the loan amount will be added to the FY05 list and reserved for the project if/when it falls within the fundable range.
- 7) Subsidy only shown for those projects in the fundable range.

## **9.2. 2005 DWSRF Priority List Project Descriptions**

- 1) Newport City, WSID 5202 - Construction of arsenic treatment to meet new arsenic MCL effective January 2006. Project includes security improvements. Contaminants above MCL, 120 points.
- 2) Notchbrook HOA, WSID 5167 – Replace substandard distribution pipe within the subdivision. This is the second phase of project funded off the FY03 and FY04 priority lists to connect the system to the Town of Stowe municipal system and enable the system to abandon its unapproved source. Unapproved source of water, 110 points.
- 3) Newbury Village, WSID 5175 – Develop new source, install filtration, and replace water mains and appurtenances, and renovate. Inadequate filtration performance, 100 points.
- 4) South Alburg Fire District # 2, WSID 20964 – New transmission and distribution mains to most areas of the newly formed fire district (approximately 18 miles of water lines), connection to the Town of North Hero municipal system, new water storage tank, valves, meters, and appurtenances. Project will connect residents currently using unfiltered surface water (Lake Champlain). No treatment for under influence of surface water, 95 points.
- 5) Bellows Falls Village, WSID 5298 - Project consists of the following improvements:  
 Minards Pond Treatment Facility and Facility Plant Water System Modifications;  
 Carbon Dioxide feed system modifications - Carbonator and valve replacement & tank modification;  
 Powder Activated Carbon feed System modifications - pump and mixer motor replacement;  
 Filter Control and SCADA System replacement;  
 Emergency Power Generator replacement - generator experienced major failure and is out of service;

- In-plant clear well coating and weir replacement;  
 Filter Level Modifications- replace existing level probes with ultrasonic devices;  
 Filter under drain replacement- facility experiencing filter media in the plant clear well;  
 Laboratory Ventilation Hood installation - OSHA violation;  
 Laboratory HVAC system replacement- air conditioner has failed in office;  
 Aluminum walkway at filters extension;  
 Facility Security Guardrail installation;  
 Interior door hardware/locks installation; and  
 Security alarm system replacement.  
 Project includes security improvements.  
 Redundancy of critical components, 50 points.
- 6) Town of Proctor, WSID 5228 - Improvements on the east side of town to address pressure problems. Improvements may include installation of an 8-inch water main on Olympus Ave., Grove St., Park St., Holden Ave., and Chatterton Park Extension; installation of a de-chlorination manhole at east tank; and replacement of approximately 3,600 lf of pipe, and replacement of the east side tank with a new 375,000 gallon tank. Pressure under 20 psi during fire flow, 60 points.
  - 7) City of Barre, 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 to correct pressure problems. Inadequate transmission main, 40 points.
  - 8) Dairy Center Water System, WSID 5617 - Upgrade system with new pumps, storage, disinfection facilities and distribution mains. Project includes security improvements. Unapproved source, 110 points.
  - 9) Benson Village School, WSID 6730 - Reconfigure chlorination piping to utilize existing storage tanks to meet 20 min contact time requirement, providing for source sampling, install water softener and lockable storage access hatches. Project includes security improvements. Contaminants above MCL, 120 points.
  - 10) Troy Water System, WSID 5206 - Develop new water source, and evaluate water system infrastructure replacement, subsequent design, permitting and construction of a new source and waterline improvements. Project includes security improvements. Contaminants above MCL, 120 points.
  - 11) Albany Water System, WSID 5188 – Installation and connection of a new bedrock well to supplement existing source. Presently using an unapproved source and have been hauling water while water system on boil water notice. Project includes security improvements. Unapproved source, 110 points.
  - 12) Townsend Elementary School, WSID 6071 - Install disinfection to address microbial contamination and other improvements as indicated in the small system

- engineering evaluation report (80% draft report currently under review). Project includes security improvements. Contaminants above MCL, 120 points.
- 13) Stowe FD #4, WSID 5523 – Replace distribution lines, construct above-ground pump house, replace tanks and electrical controls, install chlorine analyzer recorder, meters, and back-up generator, and other distribution system improvements. Project includes security improvements. Microbiological contaminated source, 120 points.
  - 14) Telemark Village Water System, WSID 5571 – Install treatment for removal of radium and for corrosion control. Contaminants above the MCL, 120 points.
  - 15) Albany Community School, WSID 20563 - Installation of a disinfection system to achieve chlorine contact time and other necessary improvements to meet the WSD Rule and a security system for the well. Project includes security improvements. Inadequate disinfection facilities, 95 points.
  - 16) North Westminster Water Coop., WSID 5308 – Cross-connection control; correction of source water contamination, rehab of spring box; and purchase and installation of master meter. Microbiological contaminated source, 120 points.
  - 17) Old School House Water Supply, WSID 20718 - Abandonment of existing source; consolidating system with Sharon Elementary School System (WSID 6645); replacing storage reservoir; installing standby disinfection, and performing other miscellaneous improvements as required by WSD to conform to WSD Rule. System has elevated nitrates and is on increased monitoring. Unapproved source, 110 points.
  - 18) Albert Bridge School, WSID 6077 - Installation of a disinfection system to address presence of total coliform in system. Contaminants above MCL, 120 points.
  - 19) Jamaica Village School, WSID 6070 - Installation of corrosion control and disinfection facilities. Contaminants above MCL, 120 points.
  - 20) Middletown Springs School, WSID 6727 - Project consists of water system improvements based on small system engineering evaluation report, dated April 2005, which recommends a Uranium Removal System and installation of disinfection equipment. Contaminants above MCL, 120 points.
  - 21) Eden Central School, WSID 6765 - Installation of a disinfection system and improvements to or replacement of existing storage tank, and possible treatment for radium. Contaminants above MCL, 120 points.
  - 22) Dover Elementary School, WSID 6685 - Repairs to storage tank and installation of disinfection and other improvements identified in small system engineering

