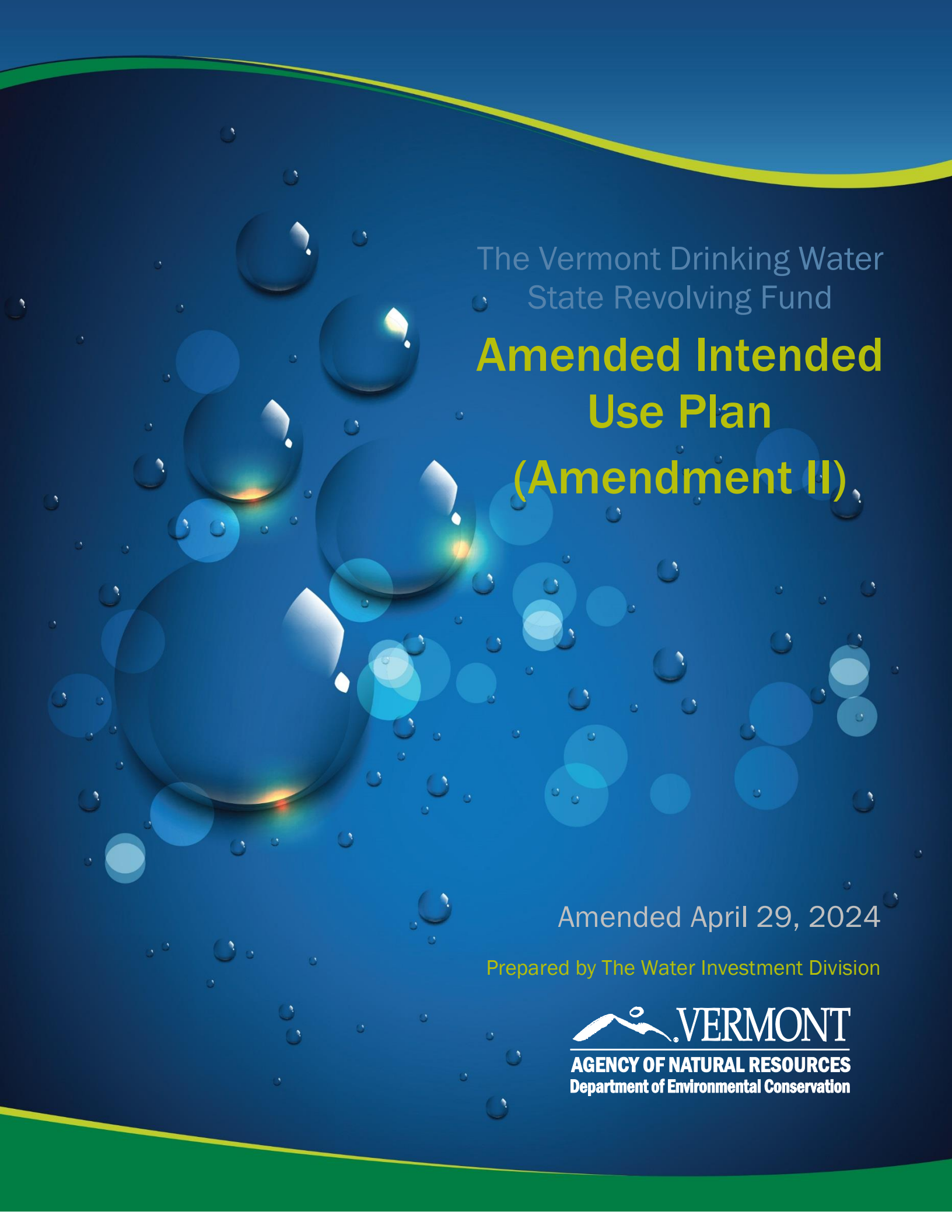




The Vermont Drinking Water
State Revolving Fund

Amended Intended Use Plan (Amendment II)

Amended April 29, 2024

Prepared by The Water Investment Division



Contents

1. Executive Summary	5
1.1. Details of IUP Amendment.....	6
1.1.1. Reallotted SYF 2022 Funds.....	6
1.1.2. Amendment to the 2022 IUP: Planning Subsidy.	6
1.1.3. Amendments to Prior Year IUPs.....	6
1.1.4. Amendment to 2023 IUP: Emerging Contaminants Grant.....	7
1.2. Bipartisan Infrastructure Law (BIL), Build America, Buy America Act (BABA)	7
1.3. Notice of Nondiscrimination	7
1.4. Translation Services.....	7
2. DWSRF Mission and Program Goals	8
2.1. Mission of Vermont DWSRF:.....	8
2.2. Long Term Goals.....	8
2.3. Short Term Goals.....	8
3. American Rescue Plan Act (ARPA) Grant Eligibility	9
3.1. State Village Wastewater and Drinking Water ARPA Grant Eligibility	9
3.1.1. State ARPA Village Wastewater and Drinking Water Grant Allocation.....	10
4. DWSRF Administration	11
4.1. Reallocated Funds between CWSRF and DWSRF	11
4.2. Future Program Impact	12
5. DWSRF Capitalization Grants Federal Fiscal Year 2023	12
5.1. Capitalization Grants	12
5.2. Sources and Uses	13
5.3. EPA Payment Schedule for Federal Fiscal Year	14
5.4. EPA Estimated Disbursement Schedule: All Grants	15
5.5. Local Assistance Water Planning Loan (LAWPL) Program Sources and Uses	15
6. Set-Asides	16
6.1. General Grant Set-Asides.....	19
6.1.1. General Grant: Program Management Set-Aside	19
6.1.2. General Grant: Administrative Set-Aside.....	20
6.1.3. General Grant: Small Systems Technical Assistance Set-Aside	20
6.1.4. General Grant: Local Assistance Set-Aside.....	20

6.2. General Supplemental Grant Set-Asides.....	21
6.2.1. General Supplemental Grant: Program Management Set-Aside	21
6.2.2. General Supplemental Grant: Administrative Set-Aside.....	21
6.2.3. General Supplemental Grant: Small Systems Technical Assistance Set-Aside ..	21
6.2.4. General Supplemental Grant: Local Assistance Set-Aside	21
6.3. Lead Service Line Grant Set-Asides.....	23
6.3.1. Lead Service Line Grant: Program Management Set-Aside	23
6.3.2. Lead Service Line Grant: Administrative Set-Aside.....	24
6.3.3. Lead Service Line Grant: Small Systems Technical Assistance Set-Aside	24
6.3.4. Lead Service Line Grant: Local Assistance Set-Aside.....	24
6.4. Emerging Contaminants Grant Set-Asides	24
6.4.1. Emerging Contaminants Grant: Program Management Set-Aside	24
6.4.2. Emerging Contaminants Grant: Administrative Set-Aside	25
6.4.3. Emerging Contaminants Grant: Small Systems Technical Assistance Set-Aside	25
6.4.4. Emerging Contaminants Grant: Local Assistance Set-Aside	25
7. Banked Authority.....	25
8. Criteria and Method for Distribution of Funds	26
8.1. Priority Lists	26
8.1.1. Priority Lists, Funding Eligibilities and Funding under Multiple Grants	26
8.2. Federal Reporting	27
9. Subsidy (Loan Forgiveness)	27
9.1. Prior Years Subsidy	27
9.1.1. Water Infrastructure Fund Transfer Act (WIFTA) Funds	27
9.1.2. 2022 Lead Service Line Grant Subsidy.....	27
9.2. 2023 Subsidy Amounts	27
9.2.1. General Grant.....	28
9.2.2. General Supplemental Grant.....	28
9.2.3. Lead Service Line Grant.....	28
9.2.4. Emerging Contaminants	28
9.2.5. Summary Table: Available Subsidy by 2023 Grant.....	28
9.3. Subsidy Categories	29

9.3.1. Summary Table: Available Subsidy by Initiative Category	29
9.3.2. Planning Subsidy	29
9.3.3. Construction Subsidy.....	30
9.4. Disadvantaged Community Subsidy.....	30
9.4.1. General Grants Disadvantaged Community Subsidy	30
9.4.2. Lead Service Line Grant Disadvantaged Community Subsidy	30
9.5. Requirements to Secure Subsidy (Loan Forgiveness)	32
9.5.1. Funding Application Requirements.....	32
9.6. Municipal School Subsidy	32
10. Program Updates and Guidance.....	32
10.1. Priority List Ranking.....	32
10.1.1. Continuing Projects	33
10.1.2. Readiness to Proceed and Priority List Bypass.....	33
10.1.3. Emergency Funding Procedure	33
10.2. Planning Loans Evaluation and Funding Cap	34
10.3. ANR Online Funding Application.....	34
10.4. Guidance Document Updates	34
11. Public Participation	34
12. Responsiveness Summary	35
13. Revisions to the Final IUP	44
14. Project Priority Lists.....	44

1. Executive Summary

This is the second amendment to the FFY 2023 Drinking Water SRF Intended Use Plan (IUP) and Project Priority Lists (PPL). This amendment proposes to:

- Allow 2023 Emerging Contaminants Grant funds for Planning loans.

This IUP was previously amended to:

- Incorporate FFY 2022 Emerging Contaminant Grant Funds reallocated from other states;
- Incorporate FFY 2022 Lead Service Line Grant Funds reallocated from other states;
- Amend the 2022 IUP to remove the Emerging Contaminants planning subsidy cap;
- Amend the 2016-2019 IUPs to make unused Disadvantaged Subsidy available under the terms of the 2021 IUP; and
- Amend the 2021 IUP to revise the use of Additional Subsidy.

The details of the amendments are included in Section 1.1. There are no amendments to the Project Priority Lists.

Revisions to the IUP text relative to the initially adopted version, dated September 20, 2023, are noted by underlining of new text and strike-through of deleted text.

Vermont sends to the U.S. Environmental Protection Agency (EPA), as part of its annual application for Drinking Water Capitalization Grants under the Safe Drinking Water Act (SDWA), a Drinking Water Intended Use Plan (IUP) to meet the requirements of the Act and the Drinking Water Capitalization Grant Agreements. This IUP covers the FFY 2023 General Grant, and the supplemental General, Lead Service Line, and Emerging Contaminants grants, created by the Bipartisan Infrastructure Law of 2021. Additionally, this IUP covers reallocated FFY 2021 funds.

Drinking Water SRF (DWSRF) money can be used for a wide variety of activities, including public water system infrastructure improvements, source water protection, and water system management enhancements.

SDWA requires that each state prepare an 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 EPA office. These documents comprise the capitalization grant request for the DWSRF. While a variety of state agencies are involved in the process, the Water Investment Division (WID) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting these documents. WID and the Drinking Water and Groundwater Protection Division (DWGPD) share responsibility for implementation of the policies that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

1.1. Details of IUP Amendment

1.1.1. Reallotted SYF 2022 Funds

This IUP is hereby amended to incorporate reallotted FFY 2022 Funds recently made available by EPA as indicated in a memo from the Office of Water dated 11/29/2023 (<https://www.epa.gov/system/files/documents/2023-11/fy22-bil-reallotment-memo-nov-2023.pdf>). This will amend the 2022 Grants and the funds will be made available under the terms of this FFY 2023 IUP as adopted September 20, 2023. The reallotted funds are as follows:

Emerging Contaminant Grant Funds: \$50,000 is made available under the terms of this IUP. All Emerging Contaminant Funds are 100% forgiven, per the terms of Section 9.2.4. Grant payment is proposed for the last federal fiscal quarter of the FFY 2022 Grant Payment Schedule. No Set-Asides will be used.

Lead Service Line Grant: \$2,195,000 is made available under the terms of this IUP. Grant payment is proposed for the last federal fiscal quarter of the FFY 2022 Grant Payment Schedule. Set-Aside use is as follows:

- Admin: 4% or \$87,800
- Program Management: 10% or \$219,500
- Technical Assistance: 2% or \$43,900
- Local Assistance, Capacity: 10% or \$219,500.
- All Set-Aside use is for Community and NTNC Water System Lead Service Line Identification to provide contract help for Community and NTNC Water Systems to identify unknown service lines from their Service Line Inventories.

1.1.2. Amendment to the 2022 IUP: Planning Subsidy.

The 2022 IUP is amended to remove the Emerging Contaminants planning subsidy cap of \$50,000 per project.

