



Town of Bristol

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February 21, 2024

Julie Moore, Secretary
Vermont Agency of Natural Resources
One National Life Drive, Davis 2
Montpelier, VT 05620-3901 Montpelier, VT 05620-0501
and via E-mail: Julie.Moore@vermont.gov

Re.: Bristol Drinking Water State Revolving Fund (DWSRF) Loans Delays

Dear Secretary Moore:

I am writing to express the Town of Bristol's mounting frustration with the long delays associated with two loans (Step II & III) for an essential improvement to Bristol's municipal water system and to request your assistance to move the applications and loan documents out of the log jam as soon as possible.

A significant proportion of Bristol's village water system was installed in or around 1905—almost 120 years ago. Despite on-going efforts to identify and repair leaks, the system continues to experience extremely high leakage rates with each passing year in this aging infrastructure. Our distribution system now loses approximately two gallons of water for every one gallon we utilize. In addition, emergency repairs from sudden line breaks are expensive, disruptive, and present the potential for contamination. There is no time to waste to get this done. A preliminary Engineering Report (PER) evaluating the entire village water system was completed and approved in 2021. The PER recommended (among other things) complete replacement of more than 30,000 LF of 1905 waterline.

A masterplan to complete this work was subsequently formulated in phases and priority. In 2022 we began the phase 1 design to replace 2,600 LF of waterline on Pine Street. The loan for the Step II design work for Pine Street was submitted to the Drinking Water State Revolving Fund (DWSRF) on June 15, 2022. We worked closely with the Water Investment Division (WID), followed all required steps in the loan and design process, provided them with all the required documentation, and were assured the loan would be approved. We completed the Step II final design phase in the fall of 2022. The Town paid for the design expenses directly and submitted a reimbursement request to DWSRF for \$37,175 on June 19, 2023. I was informed the reimbursement request could not be processed because the loan documents had not yet been executed (one full year after submitting the loan request). Despite numerous emails and telephone messages to DWSRF, **we still have not received the loan documents more than a year and a half after the loan application was submitted.**

The Pine Street water line replacement project received all necessary permits and voters approved a bond for design and construction in November 2022. The construction project was ranked #2 on the State's 2023 Intended Use Plan priority list. We were again assured the loan would be approved; it was simply a matter of processing the documents. The Town worked closely with the WID to navigate the bid process and ensure that WID had all necessary documentation. The Step III construction loan application was submitted on August 9, 2023. Construction of the project was completed in November 2023. All as-built documentation and letters of compliance have since been submitted to ANR to close out our construction permits. All requested documentation has been submitted to the WID. The total cost of the Pine Street water line replacement project, including design, engineering and construction totaled \$767,008. **We still have not received either the Step II or Step III loan documents.**

In the meantime, the Town of Bristol has carried the full amount of this substantial capital expense through its general fund. In order to ensure sufficient cash flow while we await the reimbursements through the DWSRF loans, the Town took out a \$2.1 million tax anticipation note (TAN) at an interest rate of 5.04% on what is drawn down that must be paid back by the end of the fiscal year, which is June 30, 2024. **We never imagined it would take this long to get reimbursed.** I was surprised to learn from Water System Program Finance Director, Padraic Monks, that even though the overall project came in under the \$885,000 DWSRF loan application amount, interim financing costs are not eligible for reimbursement through DWSRF because such expenses were not included in the Intended Use Plan. **I do not understand why interim financing is not allowed as part of the total project cost when these projects are a based on a reimbursement arrangement.**

Roger Bergeron and Nathan Shaffer with the WID were very helpful and supportive throughout every step of the entire project. Others in the WID, however, have stopped returning my phone messages and responding to e-mails regarding the status of these applications. I understand that the WID is understaffed, they received a record number of loan applications over the past two years, and that significant additional new requirements related to the Bipartisan Infrastructure Law have slowed things down. I also understand Bristol is not the only municipality caught in this dilemma and do not want to diminish the hard work of those wrestling with this load into the wee hours of the night.

We have now begun the Step II design process for replacement of phase 2 of our masterplan which incorporates the next 10,000 LF of 1905 water lines in the village area west of North Street, named the "Bristol West Waterline Replacement Project." The Step II DWSRF loan application for the Bristol West project was submitted on January 17, 2024. The design and permitting budget for this project is approximately \$270,000 and should be completed by the end of 2024. Our goal is to apply for and obtain construction funding for this project in 2025 with construction anticipated in 2026. This project is anticipated to cost between \$4,000,000 and \$5,000,000. Phases 3 and 4 will then follow on the heels of Phase 2. **The Town of Bristol cannot successfully complete projects of this scale without the timely financial support of the SRF program.**

To summarize, the table below represents the chronological order of the loan applications and milestones.

BRISTOL 1905 WATERLINE REPLACEMENT PROJECT MILESTONES

Date	Description	Amount
2021	Step I PER approved	N/A
06/15/22	Step II Pine Street loan application submitted	N/A
11/07/22	Bond vote passed	\$885,000
11/25/22	Step II Pine Street design completed	N/A
06/19/23	Step II Pine Street reimbursement request submitted & returned	\$37,175
Spring 2023	Pine Street waterline replacement project advertised for bid	N/A
06/26/23	Pine Street construction Award	N/A
08/09/23	Step III Pine Street loan application submitted (needed to wait until the IUP was issued)	N/A
10/18/23	Pine Street waterline replacement construction substantially complete	\$729,833
01/17/24	Step II, Phase 2 Bristol West loan application submitted	\$270,000
2025	Anticipated Step III Bristol West construction loan application	\$5,000,000
2025	Anticipated Step II, Phase 3 loan application	\$300,000

Failure to resolve this problem could stymie progress on these much-needed public infrastructure improvement projects for years to come and cost Bristol rate payers a substantial amount of money. I am reaching out to you and copying those below as a last resort. After more than 20 months, no one at SRF can tell me when our loan documents will even be processed so we can finally submit the invoices for reimbursement. I appreciate any assistance you and your team can provide to structurally repair the SRF funding system and break the current logjam.

Sincerely,



Valerie Capels
Town Administrator

CC via E-mail:

Bristol Selectboard

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