

Agency of Natural Resources
Department of Environmental Conservation

Facilities Engineering Division
Building Main 1
1 National Life Drive
Montpelier, VT 05620-3510

August 27, 2020

TRANSMITTED BY EMAIL

Ms. Katherine Marrese
US EPA Region 1 OEP06-2
5 Post Office Square, Suite 100
Boston, MA 02109-3912

RE: Clean Water State Revolving Loan Fund (CWSRF) Annual Report for State Fiscal Year 2020

Dear Ms. Marrese:

Enclosed please find the CWSRF Annual Report for state fiscal year 2020 as required by Section X, Subsection B, of the Operating Agreement between the Environmental Protection Agency and the State of Vermont, dated August 2, 1989.

The final financial audit report will be sent by December 31, 2020.

If you have any questions, please do not hesitate to give me a call.

Sincerely,



Terisa Thomas
WIFP Program Manager

cc: Michael Gaughan, Executive Director, Vermont Municipal Bond Bank
Mark Spinale, EPA Region 1
Eric Blatt, Director, WID
Julia Stone, Financial Manager, WID
Thomas Brown, CWSRF Project Lead, WID

I. INTRODUCTION

The State of Vermont is pleased to submit the Annual Report on the Clean Water State Revolving Loan Fund (CWSRF) for State Fiscal Year 2020. The report addresses operation of the CWSRF during the period July 1, 2019 through June 30, 2020. During this reporting period, Vermont received the Federal Fiscal Year (FFY) 2019 capitalization grant award.

II. Matters to Establish in Annual Report

1. REVIEWED ALL SRF FUNDED SECTION 212 PROJECTS IN ACCORDANCE WITH THE APPROVED ENVIRONMENTAL REVIEW PROCEDURES;

All projects receiving construction loans from the CWSRF received an environmental review conducted in accordance with the State's Environmental Review Policy, dated September 12, 1990.

2. DEPOSITED ITS MATCH (CASH OR STATE LOC) INTO THE FUND ON OR BEFORE THE DATE ON WHICH EACH QUARTERLY GRANT PAYMENT WAS MADE;

The Vermont CWSRF receives its match from a legislative appropriation from its biennial capital budget cycle. The following schedule shows match that has been appropriated during the most recent state budget cycle and from the prior cycle for all federal grants matched in SFY20. Amounts listed in bold have been deposited into the CWSRF and non-bold indicates anticipated deposits. Please note the program has protections built into disbursement software to ensure all federal cash draws are properly supported by the required state match.

	FFY 2018 Grant	FFY 2019 Grant	FFY 2020 Grant
SFY 19 Appropriation (7/27/2018)	\$609,903	N/A	N/A
SFY 20 Appropriation (7/22/2019)	\$961,897	\$1,507,217	N/A
SFY21 Appropriation (8/4/2020)	N/A	\$48,583	\$1,555,890
Total	\$1,571,800	\$1,555,800	\$1,555,890
SFY22 Anticipated Appropriation	\$0	\$0	\$110

3. ASSURED COMPLIANCE WITH THE REQUIREMENTS OF §35.3135(F) [RELATED TO EQUIVALENCY PROJECTS];

The Vermont CWSRF does not apply equivalency to a set of projects, but rather all projects comply with equivalency requirements including:

- DBE Compliance
- SERP Compliance- All treatment works projects receiving construction loans from the CWSRF received an environmental review conducted in accordance with the State's Environmental Review Policy, dated September 12, 1990.
- FFATA Reporting

- CW NIMS Reporting
- Clean Water Benefits Reporting (CBR)
- Signage
- Sub-award Monitoring
- American Iron and Steel
- Davis Bacon
- Disadvantaged Business Enterprises
- All other applicable federal cross-cutting authorities

4. [MADE BINDING COMMITMENTS TO PROVIDE ASSISTANCE EQUAL TO 120 PERCENT OF THE AMOUNT OF EACH GRANT PAYMENT WITHIN ONE YEAR AFTER RECEIVING THE GRANT PAYMENT PURSUANT TO §35.3135\(c\);](#)

The Vermont CWSRF has satisfied this requirement and this information has been reported to CW NIMS. For a complete list of all binding commitments made from 7/12019-6/30/2020, please see Attachment 1. Vermont has met the requirement to make binding commitments equal to 120 percent of the amount of each grant payment within one year after receiving the grant payment.

