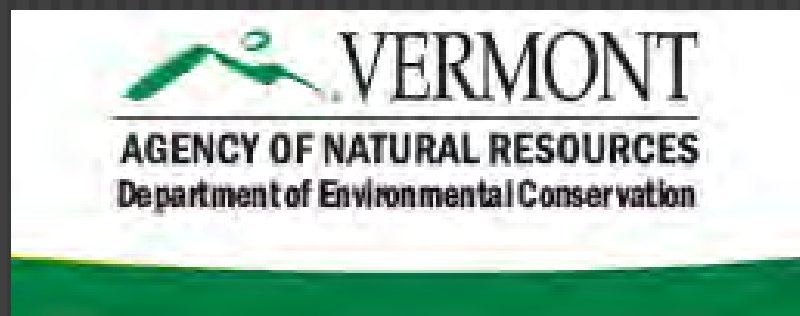




FFY2023 DRAFT CWSRF& DWSRF INTENDED USE PLANS & PROJECT PRIORITY LISTS

JULY 31, 2023



AGENDA

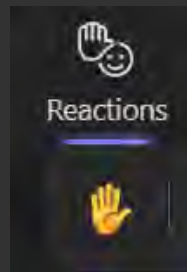
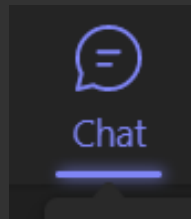
Agenda:

- Introduction & Program Updates
- Design and Construction Engineering Updates; Village ARPA
- Clean Water Intended Use Plan (IUP) and Priority List (PPL)
- Drinking Water IUP and PPL

LOGISTICS FOR TODAY

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: August 7, 2023

- By email, or at this meeting.

Final IUPs, including public comment responsiveness summary: Goal, August 18, 2023

Funds availability notification: Goal, August 25, 2023

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)
 - Year 2 of 5 (FFY 2022 through FFY 2026)
- American Rescue Plan Act (ARPA)
 - Obligate funds by 12/31/24
 - Expend by 12/31/26

SRF UPDATES

CW SRF Grants Amounts by Federal Fiscal Year (FFY)

(2024-2026 are estimates for general informational purposes only)

Grant	2021	2022 (last year)	2023 (this IUP year)	2024	2025	2026 (final year of BIL)	2027
General	\$7.8M	\$5.7M	\$3.7M	\$310K	\$?	\$?	\$?
General Supplemental	\$0	\$8.7M	\$10.2M	\$11.0M	\$12.0M	\$12.0M	\$0
Emerging Contaminants	\$0	\$459,000	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$0

SRF UPDATES

DW SRF Grants Amounts by Federal Fiscal Year (FFY)							
(2024-2026 are estimates for general informational purposes only)							
Grant	2021	2022 (<u>last</u> year)	2023 (<u>this</u> IUP year)	2024	2025	2026 (<u>final</u> year of BIL)	2027
General	\$7.7M	\$7.0M	\$8.0M	\$500K	\$?	\$?	\$?
General Supplemental	\$0	\$18.0M	\$20.8M	\$22.7M	\$24.6M	\$24.6M	\$0
Lead Service Line	\$0	\$28.4M	\$28.4M	\$28.4M	\$28.4M	\$28.4M	\$0
Emerging Contaminants	\$0	\$7.6M	\$7.6M	\$7.6M	\$7.6M	\$7.6M	\$0

QUESTIONS?

