The Vermont Clean Water State Revolving Fund

# Intended Use Plan

for Federal Fiscal Year 2024

and State Fiscal Year 2025 Priority List

August 22, 2024

Prepared by The Water Investment Division

VERMONT

AGENCY OF NATURAL RESOURCES

Department of Environmental Conservation

# Contents

# 1. Executive Summary

Vermont sends to the U.S. Environmental Protection Agency (EPA), as part of its annual application for Clean Water Capitalization Grants under Title VI of the Water Quality Act of 1987 (the Act), a Clean Water Intended Use Plan (CWIUP) to meet the requirements of Section 606(c) of the Act and the Clean Water Capitalization Grant Agreement. This CWIUP covers the FFY 2024 base CWSRF grant, and the supplemental base and Clean Water Emerging Contaminants grants created by the Bipartisan Infrastructure Law of 2021. The CWIUP serves as the planning document to explain how each fiscal year's appropriation for the Vermont – EPA Clean Water State Revolving Fund (CWSRF) will be used.

Project priority points awarded in accordance with the Department's Municipal Pollution Control Priority System are listed on the SFY 2025 Pollution Control Project Priority List. Whether all construction projects ready to proceed in a particular year will be awarded grant and/or loan funds depends on the amount of funds allocated to the program by the Vermont legislature, the level of federal funding awarded through the federal capitalization grant for the Clean Water State/EPA Revolving Loan Fund (CWSRF), any carry forward from the prior fiscal year, and repayments and fund income received during the fiscal year. Planning projects are not funded in order of their priority, but rather at a rate necessary to bring sufficient projects to the implementation phase to use all the anticipated grant and loan funds each year.

Appearance of projects on the Project Priority List (PPL) indicates eligibility for funding assuming all other requirements are met. The dollar amounts may change from those listed as project cost changes affect the pro-rating of available grant and loan amounts.

## 1.1. Bipartisan Infrastructure Law (BIL), BABA

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), passed November 15, 2021, provides two new SRF grants: the General Supplemental, and the Emerging Contaminants Grants, to augment the existing General Grant. These BIL grants will continue annually for a total of five years. In addition to providing funding for Vermont, these grants include significant requirements related to ensuring that communities that meet the State's affordability criteria benefit from the new funds, including a requirement for 49% of General Supplemental funds to be provided in the form of loan forgiveness. Relatedly, BIL creates new CWSRF technical assistance funds (2% of the grants) to enhance or build programs that proactively identify, reach out to, and provide assistance to publicly owned treatment works, particularly in disadvantaged communities.

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. EPA has issued a BABA Adjustment Period Waiver for SRF projects that have initiated design planning. The VT DEC Design and Construction Engineering Section has published an Adjustment Period Waiver Certification form, available at [SRF BABA Waiver Certification Form](). The Amended BABA Adjustment Period Waiver is limited to projects funded with 2022 and 2023 Federal Capitalization Grants.

### 1.2 Other State Grants

The Priority List (PPL) under the Municipal Pollution Control Priority System Rule is also used to rank projects for the Vermont Pollution Control Grants. This year and the past two years, the CWIUP is also being used to rank projects for the ARPA Village Water and Wastewater Water Initiative. Coordination of these funding sources with the CWSRF is important for setting the CWSRF funding forecast on the PPL.

The Water Investment Division anticipates a new grant funding opportunity for Municipal Separate Storm Sewer System (MS4) regulated communities in the next (FFY2025) Intended Use Plan. An expanded description of this program is included in Section 11.6 of this Intended Use Plan.

### 1.3 Other Federal Grants

The application for the federal fiscal year 2024 Sewer Overflow and Stormwater Reuse Municipal Grant Program (OSG Grant) will not coincide with this IUP. This is a limited EPA allocation and if awarded this year will go towards planning design or construction of combined sewer overflow (CSO) abatement projects in rural and financially distressed communities. The project selection process may use the Project Priority List score; however, it may take place outside of this Intended Use Plan.

### 1.4 Notice of Nondiscrimination

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## 2. CWSRF Mission and Program Goals

### 2.1. Mission of Vermont CWSRF:

To ensure the fund operates in perpetuity and provides continuing financial assistance to Vermont municipalities and eligible private entities for clean water project need, including traditional, green, and natural infrastructure, and to effectively align the CWSRF with other state and federal funding sources to support clean water projects.

### 2.2. Long Term Goals:

1. Implement the Bipartisan Infrastructure Law's goal of increasing investment in disadvantaged communities by ensuring subsidy is directed to communities meeting the SRF Program's affordability criteria, and by engaging in a multi-year sustained effort to increase our capacity to target assistance to disadvantaged communities.
2. To provide financial assistance to Vermont municipalities to fund the completion of all known enforceable requirements of the Act.
3. Promote initiatives that will address systemic environmental justice by prioritizing incentives to projects that will ensure equitable access to clean water benefits.
4. Promote sustainable infrastructure by encouraging the development and implementation of fiscal sustainability plans, asset management programs and other strategies that support municipal affordability.
5. Utilization of the additional subsidy provisions and other allowable financial tools to support Vermont's clean water goals by incentivizing high priority projects while continually actively reviewing long term financial implications to ensure fund sustainability.
6. To provide funding assistance to municipalities and eligible private entities seeking to comply with stormwater or wastewater Total Maximum Daily Load (TMDL) or other permit requirements.
7. Promote environmental sustainability, climate change adaptation and resiliency in program incentives and priorities.
8. Continue investment in traditional stormwater and wastewater infrastructure to increase resiliency and reliability, to meet increased demand for collection, treatment, and disposal, and to meet environmental and water quality requirements and goals.
9. Utilize available program eligibilities to invest in natural resource projects to cost-effectively address clean water challenges.
10. Periodically review and create any needed guidance documents or policies to ensure programmatic compliance and assistance to borrowers.

### 2.3. Short Term Goals

1. Provide incentives that promote municipal affordability including the Lake Champlain Affordability Program which provides special rates and additional subsidy provisions for TMDL projects that would otherwise result in high user rates. Create additional subsidy opportunities for communities meeting the program's affordability criteria.
2. Support the Village Wastewater Initiative by providing additional subsidy provisions for small, unsewered communities throughout Vermont.
3. Create funding opportunities for economically disadvantaged manufactured home communities with water infrastructure needs.
4. Provide funding opportunities to support Stormwater General Permit 3-9050, also known as the "3-Acre Stormwater Permit".
5. Create funding mechanisms that support investment in natural resource projects such as WISPr, Natural Infrastructure Bridge Loans, or loan forgiveness for Agency priority water quality projects.
6. Provide low interest and additionally subsidized loans for planning activities to support project development that lead to construction projects.
7. Engage communities and other stakeholders in an evaluation of the Department's Affordability Criteria and Priority Ranking Criteria, and maximize use of Technical Assistance Funds, to increase investment to disadvantaged communities.

## 3. State Pollution Control and ARPA Grant Eligibility

### 3.1. Pollution Control Grants

State Pollution Control (PC) grants may be available for certain projects in addition to CWSRF loans. PC Grants amounts are established through a set of public health, environmental, and affordability-based criteria that are used to determine state grant funding up to a maximum of 35% of eligible cost.

The funding source for these grants is appropriated at the discretion of the legislature and cannot be guaranteed by the program.  If sufficient state capital funds cannot be secured to meet full grant eligibility, other funds may be provided to offset the shortfall in grant dollars, such as a CWSRF loan. The PC Grant budget for SFY25 is $3.3M.

The Engineering Planning Advance Program will reserve up to 10% of the Pollution Control Grant allocation, which may be used for Engineering Planning Advances. For the first 10 months of the fiscal year, the Engineering Planning Advance allocation will be reserved for planning for Vermont's unsewered villages. Additionally, up to 5% of the Pollution Control Grant allocation may be used for Regional Engineering Planning Advances also for the first ten months of the fiscal year.

### 3.2. State ARPA Combined Sewer Overflow (CSO) Elimination and Abatement Program Grant Eligibility

Combined Sewer Overflows (CSOs) are a public health risk and environmental concern. Eliminating discharges will improve the water quality of streams and lakes. Governor Scott worked with the Vermont General Assembly to appropriate an initial $10 million to support implementation and staffing of these projects in State Fiscal Year 2022. The legislature appropriated an additional $20M in SFY 23. There were no additional CSO ARPA appropriations in SFY 24. The grant allocations from the SFY 23 IUP remain unchanged.

### 3.3. State ARPA Village Wastewater and Drinking Water 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 are consistent with the funding bill appropriation language, are eligible for funding per a March 28, 2024 SRF 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 CWIUP, and Village ARPA grants have been executed. 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 differential award funds will be rescinded and reallocated to Towns according to this CWIUP in what is being called "trickle down" funds. Several communities have missed important milestones, had projects reduced in scale, or decided not to pursue their project altogether. Those communities are in the recission process and the rescinded funds will be redistributed according to their priority points in a "trickle down" manner.

If trickle down funds become available, projects on the PPL 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 PPL, any excess funds shall pass to the next ranked community. See the Village ARPA PPL at the end of this section. Attention is called to Guidance Document #38.

New this year, to direct funding to communities that have met more readiness criteria, the VWWW funding lists are being broken into Tiers based on the major milestones met.

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

No SFY 24 ARPA grant may exceed $3.5M and no VWWW ARPA project shall receive more than $4,009,331.

### 3.3.1. 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 award values with Agency of Administration.

# 4. CWSRF Administration

Municipal CWSRF construction loans are currently issued at a 0% interest rate with an annual administrative fee of 2%. Private entity CWSRF construction loans are currently issued at 0% interest rate with an administrative fee of 2.75%, except when specific initiatives have an alternative rate as outlined in this IUP including certain manufactured housing communities as described in Section 9.1 which shall have an administrative fee of 1.5%. Additionally, Brownfield Economic Revitalization Alliance (BERA) construction projects will be issued at a 0% interest rate with an administrative fee of 2.25%.

Fee proceeds are deposited into a dedicated account separate from the CWSRF 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. The SRF program has detailed funds separately, to allow non-program income to be used for a broader array of CWA 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 CWSRF 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.

## 5. CWSRF Capitalization Grants FFY 2024

Vermont will receive three Federal fiscal year 2024 capitalization grants as a result of the Bipartisan Infrastructure Law (BIL).

- The CWSRF General grant is $4,008,000 after allocating $40,000 for the federal 604b program (the 604b program directs 1% of CWSRF allocations to support water quality planning in the form of "604b Water Quality Management Planning Grants").
- The CWSRF General Supplemental grant is $11,164,000 after allocating $113,000 for 604b.
- The CWSRF Emerging Contaminants Supplemental grant is $1,043,000 after allocating $11,000 for 604b.

The required match for the FFY24 grants is as follows:

- $801,600 for the CWSRF General (20% of grant)
- $2,232,800 for the CWSRF General Supplemental (20% of grant)
- $0 for the CWSRF Emerging Contaminants (no match requirement)

The full match will be available beginning July 2024.

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 | Emerging Contaminants |
|---|---|---|---|
| CWSRF Capitalization Grant (after 604b) | $4,008,000 | $11,164,000 | $1,043,000 |
| State Match Needed FFY24 Grant | $801,6000 | $2,232,800 | $0 |
| Repayments (anticipated 7/1/24-6/30/25) | $13,145,946 | $0 | $0 |
| Interest (anticipated 7/1/24-6/30/25) | $4,800,000 | $0 | $0 |
| Carry-Forward (anticipated) | $68,800,352 | $0 | $653,170 |
| ***TOTAL*** | **$91,555,898** | **$13,396,800** | **$1,696,170** |

Repayments and interest values for all three grants are accounted for in the General Grant; General Supplemental carry-forward is accounted for in the General Grant.

| Uses | General | General Supplemental | Emerging Contaminants |
|---|---|---|---|
| Anticipated Commitments | $91,315,418 | $12,726,960 | $1,633,590 |
| Administrative (Max 4%) | $160,320 | $446,560 | $41,720 |
| Technical Assistance (Max 2%) | $80,160 | $223,280 | $20,860 |
| ***TOTAL*** | **$91,555,898** | **$13,396,800** | **$1,696,170** |
| | | | |

The Sources and Uses tables identify the funds used to determine the funding line for the Priority List. There is full demand for available funds. The Vermont SRF does not yet undertake dynamic cash flow modeling but is actively working to develop this capacity.

The State matching funds will be deposited into the CWSRF prior to the quarter when federal funds are requested. Within one year after the receipt of each quarterly grant payment, the CWSRF Program will make binding commitments in an amount equal to the 120 percent of the General Grant, 120 percent of the General Supplemental Grant, and 100 percent of the

Emerging Contaminant Grant quarterly payments. All funds shall be expended in a timely and expeditious manner.

The schedule for entering into binding commitments and timing of cash draws is contained in the grant application submitted to EPA. The CWSRF 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 amount used for administration of the fund will not exceed the statutory (4%) limit, per grant.

