

State of Vermont  
Agency of Natural Resources  
Department of Environmental Conservation  
DRAFT Water Infrastructure Sponsorship Program (WISPr) Policy

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The Vermont Water Infrastructure Sponsorship Program (WISPR) was authorized under Act 185 and described in 24 VSA Chapter 120 4752 as, “*an arrangement in which natural resource projects are paired with water pollution abatement and control facilities projects, as defined in 10. V.S.A. 1571 for the purposes of water quality improvement. Under the sponsorship program, a municipality may obtain a loan for both a natural resources project and a water pollution abatement and control facilities project. The loan rate and terms shall be adjusted to forgive all or a portion of the natural resources project over the life of the loan. Only municipalities and nonprofit organizations may receive funds under a sponsorship program.*”

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**Background**

WISPr is intended to support the objectives of [Vermont’s Surface Water Management Strategy](#) by addressing a limited and under-assisted category of water resource needs in Vermont known as natural resource projects. While significant progress has been made in reducing the impacts of municipal wastewater treatment on water quality, the best available data indicate that impacts from nonpoint source runoff, habitat degradation, and watershed disturbances may be impeding overall rates of water resource improvements. The goal of WISPr is to encourage investment in natural infrastructure for the dual purpose of natural resource protection and restoration while also providing more cost-effective investment in water infrastructure.

Municipalities that apply for CWSRF loans are eligible to participate in WISPr by undertaking natural resource projects themselves or by sponsoring an approved project that is undertaken by a nonprofit entity or another municipality. For purposes of this policy, the “sponsor” is the municipality that is applying for the traditional water pollution abatement and control facility project and the implementor will refer to the

entity (either municipal or nonprofit) that will undertake construction, legal control, and long-term operation and maintenance of the natural resource project.

### **Sponsoring project types**

Water pollution abatement and control facilities projects are defined as eligible projects for the purposes of sponsoring natural resource projects. Water pollution abatement and control facilities projects, also referred to as “traditional” projects, may involve several project types. For example, any project that intends the prevention, management, treatment, storage, or disposal of:

- Stormwater
  - Gray Infrastructure:
    - Traditional pipe, storage, and treatment systems
  - Green Stormwater Infrastructure (GSI):
    - Rainwater harvesting
    - Bioswales
    - Green roofs, streets, parking
    - Pervious pavement
- Sewage
  - Wastewater treatment facility (WWTF) refurbishments or upgrades
  - Filtration or disinfection
  - Decentralized (soil-based) systems
- Combined Sewer Overflows (CSOs)
  - Separation of sanitary and storm sewer
  - Downspout disconnection

### **WISPr Project Eligibility:**

To be eligible for WISPr funding, natural resource projects must meet a series of eligibility criteria outlined below. Please see the [Project Implementor Responsibility and Guidance](#) sections to learn more about how to document and confirm eligibility and who should do so.

#### **Eligibility Criteria #1: Project Purpose**

Project purpose must address at least one of the four objectives of Vermont’s Surface Water Management Strategy:

- (1) Minimize Anthropogenic Nutrient and Organic Pollution
- (2) Protect and Restore Aquatic and Riparian Habitats
- (3) Minimize Flood and Fluvial Erosion Hazards
- (4) Minimize Toxic and Pathogenic Pollution and Chemicals of Emerging Concern

#### **Eligibility Criteria #2: Project Types and Standards**

WISPr projects must be non-treatment works projects and eligible under the CWSRF federal eligibilities. Treatment works projects, or projects containing elements that are treatment works, cannot be non-treatment works projects. Treatment works are defined in the Clean Water Act.

WISPr projects must be natural resources projects undertaken by a municipality or non-profit organization. A natural resource project is defined as a project to protect, conserve, or restore natural resources, including the acquisition of easements and land for the purpose of providing water quality benefits (24 VSA Chapter 120 4752). These are consistent with the Act 76 definition of a natural resource project.

