

Account labor to allow owners to focus efforts on completing open previously awarded DWSRF projects. Any other applicant with more than two open/incomplete DWSRF projects will be evaluated on a case-by-case basis. As in prior years, VDH reserves the right to by-pass any open project that has not executed the assistance agreements/initiated construction within 12 months of the original award date. As evidenced by the multiple open projects, timely project loan closings and completions challenged some waterworks. Owners could expedite project closing or reprioritize their projects (and request withdrawal or bypass) to reduce active projects to less than three. Where after, VDH will reconsider making new offers. These bypassed projects will remain on the PPL with intended offer amounts in the event the owner can reduce the number of projects.

3. **Small projects** (less than \$150,000) special offers: The funding package under this special program is 100% principal forgiveness (PF) (grant funds) for acute problems only. All other projects will be evaluated on a case by case basis. To qualify for this offer, VDH requires closure of the principal forgiveness loan within 12 months of the offer letter.
4. **Lead Service Line replacements special offers:** In an effort to accelerate the removal of lead exposure to drinking water, the DWSRF Program has made funding available for the complete removal of the public and/or private portion of the LSLs. The funding package under this special program (continued from last year) is 100% as principal forgiveness (PF) (grant funds), up to \$500,000 per applicant, per funding year. To qualify for this offer, VDH requires closure of the principal forgiveness loan within 12 months of this offer letter.
5. **Capacity Building Program or Expedited Closing Program.** Projects may be eligible for an additional interest reduction of **0.2%** under this special program. To qualify for the Capacity Building Program, VDH requires a commitment to adjust rates to ensure minimum compound revenue increases of 2%<sup>1</sup> each year for the next five years. To qualify for the Expedited Closing Program, VDH requires loan closings within 12 months of initial offer letters. Letters to waterworks owners instructed them to notify VDH of their interest in participating in either of these special programs in their offer response letters. The intent of these programs is to accelerate loan closings and encourage financial capacity building.
6. **Disadvantaged waterworks:** VDH is using the **1% of MHI as a determinant for target rates.** Disadvantaged criteria is as follows: Disadvantaged waterworks are those who currently have or will have after project completion, user rates that meet or exceed the target rate or are willing to adjust/raise rates in accordance with a VDH approved schedule. Additionally, in an effort to comply with the requirements of the BIL, the disadvantaged criteria has been expanded to also include the use of the White House Climate and Economic Justice Screening Tool and the EPA Environmental Justice Screening and Mapping Tool. These tools utilize a variety of sources/data to identify EJ and Disadvantaged Communities. The continued use of these tools once the BIL funds are gone will be evaluated at that time.
7. **Projects in the EVGMA only:** To conserve water in the Eastern Virginia Groundwater Management Area (EVGMA) created pursuant to the EVGMA of 1992, VDH reserves the right to give precedence to water projects that do not involve withdrawal of groundwater from the coastal plain aquifer over those projects that do withdraw groundwater in the EVGMA. VDH will only apply this evaluation to any equally ranked projects when both are located in the EVGMA.

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<sup>1</sup> Alternatively, owners may commit to using an inflationary linked index such as the Consumer Price Index (CPI) or the Personal Consumption Index (PCE).