1.1.3. Amendments to Prior Year IUPs

The 2016-2019 IUPs are amended to make unused Disadvantaged Subsidy available to projects that qualified for subsidy under the 2021 Intended Use Plan but that did not receive the maximum amount for which they qualified. All subsidy will be made available under the terms of the 2021 IUP. The subsidy amounts are as follows:

2016: \$991,138

2017: \$542,584

2018: \$950,910

2019: \$639,693

The 2021 IUP is also amended to enable the use of Additional Subsidy for both Step 1 and Step 2 planning loans; the 2021 IUP had limited the use of this subsidy to Step 1 loans.

1.1.4. Amendment to 2023 IUP: Emerging Contaminants Grant

Section 9.3.2.3. is proposed to be revised to allow for the funding of Planning activities.

1.2. Bipartisan Infrastructure Law (BIL), Build America, Buy America Act (BABA)

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), passed November 15, 2021, provides three additional DWSRF grants: the General Supplemental, Lead Service Lines, and the Emerging Contaminants grants. This is the second of five years of these additional BIL grants. In addition to providing additional funding for Vermont, these grants include significant requirements related to ensuring that Disadvantaged Communities benefit from the new funds, including a requirement for 49% of General Supplemental and Lead Service Line funds to be provided in the form of loan forgiveness.

The BIL expanded domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA). For all projects receiving funding based on federal awards made to the State on or after May 14, 2022, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States.

1.3. Notice of Nondiscrimination

The Vermont Agency of Natural Resources (ANR) operates its programs, services, and activities without discriminating on the basis of race, religion, creed, color, national origin (including limited English proficiency), ancestry, place of birth, disability, age, marital status, sex, sexual orientation, gender identity, or breastfeeding (mother and child). QUESTIONS OR COMPLAINTS/FREE LANGUAGE SERVICES | SERVICES LINGUISTIQUES GRATUITS | भाषासम्बन्धी निःशुल्क सेवाहरू | SERVICIOS GRATUITOS DE IDIOMAS | 免費語言服務 | BESPLATNE JEZIČKE USLUGE | БЕСПЛАТНЫЕ УСЛУГИ ПЕРЕВОДА | DỊCH VỤ NGÔN NGỮ MIỄN PHÍ | 無料通訳サービス | ነጻ የቋንቋ አገልግሎቶች | HUDUMA ZA MSAADA WA LUGHA BILA MALIPO | BESPLATNE JEZIČKE USLUGE | အခမဲ့ ဘာသာစကား ဝန်ဆောင်မှုများ | ADEEGYO LUUQADA AH OO BILAASH AH | خدمات لغة مجانية: anr.civilrights@vermont.gov or (802) 636-7827.

Additional information is available at <https://anr.vermont.gov/special-topics/equity-and-accessibility/notice-nondiscrimination>

1.4. Translation Services

If you speak a language not listed or require additional help, we offer free language assistance services. Please reach out to ANR at 802-636-7266 and we can support getting you access to the State of Vermont's free language services. The State of Vermont contracts with several Translation Services organizations, and you can visit this page for more information: <https://anr.vermont.gov/special-topics/equity-and-accessibility/language-services>

2. DWSRF Mission and Program Goals

2.1. Mission of Vermont DWSRF:

To ensure the fund operates in perpetuity and provides continuing financial assistance to Vermont municipalities and eligible private entities for drinking water project needs, and to effectively align the DWSRF with other state and federal funding sources to support drinking water projects.

2.2. Long Term Goals

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. Implement the Bipartisan Infrastructure Law's goal of increasing investment in disadvantaged communities by ensuring subsidy (loan principal forgiveness) is directed to disadvantaged communities, and by engaging in a multi-year sustained effort to increase our capacity to target assistance to disadvantaged communities.
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 DWGPD staff and through grants and/or contracts with third-party technical assistance providers.

2.3. Short Term Goals

1. Secure the State's latest available capitalization grants 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 timely assistance to public community and NTNC water systems to complete required Lead Service Line inventories.
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.

5. Provide support to small systems to conduct 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.
 6. Provide loans to municipalities for purchasing land or conservation easements to protect public water sources and ensure compliance with drinking water regulations through the Vermont Source Water Protection Program.
 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 ensure 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.
 10. Expend all federal funds within two years of grant award.
 11. Engage communities and other stakeholders in an evaluation of the Department's criteria for Disadvantaged Communities and Priority Ranking Criteria to increase investment to disadvantaged communities.
-

3. American Rescue Plan Act (ARPA) Grant Eligibility

ARPA grant awards are not SRF funds. The Department uses the Intended Use Plan to identify ARPA grant award eligibility criteria and uses the Project Priority List to rank eligible projects. The Village Wastewater and Drinking Water ARPA Grant, described below, applies to both wastewater and drinking water projects, and as such is included in both the Clean Water and Drinking Water Intended Use Plans.

3.1. State Village Wastewater and Drinking Water ARPA Grant Eligibility

Villages form the heart of Vermont's rural communities, yet more than 200 villages lack community wastewater disposal systems, hampering revitalization. More than 100 Vermont villages do not have a public municipal water system. While many communities have explored municipal water and wastewater solutions in the past, most could not proceed with the projects because users could not afford the new rates needed to cover the cost of the project.

However, \$36.2 million in ARPA funding was appropriated to help municipalities develop new public drinking water systems and community wastewater disposal systems where this critical infrastructure is lacking. This grant funding is intended to help bridge the affordability gap, protect public health, increase affordable housing, support economic development, and incentivize compact growth in Vermont's designated villages and neighborhoods.

These ARPA funds are used in a "co-funding" model with the State Revolving Loan Funds, USDA -Rural Development support, other grants and/or locally available funding. Co-funding means that ARPA funds are used to complement other funding sources to achieve affordability. The assistance

is primarily in the form of grants for design, land purchase, and/or construction of active as-of-yet completed projects.

The original funding goal was to support up to 10 decentralized community wastewater solutions and/or public municipal water systems. Wastewater projects in designated villages centers and designated neighborhoods, as ranked by the Priority System of the relevant Clean Water Intended Use Plan (IUP) and which propose projects consistent with the funding bill appropriation language are eligible for funding per a March 28, 2023 CWSRF Guidance Document (Guidance Document #38). Drinking water projects are ranked by their DWSRF IUP points divided by the total possible DWSRF points and then listed with the wastewater projects.

Funds were awarded to Villages based on the previous (2022) IUPs, and Village ARPA grants are pending. Village ARPA grants require certain deliverable milestones and eligibility requirements. If a town is not able to meet the grant milestone or deliverable, or if there are not enough eligible costs demonstrated by the town in their Village ARPA agreement Project Cost Summary, then funds will be rescinded accordingly and reallocated to Towns based on the current IUPs in what is being called “trickle down” funds.

If trickle down funds become available, projects on the Priority List in the fundable range will be contacted for a Project Cost Summary for a formal line by line eligibility determination of project elements. Projects are encouraged to seek co-funding from CWSRF, DWSRF, and other funders where applicable. Where a project’s eligible costs under this grant are less than the amount of funds reserved on the Priority List, any excess funds shall pass to the next ranked community. See the Village ARPA Priority List at the end of this section. Attention is called to CWSRF Guidance Document #38.

A project being shown on the waiting list is not guaranteed any funds.

No Village ARPA grant will be for 100% of the capital cost of the project as suggested by the funding list. Notably, the users of each new utility will be anticipated to be paying a utility bill with a rate that is in the affordable range of 1%-2% of Median Household Income for the Service Area. Village ARPA Grants are also limited to 90% of the capital costs, though for projects in service areas with an MHI below the statewide average MHI, the 10% cost share may be prorated by the percentage of local MHI to the statewide average MHI. No SFY 24 ARPA grant may exceed: \$3.5M and no VWWW ARPA project shall receive more than \$4,009,331.45.

3.1.1. State ARPA Village Wastewater and Drinking Water Grant Allocation

Municipalities should note that trickle down Village ARPA grant values are subject to approval by the Vermont Agency of Administration pursuant to the Vermont’s State Fiscal Recovery Process and Guidance. The intent of the Water Investment Division is to confirm these award values with Agency of Administration.

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	\$ -	\$ -

4. DWSRF Administration

DWSRF construction loans are currently issued at a 0% interest rate with an administrative fee (calculated like an interest rate over the entire loan term) of between 0% and 2.75%. Administrative fee proceeds are deposited into a dedicated account separate from the DWSRF project account, referred to as the administrative account. Historically, the program has described the fees as program income, but has tracked this fee income as either program or non-program income to enable use of non-program income for a broader array of SDWA eligible activities than is allowed with program income. All fee income is accounted for in a separate fund outside the SRF fund.

These funds are primarily used for administrative support of the DWSRF program including staff salaries for financial, project development and engineering staff. Additionally, they have been used to fund costs associated with underwriting of loans and software support. The program reserves the right to use these funds for any eligible use of the fees as fund needs develop over the year.

4.1. Reallocated Funds between CWSRF and DWSRF

The Safe Drinking Water Act Amendments of 1996 (Section 302) allow a state to transfer up to 33% of the Drinking Water State Revolving Fund (DWSRF) capitalization grant from the DWSRF to the CWSRF or an equivalent amount from the CWSRF to the DWSRF for each open grant. This transfer is at the Governor's discretion. The program reserves the right to reserve this amount for future need.

In the event funds are reallocated from the DWSRF to the CWSRF, or vice versa, or additional federal funds are made available beyond the anticipated amount, Vermont will advance these funds to the appropriate projects in accordance with this Intended Use Plan, and the Municipal Pollution Control Priority System.

In the 2020 IUP the DWSRF Program transferred \$11,000,000 in funds from the CWSRF to DWSRF for the purpose of providing 100% principal forgiveness for lead-related projects, as allowed by the 2019 Water Infrastructure Fund Transfer Act (WIFTA). At that time, the IUP and associated priority list identified the Town of Bennington's lead service line replacement project as the only recipient of those funds. Based on updated project cost estimates for the Bennington project, the DWSRF program anticipates that approximately \$450,000 in those funds are now available for reallocation to other eligible projects.

Upon adoption of this 2023 IUP, the DWSRF Program will allocate the remaining WIFTA funds to the projects identified in Section 9.1.

4.2. 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 while accounting for loan subsidy. 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 the following authorized set-aside uses: Administration; Technical Assistance; PWSS Program Management; and Local Assistance. Lending procedures used by Vermont Bond Bank (VBB) 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 VBB guarantees that the Program will benefit in the long-term from the management and financial planning expertise of this organization.

5. DWSRF Capitalization Grants Federal Fiscal Year 2023

5.1. Capitalization Grants

Vermont will receive a total of four Federal Fiscal Year (FFY) 2023 capitalization grants as a result of the Bipartisan Infrastructure Law (BIL).

- The DWSRF General: \$4,938,000.
- The DWSRF General Supplemental: \$21,055,000.
- The DWSRF Lead Service Line: \$28,650,000.
- The DWSRF Emerging Contaminants: \$7,640,000.
- Reallocated DWSRF General FFY 21 Grant: \$99,000.

The required state match for the FFY23 grants is as follows:

- DWSRF General (20% of grant): \$987,600

- DWSRF General Supplemental (10% of grant): \$2,105,000
- DWSRF Lead Service Line (no match requirement)
- DWSRF Emerging Contaminants (no match requirement)
- Reallocated DWSRF General FFY 21 Grant (20% of grant): \$19,800

Partial match funds of \$804,834 are currently available for the general grant with the balance of needed match and the full match for the FFY23 BIL general supplemental grant to be available beginning July 2023. These match funds are included in the H.493 Capital Budget Bill of 2023 passed by the House and Senate and awaiting Governor's signature for enactment.

5.2. Sources and Uses

The Sources and Uses tables below assume the total needed match will be available. Sources of funds and uses are listed below.

Sources	General	General Supplemental	Lead Service Lines	Emerging Contaminants
DWSRF Capitalization Grant Minus Set-Aside	\$3,407,220	\$14,947,450	\$21,201,000	\$6,857,966
State Match Needed FFY23 Grant	\$987,600	\$2,105,500	\$0	\$0
DWSRF Capitalization Grant Minus Set-Aside-FFY 2021 Reallocation	\$99,000	NA	NA	NA
State Match Needed FFY 2021 Reallocation	\$19,800	NA	NA	NA
Repayments (anticipated 7/1/23-6/30/24)	\$7,774,810	NA	NA	NA
Interest (anticipated 7/1/23-6/30/24)	\$1,100,000	NA	NA	NA
Carry-Forward (anticipated)	\$24,494,941	Combined w/General	\$12,574,376	\$0
TOTAL	\$54,936,321	Combined w/ General	\$33,775,376	\$6,857,966

Uses	General	General Supplemental	Lead Service Lines	Emerging Contaminants
------	---------	----------------------	--------------------	-----------------------

Anticipated Commitments See FFY 23 Priority Lists	I	\$54,936,321	Combined w/General	\$33,775,376	\$6,857,966
--	----------	--------------	--------------------	--------------	-------------

Detailed project information is included in the attached Projects Priority Lists for state fiscal year 2023.