5. [EXPENDED ALL FUNDS IN AN EXPEDITIOUS AND TIMELY MANNER PURSUANT TO §35.3135\(d\);](#)

Vermont continues to expend all funds in this manner through spending oldest money first. At the beginning of SFY20, CWSRF projects were spending the 2017 grant and by the end of the SFY20, the program was spending the 2018 grant. There are approximately \$3M left in the 2018 capitalization grant. It is estimated that by the end calendar year 2020, the program will begin spending the 2019 capitalization grant.

6. [FIRST USED ALL FUNDS AS A RESULT OF CAPITALIZATION GRANTS TO ASSURE MAINTENANCE OF PROGRESS TOWARD COMPLIANCE WITH THE ENFORCEABLE REQUIREMENTS OF THE ACT PURSUANT TO §35.3135\(e\).](#)

The state has met compliance with all requirements of first use of funds. The reporting year covered under this annual report has followed our state prioritization system to fund a mix of POTW projects, as well as other eligible Section 212 and 319 projects. All identified POTWs meet one of the categories outlined in § 35.3135(e)(3).

III. Compliance with CWSRF Operating Agreement

1. [ENVIRONMENTAL BENEFITS OF CLEAN WATER STATE REVOLVING FUND GREEN INFRASTRUCTURE PROJECTS AND COMPLIANCE WITH GREEN PROJECT RESERVE](#)

2.

Loan Number	Recipient	Loan Date	Assistance Amount	GPR Amount	Green Infrastructure	Green Innovative
INT-001-3.0	Trust for Public Land	9/10/2019	3,966,504	3,966,504	3,966,504	
INT-002-3.0	Trust for Public Land	9/10/2019	1,980,000	1,980,000	1,980,000	
INT-003-3.0	Vermont Land Trust	10/7/2019	5,350,000	5,350,000	5,350,000	
RF1-200-3.0	Hyde Park, Village of	6/8/2017	985,000	755,650	0	755,650
Total			12,281,504	12,052,154	11,296,504	755,650

In previous reporting years, the program has struggled to commit sufficient GPR projects. The CWSRF implemented a GPR review process that is reviewed with all projects to consistently identify GPR components of a project and to document this review with a form that stays with the project file. This has made GPR a more visible part of our program. However, the SFY20 IUP contained two programs that significantly increased investment in natural infrastructure: Water Infrastructure Sponsorship Program (WISPr) and Natural Infrastructure Interim Financing. These project types have allowed Vermont CWSRF to meet and exceed its 10% GPR requirement as the projects outlined below for the Natural Infrastructure Interim Financing Program categorically meet the goals of Green Infrastructure in a number of categories including land conservation with water quality benefits, wetlands projects, and riparian buffers or floodplains.

The Water Infrastructure Sponsorship Program (WISPr) was established in 2018 after the passage of Act 185 which established a mechanism for a municipality to “sponsor” a natural resources project, which would be forgiven over the life of the loan via a reduction in the administrative fee. This sponsorship program was modeled after Ohio CWSRF’s successful WRRSP. While this reporting period doesn’t have an executed agreements that participated in WISPr, this program has since had two municipalities participate in the program, resulting in several hundred thousand dollars invested in natural infrastructure programs.

Natural Infrastructure Interim Financing Program is a \$20M “put aside” on the SFY20 IUP with the goal to provide access to capital for purchase of natural resources projects. After WISPr coordination with several non-profit partners, the program began questioning what other areas the CWSRF could serve to facilitate investment in natural infrastructure projects with a water quality benefit. An area identified by these non-profit partners is access to capital when an environmentally beneficial property went up for sale. Anecdotally, it takes 2-4 years to pull together grant funding for these projects, often from multiple funding sources. In that time, the non-profit may lose the property altogether to a less desirable use or would have to finance through conventional financing at a rate that costs several thousands of dollars per year. The Interim Financing Program in the SFY20 IUP funded three projects totaling \$11M. These projects and their water quality benefits are outlined briefly below and are categorically GPR-eligible investments as they qualify under Section 319. Since this program was so successful, it was continued on the current SFY21 IUP and has another pending ~\$2M already in the underwriting process.

