

The Vermont Drinking Water  
State Revolving Fund

# Draft Amended Intended Use Plan

for Federal Fiscal Year 2022

Amended December, 2022

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Prepared by The Water Investment Division  
Department of Environmental Conservation



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## 1. Executive Summary

This is the amended FFY 2022 Drinking Water SRF Intended Use Plan (IUP) and Project Priority Lists (PPL). This IUP is hereby amended to revise subsidy (loan forgiveness) estimates for potential service line inventory projects receiving assistance under the Lead Service Line grant. Revisions are contained in Sections 9.3.2.2.(Planning Subsidy Category 2: Lead Service Lines) and 9.4.2.1. (Lead Service Line Grant Disadvantaged Community Subsidy), and the Lead Service Line PPL. Additional administrative corrections were also made. Revisions to the IUP text relative to the initially adopted version, dated September 26, 2022, are noted by underlining of new text and strike-through of deleted text. For visual clarity, changes to the Lead Service Line PPL are not tracked.

Vermont sends to the U.S. Environmental Protection Agency (EPA), as part of its annual application for Drinking Water Capitalization Grants under the Safe Drinking Water Act (SDWA), a Drinking Water Intended Use Plan (DWIUP) to meet the requirements of the Act and the Drinking Water Capitalization Grant Agreements. This DWIUP covers the FFY 2022 General Grant, and the supplemental General, Lead Service Line, and Emerging Contaminants grants, created by the Bipartisan Infrastructure Law of 2021.

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

SDWA requires that each state prepare an Intended Use Plan (IUP) every fiscal year that details how the DWSRF money will be used. Once the IUP has undergone public comment, it is submitted along with other supporting documents to the regional EPA office. These documents comprise the capitalization grant request for the DWSRF. While a variety of state agencies are involved in the process, the Water Investment Division (WID) of the Department of Environmental Conservation (DEC) is responsible for preparing and submitting these documents. WID and the Drinking Water and Groundwater Protection Division (DWGPD) share responsibility for implementation of the policies that are followed as part of the DWSRF, including the assurances and certifications contained in the capitalization grant request.

### 1.1. 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 three new, additional, DWSRF grants: the General Supplemental, Lead Service Lines, and the Emerging Contaminants grants. These BIL grants will continue annually over the next five years. In addition to providing additional funding for Vermont, these grants include significant requirements related to ensuring that Disadvantaged Communities benefit from the new funds, including a requirement for 49% of General Supplemental funds to be provided in the form of loan forgiveness.

The BIL expanded domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA). For all projects receiving funding based on federal awards made to the State on or after May 14, 2022, all steel, iron, manufactured products, non-ferrous

metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States.

### 1.2 Notice of Nondiscrimination

The Vermont Agency of Natural Resources (ANR) operates its programs, services, and activities without discriminating on the basis of race, religion, creed, color, national origin (including limited English proficiency), ancestry, place of birth, disability, age, marital status, sex, sexual orientation, gender identity, or breastfeeding (mother and child). We will not tolerate discrimination, intimidation, threats, coercion, or retaliation against any individual or group because they have exercised their rights protected by federal or state law. Additional information is available at <http://anr.vcms9.vt.prod.cdc.nicusa.com/special-topics/equity-and-accessibility/notice-nondiscrimination>

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## 2. DWSRF Mission and Program Goals

### 2.1. Mission of Vermont DWSRF:

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

### 2.2. Long Term Goals

1. Through effective management, provide a self-sustaining funding program that will assist public water systems in achieving compliance with the SDWA, maintaining the public health objectives of the SDWA, and ensuring the public has safe drinking water.
2. Implement the Bipartisan Infrastructure Law's goal of increasing investment in disadvantaged communities by ensuring subsidy (loan principal forgiveness) is directed to disadvantaged communities, and by engaging in a multi-year sustained effort to increase our capacity to target assistance to disadvantaged communities.
3. Provide funding assistance to eligible public water systems for eligible projects associated with the improvement and maintenance of water treatment, storage and distribution facilities, and for consolidation or interconnection of water systems to improve service or develop capacity.
4. Use set-asides to improve source water protection and assessment efforts by providing technical and financial assistance.

5. Continue to update, develop, and implement administrative rules and guidance to carry out the DWSRF program.
6. Continue to update, develop, and implement the capacity development strategy for existing systems.
7. Continue providing operator training by DWGPD staff and through grants and/or contracts with third-party technical assistance providers.

### 2.3. Short Term Goals

1. Secure the State's latest available capitalization grant to finance improvements for public water systems.
2. Administer a DWSRF program for projects that have been determined to be the highest priority through the priority list and IUP to address contamination issues that pose the most serious risk to human health and to ensure compliance with the SDWA requirements and maintain and/or improve water quality.
3. Provide timely assistance to public community and NTNC water systems to complete required Lead Service Line inventories.
4. Ensure that at least 15% of the DWSRF Project Fund provides loans to municipally-owned and privately-owned non-profit public water systems with populations of fewer than 10,000 people.
5. Provide support to small systems to conduct feasibility studies, preliminary engineering, and final designs for water system improvements as well as promotion of capacity development for disadvantaged and small systems that do not have adequate technical, managerial, or financial resources to come into or maintain compliance, and to provide safe drinking water.
6. Provide loans to municipalities for purchasing land or conservation easements in order to protect public water sources and ensure compliance with drinking water regulations through the Vermont Source Water Protection Program.
7. Coordinate DWSRF activities with enforcement activities of the State and EPA.
8. Continue implementation of the statewide strategy to improve capacity for existing public water systems and ensure capacity for new public water systems.
9. Use DWSRF set-aside funding to provide the additional resources required to manage the Vermont Drinking Water Program.
10. Expend all federal funds within two years of grant award.
11. Engage communities and other stakeholders in an evaluation of the Department's criteria for Disadvantaged Communities and Priority Ranking Criteria to increase investment to disadvantaged communities.

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### 3. American Rescue Plan Act (ARPA) Grant Eligibility

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

#### 3.1. State Village Wastewater and Drinking Water ARPA Grant Eligibility

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

However, \$36.2 million in ARPA funding is now available 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 will be used in a “co-funding” model with the State Revolving Loan Funds, USDA -Rural Development support, and/or locally available funding. Co-funding means that ARPA funding will be used to complement other funding sources to achieve affordability. The assistance will be primarily in the form of grants for planning, design, land purchase, or construction of active as-of-yet completed projects.

The funding goal is to support up to 10 decentralized community wastewater solutions and/or public municipal water systems. Projects in designated villages centers and designated neighborhoods, as ranked by the Priority System of the relevant Clean Water and Drinking Water State Revolving Funds Intended Use Plan (IUP) and which propose projects consistent with the funding bill appropriation language are eligible for funding. Vermont’s Village Wastewater Initiative team will contact eligible municipalities to provide more information about this funding opportunity.

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. Only eligible project costs can receive awards. 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 ~~document~~ table below

No Village ARPA grant will be for 100% of the capital cost of the project as suggested by the funding list. Notably, the users of each new utility will be anticipated to be paying a utility bill with a rate that is in the affordable range of 1%-2% of Median Household Income for the Service Area. Village ARPA Grants are also limited to 90% of the capital costs, though for



projects in service areas with an MHI below the statewide average MHI, the 10% cost share may be prorated by the percentage of local MHI to the statewide average MHI. No SFY 23 ARPA grant may exceed: \$3.9M.

### 3.1.1. State ARPA Village Wastewater and Drinking Water Grant Allocation

The information below provides preliminary notification of proposed American Rescue Plan Act award amounts, for municipalities seeking support for Village Wastewater and Water. Municipalities should note that these values are subject to approval by the Vermont Agency of Administration pursuant to the Vermont’s State Fiscal Recovery Process and Guidance. The intent of the Water Investment Division is to confirm these award values with Agency of Administration upon issuance of this Intended Use Plan.

ARPA Village Wastewater and Drinking Water Table

PPL Point	Project Name	Reported ARPA Need 22	Awards in Process ARPA SFY	Potential ARPA SFY 23	SFY 24	SFY 25
81	Town of Montgomery Center & Village New Wastewater Facility	\$507,107.00	\$ 507,107	\$ 2,217,000.00		
77	South Londonderry Village Community Wastewater System	\$4,875,000.00	\$ 41,000	\$ 3,968,331.45		
68	Grafton Village Wastewater Project	\$6,560,246.00	\$ -	\$ 3,968,331.45		
68	Greensboro Village Wastewater	\$8,125,000.00	\$ -	\$ 3,968,331.45	X	
64	North Londonderry Village Community Wastewater System	\$4,875,000.00	\$ 41,000	\$ 3,968,331.45		
62	Wolcott Village Decentralized Wastewater Project	\$2,700,000.00	\$ -	\$ 2,565,000.00	X	
61	Highgate Community Wastewater	\$1,457,718.75	\$ 1,285,000	\$172,718.75		
60	Moretown Village Community Wastewater *	\$3,500,000.00	\$ -	\$ 3,325,000.00	X	
59	West Burke Village Community Wastewater	\$10,222,400.00	\$ 50,000	\$ 3,968,331.45	X	
56	Westford Community Wastewater System	\$2,377,136.00	\$ 2,377,136			
53.8%	<b>Killington DW System</b>	\$2,300,000.00	\$ 2,300,000	\$ -		
41	St. Albans Bay Village Wastewater *, **	\$15,000,000.00	\$ -			X
31	Berlin Crosstown Village, Sewer Extension*	\$390,780.00	\$ -			
30	Riverton Village Center Community Wastewater Project	\$665,300.00	\$ -			
15	South Hero Community Wastewater	\$1,541,980.00	\$ -	\$ 1,464,881.00	X	
1	Huntington Lower Village Wastewater	\$0.00	\$ -			
1	Waitsfield Wastewater Feasibility Study	\$0.00	\$ -			
	<b>Subtotal Projects Requesting Funding</b>		\$ 6,601,243.00	\$ 29,586,257.00		
	<b>Funding Cap</b>		\$ 2,377,136.00	\$ 3,968,331.45		
	<b>Total Village ARPA Funding Need</b>					
	<b>Funding By Others</b>					
	<b>Appropriated Village ARPA Funding</b>		\$ 8,000,000.00	\$ 29,961,257.00		
	<b>Village ARPA Operations</b>		\$ 187,500.00	\$ 375,000.00		
	<b>Remaining Funding</b>		\$ 1,211,257.00	\$ -		
Notes:	<b>ARPA Funding Amounts Subject to Change based on AoA Approvals</b>					
	DW PPL Points are converted to percentage to compare with CWSRF point system					
*	Sewer Extension Projects are <u>not</u> Village ARPA Eligible under the SFY 23 Appropriation Language.					
**	Construction Projects with funds needed in SFY 25 and later were not considered for funding.					

## 4. DWSRF Administration

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

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

#### 4.1. Reallocated Funds between CWSRF and DWSRF

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

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

#### 4.2. Future Program Impact

The proposed method and financial terms for distributing project funds presented in this IUP should have a positive impact on the long-term financial status of the DWSRF while accounting for loan subsidy. Principal and interest payments on loans plus the interest earnings on the fund balance are deposited into the DWSRF and made available for future water system capital improvement projects. The only other funds lost for revolving loans are those withdrawn for the following authorized set-aside uses: Administration; Technical Assistance; PWSS Program Management; and Local Assistance. Lending procedures used by Vermont Bond Bank (VBB) for municipal loans and the Vermont Economic Development Authority (VEDA) for loans to private entities include safeguards structured to minimize unforeseen losses to the fund. Additionally, the placement of the DWSRF within the financial structure of the VBB guarantees that the Program will benefit in the long-term from the management and financial planning expertise of this organization.

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## 5. DWSRF Capitalization Grants Federal Fiscal Year 2022

### 5.1. Capitalization Grants

Vermont will receive a total of four Federal Fiscal Year (FFY) 2022 capitalization grants as a result of the Bipartisan Infrastructure Law (BIL).

