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FFY2022 DRAFT CWSRF& DWSRF INTENDED USE PLANS & PROJECT PRIORITY LISTS

AUGUST 30, 2022



AGENDA

Agenda:

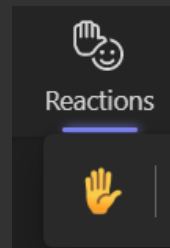
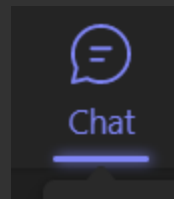
- Introduction & Program Updates
- Clean Water Intended Use Plan (IUP) and Priority List (PPL)
- ARPA Funding –Village Water and Waster, CSO Initiatives
- Drinking Water IUP and PPL

LOGISTICS FOR TODAY

Remote participants: please mute yourself.

Questions at the end of each section, in this order:

- Phone
- In-person
- Raised “hands” in Teams
- Teams chat



The presentation is being recorded and will be made available following the meeting.

INTENDED USE PLANS (IUP) TIMELINE

Public comment deadline: September 6, 2022

- How? By email, or at this meeting.

Final IUPs, including public comment responsiveness summary: Goal, September 20, 2022

Funds availability notification: Goal, September 21, 2022

Current IUPs Stay in Effect until New IUPs adopted.

SRF UPDATES

- Bipartisan Infrastructure Law (BIL) aka Infrastructure Investment and Jobs Act (IIJA)
 - 5 New EPA SRF Grants (7 total)
 - 5 Years of increased funding (FFY 2022 through FFY 2026)
- American Rescue Plan Act (ARPA)
 - Obligate funds by 12/31/24
 - Expend by 12/31/26

SRF UPDATES

BIL Increased Funding (\$M)

	FFY21	FFY22
▪ Clean Water	\$7.8	\$14.9
▪ Drinking Water	\$11	\$61

BIL “Transformative Investments”

- State to increase investment in Disadvantaged Communities (“Affordability Criteria”)
- Most subsidy directed to Disadvantaged Communities

Congressionally Designated Spending (CDS or “Earmarks”)

- Comes out of base grants

SRF UPDATES

Build America, Buy American Act (BABA) of 2021

- Expands Domestic Sourcing Requirements
 - E.g. all iron, steel, plastic, glass, lumber, etc. must be manufactured in the U.S.
 - Applies to projects funded off new SRF grants
 - EPA developing guidance and waivers –timeframe?
 - “De minimis materials” (e.g. off the shelf fasteners)
 - “Small Projects” (e.g. less than \$250,000)
- In Addition to American Iron and Steel

SRF UPDATES

Coordination with ARPA Funding

- These IUPs were prepared with the latest ARPA information.
- ARPA awards are considered when making SRF Loan and PC Grant awards.

Reminder:

- Bond vote not required for loan principal amounts that will be forgiven.

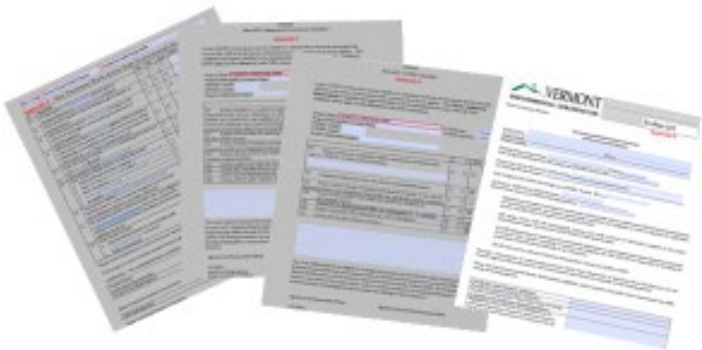
SRF UPDATES

MPLSERP

municipal
private
loan

State Environmental Review
procedure

Coordinated review process to identify needed Mitigation measures and to provide Public Participation



Who's at the table?