In addition to the above requirement, WISPr only funds projects from the following list of project types, as described in the watershed project database:

- Dam Removal
  - *Preliminary Engineering Design*
  - *Final Engineering Design*
  - *Implementation*
- Floodplain/Stream Restoration
  - *Preliminary Engineering Design*
  - *Final Engineering Design*
  - *Implementation*
- Lake Shoreland Restoration
  - *Final Engineering Design*
  - *Implementation*
- Forest Conservation for Water Quality
- Natural Resource Conservation/Riparian Protection
- River Corridor and Wetland Easement
  - *Design*
  - *Implementation*
- Riparian Buffer Planting
- Wetland Restoration
  - *Preliminary Engineering Design*
  - *Final Engineering Design*
  - *Implementation*

And they also provide water quality benefits as outlined in the Vermont Surface Water Management Strategy by way of ...

1. Restoring a natural resource by providing benefits such as
  - a. Increasing floodplain function or support stream movement towards equilibrium (dam or structure removal is included; however, a culvert or bridge replacement is not)
  - b. Enhancing wetland function to enhance a water quality benefit; or
  - c. Reforesting a 50-foot width (or another DEC-approved width) of a shoreland (river, lake, wetland) buffer.

OR

2. Protecting the natural resource in a natural state now and in perpetuity. See [Protection Requirements](#) for more details.

WISPr projects must also comply with the CWIP Funding Policy requirements on utilization of the Milestones and Deliverables table in [Appendix A](#).

### Eligibility Criteria #3: Ineligible Projects, Activities, and Expenses

The project may not be an ineligible project type as follows:

1. Projects that can be wholly funded through other sources. Projects may be eligible if other options are ill-suited, insufficient, or poorly timed and justification is provided.
2. Projects related to compliance with the Municipal Separate Storm Sewer System (MS4) Permit Minimum Control Measures, including street sweeping and catch basin cleaning.
3. Projects that treat stormwater associated with new, redeveloped, or expanded impervious surfaces, including but not limited to projects to comply with the operational stormwater General Permit 3-9050 associated with new development, redevelopment, or expansion of impervious surfaces.
4. Retrofit projects to comply with the operational stormwater General Permit 3-9050 (“Three-Acre General Permit”) Other funding/financing programs are available to support these projects. See the [CWIP Funding Policy Appendix D. Further Guidance for Three-Acre General Permit Project Types](#) for more information.
5. Projects that solely address hazard mitigation and protection of infrastructure.
6. Projects to comply with *Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs in Vermont* on active logging/harvesting sites.

The scope of work may not include the following ineligible activities:

7. Operation and maintenance activities of prior implemented clean water projects (e.g., mowing, weeding, replanting, and road re-grading)
8. Large scale site mowing to manage for invasive species like Japanese Knotweed. Site prep mowing is eligible within footprint of proposed buffer planting and for Japanese Knot Weed, a protective buffer between existing populations and buffer plantings. The continued mowing of protective buffer can be part of OM costs until trees are taller than JNW.
9. Streambank hard armoring or “riprapping.” However, a bioengineered slope stabilization practice that includes a rock toe or other similar streambank stabilization practices may be eligible subject to DEC Rivers Program approval.
10. General outreach and education activities unrelated to a WISPr project.

WISPr natural resource projects may not include the following ineligible expenses:

11. Project components that are above and beyond those necessary to achieve the project’s clean water purpose (as listed under eligibility screen #1). For example, where a project’s stakeholders prefer higher cost materials or a more complex design than what is necessary to achieve the project’s clean water outcomes, the

