

DWSRF Guidance Document Number 24
Loan Forgiveness for School Water Systems

Title 10, Chapter 55, section 1624 (b)(10) states "The secretary may forgive up to \$25,000.00 of a loan from the Vermont environmental protection agency (EPA) drinking water state revolving fund to municipalities for improvements to public school water systems following substantial completion of the project. The secretary shall establish amounts, eligibility, policies, and procedures for loan forgiveness in the annual state intended use plan (IUP) with public review and comment prior to finalization and submission to EPA."

The following procedures shall be used for implementing this provision.

- A. The loan must be to a municipally owned water system that will be regulated as a public water system following project completion under the Water Supply Rule (projects that replace existing school systems with connections to another public water system are eligible projects).
- B. The public school water system being improved must be an existing public water system owned by a municipality and regulated under the Water Supply Rule.
- C. The improvements must meet the eligibility requirements for a DWSRF construction loan and project construction must be completed prior to loan forgiveness (planning and/or final design loans are not eligible for forgiveness under this provision but planning loans from the planning loan fund may be eligible for forgiveness under the planning loan forgiveness program for the same project).
- D. System improvements must be completed in accordance with a construction permit issued by either the ANR Regional Office or the WSD.
- E. The completed work must be inspected and approved by DEC staff or a professional engineer.
- F. Standard DWSRF procedures must be followed. These include priority list application, loan application, construction requirements, environmental reviews, capacity evaluations, and competitive procurement requirements.
- G. At the time of loan forgiveness, the water system must be in full compliance with the Water Supply Rule including any operating permit or other compliance schedules. All capacity improvement plan conditions must have been completed including O&M manuals, long range plans, and source protection plans. All construction permit conditions must also be satisfied prior to forgiveness.
- H. Loan forgiveness determinations will be made following construction completion and prior to closing the loan and confirming a repayment schedule.
- I. There will be no loan forgiveness authorized following the initiation of loan repayments.

- J. The loan recipient will receive a loan forgiveness request form (copy attached) from the DWSRF Project Development Specialist following a determination by FED that the project is finally complete. A copy of the final completion letter will be sent to the DWSRF Project Development Specialist in order to initiate not only the mailing but also the formal loan forgiveness process.
- K. The DWSRF Project Development Specialist will help guide the loan recipient through the loan forgiveness process. Once all loan forgiveness criteria are satisfied, the DWSRF Project Development Specialist will obtain comments and approval signatures from the Capacity Development Specialist, Compliance and Certification Manager, and Operations Manager prior to his or her own approval signature and forward the Construction Loan Forgiveness Request Form to the DWSRF Program Manager.
- L. The request will be reviewed, and if approved by the DWSRF Program Manager, submitted to FED.
- M. FED will issue an official notice to the loan recipient adjusting the loan amount and repayment schedule.

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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