- The DWSRF General grant is \$7,008,000.
- The DWSRF General Supplemental grant is \$17,992,000.
- The DWSRF Lead Service Line Grant is \$28,350,000.
- The DWSRF Emerging Contaminants Grant is \$7,555,000.

The required state match for the FFY22 grants is as follows:

- \$1,401,600 for the DWSRF General (20% of grant)
- \$1,799,200 for that DWSRF General Supplemental (10% of grant)
- \$0 for the DWSRF Lead Service Line Grant (no match requirement)
- \$0 for the DWSRF Emerging Contaminants (no match requirement)

The match funds will be available beginning July 2022. These funds are included in Act 180 (H.739) Capital Budget Adjustment Act of 2022.

### 5.2. Sources and Uses

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

Sources	General	General Supplemental	Lead Service Lines	Emerging Contaminants
DWSRF Capitalization Grant Minus Set-Aside	\$4,835,520	\$12,414,480	\$20,979,000	\$6,793,694
State Match Needed FFY22 Grant	\$1,401,600	\$1,799,200	\$0	\$0
Repayments (anticipated 7/1/22-6/30/23)	\$7,774,810	\$0	\$0	\$0
Interest (anticipated 7/1/22-6/30/23)	\$20,000	\$0	\$0	\$0
Carry-Forward (anticipated)	\$26,559,355	NA	NA	NA
<b>TOTAL</b>	<b>\$40,699,208</b>	<b>\$14,971,520</b>	<b>\$20,979,000</b>	<b>\$6,822,800</b>
	<u>\$40,591,285</u>	<u>14,213,680</u>		<u>\$6,793,694</u>

Uses	General	General Supplemental	Lead Service Lines	Emerging Contaminants
<b>Anticipated Loan Commitments</b> See FFY 22 Priority Lists	\$40,591,285	\$14,213,680	\$20,979,000	\$6,793,694

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

### 5.3. EPA Payment Schedule for Federal Fiscal Year

The State matching funds will be deposited into the DWSRF prior to the quarter when federal funds are requested. The schedule for entering into binding commitments and timing of cash draws is contained in the grant application submitted to EPA. The DWSRF program will

continue to comply with the Operating Agreement for Implementing and Managing the State Revolving Fund Program between the State of Vermont and U.S. Environmental Protection Agency, Region I.

The state anticipates disbursement of its state match prior to federal disbursements. For this reason, the Vermont will not be required to disburse with a cash draw ratio.

### SRF General

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2023-1	10/1/2022-12/31/2022	2,656,309	531,262
2	2023-2	1/1/2023-3/31/2023	1,168,519	233,704
3	2023-3	4/1/2023-6/30/2023	1,168,519	233,704
4	2024-4	7/1/2024-9/30/2024	2,014,652	402,930
<b>Total</b>			<b>7,008,000</b>	<b>1,401,600</b>

### SRF General Supplemental

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2023-1	10/1/2022-12/31/2022	\$6,819,680	\$681,968
2	2023-2	1/1/2023-3/31/2023	\$3,000,000	\$300,000
3	2023-3	4/1/2023-6/30/2023	\$3,000,000	\$300,000
4	2024-4	7/1/2024-9/30/2024	\$5,172,320	\$517,232
<b>Total</b>			<b>\$17,992,000</b>	<b>\$1,799,200</b>

### SRF Lead Service Lines

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2023-1	10/1/2022-12/31/2022	\$10,773,000	\$0
2	2023-2	1/1/2023-3/31/2023	\$4,819,500	\$0
3	2023-3	4/1/2023-6/30/2023	\$4,819,500	\$0
4	2024-4	7/1/2024-9/30/2024	\$7,938,000	\$0
<b>Total</b>			<b>\$28,350,000</b>	<b>\$0</b>

## SRF Emerging Contaminants

Payment No.	Quarter	Date	Federal Amount	State Amount
1	2023-1	10/1/2022-12/31/2022	\$2,870,900	\$0
2	2023-2	1/1/2023-3/31/2023	\$1,284,350	\$0
3	2023-3	4/1/2023-6/30/2023	\$1,284,350	\$0
4	2024-4	7/1/2024-9/30/2024	\$2,115,400	\$0
<b>Total</b>			<b>\$7,555,000</b>	<b>\$0</b>

### 5.4. EPA Estimated Disbursement Schedule: All Grants

Disbursement Quarter	General	General Supplemental	Lead Service Lines	Emerging Contaminants
1QFFY2023	\$560,640	\$1,439,360	\$2,268,000	\$604,400
2QFFY2023	\$560,640	\$1,439,360	\$2,268,000	\$604,400
3QFFY2023	\$560,640	\$1,439,360	\$2,268,000	\$604,400
4QFFY2023	\$280,320	\$719,680	\$1,134,000	\$302,200
1QFFY2024	\$981,120	\$2,518,880	\$3,969,000	\$1,057,700
2QFFY2024	\$981,120	\$2,518,880	\$3,969,000	\$1,057,700
3QFFY2024	\$1,051,200	\$2,698,800	\$4,252,500	\$1,133,250
4QFFY2024	\$2,032,320	\$5,217,680	\$8,221,500	\$2,190,950
<b>Total</b>	<b>\$7,008,000</b>	<b>17,992,000</b>	<b>\$28,350,000</b>	<b>\$7,555,000</b>

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

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

<b>Sources – LAWPL</b>	
Carry-Forward	\$1,805,217
Estimated interest (7/1/2022-6/30/2023)	\$1,800
Estimated repayments (7/1/2022-6/30/2023)	\$155,962
<b>Total Sources</b>	<b>\$1,962,979</b>

<b>Uses - LAWPL</b>	
Estimated loan commitments (7/1/2022-6/30/2023)	\$250,000
<b>Total Uses</b>	<b>\$250,000</b>

## 6. Set-Asides

The State of Vermont plans for set-asides are detailed in the tables below, including the proposed amount of authority to be banked. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their systems effectively. A portion of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996. The following outlines the allocations and provides a brief description of the proposed activities in each of the four set-asides.

<b>General Grant</b>	<b>PROPOSED FFY22</b>	<b>Banked Authority</b>
<b>TOTAL, ALL SET-ASIDES</b>	<b>\$ 2,172,480</b>	<b>\$ -</b>
<b>Program Mgmt</b>	<b>\$ 700,800</b>	
<b>Administrative</b>	<b>\$ 280,320</b>	
<b>Small Sys. Tech. Assist.</b>	<b>\$ 140,160</b>	
Water System Operator Tr	\$ 119,000	
Staff	\$ 14,646	
Supplies	\$ 233	
Other and Indirect	\$ 6,281	
<b>Local Assistance</b>	<b>\$ 1,051,200</b>	<b>\$ -</b>
<b>Capacity</b>	<b>\$ 350,400</b>	
Staff	\$ 218,604	
Capacity Program Asset Ma	\$ 24,000	
Supplies	\$ 2,989	
Other and Indirect	\$ 104,807	
<b>Wellhead</b>	<b>\$ 700,800</b>	
Staff	\$ 135,326	
Supplies	\$ 2,188	
Other and Indirect	\$ 563,286	

General Supplemental	PROPOSED FFY22	Banked Authority
<b>TOTAL, ALL SET-ASIDES</b>	<b>\$ 5,577,520</b>	<b>\$ -</b>
<b>Program Mgmt</b>	<b>\$ 1,799,200</b>	
<b>Administrative</b>	<b>\$ 719,680</b>	
<b>Small Sys. Tech. Assist.</b>	<b>\$ 359,840</b>	
TNC Tech Assistance	\$ 10,000	
NTNC and TNC Asset Management Initiatives	\$ 300,000	
Water System Operator Training Contract	\$ 49,840	
<b>Local Assistance</b>	<b>\$ 2,698,800</b>	<b>\$ -</b>
<b>Capacity</b>	<b>\$ 1,706,000</b>	
Water Loss Control	\$ 100,000	
Valve Condition and Location Assessment	\$ 100,000	
Cyber Security Training	\$ 50,000	
Community Engage Disad Comm	\$ 200,000	
Distribution Asset Inventory Evals	\$ 400,000	
Archeological Consult Program	\$ 20,000	
Water Rates Media Campaign	\$ 100,000	
Fire District Feasibility Study	\$ 75,000	
Revised Total Coliform Rule (RTCR) Level Co	\$ 35,000	
Capacity Program Asset Management Initiati	\$ 26,000	
AMP Loan	\$ 600,000	
<b>Wellhead</b>	<b>\$ 992,800</b>	
Staff	\$ 469,509	
Supplies	\$ 7,537	
Source Protection Plans Contract	\$ 50,000	
Hydrogeologic Investigation Contract	\$ 100,000	
Private Well Mapping Contract	\$ 50,000	
USGS Groundwater Monitoring Contract	\$ 100,000	
Other and Indirect	\$ 215,754	

Lead Service Line	PROPOSED FFY22	Banked Authority
<b>TOTAL, ALL SET-ASIDES</b>	<b>\$ 7,371,000</b>	
<b>Program Mgmt</b>	<b>\$ 2,835,000</b>	
<b>Administrative</b>	<b>\$ 1,134,000</b>	
<b>Small Sys. Tech. Assist.</b>	<b>\$ 567,000</b>	
Small System LSL Inventory Development		
DWSRF Loan Application Helpf for Disad Communities		
<b>Local Assistance</b>	<b>\$ 2,835,000</b>	
<b>Capacity</b>		
Small System LSL Inventory Development	\$ 2,735,000	
Data Collection Equipment for LSL Inventories	\$ 40,000	
Lead Service Line Invetory Training	\$ 10,000	
Mapping Softward for LSL Inventories	\$ 50,000	

Emerging Contaminants	PROPOSED FFY22	Banked Authority
<b>TOTAL, ALL SET-ASIDES</b>	<b>\$ 761,306</b>	<b>\$ 527,494</b>
<b>Program Mgmt</b>	<b>\$ 279,106</b>	<b>\$476,394</b>
<b>Administrative</b>	<b>\$ 302,200</b>	
<b>Small Sys. Tech. Assist.</b>	<b>\$ 100,000</b>	<b>\$ 51,100</b>
Cyanotox Vulnerability Study		
TNC PFAS Monitoring		
<b>Local Assistance</b>	<b>\$ 80,000</b>	<b>\$ -</b>
<b>Capacity</b>		
Cyanotoxin Monitoring Study	\$ 30,000	
PFAS Treatment Efficacy Study	\$ 50,000	

## 6.1. General Grant Set-Asides

### 6.1.1. General Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take the full 10%, \$700,800, from FFY22 grant to support approximately five FTEs, and associated operating costs within the DWGPD. Duties of staff include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessment and protection, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities.



#### 6.1.2. General Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. Changes to the FY17 grant requirement allows the program to take 4%, or 0.002 x total net position. The program will be taking 4%, or \$280,320 from the FFY22 grant to support approximately two FTEs within WID and Administration and Innovation Division (AID). These positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. Administrative funds are also used to pay for the services of the Vermont Bond Bank (VBB), which is responsible for the overall fund and is a party to all loan awards to municipal applicants, and the Vermont Economic Development Authority (VEDA), which is responsible for conducting creditworthiness reviews of loan applicants for privately-owned water systems and is a party to those loans.

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

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FY22 grant, or \$140,160, to provide technical assistance to small public water systems. The following activities and allocations are proposed:

Water System Operator Training Contract: \$119,000 to a contract to provide professional training to public water system owners and operators in Vermont. These training efforts support the Vermont Water Operator Certification Program administered by the DWGPD.

Staff: \$21,160 will go to support 0.1 FTE to provide direct technical assistance to small water systems.

#### 6.1.4. General Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant, or \$1,051,200, can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take 15%, or \$1,051,200 to fund local assistance activities. The following activities and allocations are proposed:

##### *6.1.4.1. Capacity Activity*

Local Assistance Capacity Program Positions: This set aside will support Capacity Program staff to implement the Vermont Capacity Strategy, as well as the Operator Certification Program. In total, this set aside will fund 2.1 FTEs for a total of \$326,400.