- cost differential must be covered by another funding source. Budget proposals can provide reasonable justification if need be.
12. Annual fees associated with permits that require/compel implementation of the clean water project, such as stormwater operational permits (including General Permit 3-9050, Municipal Roads General Permit (MRGP), and MS4 Permit fees).<sup>1</sup>
  13. Operational stormwater General Permit 3-9050 (i.e., Three-Acre General Permit) impact fees.
  14. Tools and/or equipment, unless intent of tool or equipment is to assist with implementation of clean water projects or to assist with operation and maintenance of clean water projects (in cases where operation and maintenance is eligible). Eligible tool or equipment purchases must have an expected useful life of more than one year. Tools are defined as having a per unit cost of less than \$5,000 and are not subject to DEC's Equipment Purchase Policy. Tools may be sold, or otherwise disposed of with no further obligation to DEC. Items with a per unit cost of equal to or greater than \$5,000 are defined as "equipment" and subject to DEC's Equipment Purchase Policy. See the CWIP Funding Policy [Appendix B. DEC's Equipment Purchase Policy](#) for more information.
  15. Office supplies such as computers, cell phones, and uniforms/staff apparel (except when covered in indirect rate).
  16. Food, beverage, or event space costs (such as for a meeting).
  17. AmeriCorps host site or member costs.
  18. Political advocacy.
  19. Fundraising and grant writing

#### Eligibility Criteria #4: Watershed Projects Database

Projects must have a Watershed Projects Database (WPD) identification number (WPD-ID) to be eligible for funding. Each project must have a WPD-ID number specific to the proposed project phase (for example, a final design will have a different WPD-ID from an implementation phase even if for the same overall project). Please see the [CWIP Funding Policy Appendix D. The Watershed Projects Database](#) for more information on the WPD-ID. DEC's Watershed Planning Program is developing standard operating procedures to support project review and will communicate updates to partners once available.

#### *How Projects Are Assigned a WPD-ID*

If the project, or the specific phase, is not yet in the Watershed Project Database, project proponents should complete a Batch Import File (BIF) or Clean Water Project - New Project Form in ANR Online (<https://anronline.vermont.gov/?FormTag=CWPNewProject>). The minimum data requirements to obtain a WPD-ID include project title, project type, description, location, and watershed or sub-basin. Please use the [WPD Search Tool](#) to ensure the proposed

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<sup>1</sup> One-time/up-front permit fees associated with ANR natural resource permits to implement a clean water project are an eligible project expense.

project is not already listed in WPD. The [Regional Watershed Planner](#) (Watershed Planner) will screen all projects to ensure they have a water quality benefit, and once approved, assign the WPD-ID.

It is strongly suggested that project proponents consult with their Watershed Planner in advance of or in conjunction with submitting a New Project Form for complex projects or projects where the project proponent is unsure of the water quality benefit. The Watershed Planner may request the following as part of this consultation:

- Project location (town/region, watershed, and GPS coordinates as applicable)
- Summary of proposed scope of work
- Other minimum data requirements to obtain a WPD-ID as listed above
- Documented comments on project or design plans from the applicable DEC Programmatic Staff (if applicable).
  - DEC Programmatic Staff bring valuable expertise to the comments they provide on project designs and may, at times, express concern. The Watershed Planner may want to see proof of communication with the applicable DEC Programmatic Staff for certain project types to ensure the proposed project and scope of work is well planned around natural resource needs and constraints.
  - Project proponents are encouraged to engage with DEC Programmatic Staff (if applicable) as early as possible, to invite them to stakeholder meetings, and to integrate their feedback into the design or project plans as much as feasible. The Watershed Planner is responsible for reviewing and considering DEC Programmatic Staff comments when deciding whether to assign a new WPD-ID.
  - Applicable project types for DEC Programmatic Staff input include design or implementation for a stream/floodplain, lakeshore, wetlands, or dam removal project, as well as for stream geomorphic assessments or lake watershed action plans. Please see the [CWIP Funding Policy Appendix C. DEC Programmatic Staff Engagement](#) for the appropriate points of contact for DEC Programmatic Staff organized by project type.
  - In cases where the DEC Programmatic Staff have already provided written comments on a prior design phase, and the project design has not changed substantively since the prior DEC review, those may be submitted to satisfy this requirement.
  - In cases where the proposed project was identified through a recently completed (within the last five years) sector-based or multi-sector



assessment in which the applicable DEC Programmatic Staff were involved, additional staff commentary is not needed.