- evaluation report done in 2005. Contaminants above MCL, 120 points.
- 23) Westshire Elementary School, WSID 20833 - Disinfection improvements to correct ongoing bacteria problem. Contaminants above MCL, 120 points.
  - 24) Sugar Run Assoc. Inc, WSID 5268 - Replacement of an existing 10,000 gallon holding tank. Contaminants above MCL, 120 Points.
  - 25) Rhodeside Acres Properties, WSID 5379 - Reconstruct pump house and treatment building and provide adequate chlorine contact time tank and storage, and add blowoffs for flushing distribution system. Project includes security improvements. Inadequate disinfection facilities, 95 points.
  - 26) Windy Hill MHP Water System, WSID 5399 - Supplemental source improvements to address water shortages and installation of individual water meters. Project includes security improvements. Daily or routine water shortages, 95 points.
  - 27) Battleground Condominium WSID 5397 - Reduction of radium to meet MCL through development of a new water source and/or include blending new source with existing sources to meet MCL. Contaminants above MCL, 120 Points.
  - 28) Village of Marshfield, WSID 5269 - Redevelop an existing water source, add filtration and disinfection if required, install new booster pumping station, and install new transmission main to address uranium contamination in existing bedrock well. Contaminants above MCL, 120 Points.
  - 29) Brown Ledge Camp (TNC), WSID 6151 - Consolidation of the Brown Ledge Camp water system with Colchester FD #2. Inadequate filtration performance, 100 points.
  - 30) Whiting Water Coop, WSID 5012 – System-wide improvements based on sanitary survey findings completed February 4th, 2005 and listed as follows:
    - Cross connection with emergency supply source;
    - Inadequate spring box construction;
    - Inadequate chlorine facilities;
    - Inadequate water pressure and flow under normal conditions; and
    - Inadequate storage volume.Inadequate disinfection facilities, 95 points.
  - 31) Town of Middlebury, WSID 5004 - Project consists of the following:
    - Provide adequate contact time via a 36-inch diameter water main constructed in a serpentine fashion at the #2 well site;
    - Upgrade chlorination system, including residual monitoring;
    - Abandonment of Well #1 as noted in the system's Source Protection Plan;
    - Improve security at Well#2 by installing fencing, dead bolt locks, motion sensor

- with magnetic alarm switches and improving door hardware; and  
Possible storage tank overflow installation.  
Project includes security improvements.  
Inadequate disinfection facilities, 95 points.
- 32) Jericho FD #1, WSID 5476 – Treatment plant modifications, manganese filter waste water injection well modifications; improvements to storage and booster pump station; add SCADA control system; and miscellaneous piping, valves, and electrical work. Project includes security improvements. Finish storage vulnerable to contamination, 90 points.
- 33) Catamount/Bolton Water & Sewer, WSID 5051 - Replacement of an inadequate surface water source with new wells, reduce disinfection byproducts which exceed the MCL, new distribution lines, pump-house with standby chlorination facilities, upgrade of existing 150,000-gallon reservoir, and install new meters for all users. Contaminants above MCL, 120 points.
- 34) Sharon Elementary School Water System, WSID 6645 - Replace storage, add stand-by disinfection, possible system consolidation with Sharon Town old School House (WSID 20718), and other miscellaneous improvements as required by WSD to conform to WSD rules. Inadequate disinfection facilities, 95 points.
- 35) Town of Cabot, WSID 5261 - Install 4,600 lf of 4-inch water main and appurtenances to connect residents in lower Cabot to the Village of Cabot water system to eliminate private water supplies that are contaminated by an active hazardous waste site, Derek's Country Store (site # 98-2573). If necessary, the Town of Cabot will become a consecutive water system. Contaminants above MCL, 120 points.
- 36) 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, residuals handling thickener, freezing/drying bed, controls and instrumentation upgrade, SCADA system upgrade, and miscellaneous meter and piping upgrades. This is supplemental funding for a previously funded project that has only received partial funding through the DWSRF. Inadequate filtration performance, 100 points.
- 37) Castleton FD #1, WSID 5212 – Improvements to provide minimum 20-minute chlorine contact time, possible pump station replacement, water main replacement to correct water pressure problems to College and Sand Hill Road area. Project includes security improvements. Inadequate disinfection facilities, 95 points
- 38) Elmore Water Coop., WSID 5152 - Improvements to correct system deficiencies and obtain compliance with design standards based on a small system engineering

