

The Vermont Drinking Water  
State Revolving Fund

## Intended Use Plan

for Federal Fiscal Year 2019 Funding



Draft March 15, 2019

Prepared by Facilities Engineering Division  
Department of Environmental Conservation

 **VERMONT**  
**AGENCY OF NATURAL RESOURCES**  
Department of Environmental Conservation

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## Executive Summary

The 1996 Amendments to the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF). 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) every 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 documents comprise the capitalization grant request for the DWSRF. While a variety of state agencies are involved in the process, the Facilities Engineering Division (FED) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting all these documents. FED and the Drinking Water and Groundwater Protection Division (DWGWPD) share responsibility for implementation of the various policies and procedures that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

Over the past year, the DWSRF has seen a reduction in its unliquidated obligations (ULOs). DWSRF staff are now able to shift the focus to improving the program, making fundamental changes to statute and processes. Both DW and CW SRF programs are working toward aligning each program's processes to mirror each other.

The key program updates and changes are:

- Guidance Document #10
- Guidance Document #11
- Guidance Document #13
- Guidance Document #22
- Additional Subsidy
- Elimination of interest charged on loans
- Extension of loan terms from 20 to 30 years; 30 to up to 40 for disadvantaged applicants

## Table of Contents

Executive Summary .....	2
The 2019 Intended Use Plan .....	4
Short and Long-Term Goals .....	4
Financial Matters .....	6
Set-Asides .....	9
Project Priority List .....	14
Proposed Program Changes .....	16
Public Participation.....	18
Appendix A: Comprehensive Project Priority List .....	20
Appendix B: Guidance Documents .....	23

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## The 2019 Intended Use Plan

The 1996 Amendments to the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF). 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. Under the SDWA, each State is required to deposit in the DWSRF an amount equal to at least 20% of the total amount of the capitalization grant. The State of Vermont's Capitalization Grant allotment for FFY19 is projected to be \$11,107,000; therefore, the amount of state match funds required is projected to be \$2,221,400, which is currently included in the State's FY20 Capital Construction and State Bonding Bill (H.534) and should be available July 2019.

The SDWA requires that each state prepare an Intended Use Plan (IUP) every fiscal year that details how 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 variety of state agencies are involved in the process, the Facilities Engineering Division (FED) of the Department of Environmental Conservation (DEC) has primary responsibility for preparing these documents. FED and the Drinking Water and Groundwater Protection Division (DWGWPD) share responsibility for implementation of the various policies and procedures that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

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## Short and Long-Term Goals

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### Short Term Goals and Objectives

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1. Secure the State's latest available 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 through the priority list and IUP to address contamination issues that pose the most serious risk to human health and to ensure compliance with the SDWA requirements and maintain and/or improve water quality.

3. Provide loans to address aged infrastructure.
4. Ensure that at least 15% of the DWSRF Project Fund provides loans to municipally-owned and privately-owned non-profit public water systems with populations of fewer than 10,000 people for conducting feasibility studies, preliminary engineering and final designs for water system improvements as well as promotion of capacity development for disadvantaged and small systems that do not have adequate technical, managerial, or financial resources to come into or maintain compliance, and to provide safe drinking water..
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 through the Vermont Source Water Protection Program.
6. Provide effective program management and resources to ensure the integrity of the DWSRF.
7. Coordinate DWSRF activities with enforcement activities of the State and EPA.
8. Continue implementation of the statewide strategy to improve capacity for existing public water systems and assure capacity for new public water systems.
9. Use DWSRF set-aside funding to provide the additional resources required to manage the Vermont Drinking Water Program.

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### Long Term Goals and Objectives

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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. Expend all federal funds within two years of grant award.
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 to carry out the DWSRF program.
6. Continue to update, develop, and implement the capacity development strategy for existing systems.
7. Continue providing operator training by DWGWP staff and through grants and/or contracts with third-party technical assistance providers.

## Financial Matters

### Payment Schedule

EPA requires a payment schedule for planning the obligation of federal funds. Each payment occurs at the beginning of a quarter with planned commitments to be made through the end of that quarter. Except for the set-aside payments, loan commitments in an amount equal to each federal plus state match payment must be made within one year of the payment date, in accordance with the Safe Drinking Water Act Amendments of 1996.