In all other scenarios, project proponents should allow time to gather this input. Send DEC program contacts the location and description of the project, and any other relevant information they request that will be utilized in their review. Capture their comments in writing — an email will suffice.

#### Eligibility Criteria #5: Permit Requirements

Agency of Natural Resources (ANR) permitting programs are established to mitigate project impacts to natural resources. Projects seeking WISPr funds must be screened against ANR permitting requirements to determine project “permit-ability” and/or to identify project design considerations necessary to ensure the project will be permissible. Projects are eligible for WISPr funds if they are reasonably considered permit-able by all applicable ANR permitting programs and/or if the project proposal demonstrates how permitting staff feedback will be integrated into designs to ensure final projects are permit-able. Easements and Riparian Buffer Plantings are excluded from this eligibility requirement.

To be eligible for the WISPr program, a project must not cause legal fiscal liability to the municipality or the State of Vermont (no hazardous waste sites). A project must be fully permissible, meaning projects do not cause negative, long-term impacts to natural resources. WID defines “long-term” as any period that extends beyond the construction or installation of the practice, which can significantly delay the recovery of natural resource functioning.

| <b>Degree of negative impact to natural resource</b>  | <b>WISPr Funding</b> |
|---|----------------------|
| No impact; no permit necessary  | Eligible for review  |
| Project requires a non-reporting general permit from DEC  | Eligible for review  |
| Project may cause temporary impact (during time of construction)                                  | Eligible for review  |
| Project achieves net water quality improvement, has minimized impacts but requires a state permit | Eligible for review  |
| Implementation projects: it is unclear if project causes impacts or needs permit(s)               | Ineligible           |
| Project causes long-term impact (beyond time of construction) and cannot be permitted             | Ineligible           |

#### Eligibility Criteria #6: Landowner and Operation and Maintenance Responsible Party Support

Provided the project is in a basin covered by a funded Clean Water Service Provider (i.e. CWSP) capable of adopting the project for ongoing operations and maintenance, projects must identify an eligible entity to commit to ongoing operations and maintenance of the project. Projects must also demonstrate landowner support for the project and currently



proposed phase. For earlier design phase projects, a letter of support or some other demonstration of commitment will suffice. For implementation phase projects, a signed Access License/Easement Agreement or Operation and Maintenance Plan (if available) may be used. This is a required deliverable by the close of the implementation phase. See the [Project Protection Requirements](#) section for more information on the Access License or Easement Agreements or Operation and Maintenance Plans.

**Project Implementor Responsibility and Guidance**

Project Implementor Eligibility

Table 1. Entities eligible and ineligible to serve as project implementors of WISPr natural resource projects.

| <b>Eligible Entities</b>   | <b>Ineligible Entities</b>   |
|--|--|
| Vermont municipalities<br>Regional planning commissions<br>Natural resource conservation districts<br>Non-profit organizations<br>Watershed Groups | Private citizens, individuals<br>Private for-profit businesses and industries<br>Private for-profit colleges and universities<br>Federal agencies<br>State agencies<br>State colleges and universities<br>Public hospitals and medical centers<br>Public schools |

Requirements for Project Implementors:

WISPr project implementors can be the sponsoring municipality, a different municipality, a non-profit, regional planning commission, conservation district, or watershed group. WISPr Project Implementors should show some history of longevity and background in managing projects of similar scale to the sponsored WISPr natural resource project. For example, by demonstrating capacity to oversee a project at least two-thirds the cost of the total WISPr eligible funds to ensure they have the capacity to manage a project of this scale. The program will use its discretion on a project-by-project basis as to the ability of an organization to implement a given project.

