

## Bulletin 5 Granting Plan Revision Coversheet

<b>Agency or Department Name:</b>	Department of Environmental Conservation
<b>Effective Date:</b>	7/1/2023

Indicate the sections in the previously approved plan for which changes are proposed:

	Section	Brief Summary of Change	Justification for Change
1.	Pg 19- Program Specific Requirements	Add Clean Water Service Providers	Add program specific requirement for agreements to default to a high risk level due to programmatic complexity, waiving the requirement for pre-award risk assessments.
2.	Pg 19- Program Specific Requirements	Add Manufactured Home Communities (MHC) Program	Add program specific requirement for agreements to default to a high risk level due to programmatic complexity, waiving the requirement for pre-award risk assessments.
3.			
4.			

Attach this coversheet to all draft Granting Plan revisions submitted to Finance & Management. Failure to include this coversheet may delay approval. Attach additional sheets if necessary.

**State of Vermont**  
**Agency of Natural Resources**  
**Department of Environmental Conservation**

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<b>Process:</b>	<b>DEC Grants and Loans</b>	<b>Effective Date:</b>	<b>07/01/2023</b>
<b>Procedure:</b>	<b>Granting Plan</b>	<b>Revision Date:</b>	<b>07/01/2023</b>
<b>Prepared/ Revised by:</b>	<b>DEC AID Financial Operations</b>	<b>Frequency:</b>	<b>As Needed</b>

**Process Objective**

The Granting Plan documents the procedures that the State of Vermont Department of Environmental Conservation (DEC) follows for issuance of all grant and loan agreements to ensure compliance with 2 CFR Chapter I, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of Vermont, Agency of Administration Bulletin 5.

**Other Funding Programs Outside Scope of Granting Plan**

DEC administers other programs that are not subject to Bulletin 5, as they are not considered grants and not included in this plan, however they do fall within the account structure of grants in VISION that begin with a 55XXX account number. These programs include are Participant Support Cost Agreements, Assistance to Beneficiaries Programs, AmeriCorps Host Site Agreements, AmeriCorps Member Agreements, Rebate Programs, Sponsorship Agreements and Incentive Programs.

**Impacted Divisions**

This is a Department-wide Granting Plan that applies to all grant and loan agreements entered into by DEC.

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## **Definitions**

Administration and Innovation Division (AID): Responsible for providing administrative and financial services for cross departmental functions to all programs within DEC.

Bulletin 5: State of Vermont, Agency of Administration document which promulgates the policies and procedures governing the issuance and monitoring of grant awards issued by the State of Vermont.

Clean Water and Drinking Water State Revolving Fund Loans (SRF Loans): Low interest loans to municipalities, non-profit organizations, and certain private applicants for public water systems, wastewater systems, natural resource projects, and stormwater.

CFDA Number: Catalog of Federal Domestic Assistance identification number.

Design and Construction Engineering Staff (DCE): Individuals within the Water Investment Division responsible for overseeing the issuance, monitoring and close out of Clean Water and Drinking Water State Revolving Fund Loans.

Engineering Planning Advance (EPA): EPAs are authorized by Vermont law at 24 V.S.A § 4764 and are typically structured as a grant to a municipality

FFATA: Federal Funding Accounting and Transparency Act, signed into law in 2006, requires all subaward data to be posted in the FFATA Subaward Reporting System (FSRS).

Grant: A legally enforceable agreement between DEC and a recipient (grantee or subrecipient) to carry out a program as defined in a grant agreement. When the grant is funded with federal funds, the relationship must meet the definition of a subrecipient and is called a subaward.

Grant Technician: DEC staff responsible for supporting Grants Management Specialists (GMSs) and Technical Project Managers (TPMs) with carrying out administrative procedures related to the issuance, monitoring, and close out of grant agreements.

Grantee: An entity that expends awards received from a grantor to carry out a purpose or a portion of a program. When the grant is funded with federal funds, the grantee is referred to as a Subrecipient.

Grants and Contract Management System (GCMS): An internal database managed by DEC to track grant and contract agreements as well as store relevant documents and files.

Grants Management Specialist (GMS): DEC staff that works with Technical Project Manager (TPM) to manage the issuance, monitoring and close out of grant agreements. GMSs are responsible for training TPMs and Grantees on the procedures outlined in this Granting Plan.

Grants Management Specialist Table (GMS Table): A document used to monitor and illustrate opportunities as they progress from RFP development to full execution. This document is shared with leadership, no less than once per week.

Loan: Funds disbursed to borrower under an agreement that requires repayment of such funds with or without interest. When a loan contains Federal funds, it is subject to the same audit requirements as a Grant until such time as the repayment has been forgiven or the loan has been forgiven.

Regional Engineering Planning Award (REPA): REPAs are authorized by Vermont law at 24 V.S.A § 4764 and are typically structured as a grant to a municipality.