5.3. EPA Payment Schedule for Federal Fiscal Year

The State matching funds will be deposited into the DWSRF prior to the quarter when federal funds are requested. The schedule for entering into binding commitments and timing of cash draws is contained in the grant application submitted to EPA. The DWSRF program will continue to comply with the Operating Agreement for Implementing and Managing the State Revolving Fund Program between the State of Vermont and U.S. Environmental Protection Agency, Region I.

The state anticipates disbursement of its state match prior to federal disbursements.

SRF General Including 2021 Reallotment

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2024-1	10/1/2023-12/31/2023	\$2,123,580	\$424,716
2	2024-2	1/1/2024-3/31/2024	\$971,140	\$194,228
3	2024-3	4/1/2024-6/30/2024	\$971,140	\$194,228
4	2024-4	7/1/2024-9/30/2024	\$971,140	\$194,228
Total			\$5,037,000	\$1,007,400

SRF General Supplemental

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2024-1	10/1/2023-12/31/2023	\$8,213,050	\$821,305
2	2024-2	1/1/2024-3/31/2024	\$4,280,650	\$428,065
3	2024-3	4/1/2024-6/30/2024	\$4,280,650	\$428,065
4	2024-4	7/1/2024-9/30/2024	\$4,280,650	\$428,065
Total			\$21,055,000	\$2,105,500

SRF Lead Service Lines

Payment No.	Quarter	Date	Federal Amount	State Amount
-------------	---------	------	----------------	--------------

1	2024-1	10/1/2023-12/31/2023	\$7,449,000	\$0
2	2024-2	1/1/2024-3/31/2024	\$0	\$0
3	2024-3	4/1/2024-6/30/2024	\$0	\$0
4	2025-4	7/1/2025-9/30/2025	\$21,201,000	\$0
Total			\$28,650,000	\$0

SRF Emerging Contaminants

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2024-1	10/1/2023-12/31/2023	\$2,645,600	\$0
2	2024-2	1/1/2024-3/31/2024	\$1,664,800	\$0
3	2024-3	4/1/2024-6/30/2024	\$1,664,800	\$0
4	2024-4	7/1/2024-9/30/2024	\$1,664,800	\$0
Total			\$7,640,000	\$0

5.4. EPA Estimated Disbursement Schedule: All Grants

Disbursement Quarter	General	General Supplemental	Lead Service Lines	Emerging Contaminants
1QFFY2024	\$2,123,580	\$8,213,050	\$7,449,000	\$2,645,600
2QFFY2024	\$971,140	4,280,650	\$0	\$1,664,800
3QFFY2024	\$971,140	\$4,280,650	\$0	\$1,664,800
4QFFY2024	\$971,140	\$4,280,650	\$0	\$1,664,800
1QFFY2025	\$0	\$0	\$0	\$0
2QFFY2025	\$0	\$0	\$0	\$0
3QFFY2025	\$0	\$0	\$0	\$0
4QFFY2025	\$0	\$0	\$21,201,000	\$0
Total	\$5,037,000	21,055,000	\$28,650,000	\$7,640,000

5.5. Local Assistance Water Planning Loan (LAWPL) Program Sources and Uses

This table summarizes the sources and uses for the Local Assistance Water Planning Loan (LAWPL) Program. Sources include capitalization from federal funds from prior grant years, from set-asides as described in 6.2.4.1. and from loan repayments. Uses are new fully forgiven loans for Asset Management Plans as described in 6.2.4.1.

Sources – LAWPL	
Carry-Forward	\$1,943,597
Estimated interest (7/1/2023-6/30/2024)	\$58,600
Estimated repayments (7/1/2023-6/30/2024)	\$ 150,486

Gen. Supp. Grant LA Capacity Set-Aside	\$600,000
Total Sources	\$ 2,752,683

Uses - LAWPL	
Estimated loan commitments (7/1/2023-6/30/2024)	\$250,000
Total Uses	\$250,000

6. Set-Asides

The State of Vermont plans for set-asides are detailed in the tables below, including the proposed amount of authority to be banked. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their systems 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.

Reallocated 2021 Grant	PROPOSED WY FF21	Banked Authority
TOTAL, ALL SET-ASIDES	\$ -	\$ 15,840
Program Mgmt	\$ -	\$ 9,900
Administrative	\$ -	\$ 3,960
Small Sys. Tech. Assist.	\$ -	\$ 1,980
Water System Operato	\$ -	
Local Assistance	\$ -	NA
Capacity	\$ -	
Staff	\$ -	
Wellhead	\$ -	
Staff	\$ -	

General Grant	PROPOSED FFY23	Banked Authority
TOTAL, ALL SET-ASIDES	\$ 1,530,780	\$ -
Program Mgmt	\$ 493,800	
Administrative	\$ 197,520	
Small Sys. Tech. Assist.	\$ 98,760	
Water System Operator Train. Contract	\$ 98,760	
Local Assistance	\$ 740,700	\$ -
Capacity	\$ 262,500	
Staff	\$ 262,500	
Wellhead	\$ 478,200	
Staff	\$ 478,200	

General Supplemental	PROPOSED FFY23	Banked Authority
TOTAL, ALL SET-ASIDES	\$ 6,107,550	\$ -
Program Mgmt	\$ 2,105,500	
Administrative	\$ 842,200	
Small Sys. Tech. Assist.	\$ 421,100	
TNC Tech Assistance		
NTNC and TNC Asset Management Initiatives		
Revised Total Coliform Rule (RTCR) Level Compliance SPP Contract		
Water System Operator Training Contract		
Local Assistance	\$ 2,738,750	\$ -
Capacity	\$ 1,686,000	
Water Loss Control	\$ 100,000	
Valve Condition and Location Assessment	\$ 100,000	
Rates Training	\$ 100,000	
Community Engage Disad Comm	\$ 250,000	
Distribution Asset Inventory Evals	\$ 400,000	
Archeological Consult Program	\$ 30,000	
Drinking Water Week	\$ 6,000	
Asset Management Planning Loan	\$ 600,000	
Capacity Program Asset Management Initia	\$ 100,000	
	\$ -	
Wellhead	\$ 1,052,750	
Staff	\$ 752,750	
Source Protection Plans Contract	\$ 50,000	
Hydrogeologic Investigation Contract	\$ 100,000	
Private Well Mapping Contract	\$ 50,000	
USGS Groundwater Monitoring Contract	\$ 100,000	

Lead Service Line	PROPOSED FFY23	Banked Authority
TOTAL, ALL SET-ASIDES	\$ 7,449,000	
Program Mgmt	\$ 2,865,000	
LSL Inventory Development	\$ 2,368,404	
Staff	\$ 496,596	
Administrative	\$ 1,146,000	
Small Sys. Tech. Assist.	\$ 573,000	
Small System LSL Inventory Development	\$ 473,000	
DWSRF Loan Application Help for Disad Communities	\$ 100,000	
Local Assistance	\$ 2,865,000	
Capacity		
Small System LSL Inventory Development	\$ 2,865,000	

Emerging Contaminants	PROPOSED FFY23	Banked Authority
TOTAL, ALL SET-ASIDES	\$ 782,034	\$ 540,366
Program Mgmt	\$ 296,434	\$ 467,566
Administrative	\$ 305,600	
Small Sys. Tech. Assist.	\$ 80,000	\$ 72,800
Cyanotox Vulnerability Study	\$ 30,000	
TNC PFAS Monitoring Study	\$ 50,000	
Local Assistance	\$ 100,000	\$ -
Capacity		
Cyanotoxin Monitoring Study	\$ 50,000	
PFAS Treatment Efficacy Study	\$ 50,000	

6.1. General Grant Set-Asides

6.1.1. General Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set- Aside. We propose to take the full 10%, \$493,800, from FFY23 grant to support approximately 3 FTEs, and associated operating costs within the DWGPD. Duties of staff 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 including the ability to provide up to \$10,000 in Emergency funding.

6.1.2. General Grant: Administrative Set-Aside

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 0.002 x total net position. The program will be taking 4%, or \$197,520 from the FFY23 grant to support approximately 1 FTE within WID and Administration and Innovation Division (AID). These positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. Administrative funds are also used to pay for the services of the Vermont Bond Bank (VBB), which is responsible for the overall fund and is a party to all loan awards to municipal applicants, and the Vermont Economic Development Authority (VEDA), which is responsible for conducting creditworthiness reviews of loan applicants for privately-owned water systems and is a party to those loans.

6.1.3. General Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FY23 grant, or \$98,760, to provide technical assistance to small public water systems. The following activities and allocations are proposed:

Water System Operator Training Contract: \$98,760 to 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 DWGPD.

6.1.4. General Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant, or \$740,700, 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 will take 15%, or \$740,700 to fund local assistance activities. The following activities and allocations are proposed.

6.1.4.1. Capacity Activity

Local Assistance Capacity Program Positions: This set aside will support Capacity Program staff to implement the Vermont Capacity Strategy, as well as the Operator Certification Program. In total, this set aside will fund approximately 2 FTEs for a total of \$262,500.

6.1.4.2. Wellhead Protection Activity

Local Assistance Wellhead Protection Positions:

DWGPD Water Resources staff will use this set aside to review and approve source protection plans and work with systems to update them, to review and approve source construction to ensure work meets technical requirements, to work with systems to ensure that proper testing occurs to ensure long-term viability of new sources, and to work with systems to develop new sources as needed.

DWGPD Regional Office staff will use this set aside to review wastewater system plans and specifications to ensure adequate protection of groundwater.

In total, this set aside will fund approximately 3 FTEs and proposes to use \$478,200.

6.2. General Supplemental Grant Set-Asides

6.2.1. General Supplemental Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set- Aside. We propose to take 10% or \$2,105,500, from the FFY23 Supplemental grant to support approximately 14 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include capacity development, adoption and implementation of new regulations, implementation of new and existing federal rules, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities.

6.2.2. General Supplemental Grant: Administrative Set-Aside

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. The program will be taking 4%, or \$842,200 from the FFY23 supplemental grant to support approximately 6 FTEs within WID and the Administration and Innovation Division (AID). The WID and AID positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. The DWGPD positions will be providing technical assistance to water systems of all sizes.

6.2.3. General Supplemental Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FY23 General Supplemental grant, or \$421,100, to provide technical assistance to small public water systems.

The following activities and allocations are proposed:

TNC Technical Assistance: \$20,000 to provide technical assistance to Transient Non- Community Water Systems (TNCs).

NTNC and TNC Asset Management Initiatives: \$324,860 to asset management initiatives to further the overall objective of increasing the practice of infrastructure asset management at Vermont's small public water systems and extend the useful life of assets.

Water System Operator Training Contract: \$41,240 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 DWGPD.

RTCR Level 2

\$35,000 to provide technical assistance to public water systems for the Revised Total Coliform Rule (RTCR) Level 2 compliance.

6.2.4. General Supplemental Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant, or \$3,158,250, 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 will take 13%, or \$2,738,750 to fund local assistance activities.

The following activities and allocations are proposed:

6.2.4.1. Capacity Activity

\$100,000 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.

Valve Condition and Location Assessment

\$100,000 to provide for the assessment of distribution system valves to improve asset inventories and determine valve condition and location to effectively manage distribution system flows.

Capacity Program Asset Management Initiatives

\$100,000 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.

Local Assistance Water Planning Loan (LAWPL) Program – Asset Management Plans

\$600,000 to capitalize the planning loan (LAWPL) program. This revolving loan program is available for municipal water systems to support the development of Asset Management Plans.

Community Engagement with Disadvantaged Communities

\$250,000 to support community engagement with disadvantaged communities and provide DWSRF technical assistance for disadvantaged communities.

Distribution Asset Inventory Evaluations

\$400,000 to support hydraulic evaluations at public community water systems to further asset management and develop risk and life cycle cost reduction measures of distribution inventories.

Archeological Consulting Program

\$30,000 to support the archeological assessment of the area of a proposed project in consultation with the State and in coordination with SHPO and any federally recognized tribes that may attach religious and cultural significance to historic properties that may be affected by the project.

Rates Training

\$100,000 water rates training program to promote the practice of infrastructure asset management and full-cost funding at Vermont's public water systems.