Capacity Program Asset Management Initiatives: \$24,000 to extend the asset management training program funded through previous grants to promote the practice of infrastructure asset management at Vermont's public water systems.

##### *6.1.4.2. Wellhead Protection Activity*

###### Source Protection Loan Program

\$500,000 to capitalize the source protection fund to provide loans to municipalities for purchasing land or conservation easements to protect public water sources and ensure

compliance with drinking water regulations. Application requirements are currently under development and will be made available on the program website.

#### Local Assistance Wellhead Protection Positions

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

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

In total, this set aside will fund 1.3 FTEs and proposes to use \$200,800.

### 6.2. General Supplemental Grant Set-Asides

#### 6.2.1. General Supplemental Grant: Program Management Set-Aside

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take 10% or \$1,799,200, from the FFY22 Supplemental grant to support approximately 12.3 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include capacity development, adoption and implementation of new regulations, implementation of new and existing federal rules, planning, outreach, data management, engineering, compliance supervision, and other drinking water program activities.

#### 6.2.2. General Supplemental Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. Changes to the FY17 grant requirement allows the program to take 4%, or .002 x total net position. The program will be taking 4%, or \$718,423 from the FFY22 supplemental grant to support approximately 5.1 FTEs within WID, Administration and Innovation Division (AID) and DWGPD. The WID and AID positions provide project development, construction oversight, loan administration, and financial management services for the operation of the DWSRF. The DWGPD positions will be providing technical assistance to water systems of all sizes.

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

Up to 2% of the capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2% of the FY22 General Supplemental grant, or \$359,840, to provide technical assistance to small public water systems. The following activities and allocations are proposed:

TNC Technical Assistance: \$10,000 to provide technical assistance to Transient Non-Community Water Systems (TNCs).

NTNC and TNC Asset Management Initiatives: \$300,000 to asset management initiatives to further the overall objective of increasing the practice of infrastructure asset management at Vermont's small public water systems and extend the useful life of assets.

Water System Operator Training Contract: \$49,840 to a contract to provide professional training to public water system owners and operators in Vermont. These training efforts support the Vermont Water Operator Certification Program administered by the DWGPD.

#### 6.2.4. General Supplemental Grant: Local Assistance Set-Aside

Up to 15% of the capitalization grant, or \$2,698,800, can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take 15%, or \$2,698,800 to fund local assistance activities. The following activities and allocations are proposed:

##### 6.2.4.1. Capacity Activity

###### Water Loss Control

\$100,000 to provide leak detection surveys performed by a professional leak detection firm per American Water Works Association's standards. These surveys will be provided to community drinking water systems to promote water conservation efforts, reduce pumping and treatment costs, extend the useful life of assets, and minimize the risks of contamination.

###### Valve Condition and Location Assessment

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

###### Capacity Program Asset Management Initiatives

\$26,000 to extend the asset management training program funded through previous grants to promote the practice of infrastructure asset management at Vermont's public water systems.

###### RTCR Level 2

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

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

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

###### Cyber Security Training

\$50,000 to provide cyber security training for DWGPD staff and public water systems.

###### Community Engagement with Disadvantaged Communities

\$200,000 to support community engagement with disadvantaged communities and provide DWSRF technical assistance for disadvantaged communities.

#### Distribution Asset Inventory Evaluations

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

#### Archeological Consulting Program

\$20,000 to support the assessment of the archeological area of a proposed project in consultation with the State and in coordination with SHPO and any federally recognized tribes that may attach religious and cultural significance to historic properties that may be affected by the project throughout this process.

#### Water Rates Media Campaign

\$100,000 to build public awareness of the Vermont Water and Wastewater Rate Dashboard and improve the public understanding of the importance of safe drinking water and the cost of ensuring that water makes it to the tap.

#### Fire District Feasibility Study

\$75,000 to support a feasibility study of Fire Districts to improve their long term TMF capacity.

#### *6.2.4.2. Wellhead Protection Activity*

##### Local Assistance Wellhead Protection Positions:

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

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

In total, this set aside will fund 4.4 FTEs and proposes to use \$692,800.

#### Groundwater Monitoring Program

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

#### Source Protection Plans

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

#### Hydrogeologic Investigations

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

## Private Well Mapping

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

### 6.3. Lead Service Line Grant Set-Asides

The State of Vermont plans to set aside 26%, or \$7,371,000, of the FFY22 Lead Service Line (LSL) Replacement Capitalization Grant for various non-construction related activities for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. The following outlines the allocations and provides a brief description of the proposed activities in each of the four set-asides.

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

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take the full 10%, \$2,835,000, from FFY22 Lead Service Line Grant. The following activities and allocations are proposed:

Small System Lead Service Line Inventory Development: \$2,715,000 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

LSL IT Project Developer: \$120,000 to provide for LSL Inventory IT project development.

#### 6.3.2. Lead Service Line Grant: Administrative Set-Aside

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. We propose to take the 4% or \$1,134,000 from FFY22 Lead Service Line Replacement grant to provide contract help for small (population 1,000 and under) Water Systems to develop LSL inventories.

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

Up to 2% of the Lead Service Line Replacement capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 2%, or \$567,000 from the FFY22 Lead Service Line Replacement grant. The following activities and allocations are proposed:

Small System Lead Service Line Inventory Development: \$492,000 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

DWSRF Loan Application Help for Disadvantage Communities: \$75,000 to provide contract help for disadvantaged communities to apply for DWSRF funding to replace Lead Service Lines.

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

Up to 15% of the capitalization grant can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take 10%, or \$2,835,000 to fund local assistance activities. The following activities and allocations are proposed:

#### *6.3.4.1. Capacity Activity*

Small System Lead Service Line Inventory Development: \$2,735,000 to provide contract help for small (population 1,000 or less) Water Systems to develop LSL inventories.

Data Collection Equipment for LSL Inventories: \$40,000 for GPS units to support LSL Inventorying for small and disadvantaged communities

Lead Service Line Inventory Training: \$10,000 to provide training to water systems on developing LSL inventories.

Mapping Software for LSL Inventories: \$50,000 for software for state to maintain LSL inventories.

#### *6.3.4.2. Wellhead Protection Activity*

None proposed.

### **6.4. Emerging Contaminants Grant Set-Asides**

The State of Vermont plans to set aside \$732,200 of the FFY22 Emerging Contaminants Grant for various non-construction related activities to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances

#### **6.4.1. Emerging Contaminants Grant: Program Management Set-Aside**

Up to 10% of the capitalization grant can be used for the DWSRF Program Management Set-Aside. We propose to take 3.69%, or \$279,106 from FFY22 Emerging Contaminants grant to support approximately 2 FTEs and associated operating costs within the DWGPD. Duties of the FTEs include implementation of programs to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances. The remaining Program Management funds from the FFY22 Emerging Contaminant Grant will be reserved for banked authority.

#### **6.4.2. Emerging Contaminants Grant: Administrative Set-Aside**

Up to 4% of the capitalization grant can be used for the DWSRF Administrative Set-Aside. We propose to take 4% or \$302,200 to support 2.2 FTE within the WID and AID.

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

Up to 2% of the Emerging Contaminants capitalization grant can be used for the DWSRF Technical Assistance (TA) Set-Aside. TA funds may be used for systems serving populations under 10,000 people. The program will take 1.32% of the Emerging Contaminants FY22 grant, or \$100,000, to provide technical assistance to small public water systems. The remaining TA funds from the FFY22 Emerging Contaminant Grant will be reserved for banked authority. The following activities and allocations are proposed:

Cyanotoxin Vulnerability Study: \$50,000 to study the vulnerability of non-Lake Champlain surface water sources to cyanotoxins.

TNC PFAS Monitoring: \$50,000 to monitor TNC sources for PFAS in known areas of high PFAS contamination. 6.4.4. Emerging Contaminants Grant: Local Assistance Set-Aside

Up to 15% of the Emerging Contaminants capitalization grant can be used for the DWSRF Local Assistance Set-Aside, with a further limitation that no more than 10% can be used to fund any one specific activity. The program will take a combined \$80,000, or 1.1% of the Emerging Contaminants grant, to fund local assistance activities. The following activities and allocations are proposed:

#### *6.4.4.1. Capacity Activity*

Cyanotoxin Monitoring Program

\$30,000 to support the ongoing cyanotoxin monitoring program

PFAS Treatment Efficacy Study

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

#### *6.4.4.2. Wellhead Protection Activity*

None proposed.

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## 7. Banked Authority

The DWSRF reserves the right to use Banked Authority.

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## 8. Criteria and Method for Distribution of Funds

The State of Vermont will continue to finance projects based on a point system that ranks eligible water supply projects that are ready to proceed. Priority in funding will be given to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act (SDWA) and the Vermont Water Supply Rule (WSR), and that assist systems most in need according to State affordability criteria.

The attached priority lists identify the projects that submitted complete priority list applications and the total proposed construction funding awards. Vermont will disburse 100% of its state match up front, followed by federal funds. As such, the program will not need a cash draw ratio.

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

- Under federal requirements, at least 15% of available funds must be used for projects serving

communities with populations of less than 10,000 persons. Because the great majority of Vermont's public water systems serve populations <10,000, this requirement is readily met.

- As required in Vermont legislation, funds for private water systems are limited to 20% of the available funds, unless there are insufficient municipal projects ready to proceed and additional funds are available. Funds for private water systems on this priority list are below the 20% limit.

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

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

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## 9. Subsidy (Loan Forgiveness)

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

### 9.1. Prior Year Subsidy

The 2020 IUP was amended on 2/25/2022 based on actual executed loan values, pending loan information, and subsidy availability. As of that amendment, after application of the original subsidy formulas, \$2,271,841 in Additional Subsidy remained.

Two projects on the 2020 IUP did not receive all Disadvantaged Subsidy to which they were entitled due to the limited amount of that form of subsidy available and were listed in the 2/25/2022 amendment with partial or no Disadvantaged Subsidy, and with Additional Subsidy following the formula in the 2020 IUP. Due to the different formulas for the two types of subsidy, they received less than the overall 75% subsidy cap for the 2020 IUP. The program hereby intends to utilize the uncommitted Additional Subsidy from 2020 to the following two projects as follows to provide overall subsidy per the conditions and overall limitations of the 2020 IUP:

- \$606,813 to Royalton Fire District 1 water treatment plant.
- \$1,665,028 to Saint Johnsbury Town water treatment plant, with a reduction in the loan value to \$5,679,043. The balance of the project may be funded on the 2022 IUP as a continuing project under the 2022 IUP subsidy terms, as shown in this IUP's priority list.



## 9.2. 2022 Subsidy Amounts

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

### 9.2.1. General Grant

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

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

### 9.2.2. General Supplemental Grant

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

### 9.2.3. Lead Service Line Grant

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

### 9.2.4. Emerging Contaminants

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

### 9.2.5. Summary Table: Available Subsidy by Grant

Per the FFY22 appropriations language, subsidy shall be provided as follows.

<b>Grant</b>	<b>Subsidy Proposed</b>	<b>Eligibility Requirements Per EPA Grant Agreement</b>
General	\$981,120	No Restrictions (Additional Subsidy)
	\$2,452,800	Disadvantaged Communities
General Supplemental	\$8,816,080	Disadvantaged Communities
Lead Service Lines	\$13,891,500	Disadvantaged Communities
Emerging Contaminants	\$6,793,694	At least 25% of subsidy to Disadvantaged Communities or systems serving < 25,000 persons
<b>Total Available Subsidy</b>	<b>\$32,464,300</b>	

### 9.3. Subsidy Categories

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

#### 9.3.1. Summary Table: Available Subsidy by Initiative Category

Grant	Initiative	Amount
General		
	Planning (Additional Subsidy)	\$731,120
	Source Protection Loans	\$250,000
	Construction (Disadvantaged Subsidy)	<u>\$2,452,800</u>
	Total	\$3,433,920
General Supplemental		
	Construction (Disadvantaged Subsidy)	\$8,816,080
Lead Service Lines		
	Inventories	\$10,866,500
	Construction	<u>\$3,025,000</u>
	Total	\$13,891,500
Emerging Contaminants		
	Planning	\$500,000
	Construction	<u>\$6,293,694</u>
	Total	\$6,793,694
<b>Total Available Subsidy</b>		<b>\$32,464,300</b>

#### 9.3.2. Planning Subsidy

##### ***Supports Short Term Goal #5: Financing of Planning Activities***

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

##### *9.3.2.1. Planning Subsidy Category 1: General*

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

- 28% loan forgiveness, up to \$70,000 per project.