Subrecipient Annual Report (SAR): A report that is required to be completed by all Subrecipients that receive federally funded grant awards from the State of Vermont. This report is submitted to the Department of Finance and Management and used to determine whether or not a Single Audit is required for the prior fiscal year.

Single Audit: An audit of Federal awards conducted in accordance with 2 CFR 200 Chapter II, Subpart F.- Audit Requirements.

Site Visit: A monitoring activity conducted by DEC to verify that Grantees and Subrecipients expend funds for their intended purposes and that terms and conditions of the award are met.

Subaward: An award provided by a pass-through entity to a subrecipient to carry out part of a Federal program. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient: A non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

System of Award Management (Sam.gov): An official website of the U.S. government that is relied on by DEC to check entity registration status and search for entity exclusion records of potential Grantees and Subrecipients.

Technical Project Manager (TPM): DEC staff responsible for developing the program scope, overseeing technical work, and approving deliverables and outcomes related to those defined in the grant agreement.

Uniform Guidance: 2 CFR Chapter I, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Water Investment Division (WID): Responsible for the coordination of State of federal funding to all types of clean water and drinking water infrastructure in Vermont.

## **A. Issuance Procedures**

### **1. Approval Process**

Approval to issue grant awards includes (1) Division Director and (2) DEC Commissioner approval. The process to obtain Division Director and Commissioner approval is as follows:

When a Technical Project Manager (TPM), is ready to solicit proposals for a project, they obtain program manager approval and work with the Division Point of Contact to have the project added to the 90-day Planner which will be available the first business day of each month up through the 3<sup>rd</sup> Thursday of the month (4<sup>th</sup> Thursday in months where there are 5 Thursdays).

The 90-day scheduler will be available in a shared location, and all points of contacts will have access to this document. In order to have an item added to the “90 Day Scheduler”, the division contact must have already received division director approval prior to requesting a project be added to the 90 Day Scheduler. The division contacts will have up until the end of the third week of the month (close of business Friday) to add requests to the 90 Day Scheduler. At this time, all requests will be uploaded to the DMT Microsoft Teams site for Division Directors to add their comments for the Commissioner’s consideration, and ultimately, the approval by the Commissioner.

### **2. Competitive Process**

The DEC selects award recipients through either a competitive Request for Proposal (RFP) process, a simplified bid, or a non-competitive sole source.

- a. Award recipients are most often selected through a competitive RFP process. The RFP template (Attachment 1) is used across DEC to ensure that all required terms are included in the RFP. The selection team consists of at least three individuals, which at least one is from outside the program. Objective ranking criteria is included in all RFPs and provided to the selection team by the GMS along with the scoring sheet and justification memo templates. Simplified bid is a method where grant proposals are solicited from two or more qualified entities. The threshold for this method is for grants under \$50,000.
- b. Award recipients are rarely selected through a non-competitive process. An award can be sole sourced to an entity (1) if Grantee is named in statute (2) if Grantee is a partner in a Cooperative Agreement (3) if Grantee is selected under a Federal economic recovery or infrastructure investment act (4) if Commissioner approves because of unique facts and circumstances or (5) in an emergency response situation.
- c. The selection process is documented through the following:
  - i. Evaluation Scoring Sheet
  - ii. Justification Memo

This procedure is described in further detail in the *Request for Proposal Development SOP*.

### **3. Non-Competitive Process**

Award recipients can be selected through an open and fair RFI process that requires a Letter of Intent be submitted by any entity that wants to be included in a grant program. This method of awarding grants is used for formula grant programs or situations in which the intent is to fund anyone who applies until there is no longer funding available. The RFI template is used across DEC to ensure that all required terms are included in the RFI. The responses received will form the pool of potential grant recipients and awards will be issued based on a pre-defined formula or will be funded to all who are deemed eligible for the program based on availability of funding.

#### **4. Pre-Award Eligibility**

Eligibility is determined prior to the issuance of a grant award, in accordance with Bulletin 5, Procedure 1. This includes a review of (1) Suspension and Debarment (2) Subrecipient Annual Report and (3) Single Audit Report. A summary of the process is as follows:

- a. Verify that the entity and contact person are not suspended or debarred federally or with the State through:
  - i. A search in the System for Award Management (Sam.gov) to determine federal debarment. Search results from Sam.gov are printed and saved in the grant file.
  - ii. A review of the Buildings and General Services Debarment List (BGS Debarment List).
  - iii. Review of the DEC Exclusion List.
- b. Verify that the entity is current with the submission of their Subrecipient Annual Report (SAR) and Single Audit Report to the State of Vermont Department of Finance and Management for the preceding three years. Data is accessed through the VISION Grant Tracking Module and the VISION Bulletin 5 Pre-Award Eligibility Query.
- c. For State funded grants only, the entity must include a fully completed Act 154-Certification of Good Standing (Attachment 2).