Drinking Water Education

\$6,000 to provide for the development of outreach and education activities regarding the importance of safe, clean drinking water.

6.2.4.2. Wellhead Protection Activity

Local Assistance Wellhead Protection Positions:

DWGPD Water Resources staff will use this set aside to review and approve source protection plans and work with systems to update them, to review and approve source construction to ensure work

meets technical requirements, to work with systems to ensure that proper testing occurs to ensure long-term viability of new sources, and to work with systems to develop new sources as needed.

DWGPD Regional Office staff will use this set aside to review wastewater system plans and specifications to ensure adequate protection of groundwater.

In total, this set aside will fund approximately 6 FTEs and proposes to use \$752,750.

Groundwater Monitoring Program

\$100,000 to contract with USGS and Vermont Geological Survey to create a robust evaluation of a groundwater monitoring program and then design a monitoring program to account for climate change.

Source Protection Plans

\$50,000 to support community system water resource planning and mitigation assistance.

Hydrogeologic Investigations

\$100,000 to support comprehensive physical aquifer investigations for community water systems.

Private Well Mapping

\$50,000 to improve the accuracy of well locations from the DWGPD well completion database.

6.3. Lead Service Line Grant Set-Asides

The State of Vermont plans to set aside 26%, or \$7,371,000, of the FFY23 Lead Service Line (LSL) Replacement Capitalization Grant for various non-construction related activities for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. The following outlines the allocations and provides a brief description of the proposed activities in each of the four set-asides.

6.3.1. Lead Service Line Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set- Aside. We propose to take the full 10%, \$2,865,000, from FFY23 Lead Service Line Grant. The following activities and allocations are proposed:

\$496,596 to support approximately 4 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include outreach, development and review of service line inventories at Community and Non Transient Non Community Water Systems.

Small System Lead Service Line Inventory Development: \$2,368,404 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

6.3.2. Lead Service Line Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. We propose to take the 4% or \$1,146,000 from FFY23 Lead Service Line Replacement grant to provide contract help for small (population 1,000 and under) Water Systems to develop LSL inventories.

6.3.3. Lead Service Line Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the Lead Service Line Replacement capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2%, or \$573,000 from the FFY23 Lead Service Line Replacement grant. The following activities and allocations are proposed:

Small System Lead Service Line Inventory Development: \$473,000 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

DWSRF Loan Application Help for Disadvantage Communities: \$100,000 to provide contract help for disadvantaged communities to apply for DWSRF funding to replace Lead Service Lines.

6.3.4. Lead Service Line Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant 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 will take 10%, or \$2,865,000 to fund local assistance activities. The following activities and allocations are proposed:

6.3.4.1. Capacity Activity

Small System Lead Service Line Inventory Development: \$2,865,000 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

6.3.4.2. Wellhead Protection Activity

None proposed.

6.4. Emerging Contaminants Grant Set-Asides

The State of Vermont plans to set aside \$778,634 of the FFY23 Emerging Contaminants Grant for various non-construction related activities to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances.

6.4.1. Emerging Contaminants Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take 3.3%, or \$296,434 from FFY23 Emerging Contaminants grant to support approximately 2 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include implementation of programs to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances. The remaining Program Management funds from the FFY23 Emerging Contaminant Grant will be reserved for banked authority.

6.4.2. Emerging Contaminants Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. We propose to take 4% or \$305,600 to support 2 FTEs within the WID and AID.

6.4.3. Emerging Contaminants Grant: Small Systems Technical Assistance Set-Aside

Up to 2% of the Emerging Contaminants capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 1.05% of the Emerging Contaminants FY23 grant, or \$80,000, to provide technical assistance to small public water systems. The remaining TA funds from the FFY23 Emerging Contaminant Grant will be reserved for banked authority.

The following activities and allocations are proposed:

Cyanotoxin Vulnerability Study: \$30,000 to study the vulnerability of non-Lake Champlain surface water sources to cyanotoxins.

TNC PFAS Monitoring: \$50,000 to monitor TNC sources for PFAS in known areas of high PFAS contamination.

6.4.4. Emerging Contaminants Grant: Local Assistance Set-Aside

Up to 15% of the Emerging Contaminants capitalization grant 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 will take a combined \$100,000, or 1.3% of the Emerging Contaminants grant, to fund local assistance activities. The following activities and allocations are proposed:

6.4.4.1. Capacity Activity

Cyanotoxin Monitoring Program

\$50,000 to support the ongoing cyanotoxin monitoring program.

PFAS Treatment Efficacy Study

\$50,000 to support a contract to design a study to understand the efficiency and lifespan of GAC units for small, medium and large size systems for PFAS removal.

6.4.4.2. Wellhead Protection Activity

None proposed.

7. Banked Authority

The DWSRF reserves the right to use Banked Authority. Set-asides have been banked from the Re-allocated 2021 Grant and 2023 Grants as detailed in Section 6.

8. Criteria and Method for Distribution of Funds

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 that assist systems most in need according to State affordability criteria.

8.1. Priority Lists

This IUP has three Priority Lists: General and General Supplemental; Lead Service Line Replacement; and Emerging Contaminants. These Priority Lists, shown in Section 14, identify the projects that submitted complete priority list applications and the total proposed construction funding awards.

Vermont will disburse 100% of its state match up front, followed by federal funds. As such, the program will not need a cash draw ratio.

The anticipated construction loan recipients are those projects with the highest ranking that comply with the following:

- Under federal requirements, at least 15% of available funds must be used for projects serving communities with populations of less than 10,000 persons. Because the great majority of Vermont's public water systems serve populations <10,000, this requirement is readily met.
- As required in Vermont legislation, funds for private water systems are limited to 20% of the available funds, unless there are insufficient municipal projects ready to proceed and additional funds are available. Funds for private water systems on this priority list are below the 20% limit.

8.1.1. Priority Lists, Funding Eligibilities and Funding under Multiple Grants

Projects may be shown on more than one Priority List due to eligibility and funding considerations.

Notes on Project Priority Lists:

General and General Supplemental

Projects may be funded from either the General or General Supplemental Grants, or a combination of the two, as managed by the DWSRF Program, to meet grant requirements. The selection of the specific grant by the program has no effect on the borrower. The information on the Priority List relative to which grant is used to fund a given project is an estimate.

Lead Service Line

Construction project expenses shown on the Lead Service Line Priority List are estimates of what may be eligible due to lead: full lead service line replacement (LSLR), partial LSLR (but not leaving partial LSL behind), galvanized SLR, lead connector replacement, temporary pitcher filters, and

related service line inventory (SLI) creation and updates. Estimates of project expenses not eligible under this list but eligible on the general priority list are shown there. Overall project expenses will be prorated between the two underlying funding sources according to EPA guidance based on actual project costs.

Emerging Contaminants

The two Killington projects are split between Emerging Contaminant and General Grant funding and appear on each priority list.

8.2. Federal Reporting

Environmental benefits will be reported at least quarterly for every loan transaction using the EPA Office of Water SRF reporting system (OWSRF). This information is now being automatically reported via a data push from an internal database to the OWSRF reporting website. The OWSRF replaced the Drinking Water Benefits Reporting (CBR) federal on-line reporting system in 2022. Reporting to FFATA and NIMS will also be completed.

All projects regardless of funding source will need to comply with National Environmental Protection Act (NEPA) review, Disadvantaged Business Enterprises (DBEs) reporting, Davis-Bacon, American Iron and Steel, Build America Buy American Act, and other federal crosscutters.

9. Subsidy (Loan Forgiveness)

The term “subsidy” refers to forgiveness of loan principal. Subsidy is available to municipalities and private water systems and is offered on a first come, first-served basis. Eligibility requirements are discussed in “Requirements to Secure Additional Subsidy”, section 9.5, below.

9.1. Prior Years Subsidy

9.1.1. Water Infrastructure Fund Transfer Act (WIFTA) Funds

As described in Section 4.1., unallocated WIFTA funds are made available under this IUP to the projects described below. Funding will be limited to those previously approved loan disbursements made with repayment funds. These projects were each for first the phase of distribution system improvements, including removal of lead goosenecks and galvanized lines. Under this reallocation, lead-related eligible project costs are eligible for 100% loan forgiveness as follows.

- Town of Bethel, loan # RF3-388, 2019 IUP: \$252,661.89
- Dorset Fire District 1, loan # RF3-438, 2020 IUP: \$197,338.11

9.1.2. 2022 Lead Service Line Grant Subsidy

This IUP makes \$9,876,951 in Disadvantaged Community subsidy from the 2022 Lead Service Line Grant available under the terms of this IUP.

9.2. 2023 Subsidy Amounts

The following sections describe the amount of available subsidy and a description of the eligible categories. Subsidy amounts are stipulated per federal law and the Capitalization Grant agreements with EPA. The specific amounts of proposed subsidy are described below.

9.2.1. General Grant

An amount equal to 14% of the grant must be provided as subsidy (“Additional Subsidy”) under eligibility terms set in the Intended Use Plan.

The State must use at least 12% but no more than 35% of the grant to provide subsidy to Disadvantaged Communities. The DWSRF Program intends to use the full amount of available Disadvantaged Subsidy (35%).

For the re-allocated 2021 Grant, the subsidy percentages are 20% and at least 6% but more than 35%, respectively.

9.2.2. General Supplemental Grant

Per the Bipartisan Infrastructure Law, an amount equal to 49% of the grant shall be provided as subsidy to Disadvantaged Communities.

9.2.3. Lead Service Line Grant

Per the Bipartisan Infrastructure Law, an amount equal to 49% of the grant shall be provided as subsidy to Disadvantaged Communities.

9.2.4. Emerging Contaminants

Per the Bipartisan Infrastructure Law, an amount equal to 100% of the grant, net after set-asides, shall be provided as subsidy, with at least 25% going to Disadvantaged Communities or public water systems serving fewer than 25,000 persons.

9.2.5. Summary Table: Available Subsidy by 2023 Grant

Per the FFY23 appropriations language, subsidy shall be provided as follows.

Grant	Subsidy Proposed	Eligibility Requirements Per EPA Grant Agreement
Reallotted 2021 Grant	\$19,800	No Restrictions (Additional Subsidy)
	\$34,650	Disadvantaged Communities
General	\$691,320	No Restrictions (Additional Subsidy)
	\$1,728,300	Disadvantaged Communities
General Supplemental	\$10,316,950	Disadvantaged Communities
Lead Service Lines	\$14,038,500	Disadvantaged Communities
Emerging Contaminants	\$6,904,400	At least 25% of subsidy to Disadvantaged Communities or systems serving < 25,000 persons
Total Available Subsidy	\$33,733,920	

9.3. Subsidy Categories

All loan forgiveness is offered on a first come, first-served basis. Eligibility requirements are discussed in “Requirements to Secure Additional Subsidy”, Section 9.5, below.

9.3.1. Summary Table: Available Subsidy by Initiative Category

Grant	Initiative	Amount
General (Inc. FY21 Reallottment)		
	Planning (Additional Subsidy)	\$711,120
	Construction (Disadvantaged Subsidy)	<u>\$1,762,950</u>
	Total	\$2,474,070
General Supplemental		
	Construction (Disadvantaged Subsidy):	\$10,316,950
Lead Service Lines		
	Planning and Construction (Disadvantaged Subsidy)	\$14,038,500
Emerging Contaminants		
	Planning and Construction (Additional Subsidy):	\$6,904,400
Total Available Subsidy		\$33,733,920

9.3.2. Planning Subsidy

Supports Short Term Goal #5: Financing of Planning Activities

Planning includes feasibility studies, asset management planning (where not funded under LAWPL set-aside), preliminary engineering reports, final design, and source exploration and development.

9.3.2.1. Planning Subsidy Category 1: General

Planning projects will receive loan forgiveness (Additional Subsidy) as follows:

- 25% loan forgiveness, up to \$70,000 per project.

9.3.2.2. Planning Subsidy Category 2: Lead Service Lines

Planning and design for eligible Lead Service Line projects may receive loan forgiveness as follows:

- For communities less than or equal to 120% of State Median Household Income, 100% loan forgiveness up to \$100,000 and 50% subsidy for the portion over \$100,000.
- Depending on the availability of subsidy after all projects are funded, subsidy may be increased up to 100% of total approved costs.

9.3.2.3. Planning Subsidy Category 2: Emerging Contaminants

~~There is no subsidy offered for this category under this IUP.~~ Planning and design loans for emerging contaminant projects may receive subsidy under the Emerging Contaminants Grant Category 1.

These planning loans may be rolled into fully-forgiven construction funded under the Emerging Contaminants Grant where funding levels allow.