- **Rolston Property:** *(INT-001-3.0, Trust for Public Land, \$3,996,504)* This 2,562-acre forestland property in Chittenden, Killington and Mendon will be added to Green Mountain National Forest. This is the largest private inholding in the existing Green Mountain National Forest and has been a priority for the New England conservation community and the U.S. Forest Service since 1974. The property contains 9.7 miles of headwater streams and 288 acres of Surface Waters and Riparian Areas. One-third of the streams flow east to the Tweed River, then the White River, then into the Connecticut River Basin. These waters ultimately flow into Lake Champlain, a drinking water source for residents of Vermont, New York and Quebec.

- **Mt Hunger Headwaters Project:** *(INT-002-3.0, Trust for Public Land, \$1,980,000)* This 1,768-acre forestland property in Middlesex and Worcester will be added to C.C. Putnam State Forest. The property is located on the eastern slope of the Worcester Range in Middlesex and Worcester, spanning a wide range of habitat types and topographical variation. This property is the largest unprotected and unfragmented forest in the Worcester Range, spanning 6 towns. This land conservation project contains 17.1 acres of Class II wetlands, as well as several vernal pools and groundwater seeps. The property boundary traverses an 11-acre large wetland complex. The property contains .8 miles of Patterson Brook and 8.0 miles of other headwater streams that flow into the North Branch of the Winooski River. Acquisition of this property has been a high priority for the State of Vermont for decades. Permanent protection and ownership of the property by the State will not only prevent forest conversion, development, and new impervious surfaces, but also allow the State to implement management techniques to limit erosion or sedimentation into the Winooski River through stream and wetland buffers and careful forest management techniques. It will keep this watershed forested, limiting runoff and increasing water retention during flood events.

- **Worcester Woods:** *(INT-003-3.0, Vermont Land Trust, \$5,350,000)* This project funded 6,641 acres of land conservation in Worcester Woods along both sides of Route 12 in Worcester. With 92 acres of wetlands, 12 acres of ponds and 74 miles of undeveloped frontage on rivers and streams located within the Winooski and Lamoille River Basins that flow into Lake Champlain, the flood resilience and water quality benefits of the project are substantial.

3. SUSTAINABILITY BEST PRACTICES IN THE CWSRF

There are a number of ways that Vermont's CWSRF is addressing sustainability. Using the guidelines outlined in EPA's *Sustainability and the Clean Water State Revolving Fund* guidance, this annual report will examine three primary ways sustainability was demonstrated over the SFY20 reporting period.

➤ Planning Processes Supporting Sustainability:

The SFY20 IUP provided 50% loan forgiveness for all preliminary engineering or final design costs. This was the fourth year of offering planning subsidy in this manner and it has served the fund's sustainability in a number of ways. In 2016, the first year of offering this forgiveness, it was a relatively low year for binding commitments. At a state level, few projects were moving forward at that time while the Lake Champlain TMDL was delayed. The impact on the fund from that original 2016 & 2017 "seeding" of several million in planning loan investment has seen a large increase in binding commitments in the following years. This annual report shows approximately \$20M in binding commitments,

many of which used the incentive of planning to begin asset management, project feasibility, preliminary engineering, pilot testing, or final design.

➤ **Community Sustainability**

The Environmental Protection Rule, Chapter 2, which outlines the priority ranking criteria for the CWSRF, gives extra points for construction in a Designated Center. A Designated Center, so designated by Vermont’s Agency of Commerce and Community Development, are centers that meet smart growth and compact downtown principles. Chapter 2 also restricts new sewer line extensions to only designated centers, unless there is a significant public health or environmental problem. If an extension is needed outside of a designated center to abate existing pollution problems, the municipality must demonstrate that impacts of growth will not contribute to scattered development.