- evaluation completed, dated December 2000, which includes installation of disinfection, additional storage, adding telemetry, and a hydropneumatic booster pump station. Inadequate disinfection facilities, 95 points.
- 39) Timberline Condos, WSID 5442 - Raise underground pump station to above ground and replacing hydropneumatic tanks, replace/upgrade standby chlorination system, which is currently below grade. Inadequate disinfection facilities, 95 points.
- 40) Irasburg Water Cooperative, Inc., WSID 5200 – Improvements to achieve adequate chlorine contact time and improvements to an inadequate pump station and storage tank. Inadequate disinfection facilities, 95 points.
- 41) Wardsboro Elementary School, WSID 6072 - Water system improvements based on small system engineering evaluation report, dated Sept 2, 2003 and listed as follows:  
Provide a new well cap with additional security;  
Relocate fuel storage from the utility room to an exterior location;  
Replace existing booster pump and provide a second booster pump with controls;  
Provide a remote readout for the existing meter;  
Install ultraviolet disinfection; and  
Provide backflow prevention.  
Lack of standby disinfection facilities, 90 points.
- 42) Larned Water System, WSID 5085 – System-wide improvements based on small system engineering evaluation report dated, Sept. 2003 and listed as follows:  
Spring enclosure rehab;  
Installation of a 12,000 gal storage tank;  
Building for standby chlorination;  
Installation of a master meter/recorder;  
Completing a source protection plan;  
Installation of 8,180 feet of waterline;  
Encase and support transmission line from spring at brook crossing where exposed; and  
Add flushing hydrants to system.  
Lack of standby disinfection facilities, 90 points.
- 43) Town of Fair Haven, WSID 5218 - Water treatment plant upgrade to improve filtration performance (cannot meet turbidity requirements at design flow), water storage improvements to correct continuously overflowing tank, waterline replacements to correct low pressure problems, and elimination of cross-connections. Inadequate filtration performance, 100 points.
- 44) Waterville Elementary School, WSID 20506 - Installation of a disinfection system and a master water meter. Inadequate disinfection facilities, 95 points.

- 45) Waitsfield Elementary School, WSID 6718 - Water system improvements based on small system engineering evaluation report, dated Dec. 2004 and listed as follows:  
Relocate chlorination injection point;  
Install protective structure for tank overflow;  
Label storage tanks as confined spaces;  
Develop an O & M manual; and  
Install water meters for water system and fire station.  
Inadequate disinfection facilities, 95 points.
- 46) West River Montessori School, WSID 20387 - Treatment for corrosion control and installation of a chlorination system. Lack of standby disinfection facilities, 90 points.
- 47) South Wallingford Water System, WSID 5243 - Water system improvements based on small system engineering evaluation draft report, dated October 2004 and listed as follows:  
Curb and cover improvements to main spring;  
Replace door on storage tank and re-grade area;  
Installation of a disinfection building and equipment; and  
Replacement of approximately 1,000 lf of small diameter pipes and services.  
Lack of standby disinfection facilities, 90 points.
- 48) Warren Elementary School, WSID 6664 – Replace water storage tank, install chlorination system to meet required contact time for disinfection, and install backflow prevention devices to eliminate cross-connection. Inadequate disinfection facilities, 95 points.
- 49) Sunny Acres Development Water Assoc., Inc., WSID 5535 – Install concrete cover for pump house water storage tanks, a master water meter and miscellaneous system repairs. Finished storage vulnerable to contamination, 90 points.
- 50) Richmond FD #1, WSID 5426 - Replace 15,000-gallon reservoir that is cracked and leaking, disinfection improvements, and a new transmission line. Lack of standby disinfection facilities, 90 points.
- 51) Fairfax Heights Water Coop., WSID 5118 - Make necessary improvements to comply with temporary operating permit, which include: new storage tank cover, overflow vent, improvements to well #1 pit, and replacement of shutoff valves and/or curb stops. Finished storage vulnerable to contamination, 90 points.
- 52) Sherburne Elementary School, WSID 6723 – Replace storage tank, install standby disinfection, and other needed improvements. Lack of standby disinfection facilities, 90 points.