### 5.1. EPA Federal Fiscal Year Payment Schedule

**SRF General**

| Payment No. | Quarter | Date | Federal Amount | State Amount |
|---|---|---|---|---|
| 1 | 2025-1 | 10/1/2024-12/31/2024 | $1,002,000 | $200,400 |
| 2 | 2025-2 | 1/1/2025-3/31/2025 | $1,002,000 | $200,400 |
| 3 | 2025-3 | 4/1/2025-6/30/2025 | $1,002,000 | $200,400 |
| 4 | 2025-4 | 7/1/2025-9/30/2025 | $1,002,000 | $200,400 |
| **Total** | | | **$4,008,000** | **$801,600** |

**SRF General Supplemental**

| Payment No. | Quarter | Date | Federal Amount | State Amount |
|---|---|---|---|---|
| 1 | 2025-1 | 10/1/2024-12/31/2024 | $2,791,000 | $558,200 |
| 2 | 2025-2 | 1/1/2025-3/31/2025 | $2,791,000 | $558,200 |
| 3 | 2025-3 | 4/1/2025-6/30/2025 | $2,791,000 | $558,200 |
| 4 | 2025-4 | 7/1/2025-9/30/2025 | $2,791,000 | $558,200 |
| **Total** | | | **$11,164,000** | **$2,232,800** |

**SRF Emerging Contaminants**

| Payment No. | Quarter | Date | Federal Amount | State Amount |
|---|---|---|---|---|
| 1 | 2025-1 | 10/1/2024-12/31/2024 | $260,750 | $0 |
| 2 | 2025-2 | 1/1/2025-3/31/2025 | $260,750 | $0 |
| 3 | 2025-3 | 4/1/2025-6/30/2025 | $260,750 | $0 |
| 4 | 2025-4 | 7/1/2025-9/30/2025 | $260,750 | $0 |
| **Total** | | | **$1,043,000** | **$0** |

### 5.2. EPA Estimated Disbursement Schedule

| Disbursement Quarter/$ | CWSRF General | CWSRF Gen. Supplemental | CWSRF Emerg. Contam. |
|---|---|---|---|
| 1QFFY2025 | $1,002,000 | $2,791,000 | $260,750 |
| 2QFFY2025 | $1,002,000 | $2,791,000 | $260,750 |
| 3QFFY2025 | $1,002,000 | $2,791,000 | $260,750 |
| 4QFFY2025 | $1,002,000 | $2,791,000 | $260,750 |
| 1QFFY2025 | | | |
| 2QFFY2025 | | | |
| 3QFFY2025 | | | |
| 4QFFY2025 | | | |
| **Total** | **$4,008,000** | **$11,164,000** | **$1,043,000** |

## 6. Project Funding and Use of Technical Assistance Funds

**Projects Anticipated to Receive FFY 2024 CWSRF available Funds**
**(Award of FFY 2024 Funds are anticipated to be made during SFY 2025)**

### 6.1. CWSRF General

| Project /Activity | Total Project Cost | SRF State Match | Federal Share FFY 2024 Funds |
|---|---|---|---|
| **See SFY 2025 Priority List Attached** | $4,521,024 | $753,504 | $3,767,520 |
| **Vermont Administrative Expense** | $192,384 | $32,064 | $160,320 |
| **Technical Assistance** | $96,162 | $16,032 | $80,160 |
| **Total** | **$4,809,600** | **$801,600** | **$4,008,000** |

### 6.2. CWSRF General Supplemental

| Project /Activity | Total Project Cost | SRF State Match | Federal Share FFY 2024 Funds |
|---|---|---|---|
| **See SFY 2025 Priority List Attached** | $12,592,992 | $753,504 | $10,494,160 |
| **Vermont Administrative Expense** | $535,872 | $32,064 | $446,560 |
| **Technical Assistance** | $267,936 | $16,032 | $223,800 |
| **Total** | **$13,396,800** | **$2,232,800** | **$11,164,000** |

### 6.3. CWSRF Emerging Contaminants

| Project /Activity | Total Project Cost | SRF State Match | Federal Share FFY 2024 Funds |
|---|---|---|---|
| **See SFY 2025 Priority List Attached** | $980,420 | - | $980,420 |
| **Vermont Administrative Expense** | $41,720 | - | $41,720 |
| **Technical Assistance** | $20,860 | - | $20,860 |
| **Total** | $1,043,000 | $- | $1,043,000 |

Detailed project information is included in the attached Municipal Pollution Control Projects Priority Lists for state fiscal year 2025. The state anticipates disbursement of its state match prior to federal disbursements.

### 6.4. Use of Technical Assistance Funds (2%)

The Department intends to use the 2% technical assistance funds to contract with entities with the relevant expertise to identify and conduct proactive outreach to, and facilitate applications from, disadvantaged communities previously unable to begin or complete SRF funding requirements.

### 6.5. 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 CWSRF while accounting for loan subsidy. Principal payments on loans plus the interest earnings on the fund balance are deposited into the CWSRF and made available for future clean water projects. Lending procedures used by the 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 CWSRF 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.

## 7. Criteria and Method for Distribution of Funds

The Vermont General Assembly enacted Act 75 creating 24 V.S.A. Chapter 120 in the 1987 legislative session, which established Vermont's CWSRF and set out certain priority criteria for the purpose of ranking prospective projects. The Municipal Pollution Control Priority System rule incorporates those criteria in addition to criteria required in federal construction grant regulations 40 CFR Section 35.915.

The Vermont CWSRF initiated operations in fiscal year 1989 and all initial financial assistance activities of the CWSRF have been in the form of loans. Loans will continue to be made in accordance with a project's priority list ranking as noted on the Priority List that is established annually through the Municipal Pollution Control Priority System.

The Pollution Control Project Planning List is intended to show anticipated construction and planning projects for the immediate five-year period, inclusive of state fiscal year 2025. Although we anticipate a large volume of projects and requests for funds in state fiscal years 2025 to 2029, the fund will likely support the need.

Although the CWSRF may be used for the refinancing of local debt obligations incurred after March 7, 1985, Vermont has not used the fund in this way, and may provide such funding if the balance remains underutilized and there is compelling justification of a public benefit to be secured.

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 Clean Water Benefits Reporting (CBR) federal on-line reporting system in 2022. Reporting to FFATA and NIMS will also be completed.

Vermont's CWSRF continues to maintain its, Repayment Start Date, Emergency Bypass Policy, and Green SW Definition Policy.

## 8. Additional Subsidy

The term "subsidy" refers to forgiveness of loan principal. All subsidy is offered only for municipal or municipally-sponsored projects and is offered on a first come, first-served basis. Eligibility requirements are discussed in "Requirements to Secure Additional Subsidy", below.

The following sections identify the amount of available subsidy and the eligible categories.

## 8.1. Prior Year Subsidy

This IUP amends the 2022 and 2023 IUPs to make available the following unused subsidy amounts. This subsidy is made available under the terms of the 2024 IUP as described in Section 8.3.

2022 General Grant: $568,100 (AC/603*)

2023 General Grant: $398,811 (AC/603*)

2023 General Supplemental Grant: $2,082,254 (AC/603*)

2023 Emerging Contaminants Grant: $621,880 (No restrictions)

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

## 8.2. 2024 Subsidy Amounts

Subsidy amounts are stipulated per federal law and the Capitalization Grant agreements with EPA. The specific amounts of proposed subsidy are described below.

### 8.2.1. General Grant

General Grant: an amount equal to 10% of the grant must be provided as subsidy to eligible recipients. Additionally, the State must use at least 10% but no more than 30% of the grant to provide additional subsidy to recipients that meet the state's affordability criteria or project types as described in section 603(i) of the CWA. The program intends to utilize up to the maximum allowed additional subsidy (i.e., 40%) in this current IUP.

### 8.2.2. General Supplemental Grant

Per the Bipartisan Infrastructure Law, an amount equal to 49% of the grant shall be provided as subsidy to recipients that meet the state's affordability criteria or project types as described in section 603(i) of the CWA.

### 8.2.3. Emerging Contaminants Grant

Per the Bipartisan Infrastructure Law, an amount equal to 100% of the grant, net administrative and technical assistance deductions, shall be provided as subsidy, with no additional eligibility restrictions.

### 8.2.4. Summary Table: Available Subsidy by FFY 2024 Grant

| 2024 Grant | Additional Subsidy Proposed | Eligibility Requirements Per EPA Grant Agreement |
|---|---|---|
| General | $400,800<br>$1,202,400 | No Restrictions<br>AC/603(i)* |
| General Supplemental | $5,470,360 | AC/603(i) |
| Emerging Contaminants | $980,420 | No Restrictions |

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

## 8.3. Subsidy Categories

This IUP proposes to use subsidy to provide principal loan forgiveness for the following categories of activities. Available subsidy includes unused subsidy from prior IUPs.

1. Planning: $2,603,200
2. Lake Champlain TMDL Affordability Program: $500,000
3. Floodplain Initiative: $500,000
4. Construction: $6,451,425
5. Emerging Contaminant Grant eligible activities: $1,602,220

### 8.3.1. Summary Table: Available Subsidy by Initiative Category (FFY 2024 Grant and Prior Year Subsidy Combined).

| Grant | Initiative | Amount | Subsidy Type |
|---|---|---|---|
| General and General Supplemental | | | |
| | Planning | $2,603,200 | $400,800 No restrictions; $2,202,400 AC/603(i)* |
| | Lake Champlain TMDL Affordability | $500,000 | AC/603(i) |
| | Floodplain | $500,000 | AC/603(i) |
| | Construction | $6,451,425 | AC/603(i) |
| Emerging Contaminants | | | |
| | All eligible activities | $1,602,220 | No restrictions |
| | | | |

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

### 8.3.2. Planning Subsidy

***Supports Short Term Goal #6: Financing of Planning Activities***

This avenue to receive principal loan forgiveness for planning includes feasibility studies, asset management planning, preliminary engineering reports, and final design. Vermont CWSRF has determined this application of additional subsidy is eligible under the Federal Water Pollution Control Act (FWPCA), section 603(i) which states: *In any case in which a State provides assistance to a municipality or intermunicipal, interstate, or State agency under subsection (d), the State may provide additional subsidization, including forgiveness of* *principal and negative interest loans— (B) to implement a process, material, technique, or technology— (iv) to encourage sustainable project planning, design, and construction.*

There are three Planning Subsidy Categories, described below. Projects may not receive planning loan forgiveness under both Category 1 and Category 2. The CWSRF program will determine which category of loan forgiveness is most financially advantageous for borrowers.

#### *8.3.2.1. Planning Subsidy Category 1*

Eligible planning projects may receive loan forgiveness as follows:

- 50% forgiveness of planning costs, up to $100,000 per project, per IUP year.
- Maximum subsidy of $250,000 per borrower, per IUP year, which may consist of multiple eligible projects.

#### *8.3.2.2. Planning Subsidy Category 2*

Eligible planning projects as described below may receive loan forgiveness as follows:

- 100% forgiveness of planning costs, up to $125,000 per borrower, per project, inclusive of subsidy received under this Category in prior IUP years.
- Loan forgiveness under Planning Subsidy Category 2 does not count towards the $250,000 cap in Planning Subsidy Category 1.

Eligible Planning Category 2 projects are limited to:

- Combined sewer overflow (CSO) Long-Term Control Plans (LTCPs) and resulting project designs and additional planning if required.
- Hydrologic & Hydraulic (H&H) Modeling necessary for LTCPs as defined in the CSO Rule (Chapter 34 of the EPRs) or for projects to reduce wet weather storm sewer overflows (SSOs).
- Planning for facilities significantly damaged by flooding in 2023 or later, for activities related to relocation, or reconstruction on-site with augmented flood resilience.
- Municipally sponsored 3-Acre Stormwater private-entity design and permit obtainment.
- Village Wastewater Initiative Planning and Design.
- Planning and design of septage receiving facilities for new, existing, or consolidating facilities.
- Cybersecurity Assessments for WWTFs.
- Automatic sampler purchase for WWTFs required to add automatic sampling and that do not already have automatic sampling equipment.

#### *8.3.2.3. Planning Subsidy Category 3: Emerging Contaminants*

Eligible planning projects whose primary purpose is to address emerging contaminants may receive loan forgiveness as follows:

- 100% forgiveness of planning costs, up to $150,000 per project.

Projects receiving funding under Planning Subsidy Category 3 may apply for subsidy under Planning Category 1 for costs not covered under Category 3, where eligible. The forgiveness caps under the respective categories are only applicable to forgiveness secured under a given category.

### 8.3.3. Lake Champlain TMDL Affordability Subsidy Program

***Supports Short Term Goal #1: Municipal affordability support***

This subsidy program is intended to address the affordability of projects that are required to meet multiple effluent limits under the Lake Champlain TMDL. To be eligible for the terms outlined in this section, a project must:

- Be a municipal facility with an implementation schedule to meet multiple effluent limits set forth in their first NPDES permit under the 2016 Lake Champlain TMDL.
- Result in post-project annual user rates for wastewater services exceeding 4% of median household income.
- Have applied for construction funding under the FFY 2021 IUP. This forgiveness can include all eligible planning costs.

Systems that fit this description are eligible for:

- Additional subsidy of 100% forgiveness, up to $500,000 per year. Qualifying projects are treated as continuing to ensure access to available additional subsidy.
- Loans can be amended until project completion, up to four consecutive years, with a maximum loan forgiveness of $2,000,000 per borrower per project.
- This additional subsidy can be additive to other additional subsidy opportunities.
- If any combination of loan forgiveness and pollution control grant result in post-project annual user rate of less than 2%, this affordability eligibility will be ceased.
- The administrate fee rate will be 0% for projects meeting this definition.