➤ **Sustainable Systems**

The Vermont CWSRF has worked with Efficiency Vermont to notify the organization when owners of water systems or wastewater treatment plants apply for loans to allow Efficiency Vermont to suggest efficiency upgrades to conserve energy and water. Efficiency Vermont brings additional staff and specialized expertise to help communities decrease their energy and water needs and bring down costs to allow their wastewater systems to operate more efficiently.

3. ADDITIONAL SUBSIDIZATION

2014			
Minimum - \$372,924			
Maximum - \$559,386			
	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-153-2.3	Saint Johnsbury, Town of	106,144	106,144
RF1-171	Town of Brattleboro	2,290	2,290
RF1-177	Bellows Falls Village Corporation	198,311	198,311
RF1-187-1.0	Burlington, City of	66,225	66,225
Total		372,970	372,970

2015

Maximum - \$2,045,100

	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-180-3.0	Bellows Falls Village Corporation	94,375	94,375
RF1-187-1.0	Burlington, City of	364,827	364,827
RF1-188-1.0	Hartford, Town of	69,719	34,837
RF1-189-1	Town of Putney	13,623	13,623
RF1-190-1	Montpelier, City of	14,808	14,067
RF1-191-1	Montpelier, City of	25,650	15,390
RF1-192-3.0	Montpelier, City of	35,406	35,406
RF1-193-1	Rutland, City of	125,511	120,320
Total		743,919	692,845

2016

Minimum - \$652,500

Maximum - \$2,610,000

	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-170-3.0	Saint Albans, City of	500,000	500,000
RF1-185-3.0	Ryegate, Town of	30,518	30,518
RF1-186-3.1	Shelburne, Town of	50,100	50,100
RF1-188-1.0	Hartford, Town of	51,281	34,837
RF1-197-3.1	North Branch Fire District #1	140,049	140,049
RF1-199-1.0	Jeffersonville, Village of	12,400	5,480
RF1-200-3.0	Hyde Park, Village of	21,350	21,350
RF1-201-3.1	Castleton, Town of	22,700	22,700
RF1-203-3.0	Springfield, Town of	500,000	500,000
RF1-206-3.0	Cavendish, Town of	19,175	19,175
RF1-207-3.1	Rochester, Town of	242,500	242,500
RF1-213-3.0	Winooski, City of	6,400	6,400
Total		1,596,473	1,573,109

2017

Minimum - \$647,400

Maximum - \$2,589,600

	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-196-1.1	Burlington, City of	450,000	331,880
RF1-197-3.1	North Branch Fire District #1	300,000	300,000
RF1-198-3.0	Bennington, Town of	96,350	96,350
RF1-200-3.0	Hyde Park, Village of	25,330	0
RF1-201-3.1	Castleton, Town of	284,800	284,800
RF1-202-1.0	Hartford, Town of	150,000	7,843
RF1-206-3.0	Cavendish, Town of	300,000	300,000
RF1-209-3.0	Proctor, Town of	235,223	235,223
RF1-210-3.0	South Burlington, City of	147,350	0
RF1-211-3.0	Bennington, Town of	303,650	303,650
RF1-212-2.1	Winooski, City of	100,000	100,000
RF1-213-3.0	Winooski, City of	41,300	41,300
RF1-214-3.0	Brandon, Town of	4,825	4,825
RF1-215-2.0	Saint Johnsbury, Town of	60,150	60,150
RF1-216-2.0	Bridgewater, Town of	2,500	2,381
RF1-218-3.0	Pittsford, Town of	3,800	3,800
RF1-219-1.0	Berlin, Town of	21,208	20,358
RF1-220-2.0	Fair Haven, Town of	17,300	17,300
RF1-221-1.0	Fair Haven, Town of	9,700	8,490
RF1-223-1.1	Brandon, Town of	14,750	15,770
RF1-227-1.0	Saint Albans, City of	21,364	21,364
Total		2,589,600	2,155,484

