

Drinking Water State Revolving Fund (DWSRF)

DWSRF Guidance Document #23 **DWSRF Loan Capacity Reviews**

A DWSRF loan may not be awarded to an applicant that lacks Technical, Managerial or Financial (TMF) Capacity unless the applicant agrees to make the necessary changes to achieve adequate capacity or the loan will be used to fund projects whose purpose is to help the system achieve capacity. The following procedures will be followed for the completion, documentation, approval and implementation of capacity evaluations.

- A. A Capacity Evaluation (CapEval) will be conducted for each loan applicant for which a CapEval has not been completed within the past five years. A CapEval may be conducted more frequently if the DWSRF Project Lead determines it is necessary.
- B. The CapEval process outlined below assesses Technical and Managerial capacity. Financial capacity will be evaluated by program underwriters, the Vermont Bond Bank or Vermont Economic Development Authority.
- C. The DWSRF Project Lead or another qualified DEC staff member will conduct the CapEval using the CapEval form.
- D. The CapEval will be conducted primarily remotely, using information provided by the applicant in their loan application, as well as DEC databases and information available from sanitary surveys, system reports, permit applications, engineering correspondence, and DWGWPD staff knowledge. Additional information will be gathered through a phone call with the applicant.
- E. The DWSRF Project Lead will notify the applicant of the results of the CapEval and provide a list of required and recommended actions as appropriate.
- F. A loan award approval may include conditions for completion of requirements identified during the CapEval. Reimbursement monies may be withheld if certain loan conditions, based on the CapEval, are not progressing or are not met.
- G. The DWSRF Project Lead is responsible for monitoring the implementation and completion of required actions in the CapEval over the course of a construction project and providing the appropriate technical assistance when needed.
- H. Final review may be conducted prior to final payment or a loan forgiveness determination.

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