



Town of Bristol
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June 3, 2024

Office of Governor Phil Scott
109 State Street, Pavilion
Montpelier, VT 05609
And via E-mail: <https://vermontce.my.vermont.gov/s/governor-office-ce>

Re.: Impact on Bristol from the recent DWSRF loan process

Dear Governor Scott,

We are writing to bring to your attention the concerning impact the Drinking Water State Revolving Fund (DWSRF) program has had on Bristol's ability to address its aging water infrastructure and the resulting financial burden on our vulnerable ratepayers.

The Issue: Bristol's water distribution lines, installed circa 1905, are well beyond their useful life, leading to significant water loss, repair costs, and potential contamination risks. A 2021 engineering report funded through the DWSRF recommended replacing approximately 30,000 linear feet of these lines, estimated to cost over \$10 million. To minimize the impact on ratepayers, this project was divided into four phases, with Phase 1 replacing 2,300 linear feet on Pine Street.

The Process: In June 2022, we applied for DWSRF funding to design Phase 1 and were assured we would qualify for up to 50% principal loan forgiveness due to Bristol's median household income (MHI) being below the State average. We were told at that time the DWSRF program administrators were understaffed, severely backlogged, and could not process our loan paperwork in a timely manner. We were also informed that they would get to it and, as long as the Town met all of DWSRF's requirements, the loan paperwork was a formality. In addition, we expected the design phase 5-year loan of \$37,426 to be at 0% interest, 0% administration fee, and deferred for five years.

Because time was of the essence, the Town decided to proceed to construction with the understanding DWSRF would reimburse the Town for the work once the loan documents were finalized in the coming months and that we would qualify for up to 50% principal forgiveness because Bristol's MHI was below the State average. The Town hired an engineering consultant, worked closely with the State to ensure compliance, and obtained voter approval for Phase 1 in November 2022, and obtained all necessary approvals and permits for construction. The DWSRF construction loan was submitted in August and construction was completed in November 2023, with guidance from the Water Investment Division (WID). The total cost, including engineering services, was just over \$760,000— about \$120,000 below the estimated cost.

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The Outcome: To our surprise and disappointment, the project did not qualify for the expected 50% principal loan forgiveness, reduced administrative fees, or a longer amortization period. It took political pressure even to have our applications reviewed more than a year and many months after submission. We were then informed that the project narrowly missed qualifying for forgiveness due to an in-house matrix based on a number of variables, effectively penalizing us for competitive pricing and cost efficiencies. To add insult to injury, while the design phase loan did qualify for 50% principal forgiveness, the \$18,714 balance is now required to be wrapped into the construction loan at 2% interest over 30 years.

The Impact: The final \$780,259 loan over 30 years at 2% interest results in a new annual loan payment of \$34,003 and will require an almost 14% water rate increase for Phase 1 alone. Subsequent phases are expected to cost over \$5 million, making water unaffordable for many Bristol residents and businesses without grants or subsidies. Fifty percent (50%) of Bristol households are below the average state household income and many of the water district's ratepayers are particularly low-income, including Rockydale, three mobile home parks, and Woodland Apartments.

Our Request: Please encourage the DWSRF program administrators to reconsider Bristol's 50% loan forgiveness eligibility or at least waive the 2% annual administrative "fee."

We appreciate your attention to this matter, which will significantly impact Bristol's ratepayers and the local economy.

Sincerely,

Bristol Selectboard:



Joel Bouvier, Chair



Ian Albinson



Michelle Perlee, Vice Chair



John Heffernan

Jessica Teets

CC via E-mail:

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