2018

Minimum - \$785,900

Maximum - \$3,143,600

	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-212-2.1	Winooski, City of	100,000	0
RF1-214-3.0	Brandon, Town of	8,137	4,069
RF1-215-2.0	Saint Johnsbury, Town of	100,000	100,000
RF1-217-1.0	Northfield, Town of	15,140	15,140
RF1-218-3.0	Pittsford, Town of	19,500	3,092
RF1-220-2.0	Fair Haven, Town of	3,950	3,950
RF1-222-3.0	Hartford, Town of	55,900	55,900
RF1-225-3.0	Ludlow, Village of	100,000	100,000
RF1-227-1.0	Saint Albans, City of	7,286	0
RF1-228-3.0	West Windsor, Town of	22,400	22,400
RF1-229-1.1	Hinesburg, Town of	40,200	34,650
RF1-230-1.0	Sheldon, Town of	6,750	2,025
RF1-231-2.0	Whitingham, Town of	34,718	34,718
RF1-232-1.0	Hyde Park, Village of	17,500	5,250
RF1-233-1.0	West Windsor, Town of	7,000	3,570
RF1-234-3.0	South Burlington, City of	298,000	0
RF1-235-3.0	Rutland, City of	21,300	21,300
RF1-236-2.0	Rutland, City of	47,645	47,645
RF1-238-1.0	Milton, Town of	13,525	10,335
RF1-239-1.1	Pownal, Town of	9,767	4,884
RF1-240-1.1	Montpelier, City of	75,000	3,372
RF1-241-1.0	Proctor, Town of	19,000	0
RF1-242-1.0	Wilmington, Town of	6,700	0
RF1-244-1.0	Plainfield, Town of	11,300	5,650
RF1-246-3.0	Burlington, City of	97,500	93,626
RF1-250-1.2	Swanton, Village of	20,850	15,846
RF1-252-1.0	Winooski, City of	6,550	5,660
RF1-254-1.0	Burlington, City of	100,000	16,405
Total		1,265,618	609,487

2019

Minimum - \$372,924

Maximum - \$2,333,700

	Borrower	Amount Additional Subsidy Obligated	Amount Subsidy Disbursed
RF1-220-2.0	Fair Haven, Town of	100,000	0
RF1-223-1.1	Brandon, Town of	16,000	0
RF1-239-1.1	Pownal, Town of	100,000	64,829
RF1-247-1.0	Burlington, City of	100,000	58,950
RF1-248-3.0	Burlington, City of	85,352	68,737
RF1-250-1.2	Swanton, Village of	53,100	15,846
RF1-251-1.0	Saint Johnsbury, Town of	100,000	45,296
RF1-253-2.0	Barre, City of	8,621	0
RF1-255-1.1	Vergennes, City of	180,971	63,727
RF1-256-1.0	Fairfax, Town of	17,850	4,732
RF1-257-1.0	Enosburg Falls, Village of	41,700	14,265
RF1-258-1.1	Rutland, City of	200,000	0
RF1-259-1.0	Newport, City of	79,400	0
RF1-260-1.0	Pittsford, Town of	33,143	16,171
RF1-261-1.0	North Troy, Village of	9,200	1,104
RF1-263-1.0	Enosburg Falls, Village of	9,150	0
RF1-264-1.0	Shelburne, Town of	41,450	0
RF1-265-1.0	Orleans, Village of	15,000	0
Total		1,190,937	353,657

IV. Achievements of Short and Long Term Goals

Short Term Goals

(1) To provide local government with low cost financial assistance. *Progress:* The Vermont CWSRF provides loans with interest free and a 2% administrative fee. In addition, the State of Vermont Pollution Abatement Grant program provides a 25% State grant on revolving fund projects for CSO abatement, a 35% State grant for certain dry-weather flow projects, and a 50% State grant for sludge/septage projects. The state grant funding formula has been recently modified and the new method will be implemented in SFY21.

(2) To coordinate National Pollutant Discharge Elimination System (NPDES) permit schedules with anticipated award of CWSRF loans such that projects are brought into preliminary engineering and final design planning in a timely manner to assure their readiness to proceed to construction when capitalization grant funds become available. *Progress:* The Department continually corresponds with municipalities and

consulting engineers to coordinate activities so that preliminary, final design and construction phases of projects take place as quickly as possible within the existing framework of funding availability.