##### *9.3.2.2. Planning Subsidy Category 2: Lead Service Lines*

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

- For water systems with a local median household income (MHI) of up to 120.1% state MHI, loan agreements will provide for 100% forgiveness up to \$100,000, and 50% forgiveness for the portion over \$100,000. ~~100% loan forgiveness for communities less than or equal to 115% of State Median Household Income.~~

- Depending on the availability of subsidy after all projects are funded, forgiveness may be increased up to 100% of total costs.
- ~~92% loan forgiveness for communities at 116% to 120% of State Median Household Income.~~

#### *9.3.2.3. Planning Subsidy Category 2: Emerging Contaminants*

All Emerging Contaminants planning projects may receive loan forgiveness as follows:

- 100% loan forgiveness, up to \$50,000 per project.

#### 9.3.3. Construction Subsidy

Construction subsidy is available based on the following grant categories.

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

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

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

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

Eligible construction projects may receive loan forgiveness as follows:

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

##### *9.3.3.3. Construction Subsidy Category 3: Emerging Contaminants*

All construction projects may receive loan forgiveness as follows:

- 100% loan forgiveness up to \$3,679,808.

#### 9.3.4 Source Protection Loans Subsidy

Source Protection Loans may receive loan forgiveness as follows:

- 50% loan forgiveness up to \$250,000.

### 9.4. Disadvantaged Community Subsidy

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

#### 9.4.1. General Grants Disadvantaged Community Subsidy

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

#### 9.4.2. Lead Service Line Grant Disadvantaged Community Subsidy

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), requires states to provide 49% of the Lead Service Line grant to disadvantaged communities in the form of loan forgiveness. Under IIJA/BIL, states have the flexibility to define disadvantaged communities, which, under EPA guidance, “can include those with environmental justice concerns that often include low-income people and communities of color.” (EPA BIL Implementation Memo, 3/8/22). Because communities with lead service lines are appropriately considered disadvantaged, and to ensure communities are able to take full advantage of the Lead Service Line Grant funds, the Department is hereby establishing the scope of disadvantaged community subsidy eligibility for purposes of the FFY 2022 Lead Service Line IUP. To emphasize, because the subsidy requirement in the grant from EPA is a specific amount (49%), rather than a range or not to exceed amount, and because it is a large percentage of the grant, any underutilization of subsidy would limit the overall amount of available loan funds, and vice versa. It is in the public interest to ensure maximum utilization of Lead Service Line funds, including providing funding to disadvantaged communities.

##### 9.4.2.1. Lead Service Line Planning Loans

For purposes of planning loans for lead service line inventories funded under the Lead Service Line IUP, “disadvantaged community” shall mean a municipality or served area of a municipality that has a median household income (MHI) less than or equal to 120.1% of the state median household income. These communities shall be eligible for loan forgiveness for lead service line inventories as follows:

- a community earning up to 120.1% MHI shall be eligible for 100% forgiveness up to \$100,000, and 50% subsidy for the portion over \$100,000.

All Vermont water systems with over 1000 population or 250 service connections were added to the service line inventory priority list without submission of priority list applications. Smaller water systems are covered under the set-asides described above. Priority points for Lead Service Line Inventories were awarded based on both the number of service connections and community median household income as follows:

Number of Service Connections	Priority Points		Affordability (Community MHI/SCMI x 100 =X)	Priority Points
250-500	25		X < 60	35
501-1000	15		60 < X < 70	25
1001-3300	10		70 < X < 80	15
3301-9900	5		80 < X < 90	10
			90 < X < 100	5
			100 < X < 120	2
			X < 120	0

Applications will be processed in batches at least quarterly; if funds are limited, they will be scored according to Priority List criteria and funded in order of priority.

#### 9.4.2.2. Lead Service Line Construction Loans

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

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

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

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

#### 9.5. Requirements to Secure 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. All additional subsidy is awarded to recipients and project types that are eligible for subsidy on a first-come, first-served basis.

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

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

##### 9.5.1. Funding Application Requirements

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

##### Step 1 (Preliminary engineering)

- Loan application form
- Draft Engineering Services Agreement

##### Step 2 (Final design)

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

##### Step 3 (Construction)

- Complete funding application
- Draft Engineering Services Agreement

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

### 9.6. Municipal School Subsidy

Municipally owned non-transient, non-community school water systems are categorically disadvantaged per State statute and are eligible for up to \$25,000 in construction loan principal forgiveness; there is no further subsidy provided to these applicants.

## 10. Program Updates and Guidance

### 10.1. Priority List Ranking

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

#### 10.1.1. Continuing Projects

For purposes of this IUP, a continuing project shall mean a project that was listed on an earlier IUP year priority list, received prior approval for a construction loan or is expected to receive approval by the adoption date of this IUP, and applied in February 2022 to be on this priority list.

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

#### 10.1.2. Readiness to Proceed and Priority List Bypass

All projects must meet the following readiness to proceed milestones:

- December 15<sup>th</sup>, 2022: Submit a signed and administratively complete Environmental Information Document (for SERP review) to the assigned WID engineer;
- January 15<sup>th</sup>, 2023: Submit 90% design drawings to DWGPD. A project with a current construction permit for the same project scope already meets this milestone;
- January 31, 2023: Schedule a bond vote and submit a copy of the warning to WID;
- May 1, 2023: Receive voter authorization via the bond vote; and,
- June 30, 2023: Submit complete Step III/Construction loan application (all required items have been completed and submitted).

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

#### 10.1.3. Emergency Funding Procedure

Systems either on or off the Priority List that experience an emergency resulting in an imminent and substantial threat to the public health may bypass all other projects and may be assigned top priority. Emergency additions to the Priority List will result in the lower priority projects identified as Anticipated Loan Recipients being bypassed. The number of projects bypassed will depend upon the amount of funds needed to cover the emergency. The determination of an imminent and substantial health risk for cases involving chemical contamination or a potential disease outbreak is the responsibility of DEC in consultation with the Department of Health. The determination of an emergency resulting from a water system failure that requires immediate attention to protect the public health is the sole responsibility of DEC. Projects that may be required to address such a health risk could involve installation of treatment facilities, construction of a new water source, or replacement of a failed system element. The bypass procedure is detailed in the DWSRF Program's Guidance Document #16, available at <https://dec.vermont.gov/water-investment/water-financing/srf/guidance-docs>

#### 10.2. Planning Loans Evaluation and Funding Cap

For this IUP funding cycle, "Planning Loans" (Step 1 and/or 2) for General projects (those other than Emerging Contaminants or Lead Service Line / Service Line Inventory projects) will be funded using the \$3,500,000 put-aside shown in the Priority List. Applications will be processed in batches at least quarterly; if funds are limited, they will be scored according to Priority List criteria and funded in order of priority. Planning loans funded from this put-aside will be capped at \$250,000 per project. Most Asset Management Plans are funded by the LAWPL set-aside described above but an AMP can be funded under the general planning loan put-aside as a step 1 loan.

#### 10.3. 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 DWSRF Project Developer with questions.

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

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

#### 10.4. Guidance Document Updates

The DWSRF Program is in the process of updating Guidance Document 2 (Priority List Development Ranking), Guidance Document 10 (Loan Terms), and Guidance Document 26 (Asset Management Plans). Updates will be posted to the [Guidance Document website](#).

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## 11. Public Participation

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

On 1/18/2022, the Department notified municipalities and other interested parties to submit a priority list application by 2/28/22 to be reviewed for possible inclusion on the Priority List for Federal Fiscal Year 2022.

The draft IUP was released on 8/3/2022. 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 August 30<sup>th</sup> at 9:00 AM. The presentation slides and a recording of the public hearing are posted on the WID SRF IUP website.

The Department proceeded with an amendment to the IUP notifying the same parties as were notified for the original IUP. The notice of the proposed amendment to the IUP and PPL was sent via email on December 16, 2022.

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## 12. Responsiveness Summary

The following responsiveness summary addresses comments received during the public comment period ending September 6, 2022 and during the public meeting held August 30, 2022.

Some comments have been combined or edited for brevity and clarity.

**Comment 1:** Comments were received suggesting the need to allocate more subsidy (i.e. loan forgiveness), and to make subsidy available to communities that don't meet the Disadvantaged Community criteria. Further, comments suggest that this should be possible



given the increase in SRF funding as a result of the Bipartisan Infrastructure Law (BIL), aka the Infrastructure Investment and Jobs Act (IIJA).

**Response:** As a result of the Bipartisan Infrastructure Law, the Department will receive four separate DW SRF capitalization grants this year. The amount of each capitalization grant, the associated available subsidy, and the federal subsidy eligibility requirements for each grant are summarized below.

Grant Name	Grant Amount	Subsidy Amount	Subsidy Eligibility Requirements Per EPA
General (“Base)	\$7,008,000	\$981,120	“Anyone”
		\$8,816,080	Disadvantaged Communities
General Supplemental	\$17,992,000	\$8,816,080	Disadvantaged Communities
Lead Service Line	\$28,350,000	\$13,891,500	Disadvantaged Communities
Emerging Contaminants	\$7,555,000	\$7,555,000	“Anyone”

As indicated, although the total grant awards, and subsidy, are substantially higher than prior years, the majority of the increase this year is in the Lead Service Line and Emerging Contaminants grants, which have more narrow eligibility criteria. Additionally, there is slightly less subsidy available under the FFY ’22 General Grant for projects that do not meet Disadvantaged Community criteria compared to FFY 2021 (\$981,120 versus \$1,540,140, respectively).

**Comment 2:** Comments were received requesting estimation of the amount of anticipated future BIL funding of SRF grants to the State.

**Response:** The United States Congress determines the allocation and appropriation of SRF capitalization grants. The General/base grant is allocated annually and has been fairly consistent the past several years, however it did decrease this year due to Congressionally Designated Spending (CDS) or “earmarks” being deducted from this allocation. The Department does not know what effect CDS will have on future General/base grant allocations.

The Bipartisan Infrastructure Law (BIL) established SRF appropriations for five years (2022 through 2026) for the General Supplemental, Lead Service Line, and Emerging Contaminant grants. Although Vermont’s future allocation of these appropriations has not been established at this time, the following table includes an estimate of future SRF capitalization grants based on the overall national BIL appropriations.

DW SRF Grants Amounts by Federal Fiscal Year (FFY) (2023-2026 are estimates for general informational purposes only)							
Grant	2021 (last year)	2022 (this IUP year)	2023	2024	2025	2026 (final year of BIL)	2027
General	\$7.7M	\$7.0M	\$8.0M	\$8.8M	\$9.5M	\$9.5M	\$9.5M
General Supplemental	\$0	\$18.0M	\$20.8M	\$22.7M	\$24.6M	\$24.6M	\$0
Lead Service Line	\$0	\$28.4M	\$28.4M	\$28.4M	\$28.4M	\$28.4M	\$0
Emerging Contaminants	\$0	\$7.6M	\$7.6M	\$7.6M	\$7.6M	\$7.6M	\$0

**Notes:**

1. The BIL authorized increased funding for the General DW SRF for years 2023-2025, however these funds are not yet appropriated. Based on recent years appropriations, it may be reasonable to expect that years 2023-2026 will be closer to 2022's appropriation of \$7.0M.
2. Appropriation levels for the General Supplemental, Lead Service Line, and Emerging Contaminant Grants assume Vermont will continue to receive the same share of the national appropriation.
3. Congressionally Designated Spending (CDS), or "earmarks" are deducted from the General Grant. Future CDS levels, and their associated impact on the grant amount are unknown at this time.