This procedure is described in further detail in the *Debarment SOP* and the *Pre-Award Eligibility and Risk Assessment SOP*.

#### **5. Risk Assessment**

DEC utilizes a two-stage risk assessment process. An organizational risk assessment and an agreement risk assessment. The organizational risk assessment is based on a questionnaire regarding the entity's internal controls and the resulting score is then calculated into the agreement risk assessment as a base score that is applied to all awards issued to the grantee, while the agreement risk assessment is a score specific to the dollar amount and complexity of the specific scope of the agreement. The risk assessment for the agreement is completed after the grant proposal or application is received and prior to the issuance of an award. A summary of the process is as follows:

- a. Risk Assessment Questionnaire (Attachment 3) completed by Grantee or Subrecipient and valid for up to three years from the date of signature. Documentation of this assessment is saved in the SharePoint Vendor Certificate Library.
- b. Organizational Risk Assessment (Attachment 4) is completed by the Grant Technician by relying on information provided in the Risk Assessment Questionnaire as well as the VISION Grant Tracking Module
- c. Project Risk Assessment (Attachment 5) is completed by the GMS to confirm eligibility of the entity at the time of the award as well as the risk of the specific project or program.
- d. The risk level of a grant agreement is the combination of the Organizational Risk Assessment and the Project Risk Assessment. Documentation is saved in GCMS.
- e. DEC has the authority to award funds to high-risk entities if it is determined to be in the best interest of the State. The approval process of high-risk grantees includes (1) written justification by the TPM and (2) Commissioner approval.
- f. This risk assessment process does not apply to the Clean Water and Drinking Water State Revolving Loans, Pollution Control Grants that are combined with a loan, or agreements that fall under the DEC Small Grants Program.

This procedure is described in further detail in the *Pre-Award Eligibility and Risk Assessment SOP*.

#### **6. Subrecipient or Contractor Determination**

Before an agreement is written, the GMS determines whether the relationship between the State and the entity is a Subrecipient or Contractor in accordance with Bulletin 5 Section III. For all federally funded agreements, DEC documents the decision (Attachment 6) as described in the Subrecipient or Contractor Relationship SOP.

#### **7. Award Document**

A standard grant agreement is completed by GMS and used for all grant agreements. The agreement includes the following:

- a. Part 1 – Grant Award Detail (Attachment 7)
- b. Part 2 – Standard Grant Agreement Template (Attachment 8 and Attachment 9)
- c. Attachment C – Standard State Provisions for Contracts and Grants
- d. Attachment D – Other Provisions (Optional)

The award document for high risk, if approved, and moderate risk awardees will include additional monitoring during the grant period, as described in Section B, Monitoring.

This procedure is described in further detail in the *Agreement Development SOP*.

#### **8. Award Execution**

Grant agreements are generally executed using an electronic signature software as approved by the Vermont Agency of Digital Services.

#### **9. VISION Grant Tracking**



All grants and amendments are entered into the VISION Grant Tracking module within ten days of execution in accordance with Bulletin 5.

#### **10. Federal Funding Accountability and Transparency Act (FFATA) Reporting**

Reporting for FFATA follows the requirements below:

- a. FFATA data entry is required for all sub awards in excess of \$25,000 funded by a federal grant, loan, or cooperative agreement. This information is entered within the required timeline per federal Office of Management and Budget regulations.
- b. The recipient of a subaward will be notified of the source of funds, which may be subject to FFATA reporting, both in the Request for Proposal, in the Grant Agreement, and on every invoice.
- c. For Clean Water and Drinking Water State Revolving Fund, since it is unknown at award time what the cash draw ratio will be for the funds to be disbursed, the program reports a standard 75% of the loan value in FFATA as federal funds up to the federal grant amount that is being used to fund the agreement. For Drinking Water federal grants, the amount reported is up to the amount of the federal grant amount for only the loan program and does not include the amount of the set-asides.

#### **11. Amendments and Renewals**

Amendments (Attachment 10) are executed by DEC when there is a change to one or more of the following (1) length of time (2) award amount or (3) scope of work of a grant agreement. Amendments follow approval process described in Section A.1.c to obtain leadership approval. Items of importance as it relates to the amendment process include:

- a. Prior to the execution of an amendment, the GMS verifies that the entity and contact person are not suspended or debarred federally or with the State as described in Section A.3.a.
- b. Grant attachments are included if they are changing because of the amendment or if there has been a State-wide update by the Agency of Administration since the date the original agreement was signed.
- c. A Renewal is a type of amendment that extends the period of performance and adds an additional year of funding to a grant agreement for additional period(s) with all terms and conditions remaining the same. Renewals may be exercised if the relevant language is included in the original grant agreement.