Expectations for all Project Implementors:

The term “project implementor” applies both to municipal and non-municipal entities which are implementing WISPr natural resource projects. For WISPr all Project Implementors are expected to:

1. Read the WISPr Policy and subsequent updates. Contact WPP staff with any questions, points of clarification, or needs for policy interpretation.
2. Adhere to the WISPr Policy terms and conditions. This includes but is not limited to:

- a. Ensuring proposed projects meet eligibility criteria,
  - b. Performing due diligence to avoid or minimize natural and cultural resource impacts,
  - c. Completing projects in alignment with standardized milestones and deliverables as listed in [Appendix A. Project Types Table](#) and further described in the [CWIP Funding Policy Appendix C. Project Types Table Explanation of Items](#), and
  - d. Ensuring spent funds directly support the project's clean water purpose.
3. Ensure projects do not run over budget. See [Managing Project Spending](#) for more details.
  4. Secure all local, state, and federal permits at the end of final design or at the start of the implementation phase and prior to any construction begins.
  5. Oversee subcontractor work, if applicable. This includes ensuring all subcontractor work proceeds in alignment with any guidance or direction provided by DEC staff, regulatory programs, and the WISPr Policy.
  6. Pause implementation/construction and contact the Vermont Division of Historic Preservation if identifiable artifacts are discovered at a project site.
  7. Maintain timely reporting, invoicing, and proactive communication with the DEC Technical Project Manager.
  8. Maintain and comply with an up-to-date procurement policy. When applicable, this should also comply with the [DBE Crosscutter](#).

### **Managing Project Spending**

WISPr project implementors must make every effort to utilize lowest cost materials available to achieve the project's clean water purpose. Higher costs are acceptable, if necessary, to allow construction materials or plantings to be locally sourced where feasible.

All project implementors are responsible for ensuring projects do not run over budget. This may include proactive approaches such as building in contingencies and allowances or soliciting real quotes when budgeting.

Project implementors are expected to use best professional judgement when deciding how to deal with an over-budget project. The following options are provided merely for consideration:

- Project Implementors may choose to completely terminate the project.
- Project Implementors may choose to downsize or restructure the project's scope and expected deliverables or identify alternative sources of funds to cover the new budget gap.

### **Ranking of WISPr Project(s) with a Municipal Project**

Participation in WISPr will not result in additional priority list ranking points for the municipality. Upon development of the IUP, CWSRF will identify proposed WISPr eligibility to account for proposed funding need.

### **Financial Arrangement of Sponsorship**

1. A municipality is eligible to sponsor a natural resource project based on a 10:1 CWSRF to WISPr ratio. For example, a \$1M pipe replacement project can sponsor up to a \$100,000 land conservation project.
2. The municipality will receive one loan for both projects. In the example given above, the loan will be for a total of \$1.1M.
3. The administrative fee rate will be reduced from 2% in one-tenth of a percent increments until the sponsored project is forgiven over the payback of the loan. As a benefit to the municipality for participating in WISPr, the loan will be further reduced by 0.1%. In the example given above, the loan would be reduced to a 0.9% administrative fee rate.
4. An initial loan agreement and draft amortization schedule will be completed, assuming the paired projects proceed according to the schedule and that 100% of the sponsored project will be forgiven.
5. In the case where either project is unable to proceed according to schedule, regardless of fault, the municipal loan agreement will default to a non-sponsorship program loan agreement and the municipality will repay at the standard CWSRF administrative rate. Any funds previously disbursed to the sponsored project will be forgiven and attempts will be made to secure additional financing to finalize the project.
6. Additionally, the sponsoring project may come in under budget. To offer predictable financing for the sponsored project, the CWSRF will honor the originally proposed forgiveness amount and will adjust the administrative rate to cover 100% of the WISPr project. In the previous example, if the \$1M project ended as a \$800,000, the administrative rate would be reduced to forgive the full \$100,000.
7. If a sponsoring project's final costs are less than or equal to 50% of their initial agreement amount, the project will not receive the administrative rate reduction. In no situation will the administrative fee be below 0%.