SRF Design Engineering Announcements

- [PPL Points](#) Audit Process – Please plan meetings to discuss points around the 90% PER and 90% Design to confirm points. Reminder to include documentation for any potentially eligible points in the PER.
- CWSRF Step 2 funding requirements Chicken-Egg Scenario
- [Draft Engineering Service Agreement Submittals](#) – via [ANR Online](#)
- Current Floodplain EO Required, Guidance Document 37 (Pending)
- [Guidance Document 38](#), Village Wastewater Eligibility
 - FAQs (Pending)
- [Clarified SHPO Procedures](#)
 - Design Section doing all Environmental Reviews
 - Documents going to SHPO for review need to be sent via the DCE personnel
 - Scopes of work for subcontractors to be reviewed by SHPO
 - Best Management Practices for Village Wastewater Test Pits (Pending)
- Submittals through ANR document, <https://gs.anr.vermont.gov/messageportal#/dropoff>
- New SERP & New Submittal Portal in the Works
- New [FAQ](#) Guidance on Public Hearings

SRF Construction Engineering Announcements

- [BABA Requirements](#)
 - Reminder - BABA **and** AIS are required.
- [BABA Adjustment Period Waiver Certification Form](#)
 - Needs a list of items covered by the waiver
 - Expiration of BABA Adjustment Period Waiver Proposed
- [EJCDC 2018 Accepted](#)
- [BIL Signage Required](#)
 - Investing in American Brand Guide
 - 5/24/23 Controller's Alert
 - Signage required terms and conditions
- **Reminder to Use Current Standard Form 1444** DBA Classifications Request, updated with a new expiration date

Village ARPA Grants

- Village Wastewater projects are for unsewered villages with Village Center Designation
- [Guidance Document 38](#) Village WW Eligibility, 3/28/2023
- Trickle down funding
 - Deobligated funds will be reallocated according to the Waiting Village List
 - Trickle down funds may be used for design and construction activities
 - Funding Caps apply
- Clarified IUP Chart, corrected chart is on the next slide
 - Note: Specific eligible contracts for Killington may be changing.

Village Drinking Water and Wastewater ARPA Initiative

Combined SFY 22 & SFY 23 ARPA Award List

Town Name	Project Name	Points	Award
Montgomery, Town of	Montgomery Center Community Wastewater Project	90	\$ 2,724,107.00
Montgomery, Town of	Montgomery Village Community Wastewater Project	88	
Londonderry, Town of	South Londonderry Village Wastewater Project	84	\$ 4,009,331.45
Westford, Town of	Community Wastewater Project	79	\$ 2,377,136.00
Greensboro, Town of	Community Wastewater Project	78	\$ 3,968,331.45
Londonderry, Town of	North Londonderry Village Wastewater Project	72	\$ 4,009,331.45
Wolcott, Village of	Village Wastewater Project	72	\$ 2,565,000.00
Grafton, Town of	Grafton Village Community Wastewater Project	68	\$ 3,968,331.45
Burke, Town of	West Burke Village Wastewater Project	67	\$ 3,968,331.45
Highgate, Town of	Highgate Center Community Wastewater Project	62	\$ 1,457,718.75
South Hero, Town of	Community Wastewater Project	60	\$ 1,464,881.00
Moretown, Town of	Village Wastewater Project	56	\$ 3,325,000.00
Killington, Town of	Killington DW System (Contract 4)	53.8%	\$ 2,300,000.00

SFY 24 ARPA Waiting Town List (Final Design and Construction)

Town Name	Project Name	Points	SFY 24 Request	SFY 25 Request	SFY 26 Request
Huntington, Town of	Lower Village Wastewater Project	74	\$ 250,000	\$ 7,499,800	\$ -
Jamaica, Town of	Jamaica Village Wastewater Project	68	\$ 475,000	\$ 6,680,000	\$ -
Berlin, Town of	Riverton Village Wastewater Project	67	\$ 2,100,000	\$ -	\$ -
Saint Albans, Town of	Bay Area Community Wastewater Project	67	\$ -	\$ 1,500,000	\$ 13,000,000
Killington, Town of	Killington DW System	66.2%	\$ 4,000,000	\$ -	\$ -
Waitsfield, Town of	Village Wastewater Project	66	\$ 13,229,900	\$ -	\$ -
Shaftsbury, Town of	Village Wastewater System	51		\$ 420,000	\$ 7,455,000
Jericho, Town of	Village Wastewater Project	45	\$ 250,000	\$ -	\$ -

QUESTIONS?