### 8.3.4. Floodplain Restoration Subsidy

***Supports Short Term Goal #5: Financing incentives for natural infrastructure and #3: Financing support for economically disadvantaged MHCs***

This additional subsidy offers principal loan forgiveness as outlined below with a maximum allowable for this entire initiative of $500,000. This additional subsidy opportunity is for floodplain buyouts and restoration to purchase developed properties located in floodplains or at high risk of flooding or erosion as determined by the DEC Rivers Program.

1. Projects eligible for FEMA funding:
    a. In manufactured home community: Subsidy in the form of 100% principal forgiveness, up to 50% of total project costs or $250,000, whichever is lower. *Example with $200,000 total project cost: $100,000 loan, $100,000 forgiven.*

   b. Not in manufactured home community: Subsidy in the form of 100% principal forgiveness, up to 25% of total project costs or $100,000, whichever is less. *Example with $200,000 total project cost: $50,000 loan, $50,000 forgiven.*

2. Projects not eligible for FEMA funding:

   a. In manufactured home community: Subsidy in the form of 100% principal forgiveness up to $250,000. *Example with $200,000 total project cost: $200,000 loan, $200,000 forgiven.*
   b. Not in manufactured home community: Subsidy in the form of 100% principial forgiveness up to $100,000. *Example with $200,000 total project cost: $100,000 loan, $100,000 forgiven.*

Eligible costs may include property purchase, closing costs, demolition and site restoration, and floodplain restoration. All eligibility determinations and cost approvals will be made by the DEC Rivers Program. These loans must be municipally sponsored.

Projects that intend to seek funding must submit a letter of intent to apply by the sponsoring municipality no later than February 15, 2025. After this date any remaining subsidy without identified demand will be made available under Section 8.3.5. (Construction Subsidy). Additionally, projects must meet applicable Priority List Bypass Procedure dates in Section 11.2.

#### 8.3.5. Construction Subsidy

Loan forgiveness for eligible construction activities supports multiple long-term and short-term goals. There are two construction subsidy categories: Category 1: subsidy for communities meeting affordability criteria; Category 2: subsidy for projects eligible for Emerging Contaminants Grant funding. Projects may receive up to the maximum amount of loan forgiveness under each category.

##### *8.3.5.1. Construction Subsidy Category 1: Affordability Criteria Subsidy*

Eligible construction projects meeting Affordability Criteria (Section 9) may receive loan forgiveness as follows:

- 50% loan forgiveness, up to $750,000 per project.

##### *8.3.5.2. Construction Subsidy Category 2: Emerging Contaminants Subsidy*

Construction projects eligible for Emerging Contaminants Grant funding may receive loan forgiveness as follows:

- 100% loan forgiveness.

### 8.4. Requirements to Secure Additional Subsidy

The Department establishes the amount of available additional subsidy on an annual basis in the Intended Use Plan, consistent with the requirements of the State's capitalization grants.

To secure additional subsidy, the following applies: All additional subsidy is awarded to recipients and project types that are eligible for subsidy on a first-come, first-served basis.

- Only municipal applicants qualify for additional subsidy under this IUP.
- Applicants may qualify for multiple types of additional subsidy under this plan, subject to the limitations noted above.
- Additional subsidy is considered reserved for a project upon receipt of the following:
    - Complete funding application
    - Qualifications Based Selection certification, if applicable
    - Draft Engineering Services Agreement
    - Relevant readiness to proceed criteria prior to securing additional subsidy for a final design loan and bond documentation and final design approval prior to securing additional subsidy for construction.

For clarification purposes, the program will notify borrowers when they have secured additional subsidy. The table below lists what is needed for each step to lock in additional subsidy, unless it is inapplicable to the project.

Step 1 (Preliminary engineering, feasibility)
- Complete funding application
- Qualifications Based Selection certification, if applicable
- Draft Engineering Services Agreement

Step 2 (Final design engineering)
- Complete funding application
- Qualifications Based Selection certification, if applicable
- Draft Engineering Services Agreement
- Preliminary Engineering Report Concurrence or Facility Plan Approval from WID engineer

Step 3 (Construction)
- Complete funding application
- Qualifications Based Selection certification, if applicable
- Draft Engineering Services Agreement
- Bond Vote Certification and Counsel Opinion letter
- All permits in place, including Act 250, if required
- All necessary prior step WID Engineering approvals, including preliminary engineering, facility plan, and final design approval.

# 9. Affordability Criteria

## 9.1. Affordability Criteria

This IUP identifies the Affordability Criteria applicable to projects funded off this FFY 2024

Intended Use Plan. The Department will engage in an ongoing process to evaluate and revise, as necessary, these affordability criteria to ensure disadvantaged communities are equitably served by SRF fund investments.

The Department is required to establish affordability criteria that help in identifying municipalities that would experience a significant hardship in raising the necessary project revenues. These Affordability Criteria have been adopted in conformance with section 603(i)(2) of the Federal Clean Water Act, which requires the criteria be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area as described in Section 301 of the Public Works and Economic Development Act of 1965.

In addition to the following criteria, all non-profit or cooperatively-owned manufactured home communities (MHCs) categorically meet the state's affordability criteria, as first established in the 2021 Intended Use Plan. Such projects will receive a reduced admin fee rate of 1.5%.

There are five key criteria applied to determine project affordability: median household income (MHI), user costs, unemployment rates, population trends or other demonstrated financial hardships. To be considered a municipality that would experience a significant hardship in raising the necessary project revenues (hereafter referred to as "hardship communities"), an applicant must qualify under at least two of the key criteria.

- MHI: The project is located in a municipality with a MHI at or less than the statewide average MHI.
- User costs: The project that will result in an annual household user cost for sewer and stormwater that exceeds two percent of the MHI.
- Unemployment: The project is located in a municipality with an unemployment rate that is unknown, or at or higher than the statewide median unemployment rate.
- Population trends: The project is located in a municipality with a 10-year population trend that shows a population loss of greater than one percent.
- Other demonstrated hardship: This criterion recognizes there may be unforeseen hardships that do not meet the requirements of the other key criteria. The applicant would have the responsibility of demonstration to the program, in writing, the cost of the project will present a financial hardship. The program would have the discretion of accepting this request.

Income measurements are determined using Median Household Income. This information will be obtained from the American Community Survey's most recent 5-year rolling average MHI using the most current data available on the date the corresponding IUP year was finalized, or based on an approved income survey, or other method as approved by the Secretary. The procedures for conducting and approving income surveys and the requisite record keeping will be in accordance with the Vermont State Revolving Fund's established Guidance Document #11: Median Household Income Determination or as determined by an equivalent method including HUD's survey method. Annual user cost will be calculated by the annual system debt service, operations and maintenance costs, and short-lived asset set asides, divided by the total Equivalent Residential Units (ERU).

Unemployment data will be based on the most recent statewide unemployment figures as provided by the Vermont Department of Labor and will be compared to the municipality's current unemployment figure.

Population decline will be determined by analyzing the most recent two US Census population numbers.

# 10. Non-Point Source Funding

Vermont's CWSRF provides funding for eligible non-point sources. Non-point source projects may be funded through loans using standard rates and terms. Generally speaking,non-point source-funded projects are intended to remediate or to promote the remediation of a documented impact to designated uses of Vermont's surface waters, following an approach of documented effectiveness. For projects to be eligible for support under this eligibility, they must be shown to implement the Vermont Nonpoint Source Management Program Plan. Certain nonpoint source project types are described in the CWSRF Eligibilities Handbook referenced below in this section of the IUP, though that document does not provide an exhaustive listing. Many lake or watershed restoration project types may be eligible for support under this category presuming they are documented to be effective in addressing the water quality concern and have a project life equal to or greater than the loan term.

Applicants specifically interested in aquatic invasive species (AIS) control should be aware that CWSRF limits the eligibility of AIS projects only to capital expenses associated with the project. As noted by the Nonpoint Source Management Program Plan, nonpoint source projects proposed for CWSRF support must be identified either by a tactical basin plan or in Vermont's Watershed Projects Database. Loan applicants interested in pursuing non-point source projects should consult with a one of DEC's Watershed Planners as noted below, to evaluate the specific eligibility of the project under consideration, and ensure the project is documented in the Watershed Projects Database.

The two evolving mechanisms to increase this type of utilization of the fund are through the Water Infrastructure Sponsorship Program (WISPr) and the Interim Financing for Natural Resources Projects Program.

## 10.1. Natural Resources Categorical Eligibility

Eligible CWSRF natural resources projects are defined as a project to protect, conserve, or restore natural resources, including the acquisition of easements and land for the purposes of providing water quality benefits (24 VSA Chapter 120 §4752). Eligible project categories include the following hydromodification, habitat, and thermal restoration project types which are categorically considered eligible for CWSRF funding:

- Wetland restoration projects
- Floodplain/stream restoration
- Thermal restoration
- River corridor easements
- Woody buffer plantings
- Dam removal, where there's a water quality benefit
- Lake shoreland retrofit using LakeWise principles
- Water resource protection through land acquisition or easements for the purposes of providing water quality benefits
- Gully stabilization where there is a downstream water quality benefit
- Forestland conservation

DEC's Watershed Planners will confirm that proposed natural resources projects are eligible and provide a demonstrated water quality benefit. As projects are proposed to be funded through CWSRF, the Watershed Planners will coordinate within DEC's applicable natural resources programs to ensure the projects not only meet these definitions but do not present an unintended environmental impact. Once the Planners have completed their eligibility determination, they will work with SRF Project Developers to assist with the funding process.

Section 603(c) of the Clean Water Act (CWA) states that the CWSRF can provide assistance to these project types under the Habitat Protection and Restoration and Surface Water Protection and Restoration eligibility as described in the EPA's 2016 Overview of CWSRF Eligibilities document. As it pertains to sponsorship (described below), this is further described in EPA's Sponsorship Lending and the CWSRF. These projects are not considered treatment works projects and, therefore, are not required to comply with the NEPA-like review under State Environmental Review Policy (SERP). However, these projects may undergo environmental review as part of the permitting review process, as applicable, by this and other funding sources and are proposed to undergo environmental review under the proposed SERP. Additionally, these projects will still undergo review by the Vermont Department of Historic Preservation.

Vermont CWSRF reserves the right to require additional review on a case-by-case basis. Additional environmental review determinations will be made by the Watershed Planners.

Many other federal crosscutters are not required for these projects including American Iron and Steel (AIS), Davis Bacon, and Fiscal Sustainability Plans (FSP) as they are not treatment works projects. Additionally, the program intends to use repayment funds (Tier II) to fund all natural resources projects. Due to the use of repayment funds, Qualifications Based Selection (QBS), Signage, and Single Audit Act do not apply. Other traditional CWSRF programmatic requirements such as standard contract documents and CWSRF construction oversight do not apply to these projects and will not be overseen by CWSRF construction engineers. The relevant DEC regulatory or natural resource program section (dam safety, rivers, wetlands, stormwater, etc.) will oversee these projects and will develop deliverable requirements. Grant conditions required by the capitalization grant will be incorporated into the loan agreement language.

Inclusion of treatment works elements in a Natural Resource Project will trigger federal crosscutter requirements. Treatment works elements may be included in the same project provided that they are co-funded by CWSRF loans or other sources and meet all federal crosscutters. Inclusion of treatment works elements shall not disqualify the eligibility of the Natural Resource Project elements under WISPr.

## 10.2. Water Infrastructure Sponsorship Program (WISPr)

***Supports Short Term Goal #5: Support of Natural Resource Infrastructure***

WISPr was established in 2018 upon the passage of Act 185 which established a mechanism for a municipality to "sponsor" a natural resources project, the cost of which is then forgiven.

WISPr has operated on a limited basis due to limited staffing. However, the Department has recently hired a new staff person to work on WISPr projects and expects to increase WISPr-related loan activity.

To ease accessing WISPr funds, the program will use Tier 2, or repayment funds, to support WISPr projects. These projects will not be reported in FFATA for equivalency purposes. As such, QBS procurement process will not be required.

The CWSRF Program reserves the ability to limit WISPr funding on a project-by-project and programmatic level as necessary in consideration of available funding.

### 10.2.1. How to Qualify for WISPr Funding

In order to receive WISPr funding, the following must be completed:

- A signed letter of commitment and resolution by the governing body
- Passed bond vote for the sponsoring project, if applicable
- Submitted WISPr Funding Application.

## 10.3. Interim Financing for Natural Resources Projects

***Supports Short Term Goal #5: Support of Natural Resource Infrastructure***

Upon the passage of Act 185 in 2018, Vermont's CWSRF program can fund all federally eligible clean water projects and lend to all federally eligible entities, as outlined in EPA's *Overview of Clean Water State Revolving Fund Eligibilities* paper. The CWSRF continues to utilize this expanded eligibility to promote investment in natural resource projects.