- 53) Waterford Elementary School, WSID 6667 - Replace and relocate storage tank, install standby disinfection, add a filter (if required), and other needed improvements based on small system engineering evaluation done Dec 2003. Lack of standby disinfection facilities, 90 points.
- 54) Concord School, WSID 6729 - Install a disinfection system to comply with the WSD Rule. Lack of standby disinfection facilities, 90 points.
- 55) East Middlebury FD#1, WSID 5003 – Install water main loop from the existing storage tank to Lower Plains Road to improve system hydraulics and provide adequate chlorine contact time at Well Nos. 1 & 2. Inadequate disinfection facilities, 95 points.
- 56) Pownal Elementary School, WSID 6665 – Chlorine contact time improvements and purchase and install backflow prevention devices based on a small system engineering evaluation done in Dec 2002. Inadequate disinfection facilities, 95 points.
- 57) Colonial Estates Water Coop, WSID 5499 - Water system improvements based on a sanitary survey done on April 13, 2005 and listed as follows:  
Upgrade chlorination facilities;  
Increase storage volume, add tank overflow and venting;  
Improve storage facility alarms and controls; and  
Upgrade pump station controls, equipment, and electrical system.  
Lack of standby disinfection facilities, 90 points.
- 58) Sandy Pines MHP (HFI), WSID 5267 – Installation of treatment to remove elevated nitrates in water source. The MHP has a temporary operating permit due to consistently high nitrate levels in the water system. Contamination below MCL, 80 points.
- 59) Brandon FD #2, WSID 5417 – Improvements needed to enable consolidation of Brandon FD#1 and Brandon FD#2, consisting of a looped connection between the two fire districts as identified in a small system engineering evaluation report done May 2005 and listed as follows:  
8-inch water main replacement from well #2 – 2500 linear feet;  
New 8-inch water main connection to Rte. 53 – 400 linear feet; and  
Gate valves, upgrade water meters, blow-off hydrants and misc. improvements  
Redundancy of critical components, 50 points.
- 60) Highgate Elementary School, WSID 6731 - Water system improvements based in part on small system engineering evaluation report, dated Jan. 2005, listed as follows:  
Raise well head, add pitless adapter, fill existing pit;  
Install 300 lf of common trench for electrical and water service;  
Upgrade storage (2 cells, total volume 5,000 gallons) and remove existing storage

- tank;
  - Add new hydro-tanks;
  - Install new booster pumps and controls;
  - Miscellaneous plumbing and electrical work; and
  - Install stand-by disinfection.
  - Lack of standby disinfection facilities, 90 points.
- 61) Magic Village Water Coop, WSID 5294 - Water system improvements based on a sanitary survey done on February 24, 2005 and listed as follows:
- Improve cross-connection controls;
  - Improve standby disinfection system;
  - Improve source yield; and
  - Increase fire flow storage volume and install fire hydrants.
  - Lack of standby disinfection facilities, 90 points.
- 62) Town of Windsor, WSID 5341 – Distribution system upgrade to address inadequate pressure problems during fire flow conditions. Project includes security improvements. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 63) Rutland Town FD #10, WSID 5428 – Supplemental water storage and distribution system improvements to eliminate cross connections as outlined in the system’s temporary operating permit. Routine pressure below 20 psi in distribution system, 70 points.
- 64) Westford North Ridge Water System, WSID 5450 - Capital improvements to 30-yr old infrastructure, including the following:
- Deepen/hydro fracture wells #1 and # 3;
  - Replace pump in well #1;
  - Overhaul of pump house including piping, electrical & replacement of hydro-pneumatic tanks with diaphragm tanks;
  - Replace reservoir cover;
  - Replace all plastic water mains with ductile iron pipe; and
  - Install meter valves at each connection.
  - Seasonal water shortages, 70 points.
- 65) Town of Brighton, WSID 5105 - Waterline replacement to correct low pressure problems during fire flow. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 66) Jericho East Home Owners Assoc. (JEHA), WSID 5652 – System consolidation with the Village of Jericho water system. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 67) Town of Brattleboro, WSID 5290 - Water treatment facility improvements including: filtered water rinse piping, building additions to house a 4th filter unit,

- 4th adsorber clarifier/filter unit, process piping, raw water coagulation piping recycle upgrades, filter control and instrumentation improvements, lagoon modifications, SCADA, freeze drying bed, building addition for storage and maintenance, misc. site grading, piping and electrical improvements, and security improvements. Project includes security improvements. Redundancy of critical components, 50 points.
- 68) Highland Water Coop., WSID Pending – Replace approximately 350 feet of 2-inch diameter water lines with 10-inch diameter pipe and possible consolidation with Wallingford FD #1 (WSID 5242). Eligibility subject to system being regulated as a consecutive public water system. Routine pressure below 20 psi in distribution system, 70 points, if eligible.
- 69) Village of Northfield, WSID 5275 – Replace approximately 9,000 lf of aging and undersized water transmission and distribution mains throughout the water system. Improvements will include new 12" DI transmission main, and new 10" and 8" distribution mains and appurtenances, and may include an additional water storage reservoir to serve Northfield Falls. Routine pressure below 20 psi in distribution system, 70 points, if eligible.
- 70) Williamstown Water Department, WSID 5186 - Replace distribution lines on Pleasant Street, Osterberg Terrace and Graniteville Road to solve issues with routine pressure below 20 psi in distribution system. Routine pressure below 20 psi in distribution system, 70 points.
- 71) Killington Gateway Condominiums, WSID 5360 - Improvements to pump station and hydropneumatic tank. Redundancy of critical components, 50 points.
- 72) South Village Water System, WSID 5593 - Pumping station building, piping and equipment improvements to repair/replace leaking and aging process piping, pumps and existing hydro-pneumatic pressure tanks. Project may include improvements to distribution and storage. Project includes security improvements. Inadequate pumping facilities, 30 points.
- 73) Danville FD #1, (project 1), WSID 5037 - Approximately 3,400 lf of 8-inch ductile iron pipe along Route 2 will be replaced under a contract with Vtrans as part of Route 2 reconstruction. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 74) Danville FD #1, (project 2), WSID 5037 - Replace approximately 5,200 lf of water main, which is undersized and in poor condition. Construction will consist of installing approx. 3,200 linear feet 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 and Grandview Avenues. Pressure under 20 psi in distribution system during fire flow, 60 points.