### **Municipal Bonding Requirements**

Act 185 provided the governing body the authority to participate in the sponsorship program without formal voter authorization provided that:

- The amount of the debt incurred for the natural resource project does not exceed the amount to be forgiven or cancelled upon the completion of the project, and
- The municipality obtains voter approval for the water pollution abatement and control facilities project (the sponsoring project).

### **Application Requirements**

Applications for WISPr funding will need to complete the WISPr application form and include required materials. At a minimum, applications should include:

- 1) WPD ID #
- 2) Scope of work and budget for the proposed project, using the CWIP Funding Policy's milestones and deliverables (Attachment B)

- 3) Have written landowner commitment (letter of intent)  
*(when implementing partner is not the sponsoring municipality)*
- 6) Resumes and qualifications for the implementation firm/team
- 7) A Letter of Support from the Sponsoring Municipality

WISPr natural resource projects are subject to a [DEC Risk Assessment](#) by the Administration and Innovation Division (AID). A summary of the process for risk assessments is outlined in the DEC Granting Plan and in further detail in the Pre-Award Eligibility and Risk Assessment SOP.

WISPr projects are subject to some SRF crosscutter requirements, more information on which can be found, below.

### **Project Protection Requirements**

WISPr requires some kind of protection(s) in place to ensure natural resource projects are successful and impactful. The type and duration of protection depends on the project type and land ownership. For more information, please see WISPr Natural Resource Project Protection Requirements.<sup>2</sup>

### **State Historic Preservation Review**

Preservation of Vermont's historic resources is the primary initiative of the Vermont Division for Historic Preservation (VDHP). Serving as the State Historic Preservation Office (SHPO), VDHP plays an essential role in guiding the state's historic preservation agenda, keeping hundreds of years of history alive and vital.

The Vermont Division for Historic Preservation (VDHP) is authorized by 22 V.S.A. § 723(10) to adopt rules and carry out the purposes of the Vermont Historic Preservation Act. VDHP is charged to fulfill responsibilities under the Vermont State Historic Preservation Act and the National Historic Preservation Act to identify, preserve, and interpret historic resources on behalf of the citizens of the state and promoting them as significant components of our communities. This is achieved, in part, by the regulatory review and comment process for projects involving federal or state funding, licenses or permits.

VDHP must be engaged in the successful implementation of clean water projects to ensure they have a minimal impact on the state's rich cultural, historical, and architectural legacy. Since WISPr projects are funded through CWSRF, they are subject to federal review requirements associated with the CWSRF. These requirements for WISPr Project Review are outlined in the current DEC-SHPO SRF MOA.

### **Project Types Subject to VDHP Project Review**

Some WISPr Project Types are exempt from the VDHP Project Review Process while others are not. The program is currently working with VDHP to establish these policies.

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<sup>2</sup> This document is currently under development. Please contact Katherine King at [katherine.king@vermont.gov](mailto:katherine.king@vermont.gov) for specific questions on project protection requirements

Please reach out to Katherine King ([katherine.king@vermont.gov](mailto:katherine.king@vermont.gov)) for more information regarding a particular project.

#### VDHP Project Review Process

VDHP Project Review consists of identifying a project's potential effect on historic buildings and structures, historic districts, historic landscapes, and settings, and to known or potential archaeological resources. These resources are known, collectively as "Historic Properties" or "Historic Sites." This consultative process, also known as Project Review, occurs between the Vermont State Historic Preservation Office (VDHP) and project implementor. The purpose of review is to assure that Historic Properties/Sites are not affected, or if affected, are not adversely affected. The Project Review Procedure can be found in the most recent DEC-SHPO SRF MOU Appendix A.

#### WISPr Project Funding Process

WISPr natural resource project will be funded on a first come, first served basis. Projects that have been matched with and eligible and willing Municipality sponsor will be funded by the order in which applications are completed.