To aid in this investment, this IUP is proposing the continuation of an interim financing program. The interim financing is shown on the priority list as a "put aside" to ensure funds are available as needed, though any private entity project that applies to this program would only be funded after all municipal projects that meet readiness criteria are funded. To ensure funding is flexible and available for the interim financing projects, the put aside does not require discrete projects be ranked on the priority list, but rather categorically ranked within this put aside. The following is proposed:

- $2M "put-aside" on the priority list for interim financing of all eligible natural resource restoration, agricultural water quality, and forestry conservation projects. This financing is at 0% interest for municipal applicants and 0.6% for all other applicants, for a term not to exceed 5 years.
- In accordance with the SRF Repayment Start Date policy, the initial loan repayment would begin one year after execution of the loan agreement.
- The repayment schedule would be depressed for a lower principal and interest payment for the first four years, with a larger and final balloon payment in the fifth year.
- These loans would be subject to other statutory restrictions for private entity borrowing, including the restriction of utilization of no more than 20% of the available funds unless there is not sufficient municipal need and the requirement to offer funding to all eligible municipal projects prior to making this funding available.
- This funding is available on a first-come, first-served basis.
- To secure this funding, applicants must be able to pass underwriting criteria of either VEDA or VBB.

## 10.4. Farmland Futures Fund

***Supports Short Term Goal #5: Support of Natural Resource Infrastructure***

This IUP proposes utilization of the interim financing put-aside to provide assistance to Vermont Land Trust (VLT) for the Farmland Futures Fund (FFF). The FFF will function as a low-cost revolving fund "pass through" of $10M, to be used over ten years commencing with the FFY 2020 IUP. The goals of the FFF include:

- Facilitate 200 farm transfers between 2020 and 2030.
- Purchase farm properties to facilitate transfers to help strengthen and diversify Vermont's agricultural economy, support the generational transfer of land, and ensure continued farmer ownership and agricultural use of conserved farms.
- Implement water quality improvements and ecological restoration on the farm properties purchased by VLT and ensure appropriate easement protections.
- Support rural communities that rely on agriculture as part of their economic and cultural landscape.

VLT proposes to deploy several strategies to improve water quality by reducing phosphorous, nutrient, or sediment loss on agricultural land. This approach will involve protecting whole properties with conservation easements, including special water quality restrictions as applicable; updating existing conservation easements with similar special water quality restrictions; and facilitating land management and restoration activities that complement and enhance these legal protections.

Over the past ten years, VLT farmland access projects have protected 65 miles of streams and rivers and two miles of pond and lake frontage, including 20 miles with special easement protections. Those projects have also protected 475 acres of wetlands, 105 acres of which have special easement protection. The FFF anticipates doubling these outcomes over the next ten years.

This put-aside will follow the same underwriting requirements as Interim Financing. At the end of the IUP year, the amount used under VLT's most recent loan will be closed out into one loan and repayment will begin for that year. In following IUP years, this put aside will offer the net remaining from the initial $10M and the amount spent in that year will be closed out and made a separate loan. Loans made to date are as follows:

- 2020 IUP Year: $3,000,000
- 2021 IUP Year: $2,000,000
- 2022 IUP Year: $2,000,000
- 2023 IUP Year: Continuation of 2022

This project will be treated as a continuing project for up to 10 years or until the full $10M is disbursed. Annually, the program will coordinate anticipated need with VLT to reserve for this initiative.

For this IUP year, by January 15, 2025, VLT shall provide the SRF Program a schedule of properties intended for purchase by July 1, 2025.

These funds will be made available at a rate of 0.6% and payment will begin one year after execution of the loan.

# 11. Program Updates and Guidance

## 11.1. Annual Cap on Loans

This year's priority list does not place an annual cap on loan amount, with the exception of the subsidy limitations for projects eligible for Emerging Contaminants funds. Because these funds are necessarily 100% forgiven the subsidy limitations limit the amount of funding a project may receive under the Emerging Contaminant grant. Projects may receive funding under both the Emerging Contaminant grant and either the General or General Supplemental grants, without a cap on overall loan amount.

### 11.1.1. 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) will be funded using the $5,000,000 put-aside shown in the Priority List. DEC is accepting applications for Planning Loans on a rolling basis while funding is available. If additional funding is available following the bypass of projects on the Priority List, DEC may increase funding for Planning Loans beyond $5,000,000.

### 11.2. Priority List Bypass Procedure

In order to further prioritize the management of the priority list, the program implements Readiness to Proceed Criteria that require submission of an administratively complete preliminary engineering report (PER) in order to be ranked for construction loan and PC grant funding. Projects that are in the planning stages may submit priority list applications but will be shown as future projects for planning purposes. Additionally, projects must meet these readiness-to-proceed deadlines:

- November 1, 2024: Submit complete Step II/ Final Design Loan Application;
- January 31, 2025: Schedule a bond vote and submit a copy of the warning to WID;
- May 1, 2025: Receive voter authorization via the bond vote and submit a project schedule that demonstrates the project will be ready to go to bid by June 30, 2025; and,
- June 30, 2025: Submit complete Step III/Construction loan application (all required items have been completed and submitted).

For projects that qualify under the Village Wastewater Initiative, completion of a feasibility study together with issuance of a DEC preliminary approval from the Indirect Discharge Program constitutes an administratively complete Preliminary Engineering Report (PER) for purposes of inclusion in the project priority list.

Any projects that confirm to the CWSRF program that they have secured funding through another source will receive notification of bypass.

Projects not meeting readiness to proceed dates will be bypassed in favor of lower ranking projects. For purposes of bypass, a project will be defined by a single priority list application. If there are multiple subprojects or sub-components within a priority list application, a PER submittal will be required for all subprojects and all subprojects must meet readiness to proceed guidelines or the entire project will be subject to bypass.

### 11.3. Guidance on Planning Versus Construction Activities

Activities that are regarded as construction are subject to additional construction procurement provisions that do not apply to planning activities.

Planning activities are those activities that take place during the feasibility, preliminary engineering, and design phases of a project and where there is no significant alteration of existing ambient conditions. In general, if an activity involves excavation or moving soil or rock, it is not a planning activity[1]. If a final design approval letter is issued for a project, the planning activities associated with the project must take place prior to issuance of the letter.

[1] This excludes ACCD required archeological test pits, DEC required soil test pits, soil auguring, borings, and other geotechnical investigative work required for Section 106 review, feasibility level site review, and design of wastewater disposal systems and stormwater infiltration practices.

Examples of planning activities:

- Feasibility studies;
- Preliminary engineering reports and engineering studies;
- Development of compliance assistance tools
- Installation of equipment including sensors, meters, gauges, hardware and software used to store and interpret data;
- Sampling, lab work, and data analysis;
- Flow and Level monitoring of CSO discharges including the capability to transfer data electronically in real time for the equipment being installed.

This is not an exhaustive list and other activities will be reviewed by WID on a case-by-case basis.

### 11.4. ANR Online Funding Application

Loan applications and associated documentation must be submitted through ANR Online (https://anronline.vermont.gov/). 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 CWSRF Project Developer with questions. Please note that the SRF Program will be moving to a new online application system in 2024 which will replace the use of ANR Online. Additional details will be provided to the SRF community prior to launch of the new system.

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.

### 11.5. State Environmental Review Procedure Update

Vermont is in the process of revising the State Environmental Review Process (SERP) to evaluate the identifiable environmental effects of a project, funded through the CW and DW state revolving loan funds. This will continue to ensure the necessary mitigation measures are implemented, with public participation and comment period, prior to project implementation actions. This process is applied both to Municipal and Private loan (MPL) recipient projects, whether through the Clean Water or Drinking Water SRFs. The purpose of the SERP is to parallel the intentions of the National Environmental Policy Act (NEPA), as enacted in 1969 with subsequent amendments. The revised SERP is currently in internal review and once that review is completed it will go out for 30-day public comment. The revised SERP is subject to US EPA approval. The Vermont SERP procedure applies to all

CWSRF and DWSRF funded projects, to ensure that state and federal environmental laws and impacts are considered.

### 11.6. New Program for the FFY25 Intended Use Plan - Municipal Separated Storm Sewer System (MS4) Implementation Support.

In the coming years, the Water Investment Division is partnering with the Lake Champlain Basin Program (see LCBP.org) to support MS4 communities to meet their clean water requirements. Using Federal support from LCBP, the Division will provide funding to implement stormwater treatment practices to comply with MS4 permit obligations to implement Flow Restoration Plans (FRP) and Phosphorus Control Plans (PCP).

Communities subject to MS4 implementation schedules are faced with substantial investment to control pollution from stormwater. This program is intended to assist these communities, and to provide a bridge between currently available ARPA-funded MS4 grants, which will no longer be available after State Fiscal Year 2024, and the SRF. This program is being described in this intended Use Plan in order to obtain public comment and to inform the final design of the program for the FFY25 offering.

These Lake Champlain Basin Program funds are envisioned to play a key role in maintaining steady financial assistance for MS4s as federal ARPA dollars taper off and align with WID's commitment to build capacity to leverage SRF and BIL subsidy for MS4 projects where practicable. To this aim, this assistance is likely to be administered as a form of subsidy for eligible applicants to the CWSRF, to incent investment to comply with MS4 requirements. Similar to the ARPA-funded Village Water and Wastewater Program, the Division will accept applications for MS4 project support based on the priority list application, which will be prioritized in parallel with the standard CWSRF project priority list.

The WID proposes that these funds be made available with only 25% local match, as is currently the case with the ARPA-funded MS4 awards. MS4 communities are encouraged to seek SRF funding for their local share by applying to the FFY25 priority list in the fall of 2024. SRF subsidy may be awarded to the community for their local share loan, as a function of that community's priority points and subsidy provisions of the FFY25 IUP. However, communities that fall below the fundable line will remain eligible for the LCBP funding by relying on local share from non-SRF sources. A total of $3M is envisioned to be available to municipalities when the fall, 2024 application period opens, so projects in the vicinity of $250,000 to $500,000 are anticipated. Funds will be awarded to recipients in a manner similar to pollution control grants. Terms and conditions of LCBP funds are likely to be similar to or less stringent than those applied to SRF loans.

Depending on demand, additional funds beyond $3M may become available for award by September, 2025, subject to the LCBPs' FFY25 budget process. In future years, LCBP may continue to provide additional support, based on LCBP's budget process and related Steering committee decision-making.

Eligible Applicants are limited to regulated MS4 communities and their related eligible Stormwater Management Program Plans including Flow Restoration and Phosphorus Control Plans. Regulated MS4 communities are identified at https://dec.vermont.gov/watershed/stormwater/permit-information-applications-fees/ms4-permit/ms4permittees

### 11.7. CW SRF Fund Transfer to Onsite Loan Fund

The CWSRF Program will reserve up to $275K annually for transfer to the Onsite Loan Fund.

### 11.8. US Environmental Protection Agency (EPA) Performance Evaluation Review

EPA undertakes an annual Performance Evaluation review for the CWSRF Program. The most recently completed Program Evaluation Review (PER) conducted by EPA Region 1 covered SFY 2022. The PER for SFY 2023 is pending at the time of adoption of this IUP. The Department issues an Annual Report to EPA that covers program operations and addresses action items identified by EPA in their PER.

## 12. Equivalency and Federal Reporting

The term "equivalency" refers to projects funded in the amount equal to an EPA Capitalization Grant. All equivalency projects are reported to the Environmental Protection Agency in conformance with the Federal Funding Transparency Act (FFATA).

Equivalency projects are required to comply with several requirements collectively referred to as "cross-cutters." Additionally, certain cross-cutters apply to individual projects regardless if the project is reported to FFATA.

All projects receiving federal funds are required to comply with the requirements of the federal Single Audit Act, Fiscal Sustainability Plans (FSP), and Qualifications Based Selection (QBS), except for specifically designated projects.

All projects must comply with a National Environmental Protection Act-like review, Telecommunications Prohibition, DBE reporting, Davis-Bacon, American Iron and Steel, and other required federal crosscutters, as applicable, except for specifically designated non-treatment works projects.

All treatment works projects are required to meet all cross-cutters, except Build America Buy America requirements, as noted below.

Build America Buy America (BABA) requirements apply to all projects reported for purposes of Federal Funding Transparency Act (FFATA). The Program will identify such projects as necessary to comply with equivalency reporting requirements.

## 13. Green Project Reserve

The Vermont requirement for Green Project Reserve (GPR) for FFY 2024 is 10% of the General, General Supplemental, and Emerging Contaminants grants. Potential GPR projects are identified on the attached priority list. Many of these projects are early in the development phase. Engineering and project development staff will work directly with municipalities and their consultants to incorporate green project elements into the project design.

While the goal for GPR is 10% of the federal grant, it is the position of the program to solicit and prioritize more than the minimum goal. This will ensure that if certain project elements have changed during the development and construction of a project that may reduce or eliminate GPR elements, there are sufficient GPR projects to meet or exceed this goal.

| Grant | Green Project Reserve Requirement |
|---|---|
| General | $400,800 |
| General Supplemental | $1,116,400 |
| Emerging Contaminants | $104,300 |

While Vermont intends to prioritize GPR projects addressing emerging contamination concerns, the existing applications may not identify sufficient project elements to meet the minimum goal. If the number of projects identified is short of the goal, the balance of the GPR allocation for emerging contaminants will return to the general emerging contaminant initiative.