**TABLE 1**  
EPA Payment Schedule for Federal Fiscal Year

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2019-4	7/1/2019-9/30/2019	\$3,000,000	\$2,221,400
2	2020-1	10/1/2019-12/31/2019	\$3,000,000	
3	2020-3	4/1/2020-6/30/2020	\$1,000,000	
4	2020-4	7/1/2020-9/30/2020	\$2,500,000	
5	2021-3	4/1/2021-6/30/2021	\$1,607,000	
<b>Total</b>			<b>\$11,107,000</b>	<b>\$2,221,400</b>

### Disbursement Schedule

EPA requires an estimated disbursement schedule for planning the outlay of federal funds. Below is the schedule for the new funding of \$11,107,000.

TABLE 2

## EPA Estimated Disbursement Schedule

Disbursement Quarter	Amount
1QFFY2020	\$300,000
2QFFY2020	\$800,000
3QFFY2020	\$1,000,000
4QFFY2020	\$3,000,000
1QFFY2021	\$3,000,000
2QFFY2021	\$1,250,000
3QFFY2021	\$1,757,000
<b>Total</b>	<b>\$11,107,000</b>

## DWSRF &amp; CWSRF Transfer

The Safe Drinking Water Act Amendments of 1996 (Section 303) allow the 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 for each open grant year. The program reserves the right to make this transfer and it is at the Governor's discretion.

## Future Program Impact

The proposed method and financial terms for distributing project funds presented in this IUP should have a positive impact on the long-term financial status of the DWSRF. Principal and interest payments on loans plus the interest earnings on the fund balance are deposited into the DWSRF and made available for future water system capital improvement projects. The only other funds lost for revolving loans are those withdrawn for authorized set-aside uses and include: DWSRF Administration, Technical Assistance, PWSS Program Management, and Local Assistance. Lending procedures used by the Vermont Municipal Bond Bank (VMBB) for municipal loans and the Vermont Economic Development Authority (VEDA) for loans to private entities include safeguards structured to minimize unforeseen losses to the fund. Additionally, the placement of the DWSRF within the financial structure of the VMBB guarantees



that the Program will benefit in the long-term from the management and financial planning expertise of this organization.

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### Program Financial Summary

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As part of the Intended Use Plan, states must report on the financial status of their DWSRF. The first capitalization grant was awarded to Vermont on September 30, 1997. During this time, cumulative loan obligations total approximately \$216,054,645 for public drinking water construction projects and approximately \$11,620,070 for water planning and design loans. In addition to project funds and set-asides the DWSRF also maintains an administrative fee account, which is being reserved to sustain the administrative function of the program when the state is no longer receiving federal capitalization grants. As of 2/28/2019 the administrative fee account balance is \$5,353,883.84.

Historically, the program has described the loan administrative fees as program income but has tracked this fee income as either program or non-program income. The SRF program has detailed funds separately, to allow non-program income to be used for a broader array of SDWA eligible activities than is allowed with program income. All program income is accounted for in a separate fund outside the SRF fund.

Tables on the following pages provide a financial summary of the program. All figures were updated on 3/18/2019 and data was generated from LGTS.

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TABLE 3

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#### DWSRF Source and Uses

*Table 7 provides a comprehensive summary of the funding available to the program through federal capitalization grants and revolving loan funds and uses which include funding for construction projects and set-aside activities.*

Sources- DWSRF	
DWSRF Capitalization Grant minus set-asides	\$7,663,830
State Match Needed	\$2,221,400
Anticipated Interest (7/1/2019-6/30/2020)	\$1,500,000
Anticipated Repayments (7/1/2019-6/30/2020)	\$6,622,718
Carry-Forward	\$33,717,430
<b>Total Sources</b>	<b>\$51,725,378</b>



Uses- DWSRF	
Anticipated Loan Commitments	\$51,725,378
Set Asides	\$3,443,170
<b>Total Uses</b>	<b>\$55,168,548</b>

TABLE 4

#### Planning Loan Program Sources and Uses

*Table 8 summarizes the sources and uses for the Local Assistance Water Planning Loan Program. Sources include capitalization from federal funds and funds revolving into the program from loan repayments and uses which are in the form of new loan commitments.*

Sources- LASRF	
Carry Forward	\$2,007,635
Estimated interest (7/1/2019-6/30/2020)	\$48,000
Estimated repayments (7/1/2019-6/30/2020)	\$368,188
<b>Total Sources</b>	<b>\$2,375,823</b>

Uses- LASRF	
Pending Loan Obligations	\$367,086
Estimated loan commitments (4/1/2019-6/30/2020)*	\$1,700,000
<b>Total Uses</b>	<b>\$2,067,086</b>

<b>Total Projected LASRF balance</b>	<b>\$308,737</b>
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\*estimated based on commitments made 7/1/2017-6/30/2019

## Set-Asides

The State of Vermont plans to set aside \$3,443,170 (31%) 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. A portion 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 following outlines the allocations and provides a brief description of the proposed activities in each of the four set-asides.