**Comment 3:** Questions were received during the public meeting on whether the Department had more information regarding the applicability of Build America Buy American Act (BABA).

**Response:** BABA is applicable to projects funded under this Intended Use Plan (see Section 1.1. of the IUP). EPA recently released two waivers regarding BABA: the "Adjustment Period Waiver of Section 70914(a) of P.L. 117-58, Build America, Buy America Act, 2021 for SRF Projects that have Initiated Design Planning" and "Temporary Public Interest Waiver of Section 70914 of P.L. 117-58, Build America, Buy America Act, 2021 for Selected EPA Funding Programs." These waivers cover projects that initiated project design planning prior to May 14, 2022, and projects receiving funds obligated by March 2, 2013, respectively. The Department will work with EPA to make all BABA guidance materials available to applicants.

**Comment 4:** On behalf of the Town of Bethel, we are submitting the following comments on the draft IUP: 9.1 Prior Year Subsidy – Two projects were identified that did not receive all the Disadvantaged Subsidy that they were entitled to. We want to confirm that the

adjustment to the DW loan was made for the Bethel Water System Improvements Phase I project so that they receive the Disadvantaged Subsidy they were entitled to.

**Response:** The project in question is not affected by the priority year subsidy allocation in Section 9.1. We will confirm the status of the loan and associated subsidy separately from this response summary.

**Comment 5:** The Bethel water Phase II project for the wellhouse, booster pump station, and AC mains is partially shown on the Priority List at a loan amount of \$750,000. For this part of the project, there is no disadvantaged subsidy shown and the loan term is shown at 30 years, 2% interest. Since Bethel has previously qualified for disadvantages subsidy, we want to confirm if this is correct as shown?

**Response:** The criteria for receiving Disadvantaged Subsidy for construction are described in section 9.4.1. of the IUP. The project does not qualify for Disadvantaged Subsidy, lower than 2% interest, or a loan term of greater than 30 years because the user rate does not exceed 1% of median household income (MHI).

**Comment 6:** Comments were received from the Castleton Fire District inquiring whether their project (Castleton FD 1, Ellis Orchard Transmission Main) would be funded off the 2022 Intended Use Plan.

**Response:** The Department is currently processing the loan application for this project with the intent of funding it off of the 2021 IUP. Additionally, this project is shown as a Continuing Project on the 2022 Project Priority List which allows for funding off the 2022 IUP.

**Comment 7:** Can you confirm if Richford Golf is eligible for disadvantaged subsidy? I would think with their MHI that they would qualify for the subsidy?

**Response:** The criteria for receiving disadvantaged subsidy are described in section 9.4.1. of the IUP. The criteria for construction loans include median household income (MHI) as well as user rates. This project qualifies for an extended loan term of 40 years, a reduced admin fee (1.5%), but does not qualify for Disadvantaged Subsidy because the user rate is below 1% of MHI following application of the extended loan term and reduced admin fee.

**Comment 8:** A comment was received from the City of Burlington noting they are listed for \$1.3M eligible funding with 100% possible loan forgiveness and wondering if it is possible to evaluate likelihood of receiving subsidy since they are fairly low down on the lead inventory priority list.

**Response:** It is not possible for the Department to offer an evaluation of the likelihood of the City receiving subsidy. There is a fair amount of uncertainty as to what the actual loan values for inventories will be and which projects will apply and when. Additionally, subsidy

will be awarded on a first-come first-served basis. Finally, the uncertainty is higher than usual because the Lead Service Line Grant requires the Program to provide exactly 49% subsidy, not a range. To expend the full Grant, the Program will require sufficient borrowers who meet, and do not meet, the Disadvantaged Community criteria.

**Comment 9:** According to the DWSRF FFY 2022 Priority List, Grand Isle Consolidated Water District (GICWD) was not awarded any subsidy and is listed for a 2% loan. We believe the State needs to prioritize age related projects such as ours and adequately fund these projects in order to assure safe drinking water continuously flows to town residents at a price the residents can afford.

**Response:** The Department strongly supports funding for such projects. The terms of the General and General Supplemental grants that the Department receives from EPA for FFY 22 dictate the amount of subsidy available and include requirements related to Disadvantaged Communities. We note that there is \$981,120 available, total, as subsidy for projects that do not meet the Disadvantaged Community criteria. Given the limited non-Disadvantaged Community subsidy available, the Department believes this subsidy is most effectively used to support planning activities.

**Comment 10:** The Town of Milton has a project in planning to replace the waterlines in the Flanders Development. Planning was started back in 2018, and a 90% preliminary engineering report was submitted this month. This existing development has inadequate waterlines, has had recurring leaks and is operated at a reduced pressure. The total project cost to replace the waterlines in the public right-of-way and select service lines is approximately \$10,700,000. These improvements are necessary and will require significant subsidy to make the debt retirement affordable for the Town of Milton water users. I am requesting the State to thoroughly evaluate projects such as this and prioritize these significant needs for addressing aged infrastructure in order to adequately fund these projects.

**Response:** The Department encourages the Town to apply for planning and construction funding through the SRF Program. The Department also agrees with the importance of thorough evaluation and prioritization of projects seeking funding, which is done through our Project Priority List scoring process. Although the Department maximizes the allocation of subsidy, the amount available is determined by the terms of the EPA grants that capitalize the SRF funds.

**Comment 11:** The Town of North Hero has a water project on the list for the Route 2 watermain replacement. The 90% preliminary engineering report has been prepared but this project did not make the fundable list.

There have been frequent leaks in this area which temporarily shut off water service to the southerly portion of the distribution system, and have forced the closure of our school and several local businesses on multiple occasions. This project is necessary to address the aged infrastructure in the distribution system. This project does not qualify for the disadvantaged subsidy or a reduced administration percent for the loan. The Town wants to be proactive but the existing water rates are very high, so support with State funding is critical. With all of the additional funding available, it is important for the State to prioritize these aged infrastructure needs and provide financial support in the form of subsidy and reduced administration percent on the loan for more communities.

**Response:** The Department agrees with the importance of supporting the replacement of aged infrastructure and has maximized the allocation of subsidy in this IUP. Please refer to the first two responses for a summary of available subsidy and the associated limitations.

**Comment 12:** A comment was received requesting a review of the Priority List point scoring for the Edward Farrar project in Waterbury.

**Response:** The Department has reviewed the scoring of this project and determined it was appropriately scored.

**Comment 13:** On the disadvantaged definitions and calculations (section 9.4.1, General Grants Disadvantaged Communities Subsidy) will this only be evaluated on a per project basis? That is, if we come in for 3 separate loans that ultimately will affect our user rate, how can the disadvantaged analysis be based on looking at the impact of all of these projects taken together? Applications are usually requested on a per project basis, and any one project might not trip up the 1% but taken together they may.

**Response:** We evaluate user rates based on the total loan value taken on for a given IUP cycle, not per project, if the projects are split up. We do not take into account potential future loan debt in assessing user rates. When we determine loan terms we take into account any new debt for project(s), annual O&M payments, annual payment for existing debt, and annual reserve contributions.

**Comment 14:** It seems that the Affordability table (Section 9.4.2.1., Lead Service Line Planning Loans) could be unfair to communities that have a higher MHI even if they have an overly burdensome user rate. Could you explain why this isn't the case?

**Response:** We acknowledge that the affordability criteria for Lead Service Line planning loans does not consider user rates. This was necessary, in part, because we needed to show the full demand for the Lead Service Line grant which required us to include the inventory planning loans given we did not have sufficient demand for construction loans eligible under the Lead Service Line grant. Because the inventory loan projects did not submit Priority List applications, we did not have user rate information. Finally, we note that we revised the Disadvantaged Community subsidy eligibility criteria to allow a greater number

of projects to access this subsidy such that we could meet the 49% Disadvantaged Community subsidy requirement.

**Comment 15:** Based on the \$250,000 Planning Loan cap per project the maximum construction cost would be \$4.1M for a Step II Final Design Loan Application, based on the “Engineering Fee Allowance” Guidance Document. How are loan requests handled and funded for planning or design projects where the total construction cost exceeds \$4.1M?

**Response:** The \$250,000 planning loan cap is intended to establish a reasonable limit that accommodates funding multiple projects. Projects exceeding the planning loan cap would need to find other sources of funds, and may apply for a loan amendment in future IUP years.

**Comment 16:** Will projects receiving Congressionally Designated Spending (CDS, or “earmarks”) receive any additional points in the Priority List following issuance and approval the Federal Government FY Budget.

**Response:** Priority List points are not affected by awarding of CDS funds to a project.

**Comment 17:** It was noted during the IUP public meeting that Congressionally Designated Spending (CDS) would be drawn directly from the SRF monies. How is this tracked or accounted for in the Priority List following the approval of these funds by the Federal Government? Will this move the funding line?

**Response:** All CDS awards, nationally, are deducted from the overall SRF national appropriation. The reduced national SRF appropriation is then allocated to the states using a set formula. The funding line in this IUP takes into account the reduced General Grant allocation.

**Comment 18:** Let’s say for example a water system receives a Congressionally Designated Spending (CDS) award and needs loan assistance to fund the 20% Local Match requirement, but the water systems projects fall below the fundable range. Would the water system be able to secure a DWSRF Construction Loan for the 20% Match?

**Response:** Receipt of a CDS award does not affect priority points. A project receiving a CDS award that is also below the priority list funding line would not be eligible to apply for a SRF construction loan.

**Comment 19:** If a water system shows readiness to proceed (positive bond vote, PTC, EID, etc.) and submits an administratively complete construction loan application but delays construction for a few years (ex. 2024 or 2025), would the water system be locked in for funding under the FFY22 IUP or would the water system need to reapply for FFY23 IUP?

**Response:** Projects receiving funding should complete construction within two years of receiving the loan. If a project is not able to meet this schedule they should expect to segment the project and apply for additional loans. Such projects would need to apply to be on the Priority List for the segmented portion of the project.

**Comment 20:** CWD acknowledges and agrees that subsidies should be targeted towards disadvantaged communities. Our feeling is that all systems have some percentage of disadvantaged users and that should be accounted for in the subsidies. Chittenden County is a prime example. We have a large and diverse population that includes about 49% of the population making less than the State MHI. With 66,478 households in Chittenden County, that means around 32,500 households or 75,400 people (assuming 2.32 persons per household) are below the MHI. That is far larger than the typical disadvantaged communities in Vermont. For reference we provided the attached MHI data for Chittenden and Orleans Counties. Our recommendation is that the DWSRF program recognize that all communities have a portion of the population that is disadvantaged and a prorated subsidy should be provided to acknowledge that. We have a variety of thoughts on how that could be accomplished and are happy to provide our input.

**Response:** Under the Bipartisan Infrastructure Law (BIL) states are required to review and revise, as needed, our definition of Disadvantaged Communities over the next five years to better target assistance. Additionally, the BIL requires us to evaluate our priority point system, and use technical assistance funding, to ensure disadvantaged communities are receiving appropriate levels of funding. The Department appreciates this comment and looks forward to engaging with partners as part of this ongoing process.

**Comment 21:** Please consider extending the 90% due date for readiness to proceed to February 1 based on the late issuance of the draft IUP. Some applicants have waited to start design until seeing what the funding plan looked like, and now they only have a couple months to complete 90% design.

**Response:** In response to the comment the deadline has been moved to January 1, 2023. Extending the date further could result in challenges with meeting the remaining readiness to proceed criteria.

**Comment 22:** For the next four years of BIL funding, consider providing some amount of construction subsidy to non-disadvantaged communities (add-sub). This could be at a lower percentage than dis-sub but would still provide incentive for non-disadvantaged communities to perform work. It is also important to note that there are still disadvantaged populations that will be impacted by add-sub in the non-disadvantaged communities. For example, a housing project may be constructed at a lower cost if a connection could be

made to the municipal water system and this may require upgrades to replace undersized pipe or resolve pressure deficiencies. There are many housing projects currently being planned around providing affordable and workforce housing to people who work in non-disadvantaged towns but cannot afford to live where they work.

