

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

Eligible Organizations:

- Municipal community water systems with a population under 10,000.
- Municipal non-community, non-transient (NTNC) water systems.
- Private non-profit community water systems with a population under 10,000.

Eligible Projects: Preliminary engineering planning studies and final engineering plans and specifications for water system improvement projects needed to comply with state and federal standards and to protect public health. Nearly all water system improvement projects are eligible (new construction, renovation or replacement, or consolidation of systems). *Costs incurred prior to a commitment of loan funds by DEC are not eligible for a loan.*

Project Priority List: The Water Supply Division maintains a project priority list for planning loan only if there is a shortage of funds. There is not currently a shortage of funds and as a result there is no need to implement a project priority list. Applications are accepted on a continuing basis throughout the year.

Loan Terms and Rates: Planning loans are at 0% for a five-year term but, if applicable, will be rolled into a construction loan at the interest and term identified for the construction loan.

Maximum Loan Amount: The maximum *annual* loan amount is \$100,000, except when there is a surplus of funds or when the Secretary specifically approves an exception.

Repayment: The first loan repayment for municipal water systems will be five years after last loan disbursement or approval of the preliminary engineering report, whichever occurs first. The first loan repayment for privately-owned water systems will be two years following completion date of the preliminary engineering report or final design.

Loan Forgiveness: Under certain circumstances up to \$50,000 of the planning loan balance for a municipal water system may be forgiven by the Secretary following the completion of project construction. Municipal school water systems are eligible for up to \$25,000 under a planning loan and an additional \$25,000 under a construction loan. Municipal water systems eligible for forgiveness must meet the following general criteria before receiving forgiveness.

- Make all improvements for which the planning and construction loan was provided.
- Close out all applicable permits to construct.
- Stay current on WSD fees.
- Pass a compliance review.
- Pass a capacity review.

Municipal Authority to Execute Notes and Incur Debt: The legislative body of a municipality may execute notes and incur debt of the municipality without public approval, *provided* that such debt shall be included in any subsequent public authorization of municipal indebtedness necessary to construct the project for which planning loans were used. In other words, the municipal legislative body has the authority under state statute to delay public debt authorization until project construction.

Major Planning Loan Steps:

- Send out a Request for Proposal (RFP) for engineering services (an optional but strongly recommended first step).
- Once an engineer is selected and the engineer provides the water system with a draft engineering services agreement, formally apply for a planning loan (please be sure to include contracts or invoices for costs and services not covered in the engineering services agreement (e.g., ledge probes, water quality testing, and well drilling)).
- Complete a Capacity Evaluation/Improvement Plan with VRWA's Technical Assistance Provider or the WSD's Capacity Development Specialist.
- After review and approval of the engineering services agreement by the WSD, sign and return the agreement to the DWSRF Project Development Specialist.
- Execute loan documents.
- Requisition for reimbursement on a monthly basis (the Water System must pay engineering and other services up front and submit copies of the checks to Sheila Lilley of the Facilities Engineering Division.
- Reimbursement checks for approved services will be sent to the authorized representative within 30 days of the requisition submittal.

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>

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