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## Program Management Set-Aside

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Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take the full 10%, \$1,110,700 to support approximately 10.98 FTEs, and associated operating costs within the DWGWPD. 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, compliance supervision, and other drinking water program activities.

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## Administrative Set-Aside

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Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. Changes to the FY17 grant requirement allows the program to take 4%, or .002 x total net position, or \$400,000. The program will be taking 4%, or \$444,280, to support approximately 4.68 FTEs within the Facilities Engineering Division. These positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. Additionally, administrative funds are used to pay for the services of the Vermont Municipal Bond Bank, which is responsible for the overall fund and is a party to all loan awards to municipal applicants, and the Vermont Economic Development Authority, which is responsible for conducting creditworthiness reviews of loan applicants for privately-owned water systems and is a party to those loans.

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## Technical Assistance Set-Aside

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Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds are to be used for systems less than 10,000 population. The program will take 2%, or \$222,140, to provide technical assistance to small public water systems; the remaining amount will be added to the TA banked authority for use in the future. The following activities are proposed:

### WATER SYSTEM OPERATOR TRAINING CONTRACT

We are proposing to allocate \$140,000 to a contract to provide professional training to public water system owners and operators in

Vermont. These training efforts support the Vermont Water Operator Certification Program administered by the DWGWPDP.

#### DWGWPDP STAFF

We are proposing to allocate \$52,140 to provide technical training for DWGWPDP staff to enable personnel to provide direct technical assistance to small public water systems. This will result in approximately .55 FTEs

#### TNC TECHNICAL ASSISTANCE

We are proposing to allocate \$30,000 to provide technical assistance to TNCs.

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### Local Assistance Set-Aside

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Up to 15% of the capitalization grant, or \$1,666,050 can be used for the DWSRF Local Assistance Set-Aside with a further limitation that no more than 10% can be used to fund any one specific activity. The program is proposing to take the full 15%, or \$1,666,050, to fund local assistance activities. The following activities are proposed:

#### Capacity Activity:

##### WATER LOSS CONTROL

We are proposing to allocate \$50,000 to provide leak detection surveys performed by a professional leak detection firm per American Water Works Association's standards. These surveys will be provided to community drinking water systems to promote water conservation efforts, reduce pumping and treatment costs, extend the useful life of assets, and minimize the risks of contamination

##### LEAD LINE REDUCTION STRATEGIES GRANT

We are proposing to allocate \$100,000 for grants to help public community water systems reduce the risks of exposure to lead in drinking water. The grants will be utilized to develop and implement risk reduction strategies, with an emphasis on finding and removing lead service lines via inventorying and mapping, non-compliance sampling, as well as public outreach and education.

##### CAPACITY PROGRAM ASSET MANAGEMENT INITIATIVES

We are proposing to allocate \$50,000 to extend the asset management training program funded through previous grants to promote the practice of infrastructure asset management at Vermont's public water systems.

## RTCR LEVEL 2

We are proposing to allocate \$35,000 to provide technical assistance to public water systems for RTCR Level 2 compliance.

## RATES STUDY

We are proposing to allocate \$50,000 to conduct surveys of water rates for community water system and develop a dashboard based on the results of the survey. This dashboard will help Vermont water systems evaluate their financial performance and influence future planning to improve their financial and managerial capacity.

## LOCAL ASSISTANCE PROGRAM POSITIONS

We are proposing to allocate \$496,646 for operations staff provide direct assistance during site visits, phone calls and emails regarding operational and maintenance issues. They also assist by explaining basic water supply regulatory and technical concepts from source to tap with water systems. The engineers provide assistance by evaluating Preliminary Engineering Report reviews, Engineering Services Agreements, and construction plans and specifications in support of Drinking Water State Revolving Fund projects, and other public water system modifications as well. Assistance is provided to water systems and consultants to ensure that technical decisions are viable, appropriate and meet standards.