9.3.3. Construction Subsidy

Construction subsidy is available based on the following grant categories.

9.3.3.1. *Construction Subsidy Category 1: General and General Supplemental*

Eligible Disadvantaged Community construction projects may receive loan forgiveness as follows:

- Disadvantaged Communities: Up to 50% loan forgiveness.
- Projects that receive loan forgiveness under both the Emerging Contaminants and General Grants are limited to \$1M in loan forgiveness under the General Grant Construction Subsidy Category. This limitation does not affect funding under the Emerging Contaminants Grant.

9.3.3.2. *Construction Subsidy Category 2: Lead Service Lines*

Eligible construction projects may receive loan forgiveness as follows:

- Disadvantaged Communities: 50% loan forgiveness, no maximum cap.

9.3.3.3. *Construction Subsidy Category 3: Emerging Contaminants*

All construction projects may receive 100% loan forgiveness, with loans capped as follows:

- Killington Town New Community System Phase I is capped at \$3,953,120.
- Killington Town New Community System Phase II is capped at \$1,854,846.

The remainder of need for the Killington Projects is shown on the General Grant Priority List.

9.4. Disadvantaged Community Subsidy

The following sections describe the DWSRF Program's approach to the allocation of disadvantaged community subsidy under this IUP.

9.4.1. General Grants Disadvantaged Community Subsidy

For purposes of this IUP, construction projects eligible for funding under the General and General Supplemental grants are eligible to receive disadvantaged community subsidy if they meet the statutory definition of disadvantaged municipality in 24 VSA §4752(12). The definition includes municipal or service area Median Household Income (MHI) and calculations are described in Vermont DWSRF Guidance Document 10. Disadvantaged community projects may receive longer loan terms up to 40 years depending on project useful life and may receive a lower administrative fee rate. A project may receive this subsidy, pending availability of this form of subsidy from this IUP cycle, up to the level that would reduce the annual household user rate to 1% of MHI post-project, and not to exceed 50% principal forgiveness.

9.4.2. Lead Service Line Grant Disadvantaged Community Subsidy

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), requires states to provide 49% of the Lead Service Line grant to disadvantaged communities in the form of loan forgiveness. Under IIJA/BIL, states have the flexibility to define disadvantaged communities, which, under EPA guidance, "can include those with environmental justice concerns that often include low-income people and communities of color." (EPA BIL Implementation Memo, 3/8/22). Because communities with lead service lines are appropriately considered disadvantaged, and to ensure communities are able to take full advantage of the Lead Service Line

Grant funds, the Department is hereby establishing the scope of disadvantaged community subsidy eligibility for purposes of the FFY 2023 Lead Service Line IUP. To emphasize, because the subsidy requirement in the grant from EPA is a specific amount (49%), rather than a range or not to exceed amount, and because it is a large percentage of the grant, any underutilization of subsidy would limit the overall amount of available loan funds, and vice versa. It is in the public interest to ensure maximum utilization of Lead Service Line funds, including providing funding to disadvantaged communities.

9.4.2.1. Lead Service Line Planning Loans

For purposes of planning and design loans for lead service line inventories and replacements funded under the Lead Service Line IUP, “disadvantaged community” shall mean a municipality or served area of a municipality that has a median household income (MHI) less than or equal to 120% of the state median household income. These communities shall be eligible for loan forgiveness for lead service line inventories as follows:

- 100% loan forgiveness up to \$100,000 and 50% subsidy for the portion over \$100,000.
- Depending on the availability of subsidy after all projects are funded, subsidy may be increased up to 100% of total approved costs.

Planning and Design Loan amounts included in the Lead Service Line Priority List include the following:

- Priority List applications from two systems.
- Estimated water systems with over 1,000 population or over 250 service connections that have yet to complete a Service Line Inventory.
- Estimated water systems that will require a second-phase inventory where the initial inventory indicates a portion of the service lines are of unknown material.

Smaller water systems are covered under the set-asides described above.

9.4.2.2. Lead Service Line Construction Loans

For purposes of construction loans funded under the lead service line IUP, “disadvantaged community” shall mean an applicant municipality or served area that:

- (1) has a median household income (MHI) less than or equal to 120%, of the State average median household income as determined by the Secretary.

These disadvantaged communities shall be eligible for 50% loan forgiveness for construction loans funded under the lead service line IUP.

The Department notes that for Lead Service Line construction loans the above eligibility criteria for disadvantaged community subsidy are similar to the definition of “disadvantaged municipality” in 24 VSA § 4752(12). The eligibility criteria for disadvantaged community subsidy differ from the §4752(12) definition of disadvantaged municipality in that there is an eligibility cap of 120% of the State average median household income under the eligibility criteria, and the amount of subsidy is based on a percentage (50%) of the loan. The above criteria for allocation of

disadvantaged community subsidy apply only to construction projects funded by the Lead Service Line SRF.

9.5. Requirements to Secure Subsidy (Loan Forgiveness)

The Department establishes the amount of available subsidy on an annual basis in the Intended Use Plan, consistent with the requirements of the State's capitalization grants. All subsidy is awarded to recipients and project types that are eligible for subsidy on a first-come, first-served basis.

Subsidy is considered reserved for a project once DWSRF has received the following:

- Complete funding application (see below for specifics for each loan type).
- Approved Engineering Services Agreement.

9.5.1. Funding Application Requirements

The list below identifies the required elements of a complete funding application for each step unless it is inapplicable to the project. The DWSRF program will notify borrowers when they have secured additional subsidy.

Step 1 (Preliminary engineering)

- Loan application form
- Draft Engineering Services Agreement

Step 2 (Final design)

- Complete funding application
- Draft Engineering Services Agreement
- Preliminary Engineering Report Approval from DWGPD engineer

Step 3 (Construction)

- Complete funding application
- Draft Engineering Services Agreement
- Bond Vote Certification and Counsel Opinion letter
- All permits in place, including Act 250, if required, and environmental review
- Permit to Construct
- All necessary prior step engineering approvals, including preliminary engineering

9.6. Municipal School Subsidy

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 with the exception of municipal school projects funded under the Emerging Contaminants Grant. Because all Emerging Contaminant Grants funds are required to be 100% forgiven the only applicable Emerging Contaminant subsidy limitations are those identified in this IUP.

10. Program Updates and Guidance

10.1. Priority List Ranking

A potential construction (Step 3) loan applicant must submit a priority list application during the open application period, typically in February. Only construction projects that have previously

submitted an administratively complete Preliminary Engineering Report (PER) or Permit to Construct (PTC), or an adequate equivalent as determined by the DWGPD, will be scored and ranked for potential construction loan (step 3) funding. The program encourages those projects without a PER or PTC to apply for a planning loan. If additional loan funds are available and/or other projects are bypassed, the priority list may be reopened for priority list applications and amended up to twice per fiscal year based on a public participation process. If a project has made progress since the original IUP adoption, it may reapply at that time; note that it will also likely receive a higher point score.

10.1.1. Continuing Projects

For purposes of this IUP, a continuing project shall mean a project that was listed on an earlier IUP year priority list, received prior approval for a construction loan or is expected to receive approval by the adoption date of this IUP, and applied in February 2023 to be on this priority list.

The funding request shown for continuing projects shall be the identified additional need beyond the current or anticipated loan (which may be \$0). Continuing projects shall be shown and ranked at the top of the priority list, in point order.

10.1.2. Readiness to Proceed and Priority List Bypass

All projects must meet the following readiness to proceed milestones:

- December 1, 2023: Submit a signed and administratively complete Environmental Information Document (for SERP review) to the assigned WID engineer;
- January 1, 2024: Submit 90% design drawings to DWGPD. A project with a current construction permit for the same project scope already meets this milestone;
- January 31, 2024: Schedule a bond vote and submit a copy of the warning to WID;
- May 1, 2024: Receive voter authorization via the bond vote; and,
- June 30, 2024: Submit complete Step III/Construction loan application (all required items have been completed and submitted).

Projects failing to meet these milestones will be bypassed and expected to reapply for the following funding cycle. This will make funding available for projects below the funding line. Further, any projects that confirm to DWSRF program staff that they have secured funding through another source will receive notification of bypass.

10.1.3. Emergency Funding Procedure

Systems either on or off the Priority List that experience an emergency resulting in an imminent and substantial threat to the public health may bypass all other projects and may be assigned top priority. Emergency additions to the Priority List will result in the lower priority projects identified as Anticipated Loan Recipients being bypassed. The number of projects bypassed will depend upon the amount of funds needed to cover the emergency. The determination of an imminent and substantial health risk for cases involving chemical contamination or a potential disease outbreak is the responsibility of DEC in consultation with the Department of Health. The determination of an emergency resulting from a water system failure that requires immediate attention to protect the public health is the sole responsibility of DEC. Projects that may be required to address such a health risk could involve installation of treatment facilities, construction of a new water source, or

replacement of a failed system element. The bypass procedure is detailed in the DWSRF Program's Guidance Document #16, available [here](#)

10.2. Planning Loans Evaluation and Funding Cap

For this IUP funding cycle, "Planning Loans" (Step 1 and/or 2) for General projects (those other than Emerging Contaminants or Lead Service Line / Service Line Inventory projects) will be funded using the \$3,500,000 put-aside shown in the Priority List. Most Asset Management Plans are funded by the LAWPL set-aside described above but an AMP can be funded under the general grants as a step 1 loan. DEC is accepting applications for Planning Loans on a rolling basis while funding is available. If funding is available following the bypass of projects on the Priority List, DEC may increase funding for Planning Loans beyond \$3,500,000.

10.3. ANR Online Funding Application

Loan applications and associated documentation must be submitted through ANR Online <https://anronline.vermont.gov/?formtag=SRFLoanIntake>. A loan application will be considered complete when the form and all required documentation are uploaded to ANR Online and the applicant clicks the Submit button. The documentation required for loan applications varies by project step. Applicants with questions about required documentation are encouraged to reach out to DWSRF Project Developer with questions.

Applicants should begin the review process for their draft Engineering Services Agreement (ESA) prior to obtaining other documentation required to submit a complete loan application. Applicants may work directly with the relevant DEC engineering staff to secure review of their ESA, however no formal loan action will be taken prior to submittal of a complete loan application.

It should be noted that submittal of a completed application is not sufficient to lock in additional subsidy as the project needs relevant approvals as detailed in the additional subsidy portion of this IUP.

10.4. Guidance Document Updates

The DWSRF Program attempts to continuously update Guidance Documents. Since the 2022 IUP, Guidance Documents 2, 26 and 10 have been revised.

11. Public Participation

The DWSRF Program recognizes that public participation is an integral element in the development of an effective program. Additionally, water systems are routinely directed to the DWSRF by DWGPD staff, especially when a deficiency or SDWA violation has been identified.

On 1/20/23 the Department notified municipalities and other interested parties to submit a priority list application by 3/1/23 to be reviewed for possible inclusion on the Priority List for Federal Fiscal Year 2023.

The draft IUP was released on June 28, 2023. A public hearing invitation to participate was sent via email to all entities in the contact list and directions to participate via Microsoft Teams,

telephone, or in person were posted on the SRF website and on the state library public hearing calendar. A hybrid virtual/in-person public hearing was held on July 31, 2023. The presentation slides and a recording of the public hearing are posted on the WID SRF IUP website.

<https://dec.vermont.gov/water-investment/water-financing/srf/intended-use-plans>

The first amended IUP was placed on public notice from 2/7/2024 to 2/23/2024. No comments were received. The amendment was adopted 3/21/2024.

The second amended IUP was placed on public notice from 4/8/2024 to 4/24/2024. One set of comments was received and is included below.

12. Responsiveness Summary

The following responsiveness summary addresses comments received during the public comment period ending August 7, 2023, and during the public meeting held on July 31, 2013. Some comments have been edited for clarity. Public comments submitted regarding the Clean Water IUP that were intended to also apply to this Drinking Water IUP are hereby incorporated by reference.

Comments received on second amended IUP, April 2024:

Comment 1: (Housing & Homeless Alliance of Vermont's Subcommittee on Manufactured Home Communities -HHAV)

This memo reflects comments from the above-referenced members of the HHAV's manufactured home communities subcommittee.

Members of the Subcommittee recommend that the mission be recast to ensure that Vermonters have clean and healthy drinking water, particularly those with the fewest resources to ensure that their health is not jeopardized by lack of financial resources and capacity, contamination, lack of access to water, and water system failures. The objective to ensure that the fund operates in perpetuity is really a means or method to achieve the overall mission of clean and healthy drinking water. In fact, one could argue that declaring the mission to be operating in perpetuity actually works against those with the least ability to repay loans or those who have the least capacity to navigate the complex process of applying for and administering SRF funds. This goes against the principles of environmental justice.