**Response:** Please see previous responses. The Department has \$980,000 of “add-sub anyone”, total, under the General Grant. Given the limited amount of this subsidy category we have proposed it be dedicated to providing subsidy to planning loans and Source Protection Loans. The remainder of subsidy under the terms of the EPA General and General Supplemental grants must go to Disadvantaged Communities. The Department will be working over the next several years to refine its approach to identifying and supporting Disadvantaged Communities.

**Comment 23:** A question was received at the public meeting requesting clarification of whether the \$250,000 planning loan cap in Section 10.2 of the IUP was per year.

**Response:** The \$250,000 limitation applies per project, per year. Applicants may apply for additional funds for the same project in subsequent years.

**Comment 24:** On the construction subsidy, the \$3.5 and change million. I believe that was written in as first-come first-serve. Is there any consideration that the agency looks to include that distribution in the IUP process versus first comes first serve, especially with the affordability criteria and some of the smaller communities that may not be as fast moving as some with more support I would say.

**Response:** We appreciate the input on this important aspect of subsidy. We award subsidy on a first-come, first-served basis to qualifying projects to ensure it is used in a timely fashion. Reserving subsidy for specific projects can result in the under use of subsidy when those projects do not move forward in a given year as planned. In an effort to make subsidy available to a large number of projects the Program imposes subsidy caps and provides subsidy for both planning and construction when possible. Additionally, the Program maximizes use of subsidy under the terms of the EPA SRF grants. Finally, the majority of available subsidy in this IUP is reserved for Disadvantaged Communities.

With that said, we acknowledge that not all communities may have the same ability to apply for funding and that a first-come first-served approach may not be optimal. Balancing these issues will be part of our efforts moving forward as we engage communities and stakeholders in a dialogue to meet our Long Term Goal (#2) as described in the IUP:

Implement the Bipartisan Infrastructure Law’s goal of increasing investment in disadvantaged communities by ensuring subsidy (loan principal forgiveness) is directed to disadvantaged communities, and by engaging in a multi-year sustained effort to increase our capacity to target assistance to disadvantaged communities.



**Comment 25:** A question was received at the public meeting whether a project currently under construction may apply to receive Lead Service Line Grant subsidy retroactively.

**Response:** Projects may only receive subsidy by qualifying for and receiving a loan. Construction projects need to be on the Project Priority List to qualify for a construction project.

**Comment 26:** Comments were received at the hearing requesting that there be wider availability for communities that may not qualify for Disadvantaged Subsidy to assist with infrastructure projects that might otherwise not take place, especially with inflationary cost pressures.

**Response:** The Program acknowledges that there is excess demand for subsidy, especially given escalated construction costs. This IUP maximizes use of available subsidy.

**Comment 27:** A comment was received at the public hearing requesting clarification of whether projects that have detectable levels of PFAS (perfluoroalkyl and polyfluoroalkyl substances) that are below the health advisory are eligible to apply for funds under the Lead Service Line Grant to start exploring new sources.

**Response:** Generally speaking, a project with detectable levels of PFAS is eligible under the Lead Service Line Grant even where those levels do not exceed regulatory levels. All projects should contact the SRF Program to obtain a project-specific determination.

**Comment 28:** The Town of Killington is committed to developing a new public water system to address water quality issues at existing public water systems along the Killington Road. This project will consist of a new water source, pumping, transmission, storage and distribution system along the Killington Road. Planning has been completed and the design updates are currently underway as portions of this water project were designed and permitted back in 2008. The Town is planning for a December 2022 bond vote so that construction can begin in the spring of 2023 on the source, pumping, transmission and storage tank. This timeline will allow connection of customers along Killington Road to start in late 2024.

The Town has been working very close with the State on funding as this is a very large project that will take significant financial support and several years to complete. Initial estimates were a total of \$34 M but this cost has increased with the supply chain issues, inflation, etc. Earlier this year, this project was determined to be eligible for the ANR ARPA funds under the Village Drinking & Wastewater program. The Clean Water FFY2021 Intended Use Plan Amendment showed \$2.3 M for SFY 22 and forecasted an additional \$21.2 M for SFY 23 to 25. This Killington project was shown as the highest ranking project on the list with 135 priority points. When the draft Clean Water FFY 2022 Intended Use Plan was issued in August 2022, the ANR ARPA list had been updated and

showed Killington lower on the list in priority points. The \$2.3 M grant is shown for SFY 22 but no ARPA funds are shown for SFY 23 or future years for this project.

The Town appreciates the commitment of the State for this project in Drinking Water funds for SFY 23 at \$4,020,192 in loan and subsidy for emerging contaminants at \$3,679,808. We understand that the State is committed to the emerging contaminants subsidy for this project in subsequent years. However, cash flow projections show that \$20 M will be required for SFY 24. So that this project is viable and affordable for the new water customers, the ANR ARPA funding commitment is still needed. These funds have to be committed by the end of 2024 and this project is ready to move forward. We are requesting that the priority points for this project be reconsidered and that ANR ARPA funds are shown for this project in future years.

**Response:** The Department strongly supports this important project and has reviewed the priority points assigned in response to the comment. As a clarification, in the FFY2021 CW IUP amendment, the prioritization shown had the Killington project ranked based on the DWSRF priority point system (maximum value 320), and the remainder ranked based on the CWSRF point system (maximum of 100); an “apples to oranges” comparison that placed Killington atop all other projects. In this FFY2022 IUP, we expressed the points for all projects on a common scale of 0-100. At this point the project’s ranking for receiving ARPA funds and proposed award is unchanged. We note that we will be monitoring all ARPA-funded projects and applying a form of readiness-to-proceed milestones such that any funds that are not on track to be expended in a timely fashion may be made available to other projects such as Killington’s.

This project is high-ranking for purposes of receipt of SRF funds under the General and Emerging Contaminants Grants. We expect the project to remain high-ranking in future years, at which time it will also be prioritized for funding as a continuing project. In future IUPs we will make every effort to support this project, however in conformance with our prioritization process we will need to evaluate the project relative to other projects that may apply in the future and as such are not able to make specific commitments beyond the new FFY 2022 IUP. The Department is available to discuss additional funding sources that may also support this project.

**Comment 29:** Can a Town use their local ARPA award as grant match for Village ARPA?

**Response:** Yes, if your town elected to take the standard allowance for revenue loss, then you can use up to the full amount of this loss on the provision of government services, which includes the non-federal share for other federal funds, such as this award.

13. Revisions to the Final IUP The IUP adopted September 26, 2022 includes the following revisions relative to the draft IUP dated August 4, 2022. The revisions are not inclusive of changes proposed as part of the December 2022 draft amendment.

Section 1.2. (Notice of Nondiscrimination) was added.

Section 5.2. (Sources and Uses) The Uses Table was revised based on final Priority List values.

Section 9.3. (Subsidy Categories) \$250,000 in subsidy for Source Protection Loans was added. This subsidy is intended to support use of the \$500,000 in set-aside funding for these loans as identified in Section 6.1.4.2. (Wellhead Protection Activity). Subsidy for Planning was reduced by \$250,000.

Section 9.3.2.1. (Planning Subsidy Category 1: General) The subsidy cap was revised from \$125,000 to \$70,000 to achieve consistency with the overall planning loan cap of \$250,000 (Section 10.2). Subsidy is available at 28%. 28% of the loan cap of \$250,000 is \$70,000.

Section 9.3.3.3. (Construction Subsidy Category 3: Emerging Contaminants) A loan forgiveness cap of \$3,679,808 was added to reflect the Program's intent to fund \$3,679,808 of the Killington Town new water system under the Emerging Contaminants Grant and the remainder under the General Grant.

Section 9.3.4. (Source Protection Loan Subsidy) was added to describe the amount of subsidy for this program.

Section 10.1.3. (Readiness to Proceed and Priority List Bypass) this section was added in response to comments from EPA and is consistent with the Program's Guidance Document #16.

Priority Lists. Minor revisions made in response to updated project information.

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## 13. Project Priority Lists

General Projects (General and General Supplemental)

Lead Service Line Replacement and Service Line Inventory Loans

Emerging Contaminants

DWSRF FFY 2022 Priority List - General											Loan Terms <sup>10</sup>	
Score	WSID	Water System / Borrower	User Popln	Project	2022 Loan Amount	Loan Acct GB <sup>1</sup>	GB Disadv Subsidy <sup>2</sup>	Loan Acct GS <sup>1</sup>	GS Disadv Subsidy <sup>2</sup>	Years	Admin %	
<b>Continuing construction projects<sup>3</sup></b>												
245	5290	Brattleboro	12200	Pleasant Valley water treatment plant	\$ 1,715,000			\$ 1,715,000	\$ 857,500	30	0	
210	5040	Lyndonville	4500	Vail Dr transmission main	\$0							
220	5136	Alburgh, Village of	576	Water Tank replacement	\$0							
195	5212	Castleton FD1	1940	Ellis Orchard transmission main	\$0							
155	5112	Lunenburg FD 1	250	Wells, transmission mains, bldg addition, generator, telemetry	\$0							
145	5609	Bull Run	420	Treatment for iron and manganese	\$0							
140	9073	Killington Center Owners Assoc / KC Inn	132	Radium treatment; storage, booster pump, and distribution upgrades	\$0							
140	5179	Randolph, Town of	2700	N Reservoir tank and wellhouse	\$0							
130	5045	St Johnsbury	5000	Water treatment plant improvements	\$ 4,320,957			\$ 4,320,957	\$ 2,160,479	40	0	
130	5092	Champlain Water District (wholesale popln)	83500	Essex West pump station (continuing)	\$0							
130	5083	Milton Mobile Home Cooperative	260	Replace asbestos-cement mains	\$ 200,000			\$ 200,000	\$ 100,000	40	0	
125	5609	Bull Run	420	New finished water storage tank	\$0							
105	5150	Jeffersonville, Village of	700	Jeff Heights tank, main & pipe upgrades	\$750,000			\$ 750,000	\$ 375,000	30	2	
105	5130	St Albans, City of	10200	Aldis Hill storage tank	\$0							
90	5319	Hartford	7600	S Main St, Gates St, N Main St	\$0							
<b>Potential construction loans that submitted priority list applications</b>												
175	21010	Killington Town	> 750	New community water system <sup>4</sup>	\$ 4,020,192	\$ 4,020,192	\$ 170,192			40	0	
165	20964	South Alburgh FD2	150	Phase 2 of extensions to poor quality private wells	\$ 1,145,384			\$ 1,145,384	\$ 572,692	40	0	
165	5126	Richford, Town of	1700	Golf Course Rd main and booster pump station	\$ 750,000	\$ 750,000				40	1.5	
160	5020	Dorset FD1	530	Phases 2-5, main replacement & east storage tank	\$ 3,000,000	\$ 3,000,000				30	0	
160	5315	Bethel	1929	Wellhouse, booster pump station, and AC mains <sup>4</sup>	\$ 750,000	\$ 750,000				30	2	
155	5029	Barnet FD2	205	Small diameter water main replacements	\$ 750,000			\$ 750,000	\$ 375,000	40	0	
155	5102	Winooski	8500	Main St distribution system upgrades incl. main, service lines, valves, and hydrants	\$ 690,000	\$ 690,000				40	0.3	
150	5132	Swanton, Village of	2986	Missisquoi River water main crossing	\$ 805,000			\$ 805,000	\$ 402,500	40	0	
145	5016	Bennington	13250	South end distribution main upgrades (Jefferson Heights, Merson, Crescent, Margaret)	\$ 4,000,000	\$ 4,000,000				30	2	
145	5016	Bennington	13250	Water main upgrades Gage St, Knapp, Frank, Cross	\$ 1,800,000	\$ 1,800,000				30	2	
145	5269	Marshfield	350	Distribution system Contract 2	\$ 400,000	\$ 400,000				40	1.9	

