

4/5/2018  
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H.777

# CWSRF ELIGIBILITY EXPANSION

H.777 Clean Water State Revolving Fund (CWSRF)  
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Vermont Department of Environmental Conservation  
Senate Natural Resources and Energy Committee  
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## H.777 Proposed Changes

1

Expand eligibility of Clean Water State Revolving Fund (CWSRF) to include natural resource projects

2

Create sponsorship program for pairing traditional infrastructure projects with natural resources projects

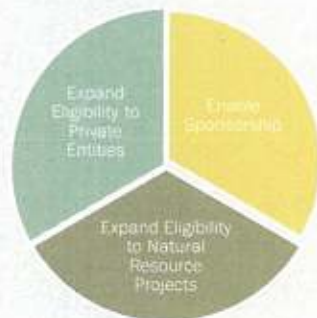
3

Expand eligibility of Clean Water State Revolving Fund (CWSRF) to allow for direct lending to private entities for all project types

# How does CWSRF work?



# Proposals to expand utilization of CWSRF in Vermont...



Expand  
Eligibility to  
Natural  
Resource  
Projects

- Expands definition of projects eligible for CWSRF loans to include natural resources projects.
- These natural resource projects have no rate payers to generate revenue but are often the best “bang for the buck” in terms of water quality improvement

## Creates new sponsorship program

Enable  
Sponsorship

- Pairs a traditional treatment works project with a nonpoint source project in exchange for an interest rate discount.

The diagram illustrates the sponsorship program flow. On the left, a 'Community Sponsor' (represented by a house icon) and a 'Restoration Project Implementing Partner' (represented by a green field icon) are connected by a double-headed arrow. Above them, a 'CWSRF' box with a dollar sign icon is connected to the sponsor by a downward arrow (labeled '2') and to the partner by an upward arrow (labeled '4'). A dashed arrow labeled '1' points from the sponsor to the partner. A dashed arrow labeled '3' points from the partner to the sponsor. On the right, a bar chart titled 'Sponsored Project Costing' compares two scenarios: '\$1 million CWSRF loan' and '\$1 million loan with sponsored project'. The chart shows that the loan with a sponsored project has a lower total cost due to an interest rate discount. The legend indicates: Loan Costs (interest and fees), Sponsored project principal, and Non-sponsor principal.

1. Community and implementing partner enter into sponsorship agreement. 2. CWSRF provides funding to community for wastewater treatment and restoration projects. 3. Community provides CWSRF funding for sponsored restorative project. 4. Community repays CWSRF program.

## Why sponsorship?

This  
Generates  
Revenue



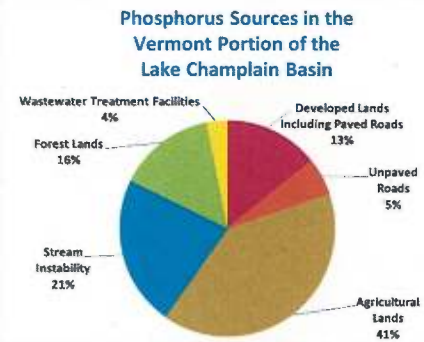
## Why sponsorship?

This  
Doesn't



## Why sponsorship?

- CWSRF is currently focusing on Waste Water Treatment Facilities (WWTF).
- Sponsorship pairs natural resources project with traditional WWTF projects
- Provides funding source to projects that otherwise wouldn't be pursued
- Encourages the concept of Public-Private Partnerships
- Provides water quality improvements needed by municipalities



## What projects could be sponsored?

- Protection or restoration of streamside (riparian) areas and wetlands
- Acquiring riparian lands or wetlands
- Developing and acquiring conservation easements
- Alterations to stream banks and habitat improvements
- Improvement to nonpoint source polluted runoff
- Source water protection



- Provide access to capital for upcoming costs related to 3 acre SW permit
- Charge the private entities an interest rate below market but higher than municipalities
- Generate extra fund income to supplement “lost” revenue for sponsorship

## Who are Private Entities?


- Mobile home parks
- Ski resorts
- Homeowner’s associations
- Both for-profit and non-profit businesses

## Prioritization of Sponsorship Projects

- Under the revised Environmental Protect Rules, Chapter 2 *Municipal Pollution Control Priority System* (eff. 12/1/2017), the two projects (sponsoring and sponsored) will be ranked together.
- For example, in the example of a \$1M sponsoring project and a \$100k sponsored project, the municipality would submit a priority list application for both projects, for a total of \$1.1M. In this scenario, the main sponsoring project would likely receive extra prioritization due to extra eligibility for green elements and water quality improvements.

## Prioritization of Municipal Projects over Private Entity Projects

- Private projects will utilize the same criteria as municipal projects, but all municipal projects are prioritized over private projects.

Fundable Line 

William, Town of	Alton Brook Flow Restriction Plan Project	42	Stormwater - Gray Infrastructure			
So. Burlington, City of	Burlington Bay Wastewater Treatment Facility Rehabilitation Project	42	CWT - Advanced Treatment	400,000		
Braden, Town of	Park Street Infrastructure Improvements	42	CWT - Sewer System Rehabilitation			
Stimington, Town of	Wastewater treatment facility upgrade and expansion	36	CWT - Advanced Treatment	300,000		
Chester, Town of	Chester Stormwater System Development	38	Stormwater - Gray Infrastructure	20,000	10,000	\$20,000
Addison, Town of	Addison Community Wastewater System	34	NPS - Individual Onsite/Local Sewage Treatment	60,294	26,974	498,000
East Haven, Town of	Wastewater Treatment Facility Rehabilitation	34	CWT - Secondary Treatment	1,500,000	300,000	2,000,000
Harford, Town of	South Main Street, Gates Stormwater Improvements	33	Stormwater - Gray Infrastructure	25,000	15,000	900,000

- The priority list will rank in this order: municipal projects highest to lowest, then private entity projects.
- DEC draws a line at the amount of funds available called the “fundable line”; any project above is ready for funding, and below the line is not.

## Prioritization of Municipal Projects over Private Entity Projects

- The CWSRF program will utilize a bypass criteria to determine which projects are ready to proceed to construction.
- Once all municipal projects have been bypassed, and if funding remains, private entities will receive notification of funds availability.
- Regardless of municipal request, H.777 restricts private loan activity to no more than 20% of available funds.
- Additional, H.777 requires a letter of municipal support for the private projects to ensure cohesive planning.

## And the winners are....

- *Municipalities that get "free" additional water quality projects*
- *Private entities that have access to funding*
- *Stronger public-private partnerships*
- *CWSRF program increases utilization*
- *State of Vermont: Changes CWSRF focus from "clean up" (treatment) to prevention, which is cheaper*