- 75) Town of Plainfield, WSID 5277 - Waterline replacement. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 76) Arlington Water Company, WSID 5013 - Install critical water main loop between East Arlington Road (high pressure side) Route 7A (lower pressure side) for improved pressure, flows and water quality. Currently, the water main along Route 7A is a long dead end main. Pressure drops below 35 psi during high demands and less than 20 psi during fire flows. WSD is mandating this project through a compliance schedule. Pressure under 20 psi in distribution system during fire flow, 60 points.
- 77) Mansfield View Water Coop., WSID 5385 – Replace a below-ground structure with an above-ground enclosure to house pumps, valves, meters, water softening equipment, and a standby chlorination system, and correct possible distribution system deficiencies. Security fencing for three outdoor wellheads is also planned. Project includes security improvements. Inadequate pumping facilities, 30 points.
- 78) Town of Milton, WSID 5079 - Construction of a 650,000 gallon steel "twin" tank at the location of the existing Town of Milton McGrath Reservoir Tank and improvements necessary for security of critical infrastructure. However, project may not be eligible if additional storage needed primarily to serve future growth. Final eligibility determination will be made if/when project falls within the fundable range. Project includes security improvements. Inadequate finished storage capacity, 40 points, if confirmed eligible.
- 79) Wheelock FD#1, WSID 5049 - Waterline installation at the following locations:  
Replace main water line crossing on Route 122 to J. Vojta and Tita Clair;  
Install water main on Sutton to R. Norcross along with road and sewer crossing, curb stops, water service line with capping of existing main waterline;  
Install water main and curb stops to J. Vojta and Tita Clair on Route 122;  
Install water main to Town Hall on Route 122 along with road and driveway repair, water services and curb stops;  
Install water main from Town Hall to Bickford on Route 122;  
Road and storm sewer crossing at R. Norcross, J.Vojta and Tita Clair on Rte. 122 and Sutton Rd.;  
Road and /or driveway repairs at J. Vojta, G. Bickford, R. Norcross, I Stafford, Town Hall on Route 122 and Sutton Road; and  
Insulation over water main on Sutton Road and Route 122.  
Inadequate distribution facilities, 20 points.
- 80) Lindale MHP, WSID 20958 – Planned improvements consist of the following:  
Replacement of a water meter pit;  
Install new distribution system, forming an 8" waterline loop, including new services, curb stops and meter pits for 48 homes (Old Park); and  
Install meter pits and accessories for each connection in newer park area for 19 homes.

Inadequate distribution facilities, 20 points.

81) Town of Hardwick, WSID 5039 - West Church Street waterline replacement.  
Inadequate distribution facilities, 20 points.

## **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. Examples of eligible projects include:

- 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. This includes projects to develop new water systems and/or water system extensions. Under certain circumstances, a new water system or water system extension may be determined to be eligible. Please contact the Water Supply Division for further information.

#### 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 <sup>[1]</sup>	ORGANIZATION TYPE	INTEREST RATE PLUS ADMINISTRATIVE FEE	MAX TERM <sup>[2]</sup>
Planning	All	0%	5 yrs.
Construction	Municipal Community <sup>[3]</sup> Non-disadvantaged	(3%) - (0%) <sup>[7]</sup>	20 yrs.
Construction	Municipal/Disadvantaged <sup>[4]</sup>	(3%) - (-3%) <sup>[7]</sup>	30 yrs.
Construction	Private-Profit Community	3% <sup>[8]</sup>	20 yrs.
Construction	Private-Non-Profit Community (Disadvantaged) <sup>[4]</sup>	(3%) - (-3%) <sup>[10]</sup>	30 yrs.
Construction	Private-Non-Profit Community (Non-disadvantaged)	3% <sup>[8]</sup>	20 yrs.
Construction	Private-Non-Profit Non-Community	3% <sup>[8]</sup>	20 yrs.