We are proposing to allocate \$100,300 for staff to explain technical issues regarding monitoring schedules and frequency, sampling techniques, and provide training to operators. Particular attention is needed for distribution-related contaminants. Templates are developed for public water systems, such as sampling plans, public notice and CCRs

## VERMONT DEPARTMENT OF HEALTH MOU

We are proposing to allocate \$20,000 for support of the Vermont Department of Health. Use of these funds are outlined in the MOU

## Wellhead Protection Activity:

### WATER RESOURCES POSITIONS

We are proposing to allocate \$216,450 for staff to review and approve source protection plans, work with systems to update them, review and approve source construction to ensure they meet technical requirements. Also work with systems to ensure that proper testing occurs, to ensure long-term viability of new sources, and work with systems to develop new source if needed.

## REGIONAL OFFICE POSITIONS

We are proposing to allocate \$400,654 for staff to ensure that groundwater is adequately protected by reviewing plans and specifications for wastewater systems

## NEW REGIONAL OFFICE POSITION

We are proposing to allocate \$147,000 for one new staff person that will be doing work of the Regional Offices half-time and the work of Engineers in the Operations and Engineering program half-time.

TABLE 5

DWSRF FFY19 Set-Aside Summary

Set-aside (Maximum %)	Funds Allowable	Grant Request
Administration (4%)	\$444,280	\$444,280
Technical Assistance (2%)	\$222,140	\$222,140
Program Management (10%)	\$1,110,700	\$1,110,700
Program Management Banked Authority	\$0	\$0
Local Assistance (15%)	\$1,666,050	\$1,666,050
<b>Totals</b>	<b>\$3,443,170</b>	<b>\$3,443,170</b>

TABLE 6

FFY19 Set-Aside and Banked Authority Summary

Set-aside	Prior Years' Funds	Anticipated FFY19 Funds	Unexpended as of 3/8/2019 <sup>1</sup>	Expended (drawn) as of 3/11/2019
Administration	\$8,601,010	\$444,280	\$363,695	\$8,262,315
Technical Assistance	\$3,811,844	\$222,140	\$268,427	\$3,543,417
Program Management	\$19,309,289	\$1,110,700	\$1,647,378	\$17,661,911
Local Assistance	\$17,519,909	\$1,666,050	\$2,360,422	\$15,159,487
<b>Totals</b>	<b>\$49,242,052</b>	<b>\$3,443,170</b>	<b>\$4,639,922</b>	<b>\$44,602,130</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.

Banked Authority- Technical Assistance	
ARRA	\$300,000
FFY08	\$162,920
FFY16	(\$63,984)
FFY18	\$57,320

FFY19	\$0
<b>Total Available</b>	<b>\$456,256</b>

<b>Banked Authority- Program Management</b>	
FFY97	\$1,105,880
FFY98	\$592,130
FFY99	\$226,380
FFY00	\$275,700
FFY01	\$48,910
FFY03	\$177,410
ARRA	\$1,730,000
FFY09	\$43,965
less prior transfers	(\$780,505)
FFY09 amendment	(\$222,387)
FFY11	(\$258,200)
FFY16	(\$300,000)
FFY17	(\$300,000)
FFY18	(\$322,132)
FFY19	\$0
<b>Total Available</b>	<b>\$2,017,151</b>

## Project Priority List

The State of Vermont will continue to finance projects based on a point system that ranks eligible water supply projects that are ready to proceed. 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. Priority ranking methods, as outlined in Guidance Document #2, and preliminary loan term and rate determinations are outlined in Guidance Document #10. Additionally, the water system must have or will have the technical, financial and managerial capacity to operate the system in compliance with federal and state law. The priority list can be amended up to twice per fiscal year, and if amended, a public participation process will be followed. The draft FFY19 Project Priority List is included as Appendix A.

The State is proposing to award \$51,725,378 for construction projects. The total

request for the FFY19 list is \$71,914,000 with 60 projects applying. The federal cash draw ratio for the FFY19 grant will be \$7,663,830/\$9,885,230, or 77.53%.