CWSRF PROGRAM SUMMARY

FFY2023 CWSRF FUNDING SOURCES

Sources	General	General Supplemental	Emerging Contaminants
CWSRF Capitalization Grant (after 604b)	\$3,683,000	\$10,233,000	\$1,043,000
State Match Needed FFY23 Grant	\$736,600	\$1,023,300	\$0
Repayments (anticipated 7/1/23-6/30/24)	\$8,785,100	\$0	\$0
Interest (anticipated 7/1/23-6/30/24)	\$1,900,000	\$0	\$0
Carry-Forward (anticipated)	\$65,981,590	\$3,605,000	\$431,460
TOTAL	\$81,086,290	\$14,861,300	\$1,474,460

Repayments and interest values for all three grants are accounted for in the General Grant.

FFY2023/SFY2024 CWSRF DRAFT PROJECT PRIORITY LIST

Grants	\$ Available for Loans	Total Funding Request	Funding Shortfall
General, General Supplemental & Emerging Contaminants (combined)	\$96,418,917	\$171,760,199	(\$75,341,282)

CWSRF PROJECT RANKING

- **Environmental Protection Rule, Chapter 2**
 - Chapter 2 Rule regulates project ranking
 - No recent changes to Rule
 - Priority Ranking
 - 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)	11/1/23
Submit Environmental Info Doc (for SERP review) to WID	12/1/23
Submit 90% design drawings to DWGPD (or have construction permit) (DW)	1/1/24
Bond Vote Scheduled - copy of warning submitted (CW & DW)	1/31/24
Voter/board debt authorization (CW & DW)	5/1/24
Submit Step III Funding Application (CW & DW)	6/30/24

CWSRF PROPOSED ADDITIONAL SUBSIDY SUMMARY

2023 Grant	Additional Subsidy Proposed	Eligibility Requirements Per EPA Grant Agreement
General	\$368,300 \$1,104,900	No Restrictions AC/603(i)*
General Supplemental	\$5,014,170	AC/603(i)
Emerging Contaminants	\$980,420	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.

CWSRF PROPOSED SUBSIDY BY CATEGORY

Grant	Initiative	Amount	Subsidy Type
General and General Supplemental			
	Planning	\$2,536,400	\$368,300 No restrictions; \$2,168,100 AC/603(i)*
	Lake Champlain TMDL Affordability	\$500,000	AC/603(i)
	Construction	\$4,197,812	AC/603(i)
Emerging Contaminants			
	All eligible activities	\$1,411,880	No restrictions

PLANNING SUBSIDY

- **Category 1 Planning Subsidy**

- 50% Subsidy up to \$100,000 on all preliminary engineering and final design
 - Maximum \$250,000 per borrower

- **Category 2 Planning Subsidy**

- 100% Subsidy
 - Maximum \$125,000 per borrower, for:
 - CSO - Long term control plans/H&H modeling
 - Municipally sponsored 3-Acre Stormwater Retrofit Design and Permit Obtainment
 - Village Wastewater Initiative
 - Septage receiving facilities
 - Cybersecurity
 - Auto sampler purchase

- **Category 3 Planning Subsidy (EC)**

- 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 of 0%

CONSTRUCTION SUBSIDY

General and General Supplemental

- Must meet affordability Criteria
- Any eligible projects
- 50% loan forgiveness up to \$750,000 per project

Emerging Contaminants Subsidy

- 100% forgiveness, up to \$500,000 per projects
- Any eligible projects

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.

NATURAL INFRASTRUCTURE FUNDING

Eligible projects: (Including)

Forestland conservation

Wetland restoration

River corridor easements

Floodplain/stream restoration

Dam removal

- **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 (WISPr)**
- 2. Interim Financing**
- 3. “Regular” loan**

INTERIM FINANCING

\$2M Put-Aside

- Municipalities at 0%
- Private entities at 0.6%
- 5-year loan

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

WATER INFRASTRUCTURE SPONSORSHIP PROGRAM – WISPR

- Traditional municipal CWSRF projects “sponsor” a Natural Resource project
 - 10:1 CWSRF:WISPr ratio
 - Admin fee reduced such that repayment amount is no greater
 - Natural Infrastructure project 100% forgiven
 - Additional 0.1% administrative fee reduction

QUESTIONS?