Mission of Vermont DWSRF: To ensure the fund operates in perpetuity and provides continuing financial assistance to Vermont municipalities and eligible private entities for drinking water project needs, and to effectively align the DWSRF with other state and federal funding sources to support drinking water projects.

Suggestion: Mission of VT DWSRF: To ensure clean and healthy drinking water for all Vermonters, particularly those with the fewest resources to ensure that their health is not

jeopardized by lack of financial resources and capacity, contamination, lack of access to water, and water system failures.

Members of the MHC Subcommittee recommend that Vermont adopt the Maine IUP set-aside for MHCs. In Maine, MHCs have priority for the first 10% of the state's DWSRF allocation. If they can't use it/aren't ready in time, the funds are freed up for municipalities to use following the normal scoring system. Additionally, MHCs also receive 75% principal forgiveness without any means testing.

The language in Maine's recently adopted IUP is as follows:

I. Introducing a New Funding Priority for Manufactured Housing Communities

Recognizing the diverse landscape of water infrastructure challenges faced by communities across our State, the Maine Drinking Water Program is committed to continually enhancing the effectiveness of the DWSRF program. In alignment with this commitment, a targeted funding priority aimed at addressing critical drinking water infrastructure needs within manufactured housing communities (MHC) will be established for the 2024 funding cycle.

Manufactured housing communities play a significant role in providing affordable housing options to over ten percent (10%) of Maine's population. However, these communities often face unique challenges related to their water infrastructure. Aging systems, limited resources, and the vulnerability of residents in such communities necessitate a focused approach to ensuring safe and reliable drinking water. Historically, the project selection process has prioritized construction-ready projects, a criterion which has demonstrated to favor municipalities with greater financial and technical resources, and inadvertently placed MHCs at a disadvantage. The inherent disparities have resulted in consistently lower project priority rankings for MHCs, hindering their ability to compete for the DWSRF discounted funding.

Recognizing this imbalance, and to contribute to the overall improvement of water quality and access, the Maine Drinking Water Program is pleased to introduce a new funding priority within Maine's DWSRF program. The first ten percent (10%) of the total available funds for projects will be designated for applications received for drinking water infrastructure improvements at public water systems designated as MHCs. This strategic allocation aims to kickstart targeted projects that directly benefit these communities, ensuring that a proportionate share of resources is dedicated to their unique needs.

By allowing MHCs to compete amongst themselves, this initiative seeks to level the playing field to create a fairer and more inclusive allocation of resources. Funding will be awarded at the highest tier of Principal Forgiveness for the project year. In order to participate, the MHC must be eligible to finance the remaining unforgiven portion of the loan. A foreseeable hurdle for MHCs will be meeting the specific capitalization grant agreement requirements as outlined in CFR Title 40 Part 35.3550(i), particularly, the requirement that PWSs receiving SRF assistance conform to Generally Accepted Accounting Principles. This determination has been and will continue to be made by requiring an independent audit of the system's financial statements, which can take significant time

and resources especially for systems that currently don't have annual audits conducted on their financial statements.

Therefore, to aid in overcoming this hurdle, a set-aside fund has been established to assist in covering the cost of compliance with these provisions. Any MHC applications received that need to utilize this set-aside in order to qualify for DWSRF financing and that rank as primary MHC projects, will be bypassed to the top of the following year's primary MHC project list. For the benefit of funding the most construction-ready projects, funding will not be reserved for the current project year. In the case where MHC funding application needs fall short of their 10 percent (10%) share, surplus funds will be reallocated to the next project(s) in line on the DWSRF Backup Project List.

Response: The Department appreciates the specificity of the comments and the importance of the overall issue. We note however that this amendment to the IUP is limited to Section 9.3.2.3., specifically to allow 2023 Emerging Contaminants Grants Funds to be used for planning and design loans. The comments received are outside the limited scope of the amendment. We will be releasing a draft 2024 IUP in the spring of 2024 and will take these comments into consideration during the drafting of the IUP. We encourage the submittal of these and any further comments that HHAV may have during the forthcoming public comment period on the 2024 IUP.

Comments received on Initial Intended Use Plan, August 2023:

Comment 1: (Brattleboro) Brattleboro Phase 1 Water System Improvements project should be a continuing project on the 2023 list. A Step 3 application was submitted in June 2023 for funding under the 2022 IUP.

Response: The Priority List has been revised to indicate that this project is a continuing project.

Comment 2: (Champlain Water District) FFY2022 Bypass Elimination: During the FFY2023 DWSRF IUP Public Hearing, VT WID announced that the DWSRF Program did not intend to use the bypass process for FFY2022 DWSRF IUP. Instead, the bypass process would be eliminated, and any unallocated funds would be redistributed into FFY2023 DWSRF IUP. While everyone acknowledges that staffing vacancies and an extraordinary number of DWSRF applications have been received in FFY2022, it does not excuse the DWSRF Program from eliminating the bypass process. The bypass process is clearly noted in Section 10.1.2 of the FFY2022 DWSRF IUP and states, "projects failing to meet these milestones will be bypassed and expected to reapply for the following funding cycle. This will make funding available for projects below the funding line. Further, any projects that confirm to DWSRF program staff that they have secured funding through another source will receive notification of bypass." This section does not illustrate a way in which the DWSRF Program can eliminate the bypass process. Furthermore, many water systems below the fundable line have committed to moving their projects forward with the hope of utilizing funds from bypassed projects. Eliminating the bypass process undermines the DWSRF Program and indicates to communities below the fundable range in this FFY and future years that if their project isn't above the fundable line there is little hope of ever being funded through the DWSRF program. A project below the fundable range likely has little opportunity to gain future priority points unless the project becomes a compliance issue. Projects below the fundable line are typically those seeking to improve their existing system components. Not funding these projects through the bypass process seems counterintuitive to the goal of the DWGWPD to encourage mindful and cost-effective

replacement of aging infrastructure. Eliminating the bypass process ultimately kicks the can down the road and jeopardizes the improvements of water system infrastructure. Delaying these projects will ultimately result in increased project costs and a higher user rate for the customers. CWD encourages the DWSRF Program to reconsider this decision and implement the bypass process for FFY2022 as originally intended or consider another approach which still allows projects under the fundable range to utilize FFY2022 funds.

Response: The Department was not able to engage in the bypass process for the 2022 Priority List due to multiple program constraints. It is not feasible to undertake the bypass process at this time given the need to move into the next funding cycle. This was an atypical occurrence, and the Department intends to exercise the bypass process under the 2023 Intended Use Plan and Priority List.

Comment 3: (Champlain Water District) Supervisory Control and Data Acquisition (SCADA), Telemetry, and Process Control projects do not fit any criteria beyond “Improving Existing System Components” in the Deficiency/Compliance Concern Scoring. These components are critical to the treatment of potable water and the public health and safety of water system customers. Nowadays, more water systems and operators rely on SCADA and Process Controls to operate, control, manage, and remotely monitor their water treatment and distribution systems. The failure of these systems place water systems and operators in a vulnerable position in which they may fail to maintain compliance thereby putting their customers public safety at risk. CWD encourages the DWSRF and DWGWRPD to consider adding a new deficiency/compliance concern that recognizes the importance of SCADA/Telemetry/Process Controls in the operation of water systems or consider the merit of each SCADA/Telemetry/Process Controls project on a case-by-case basis to understand it’s importance to water treatment and public safety.

Response: The Department appreciates the feedback on these matters and will consider whether changes to future Priority List scoring criteria are warranted.

Comment 4: (Champlain Water District) Furthermore, as a general comment for the DWSRF Program and DWGWRPD, CWD would appreciate the opportunity to discuss the priority points assigned to CWD projects. Most notably, the Filter Water Storage Tank II and Process Controls & SCADA Upgrade. The Filter Water Storage Tank II scored lower than submitted. See previous public comment via separate email. CWD believes the Process Controls & SCADA Upgrade should be considered for “Inadequate Disinfection Facilities” due to its criticality in operating, controlling, managing, and monitoring the CWD Surface WTP and Transmission System. Since both projects are so important to CWD and the 83,500 customers we serve, we would appreciate having an open discussion on their scoring before the final issuance of the FFY23 DWSRF IUP.

Response: The Department has reviewed the Priority List applications and has determined that they were scored correctly on the draft Priority List. While acknowledging the previous comment, the CWD does not have identified deficiencies related to disinfection under current the current priority point system.

Comment 5: (VAHC) I am writing on behalf of the Manufactured Housing Subcommittee of the Vermont Affordable Housing Coalition. This subcommittee comprises approximately 50 members and meets monthly to advocate for manufactured housing and manufactured housing communities (MHCs).

These communities often face significant water insecurity and environmental justice issues with health implications for residents. Many communities have little voice and assistance with their water infrastructure, which is often substandard. We want to thank the Department of Environmental Conservation (DEC) for the steps they have already taken to increase access to MHCs, which reinforces our state's reputation for innovation, and we want to highlight that there might still be room to improve.

Back in February 2023, subcommittee members met with DEC staff to discuss possible solutions to some of the issues that MHCs face. It was a great start to the conversation and one that we hope can be continued in the future. During that meeting, future meetings were discussed to go over some additional things that could benefit these communities. The committee would welcome a meeting before the end of September to make progress on that, including but not limited to these topics:

- How DEC can reduce barriers to accessing State Revolving Fund (SRF) resources for MHCs
- Categorically thinking about MHCs as priority projects
- Use of 2nd & 3rd generation SRF funds for MHCs to reduce regulatory and administrative barriers, thereby creating a more cost-effective program for the customer
- Additional changes to the IUP that could help MHCs.

The subcommittee also supports the written comments submitted by MHC consultant Liz Curry on July 31st, 2023, and urges DEC to consider them as they look for solutions that will make applying for and receiving funding for these communities simpler and faster. Thank you for the opportunity to comment, and we look forward to seeing how DEC can help to better serve these communities.

Response: The Department notes that these comments were also received for the Clean Water SRF Intended Use Plan. Reducing barriers to participating in the SRF program faced by MHCs and other disadvantaged communities is a goal of the Department as well as a requirement of the Bipartisan Infrastructure Law. The Department values the input received from the Vermont Affordable Housing Coalition and many other partners in the MHC community. We would welcome the opportunity to continue this engagement and are hoping to convene stakeholders to explore the issues identified by this comment, as well as related issues including potential revisions to our Affordability Criteria. The SRF Program's current workload and existing obligations, including US EPA reporting deadlines, will prevent us from meeting as early as September but we intend to re-engage in this dialogue as soon as possible. Please see also responses to comments from Liz Curry in the Responsiveness Summary for the Clean Water Intended Use Plan.

Comment 6: (Fair Haven) In reviewing the DWSRF Priority List it caught our eye that the Fair Haven Town 'Replace Main St and Prospect St Mains' project (WSID 5218) was listed for \$58,700. In reviewing the project folder, we find it likely that the SRF program should expect this number to be \$1,137,700 as Step III services are expected to begin within the fiscal year.

Response: The final Priority List includes the updated cost information.

Comment 7: (North Hero): A priority list application was submitted for a new storage tank, but the volume and approach were changed. A ground level 294,200 gallon tank is now proposed to supply domestic demands. See attached Memo. We are requesting that the priority points be updated for

this project. The primary objective of this new tank is to provide redundancy and reliable supply to the southerly portion of the distribution system. An asset management plan for No. Hero was completed earlier this year and submitted to DW on 6/1/2023. Approval is still pending. A draft Step 2 ESA has been submitted for review and the Town plans a bond vote in October.

Response: The Department is not able to award additional points for the Asset Management Plan because it was not approved at the time Priority List applications were due.

Comment 8: (Richford) The Town of Richford provided additional information concerning the annual water budget, debt payments, reserve fund, number of residential and total customers and requested that the updated Richford information to be considered for the draft IUP comments.

Response: The project is eligible to receive disadvantaged subsidy based on the updated information. The Priority List has been updated accordingly.

Comment 9: (Shaftsbury) The Shaftsbury Phase 1 Water Main Replacement project should be a continuing project on the 2023 list. A Step 3 application was submitted in June 2023 for funding under the 2022 IUP. Shaftsbury Phase 1 was listed for a 50% subsidy on the 2022 IUP, but is listed for approximately 12% subsidy on the 2023 draft IUP. We understand that subsidy is ultimately determined when an application is submitted, however it seems unusual that the estimated subsidy would change so significantly from one year to another when the project cost increased. Would you please review this?