The Anticipated Loan Recipients (ALRs) are those projects with the highest ranking that comply with the following:

- Under federal requirements, at least 15% of available funds, or \$7,758,807, must be used for projects serving communities with populations of less than 10,000 persons. Because the vast majority of Vermont's public water systems serve populations <10,000, this requirement is not expected to be an issue. Three projects identified as ALRs with a total loan request of \$7.776M serve a population of 10,000 or more, so this requirement will be met.
- As required in Vermont legislation, funds for private water systems are limited to 20% of the available funds, or \$10,345,076 unless there are insufficient municipal projects ready to proceed and additional funds are available. There are currently 12 private water systems that are ALRs in the amount of \$4,948,000 which is below the 20% limit.
- As required in federal law applicable to the FFY19 grant, a minimum 20% subsidy shall be provided and no less than 6% of the federal grant and no more than 35% disadvantaged subsidy to state-defined Disadvantaged Communities, provided adequate applicants exist. This equates to \$2,221,400 in subsidy plus a minimum of \$666,420 and a maximum of \$3,887,450. The DWSRF is proposing for the FFY19 IUP to provide the maximum in subsidy allowed. Please see below for a comprehensive summary of proposed changes.

**\$51.7M**



Amount the State is proposing to allocate for FFY19 Project Priority List projects. The largest amount to date.



All required project data will be reported using the Public Benefits Reporting (PBR) federal on-line reporting system each time a loan is transacted during the fiscal year. Reporting to National Information Management System (NIMS) will also be completed. To comply with the Federal Funding Accountability and Transparency Act (FFATA) the program will report an amount equivalent to the federal grant to the fsrs.gov system. All projects receiving federal funds will be required to comply with the requirements of the Federal Single Audit Act. All projects regardless of funding source will need to comply with National Environmental Protection Act (NEPA) like review, Disadvantaged Business Enterprises (DBEs) reporting, Davis-Bacon, American Iron and Steel, and other federal crosscutters.



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## Proposed Program Changes

### Additional Subsidy

1. Additional Subsidy (AddSub): Propose to use the 20% allowed by law, or \$2,221,400 for:
  - a. All applicants will receive up to 25% in total loan value in principal loan forgiveness on a first-come, first-served basis.
  - b. All lead related components in a proposed project will receive 100% principal loan forgiveness.
  - c. If a project contains lead and non-lead related components, the applicant would first receive 100% forgiveness on lead containing components, followed by 25% principal forgiveness on the remainder of the project, as funds are available.
2. Disadvantaged-directed Additional Subsidy (DisSub): Propose to use the 35% allowed by law, or \$3,887,450 for:
  - a. Those communities whose user-rate post project exceeds 1% of MHI will receive disadvantaged subsidy enough to reach 1% of MHI post project, not to exceed 50% principal forgiveness, using the calculations outlined in Guidance Document #13.

FFY19 subsidy will be applied to Public Community water systems regulated as such by the Drinking Water and Groundwater Protection Division (DWGWP). An applicant may receive both 25% additional subsidy and an amount of subsidy enough to achieve a user rate of 1% MHI post-project. Municipally-owned non-transient, non-community school water systems are categorically disadvantaged per State statute and are eligible for up to \$25,000 in construction loan principal forgiveness; there is no further subsidy provided to these applicants. There is no cap on the subsidy an applicant can receive, and an applicant may receive AddSub and DisSub. All subsidy is available on a first-come, first served basis. The Department reserves the right to make final determination on eligible loan amounts, and lead component amounts will be determined through the permitting process.

### **Guidance Document #10**

Guidance Document #10 (GD#10) outlines loan term, interest rate and administrative fee determinations and loan repayment start date. The DWSRF is proposing to eliminate the interest rate, pending Vermont State Treasurer approval, and to update how disadvantaged subsidy is calculated, pending Vermont Legislative approval.

### **Guidance Document #11**

Guidance Document #11 (GD#11) outlines how Median Household Income (MHI) is calculated. The DWSRF is proposing to define the amount of time an income survey is valid. Currently income surveys results are accepted for two years, inflated at 4% each year thereafter. The DWSRF is proposing after five (5) years communities must redo the income survey or revert to the American Communities Survey MHI data.

### **Guidance Document #13**

Guidance Document #13 (GD#13) contains primary elements in determining a loan term and interest and administrative rates. Annual operation and maintenance costs, equivalent units, and existing debt are the figures used as a basis for determining user rate post project and are integral in determining if an applicant qualifies as disadvantaged under Title 24 Chapter 120 Section 4752(12). The DWSRF is proposing to add reserve contribution to the calculation.

### **Guidance Document #22**

The DWSRF is proposing to eliminate forgiveness for applicants that do not use DWSRF funds for construction.

