

Drinking Water State Revolving Fund (DWSRF)

DWSRF Guidance Document Number 22 Planning Loan Forgiveness (Municipalities Only)

Applies to loans from the WPL account up to July 2020.

For older planning loans, see the loan agreement.

For newer planning loans, see the loan agreement, the relevant IUP, Guidance Doc 10 for most planning loans, or Guidance Doc 26 for AMP loans.

Title 24 V. S. A. § 4753 (a)(5) provides in part "The Secretary may forgive up to \$50,000 of the unpaid balance of a loan made from the Vermont drinking water planning loan fund to municipalities after project construction is substantially completed or upon approval of a plan. The Secretary shall establish amounts, eligibility, policies, and procedures for loan forgiveness in the annual State Intended Use Plan (IUP) with public review and comment prior to finalization and submission to the United States Environmental Protection Agency."

Most projects receive only one planning loan; however, the DWSRF reserves the right to issue more than one planning loan for a phased project that is ultimately approved by the voters as a single project. In this instance, the DWSRF will make one forgiveness determination for all associated loans with the maximum allowable of \$50,000, as defined below.

Forgiveness Limitations:

1. The maximum amount of forgiveness cannot exceed any of the following:
 - a. The actual costs determined eligible through disbursement.
 - b. \$50,000 maximum by Statute.
 - c. The amount determined by the specific eligibility criteria as indicated below.
2. Forgiveness only applies to loans that result in a construction project or for asset management plans planning loans.

Effective upon adoption of the FFY18 IUP, on or about May 4, 2018

The following criteria shall apply to forgiveness for all planning loan applications from municipal applicants, exclusive of Asset Management Plan (AMP) planning loans (see below for criteria). The total amount of forgiveness shall not exceed \$50,000 and is only available to municipalities. Forgiveness will be determined prior to RF3 loan repayment. If the construction project is not funded by the DWSRF, the municipality shall notify the DWSRF at the time of project implementation with the anticipated construction completion date. The applicant shall be in compliance with all permit to operate and permit to construct conditions associated with the funded project. If the applicant fails to meet the conditions of the permits, forgiveness will not be provided and the non-forgiven portion of the loan will be rolled into the DWSRF construction loan, or, if not funded by the DWSRF, the non-forgiven balance shall be paid immediately. Planning loans that do not result in a constructed project shall be repaid without any forgiveness; Guidance Document #10 outlines planning loan repayment terms.

Maximum forgiveness may include a combination of the following, not to exceed \$50,000 total:

Drinking Water State Revolving Fund (DWSRF)

Applies to loans from the WPL account up to July 2020.

For older planning loans, see the loan agreement.

For newer planning loans, see the loan agreement, the relevant IUP, Guidance Doc 10 for most planning loans, or Guidance Doc 26 for AMP loans.

1. Asset Management Plan ranked project
 - a. A municipality may receive up to \$25,000 of planning loan forgiveness for preliminary engineering and final design costs for a constructed project that is prioritized in a DEC-approved AMP (see Guidance Document #26 for requirements).
2. Affordability
 - a. A municipality receiving affordability points using the table below shall receive \$1,000 of planning loan forgiveness for each affordability point granted. Forgiveness is capped at \$35,000 for this criterion. Median Household Income (MHI) and Statewide Community MHI (SCMHI) will be determined using the current data available on the day the signed loan application is received; forgiveness eligibility will be established in the Funding Application Receipt email.
 - b. If the community's MHI is 101-120% of SCMHI, then the municipality may still qualify for forgiveness if, but cannot exceed \$10,000 for this criterion.
 - i. Population Decline – if the community's population data from the most recent two census surveys shows a population decline of 5% or more (i.e. 2010 Population divided by 2000 Population = 95% or lower), OR
 - ii. Increased Unemployment – if the community's unemployment number is higher than the State's unemployment number.

Affordability (Community MHI/SCMHI x 100 = X)	Affordability Points (1 point=\$1,000)
$X \leq 60$	35
$60 < X \leq 70$	30
$70 < X \leq 80$	25
$80 < X \leq 90$	20
$90 < X \leq 100$	15

*SCMI = State-wide community MHI

Effective upon adoption of the FFY19 IUP, on or about June 14, 2019

The above criteria shall apply to forgiveness for all planning loan applications from municipal applicants, except that municipalities that do not use DWSRF funds for construction, exclusive of Asset Management Plan planning loans, are not eligible for planning loan forgiveness.

Drinking Water State Revolving Fund

Applies to loans from the WPL account up to July 2020.

For older planning loans, see the loan agreement.

For newer planning loans, see the loan agreement, the relevant IUP, Guidance Doc 10 for most planning loans, or Guidance Doc 26 for AMP loans.

Forgiveness for Asset Management Plan Development

A municipality may receive up to \$50,000 in planning loan forgiveness to develop and implement a DEC-approved asset management plan (see Guidance Document #26 for plan criteria). Costs exceeding the forgivable value will be paid back at the rates and terms of the planning loan repayment schedule (see Guidance Document #10 for planning loan rate and terms). This loan shall not be combined with another SRF planning or construction loan.

Forgiveness for the next round (calendar year 2020) of AMP loan applications is limited to the first five complete applications submitted between 1/1/2020 and 3/15/2020. Complete applications include an application that is signed by the board, clerk and authorized representative, all required tables completed, accompanying required financials and budgets, and draft engineering services agreement.

Forgiveness will be granted upon Drinking Water and Groundwater Protection Division's acceptance of the AMP.

Drafted by: Ashley Lucht, DWSRF Project Lead

Approved by: Terisa Thomas, WIFP Supervisor

Approved by: Eric Blatt, FED Division Director

Last revised 4/1/2019