## 14. Public Participation

Vermont follows public participation procedures in the development of the annual Project Priority List (PPL), the CWIUP and in the environmental review process. The CWIUP is typically developed and adopted annually along with the PPL using the same public participation procedure employed for adoption of the PPL. That procedure is outlined in the Municipal Pollution Control Priority System rule. Vermont implements public participation for specific projects through the environmental review for CWSRF funded projects in accordance with the SERP for projects funded through the Vermont/EPA Revolving Loan Program. This procedure was approved by the EPA Regional Administrator in accordance with the August 2, 1989 CWSRF Operating Agreement between the State of Vermont and the U.S. Environmental Protection Agency, Region I.

On November 17, 2023, the Department notified municipalities and other interested parties to apply to be included on the Municipal Pollution Control Projects Priority List for State Fiscal Year 2025 with a due date of January 16, 2024 for inclusion in the draft Pollution Control Priority List.

The draft IUP was released on June 28, 2024. 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 23rd, 1-3 PM, at the Catamount Room of the National Life Building, 1 National Life Drive, Montpelier. Public comments on this draft IUP was accepted at both the public hearing, and in writing until 5:00 PM July 31, 2024.

## 15. Responsiveness Summary

The following responsiveness summary addresses comments received during the public comment period ending July 31, 2024, and during the public meeting held on July 23, 2024. Where comments have potential applicability to both the draft Clean Water IUP and draft Drinking Water IUP the comments are addressed in the response summaries for both IUPs.

Multiple comments were received requesting the addition of the Lake Carmi alum treatment to the Project Priority List. A combined response is provided.

**Comment 1:** This is to inform you that the Town of Franklin is requesting to be added to the Project Priority List on the FY2024/SYF2025 CWSRF Intended Use Plan(IUP) for Step III implementation of the Lake Carmi Alum Treatment.

The Town of Franklin, along with help and support from the Franklin Watershed Community, the Lake Carmi Campers Association and the Lake Carmi Community Foundation support this project. For many years, these groups and others have been involved with a TDML program, water sampling, stream restoration, stream buffer zones, culvert repair, shoreline plantings, enhancement of the state parks septic system, highway and camp road repair, manure injection, cover crop planting, no till planting and lakewise education projects. Since becoming the State's only designated "Lake in Crisis", our community has worked hard to bring our stakeholders together to collaborate on this important work.

Finally last year, the state embarked on an alum feasibility study to determine if an alum treatment for Lake Carmi would be the next and best course of action for the lake. After reviewing the results of this study and after considerable conversation and dialogue with our partners, as mentioned above, we would like to recommend the Lake be added to the Project

Priority List on the FY2024/SYF2025 CWSRF Intended Use Plan(IUP) for Step III implementation of the Lake Carmi Alum Treatment.

While some questions still need to be answered and general education and outreach needs to be done, we feel the time is right to proceed on the application process. We also understand that the Town of Franklin will have to advertise for the Qualifications Based Selection for Engineering Service and have attached a draft Request For Qualifications. (Town of Franklin)

**Comment 2:** The Town of Franklin submitted a letter last week requesting to be placed on the Project Priority List of the Intended Use Plan for a Step III Implementation of the Lake Carmi Alum Treatment. Lake Carmi has been a State designated impaired and eutrophic lake for decades. In 2009 the EPA approved a TMDL for Lake Carmi and in 2018 we were legislatively designated a Lake In Crisis. We have travelled a long, hard road to get to this point. We urge your favorable consideration of the letter submitted by the Town of Franklin requesting to be placed on the Project Priority List of the Intended Use Plan for the Lake Carmi Alum Treatment." Today the algae is so bad that we cannot open our windows due to the smell and eye irritation. My husband's family has been on this lake and supporting the local community for 4 generations. Please help us save the lake. (Maria Abernathy)

**Comment 3:** The Town of Franklin submitted a letter on July 23, 2024, requesting to be placed on the Project Priority List of the Intended Use Plan for a Step III Implementation of the Lake Carmi Alum Treatment. Lake Carmi has been a State designated impaired and eutrophic lake for decades. In 2009 the EPA approved a TMDL for Lake Carmi and in 2018 we were legislatively designated a Lake In Crisis. We have travelled a long, hard road to get to this point. We urge your favorable consideration of the letter submitted by the Town of Franklin requesting to be placed on the Project Priority List of the Intended Use Plan for the Lake Carmi Alum Treatment.

**Comment 4:** This letter is in support of an alum treatment for Lake Carmi. We have a camp at the lake and in the last seven years we have had to cancel plans with family and friends very often due to the Cyanobacteria blooms! (Andrea and Ernie Englehardt)

**Comment 5:** My name is Rob Evans and I am the President of the Franklin Watershed Committee. I virtually attended the meeting yesterday in an effort to support Lake Carmi’s request to be considered for funding for an alum treatment under the state’s Intended Use Plan. When reviewing the materials for the IUP, I noted there was a cap of 1.0 million dollars established per project. I would like to request that this cap be lifted to better position our community to receive the alum treatment this coming year. If you don’t mind, could you please confirm receipt of my request and very much appreciate your consideration in this matter. On a side note and as part of the public comment period, I wanted to show my support for this process and for the funding of this clean water initiative. As you know, water quality is a significant concern for us here and we continue to be the only lake in Vermont designated as a Lake in Crisis. Please add my support for this project under the public comment period. Thanks so much for your consideration. (Rob Evans)

**Comment 6:** My name is Ronald Jackson, my wife Pauline and I own property at 2487 Lake Rd, Franklin. We sincerely appreciate the efforts put forth by the State of Vermont to solve the ongoing algae problem which we have been dealing with for a number of years. Our property is located at the North end of the Lake and is subject to having the prevailing winds blow any algae that may develop towards us. We are seasonal owners, having sold our primary residence in Vermont in 2016 so we are in residence on Lake Rd from May until September. There have been several years where the problem is bad enough that we will close our property and leave the area. The aeration system was a bold experiment with an outcome that , sadly, did not materialize. The Alum study appears to be a viable option as it has been successful in other bodies of water. My wife and I would like to express our support for this option. (Ronald Jackson)

**Comment 7:** The town of Franklin and the people of Lake Carmi have been working for over two decades to clear our lake of toxic cyanno bacteria. We have done a lot to stem the flow of phosphorus into our lake but we are haunted by the legacy phosphorus in the bottom of our lake. Recently the town applied for a Project Prioity List of the intended Use Plan for a Step III Implementation of the Lake Carmi Alum Treatment. It is imperative we get these funds for the alum treatment that would save our lake. We are a lake in crisis and don’t have much time left to save our precious waters. My family has been coming to Lake Carmi for 75 years and I would be devastated if my grandchildren and their children did not have the chance to benefit from this beautiful area. (Ruth Ann Krayesky)

**Comment 8:** The Town of Franklin submitted a letter in July requesting to be placed on the Project Priority List of the Intended Use Plan for a Step III Implementation of the Lake Carmi Alum Treatment. I have been going to Lake Carmi in the summer time for more than 50 years. I have seen the very large change in the amount of cyanobacteria in my life time. I can tell you as a biologist in recent years we have unsafe levels of cyanobacteria in Lake Carmi during the summer. We as a community now see these high levels of cyanobacteria reoccur each year. These levels are unsafe for both people and wildlife. Some type of treatment needs to be implemented to correct this issue in Lake Carmi. It is my hope and the hope of others that you will support the letter submitted by the Town of Franklin requesting to be placed on the Project Priority List of the Intended Use Plan for the Lake Carmi Alum Treatment. (David Krayesky)

**Comment 9:** We are highly in favor of the proposed Alum treatment for Lake Carmi. The community, Town and farmers have worked long and hard to eliminate the inflow of nutrients and phosphorus from entering the Lake via groundwater and streams. Our overriding concern now is with the legacy phosphorus that has been building up for decades. We and the Lake need your help in controlling the outbreak of unhealthy HAB'S with an Alum treatment like the Barr Engineering study has recommended. We encourage you to support the Town of Franklin's request for funding of this project. (Peter and Jennifer Lafley)

**Comment 10:** I write to request your approval of the Town of Franklin's request to be added to the Project Priority List (PPL) on the FY 2024/SFY2025 CWSRF Intended Use Plan (IUP) for Step III implementation of the Lake Carmi Alum Treatment. Lake Carmi is an endangered lake in a small rural watershed which includes dairy farms, crop land, family camps, Lake Carmi State Park, and Franklin Village. For many decades, nutrients from watershed runoff have accumulated in the lake bottom sediment. During the last century, small ALGAE BLOOMS occurred in the late Summer during most years. (The lake was said to be "working"). For the past two decades, however, these ALGAE BLOOMS have occurred much earlier, have been much more widespread and have lasted much longer. Now, after unsuccessful results with aeration, ALUM TREATMENT has been determined to be most effective and appropriate treatment. This treatment is urgently needed to save this lake — a LAKE IN CRISIS. Please approve the Town of Franklin's application, so this essential ALUM TREATMENT can proceed without delay. Thank you. (Albert and Marcia Perry)

**Comment 11:** I am writing to you to express our Association's support of the town of Franklin's request to be placed on the Project Priority List on the Intended Use Plan for implementation of the Lake Carmi Alum Treatment. Our Association comprises thirty-three individual/family properties on Black Woods, Riley, and Sandy Bay Roads. All of our Association falls within the Town of Franklin and as property owners, we have a vested interest in the health of Lake Carmi. Our Association has been in place since 1987, and many of our members have seen the lake deteriorate to a point that it is unusable for many months of the year. The impacts are very visible as you drive around the lake. The North Beach, once a vibrant area with a store, ice cream shop, and a bowling alley, is virtually unused. Often on drives around the lake all we experience is a terrible smell and signs that warn us against swimming. It is our hope that the state approves the Alum project on Lake Carmi, that funding is allocated, and that we can once again use our little lake every day of the year without fear of becoming sick. (Chad Spooner)

**Response to Lake Carmi-related comments 1-11:** The Department recognizes the strong support for the proposed alum treatment for Lake Carmi and has added the project to the final Project Priority List as adopted in this Intended Use Plan. The project is potentially eligible for funding through Emerging Contaminants funds. The comments also requested that the proposed $1 million cap on projects funded with Emerging Contaminants Grant funds be removed. The Department notes that the Lake Carmi project is the only project identified in the Priority List eligible for Emerging Contaminants funds and has removed the funding cap in the final Intended Use Plan. We note that the project funding may be limited by the funds available in the Emerging Contaminants fund.

**Comment 12:** Thank you for your presentation on the FY24 IUP earlier this week. I have the following comment for the redistribution or trickle down allocation of ARPA funds. Under section 3.3 in the paragraph at the top of page 10 it states projects will be evaluated on a formal line by line eligibility determination. Can the ARPA funds that are being redistributed be open to any project, or to they have to remain with a VWWW project (similar for any unused ARPA funding under section 3.2 for CSO projects) My suggestion, if allowed, would be to place emphasis on projects eligible for PC Grants as that program typically doesn't have enough funding to meet the percentage of eligible cost for larger individual projects. For projects listed on the PPL that can show through their Design Development (minimum of 30% Final Design completion) that they can commit to obligation by December 31, 2024, and expend the funds by December 31, 2026, would have the opportunity to lock in the maximum eligible PC Grant amount through the ARPA funding. Also, is the schedule that current projects must relinquish or commit to ARPA obligation by September 30th (with some evidence of Design Milestones) so that trickle down funding can be administered before the December 31, 2024 deadline. (Jon Olin, Hoyle Tanner)

**Response:** VWWW ARPA funds were appropriated by the Vermont Legislature for this specific project type (Section G. 700(a) of the 2022 and 2023 Big Bills). Any unused VWWW ARPA grant funds in addition to the IUP process must also go through ARPA approval processes through the Agency of Administration. Unused funds may be swept by the Agency of Administration for reallocation to other appropriate programs.

**Comment 13:** In reviewing the Draft CWSRF IUP that was emailed on June 27, we noted that Section 3.3 references "See the Village ARPA PPL at the end of this section.", but the Village ARPA PPL doesn't seem to be included. Should there be a Village ARPA PPL included, and if you are able to share it via email, that would be great. (Jonathan Ashley, DuBois & King, Inc.)

**Response:** Reference to the Village ARPA PPL was an error, we did not intend to include a separate priority list. The sentence has been removed from the final IUP.

**Comment 14:** The Town of Plainfield requested to add an emergency project to the Priority List due to the flooding in July.

**Response**: The project, "Emergency Project: Outfall and Siphon" has been added to the Priority List as a fundable project.

The following comments are also included in the Drinking Water Intended Use Plan Response Summary

**Comment 15:** Short-Term Goals: Thank you for including a goal to “Promote initiatives that will address systemic environmental justice by prioritizing incentives to projects that will ensure equitable access to clean water benefits,” in this year’s IUP. Thank you for adding the new short-term goal to “Create funding opportunities for economically disadvantaged manufactured home communities with water infrastructure needs.” It is exciting to see the Agency’s response to this 2023 request from the Housing and Homeless Alliance’s Manufactured Home Communities Subcommittee, and CommonLand is grateful and encouraged to see the commitment to affordable financing for MHCs to receive a reduced admin fee rate of 1.5%. Thank you also for identifying the goal to engage communities and others in evaluating the Department’s affordability criteria and other priority ranking criteria, and using TA funds to maximize investment in disadvantaged communities. (CommonLand Solutions)

**Response:** The Department appreciates the input provided by the Housing and Homeless Alliance’s Manufactured Home Communities Subcommittee and CommonLand Solutions in informing the Program’s goals and the change to administrative fee.