(3) To provide funding assistance to municipalities seeking to comply with stormwater or wastewater Total Maximum Daily Load (TMDL) permit requirements. *Progress:* The CWSRF Program staff provide the link between the legal TMDL permit requirements and the municipalities seeking the most cost-effective solutions for their communities. Staff provide technical and project development outreach to councils and select boards. This communication includes presentations at municipal and consulting engineer events.

(4) To develop any rules, guidance or procedures necessary to implement the Vermont - EPA pollution control revolving fund, specifically State-issued guidance for the implementation of Water Resources Reform & Development Act (WRRDA) requirements. *Progress:* The CWSRF Program continues to maintain detailed guidance documents regarding the requirements of the program. These guidance documents are published to the program's website. Additionally, specific WRRDA requirements have guidance, templates, and certification resources, including Cost & Effectiveness, Fiscal Sustainability Plan, and Qualifications Based Selection.

(5) To coordinate state funded pollution control grant activities for clean water projects with activities of the CWSRF. *Progress:* The CWSRF Program staff employs various methods that include the use of databases and spreadsheets to identify and track projects that are expected to receive state planning advances, pollution control grants, and/or CWSRF funds to allow for the coordination necessary to optimize the funding of projects.

(6) To provide effective program management to ensure fiscal integrity of the CWSRF. *Progress:* The Department has contracted with the Vermont Municipal Bond Bank and the People's United Bank to assist with the management of the CWSRF revolving loan program. CWSRF Program Staff have received training through various sources, including the United States Environmental Protection Agency (EPA). The Department has the CWSRF Program fully staffed with a highly competent team of project development, engineers, and financial management professionals.

(7) To incentivize preliminary engineering and final design activities to develop a queue of high priority, ready-to-proceed projects. *Progress:* This goal has been met. See "Planning Processes Supporting Sustainability" in Section III(2) of this report.

(8) To expedite project development, funding and cash draws. *Progress:* In addition to the annual Project Priority List, the CWSRF Program monitors loans awarded and project status. If necessary, a Priority List amendment is issued approximately half way through the fiscal year to allow additional projects to be funded. Cash draws are performed monthly to ensure the timely expenditure of Federal funds.

(9) To address issues raised by US EPA Region 1 concerning the administration of the CWSRF. *Progress:* The CWSRF Program meets annually with EPA representatives for a performance evaluation review. Any issues identified by this review are addressed in a written response to EPA. In addition, the members of the CWSRF program have an excellent relationship with EPA representatives and do not hesitate to contact them with questions or requests for guidance.

Long Term Goals

(1) To ensure the fund operates in perpetuity and provides continuing financial assistance to Vermont municipalities for clean water project needs. *Progress:* The CWSRF has approved over \$323,000,000 in loans (net of loan decreases) since its inception. Projects with loans totaling over \$88,000,000 have been identified for potential SFY20 funding, along with an \$11M transfer to DWSRF under WIFTA.

(2) To allocate available State grants, in combination with CWSRF loans to assure the most beneficial use of all available funding for water pollution control projects. *Progress:* The Department regularly participates in training events sponsored by EPA. In addition, they regularly meet with representatives of the Vermont Municipal Bond Bank (VMBB) and the People's United Bank to receive financial management advice and assistance and to coordinate effective management of the CWSRF program. Beginning with SFY18, the program began utilization of the administrative fees that have been and continue to be collected for program administration and staffing.

V. Performance Evaluation Review Updates

EPA Region 1 conducted their Performance Evaluation Review (PER) during the weeks of June 1st and June 8th. This PER reviewed the SFY preceding this reporting period, SFY19. The following actions items were requested and are addressed below:

1. Provide the subsidy amounts for 2014-2016. **Progress:** These amounts are corrected and included in Section III.3 of this report.
2. Add the signage requirement to all loan agreements moving forward and email EPA once the requirement has been added to the loan agreement templates. **Progress:** This has been added to loan agreement templates. Please note that as this is an almost two year delay in review, it is likely that existing agreements in future reviews will continue to show this language as incomplete.
3. Include additional subsidy disbursement information for all open capitalization grants in the 2020 Annual Report. **Progress:** These amounts are included in Section III.3 of this report.
4. Correct the additional subsidy amount in CBR for the 2017 capitalization grant to not exceed the maximum amount of subsidy and notify EPA of the update by September 30, 2020. **Progress:** These amounts have been adjusted.