145	5084	Richmond, Town of	1000	Distribution system replacements - South Bridge St, Cochran Rd, Tildon Ave	\$ 1,450,000			\$ 1,450,000	\$ 725,000	40	0
145	5469	Shaftsbury	950	Phase 1 water main replacements	\$ 1,160,000			\$ 1,160,000	\$ 580,000	40	0
140	5022	Manchester	4140	Richville Rd water main replacement, Airport Rd to Cass Terr	\$ 1,270,000	\$ 1,270,000				30	2
140	5326	Norwich FD 1	870	Hazen St and Cliff St water mains	\$ 300,000	\$ 300,000				30	0
140	5589	Christmas Tree Sundown Condo	110	Radium treatment; booster pump and pressure tank improvements	\$ 170,000	\$ 170,000				30	2.75
135	5116	Enosburg Falls, Village of	1700	Water main replacements Elm to Pleasant St plus N Main from Orchard to W Berkshire	\$ 1,100,000			\$ 1,100,000	\$ 550,000	40	0
130	5037	Danville FD1	500	Main improvements	\$ 3,370,000			\$ 3,370,000	\$ 1,685,000	40	0
130	5290	Brattleboro	12200	Phase 1 improvements - Signal Hill pump station, standby generator, mains on Vernon, Bridge, Depot	\$ 1,855,000	\$ 989,182	\$ 494,591	\$ 865,818	\$ 432,909	40	0
130	5298	Bellows Falls	4000	Kissell Hill water main replacements	\$ 1,250,000	\$ 1,250,000	\$ 625,000			40	0
130	20614	Grand Isle Consolidated Water District	1600	Distribution main replacements Rte 2, Hyde Rd, E Shore Rd	\$ 2,192,233	\$ 2,192,233				30	2
125	5190	Orleans, Village	846	Willoughby Ave main replacement	\$ 350,000	\$ 350,000	\$ 175,000			40	0
125	5277	Plainfield	985	School St water main	\$ 375,000	\$ 375,000	\$ 187,500			40	0
122	5027	Royal Pine Villa	55	Consolidated Pumphouse with treatment and storage upgrades	\$ 150,000	\$ 150,000				30	0
120	5120	Franklin	400	Source exploration and development	\$ 300,000	\$ 300,000				30	2
120	5202	Newport, City of	4766	Eastside Water Storage	\$ 4,985,000	\$ 4,985,000				30	2
120	5225	Pittsford Florence	1923	Rte 7 water main (Vtrans segment 2)	\$ 3,500,000	\$ 3,500,000	\$ 800,517	<i>DisSub Line as of 9/20/22</i>		40	0
120	5070	Hinesburg, Town of	2800	CVU Rd main	\$ 1,500,000	\$ 1,500,000				40	0
115	5275	Northfield	5145	Cheney Farm Tank & transmission main <sup>4</sup>	\$ 2,800,000	\$ 931,198	<i>Funding Line as of 9/20/22</i>			40	0
115	5092	Champlain Water District (wholesale popln)	83500	Filtered water storage tank II	\$ 4,500,000						
110	5045	St Johnsbury	5000	Portland St mains between Concord Ave & bridge	\$ 1,623,500						
110	5045	St Johnsbury	5000	Railroad St mains	\$ 1,095,000						
107	5001	Tri-Town	3800	Water treatment plan upgrades including filter addition; distribution main replacements	\$ 1,750,000						
105	5284	Edward Farrar (Waterbury)	6003	Water main extension Rte 100 south from Howard Ave (multi-part project, will need eligibilty determination for parts)	\$ 2,149,000						
105	5092	Champlain Water District (wholesale popln)	83500	Raw water transmission main	\$ 2,700,000						
100	5175	Newbury Village	480	Village water system study for new source, distribution improvements, meter replacements	\$ 450,000						
97	5566	Barre Town	1638	Websterville interconnection	\$ 250,000						
95	5211	Brandon FD1	3865	Improvements including storage tank and water mains	\$ 3,250,000						
95	5320	Quechee Central	2262	Quechee Main St water main	\$ 1,200,000						
92	5566	Barre Town	1638	Groundwater source development	\$ 350,000						
90	5004	Middlebury	8000	Chipman Hill Storage Tank	\$ 2,350,000						
90	5004	Middlebury	8000	Foote St water main - continuation of project several yrs ago	\$ 900,000						

90	5284	Edward Farrar (Waterbury)	6003	Ashford Ln Kennedy Dr water main replacement	\$ 928,402					
90	5284	Edward Farrar (Waterbury)	6003	Water main extension Blush Hill - Oakwood Estates	\$ 450,000					
90	5202	Newport, City of	4766	Sias Ave water main from S Main past Paul St	\$ 900,000					
85	5153	Hyde Park FD1	275	Well house and pressure tank upgrades	\$ 100,000					
85	5105	Brighton	1782	Cross St water main replacement	\$ 1,100,000					
85	5323	Ludlow Village	2818	Lower High St - Main to Depot	\$ 500,000					
85	5323	Ludlow Village	2818	Lower Pleasant St Ext water main	\$ 350,000					
85	5254	Barre City	14000	Rte 302 main	\$ 2,800,000					
80	5087	Shelburne	5764	Replace meters <sup>5</sup>	\$ 2,000,000					
77	5272	Montpelier	8700	East State St connection work	\$ 100,000					
75	5087	Shelburne	5764	Rte 7 S water main, Laplatte R bridge to Marssett Rd	\$ 2,000,000					
72	5385	Mansfield View	121	Distribution upgrades including water mains	\$ 950,000					
72	5523	Stowe FD4	120	Water main replacements	\$ 950,000					
67	5003	East Middlebury FD1	642	Water main, pump house, SCADA, and other upgrades	\$ 500,000					
65	5016	Bennington	13250	Burgess Rd PRV replacement & Willow Park PRV and hydroelectric turbine	\$ 427,000					
60	20562	North Hero	2750	Rte 2 main replacement	\$ 2,500,000					
60	5319	Hartford	7600	Latham Works Ln, Nutt Ln, Harrison Ave	\$ 900,000					
60	5004	Middlebury	8000	Palmer Well #2 source development & construction	\$ 650,000					
60	5079	Milton	8000	Railroad St water main & pressure sustaining valves	\$ 2,100,000					
60	5130	St Albans, City of	10200	Stebbins St water main	\$ 350,000					
50	5065	Essex, Town of	9734	Rte 15 waterline upgrade	\$ 650,000					

**Planning loan put-aside<sup>6</sup>**

<b>Multiple projects may be funded in this cluster including the projects below</b>					<b>\$ 3,500,000</b>	<b>Additional Subsidy<sup>7</sup> \$731,120</b>				
	5016	Bennington	13250	Larger raw water tank, Bolles Brook treatment plant						
	5204	Newport Center (Town)	330	HSA well replacement						
	5318	Chester, Town of	3200	New well, standby generator, and chemical feed						
	5016	Bennington	13250	Treatment plant filter replacements						
	5117	Fairfax	1550	New well source						
	5213	Fort Warren MHP	129	Brook Well new finished water storage tank, standby power, and pumphouse improvements						
	5218	Fair Haven	3076	South tank redundant loop						

5303	Vermont Academy	305	Storage tank construction and transmission main replacement							
5105	Brighton	1782	Source & treatment evaluation and upgrades							
5435	Commons Owners Assoc	79	PER for Moretown Commons improvements including emergency power							
5264	Crystal Springs	300	Hydraulic Survey							
5378	Rutland Town Fire District 6	137	Additional well							
5154	Hyde Park, Village of	462	New groundwater source							
5016	Bennington	13250	Replace Chapel Rd Water Tank							
5079	Milton	8000	Flanders water main replacement							
<b>Projects that submitted priority list applications with ineligible scope<sup>8</sup></b>										
5070	Hinesburg, Town of	2800	Connect well #6, install membrane filtration, and other improvements							
5096	Jericho Underhill	825	Poker Hill main extension							
5310	Wilmington	1400	Rte 9 water extension							
			<b>Sum loans above</b>		\$ 37,172,805	\$ 2,452,800	\$ 17,632,160	\$ 8,816,080		
			<b>Loan/subsidy \$ available<sup>7,9</sup></b>	\$ 54,804,965	\$ 37,172,805	\$ 2,452,800	\$ 17,632,160	\$ 8,816,080		
				<b>2022 Loan Amount</b>	<b>Loan Account GB<sup>1</sup></b>	<b>GB Disadv Subsidy<sup>2</sup></b>	<b>Loan Account GS<sup>1</sup></b>	<b>GS Disadv Subsidy<sup>2</sup></b>		
<p>1. Loan dollars for a General project may come from either GB (general base grant) or GS (general supplemental grant) or a combination. The two funding sources (GB and GS) are internally tracked for program budgeting and compliance but are equivalent for borrowers. Final grant sources may differ from those indicated above. Final loan amounts will be based on detailed projects cost approvals, including consolidation of planning loan remainders where applicable.</p> <p>2. Disadvantaged Subsidy is up to 50% loan forgiveness available in a Disadvantaged Municipality per state statute (local MHI &lt; state MHI &amp; user rate &gt; 1% MHI). The two sources of DisSub (GB and GS) are internally tracked but equivalent for borrowers. DisSub eligibility as is subject to change depending on detailed financial data at the time of loan application.</p> <p>3. A continuing project was listed on an earlier IUP year priority list, received prior approval for a construction loan or is expected to receive approval by the adoption date of this IUP, and applied in February 2022 to be on this priority list. The loan amount shown is the additional need beyond the current or anticipated loan (which may be \$0). Loan terms continue with the amendment.</p> <p>4. Bethel and Northfield submitted priority list applications with portions eligible to be funded under the Lead Service Line priority list. Killington's application is eligible under the Emerging Contaminants priority list but must be partially funded from this priority list.</p> <p>5. Shelburne included service line inventory in their priority list application; they are eligible for technical assistance under the lead inventory set-asides described in this IUP.</p> <p>6. Planning loan put-aside to fund multiple projects using base loan funds. Planning loans include Step 1 preliminary engineering, Step 2 design, and well exploration and development. Planning loans will be capped at \$250,000 per project per IUP year. The water systems itemized under this heading submitted priority list applications for those types of projects or for a Step 3 construction that has not yet finalized a PER so is likely to apply for Step 1 or 2 funding in this cycle. Other water systems may also apply for funding under this put-aside; see the IUP text for more details.</p> <p>7. Additional Subsidy is derived from the base funding and totals \$981,120 for this IUP cycle (9.2.1). \$250,000 is reserved for source protection loan subsidy (6.1.4.2; those loans come from the set-asides but subsidy counts against total AddSub per federal guidance). The remaining \$731,120 AddSub will be applied to projects in the planning loan put-aside at a rate of 28% per project, up to \$70,000 per project per IUP year, until it is all obligated.</p> <p>8. Projects that submitted priority list applications but are ineligible for DWSRF funding since they are primarily for system expansion.</p> <p>9. \$3,418,480 of carry-forward from the current DWSRF account will be used toward supplemental loan agreements to allow full use of GS DisSub at 50%.</p> <p>10. Loan term estimates are based on state statute and guidance documents. Interest rates are 0% for municipal and private borrowers. The fixed annual administrative fee is 0-2.75% for private systems and 0-2% for municipal systems. Subject to change depending on detailed financial data at the time of loan application and useful life of constructed assets.</p>										



**DWSRF FFY 2022 Priority List - Lead service line removal and service line inventories**

<b>Water System / Borrower</b>	<b>WSID</b>	<b>User Popln</b>	<b>Priority List Application Score</b>	<b>Lead Service Line Loan Amount</b>	<b>Loan forgiveness</b>	<b>Loan portion to be repaid</b>
<b>Service line replacement construction projects (including lead goosenecks) from priority list applications</b>						
Town of Springfield, Contract I Bridge St area; 40 yrs, 0% interest+admin.	5333	9800	180	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000
Town of Bethel, Distribution Contract 2; 30 yrs, 2% interest+admin.	5315	1929	170	\$ 850,000	\$ 425,000	\$ 425,000
Town of Northfield, Main St & Prospect; 40 yrs, 0% interest+admin.	5275	5145	155	\$ 3,200,000	\$ 1,600,000	\$ 1,600,000
<b>Construction subtotals</b>				\$ 6,050,000	\$ 3,025,000	\$ 3,025,000

Loan forgiveness for lead service line removal construction projects is Disadvantaged Subsidy at 50% for all three projects, each of which has local median household income (MHI) less than the state MHI. Years and rate details are based on local MHI and user rate calculations per state statute and program guidance documents. See section 9.4.2.2 of this IUP. Local MHI by town or Census Designated Place most similar to the water service area, 2020 American Community Survey 5 yr avg.