DWSRF

CWSRF

30 day Public Comment period pending



menu

	Project Characteristics	Review Type	Process/Requirements* greater than or equal to Other agency's SERP requirements	Public Participation	Documents Needed	Resulting Document
All	Any Eligible Project Type	Assistance of Other Agency (Interagency Review)	2700000	per agency's 2700000	any information document and other necessary documents	Letter of Consent
Other	San-Treatment Works, No Impact, Natural Resource project	United States Environmental Review	NTHASC	per agency's requirement	Screening Checklist, Project Review Form	San-Treatment Works Action Screening Checklist
	Non-Treatment Works, low impact, Natural Resource project				Screening Checklist, Project Review Form, Applicable Permits	San-Treatment Works Action Screening Checklist
All, CWSRF and DWSRF	Treatment Works with NO Earthwork	NEPA for Environmental Review	CATER-light	300 public comment period	Environmental Information Statement, and supporting materials	CATER Form
	Treatment Works with NO Adverse Impacts		CATER		Environmental Information Statement, and supporting materials	CATER letter
	Any non-treatment work, high impact	NEPA for Environmental Review	Sec 319 High Impact FOI/EO	60% planning meeting/ public hearing/ 300 public comment period	same as for FOI/EO or EIS	FOI/EO ROD
	Treatment Works, or Any Project with NO Adverse Significant Impact		FOI/EO		Environmental Information Document and Environmental Assessment, and supporting materials	FOI/EO letter
	All Project with high adverse impact, including high impact Sec 319 projects		EIS	60% planning meeting/ public hearing/ 450 public comment period	Environmental impact statement, and supporting materials	ROD

QUESTIONS?

CWSRF PROGRAM SUMMARY

FFY2022 CWSRF FUNDING SOURCES

Sources	General	General Supplemental	Emerging Contaminants
CWSRF Capitalization Grant (after 604b)	\$5,681,100	\$8,738,000	\$459,000
State Match Needed FFY22 Grant	\$1,136,200	\$873,800	\$0
Repayments (anticipated 7/1/22-6/30/23)	\$17,472,522	\$0	\$0
Interest (anticipated 7/1/22-6/30/23)	\$40,000	\$0	\$0
Carry-Forward (anticipated)	\$56,568,426	\$0	\$0
TOTAL	\$80,898,148	\$9,611,800	\$459,000

FFY2022 CWSRF DRAFT PROJECT PRIORITY LIST

Grant Name	\$ Available	# Fundable Projects	Total Eligible Request
General and Supplemental	\$90,509,948	117	\$172,862,344
Emerging Contaminants	\$469,000	1	\$2,637,700

CWSRF PROJECT RANKING

- **No changes to State EPR Chapter 2 ranking**
 - Chapter 2 of EPRs is the regulating document
 - Priority Ranking Points
 - Calculates points based on 9 Ranking categories including Public Health, Water Quality, Affordability, and Project Readiness, etc.
 - Points are used for loan priority ranking
 - Points are used for PC Grant % calculation

READINESS TO PROCEED/ BYPASS CRITERIA DEADLINES

Submit Step II Loan Application (CW)	11/1/22
Submit Environmental Info Doc (for SERP review) to WID + Submit 90% design drawings to DWGPD (or have construction permit) (DW)	12/1/22
Bond Vote Scheduled - copy of warning submitted (CW & DW)	1/31/23
Voter/board debt authorization (CW & DW)	5/1/23
FFY21 Step III Funding Application (CW & DW)	6/30/23

CWSRF PROPOSED ADDITIONAL SUBSIDY SUMMARY

Grant	Additional Subsidy Proposed	Eligibility Requirements Per EPA Grant Agreement
General	\$2,272,400	10% No Restrictions 30% AC/603(i)*
General Supplemental	\$4,281,620	49% AC/603(i)
Emerging Contaminants	\$431,460	100% No Restrictions

*AC/603(i) = Recipients must meet the State's Affordability Criteria or projects must qualify under Section 603(i) of the Federal Clean Water Act.