Response: The project has been noted as a continuing project on the final Priority List. The loan application will be reviewed under the 2022 Intended Use Plan based on the date of loan application. The reduction in potential disadvantaged subsidy as shown on the 2023 Priority List is a result of the increase in median household income from \$49,180 to \$61,488.

Comment 10: (St. Albans) The Aldis Hill tank was over budget when bid last year. \$600k was allocated in subsidy for this project leaving approximately \$218,000 remaining to be funded (Current TPC is \$3.24MM). This project is a continuing project on the draft IUP and is expected to be completed this year. I'd like to request that this project be considered as part of the draft IUP comments for consideration in additional funding.

Response: The final Priority List includes the updated cost information and includes revised potential subsidy.

Comment 11: (Swanton) This project was shown to be funded on the FFY 22 P List with a loan amount of \$805,000 (40 yr, 0%) and GS Disadvantaged subsidy of \$402,500. A bond vote was passed on November 8, 2022 for \$1,200,000. With the Disadvantaged subsidy, they would be available for up to the \$1,200,000 in loan plus the \$402,500 subsidy. On the draft FFY 23 draft IUP, it is shown as a continuing construction project. Bids were opened last week, and an updated total project cost is attached. The directional bore under the river came in higher than anticipated, so the total project cost is \$2,214,000. We would like to have a discussion about the availability of additional subsidy for this project as the Village will need to make a decision on whether to accept or reject the bids over the next 60 days.

Response: The final Priority List has been updated to show \$1,014,000 in Step 3 loan costs under the 2023 IUP along with \$507,000 in potential subsidy.

Comment 12: (Town of Weathersfield/ Ascutney Fire District 2) We write this letter to the State of Vermont in reference to the Vermont Drinking Water State Revolving Loan Fund, Draft Intended Use Plan for Federal Fiscal Year 2023, released on June 28, 2023, for review and public comment.

First, I would like to provide a brief history of my experiences with this program since June 2020:

1. On June 25, 2020, I had a conversation with Megan Young, Drinking Water Capacity Program Supervisor. She explained that the application period to obtain funding for an Asset Management Plan is January 1, 2021 - March 15, 2021. I added these dates to my calendar to contact Ms. Young during this period.

a. The reason this is relevant to our public comments on the Draft Intended Use Plan is because if an applicant has an Asset Management Plan it increases their scoring for State Revolving Loan Construction Funding by 75 points. To put this in perspective, the highest scoring project outside of continuing construction projects within the Intended Use Plan is 220, so if this Town has an Asset Management Plan, it makes up 34% of its scoring.

2. On January 18, 2021, I reached out to Megan Young to obtain funding to develop an Asset Management Plan for the Ascutney Fire District #2.

a. Ms. Young explained to me that "all application slots for 2021 have been filled."

b. My first question is, why are all application slots filled prior to the application period ending?

c. Question #2: What criteria was used between January 1, 2021 (when the application period opened) until January 18, 2021 (when all the slots were filled)?

3. Considering the Ascutney Fire District #2 has a high priority project (explained in more detail below), we had 2 options: 1) pay for the engineering, design, and permitting to get ready for construction funding, or 2) pay for an Asset Management Plan (which would further delay construction, and construction is a higher priority than the AMP).

a. After meeting with the Program, we decided that self-funding the engineering and permitting to replace our Main Water Line would be the most beneficial to our residents, as it would speed up the process (explained in more detail below).

b. Our project (to replace our Main Water Line) has been designed and permitted and is considered "shovel ready."

4. Following engineering and permitting, we submitted a priority list application to the Vermont Drinking Water State Revolving Loan Fund on February 24, 2023.

a. The program requires an entity to be on the Priority List for construction funding.

5. After 4.5 months, the Program released the Draft Intended Use Plan determining which projects were selected to be on the Priority List for construction funding.

a. The program did not include our project on the priority list.

b. Our project would have received a high enough score if this program provided the funding we requested to do an Asset Management Plan back in 2021, but we were told that, due to staffing limitations, the program only funded 5 applicants, and did so prior to the application period closing. With all due respect, this is not our problem, and we shouldn't be penalized for something that we made an effort to do in good faith.

6. Scoring for construction projects is unequal because the program increases a projects scoring by 75 points if the water district has an Asset Management Plan, yet the program has not

given all water districts in Vermont an opportunity to obtain funding to develop an Asset Management Plan.

- a. There are 170 Municipal Water Systems in Vermont.
- b. 68 Water Systems have an Asset Management Plan
- c. 35 of these were funded with a grant, and 32 were funded with the loan program.
- d. The program does not give all water systems the opportunity to obtain funding to develop an Asset Management Plan, therefore, it's unfair to increase a construction projects scoring by 75 points, creating an unlevel playing field for communities who requested funding to develop an Asset Management Plan, but were not awarded.

Second, it's necessary to provide some background on our Water District, and the urgency to fund our project:

1. The majority of our Water District is in a 55+ low-income community.
2. The Water District is already repaying a 1.2M loan through the ANR Department of Environmental Conservation, at \$33,028 annually.
3. The Water Districts budget has reached its capacity at nearly \$120 per quarter per household. To obtain more funding to sustain the Water District, including annual maintenance, we need to expand the district to new users.
4. At the Water Districts Annual Meeting last year, we expanded the boundaries of the Water District to encompass approximately 25% more users.
5. Over the past year we have been focusing on growth and stabilization.
6. We extended our service line down Cemetery Road to provide water to a new business center, which includes a Veterinary Clinic and Insurance Agency. This business center is currently under construction and requires an adequate water supply.
7. 12 Affordable Housing Units are currently underway in Ascutney, through a partnership with Habitat for Humanity. The project utilizes an existing dilapidated property and converts it to 12 affordable housing units. This project requires an adequate water supply.
8. The Water District provides water to the Weathersfield School, Local Businesses, Churches, Weathersfield Library, Town Offices, Senior Housing Facility for Dementia Patients, Motel utilized for Individuals with SUD, and local farms.
9. The Water District has been fixing broken water lines and repairing lines to the best of our ability with our diminishing reserves in anticipation of this program stepping in to help, following engineering and permitting.
10. Recently, a water line busted under a resident's home, and we had to remove their porch to fix the line. The line currently runs under several homes, and if the water line is not discontinued and moved to the street, we could face significant issues if the line breaks, resulting in residential property damage and displacement of residents.
11. Water Line improvements are required for economic development and housing development, and the State of Vermont has prioritized this.

Lastly, we are formally requesting the State of Vermont increase the scoring of our project by 75 additional points, and include our project on the priority list within the 2023 Intended Use Plan for the following reasons:

1. We tried to obtain an Asset Management Plan through the Vermont Drinking Water State Revolving Loan Fund back in January 2021.
2. The application period was set for January 1 -March 15, 2021.
3. The program stopped accepting applications during January and did not fund an Asset Management Plan for the Ascutney Fire District #2.
4. If the program did fund an Asset Management Plan for Ascutney Fire District #2, our scoring on our Construction Project this year would be 75 points higher, pushing us into the fundable range, and our project would have scored high enough to move forward this year.
5. The residents of the Ascutney Fire District #2 should not be penalized for issues with this program that we have no control over.

The Ascutney Fire District #2 will be applying for the ARPA Healthy Homes Initiative. Our intent is to obtain a Construction Loan through the Vermont Drinking Water State Revolving Loan Fund with a 50% subsidy, and to obtain a grant through the ARPA Healthy Homes Initiative to cover the cost of the 50% that is not covered through the revolving loan fund subsidy. Low- income communities need to be creative as local funding is limited and state/federal grants are critical to sustaining our assets.

Response: The Department notes that identified need for drinking water infrastructure exceeds the funding available through the SRF program. The draft Priority List for the General Grants showed an approximately \$94M gap. A significant amount of project funding need across the state results from drinking water systems not having adequately planned for maintenance and replacement of assets thus resulting in some amount of avoidable costs. In an effort to maximize funding for all public water systems over the long term, and to help individual systems from incurring avoidable costs in the future and to promote water system reliability, safety and efficiency, the Department incorporates priority points for drinking water systems that have completed an Asset Management Plan.

Although the Department makes a considerable effort to assist with the funding of Asset Management Plans we unfortunately have limited funding available. Priority points are given for projects that have completed an Asset Management Plan regardless of whether the project has received funding through the Department.

The Department acknowledges there may have been misunderstandings concerning the application period for applying for Asset Management Plan funding. In 2021 the Asset Management Plan application period was open for the period as noted and until five complete applications were received; five applications were received prior to the close of the period. The applications were reviewed and accepted on a first-come, first-served, basis. We note that at the time the Department notified the Fire District that all 2021 application slots had been filled we informed the Fire District of the option of applying for a regular SRF planning loan to do an Asset Management Plan. Additionally, 100% forgivable Asset Management Plan funding was available again in 2022.

The Priority List application has been reviewed and the Department is confident it has been accurately scored. The Department also acknowledges the importance of this project and the substantial efforts by the Town and Ascutney Fire District 2 to move the project forward. In the

event that higher-ranked projects on the Priority List do not meet readiness to proceed dates as described in Section 10.1.2. of the Intended Use Plan, such that funding becomes available for this project, we will notify you.

Comment 13: (Liz Curry, CommonLand Solutions, LLC) For public meetings, the department should publish an agenda for the public meeting on its website and include scheduled time for public comment that is not at the end of staff presentations, preferably closer to the beginning of the meeting. Recommend scheduling one meeting for staff to give a presentation and a separate meeting for the public to speak and provide comment.

Response: The Department appreciates this comment and agrees to improve opportunities for public engagement and comment on the program and future IUPs.

13. Revisions to the Final IUP

Section 6.1.1. General Grant Program Management Set-Aside: revised to include the authority to provide up to \$10,000 in Emergency funding.

Priority List: multiple revisions in response to public comments, no projects moved below the funding line s a result.

14. Project Priority Lists

The following Project Priority Lists are attached:

- General Grant Projects (General and General Supplemental)
- Lead Service Line Replacement and Service Line Inventories
- Emerging Contaminants Grant

DWSRF FFY 2023 Priority List - General (Base & Supplemental)						General Base		General Supplemental		Loan Terms ¹	
PL App Score	WSID	Water System / Borrower	User Popln	Project	2023-24 Loan Amount	Loan Account GB	GB Disadv Subsidy	Loan Account GS	GS Disadv Subsidy	Years	Admin %
Continuing construction projects											
235	21760	Killington Town ²	> 750	New System due to PFAS Phase 1 (Contracts 1, 2, 3A, 3B, 4)	\$ 18,846,880	\$ 16,846,880		\$ 2,000,000	\$ 1,000,000	40	0
230	5136	Alburgh Village	576	Water tank replacement	\$ 1,427,000			\$ 1,427,000	\$ 713,500	40	0
220	5290	Brattleboro Town	12200	Phase 1: Signal Hill Pump Station, standby generator, and water main upgrades.	\$ 2,005,000			\$ 2,005,000	\$ 1,002,500	40	0
215	5315	Bethel Town ²	1929	Contract 2 - other distribution mains, wellhouse, booster pump station, tank.	\$ -						
200	5045	St Johnsbury Town	5000	Water Treatment Plant Improvements	\$ -						
185	5275	Northfield Town ²	5145	Cheney Farm Storage Tank and Transmission Main	\$ -						
180	5469	Shaftsbury Town	950	Replace water mains on Rte 7A, Church St, and Rte 67 (Phase 1)	\$ -						
175	5132	Swanton Village	4000	Missisquoi River Crossing water main	\$ 1,014,000			\$ 1,014,000	\$ 507,000	40	0
170	5112	Lunenburg FD 1	250	Well pumps, raw waterlines, building updates, and generator	\$ -						
162	5092	Champlain Water District	83641	Essex West & East Booster Pump Station Upgrades & East Transmission Main.	\$ 170,000					20	2
155	5130	St Albans City	10200	Aldis Hill Storage Tank	\$ 210,123			\$ 210,123	\$ 105,062	40	0
150	5609	Bull Run	420	Water storage tank replacement	\$ 200,000			\$ 200,000	\$ 100,000	40	0
150	5609	Bull Run	420	Iron and manganese removal treatment	\$ 200,000			\$ 200,000	\$ 100,000	40	0
140	5269	Marshfield Village	350	Replace distribution main and service lines	\$ -						
135	5333	Springfield Town ²	9800	Contract I Bridge St area water mains & service lines	\$ -						
Potential construction loans that submitted priority list applications and a PER or equivalent											
215	21760	Killington Town ²	> 750	New System due to PFAS Phase 2 (Contracts 5, 6A)	\$ 8,843,154	\$ 6,843,154		\$ 2,000,000	\$ 1,000,000	40	0
195	5002	Bristol Town	2103	Pine Street Water Main Replacement Project	\$ 885,000			\$ 885,000	\$ 442,500	40	0
195	5102	Winooski City	8500	Main Street Revitalization	\$ 905,400	\$ 905,400				30	2
190	5126	Richford Town	3000	Golf Course Rd main and booster pump station	\$ 900,000			\$ 900,000	\$ 450,000	40	0
185	5272	Montpelier City	8912	School Street Water Main Replacement	\$ 128,520			\$ 128,520	\$ 64,260	40	0