VI. Analysis of Achievements and Challenges

Achievements:

This IUP year was the inaugural year to implement the significant changes from Act 185 of 2018. This Act opened CWSRF to lending to private entities, expanded eligibility types to all federally eligible project types, and created the sponsorship program (WISPr). This reporting period greatly expanded the program's reach to help address Vermont's water quality goals. The first private entity loan was made through VEDA during this IUP year and there are several more in the planning stages.

The programs counts implementation of Act 185 changes in its list of achievements for this year. This has required new outreach materials, funding applications, coordination with new partners, including nonprofits and mobile home parks and homeowner associations.

Additionally, the program is proud of its leap into non-point source project investment, or “natural infrastructure.” Prior to Act 185, the only non-point source projects the program had invested in were decentralized systems. Since the expansion of eligible project types, this spending is up to ~\$11.5M, including funding for a landfill (contaminated site) which was leaching contamination into groundwater. The program hopes to continue this investment in the future.

As noted elsewhere in this report, a review of the past five years shows that the seeding of planning loan forgiveness has resulted in a near record number over the past three years of loan executions. Another significant benefit of these planning incentives is that it allows a centralized path for almost all planning in state. This assists in coordination with USDA as projects are more visible. Quarterly coordination allows both Vermont CWSRF and USDA to review those projects in the planning queue and identify co-funding opportunities and which program will likely benefit the borrower most in construction. The program has continued these incentives in the FFY20 IUP.

With achievements, there are inevitably going to be challenges identified. The program continues to note that increasing federal crosscutters, particularly AIS and Davis Bacon, are still viewed as barriers to funding of both SRFs. Despite significantly higher loan executions, the CWSRF continues to carry a high balance (~\$90M) due to low utilization for a period between 2015-2017, strong loan repayment stream, and favorable investment of repayment funds. The expansions from Act 185 have provided greater avenues to increase spending of the fund. To further spend down this account, the program’s current SFY21 IUP include generous additional subsidization provisions using previous years’ untapped allowances, along with an \$11M transfer from CWSRF to DWSRF as allowed by WIFTA. During this reporting period, the COVID-19 pandemic occurred and had immediate impacts on Vermont municipalities related to non-payment of utility bills. The CWSRF program suspended loan repayments for the period of June 1, 2020-June 30, 2021. This will likely result in a reduced repayment amount in the upcoming year. It is hoped that by the next reporting period, the program can show a reversed trend of fund spending.

Another challenge identified in this reporting period is the implementation of WISPr. Sponsorship has turned out to be a very staff resource-intensive program. Municipalities need to choose to use the program, the funding mechanism can be confusing to explain, natural infrastructure projects are not always seen as equally valuable to engineered infrastructure projects, identifying WISPr projects that match municipal project schedules and dollar amounts, and matching of nonprofit partners to the relevant municipalities can be time consuming. For this reason, CWSRF staff have not been able to yet develop outreach materials and dedicate the time needed to fully implement this program and identify successes. To that end, the program has now partnered with DEC’s Watershed Planners to assist in the development of WISPr projects. Under the current SFY21 (not this reporting year), WISPr has begun to see successful matches due to this partnership. It is believed that once a handful of municipalities agree to participate and see the ease of the program and the many co-benefits of natural infrastructure, the utilization of this program will increase.

Finally, in late July 2019, the division within DEC where CWSRF staff are housed, was reorganized to create the Water Investment Division (WID). The intent of this reorganization was to create a centralized water finance group within DEC, including more than \$30M per year of state and federal grants and contracts. This reorganization presents many exciting opportunities to leverage CWSRF with other funding sources and create a “one stop shop” for clean water funding needs. While this reorganization has come with some additional staff resources, this was insufficient to offset this significant amount of additional financing. This has resulted in the need to streamline program activities and implement process improvement but has placed additional workload on existing CWSRF staff. DEC is committed to the prioritization of both SRFs and will continue to seek a balance in staff workloads.