**Comment 16:** Affordability Criteria: One comment regarding the evaluation of affordability criteria on page 23 is that CommonLand suggests the first criteria, that “The project is located in a municipality with a MHI at or less than the statewide [average] median household income” be modified to align with other water and wastewater infrastructure investment programs such as USDA and the VT Community Development Program. USDA and VCDP allow MHC applicants to demonstrate through an income survey that the majority of MHC residents have incomes at or below the statewide median. As a matter of environmental justice, accepting community income surveys allows for MHCs with low incomes to receive federal flow-through funding even though the park may be located in high-income communities like Shelburne or Arlington. The income survey approach could be an additional criteria so that it is additive, and does not replace the criteria for an MHC to be located in a low-income community.

“Average” should be deleted from the IUP language since it’s not possible to use “average” and a “median” at the same time, mathematically speaking. Second, if EPA regulations allow, the SRF income data source should align with the USDA and VT Community Development Program’s household income data source, which is the HUD median income, not the ACS median income. Aligning the source of household median income data is an effort that resulted in other statewide funding sources such as Efficiency Vermont (VEIC) adopting the HUD median income standard in order to align with affordable housing programs and funders. CommonLand recommends that the Department adopt the same income survey accepted by the VT Community Development Program and USDA, which is notably the HUD survey method. Because the HUD survey method is also aligned with HUD median income standards, this would bring the median income standard used by the SRF program in alignment with the affordable housing funding programs used by nonprofit and cooperative MHCs. (CommonLand Solutions)

**Response:** The Department notes that the Clean Water Intended Use Plan identifies that income surveys may be used to determine median household income for borrowers, including use of HUD's survey method (Section 9.1). In response to the comment we have revised the Drinking Water Intended Use Plan to include a similar provision (Section 9.4.1). We use American Community Survey (US Census) data to be consistent between the Clean Water and Drinking Water SRF Programs: Statute requires use of Census data for Drinking Water projects (24 VSA §4763c(f)). Additionally, it is our understanding that HUD also uses Census median household income. Finally, the term "average median" is statutory and is used in the Clean Water Intended Use Plan to refer to the American Community Survey's most recent 5-year rolling average of median household income. With that said, the Department welcomes the comment and is interested in investigating options for promoting the use of common methods for assessing income across funding sources.

**Comment 17:** Set-Aside and Priority List In order to implement the proposed Short-Term Goal to, "Create funding opportunities for economically disadvantaged manufactured home communities with water infrastructure needs," CommonLand recommends that Vermont adopt SRF set-asides for MHCs. The Maine IUP has a DWSRF set-aside for MHCs which gives them 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. CommonLand recommends that Vermont create a set-aside for both Drinking Water and Clean Water SRF pools, such that mobile home park owners do not need to apply for the priority list at a certain time each year, but rather can submit some sort of Notice of Intent at any point during the year. MHC project planning is quite different than municipal infrastructure projects. For MHCs, there are more emergency situations in communities that lack the resources to carry debt for emergency replacements. If the MHC or nonprofit recently purchased the park, the park will not have capital reserves sufficient to cover water and wastewater system failures. In the affordable housing world, the IUP timeframe for the priority list is akin to a grant funder or lending creating only once a year. In the affordable housing sector, it is extremely difficult to plan around an annual deadline for a single source of funds. The affordable housing sector has many different sources of funding for planning, which may or may not include the regimented SRF phases that include PER, design & permitting, and construction. It is not also best practice or workable for an affordable housing project to apply for SRF loans for planning steps when there are grants available. If the IUP process is not waivable for the MHC community, ANR should create a Notice of Intent to apply for the MHC sector so that the applicant can submit at any point during the year and will be in the next, upcoming priority list queue. If the project is not ready, it can be placed at the back of the queue until it is ready. Planning and pre-development grants may or may not allow an affordable housing project to make it all the way through the PER and design & permitting processes, and the SRF program should be available to affordable housing projects at any point in the process. Also, if grant funds support an affordable housing project's PER and design/permitting work such that no Step 1 & Step 2 funds are needed, the affordable housing community needs a quick and direct path to apply for SRF funds. If there were a set-aside for MHCs that allowed the MHC owner to submit a Notice of Intent to apply.

This is an excerpt from Maine's IUP: 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 40 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.

If Vermont chooses not to create a set-aside, CommonLand asks that the SRF program at least consider an alternative path for MHC projects to apply for SRF funds without being on the priority list. A Notice of Intent due at least 4 months before an SRF Step 3 application would allow the MHC and SRF staff to discuss a project's need and urgency. CommonLand wishes to thank the Department again and express its strong appreciation for the proposed changes that improve access to the SRF program for MHCs, and looks forward to continuing to build familiarity with and ability to navigate the program in partnership with the SRF leadership and staff. (CommonLand Solutions)

**Response:** We appreciate the specificity of the comment and its potential to assist the MHC sector. The Department would need a considerable amount of time to assess the impact of any change to the existing priority ranking process, its impact on other borrowers, and to evaluate determine necessary revisions to statute and rule in order to implement something similar to that adopted by Maine. We note that the submittal of priority list applications is required by state statute and federal SRF applications. While recognizing that the proposal is beyond the scope of changes the Department is prepared to undertake as part of this Intended Use Plan we similarly appreciate the constructive, creative and essential input provided by the commentors on crucial matters related to affordable housing and infrastructure and look forward to continuing engagement on these matters.

**Comment 18:** 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. Members of the HHAV MHC Subcommittee recommend that the SRF 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. While "operating in perpetuity" may be a compliance need as a loan program, this objective remains devoid of environmental justice principles that would encourage (a) a portion the SRF funds to be structured in the most beneficial ways for those who have the least capacity to repay loans. While the DWSRF funds are structured in a way that furthers environmental justice goals the CWSRF funds could have a portion set aside at a lower interest rate, and ideally a longer term. An easier navigation process to apply for and administering the funds. Suggestion: Mission: To ensure clean and healthy drinking and wastewater water systems for all Vermonters, particularly those with the fewest resources to ensure that their health and well-being is not jeopardized by lack of financial resources and capacity, contamination, lack of access to water, and water system failures. Suggestion: Long-Term Goals: Move the "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," language to a Goal. 2 (CommonLand Solutions, Cooperative Development Institute, and Addison Housing Works)

**Response:** We appreciate the constructive feedback on the mission and goals of the SRF. Given that the concept of operating in perpetuity is a fundamental component of the program as described in the Safe Drinking Water Act we are reluctant to move it to a goal. We also believe that the current Drinking Water SRF mission does inherently embrace environmental justice principles given that proper stewardship of the fund ensures that future borrowers, many of whom are small and disadvantaged systems, will continue to have access to the fund.

With that said the Program supports continued evaluation and improvements to the program to better serve disadvantaged communities. We are currently in the process of an upgrade to application and data tracking processes that will, hopefully, make the application process more efficient and understandable. While this IUP establishes reduced administrative rates for certain manufactured home communities we agree that additional investigation of loan rate and term for other disadvantaged borrowers would be beneficial in meeting program goals. We do note that some program changes, such as maximum loan term are established in statute.

**Comment 19:** Thank you for incorporating the goal to, "Promote initiatives that will address systemic environmental justice by prioritizing incentives to projects that will ensure equitable access to clean water benefits," in this year's IUP. The goal sets the stage for implementing the recommendations in #1 above. (CommonLand Solutions, Cooperative Development Institute, and Addison Housing Works)

**Response:** Comment noted.

**Comment 20:** Short-Term Goals Thank you for adding the new short-term goal to "Create funding opportunities for economically disadvantaged manufactured home communities with water infrastructure needs." It is exciting to see the Agency's response to this 2023 request from the Housing and Homeless Alliance's Manufactured Home Communities Subcommittee and we greatly appreciate your partnership. We are also grateful and encouraged to see the commitment to affordable financing for MHCs to receive a reduced admin fee rate of 1.5%. Regarding the five key criteria applied to determine MHC project affordability, we would request that the Department reconsider the first criteria or add another one. The first criteria, that "The project is located in a municipality with a MHI at or less than the statewide average median household income" is not aligned with other water and wastewater infrastructure investment programs such as USDA and the VT Community Development Program, which allow the applicant to demonstrate through an income survey that the majority of MHC residents have incomes at or below the statewide median (you can't have an "average" and a "median" at the same time, mathematically speaking). Also, in order to align the SRF with the USDA and VT Community Development Program's household income standards, the Median Household Income applied should be aligned with the HUD and USDA household median income data, not the American Community Survey. Aligning the source of household median income data is an effort that affects other statewide funding sources such as Efficiency Vermont (VEIC). Efficiency Vermont also adopted the HUD median household income standard in order to align with affordable housing programs and funders. The effort to qualify an MHC using an approved income survey, or other method as approved by the Secretary is appreciated. The MHC Subcommittee recommends that the Department adopt the same income survey accepted by the VT Community Development Program and USDA, which is notably the HUD survey method. Because the HUD survey method is also aligned with HUD median income standards, this is further reason to adopt the HUD median household income standard, not the ACS. In order to implement the proposed Short-Term Goal to, "Create funding opportunities for economically disadvantaged manufactured home communities with water infrastructure needs," the MHC Subcommittee recommends that Vermont adopt SRF set-asides for MHCs. For example, the Maine IUP has a DWSRF set-aside for MHCs which gives them 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. 3 The MHC Subcommittee recommends that Vermont create a set-aside for both Drinking Water and Clean Water SRF pools, such that mobile home park owners do not need to apply for the priority list at a certain time each year, but rather can submit some sort of Notice of Intent at any point during the year. MHC project planning is quite different than municipal infrastructure projects. For MHCs, there are more emergency situations in communities that lack the resources to carry debt for emergency replacements. If the MHC or nonprofit recently purchased the park, the park will not have capital reserves sufficient to cover water and wastewater system failures. In the affordable housing world, the IUP timeframe for the priority list is akin to a grant funder or lending creating only once a year. In the affordable housing sector, it is extremely difficult to plan around an annual deadline for a single source of funds. The affordable housing sector has many different sources of funding for planning, which may or may not include the regimented SRF phases that include PER, design & permitting, and construction. It is not also best practice or workable for an affordable housing project to apply for SRF loans for planning steps when there are grants available. If the IUP process is not waivable for the MHC community, ANR should create a Notice of Intent to apply for the MHC sector so that the applicant can submit at any point during the year and will be in the next, upcoming priority list queue. If the project is not ready, it can be placed at the back of the queue until it is ready. Planning and pre-development grants may or may not allow an affordable housing project to make it all the way through the PER and design & permitting processes, and the SRF program should be available to affordable housing projects at any point in the process. Also, if grant funds support an affordable housing project’s PER and design/permitting work such that no Step 1 & Step 2 funds are needed, the affordable housing community needs a quick and direct path to apply for SRF funds. If there were a set-aside for MHCs that allowed the MHC owner to submit a Notice of Intent to apply. This is an excerpt from Maine’s IUP (See excerpt in earlier comment). The Subcommittee wishes to thank the Department again and express its strong appreciation for the proposed changes that improve access to the SRF program for MHCs. We look forward to continuing to build our familiarity with and ability to navigate the program in partnership with the SRF leadership and staff. (CommonLand Solutions, Cooperative Development Institute, and Addison Housing Works)

**Response:** See prior responses.

## 16. Revisions to the Final IUP

The following revisions were made to the IUP relative to the draft IUP placed on public notice.\

Section 3.3. Reference to an ARPA table was in error and was removed from the final IUP.

Section 5. A statement was added to the effect that the amount from each grant used for administration of the fund will not exceed the statutory (4%) limit.

Section 8.1. Corrected a typographic error of General Supplemental Grant prior-year subsidy; the correct amount is $2,082,254.

Section 8.3.5.2. The $1,000,000 limit on construction subsidy for Emerging Contaminants Grant-funded projects was removed in response to public comment and an assessment of overall demand for Emerging Contaminants Grant-funded projects.

Section 11.7. (Onsite Loan Program) was added.

Section 11.8. (US EPA Program Evaluation Review) was added.

Town of Franklin, Lake Carmi Project, added to the Project Priority List.

Town of Plainfield, added to the Project Priority List.

Other revisions to the Project Priority List: Swanton and Burlington Stage 0 applied for funding off the SFY 2024 Priority List and are now shown as continuing on the SFY 2025 Priority List; Burlington Manhattan Drive Outfall was moved from continuing status to ranked for funding.

