

**DWSRF Guidance Document Number 2**  
**Priority List Development and Application Processing**

- I. Construction Priority List Application
  - A. DWSRF Program Specialist is responsible for:
    - (1) Eligibility Determinations
    - (2) Follow up on incomplete applications
    - (3) Assigning priority points in accordance with Priority Ranking System
    - (4) Review O&M expenses, annual debt service payments, and equivalent unit determinations on the application for accuracy
    - (5) Determining Median Household Income and preliminary loan term and interest rate
    - (6) Entering project data into Priority System Database
    - (7) Facilitate review and obtain comments from WSD Staff, which shall include:
      - (a) Sending out one Division-wide e-mail notifying WSD staff that a postcard has been sent out to the PWS requesting priority list applications
      - (b) Scheduling one Division-wide open door meeting two weeks prior to the priority list application deadline
      - (c) Scheduling one Division-wide open door meeting once a draft priority list and project descriptions are developed (second week of May)
    - (8) Consistency of assigning priority points to projects
    - (9) Completing priority list of projects to include in annual DWSRF IUP
  - B. DWSRF Program Manager is responsible for:
    - (1) Identifies available funds
    - (2) Reviews anticipated loan recipients in the priority list for compliance with Federal and State funding restrictions (which includes a subsidy cap of 30% of the federal grant and a 20% cap of the federal grant for private systems) and ranks as necessary to maintain compliance with these restrictions.
  - C. Construction Loan Priority Ranking System
    - (1) The State of Vermont uses a point system to prioritize the order in which eligible water supply projects that are ready to proceed will be financed. Priority in funding are 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 assist systems most in need according to State affordability criteria. Projects on the list should anticipate needing the estimated funding during the next year. Projects will be phased if appropriate. Projects for final design are expected to request proposals for engineering services prior to October 1st of the following year and projects requesting construction funds are expected to advertise for bids prior to the October 1st deadline. The maximum annual funding limit for the construction loan fund is \$2,000,000 per project.

(2) There are six criteria used to prioritize projects. The priority ranking system scores projects based on information submitted by water systems and from information in the WSD files. The six criteria are:

- (a) System facility deficiencies to be corrected by the project
- (b) Physical consolidation of water systems
- (c) Financial need/affordability
- (d) Population
- (e) Downtown center preference
- (f) Security improvements

(3) Other Potential Considerations on Priority Ranking

- (a) Projects partially funded in prior year
- (b) Commingling of new projects with continuing projects
- (c) Tie breaking procedures
- (d) Bypass mechanisms
  - (i) Small Water Systems; A minimum of 15% of the DWSRF monies must go to systems serving fewer than 10,000 persons.
  - (ii) Private Water Systems; A maximum of 20% of the available funds can go to privately-owned water systems.
  - (iii) Financial capacity or readiness
  - (iv) Disadvantaged Community; can elect to be bypassed if they are not able to receive principal forgiveness because the 30% annual maximum has been reached
  - (v) Emergencies

*Please refer to Section 5 of the most recent Intended Use Plan (IUP) for a detailed explanation of the six scoring criteria and other considerations that may influence priority ranking.*

## II. Planning Priority List Application

- A. The planning loan fund is on a first-come, first-serve basis until the demand for funding exceeds the available funds. The DWSRF Program Manager is responsible for identifying the need to establish a priority list for planning loans. A total of \$225,000 of planning loan funds will be reserved for funding projects later in the year. At the beginning of each quarter (January 1st, April 1st, July 1st), \$75,000 of this \$225,000 will be made available.
- B. The DWSRF Program Specialist is responsible for receiving applications and the initial eligibility determination (i.e., municipalities and privately-owned non-profit community water systems are eligible).
- C. In the event a priority ranking system is required, there will be six criteria used to prioritize projects. The priority ranking system scores projects based on information submitted by water systems and from information in the WSD files. The six criteria will be:

- (1) System facility deficiencies to be corrected by the project
- (2) Physical consolidation of water systems
- (3) Financial need/affordability
- (4) Population
- (5) Downtown center preference
- (6) Security improvements

III. Source Protection Priority List Application

- A. The source protection loan fund is on a first-come, first-serve basis until the demand for funding exceeds the available funds. The DWSRF Program Manager is responsible for identifying the need to establish a priority list for source protection loans.
- B. Applications for land purchase or conservation easement projects may be submitted at any time for projects that are ready to proceed. The DWSRF Project Development Specialist is responsible for receiving applications and the initial eligibility determination (i.e., municipalities are eligible, privately-owned systems are not eligible). Sources must have an approved hydrogeologically delineated Source Protection Area and an approved Source Protection Plan prior to loan approval.
- C. In the event a priority ranking system is required, there will be five criteria used to prioritize projects. The priority ranking system scores projects based on information submitted by water systems and from information in the WSD files. The five criteria will be:
  - (1) Land location
  - (2) PSOCs addressed
  - (3) Financial need/affordability
  - (4) Population
  - (5) Downtown center preference

Honorable Jim Douglas, Governor      George Crombie, ANR Secretary      Jeffrey Wennberg, DEC Commissioner

This guidance and related environmental information are available electronically via the internet. For information visit us through the Vermont Homepage at <http://www.vermont.gov> or visit VT WSD directly at <http://www.vermontdrinkingwater.org>

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