Attachment A

State of Vermont Detailed Listing of Binding Commitments Reporting Year 2020

Loan Number	Latest Agreement Date thru RY	Borrower	Number of Commitments	Annual Dollar Amount
<u>New Assistance</u>				
INT-001-3.0	9/10/2019	Trust for Public Land	1	3,966,504
INT-002-3.0	9/10/2019	Trust for Public Land	1	1,980,000
INT-003-3.0	10/7/2019	Vermont Land Trust	1	5,350,000
RF1-222-3.0	8/29/2019	Hartford, Town of	1	111,800
RF1-242-1.0	10/1/2019	Wilmington, Town of	1	13,400
RF1-243-2.0	3/23/2020	Milton Mobile Home Cooperative	1	47,511
RF1-244-1.0	7/22/2019	Plainfield, Town of	1	22,600
RF1-246-3.0	10/1/2019	Burlington, City of	1	195,000
RF1-247-1.0	9/6/2019	Burlington, City of	1	463,000
RF1-248-3.0	5/1/2020	Burlington, City of	1	170,704
RF1-250-1.2	3/9/2020	Swanton, Village of	1	62,900
RF1-251-1.0	9/23/2019	Saint Johnsbury, Town of	1	128,300
RF1-252-1.0	8/5/2019	Winooski, City of	1	13,100
RF1-253-2.0	10/22/2019	Barre, City of	1	17,242
RF1-254-1.0	12/20/2019	Burlington, City of	1	224,120
RF1-255-1.1	5/28/2020	Vergennes, City of	1	218,582
RF1-256-1.0	9/16/2019	Fairfax, Town of	1	35,700
RF1-257-1.0	4/8/2020	Enosburg Falls, Village of	1	41,700
RF1-258-1.1	5/4/2020	Rutland, City of	1	436,400
RF1-259-1.0	3/2/2020	Newport, City of	1	79,400
RF1-260-1.0	4/22/2020	Pittsford, Town of	1	66,285
RF1-261-1.0	3/23/2020	North Troy, Village of	1	18,400
RF1-263-1.0	4/8/2020	Enosburg Falls, Village of	1	18,300
RF1-264-1.0	6/16/2020	Shelburne, Town of	1	82,900
RF1-265-1.0	6/8/2020	Orleans, Village of	1	30,000
New Assistance to Report:			25	13,793,848

<u>Effective Binding Commitment Date</u>	<u>Loan Number</u>	<u>Latest Agreement Date thru RY</u>	<u>Borrower</u>	<u>Number of Commitments</u>	<u>Annual Dollar Amount</u>
<u>Changes in Assistance</u>					
	RF1-159	2/26/2020	Brandon, Town of	0	-208
	RF1-180-3.0	8/21/2019	Bellows Falls	0	-112,108
	RF1-196-1.1	10/8/2019	Burlington, City of	0	538,020
	RF1-200-3.0	5/1/2020	Hyde Park, Village	0	891,640
	RF1-212-2.1	12/16/2019	Winooski, City of	0	302,567
	RF1-214-3.0	11/11/2019	Brandon, Town of	0	514,075
	RF1-215-2.0	9/23/2019	Saint Johnsbury,	0	196,700
	RF1-218-3.0	8/8/2019	Pittsford, Town of	0	39,000
	RF1-220-2.0	5/5/2020	Fair Haven, Town	0	325,700
	RF1-223-1.1	12/9/2019	Brandon, Town of	0	38,000
	RF1-225-3.0	10/8/2019	Ludlow, Village of	0	2,749,900
	RF1-228-3.0	11/11/2019	West Windsor,	0	686,500
	RF1-236-2.0	7/1/2019	Rutland, City of	0	73,990
	RF1-239-1.1	1/23/2020	Pownal, Town of	0	239,801
	RF1-240-1.1	4/22/2020	Montpelier, City of	0	60,000
Changes in Assistance to Report:				0	6,543,577
Grand Total				25	20,337,425