<b>LOAN TYPE</b> <sup>[1]</sup>	<b>ORGANIZATION TYPE</b>	<b>INTEREST RATE PLUS ADMINISTRATIVE FEE</b>	<b>MAX TERM</b> <sup>[2]</sup>
Construction	Municipal (Non-Community)	3% <sup>[9]</sup>	20 yrs.
Refinancing	Municipal (Debt incurred July 1, 1993 - April 5, 1997)	4.376% <sup>[5]</sup>	20 yrs.
Refinancing	Municipal (Debt incurred after April 5, 1997)	New loan rates <sup>[6]</sup>	New loan <sup>[6]</sup> terms

- 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 1.00% of median household income.
- 4) A disadvantaged municipality has a median household income below the state average community median household income ( $\$40,368 * 1.043 = \$45,409$ ) or the user cost exceeds 2 ½% of the MHI. Interest rate plus administrative fee and term will not be less than necessary to achieve an annual household user cost of 1.00% of median household income, and final adjustments will be made when loan is finalized after construction completion.
- 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**

The Water Supply Division maintains a list of known projects eligible for loans. The list is developed/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 (October 1 - September 30 of each year). 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, and
- 7) Security projects.

Projects are listed in priority order based on total point 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. The Vermont Water Supply Rule requires approval of plans and specifications for all water system improvements.

### **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. The Construction Section of the DEC Facilities Engineering Division manages procurement procedures and requirements for DWSRF funded projects.

### **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) The eligibility of each project is reviewed, and priority points awarded to each project.
- 3) Priority list developed.
- 4) Public meeting held and 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 a pre-application meeting.
- 8) Anticipated Loan Recipients required to submit a project schedule.
- 9) Project schedule approved by Water Supply Division.
- 10) Anticipated Loan Recipients requested to submit application.
- 11) Application to include information for environmental review.
- 12) Project determinations made (eligibility, scope, interest rate, etc.).
- 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 and/or Capacity Improvement Plans 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 private non-profit community systems with populations under 10,000 are eligible for planning and final design funding from the planning loan fund.

#### **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**

Planning Loans are at 0% interest for a 5-year term, and may be rolled into a construction loan from the priority list (based on points) at the interest and term identified for the construction loan.

#### **10.2.4. Maximum and Minimum Loan Amounts**

The maximum loan amount is \$100,000.

#### **10.2.5. Project Ranking**

The Water Supply Division maintains a project priority list for planning loans, if necessary. A priority score is established for each eligible project by assigning points for the water system improvement project based on established criteria. The criteria are the same as for construction projects, and 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 (June 16, 2001).

- 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 are eligible for source protection loans.

#### **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**

Source Protection Loans are at 3% interest for a term of 20 years.

#### **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**

The Water Supply Division maintains a project priority list for source protection loans. 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.

## 11. Appendix 4: Fund Commitments

DWSRF Loan Awards - FY97 Projects			
Loan	Awards and Pending Awards		Final
Number	Project Loan Recipients	FY97 Loan Awards	Loan Value
RF3-001	Graniteville FD4	1,867,455	1,867,455
RF3-002	Marshfield Village	553,500	<b>553,500</b>
RF3-003	Hinesburg	209,834	<b>209,834</b>
RF3-004	Wallingford FD1	116,600	116,600
RF3-005	Cabot Village	1,383,336	1,337,800
RF3-006	HFI (Hinesburg)	249,125	<b>249,125</b>
RF3-007	ACCT (Starksboro)	330,000	<b>330,000</b>
RF3-008	Rolling Meadows Assoc., Inc. (Newfane)	0	0
RF3-009	Fairfax FD1	131,731	131,731
RF3-010	Rutland Town FD#10	125,000	<b>125,000</b>
RF3-011	Northfield Village	167,000	<b>167,000</b>
RF3-012	Rutland Town FD#8	247,500	87,000
RF3-013	Stowe	2,000,000	2,000,000
RF3-014	Lalande Air & Water Corp. (Berlin)	0	0
RF3-015	Lyndonville	1,600,000	1,557,263
RF3-016	Tri-Park CHC (Brattleboro)	120,000	120,000
RF3-017	Ho-Ges	38,500	38,500
RF3-018	Randolph	387,264	<b>387,264</b>
RF3-019	Rutland Town FD#6 & #9	360,000	<b>360,000</b>
RF3-020	Morristown Corners WC	13,518	13,518
RF3-021	Fairfax Town	1,486,051	<b>1,486,051</b>
RF3-022	Bradford Village (See also RF3-085)	378,558	378,558
RF3-025	Bakersfield FD1	210,000	210,000
RF3-026	Thetford WC	90,000	90,000
RF3-027	Stowe FD2	345,000	318,442
RF3-028	East Mtn Water Coop (Mendon)	50,000	<b>50,000</b>
RF3-085	Bradford Village (See also RF3-022)	155,000	<b>155,000</b>
Total		12,614,972	12,339,642
Bold faced figures are pending			