PLANNING SUBSIDY

- **Category 1 Planning Subsidy (Base) - 1,204,300:**
 - 50% Planning Subsidy up to \$100,000 on all preliminary engineering and final design
 - Maximum Forgiveness \$250K per borrower
- **Category 2 Planning Subsidy (Supplemental) - \$826,700:**
 - 100% Planning Subsidy up to \$125,000 for these initiatives:
 - CSO - Long term control plans/H&H modeling– Rain Gauges for CSO Rule compliance, CSO flow monitoring equipment, etc.
 - 3-Acre Stormwater Retrofit Design and Permit Obtainment
 - Village Wastewater Planning and Design
 - Maximum Forgiveness \$250K per borrower
- **Category 3 Planning Subsidy (EC) - \$431,460**
 - 100% planning subsidy up to \$150,000 per project

LAKE CHAMPLAIN TMDL AFFORDABILITY SUBSIDY

- \$500,000 For Lake Champlain TMDL Affordability:
 - Municipality needing to meet multiple effluent limits set by NPDES under 2016 TMDL
 - Post Project User rates to exceed 4% of MHI
 - Apply for construction by 6/30/23
 - 100% forgiveness up to \$500K for up to 4 sequential funding years up to \$2M maximum
 - Administrative fee will be 0%

FLOOD PLAIN RESTORATION SUBSIDY

- **\$500,000 For Flood Plain Restoration**
 - **FEMA Eligible:**
 - **Manufactured Home Community (MHC) – 100% forgiveness up to 50% of TPC or \$250K, whichever is lower.**
 - **Non-MHC – 100% forgiveness up to 25% of TPC or \$100K, whichever is lower**
 - **FEMA Ineligible:**
 - **MHC – 100% forgiveness up to \$250K**
 - **Non-MHC – 100% forgiveness up to \$100K**

CONSTRUCTION SUBSIDY

- Must meet affordability Criteria
- 40% loan forgiveness up to \$500,000 per project.
- Total construction additional subsidy available is \$3,513,020

QUALIFYING FOR ADDITIONAL SUBSIDY

- Qualifying for additional subsidy
 - Municipal Only
 - Additional Subsidy is considered reserved for a project upon receipt of the following:
 - Funding Application
 - Qualifications Based Selection Process complete and approved
 - Draft ESA submittal
 - Meeting readiness to proceed criteria
 - Additional subsidy is not guaranteed to an applicant until it is obligated by the program following loan approval by the Department and an Authorized Letter of Funding is issued from the program.

QUESTIONS?

NATURAL INFRASTRUCTURE FUNDING

Eligible projects:

Forestland conservation

River corridor easements

Other land conservation

Dam removal

Gully stabilization

Wetland restoration

Floodplain/stream restoration

Woody buffer plantings

Lake shoreland retrofit – LakeWise

- **Must provide a water quality benefit**
- **Must meet definition of non-point source pollution project (Section 319)**
 - If in doubt, contact us

NATURAL INFRASTRUCTURE FUNDING

3 ways to fund:

1. Water Infrastructure Sponsorship Program
2. Interim Financing
3. “Regular” loan

Use Tier 2 (Repayment) funds

INTERIM FINANCING

\$5M Put-Aside

- Municipalities at 0%
 - Private entities at 0.6%
 - 5-year loan
 - Very low payments years 1-4
 - Balloon payment year 5
-
- First come, first served

\$2M for Vermont Land Trust – Farmland Futures Fund

WATER INFRASTRUCTURE SPONSORSHIP PROGRAM – WISPR

- Traditional municipal CWSRF projects “sponsor” a Natural Infrastructure project
- Sponsorship saves money: 0.1% administrative fee reduction for sponsoring municipality
- Natural Infrastructure project 100% forgiven
- Separate loan for private sponsored projects – must have:
 - Municipal support letter & commitment resolution
 - Sponsoring loan bond vote
- WISPr is currently operating on a limited basis. Program staff will evaluate WISPr requests on a case-by-case basis. However, due to staffing limitations, there will be limited proactive outreach from DEC staff.

We need your help.

2022 Clean Watersheds Needs Survey

Who: Lynnette Claudon, CWNS Coordinator, a support FTE, consulting engineers, town officials

What: Reporting on any federally eligible, unfunded (as of 1/1/22) clean water project required to meet the state's needs under the clean water act. Reporting involves collection, annotation, and data entry of reports demonstrating the 1) technical need for the project and 2) the capital cost needed for the project. EPA coordinates the survey at the national level and writes a report to congress.