## 17. Project Priority Lists

General Projects (General, General Supplemental and Emerging Contaminants combined)

# 2025 Pollution Control Priority and Planning List

| Applicant | Applicant Type | Project Name | Priority Points | Project Category | 2025 Step I | 2025 Step II | 2025 Step III | SFY 2025 Total SRF Project Cost | Total Project Cost | Grant Source | Green Project Reserve Amount | Grant Eligibility $ | Grant Eligibility % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hinesburg, Town of* | M | WWTF Upgrade, Contract No. II | 92 | TW-AT | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 34% |
| Colchester, Town of | M | Malletts Bay Sewer Project - Phase I | 80 | TW-NCS | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 33% |
| Burlington, City of* | M | WWTF Improvements "Stage 0" | 74 | TW-ST | 0 | 0 | 0 | 0 | 12,345,000 | GS | 0 | 2,469,000 | 20% |
| Swanton, Village of* | M | Wastewater Treatment Facility Upgrade and Phosphorus Imp | 65 | TW-AT | 0 | 0 | 0 | 0 | 6,912,970 | GB | 0 | 1,036,946 | 15% |
| Brighton, Town of** | M | WWTF Refurbishment | 57 | TW-AT | 0 | 0 | 0 | 0 | 0 | GS | 100,000 | 0 | 10% |
| Brandon, Town of* | M | WWTF Upgrade | 50 | TW-ST | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 10% |
| Hardwick, Town of* | M | WWT Improvement | 47 | TW-ST | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 10% |
| Milton MHC** | PNP | Milton MHC Wastewater Project | 40 | TW-SSR | 0 | 0 | 650,000 | 650,000 | NA | GB | 0 | 0 | 0% |
| Bolton Valley CWWW | PFP | Wastewater System Upgrade | 27 | NPS-IDS | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 0% |
| Enosburg Falls, Village of* | M | Elm Street Sewer and Water Improvements | 20 | TW-CSOC | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 10% |
| Burlington, City of* | M | Sanitary Pipe Rehabilitation | 10 | TW-SSR | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 0% |
| Planning Subsidy Put-Aside | M | CWSRF Planning Put-Aside | NA | NA | 0 | 0 | 5,500,000 | 5,500,000 | NA | GS | NA | NA | NA |
| Vermont Land Trust | PNP | Farmland Futures Fund | NA | NPS | 0 | 0 | 0 | 0 | NA | GS | 0 | NA | NA |
| Plainfield, Town of | M | Emergency Project - Outfall and Siphon | 44 | TW-ST | 25,000 | 75,000 | 750,000 | 850,000 | 850,000 | GS | 0 | 0 | 0% |
| Floodplain Restoration | NA | Manufactured MHC in Floodplain FEMA Match | NA | NPS-H | 0 | 0 | 500,000 | 500,000 | NA | GS | NA | NA | NA |
| Franklin, Town of | M | Lake Carmi Emerging Contaminants Project | NA | NPS-H | 0 | 0 | 0 | 1,696,170 | 1,696,170 | EC | 0 | NA | NA |
| Montgomery, Town of* ** | M | Montgomery Center Community Wastewater | 88 | NPS-IDS | 0 | 0 | 5,117,756 | 6,548,704 | 10,249,948 | GS | 6,548,704 | 3,587,482 | 35% |
| Montgomery, Town of* ** | M | Montgomery Village Wastewater Infrastructure | 88 | NPS-IDS | 0 | 0 | 0 | 0 | 0 | GS | 0 | 0 | 35% |
| Londonderry, Town of** | M | South Londonderry Community Wastewater | 84 | NPS-IDS | 0 | 365,000 | 2,930,669 | 3,295,669 | 3,295,669 | GS | 3,295,669 | 1,153,484 | 35% |
| Waitsfield, Town of* ** | M | Waitsfield Village Wastewater | 81 | NPS-IDS | 0 | 0 | 14,201,700 | 14,806,100 | 15,005,518 | GS | 14,806,100 | 5,251,931 | 35% |
| Huntington, Town of | M | Lower Village Wastewater | 80 | NPS-IDS | 0 | 135,800 | 2,367,900 | 2,503,700 | 2,631,319 | GS | 2,367,900 | 920,962 | 35% |
| Berlin, Town of | M | Riverton Village Wastewater | 75 | TW-SSR | 0 | 100,000 | 2,300,000 | 2,400,000 | 2,400,000 | GS | 2,400,000 | 816,000 | 34% |
| Burke, Town of* ** | M | West Burke Village Wastewater | 72 | NPS-IDS | 0 | 0 | 6,414,069 | 6,414,069 | 6,414,069 | GS | 6,414,069 | 1,731,799 | 27% |
| Jamaica, Town of* ** | M | Jamaica Village Wastewater System | 71 | NPS-IDS | 0 | 420,000 | 6,825,000 | 7,245,000 | 7,311,500 | GS | 7,245,000 | 2,193,450 | 30% |
| Vergennes, City of* ** | M | Vergennes Downtown Sewer Improvements | 71 | TW-CSOC | 0 | 80,000 | 874,000 | 954,000 | 954,000 | GS | 0 | 257,580 | 27% |
| Saint Johnsbury Town* | M | Railroad Street Water, Sewer and Storm Improvements | 69 | TW-CSOC | 0 | 0 | 1,203,000 | 1,203,000 | 1,270,200 | GS | 0 | 393,762 | 31% |
| Burlington, City of* | M | Pine Street CSO Storage Tank | 68 | TW-CSOC | 0 | 350,000 | 4,265,000 | 4,615,000 | 4,815,000 | GS | 0 | 963,000 | 20% |
| Rutland, City of* | M | Meadow Street Stormwater Separation | 68 | TW-CSOC | 0 | 0 | 1,527,400 | 1,527,400 | 1,713,000 | GS | 0 | 342,600 | 20% |
| South Burlington, City of | M | Bartlett Bay Wastewater Treatment Facility Refurbishment | 67 | TW-AT | 0 | 0 | 24,421,000 | 24,421,000 | 25,919,800 | GS | 2,200,000 | 7,775,940 | 30% |
| Burlington, City of* | M | Wastewater Collection System Improvements | 66 | TW-SSR | 0 | 0 | 500,000 | 500,000 | 500,000 | GS | 0 | 70,000 | 14% |
| Saint Johnsbury Town* | M | Portland Street Water, Sewer and Storm Improvements | 65 | TW-CSOC | 0 | 0 | 1,500,000 | 1,500,000 | 1,724,030 | GS | 0 | 465,488 | 27% |
| Londonderry, Town of** | M | North Londonderry Village Community Wastewater System | 64 | NPS-IDS | 0 | 230,000 | 295,669 | 525,669 | 4,676,000 | GB | 4,660,000 | 120,904 | 23% |
| Burlington, City of* | M | Stormwater Collection System Improvements | 63 | SW-Gray | 0 | 0 | 500,000 | 500,000 | 500,000 | GB | 0 | 70,000 | 14% |
| Vergennes, City of* ** | M | Vergennes Macdonough Drive Pump Station Improvements | 63 | TW-CSOC | 0 | 325,000 | 3,175,000 | 3,500,000 | 3,500,000 | GB | 100,000 | 560,000 | 16% |
| Vergennes, City of* ** | M | Vergennes WWTF Hydraulic Upgrade | 63 | TW-AT | 0 | 250,000 | 1,698,000 | 1,948,000 | 1,948,000 | GB | 100,000 | 311,680 | 16% |
| Moretown, Town of** | M | Moretown Village Wastewater | 62 | TW-ST | 0 | 200,000 | 3,675,000 | 3,875,000 | 3,875,000 | GB | 0 | 1,317,500 | 34% |
| Vergennes, City of* ** | M | Vergennes Macdonough Drive Sewer Improvements | 62 | TW-CSOC | 0 | 75,000 | 75,000 | 150,000 | 150,000 | GB | 0 | 25,500 | 17% |
| Vergennes, City of* ** | M | Vergennes South Maple Sewer Improvements | 62 | TW-CSOC | 0 | 160,000 | 550,000 | 710,000 | 710,000 | GB | 0 | 120,700 | 17% |
| Vergennes, City of* ** | M | Vergennes North Main Sewer Improvements | 62 | TW-CSOC | 0 | 80,000 | 338,000 | 418,000 | 418,000 | GB | 0 | 71,060 | 17% |
| Vergennes, City of* ** | M | Vergennes Macdonough Drive Pump Station Force Main Imp | 62 | TW-CSOC | 0 | 8,000 | 100,000 | 108,000 | 108,000 | GB | 0 | 16,200 | 15% |
| Vergennes, City of* ** | M | Vergennes Green St Sewer Improvements | 61 | TW-CSOC | 0 | 48,000 | 488,000 | 536,000 | 536,000 | GB | 0 | 91,120 | 17% |
| Vergennes, City of* ** | M | Vergennes Downtown Sewer Improvements | 61 | TW-CSOC | 0 | 80,000 | 874,000 | 954,000 | 954,000 | GB | 0 | 162,180 | 17% |
| Saint Johnsbury Town* | M | Bay Street Water and Sewer Improvements | 59 | TW-CSOC | 0 | 100,000 | 1,907,000 | 2,007,000 | 2,007,000 | GB | 0 | 381,330 | 19% |
| Middlebury, Town of | M | Rogers Road Pump Station Upgrade | 57 | TW-SSR | 0 | 0 | 2,000,000 | 2,000,000 | 2,000,000 | GB | 0 | 440,000 | 22% |
| Rutland, City of* | M | CSO Check Valves | 55 | TW-CSOC | 0 | 0 | 497,000 | 497,000 | 497,000 | GB | 0 | 74,550 | 15% |
| Rutland, City of* | M | Connor Park CSO Storage | 55 | TW-CSOC | 0 | 0 | 0 | 0 | 0 | GB | 0 | 0 | 14% |
| Shelburne, Town of | M | WW Consolidation - New Sewer Forcemain C #1 | 53 | TW-AT | 0 | 0 | 6,000,000 | 6,000,000 | 7,420,000 | GB | 0 | 1,558,200 | 21% |
| Saint Albans, City of* | M | Lower Weldon Stormwater Treatment Facility | 53 | SW-Green | 0 | 0 | 2,720,000 | 2,720,000 | 2,720,000 | GB | 0 | 380,800 | 14% |
| Burlington, City of* | M | Manhattan Drive Outfalls Project - Phase II | 51 | SW-Gray | 0 | 0 | 1,019,413 | 1,019,413 | 1,078,579 | GB | 0 | 0 | 0% |
| Richmond, Town of | M | WWTF Refurbishment | 50 | TW-AT | 0 | 1,084,000 | 16,700,000 | 17,784,000 | 17,784,000 | GB | 1,662,000 | 1,778,400 | 10% |
| Vergennes, City of* ** | M | Vergennes WWTF Age Related Improvements | 50 | TW-AT | 0 | 250,000 | 2,000,000 | 2,250,000 | 11,435,000 | GB | 200,000 | 1,143,500 | 10% |
| Proctor, Town of* | M | Proctor WWTF Upgrade | 49 | TW-ST | 0 | 156,000 | 5,102,500 | 5,258,500 | 5,336,500 | GB | 0 | 533,650 | 10% |
| Berlin, Town of | M | Berlin Crosstown Road Sewer | 48 | TW-SSR | 10,000 | 25,000 | 375,000 | 410,000 | 410,000 | GB | 0 | 65,600 | 16% |
| Barre, City of* | M | Barre City WWTF Headworks Upgrades | 47 | TW-ST | 0 | 506,000 | 7,900,000 | 8,406,000 | 8,523,000 | GB | 0 | 852,300 | 10% |
| Saint Johnsbury Town* | M | Sludge Management Improvements | 47 | TW-ST | 0 | 0 | 2,943,000 | 2,943,000 | 3,145,000 | GB | 0 | 314,500 | 10% |
| Middlebury, Town of | M | South Street Reconstruction Phase V-- Sewer and Stormwat | 46 | TW-CSOC | 0 | 0 | 836,000 | 836,000 | 836,000 | GB | 250,000 | 0 | 0% |
| West Rutland, Town of* | M | WWTF Improvemnets | 46 | TW-ST | 0 | 50,000 | 1,100,000 | 1,150,000 | 1,150,000 | GB | 0 | 115,000 | 10% |
| Northfield, Town of* | M | Route 12 Sewer Main | 41 | TW-NCS | 35,700 | 83,300 | 1,601,000 | 1,720,000 | 1,720,000 | GB | 0 | 172,000 | 10% |
| Hartford, Town of* | M | North Main Street Stormwater | 41 | SW-Gray | 5,000 | 35,000 | 1,000,000 | 1,040,000 | 1,040,000 | GB | 0 | 0 | 0% |
| Chester, Town of* | M | Depot Street force main and First Avenue pump station | 40 | TW-SSR | 0 | 0 | 2,380,000 | 2,380,000 | 2,380,000 | GB | 0 | 238,000 | 10% |
| Middlebury, Town of | M | Gorham Lane Sewer and Stormwater Improvements | 39 | TW-SSR | 0 | 0 | 750,000 | 750,000 | 750,000 | GB | 250,000 | 0 | 0% |
| Berlin, Town of | M | Hospital Hill Sewer Line Repair | 38 | TW-SSR | 100,000 | 350,000 | 2,500,000 | 2,950,000 | 2,950,000 | GB | 0 | 0 | 0% |
| Berlin, Town of | M | Main Pump Station Improvements/Replacement | 38 | TW-SSR | 50,000 | 110,000 | 1,300,000 | 1,460,000 | 1,146,000 | GB | 0 | 0 | 0% |
| Morrisville W&L Dept* | M | Jersey Heights Pump Station Upgrade | 30 | TW-SSR | 0 | 0 | 998,000 | 998,000 | 998,000 | GB | 0 | 99,800 | 10% |
| Middlebury, Town of | M | Adams Acres Stormwater Treatment Practice | 28 | SW-Green | 0 | 80,000 | 1,000,000 | 1,080,000 | 1,080,000 | GB | 250,000 | 0 | 0% |
| Rutland, City of* | M | Moon Brook Pond Modifications Project | 28 | NPS-H | 0 | 0 | 1,402,000 | 1,402,000 | 1,050,000 | GB | 0 | 105,000 | 10% |
| Essex, Town of | M | Center Road Sewer Force Main Replacement | 23 | TW-SSR | 0 | 200,000 | 1,465,000 | 1,665,000 | 1,665,000 | GB | 0 | 0 | 0% |
| Middlebury, Town of | M | Bakery Lane Infrastructure Improvements | 22 | TW-SSR | 0 | 0 | 1,300,000 | 1,300,000 | 1,300,000 | GB | 125,000 | 0 | 0% |
| South Burlington, City of | M | Solids Handling Upgrades | 20 | TW-AT | 0 | 0 | 2,050,000 | 2,050,000 | 2,050,000 | GB | 0 | 0 | 0% |
| Essex Junction, Village of | M | Maple and River Street Pump Stations | 19 | TW-SSR | 5,160 | 53,000 | 998,000 | 1,056,160 | 1,056,160 | GB | 0 | 0 | 0% |
| Saint Albans, Town of | M | Tanglewood Stormwater | 1 | SW-Green | 0 | 0 | 1,000,000 | 1,000,000 | 1,000,000 | GB | 0 | 0 | 0% |
| Natural Resources Put-Aside | PNP | Natural Resource Interim Finance | NA | NPS | NA | NA | NA | 2,000,000 | NA | GB | 0 | 0 | NA |
| Sunset Lake Coop | PNP | Replace Sunset Lake Cooperative Wastewater System | 32 | NPS-IDS | 0 | 237,000 | 865,000 | 1,102,000 | 1,102,000 | GB | 0 | 0 | 0% |
| **Subtotal SFY2025 Projects Requesting Construction Funding** | | | | | **230,860** | **6,301,100** | **165,325,076** | **177,588,554** | | | **52,974,442** | **40,548,897** | |
| | | | **Anticipated SFY25 Planning Need** | | 647,165 | 14,118,962 | | **14,766,127** | | | | | |
| | | | **Total** | | **878,025** | **20,420,062** | **165,325,076** | **186,623,163** | | | | | |
| | | | **Total SRF Funding Request** | | **186,623,163** | | | | | | | | |
| | | | **Total Available Funds** | | **106,648,868** | | | | | | | | |
| | | | **Annual SRF Surplus/Shortfall** | | **(79,974,295)** | | | | | | | | |

