

Clean Water State Revolving Fund (CWSRF)

Proposed Amendment: Municipal Pollution Control Projects Priority List for State FY 2019 and Clean Water Intended Use Plan (IUP) for Federal FY 2018

Municipal Officials and Interested Parties:

The Department proposes to amend to SFY19/FFY18 IUP to incorporate program changes related to recent legislative updates. This amendment will serve as public notification of these proposed changes. A public hearing will be held **November 1, 2018** at 10:00 in the Montpelier Room in National Life, Montpelier. The public comment period will remain open until **November 13, 2018**.

In Spring 2018, Act 185 made the following changes:

1. Expanded eligible project types to include all federally eligible project types with a clean water benefit.
2. Expanded eligible loan applicants to include private entities
3. Creation of a sponsorship program for natural resource projects.

This amendment proposes the following changes related to this legislation:

1. **Solicitation of priority list applications for expanded project types:** Act 185 expanded the previous definition of “water pollution abatement and control facilities” to a more inclusive “Clean water project” definition. This definition encompassed the previous eligibilities, added natural resource project definition, and included projects that provide water quality benefits. The definition for natural resources project, under 4752 (17) reads: a project to protect, conserve, or restore natural resources, including the acquisition of easements and land, for the purposes of providing water quality benefits.”

The Vermont CWSRF can now fund all eligibilities under Section 603(c) of the Clean Water Act including:

- ◆ Energy conservation
- ◆ Water conservation
- ◆ Agricultural Best Management Practices
- ◆ Contaminated Sites
- ◆ Landfills
- ◆ Habitat Protection and Restoration
- ◆ Silviculture
- ◆ Groundwater Protection and Restoration
- ◆ Surface Water Protection and Restoration

All projects must receive an eligibility determination from CWSRF staff to ensure it is consistent with federal and state statute. More information on CWSRF eligibilities can be found on the [CWSRF Eligibility Overview](#). Any projects that wish to receive funding under the FFY18 IUP for these expanded project types must submit a priority list application to the program by **November 13, 2018**.

2. **Solicitation of applications from private entities:** Act 185, under section VSA Title 24, Chapter 120, 4780, allowed for private entities to apply for a clean water project through the Vermont Economic Development Authority (VEDA). In order for a private entity to utilize the CWSRF, all municipal projects must first be bypassed. Additionally, no more than 20 percent of the available fund balance can be used in a given year. Applicants must submit a letter of support from the relevant municipality. All applicants must submit a prescreening application and subsequent fee in the amount of \$250 prior to processing their loan application. It is proposed that the administrative fee for these loans be set at 4% over a term not to exceed 30 years, subject to approval by the Treasurer. If a nonprofit entity meets the program affordability criteria standards outlined in the current IUP, that entity will be determined to be disadvantaged and their rate will be set at an administrative fee rate of 3%, pursuant to 24 V.S.A. 4771(a)(5)(A). Vermont CWSRF has developed a draft policy on CWSRF private entity loan process that are outlined in [Attachment A](#). Any private entity projects that wish to receive funding under the FFY18 IUP must submit a priority list application to the program by **November 13, 2018**.
3. **Creation of a sponsorship program:** Act 185 defined the sponsorship program as an arrangement in which natural resource projects are paired with water pollution abatement and control facilities projects, as defined in 10. V.S.A. 1571 for the purposes of water quality improvement. Under the sponsorship program, a municipality may obtain a loan for both a natural resources project and a water pollution abatement and control facilities project. The loan rate and terms shall be adjusted to forgive all or a portion of the natural resources project over the life of the loan. Only municipalities and nonprofit organizations may receive funds under a sponsorship program.

The Water Infrastructure Sponsorship Program (WISPr) has created a draft policy related to sponsorship, outlined in [Attachment B](#).

This amended IUP proposes to reserve up to \$250,000 to fund the initial one-year planning cycle associated with sponsorship projects that will lead to a joint municipal sponsorship project. These funds will be used for planning projects according to the draft policy eligibilities in [Attachment B](#). These planning efforts will be provided as planning loans through Vermont Economic Development Authority (VEDA) for nonprofit implementers or Vermont Municipal Bond Bank (VMBB) for municipal implementers. These planning loan costs will be repaid to the VEDA or VMBB account upon sponsorship matching with a municipal loan. These loans will be underwritten as a 0%, 5-year deferred repayment loan. If projects are determined by the Department to be acceptable candidates for sponsorship matching, the full planning loan amount will be forgiven prior to initial repayment start date. It is anticipated that each award will be capped at approximately \$50,000 per project but final amounts may be adjusted based on applications received.

It must be noted that all entities requesting funding under the sponsorship planning cycle must pass VEDA or VMBB's underwriting criteria which will evaluate financial and managerial capacity to oversee and administer a project.

Any projects that wish to receive funding under the FFY18 IUP for WISPr planning program to fund the first-year cycle must submit the following prior to **November 13, 2018**:

1. [Priority list application](#)
2. Proposed detailed project cost summary
3. [Risk Assessment Form](#)
4. If a nonprofit, most recent Tax Form 990

Please note that the CWSRF has a procurement requirement called Qualifications Based Selection which must be followed in order for the program to fund engineering services. More information can be found [here](#). Projects will be ranked for the Year One Planning Cycle using existing Chapter 2 CWSRF Priority Ranking Criteria. It is noted that some categories will likely not be applicable for natural resources project types. In these categories, the projects will receive zero points. In addition, the following points will be used to prioritize natural resources projects for sponsorship:

- If the project intends to address nutrient pollutant reductions of state or federally approved Total Daily Maximum Load (TMDL), it will receive an additional **25 points**.

If a project has been sufficiently developed without utilization of the initial planning year or funding, the implementer may request in writing to be immediately placed on the second-year list for matching and implementation. These determinations will be made on a case by case basis.