<b>DWSRF Loan Awards - FY98 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY98 Loan Awards</b>	<b>Final Loan Value</b>
RF3-013	Stowe	600,000	533,116
RF3-021	Fairfax Town	663,949	<b>663,949</b>
RF3-023	Gore Road MHP (Bennington)	0	0
RF3-024	Rutland Town Mendon FD2	450,000	438,154
RF3-029	HFI (Springfield)	355,000	<b>355,000</b>
RF3-030	Royalton FD1	37,800	37,800
RF3-031	Rutland Town FD4	0	0
RF3-032	Bethel	507,000	<b>507,000</b>
RF3-033	Okemo HOA	567,000	<b>567,000</b>
RF3-034	Springfield	597,700	<b>597,700</b>
RF3-035	Chimney Hill HOA (Wilmington)	0	0
RF3-036	Newport Town	0	0
RF3-037	Windsor (see also WPL-005)	1,075,000	1,044,977
RF3-038	Orleans	161,000	159,000
RF3-041	HFI (Woodstock)	460,000	402,873
<b>Total</b>		<b>5,474,449</b>	<b>5,308,569</b>
Bold faced figures are pending			

<b>DWSRF Loan Awards - FY99 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY99 Loan Awards</b>	<b>Final Loan Value</b>
RF3-029	HFI (Springfield)	120,000	118,324
RF3-030	Royalton FD1	712,200	600,499
RF3-032	Bethel	178,000	<b>178,000</b>
RF3-033	Okemo HOA	10,000	<b>10,000</b>
RF3-039	Stowe	2,200,000	<b>2,200,000</b>
RF3-040	Lyndonville	600,000	<b>600,000</b>
RF3-042	Murray Hill (Montpelier)	120,000	126,108
RF3-043	Starksboro Village Water Corp	14,657	14,657
RF3-044	Brattleboro Area CLT (Locust Hill MHP)	16,000	16,000
RF3-045	Grand Isle FD#4 (see also WPL-011)	900,000	<b>900,000</b>
RF3-046	Derby Center (see also WPL-004)	124,000	<b>124,000</b>
RF3-047	Grand Isle CWD (see also WPL-001)	819,000	<b>819,000</b>
RF3-048	Cavendish (source)	94,000	<b>94,000</b>
RF3-049	Cavendish (storage)	27,400	<b>27,400</b>
RF3-050	Cavendish (distribution)	42,000	<b>42,000</b>
RF3-051	Orleans	75,000	27,677
RF3-053	Shattuck Hill MHP (Derby)	120,000	<b>120,000</b>
RF3-054	Union Water Co (Thetford)	18,287	18,287
RF3-055	Crystal Springs (East Montpelier)	0	0
RF3-056	Randolph	774,314	<b>774,314</b>
Total		6,964,858	6,810,266
Bold faced figures are pending			
<i>Note: Additional \$173,218 reserved for loan amendments.</i>			

<b>DWSRF Loan Awards - FY00 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY00 Loan Awards</b>	<b>Final Loan Value</b>
RF3-010	Rutland Town FD#10	130,000	<b>130,000</b>
RF3-011	Northfield Village	980,500	<b>980,500</b>
RF3-039	Stowe	1,500,000	<b>1,500,000</b>
RF3-052	Grand Isle CWD (Phase IIA and IIB)	1,000,000	<b>1,000,000</b>
RF3-057	Tri-Town Water District	1,425,000	<b>1,425,000</b>
RF3-058	North Hyde Park FD1	32,000	<b>32,000</b>
RF3-059	Castleton FD3	203,000	203,000
RF3-060	Springfield	1,402,300	<b>1,402,300</b>
RF3-061	Arlington Water Co (Arlington)	709,331	<b>709,331</b>
RF3-062	Bolton Valley (Bolton)	0	<b>0</b>
RF3-063	Birchwood Manor MHP (Milton)	225,000	225,000
RF3-066	Rutland Town FD11(Spencer WC)	<b>73,000</b>	<b>73,000</b>
<b>Total</b>		7,680,131	7,680,131
Bold faced figures are pending			

<b>DWSRF Loan Awards - FY01 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY01 Loan Awards</b>	<b>Final Loan Value</b>
RF3-050	Cavendish (distribution)	<b>Pending</b>	<b>Pending</b>
RF3-052	Grand Isle CWD (Phase IIA and IIB)	2,005,000	<b>2,005,000</b>
RF3-064	Northbrook OA (Killington)	85,000	<b>85,000</b>
RF3-065	Bellows Falls Village	2,000,000	<b>2,000,000</b>
RF3-067	Westfield FD#1 (see also WPL-014)	650,000	<b>635,012</b>
RF3-068	Alta Gardens Estates MHP (Pownal)	52,200	<b>52,200</b>
RF3-069	Hartford (see also WPL-002)	525,000	<b>525,000</b>
RF3-070	Cubb M. Corp Riverside (Moretown)	30,000	<b>30,000</b>
RF3-071	Cubb M. Corp East Wind (Waterbury)	25,000	<b>25,000</b>
RF3-072	Mansfield View W Co-op	65,000	<b>65,000</b>
RF3-073	Wintergreen (Killington)	31,860	31,860
RF3-074	Eastridge Acres (Mendon)	85,000	<b>85,000</b>
RF3-075	Vergennes-Panton Water District	110,000	<b>110,000</b>
RF3-076	Stowe	500,000	<b>500,000</b>
RF3-077	Proctor	34,470	<b>34,470</b>
RF3-078	HFI (Birchwood Manor - Milton)	423,636	<b>423,636</b>
RF3-079	Poultney	100,000	100,000
RF3-080	Charleston Elementary School	40,000	<b>40,000</b>
RF3-081	North Hero (see aslo WPL-020)	386,150	<b>386,150</b>
RF3-082	Braintree Elementary School	35,000	<b>35,000</b>
RF3-083	Rutland Town FD4	75,000	<b>75,000</b>
RF3-084	Colchester FD2 (see also WPL-017)	14,500	<b>14,500</b>
RF3-086	AHA Coop (Montgomery/Westfield)	125,000	<b>125,000</b>
RF3-087	KTP (Bristol)	253,000	<b>253,000</b>
RF3-088	Fairlee	50,000	<b>50,000</b>
Total		7,700,816	7,685,828
Bold faced figures are pending			
<i>Note: Additional \$1,811,069 reserved for loan amendments.</i>			