#### Municipality sponsoring a WISPr Project implemented by the same municipality

To proceed to an executed loan agreement, the following documents are required:

1. CWSRF Step III funding application for all project costs
2. Bond counsel opinion letter indicating the municipality is eligible to sponsor a project using WISPr.
3. WISPr application

Upon execution of a loan agreement, all WISPr project expenses will be submitted to WID for disbursement using established procedures. All WISPr eligible project costs will be paid under the CWSRF (RF1-XXX) loan. Upon completion of both projects, the loan will be closed out and the administrative rate will be adjusted to reflect 100% forgiveness of the WISPr natural resource project.

#### Municipality sponsoring a WISPr Project implemented by a Third Party

The sponsoring municipality has the option to partner with an implementing partner to assist with the WISPr natural resource project management. To proceed to an executed loan agreement under this situation, the following documents are required:

1. CWSRF Step III funding application for all sponsoring project costs from the sponsoring municipality
2. Bond counsel opinion letter indicating the municipality is eligible to sponsor a natural resource project using WISPr.
3. WISPr application
4. Signed agreement between municipality and implementing partner authorizing direct disbursement of project funds to implementing partner.

As part of the signed agreement between the sponsoring municipality and the implementing partner, the municipality will delegate oversight of the project, including

approving and processing invoices, to DEC's Watershed Planning Program. Upon execution of a loan agreement with the municipality (which incorporate the signed agreement), all WISPr project expenses will be submitted to WID for disbursement using established procedures. All WISPr eligible project costs will be paid under the WISPr (SPR-XXX) project. Once the WISPr project is complete, all costs will be transferred to the corresponding CWSRF (RF1-XXX) loan. Upon completion of the municipal project, the loan will be closed out and the loan administrative fee will be adjusted to reflect 100% forgiveness of the sponsored project.

### **Timing of WISPr Project**

Under the WISPr funding mechanism, the project schedule is dictated by the timing of the municipality's sponsoring project. CWSRF has a great deal of flexibility for the WISPr project to "match" the timing of the traditional project. The following timing guidelines will be required:

1. Funding is not guaranteed for a WISPr natural resource project until the sponsoring loan has been amended to include the WISPr natural resource project. When the project implementor is an Implementing Partner, a WISPr Delegation Agreement is required as part of this amendment.
2. For WISPr natural resource project funds to be disbursed, there must be a sponsoring municipal CWSRF project, the sponsoring project's disbursed costs must have reached an amount where the total costs of the WISPr natural resource project is equal to 10% or less of disbursed costs, and the loan must be amended to include WISPr project information (see #1).
3. The sponsored WISPr natural resource project should reach final completion, have submitted for final disbursement, and in the event of a municipal-implementing partner agreement, have costs transferred to the municipality's loan, prior to the sponsoring project's repayment start date.
4. The municipal project's final completion date governs the repayment start date.
5. CWSRF loans begin repayment one year after final completion of treatment works projects as identified in the balancing change order for the sponsoring project.

### **Funding of Multiple Sponsored Projects**

There may be situations where the sponsoring project cost ratio allows for multiple WISPr natural resource projects to be funded under a single CWSRF loan. For example, if a municipality is completing a WWTF upgrade for a total cost of \$10M, the amount of eligible sponsored projects could be up to \$1M. In this situation, the municipality may choose to sponsor only one project at a lower ratio. For example, a \$500k sponsored project may be identified and it would be forgiven at a ratio of 20:1.

Or, a municipality may choose to pair with multiple natural resource projects that meet the 10:1 ratio. For example, two land conservation easements totaling \$100k, a dam removal of \$500k, and a wetland reconstruction project of \$400k may be identified. These four sponsored projects could be bundled together into one sponsorship application. The challenge to this arrangement would be timing multiple projects to

ensure that all sponsored projects are completed prior to repayment start date of the sponsored project.