Vermont DWSRF Program

- **Borrower** = owner of regulated public water system.
 - Community water system (municipal or private) *or*
 - Non-profit non-community system (NTNC or TNC)
- **Federal & state DWSRF eligibility guidance**
 - 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 and DWGPD.
- **General DWSRF updates**
 - Staff
 - Updated Guidance Documents
 - # 2 – priority list application scoring
 - # 8 – state eligibility (add federal dam/raw reservoir change)
 - # 10 – loan types and terms (many updates)
 - Most loan applications & draft ESAs via **ANRonline** sites

Vermont DWSRF Program

- 4 underlying EPA grants, differ by eligibility (2nd of 5 yrs).
 - Emerging Contaminants “EC”
 - Lead Service Line Replacement & Service Line Inventories “Lead”
 - General (Base + Supplemental) – DWSRF eligible “General”
- Set-Asides – details on next slide
 - Statewide initiatives
 - Two loan types
- Most Loans
 - Some differences Planning/Design (step 1/2) vs. Construction (step 3)
 - 3 priority lists: EC, Lead, General
 - General combined priority list; differences are mostly in our accounting
 - Different loan forgiveness rules by funding source.

DWSRF Program Set-Asides

- Many **initiatives** that enable state regulatory and financing programs and cover multiple systems. See IUP Section 6 or contact Megan Young, DWGPD Sustainable Infrastructure & Management Program Manager.
- Includes **technical assistance** from staff and contractors to support service line inventory (SLI) development – more on later slide.
- **Asset Management Plan Loans**
 - For municipal systems. 100% forgivable up to \$50,000 if meet criteria in GD 26 (AMP elements + training).
 - Non-municipal systems can apply via general planning.
- **Source Protection Loans** to purchase land / easement

DWSRF General – Planning Loans

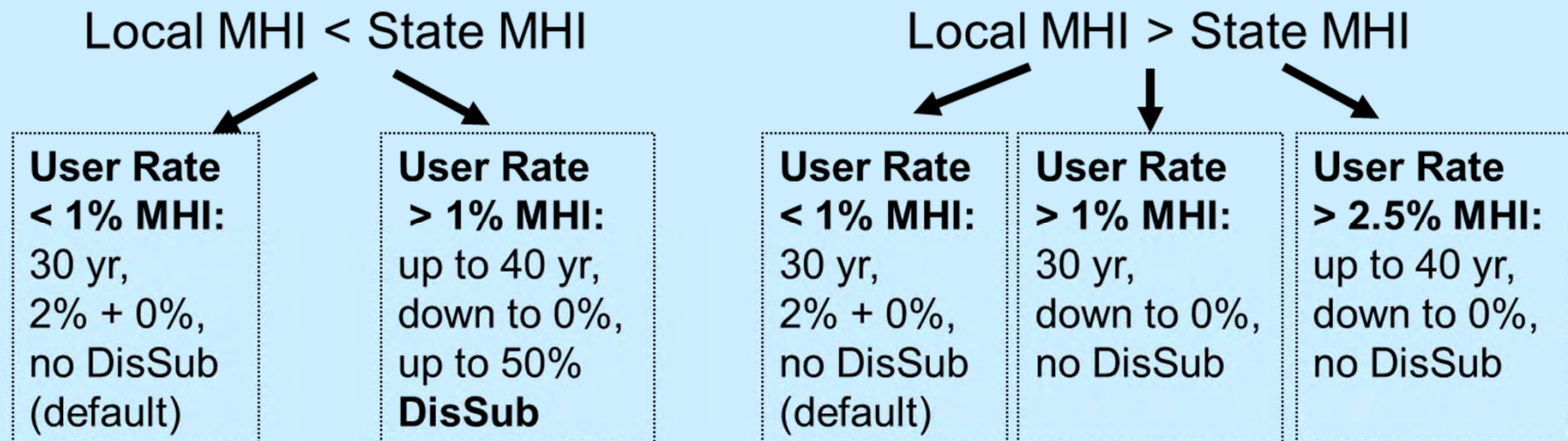
- “Planning” = New source development or Step 1 preliminary engineering or Step 2 design. Must be eligible project goal.
- Loans on a rolling basis, priority list ranking if necessary.
- See IUP and general priority list for details.
- Loan forgiveness (via Additional Subsidy) 1st come 1st serve, 25% up to \$70,000 per project.
- Unforgiven \$ can be rolled into subsequent DWSRF design or construction loan (Step 3) – track project cost accordingly.
- Older WPL planning loans go into repayment or unforgiven part rolled into RF3 construction loan within 5 years – track in budget. See GD # 22.