<b>DWSRF Loan Awards - FY02 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY02 Loan Awards</b>	<b>Final Loan Value</b>
RF3-065-1	Bellows Falls Village	750,000	<b>750,000</b>
RF3-069	Hartford (see also WPL-002)	2,000,000	<b>2,000,000</b>
RF3-075	Vergennes-Panton Water District	1,276,500	<b>1,276,500</b>
RF3-086	AHA Coop (Montgomery/Westfield)	451,440	<b>451,440</b>
RF3-088	Fairlee	748,000	<b>748,000</b>
RF3-089	Bennington	249,000	<b>249,000</b>
RF3-090	Orange Center School	25,000	<b>25,000</b>
RF3-091	East Haven School	25,000	<b>25,000</b>
RF3-092	Beeman Elementary School (New Haven)	26,200	<b>26,200</b>
RF3-093	St Johnsbury Center FD#1 (WPL-021)	691,700	<b>691,700</b>
RF3-094	Brattleboro	0	0
RF3-095	Newport City	547,000	<b>547,000</b>
RF3-096	Johnson Village	271,200	<b>271,200</b>
RF3-097	Milton FD1 (See also FY03 Funding)	75,000	<b>75,000</b>
RF3-098	Tunbridge Central School	25,000	<b>25,000</b>
RF3-099	Stowe (Sunset Hill Storage Tank)	853,000	<b>853,000</b>
RF3-100	Rutland Town FD#1	8,650	<b>8,650</b>
RF3-101	Cady's Falls WC	86,400	<b>86,400</b>
RF3-105	Brewster Pierce School	18,605	<b>18,605</b>
<b>Total</b>		8,127,695	8,127,695
Bold faced figures are pending			
<i>Note: Additional \$660,000 reserved for loan amendments.</i>			

<b>DWSRF Loan Awards - FY03 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY03 Loan Awards</b>	<b>Final Loan Value</b>
RF3-065-2	Bellows Falls Loan Amendment	75,000	<b>75,000</b>
RF3-069	Hartford Loan Amendment	395,000	<b>395,000</b>
RF3-078	HFI - Birchwood Loan Amendment	50,435	<b>50,435</b>
RF3-087-1	KTP MHP	30,000	<b>30,000</b>
RF3-089-2	Bennington Loan Amendment	2,000,000	<b>2,000,000</b>
RF3-097	Milton FD 1 (See also FY02 Funding)	635,000	<b>635,000</b>
RF3-102	Deep Rock FD 4	390,000	<b>390,000</b>
RF3-103	Mettawee School	25,000	<b>25,000</b>
RF3-106	Grandview Acres Water Co-op	<b>30,700</b>	<b>30,700</b>
RF3-108	North Hero	<b>550,000</b>	<b>550,000</b>
RF3-109	Norwich FD#1	<b>250,000</b>	<b>250,000</b>
RF3-111	Barre City	90,000	<b>90,000</b>
RF3-112	South Alburg FD 2	210,000	<b>210,000</b>
RF3-113	Williamstown	<b>989,000</b>	<b>989,000</b>
RF3-115	Notchbrook HOA - Step I	<b>48,400</b>	<b>48,400</b>
RF3-117	Proctor	<b>52,850</b>	<b>52,850</b>
RF3-119	Marshfield Village	5,500	<b>5,500</b>
Total		5,826,885	5,826,885
Bold faced figures are pending			
<i>Note: Additional \$2,454,107 reserved for loan awards and amendments.</i>			

<b>DWSRF Loan Awards - FY04 Projects</b>			
<b>Loan Number</b>	<b>Awards and Pending Awards Project Loan Recipients</b>	<b>FY04 Loan Awards</b>	<b>Final Loan Value</b>
RF3-089-2	Bennington	2,000,000	<b>2,000,000</b>
RF3-096-1	Johnson Village	<b>100,500</b>	<b>100,500</b>
RF3-112-1	South Alburgh FD#2	<b>150,000</b>	<b>150,000</b>
RF3-117	Proctor	<b>929,150</b>	<b>929,150</b>
Total		3,179,650	3,179,650
Bold faced figures are pending			
<i>Note: Additional \$8,287,632 reserved for loan awards and amendments.</i>			