**Service line inventory loans available to systems with user population >1000 and >250 connections.**

<b>Water System</b>	<b>WSID</b>	<b>User Popln</b>	<b>LSI score<sup>1</sup></b>	<b>Loan Amount<sup>2</sup></b>	<b>Initial loan forgiveness<sup>3</sup></b>	<b>Loan portion to be repaid</b>
Castleton FD1	5212	1940	60	\$ 47,049	\$ 47,049	
Johnson Village	5156	1350	50	\$ 52,963	\$ 52,963	
Lyndonville	5040	4500	45	\$ 197,135	\$ 148,567	\$ 48,567
Springfield	5333	9800	45	\$ 328,558	\$ 214,279	\$ 114,279
Brattleboro	5290	12200	40	\$ 473,123	\$ 286,561	\$ 186,561
Brighton	5105	1782	40	\$ 93,442	\$ 93,442	
Derby Center	5195	1400	40	\$ 118,281	\$ 109,140	\$ 9,140
Enosburg Falls	5116	1700	40	\$ 77,671	\$ 77,671	
Ludlow Village	5323	2818	40	\$ 107,767	\$ 103,883	\$ 3,883
Richford	5126	1700	40	\$ 101,327	\$ 100,664	\$ 664
Windsor	5341	2350	40	\$ 128,663	\$ 114,332	\$ 14,332
Bellows Falls	5298	4000	35	\$ 256,275	\$ 178,137	\$ 78,137
Bethel	5315	1929	35	\$ 45,998	\$ 45,998	
Fairfax	5117	1550	35	\$ 37,587	\$ 37,587	
Richmond	5084	1000	35	\$ 43,370	\$ 43,370	
St Johnsbury	5045	5000	35	\$ 235,510	\$ 167,755	\$ 67,755
Wilmington Water District	5310	1400	35	\$ 34,564	\$ 34,564	
Barre City	5254	14000	30	\$ 545,406	\$ 322,703	\$ 222,703
Hardwick Town	5039	1900	30	\$ 105,533	\$ 102,766	\$ 2,766
Poultney	5227	2400	30	\$ 88,053	\$ 88,053	
Randolph	5179	2700	30	\$ 105,007	\$ 102,504	\$ 2,504
Royalton FD1	5330	1500	30	\$ 49,284	\$ 49,284	
Bradford Village	5170	1512	25	\$ 75,305	\$ 75,305	
Bromley Water Company	5024	4300	25	\$ 52,569		\$ 52,569
Chimney Hill	5312	2594	25	\$ 71,626	\$ 71,626	
Grand Isle FD4	5139	1078	25	\$ 47,969		\$ 47,969
Hinesburg	5070	2800	25	\$ 118,938	\$ 109,469	\$ 9,469
Newport City	5202	4766	25	\$ 289,131	\$ 194,565	\$ 94,565
North Bennington	5017	1700	25	\$ 88,579	\$ 88,579	
Pittsford Florence	5225	1923	25	\$ 80,562	\$ 80,562	
West Rutland	5244	2400	25	\$ 118,281	\$ 109,140	\$ 9,140
Arlington	5013	1250	20	\$ 69,129	\$ 69,129	

Brandon Fire District 1	5211	3865	20	\$ 157,708	\$ 128,854	\$ 28,854
Bristol	5002	2103	20	\$ 91,339	\$ 91,339	
Chester	5318	3200	20	\$ 73,597	\$ 73,597	
Jay Peak	5565	6740	20	\$ 68,471	\$ 68,471	
Morrisville Water and Light	5160	2935	20	\$ 147,194	\$ 123,597	\$ 23,597
Mountain Water Company	5281	2400	20	\$ 85,688	\$ 85,688	
Northfield	5275	5145	20	\$ 165,330	\$ 132,665	\$ 32,665
Quechee Central	5320	2262	20	\$ 113,418	\$ 106,709	\$ 6,709
Rutland City	5229	18500	20	\$ 804,440	\$ 452,220	\$ 352,220
Winooski	5102	8500	20	\$ 229,202	\$ 164,601	\$ 64,601
Barre Town	5566	1638	17	\$ 71,757	\$ 71,757	
Proctor	5228	2000	17	\$ 105,270	\$ 102,635	\$ 2,635
Burlington	5053	42000	15	\$ 1,301,088	\$ 700,544	\$ 600,544
Edward Farrar Utility District	5284	6003	15	\$ 142,857		\$ 142,857
Fair Haven	5218	3076	15	\$ 154,291	\$ 127,145	\$ 27,145
Grand Isle Consolidated Water District	20614	1600	15	\$ 91,996		\$ 91,996
Hartford	5319	7600	15	\$ 275,988	\$ 187,994	\$ 87,994
Middlebury	5004	8000	15	\$ 302,273	\$ 201,136	\$ 101,136
Milton	5079	8000	15	\$ 328,558	\$ 214,279	\$ 114,279
North Hero	20562	2750	15	\$ 75,831		\$ 75,831
Smugglers Notch	5151	2960	15	\$ 83,848		\$ 83,848
St Albans	5130	10200	15	\$ 525,692	\$ 312,846	\$ 212,846
Swanton Village	5132	2986	15	\$ 173,347	\$ 136,673	\$ 36,673
Jericho Village	5077	1410	15	\$ 75,568		\$ 75,568
Woodstock Aqueduct Company	5343	2473	15	\$ 102,116		\$ 102,116
Montpelier	5272	8700	12	\$ 381,127	\$ 240,563	\$ 140,563
Stowe	5163	3250	12	\$ 162,570	\$ 131,285	\$ 31,285
Tri Town Water District	5001	3800	12	\$ 236,561	\$ 168,281	\$ 68,281
Vergennes Panton Water District	5010	5100	12	\$ 281,245	\$ 190,623	\$ 90,623
Colchester FD2	5059	8300	10	\$ 367,985		\$ 367,985
Colchester FD3	5060	7733	10	\$ 247,732		\$ 247,732
Essex Junction	5066	9500	10	\$ 433,696		\$ 433,696
Manchester	5022	4140	10	\$ 207,648		\$ 207,648
Shelburne	5087	5764	10	\$ 341,700		\$ 341,700
Williston	5098	7259	10	\$ 423,971		\$ 423,971
Winhall Stratton FD1	5305	6200	10	\$ 297,936		\$ 297,936
Essex Town	5065	9734	5	\$ 436,982		\$ 436,982
South Burlington City	5091	19500	5	\$ 1,078,326	\$ 589,163	\$ 489,163
Inventory subtotal: Initial subsidy offers <sup>2</sup>				\$ 14,929,000	\$ 8,122,315	\$ 6,806,685
Inventory subtotal: Full subsidy portfolio goal <sup>2</sup>				\$ 14,929,000	\$ 10,866,500	\$ 4,062,500
<b>Sum of construction and inventory loans:</b>				<b>\$ 20,979,000</b>	<b>\$ 13,891,500</b>	<b>\$ 7,087,500</b>

1. LSI scores are calculated based on subscores for number of service connections and affordability as shown in 9.4.2.1 and used for sorting order in the table. Equal LSI scores are sorted alphabetically above.

2. Loan amounts are estimates only and are based on the number of service connections. Actual loan amounts will be determined as loan applications are approved. Inventory loans will start repayment in 5 years, with 5 annual payments to follow, with 0% interest+admin fee. See SLI loan application for further details.

3. Subsidy (loan forgiveness) estimates are based on criteria described in the IUP section 9.4.2.1. Actual subsidy awarded is subject to availability. All Lead Service Line subsidy is Disadvantaged Subsidy per the terms of this IUP. For service line inventory loans, subsidy will be awarded based on the MHI criteria described in section 9.4.2.1. Subsidy will be awarded to eligible borrowers as follows. For water systems with a local MHI of up to 120.1% state MHI, loan agreements will provide for 100% subsidy up to \$100,000, and 50% subsidy for the portion over \$100,000, as shown in the table above. Depending on the availability of subsidy after all projects are funded, subsidy may be increased up to 100% of total costs.

**DWSRF FY22 Priority List - Emerging Contaminants**

<b>Plist App Score</b>	<b>WSID</b>	<b>Water System</b>	<b>User Popln</b>	<b>Project</b>	<b>Line items</b>	<b>Subtotals</b>
<b>New loans and loan amendments to water systems<sup>1</sup></b>						<b>\$ 6,117,612</b>
175	21010	Killington Town <sup>2</sup>	>750	New community water system to replace multiple systems with PFAS and other contaminants	\$ 3,679,808	
167	6075	Mount Holly School	120	Consolidate school with Town Garage well source due to PFAS contamination	\$ 275,600	
165	20361	Kids in the Country	30	New well source due to PFAS	\$ 70,000	
150	6098	Leicester School	115	Well casing seals to eliminate PFAS	\$ 61,490	
145	6690	E. Taylor Hatton School	50	New well source due to PFAS	\$ 113,460	
145	5194	Craftsbury Fire District #2	420	New well source due to PFAS	\$ 245,584	
135	5504	Fiddlehead Condominuims	60	New well source due to PFAS	\$ 71,670	
115	5016	Bennington Town	13250	Mains and service lines on Springhill and Settlers Rd to connect homes with private wells with PFAS	\$ 1,600,000	
<b>DWSRF loan balances from the 2020 or 2021 IUP to be rolled into construction loans<sup>3</sup></b>						<b>\$ 64,470</b>
		Craftsbury Fire District #2		New well source due to PFAS (RF3-424-2.0)	\$ 60,026	
		Fiddlehead Condominuims		New well source due to PFAS (RF3-408-2.0)	\$ 4,444	
<b>Reimbursement of state CECF grant for DWSRF-eligible expenses<sup>3</sup></b>						<b>\$ 111,612</b>
		Mount Holly School		Consolidate school with Town Garage well source due to PFAS contamination	\$ 37,000	
157	2396	Killington Mountain School	125	GAC treatment installed to remove PFAS	\$ 39,862	
155	6764	Thetford Academy	450	GAC treatment installed to remove PFAS	\$ 30,095	
		Fiddlehead Condominuims		New well source due to PFAS	\$ 4,655	
<b>Put-aside for Step 1 or 2 loans (preliminary engineering, source development, or design) for additional water systems</b>						<b>\$ 500,000</b>
<b>Total</b>						<b>\$ 6,793,694</b>

1. All loans and amendments on this priority list receive 100% subsidy (loan forgiven upon project completion). Individual loans are capped at \$3,679,808 of EC funding as of the adoption date of the IUP. Projects were identified via DWSRF priority list applications, prior DWSRF loans, and/or priority listing on the state Contaminants of Emerging Concern Fund (CECF). All projects were scored based on priority list criteria.

2. Construction of the new Killington community water system will span multiple years. The first year (through June 2023) project cost estimate of \$10,000,000 was split between the state ARPA Village Water & Wastewater grant for \$2,300,000, shown in Section 3.1.1; this row of EC funding; and a row on the general priority list.

3. These are internal account transfers, not additional loan or grant dollars to be distributed directly to water systems. Exact amounts may be updated based on payment dates relative to 11/15/21 in accordance with new EPA guidance.