### **Loan Term**

A proposal in the Vermont legislature, to be consistent with Federal law, will adjust loan terms for non-disadvantaged applicants from 20 years to 30 years based on the weighted and averaged expected useful life of the assets being funded. The proposal would also adjust the disadvantaged loan term from, currently, a maximum of 30 years to a maximum of 40 years, limited to calculations outlined in GD#13 and the weighted and

averaged expected useful life of the assets being funded.

### **Loan Rate**

The Agency of Natural Resources will be making a recommendation to the State Treasurer to eliminate the 1% interest rate charged to municipal applicants. This would not change the 2% administrative fee charged to municipal applicants or the 3% administrative fee charged to private applicants.

### **FFY20 Priority List Application changes**

Beginning with the FFY20 priority list, the DWSRF will require all projects meet Step III readiness to proceed criteria, including submitting a Step III funding application, by June 30, 2021. Projects failing to meet this requirement will be bypassed and expected to reapply for the following funding cycle.

All changes proposed in the FY2018 IUP were implemented.

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## **Public Participation**

FED recognizes that public participation and the persistent cultivation of stakeholder interests is an integral element in the development of an effective program. Throughout the year DWSRF staff initiate contact with the neediest and highest priority water systems to encourage them to apply to be included in the PPL. Contacts are made via on-site visits, by email and phone. Additionally, water systems are routinely directed to the DWSRF by DWGWPD staff, such as those conducting sanitary surveys. A public notice for the development of this IUP as well as a solicitation for priority list applications and a public meeting announcement was sent on January 15, 2019 to all public water system administrative contacts, stakeholder groups, and engineering consultants via Constant Contact. A notice of availability of the draft project priority list and set-aside allocations for comment was distributed, also by Constant Contact, on April 1, 2019 and a draft Intended Use Plan was distributed in advance of the public hearing held on May 1, 2019. Additionally, the draft IUP was posted on both the FED website in advance of the public hearing and the notice for the hearing was also placed on the Vermont Department of Libraries and Agency of Natural Resources websites.

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## Public Comment Responsiveness Summary

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The following responsiveness summary will list questions (Q) and comments (C) received at the May 1, 2019 public hearing through the public comment period ending May 15, 2019. Some comments have been edited for brevity and clarity.

Q. Question/Comment

A. Answer.

### Priority List Applications after 2/15/2019

The following FFY19 priority list applications were received after the 2/15/2019 deadline:

## Appendix A: Comprehensive Project Priority List

*The Comprehensive Project Priority List contains a list of fundable and non-fundable projects arrayed in priority order. The priority ranking system ensures funding precedence for projects that address the most serious risk to human health, are necessary to ensure compliance with SDWA requirements, and assist systems most in need.*

**Total Available Funding: \$51,725,378**

Total Available AddSub: \$2,221,400

Total Available DisSub: \$3,887,450

Priority Points	WS Name	Residential Pop.	Project Description	Loan Amount	Rate	Term	Cumulative Total	DisSub	Cumulative DisSub
180	Alburgh, Village of	576	Water system improvements	\$832,000	0.00%	30	\$832,000	\$330,701	\$330,701
157	South Alburgh Fire District #2	150	Water system improvements- Phase 2	\$3,000,000	0.00%	20	\$3,832,000		\$330,701
150	Hardwick, Town of	1900	Bridgeman Reservoir Cover	\$0	3.00%	20	\$3,832,000		\$330,701
150	Bull Run	420	Water treatment and storage tank improvements	\$1,400,000	3.00%	20	\$5,232,000		\$330,701
145	Lyndonville, Village of	4500	Vail Drive transmission main replacement	\$2,750,000	0.00%	30	\$7,982,000	\$1,093,064	\$1,423,765
145	Saint Johnsbury, Town of	3800	Pleasant St and Gilman Ave waterline replacement	\$0	3.00%	20	\$7,982,000		\$1,423,765
140	Winooski, City of	8500	Main St waterline replacement	\$2,210,000	0.00%	30	\$10,192,000	\$878,426	\$2,302,191
140	Jeffersonville, Village of	700	Water system improvements	\$200,000	0.00%	30	\$10,392,000	\$79,495	\$2,381,686
140	Ascutney Town Fire District #2	485	Meter and valve replacement	\$0	0.00%	30	\$10,392,000		\$2,381,686
140	Westminster Aqueduct Society	150	Source improvements	\$100,000	1.39%	30	\$10,492,000		\$2,381,686
135	Thompson Point Association <sup>1</sup>	0	Water system upgrades	\$350,000	3.00%	20	\$10,842,000		\$2,381,686
130	Dorset Fire District #1	530	Source and distribution improvements	\$3,000,000	0.00%	20	\$13,842,000		\$2,381,686
130	Hyde Park, Village of	462	Water system improvements	\$4,267,000	0.00%	20	\$18,109,000		\$2,381,686
130	Lunenburg Fire District #1	250	New water source	\$250,000	0.00%	30	\$18,359,000	\$99,369	\$2,481,055
127	Randolph, Town of	2700	Storage tank improvements	\$1,200,000	3.00%	20	\$19,559,000		\$2,481,055
127	Danville Fire District #1	450	Waterline replacement	\$3,173,000	0.00%	20	\$22,732,000		\$2,481,055
125	Milton Mobile Home Park	260	Water distribution upgrades	\$800,000	0.00%	30	\$23,532,000	\$317,982	\$2,799,037
125	Saint Johnsbury, Town of	2800	Water treatment plant upgrades	\$5,240,000	3.00%	20	\$28,772,000		\$2,799,037