Where:

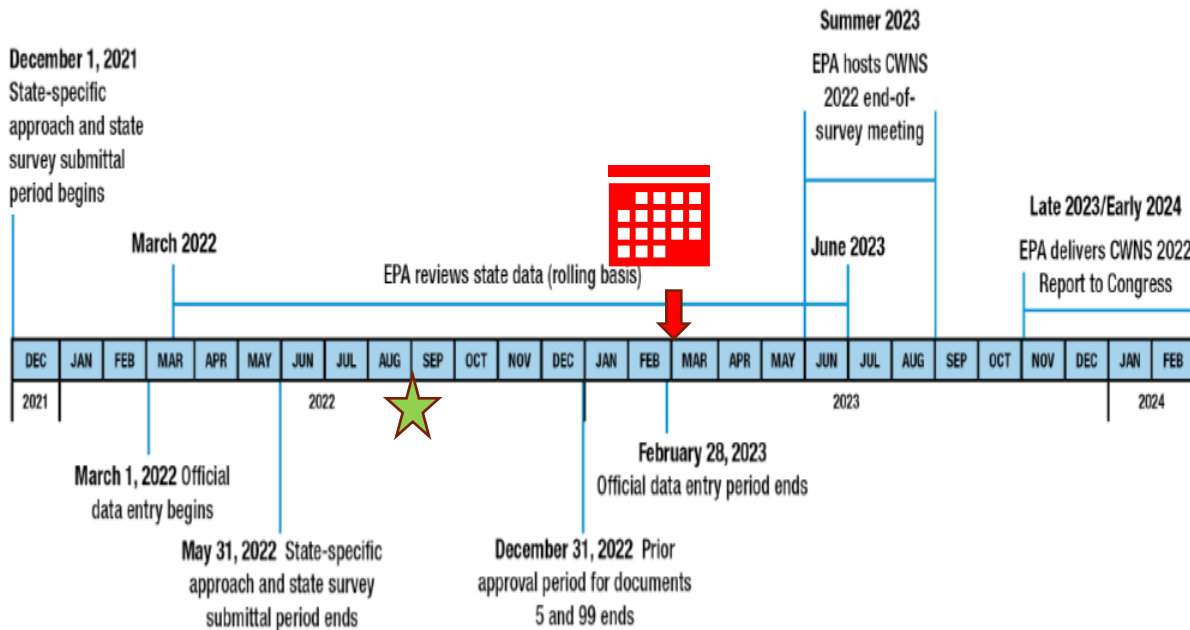
<https://dec.vermont.gov/water-investment/water-financing/cwsrf/CWNS>

& ANROnline

Why: Required by the Clean Water Act & informs our \$\$\$\$ allocation

When: Now to 2/28/23

Timeline



ARPA CSO Grant

- \$20 Million appropriated for SFY 2023
- ARPA CSO Grants are issued to municipalities to accelerate CSO elimination or abatement projects
- Projects considered for eligibility need to be included in the State PPL and IUP process
- The grants were calculated based on overall need using estimates from proposed CSO projects on PPL
- An adjustment was made to the total % need based on municipalities MHI vs. Statewide average
- The Grant can be used toward any of the municipalities proposed CSO projects on the Project Priority List
- Final Spending Deadline of 12/31/2026

Overflow and Stormwater Grant Program or OSG Program

- Federal Grant that can be used for:
 - Combined Sewer Overflow Correction
 - Sanitary Sewer Overflow Correction
 - Stormwater and Subsurface Drainage Water
- Federal Cross Cutter Requirements apply



- Current IUP replaces previous IUP
- SFY 22 \$8M
- SFY 23 \$28M
- Total = \$36M
- ALL ARPA money must be used by December 31, 2026

