

**Drinking Water State Revolving Loan Fund
Construction Loan Program**

Eligible Organizations:

- Publicly owned community water systems.
- Privately owned community water systems.
- Non-profit, Non-community water systems.

Eligible Projects:

Nearly all water system improvement projects are eligible (new construction, renovation or replacement, or consolidation of systems) which will facilitate compliance with federal primary drinking water regulations or otherwise significantly further health protection objectives of the Safe Drinking Water Act (SDWA). Examples of eligible projects include:

- Replacement of contaminated sources with new sources;
- Construction of treatment facilities;
- Installation of disinfection facilities;
- Projects required to address compliance or enforcement issues;
- System consolidation or interconnection to address capacity issues;
- Costs for planning and engineering design associated with a DWSRF eligible project;
- Land acquisition integral to a DWSRF eligible project.
- Replacement of aging infrastructure, including all distribution and transmission lines;
- Upgrade or rehabilitation of existing water facilities;
- Installation of meters and back flow prevention devices; and
- Refinancing of DWSRF eligible projects where the debt was incurred after July 1, 1993.

Ineligible Projects:

- Dams or rehabilitation of dams;
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;
- Projects for systems in significant noncompliance, unless funding will ensure compliance; and
- Projects primarily intended to serve future growth. This includes projects to develop new water systems and/or water system extensions. Under certain circumstances, a new water system or water system extension may be determined to be eligible.

Loan Terms and Rates: Interest rates range from 3.00% to -3.00% and loan terms range from 20 to 30 years. Interest rates and administrative fees will be established at the time of loan award. All other determinations are considered preliminary estimates. See loan rate and term fact sheet for more information on interest rate plus administrative fee determinations.

Key Factors Used In Determining Loan Term and Interest Rate Plus Administrative Fee:

- Prior Drinking Water Project Debt: Refer to DWSRF Program Guidance Document #13.
- Annual O&M Costs: Refer to DWSRF Program Guidance Document #13.
- Equivalent Units: Refer to DWSRF Program Guidance Document #13.
- Community MHI: Refer to DWSRF Program Guidance Document #11.
- Disadvantaged System Determination: Disadvantaged Municipality is defined in state statute at 10 VSA §1571(9) and is described more fully in DWSRF Program Guidance Document #32.

Maximum and Minimum Loan Amounts: A minimum loan amount has not been established. No more than \$2 million of the funds available in any given year can go to a single project, without specific review and approval by the Secretary. Projects with costs exceeding the \$2 million cap can be funded over several fiscal years up to a maximum of \$6 million. Such projects receive continuing status, which elevates the project's priority list ranking.

Comprehensive Project Priority List: The Water Supply Division maintains a list of known projects eligible for loans. The list is developed/updated annually and water systems are encouraged to identify projects and submit applications for this list. Priority lists will be revised at least annually; updated information or new applications will be required. Priority list applications are due the first week of April each year. The highest priority projects with a total cost that does not exceed the estimated funds available during the fiscal year and which comply with the Federal and State regulatory requirements are identified as Anticipated Loan Recipients on the list. The Water Supply Division may add projects to the list without an application from the water system.

Bypass System: It is the intention of the state of Vermont to adhere to the priority list to the maximum extent possible. However, there are certain funding limits that could result in changes to the list. Also, the state recognizes that some systems may not be ready to proceed or emergency events could occur that would necessitate systems being bypassed in a given funding year. In the event that monies become available by way of bypass during the fiscal cycle the state will move down the priority list in priority order. Anticipated Loan Recipients with a total cost of projects that does not exceed the estimated funds available during the fiscal year are identified in the Intended Use Plan.

Honorable Jim Douglas, Governor George Crombie, ANR Secretary Laura Pelosi, DEC Commissioner

This (fact sheet/form/application) 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>

Water Supply Division
103 South Main Street
Waterbury, VT 05671-0403
Toll free 1-800-823-6500
Out of State 1-802-241-3400
Fax 1-802-241-3284