182	5120	Franklin Town	400	Connect new water source	\$ 740,000	\$ 740,000				30	2
180	5115	East Berkshire FD 1	184	USDA treatment plant loan refinance	\$ 650,000			\$ 650,000	\$ 325,000	40	0
180	5029	Barnet FD 2	205	Replace small diameter water mains	\$ 950,000			\$ 950,000	\$ 475,000	40	0
175	20964	South Alburgh FD 2	300	Distribution System Extension Phase 2 to replace private wells and lake withdrawals	\$ 4,107,333			\$ 4,107,333	\$ 2,053,667	40	0
175	20614	Grand Isle Consolidated Water District	1600	Replace mains on Rte 2, Hyde Rd, E Shore Rd, and Tebeau Terr.	\$ 2,200,000	\$ 2,200,000				30	2
170	5309	Shady Pines MHP (Housing Foundation Inc)	76	Treatment plant upgrades including tanks and chlorination plus distribution system replacement	\$ 761,031			\$ 761,031	\$ 380,516	40	0
170	5277	Plainfield Town	985	School St water main replacement	\$ 400,000			\$ 400,000	\$ 200,000	40	0
165	5397	Battleground Home Owners Association	166	Radium treatment, chemical flow pacing, and standby power	\$ 550,000	\$ 550,000				30	2.75
162	5092	Champlain Water District	83641	Raw Water Parallel Transmission Main	\$ 3,125,500	\$ 3,125,500				30	2
160	5116	Enosburg Falls Village	1700	Replace Upper Main St and Elm St mains	\$ 1,549,800			\$ 1,549,800	\$ 774,900	40	0
160	5225	Pittsford Florence Water Dept (Town of Pittsford)	1923	Water main on new Furnace Brook Bridge	\$ 385,000			\$ 385,000	\$ 192,500	40	0
160	5290	Brattleboro Town	12200	Pleasant Valley Water Storage Tank	\$ 1,620,000	\$ 758,907	\$ 379,454	\$ 861,093	\$ 430,547	40	0
157	5092	Champlain Water District	83641	Filtered Water Storage Tank II	\$ 5,100,000	\$ 2,332,580				30	2
155	5218	Fair Haven Town	3076	Replace Main St and Prospect St Mains	\$ 1,137,700	Funding Line & Dis. Sub forgiveness line above as of 8/14/23					
152	5010	Vergennes Panton Water District	5100	Water main replacement on Main St and Monkton Rd	\$ 3,122,000						
150	5020	Dorset FD 1	530	Construct new well	\$ 700,000						
150	5190	Orleans Village	846	Willoughby Ave water main replacement	\$ 350,000						
147	5022	Manchester Town	4140	Replace water main Richville Rd from Airport Rd to Cass Terr	\$ 1,350,000						
145	20568	Derby Line Village	897	Main Street Water Main Replacement	\$ 250,000						
140	21071	North Ave Coop / CDI Development Fund Inc	301	Replace distribution and become consecutive of Burlington (5053)	\$ 800,000						
130	5462	Round Top / Round Top Mountain POA	240	Treatment plant and distribution improvements	\$ 1,043,651						
130	5339	Ascutney FD 2	485	Country Estate MHP water main replacement	\$ 1,260,377						
130	5098	Williston Town	7259	Chamberlin Ln water main replacement	\$ 250,000						
127	5262	East Calais FD 1	200	Improvements to storage, chlorination, electrical supply, and monitoring equipment.	\$ 330,000						

127	5092	Champlain Water District	83641	Process Controls & SCADA Upgrade	\$ 2,500,000						
127	5092	Champlain Water District	83641	Chemical Building Addition	\$ 20,000,000						
120	5020	Dorset FD 1	530	Replace Church St and RT 30 mains	\$ 2,100,000						
120	5045	St Johnsbury Town	5000	Railroad St & Mill St Water Main Replacement	\$ 1,235,000						
120	5045	St Johnsbury Town	5000	Portland St Water Main Replacement	\$ 1,635,500						
95	5037	Danville FD 1	500	Danville Village Area Water Main Improvements	\$ 3,370,000						
95	5004	Middlebury Town	9200	Chipman Hill Water Storage Tank	\$ 3,510,000						
87	21202	Berlin Municipal	300	Scott Hill Loop transmission main	\$ 3,501,800						
85	5323	Ludlow Village	2818	Replace Lower High St water main from Depot St to Main St	\$ 835,000						
85	5323	Ludlow Village	2818	Replace Pleasant St Extension water main	\$ 614,000						
80	5330	Royalton FD 1	1500	Lake John Dam rehabilitation	\$ 409,400						
80	5087	Shelburne Town	5764	Water meter replacement	\$ 1,500,000						
80	5004	Middlebury Town	9200	South Street Waterline Improvements	\$ 1,478,937						
75	5130	St Albans City	10200	Stebbins St water main replacement	\$ 350,000						
75	5016	Bennington Town	13250	Orchard Road Transmission Main	\$ 300,000						
72	5523	Stowe FD 4	120	Water main replacements	\$ 950,000						
70	5202	Newport City	4766	Sias Ave water main replacement	\$ 1,200,000						
65	5319	Hartford Town	7600	Nutt Ln, Lantham Works Ln, and Morrison Ave mains	\$ 1,500,000						
65	5004	Middlebury Town	9200	Foote St waterline replacement between Rte 7 and Quarry Rd	\$ 1,200,000						
65	5004	Middlebury Town	9200	Gorham Ln Waterline and Hydrants	\$ 1,200,000						
62	20562	North Hero Town	2750	New Elevated Water Storage Tank	\$ 4,080,000						
60	5272	Montpelier City	8912	Central VT Medical Center (8300) VFD	\$ 20,000						
60	5053	Burlington City	42000	Finished Water Reservoir and Pump Station Improvements	\$ 7,200,000						
52	5091	South Burlington City	19500	Second High Service Area Storage Tank	\$ 5,750,000						

52	5091	South Burlington City	19500	University Mall High Service Interconnect and Hydraulic Connection to Dorset St.	\$ 1,165,000						
				Sum construction loans above	\$ 136,072,106	\$ 34,302,421	\$ 379,454	\$ 20,633,900	\$ 10,316,950		
				Loan/subsidy \$ available³	\$ 54,936,321	\$ 34,302,421	\$ 592,560 - \$ 1,762,950	\$ 20,633,900	\$ 10,316,950		
					2023-24 Loan Amount	Loan Account GB	GB Disadv Subsidy	Loan Account GS	GS Disadv Subsidy	Years	Admin %
						General Base (GB)		General Supplemental (GS)		Loan Terms¹	
1. Loan term estimates are based on state statute and guidance documents. Interest rates are 0% for municipal and private borrowers. For planning/design loans, interest and fees are 0%; 5 yrs to start construction or repayment, then 5 years to pay back. For construction loans, the fixed annual administrative fee is 0-2.75% for private systems and 0-2% for municipal systems. Subject to change depending on detailed financial data at the time of loan application and useful life of constructed assets. See Guidance Doc 10. 2. Bethel, Northfield, and Springfield distribution system projects have portions eligible to be funded under the Lead priority list; the balance of each project is on this general list. Killington's application is eligible under the Emerging Contaminants priority list but cannot be entirely funded there. 3. \$3,580,950 of carry-forward loan dollars from the current DWSRF account will be used toward supplemental loan agreements to allow full use of GS DisSub at 50% per project. Base DisSub must be within a range, calculated off the new base funding.											
Planning & design loan put-aside^{4,5} \$3,500,000										5 yr	0%
	Priority list application received for planning or design phase and/or eligible to apply for construction funding next cycle⁴										
	5013	Arlington Town	1250	Chlorine contact pipe and chlorine analyzer							
	5566	Barre Town	1638	Develop new groundwater source							
	5016	Bennington Town	13250	Chapel Rd finished water storage tank replacement							
	5016	Bennington Town	13250	Raw water storage tank							
	5016	Bennington Town	13250	Treatment plant filter							
	5211	Brandon FD 1	3963	Construct storage tank and replace undersized mains							
	5105	Brighton Town	1782	Water main replacements in Island Pond village							
	5105	Brighton Town	1782	Water source and water treatment upgrades							
	5318	Chester Town	3200	Develop new water supply							
	5117	Fairfax Town	1550	New water supply							
	5213	Fort Warren Mobile Home Park	129	Brook Well storage tank & pump house upgrades							
	5153	Hyde Park FD 1	275	Hydropneumatic tank replacement and generator							

DWSRF FFY 2023 Priority List - Lead Service Line Component Replacement								
Construction Loans								
Pts	WSID	Water System	User Popln	Project	Loan terms	Loan amount	Loan forgiven	Loan to be repaid
Continuing projects (FFY2022 IUP loans pending as of June 2023)								
215	5315	Bethel	1929	Distribution Contract 2		\$ -		
185	5275	Northfield	5145	Main St & Prospect St area		\$ -		
135	5333	Springfield	9800	Bridge St area (Contract I)		\$ -		
New Construction Project for FFY2023								
120	5020	Dorset FD1	530	Church St & Rte 30	30 yr 2%	\$ 700,000		\$ 700,000
Planning and Design Loans								
WSID		Water System	User Popln	Project				
5333		Springfield	9800	Main St & River St (Contract J)				
5065		Essex Town	9734	Fort Ethan Allen main replacements phase 1				
Multiple systems				Lead planning and design loans including: * Complete SLI per DWGPD guidance. * Identify SL with Unknown materials based on most recent SLI. * Develop LSLR Plan based on SLI and DWGPD guidance. * Final design for LSLR project.				
Planning and Design subtotals:						\$ 33,075,376	\$ 23,915,451	\$ 9,159,925
Sum of <u>New</u> Construction, Planning, and Design:						\$ 33,775,376	\$ 23,915,451	\$ 9,859,925
						Loan amount	Loan forgiven	Loan to be repaid
See IUP section 8.1.1 for a description of eligible costs for this priority list.								
See IUP sections 9.1.2 and 9.3.2.2 and 9.3.3.2 for Disadvantaged Subsidy for this priority list								
Loan agreements will be based on loan applications as processed according to Guidance Document 10, which addresses loan term & rate determinations, amortization periods, and repayment start dates.								
Note that loan timelines do not affect compliance deadlines for SLI and LSLR tasks. See the DWGPD LCRR site .								
The two systems for planning / design funding above submitted priority list applications for design funding on the current cycle and estimates of future cycle construction funding need. Priority list applications are helpful for program planning but are not required for planning or design loans; other eligible water systems may also apply for these loans. Small water systems receiving technical assistance from DWGPD staff or contractors via the set-aside funding described in section 6.3 of IUP will not receive overlapping funding via loans.								

DWSRF FFY2023 Priority List - Emerging Contaminants

See sections 9.2.4 and 9.3.3.3 of the IUP for information on loan forgiveness (100% for this priority list) and maximum loan and therefore subsidy caps per project. Some projects are split between EC and general funding so appear on each priority list.

Plist App Score	WSID	Water System	User Popln	Project	Loan amount (forgiven)
Continuing projects, additional funds on this IUP cycle					
235	21010	Killington Town	800	New Community System Phase 1 (Contracts 1, 2, 3A, 3B, 4)	\$ 3,953,120
160	5016	Bennington Town	13250	Springhill and Settlers Rd	\$ 550,000
New construction projects					
215	21010	Killington Town	800	New Community System Phase 2 (Contracts 5, 6A)	\$ 1,854,846
175	6075	Mount Holly School (Two Rivers SU)	120	Consolidation of School and Town Garage water systems due to PFAS including chlorination, storage tank, and booster pump	\$ 500,000
Total loans FFY 2023					\$ 6,857,966