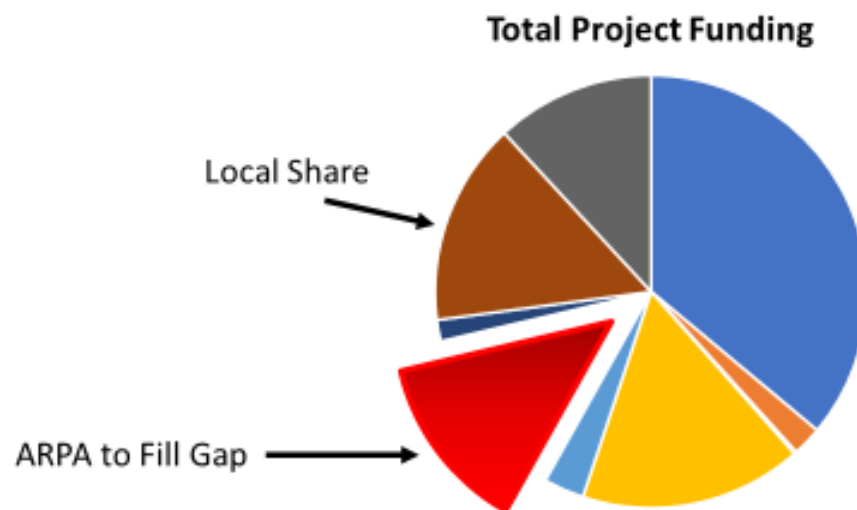
REQUIREMENTS

- Designated Center
- Local Share (about 10 percent)

NOT ELIGIBLE

- Sewer Extensions

ARPA - Filling the Funding Gap for New Village Water and Wastewater Systems



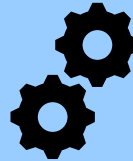
QUESTIONS?

Vermont DWSRF Program Summary

- Overall: more \$, more loan forgiveness (one form of subsidy), but more complicated.

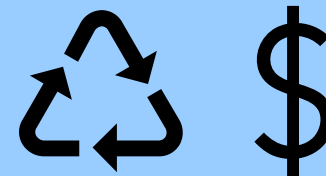


- State Program Set-Asides



- Loans

- New: Emerging Contaminants
- New: Lead Service Line Replacement & Service Line Inventories
- General (Base + Supplemental)



- DWSRF guidance document and website updates underway



DWSRF Overall Funding & Eligibility

IUP + 3 priority lists.

A loan may combine funds.

\$32,464,300



loan forgiveness.

MHI = median household income
(Census)

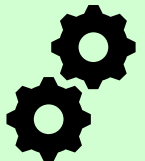


	Total FFY22	General	Lead	Emerging Contaminants
New federal funds	\$60,905,000	\$25,000,000	\$28,350,000	\$7,555,000
New state match	\$3,200,800	\$3,200,800	\$0	\$0
Repayments, interest, carry-forward (est.)	\$34,354,165	\$34,354,165	\$0	\$0
Total	\$98,459,965	\$62,554,965	\$28,350,000	\$7,555,000
Set-asides	\$15,882,306	\$7,750,000	\$7,371,000	\$761,306
Loans	\$82,577,659	\$54,804,965	\$20,979,000	\$6,793,694

- Borrower = owner of regulated public water system.
- Community water systems (municipal or private) *or* non-profit NTNC or TNC.
- Federal & state DWSRF eligibility guidance documents still apply.
 - For public health protection and upgrades of existing infrastructure.
 - For new water systems or expansion only if serious public health risk.
 Consult with staff in DWSRF (Amy) and DWGPD Capacity (Megan Young).

DWSRF Program Set-Asides

- State staff, technical assistance contracts, VT Bond Bank & VEDA.
- Operator training, source protection plan updates, hydrogeology, field assistance, distribution asset assessments, leak detection, service line inventories, emerging contaminants studies, etc.
- **Asset Management Plan Loans** 
 - 10-15 loans of up to \$50,000 each, 100% forgiven. Municipal systems.
 - Watch for updates on DWGPD Capacity website.
- **Source Protection Loans** to purchase land / easement
 - 20 yr term; municipal systems; additional funding this year.
- **More detail: IUP Section 6** or contact Megan Young, DWGPD Capacity Program Supervisor.



DWSRF Emerging Contaminants

- Emerging Contaminants = PFAS for this IUP year
 - PFAS removal treatment or new well source development.
 - Not just for MCL exceedance.
 - Projects would also be eligible for general DWSRF funding.
- 1st of 5 years of this funding category.
- Set-aside ~\$761,000.
- All loan funds 100% forgiven ~\$6,794,000
- Construction loans ~\$6,118,000
- Planning loans “put-aside” ~\$500,000
 - preliminary engineering, design, source development
- Internal state fund transfers ~\$176,000



DWSRF Lead

- Service line = from street main to building.
- For lead service line removal & for service line inventories. Projects would also be eligible for general DWSRF loan.
- Not for premise plumbing except in very limited cases.
- Corrosion control treatment (pH increase and/or corrosion inhibitor) and meters → general DWSRF loans instead.