Continuing Projects
Municipal Projects Yet To Be Funded
Private Projects Yet To Be Funded
The bold line on line XX is the fundable line

| Applicant Type: |
|---|
| M = Municipality |
| PNP = Private Non-Profit |
| PFP = Private For Profit |

| Grant Identifier |
|---|
| GB (General Base ) |
| GS (General Supplemental) |
| EC (Emerging Contaminants) |

| Project Type | Code |
|---|---|
| CWT - CSO Correction | TW-CSOC |
| CWT - Sewer System Rehabilitation | TW-SSR |
| CWT - Secondary Treatment | TW-ST |
| CWT - Advanced Treatment | TW-AT |
| CWT - New Collector Sewers | TW-NCS |
| NPS - Individual Decentralized Systems | NPS-IDS |
| NPS - Hydromodification | NPS-H |
| NPS - Brownfields | NPS-B |
| Stormwater - Gray Infrastructure | SW-Gray |
| Stormwater - Green Infrastructure | SW-Green |

*These borrowers are expected to meet affordability criteria.

**These projects are expected to obtain funding other than SRF but are included until alternate funding is confirmed.

Note 1: There are is one Emergency Project identified on this prioirty list that was addeded.

Note 2: Up to 10% of the FY24 Pollution Control Grant appropriation shall be reserved for planning advances through December 31, 2024, and up to another 10% for REPAs (for engineering research) through May 31,2025.

Note 3: Where a project includes multiple categories, the category that accounts for the highest dollar need is shown.

Note 4: There are projects on this list that have been added as continuing projects that did not provide priority list applications.

Note 5: $3.3 million in SFY 25 is available for PC Grants, EPAs, and REPAs, pending legislation, and therefore the full need is not likely to be funded at this time.

Note 6: The PC Grant eligibilities shown are estimates based on the submitted priority list application. The PC grant amounts will be finalized upon issuance of the project's final design approval.

Note 7: Some of the estimated PC Grant amounts above have been bolded to denote other sources of funds (such as NBRC, USDA, CDS, etc.), may be available to the project, and therefore, may effect the estimated PC Grant amount.

Note 8:The "Total Available Funds" amount and the Planning Loan Put-Aside combined = 103% of the total available funds. Past program performance indicates not all projects above the funding line will go forward, hence exceeding 100% is intentional.

## CWSRF Construction Loan Need SFY 2026-2029, Additional Planning Loan Need, and ARPA Grants CSO and VWW for SFY 2025

| Applicant | Applicant Type | Project Name | Priority Points | Project Category | 2025 Step I | 2025 Step II | 2026 Step III | 2027 Step III | 2028 Step III | 2029 Step III |
|---|---|---|---|---|---|---|---|---|---|---|
| Greensboro, Town of* | M | Community Wastewater System | 78 | NPS-IDS | 0 | 647,962 | 3,167,183 | 0 | 0 | 0 |
| Wolcott, Village of* | M | Community Wastewater System | 77 | NPS-IDS | 125,000 | 300,000 | 2,759,000 | 0 | 0 | 0 |
| Shelburne, Town of | M | WWTF Consolidation C #2 | 70 | TW-AT | 0 | 200,000 | 27,400,000 | 0 | 0 | 0 |
| Westford, Town of | M | Community Wastewater System | 70 | NPS-IDS | 0 | 0 | 3,372,338 | 0 | 0 | 0 |
| South Hero, Town of | M | Community Wastewater System | 63 | NPS-IDS | 0 | 0 | 4,000,000 | 0 | 0 | 0 |
| Highgate, Town of* | M | Highgate Village Wastewater System | 62 | NPS-IDS | 0 | 100,000 | 2,542,281 | 0 | 0 | 0 |
| Burlington, City of* | M | WWTF Improvements Stage 1 | 56 | TW-ST | 0 | 7,750,000 | 132,600,000 | 0 | 0 | 0 |
| Stowe, Town of | M | Lower Village Pump Station Replacement | 56 | TW-SSR | 0 | 285,000 | 2,600,000 | 0 | 0 | 0 |
| Shaftsbury, Town of | M | Community Wastewater System | 50 | NPS-IDS | 0 | 420,000 | 7,455,000 | 0 | 0 | 0 |
| Jericho, Town of | M | Community Wastewater System | 42 | NPS-IDS | 314,900 | 0 | 21,857,100 | 0 | 0 | 0 |
| Arlington, Town of | M | Community Wastewater System | 30 | TW-SSR | 103,465 | 0 | 4,825,000 | 0 | 0 | 0 |
| Ludlow, Village of* | M | WWTF Upgrade - Flood Damage | 20 | TW-AT | 0 | 200,000 | 5,000,000 | 0 | 0 | 0 |
| Alburgh, Village of* | M | Wastewater Collection System Evaluation | 20 | TW-SSR | 20,800 | 40,000 | 250,000 | 0 | 0 | 0 |
| Bellows Falls Village Corp | M | WWTF Refurbishment | 20 | TW-AT | 20,000 | 150,000 | 2,400,000 | 0 | 0 | 0 |
| Bennington, Town of* | M | WWTF Phosphorus Removal | 20 | TW-AT | 15,000 | 100,000 | 2,500,000 | 0 | 0 | 0 |
| Newport, City of* | M | Gardner Park Interceptor Sewer | 20 | TW-CSOC | 0 | 75,000 | 1,000,000 | 0 | 0 | 0 |
| Poultney, Village of* | M | WWTF, Sewer and Pump Station Improvements | 20 | TW-ST | 0 | 300,000 | 5,000,000 | 0 | 0 | 0 |
| Saint Albans, City of* | M | CSO Off-Line Storage | 20 | TW-CSOC | 0 | 200,000 | 3,500,000 | 0 | 0 | 0 |
| Johnson, Village of* | M | WWTF Upgrade Flood Damage | 20 | TW-AT | 0 | 1,000,000 | 26,000,000 | 0 | 0 | 0 |
| Springfield, Town of* | M | WWTF and Solids Upgrade | 20 | TW-AT | 0 | 200,000 | 5,000,000 | 0 | 0 | 0 |
| Ludlow, Village of* | M | Lower High Street Infrastructure Improvements | 20 | TW-SSR | 0 | 20,000 | 200,000 | 0 | 0 | 0 |
| Burlington, City of* | M | Pump Station Refurbishment Phase II (Next 3) | 10 | TW-SSR | 0 | 0 | 5,730,000 | 0 | 0 | 0 |
| Burlington, City of* | M | Stormwater Outfall Improvements Group 1 | 10 | SW-Gray | 0 | 150,000 | 1,000,000 | 0 | 0 | 0 |
| Burlington, City of* | M | Stormwater Outfall Improvements Group 2 | 10 | SW-Gray | 0 | 150,000 | 1,500,000 | 0 | 0 | 0 |
| Essex Junction, Village of | M | West Street PS Upgrade | 10 | TW-SSR | 0 | 99,000 | 1,907,000 | 0 | 0 | 0 |
| Burlington, City of* | M | Stormwater Outfall Improvements Group 3 | 10 | SW-Gray | 0 | 150,000 | 1,500,000 | 0 | 0 | 0 |
| Woodstock, Town of | M | Main WWTF Upgrade | 5 | TW-AT | 0 | 1,015,000 | 19,875,000 | 0 | 0 | 0 |
| Colchester, Town of | M | Malletts Bay Sewer Project - Phase 2 | 0 | TW-NCS | 0 | 0 | 8,275,000 | 0 | 0 | 0 |
| Fairfax, Town of | M | WWTF Upgrade | 0 | TW-ST | 0 | 65,000 | 1,150,000 | 0 | 0 | 0 |
| Saint Albans, Town of | M | Grice Brook | 0 | SW-Green | 0 | 35,000 | 1,000,000 | 0 | 0 | 0 |
| South Burlington, City of | M | 4 Pump Stations Refurbishment | 0 | TW-SSR | 0 | 325,000 | 4,495,000 | 0 | 0 | 0 |
| Burlington, City of* | M | WWTF Improvements Stage 2 | 56 | TW-ST | 0 | 0 | 2,100,000 | 35,500,000 | 0 | 0 |
| Hardwick, Town of* | M | WWTF Upgrade Flood Damage | 20 | TW-ST | 48,000 | 0 | 900,000 | 15,500,000 | 0 | 0 |
| Rutland, City of* | M | Vernon Street Storm Sewer Separation | 20 | TW-CSOC | 0 | 0 | 10,000 | 3,200,000 | 0 | 0 |
| Rutland, City of* | M | Calvary CSO Storage | 20 | TW-CSOC | 0 | 142,000 | 0 | 3,558,000 | 0 | 0 |
| Rutland, City of* | M | River Street Pump Station Improvements | 20 | TW-CSOC | 0 | 0 | 29,000 | 0 | 611,000 | 0 |
| Rutland, City of* | M | Otter Creek Interceptor Upgrade | 20 | TW-CSOC | 0 | 0 | 368,000 | 0 | 10,032,000 | 0 |
| Rutland, City of* | M | WWTF Improvements | 20 | TW-CSOC | 0 | 0 | 68,000 | 0 | 0 | 1,572,000 |
| Rutland, City of* | M | South Main Street Separation | 20 | TW-CSOC | 0 | 0 | 0 | 0 | 47,000 | 1,043,000 |
| | | | | **TOTALS** | **647,165** | **14,118,962** | **313,334,902** | **57,758,000** | **10,690,000** | **2,615,000** |

| | 2026 Step III | 2027 Step III | 2028 Step III | 2029 Step III |
|---|---|---|---|---|
| **Total Anticipated Commitments** | **(313,334,902)** | **(57,758,000)** | **(10,690,000)** | **(2,615,000)** |
| **Administrative Expenses** | **(480,000)** | **(480,000)** | **(480,000)** | **(480,000)** |
| **Federal Funds**** | **14,959,000** | **14,959,000** | **14,959,000** | **14,959,000** |
| **State Matching Funds**** | **1,759,900** | **1,759,000** | **1,759,000** | **1,759,000** |
| **Repayment Funds** | **8,785,100** | **8,785,100** | **8,785,100** | **8,785,100** |
| **Carry Forward** | **0** | **0** | **0** | **0** |
| **Total Available Funds** | **25,504,000** | **25,503,100** | **25,503,100** | **25,503,100** |
| **Total Annual Suplus/Deficit** | **(288,310,902)** | **(32,734,900)** | **14,333,100** | **22,408,100** |

*These borrowers are expected to be disadvantaged communities based on our current affordability criteria

**The funds shown are the sum of the capitalization grant, Bipartisan Infrastructure Law Grant, and Emerging Contaminants Grant

See 2025 priority list for key