Priority Points	WS Name	Residential Pop.	Project Description	Loan Amount	Rate	Term	Cumulative Total	DisSub	Cumulative DisSub
120	Troy, Town of	315	Route 100 waterline replacement	\$0	0.00%	30	\$31,572,000		\$3,911,975
120	Battleground Condominiums	166	Water system improvements	\$302,000	3.00%	20	\$31,874,000		\$3,911,975
120	Country Club Condominiums	80	Water system improvements	\$406,000	3.00%	20	\$35,280,000		\$5,104,409
120	Rutland, City of	18500	NW Neighborhood Phase IA	\$0	3.00%	20	\$35,280,000		\$5,104,409
120	Royalton Town Fire District #1	1500	Water Treatment Plant upgrades	\$1,500,000	0.00%	30	\$36,780,000	\$596,217	\$5,700,626
117	HFI- Mobile Acres MHP	252	Water system upgrades	\$0	3.00%	20	\$36,780,000		\$5,700,626
117	Murry Hill Homeowners	212	Water system improvements	\$210,000	3.00%	20	\$36,990,000		\$5,700,626
115	Colonial Estates Condominium Association	79	Replacement well connection	\$0	3.00%	20	\$36,990,000		\$5,700,626
115	Milton, Town of	5420	Lake Rd waterline replacement	\$0	3.00%	20	\$36,990,000		\$5,700,626
115	Irasburg Town Fire District 1	200	Route 14 waterline replacement	\$120,000	0.00%	30	\$37,110,000	\$47,697	\$5,748,323
115	Bennington, Town of	13250	Waterline extension, Phase B	\$1,200,000	3.00%	20	\$38,310,000		\$5,748,323
115	Newport, City of	4766	East side water tower	\$4,000,000	3.00%	20	\$42,310,000		\$5,748,323
115	Winooski, City of	8500	Hickok St waterline replacement	\$0	0.00%	30	\$42,310,000		\$5,748,323
110	West Windsor, Town of	75	Water system improvements	\$0	3.00%	20	\$42,310,000		\$5,748,323
110	Springfield, Town of	9800	Water system improvements	\$2,125,000	0.00%	30	\$44,435,000	\$844,640	\$6,592,963
105	Brandon Town Fire District #2	98	Booster pump and treatment building improvements	\$200,000	3.00%	28	\$44,635,000		\$6,592,963
105	Stowe Town Fire District #4	87	Source improvements	\$100,000	0.00%	30	\$44,735,000	\$39,747	\$6,632,710
97	Hartford, Town of	7500	Latham Ave/Nutt Ln/Harrison Ave waterline replacement	\$750,000	3.00%	20	\$45,485,000		\$6,632,710
95	HFI- Shady Pines MHP	76	Water system upgrades	\$100,000	3.00%	21	\$45,585,000		\$6,632,710
95	Brandon, Town of <sup>2</sup>	0	Park St waterline replacement	\$0	3.00%	20	\$45,585,000		\$6,632,710
95	Richmond, Town of	1000	Bridge St Bridge Crossing	\$320,000	0.00%	20	\$45,905,000		\$6,632,710
92	Hartford, Town of	7500	S. Main, N. Main, and Gate Sts. waterline replacement	\$1,740,000	3.00%	20	\$47,645,000		\$6,632,710
90	West Rutland, Town of	2400	Pleasant St waterline replacement	\$2,750,000	0.22%	30	\$50,395,000		\$6,632,710
90	Mountain Water Company	100	Water system upgrades	\$1,100,000	3.00%	20	\$51,495,000		\$6,632,710
90	Rutland, City of	18500	Waterline replacement	\$2,850,000	2.38%	30	\$54,345,000		\$6,632,710
85	Milton, Town of	5420	River St PSV upgrade	\$0	3.00%	20	\$54,345,000		\$6,632,710
85	Middlebury, Town of	5806	Waterline replacement	\$2,500,000	3.00%	20	\$56,845,000		\$6,632,710
85	Bristol, Town of	1985	Pine St waterline replacement	\$940,000	3.00%	20	\$57,785,000		\$6,632,710