- 1st of 5 years of this funding category. \$28,350,000 for loans + set-asides; \$20,979,000 for loans.
- We must give exactly 49% of this funding (\$13,891,500) as disadvantaged subsidy (overall not per project) to receive all the funds from EPA. May have to give subsidy in increments.

DWSRF Lead Service Line Replacement (LSLR)

- LSLR Construction Loans: \$6,050,000 from priority list applications.
- DWSRF definition of LSL = broader than Lead & Copper Rule
 - Full lead service line; partial lead service line; lead gooseneck; galvanized downstream of lead or unknown history.
 - No partial LSLR – can't just upgrade municipal side.
 - Private portions of service lines may be included in loan (borrower should incentivize).
- Loan terms (years, annual admin fee %) based on local MHI and user rates.
- Disadvantaged Subsidy based on local MHI < state MHI.
50% of loan. Not limited by user rates.

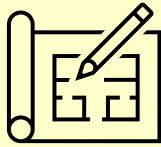


DWSRF Service Line Inventories



- Required under LCRR for each C or NTNC water system by Oct 2024. (~670 systems). ID sample sites & lead to remove.
- DWGPD will provide training on inventory content and format. Focus on record review and visual inspection. Planning loans.
- Smallest 600 systems eligible for **set-aside** technical assistance (DWGPD staff or approved contractors; no cost). 
- 70 systems > 250 connections & > 1000 user population eligible for **loans** to hire consultants, added to priority list.
 - \$14,929,000 available for these loans, divided by connections.
 - \$10,866,500 to be forgiven (restricted by 49% forgiveness : 51% loan). 
 - If local MHI < 120% state MHI = up to 100% loan forgiveness.

DWSRF General – Planning Loans



- “Planning” = New source development or Step 1 preliminary engineering or Step 2 design. Must be eligible project goal.
- Loans on a rolling basis, priority list ranking if necessary.
- “Put-aside” of \$3,500,000 combined for these loans – submitted priority list applications but only planning, or not ready for construction, or other potential applicants.
- \$250,000 cap per project.
- 5 years, 0% interest and admin fee %.
- Additional Subsidy – \$981,120 → 28% per loan. 
- Balance can be rolled into subsequent DWSRF construction loan (Step 3).

DWSRF General – Construction Loans

- Must have submitted priority list application in Jan/Feb 2022 for FFY 2022 priority list ranking.
- Assessed for eligibility and readiness to proceed criteria (e.g., PER) by WID and DWGPD staff.
- Ranked based on
 - Continuing project status;
 - **D**eficiencies remediated or upgrades to existing infrastructure;
 - Additional points including having **AMP**, construction permit;
 - Affordability points based on local MHI vs state MHI; and
 - System size points (more for fewer service connections).
- Meet proceeding criteria throughout year. Or bypassed and reapply Feb 2023 priority list for FFY2023 IUP.



DWSRF General – Construction Loans

- Base & supplemental dollars are the same to the borrower. We track for EPA IUP approval and annual reporting.
- Construction loan funds available: \$54,804,965.
 - Funding line may move down during year as projects use other funding sources or are bypassed to next cycle.
- Construction loan forgiveness is all Disadvantaged Subsidy: \$11,268,880. Eligibility based on local MHI & user rate. Up to 50% per project.
- Preliminary loan terms shown on IUP, subject to change:
 - Longer loan term if eligible.
 - Lower annual admin fee % if eligible.
 - Disadvantaged Subsidy if eligible and available (note preliminary DisSub line).



FFY22 DWSRF DRAFT PRIORITY LIST

Funding Source	Loan \$ Available	# Fundable Projects	Total Eligible Request (Need)
General (Base and Supplemental)	\$54,804,965	49	~ \$118,139,000 (83 projects)
Lead Service Line Replacement	\$ 6,050,000	3	\$ 6,050,000
(Lead) Service Line Inventories	\$14,929,000	70	\$ 14,929,000
Emerging Contaminants	\$ 6,793,694	8	~\$ 34,800,000
Total	\$82,577,659	130 (+ planning loans)	~\$173,932,000

QUESTIONS?

THANK YOU!

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