DWSRF General – Construction Loans

- Priority list applications were due 3/1/23. Assessed for eligibility and for readiness to be ranked (e.g., PER) by WID and DWGPD staff.
- Ranked per GD #2:
 - Continuing project status;
 - **Deficiencies** remediated or upgrades to existing infrastructure;
 - Additional points including having **AMP**, construction permit;
 - Note: Beginning for 2024 priority list, we will require proof that the AMP is being updated/utilized by the WS.
 - 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 in winter 2023-2024 for FFY 2024 IUP priority list.
- Funding line may move down during year as projects use other funding sources, or are bypassed to next cycle.

DWSRF General – Construction Loans

- Base vs supplemental loan dollars nearly same to borrower.
- Preliminary loan terms shown on IUP, subject to change based on actual loan application and authorizations.
- Disadvantaged Subsidy – see GD 10. In order:
 - Longer loan term if eligible (and useful asset life allows).
 - Lower annual admin fee % if eligible.
 - Loan forgiveness DisSub if eligible and available (note preliminary DisSub line). Municipal flowchart below:



DWSRF Lead – Service Line Inventory (SLI)

- Most routine compliance requirements are not eligible for DWSRF funding, but this is a special large requirement with special eligibility.
- Service Line = between street main to building. Most have water system owned portion and privately owned portion.
- Lead & Copper Rule Revision requirement:
 - C & NTNC systems inventory all SL by Oct 2024.
 - Must meet DWGPD requirements – see LCRR website and take training.
 - Record review & visual inspection
 - Material of SLs + connectors + other distribution system info.

DWSRF Lead – Planning/Design Assistance

- Service Line Inventory (SLI) Assistance
 - Free set-aside technical assistance for smaller systems.
 - Planning loans for ~71 largest systems, some forgiveness if < ~120% MHI (100% up to \$100,000, 50% of remainder). We must meet precise loan forgiveness target on lead portfolio; may be able to provide further loan forgiveness later. Special loan application submitted via email. Special policies. See IUP page.
 - Hire contractor/engineer *or*
 - Water system workforce – “force account”
- Next phase of Lead Planning/Design loans:
 - Resolve unknowns with other techniques.
 - LSL Replacement Plan if not already included in SLI loan.
 - Design related to lead connector/SL replacement.

DWSRF Lead Service Line Replacement (LSLR)

- Construction to remove lead
- 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 upgrade one side and leave partial lead.
 - Private portions of service lines may be included in loan (borrower should incentivize this). Certain filters.
- CCT & meters & mains & non-lead SL → general DWSRF.
- 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 Emerging Contaminants

- EC = PFAS for this IUP year
- PFAS removal treatment or new well source development.
- Documented, not just exceeding state MCL.
- Projects would also be eligible for general DWSRF funding, may need to be funded off combination of both lists.
- All EC loan funds 100% forgiven

QUESTIONS?

THANK YOU!

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