### **Federal Crosscutter Requirements for Sponsored Projects**

#### **Treatment Works Policy**

As of September 2017, Vermont CWSRF adopted its Treatment Works Policy, wherein it defined which project types would be considered treatment works versus non-treatment works. Based on that policy, WISPr projects will be considered non-treatment works projects. This means these projects are exempt from the following federal crosscutters:

- American Iron & Steel
- Davis Bacon Wage Act
- Fiscal Sustainability Planning
- Environmental Review

#### **Utilization of Tier 2 Funds**

The CWSRF will be using Tier 2, or repayment funds, to support WISPr projects. This means WISPr funds can be used as a non-federal match for projects where this is required. It also means that the only Federal Crosscutter that applies to these funds is Disadvantaged Business Enterprise (DBE).

#### **Disadvantaged Business Enterprise**

WISPr projects must comply with DBE as a crosscutter. To comply with DBE, WISPr projects will implement the following practices:

- 1) Minimum bidding time periods: Implementers that issue an RFP for construction work for a WISPr project must allow for a minimum timeframe of 14 days for projects with a budget of \$250,000 and under, and a minimum of 21 days for projects above \$250,000.00.
- 2) Notice: WISPr implementers shall email notice of any RFPs they issue for construction work to a reasonable number of potentially interested/qualified DBEs using the [VTrans DBE Directory](#). The implementer shall keep records for at least the duration of the project of the solicitation to DBEs in the form of sent emails and/or email return receipts.
- 3) Reporting: The implementer shall submit a DBE report to DEC as part of the WISPr project close out.

### **Loan Authorization Packet Requirements**

1. Municipal bond counsel provides opinion stating that municipality is eligible to sponsor WISPr project.
2. For WISPr natural resource project
  - a. Certification or approval of Watershed Planners for:
    - i. WISPr Project eligibility
    - ii. Deliverables and payment table
    - iii. Documentation of project cost (e.g., property appraisal)



- iv. O&M agreement
- b. Letter of intent, template of easement or other mechanism ensuring benefit of project is secured for the appropriate duration (eg, perpetual, term).
- c. WISPr application and associated documents and notification of receipt
- d. A signed agreement between Sponsor and Implementing Partner, using DEC's template, which will be incorporated into an Amendment to the sponsoring loan, that includes Attachment C requirements.
- e. Permits/ Act 250 documentation
- f. Documentation of SHPO review
- (for construction)*
  - g. CatEx
  - h. QBS certification
  - i. Documentation of DBE process
- (for land acquisition)*
  - j. Property Appraisal
- (when outside the sponsoring municipality)*
  - k. Municipal Letter of Support
- 3. Debarment Check
- 4. Sam.gov Check

## **Appendices**

### **Appendix A: Project Types Table**

WISPr project types are included in the CWIP Projects Type Table. The CWIP Projects Type Table is subject to change over time. The most recent version can be found here: <https://dec.vermont.gov/water-investment/cwi/grants/resources#ProjectTypes>.

### **Appendix B: Other Information** **DEC's Equipment Purchase Policy**

Any eligible equipment purchased or furnished with WISPr funds under a agreement from the state is provided on a loan basis only and remains the property of the state. Recipients must submit an Equipment Ownership Request / Approval Form, which will be attached to applicable Loan Agreements, to retain the equipment at no later than the end of the agreement term.

When disposing of or replacing retained equipment items with a current per unit fair market value in excess of \$5,000, the recipient must also request disposition instructions from DEC. If DEC fails to provide requested disposition instructions within 120 days, these equipment items may be retained by the recipient or sold. DEC is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the DEC's percentage of participation in the cost of the original purchase. Funding Program Administrators may mirror this procedure or develop their own processes to manage equipment ownership and disposition in a manner that ensures sub-grantees commit to using retained equipment for the same purpose as originally granted.

DEC's Equipment Ownership Request / Approval Form is available on the Grant Applicant and Recipient Resources webpage: <https://dec.vermont.gov/water-investment/cwi/grants/resources>.