Priority Points	WS Name	Residential Pop.	Project Description	Loan Amount	Rate	Term	Cumulative Total	DisSub	Cumulative DisSub
85	Marshfield, Village of	350	Water distribution improvements	\$350,000	0.00%	30	\$58,535,000	\$139,117	\$6,771,827
75	Northfield, Town of	5145	Main St waterline and Cheney Farm Tank replacement	\$3,800,000	0.02%	20	\$62,335,000		\$6,771,827
75	East Middlebury Town Fire District #1	642	Water system improvements	\$925,000	3.00%	20	\$63,260,000		\$6,771,827
72	Shaftsbury, Town of	950	Watermain replacement	\$744,000	3.00%	20	\$64,004,000		\$6,771,827
72	Hyde Park Fire District #1	275	Booster station and stand-by power	\$110,000	3.00%	20	\$64,114,000		\$6,771,827
70	Milton, Town of	5420	Railroad St waterline replacement	\$1,970,000	3.00%	20	\$66,084,000		\$6,771,827
70	Williston, Town of	7690	Route 2 waterline replacement	\$800,000	3.00%	20	\$66,884,000		\$6,771,827
67	Hinesburg, Town of	2800	New well source connection	\$750,000	3.00%	20	\$67,634,000		\$6,771,827
55	Snow Mountain Village	210	Pump station upgrades	\$180,000	3.00%	20	\$67,814,000		\$6,771,827
55	Milton, Town of	5420	Flanders Development waterline replacement	\$2,000,000	3.00%	20	\$69,814,000		\$6,771,827
50	Champlain Water District <sup>3</sup>	0	Essex West pump station and transmission main	\$2,100,000	3.00%	20	\$71,914,000		\$6,771,827

### Project Priority List Notes

- Footnote 1: Thompsons Point Association is a Transient, Non-Community water system therefore it has no residential population
- Footnote 2: Town of Brandon has a residential population of 0 because the Town does not own or operate the municipal water system, however Brandon FD#1 does
- Footnote 3: Champlain Water District has a residential population of 0 because it is a wholesale system; their purchasing water systems have an estimated residential population of 69,000



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## Appendix B: Guidance Documents

The guidance documents outline the policies and procedures the DWSRF uses for implementing the loan program. A comprehensive summary of program Guidance Documents can be found on [SRF Guidance Documents webpage](#).

Number	Title/Description
1	Priority List Applications
2	Priority List Development and Application Processing
3	Fund Availability Notification and Project Timeline
4	Project Bypass Procedures
5	Loan Application Forms
6	Loan Application Review and Approval
7	Municipal Authority to Execute Loan Agreements
8	Loan Eligibility
9	Engineering Allowance for DWSRF Projects
10	Loan Term, Interest Rate, Administrative Fee Determination and Loan Repayments
11	Median Household Income Determination
12	Preliminary Engineering Report
13	Annual Operation and Maintenance Costs, Equivalent Units, and Existing Debt
14	Project Costs Estimate Adjustments and Loan Amount Adjustments
15	Environmental Review
16	Emergency Projects
17	Archaeological and Historic Properties Review
18	Project Design Review for Petroleum Contamination and Hazardous Waste Sites
19	Canadian Border Projects
20	5-Year Municipal Construction Loans
21	Municipal Construction Loans for less than \$75,000 or loan increases of less than \$75,000
22	Planning Loan Forgiveness (Municipalities only)
23	DWSRF Loan Capacity Reviews
24	Loan forgiveness for School Water Systems
25	Procurement Guidelines
26	Asset Management Plan