This procedure is described in further detail in the *Agreement Development SOP*.

#### **B. Monitoring Procedures**

DEC monitors grantees' use of the funds associated with grant agreements to ensure that grants are spent for their intended purpose, that the terms and conditions of the agreement are met and that the grant is administered by the grantee in accordance with State and federal regulations. DEC uses a layered approach that begins during the agreement development phase where organizational risk and project risk are assessed and scored for each grant agreement as defined in Section A.4. above. Documentation of all monitoring activities and

correspondence related to monitoring is maintained in the official grant file as outlined in Section D of this document.

Monitoring activities are specific in each agreement and determined by the risk level and may include (1) a review of Subrecipient Annual Reports (2) a review of Subrecipient Single Audits (3) desk reviews of financial and/or performance reports and (4) site visits. An overview is as follows:

**Table 1**

Risk Level	Monitoring Activities
Low	<ul style="list-style-type: none"> <li>• Review Single Audit and Update VISION Grant Tracking Module (if applicable)</li> <li>• Review Subrecipient Delinquency Report</li> <li>• Desk review of financial reports and final performance reports/deliverables as specific in the grant agreement</li> <li>• Subject to possible site visit</li> </ul>
Moderate	<ul style="list-style-type: none"> <li>• Review Single Audit and Update VISION Grant Tracking Module (if applicable)</li> <li>• Review Subrecipient Delinquency Report</li> <li>• Desk review of financial reports and/or bi-annual performance reports/deliverables as specified in the agreement</li> <li>• Subject to probable site visit</li> </ul>
High	<ul style="list-style-type: none"> <li>• Review Single Audit and Update VISION Grant Tracking Module (if applicable)</li> <li>• Review Subrecipient Delinquency Report</li> <li>• Monitoring of compliance with corrective action plan</li> <li>• Desk review of financial reports and/or quarterly performance reports/deliverables as specified in the agreement</li> <li>• Annual site visit</li> </ul>

### 1. Subrecipient Annual Reports

All federally funded pass-through agreements contain a condition that specify the following: The Subrecipient will complete the Subrecipient Annual Report (SAR) within 45 days after its fiscal year end, informing the State of Vermont whether a Single Audit is required for the prior fiscal year.

DEC will not execute a new agreement or process any payments to an entity who is delinquent in submitting the required SAR to Finance and Management for any of their prior three fiscal years.

### 2. Single Audit Reports

If an entity is required to submit a single audit report, DEC will obtain the Single Audit from the audit clearinghouse review the audit, utilizing DEC's audit review checklist and will work with the grantee on the resolution of any issues identified as a result of the audit review. This may include requiring a corrective action plan from the grantee.

### **3. Site Visits**

DEC will conduct site visits (in person or virtual) with a subset of each year's grantees. The process for choosing which grantees receive a site visit begins with the risk assessment. Ideally, all high-risk entities will be visited annually, and moderate and low risk entities are selected for site visits in a cyclical manner with a target of visiting each current grantee no less frequently than once every five years. This procedure is described in further detail in the *Site Visit SOP*.

### **4. Desk Reviews**

DEC conducts a desk review of financial reports and/or performance reports/deliverables as specified in the agreement. Documents are reviewed to assess the progress being made on an agreement and to ensure that invoices/financial reports that were submitted comply with all state and federal requirements related to allocability, allowability, necessity and reasonableness of costs.

## **C. Close Out Procedures**

Agreement close out is the process by which DEC determines that all applicable administrative actions and all required work associated with the award have been completed.

The Grant File Close Out process is required for all grant awards issued by the DEC. This process ensures all reporting requirements have been met and that a complete and accurate grant file has been maintained. The process for close out is outlined in the *Grant Close Out SOP*.

**D. Official Grant File**

The official grant file may include the following documents. The location of all documents considered to be part of the official grant file are located in the following locations:

**Table 2**

Type*	GCMS	Accounts Payable SharePoint	VISION	Iron Pig	Y Drive
RFP	G				
Proposals	G			S, R, E	
State Exclusion and Debarment				S, R, E	G
Federal Debarment	G, P, R, E			S	
Organizational Risk Assessment		G			
Certificate of Insurance		G, P, R, E			
Certificate of Good Standing		G, P, R, E			
Project Risk Assessment	G				
Grant Agreement Part 1	G, P, R, E				
Agreement	G, P, R, E			S, R	
Amendments	G, P, R, E			S, R	
Subcontractor Approval (if applicable and Grant signed prior to 7/1/21)	G			S, R	
Deliverables	G, P			S, R	
Invoices		G, P, R, E		S, R	
Performance/Financial Reports	G,S,P,R,E				
Match Documentation	G				
Single Audits			G		G

Key: G = Grant, S = SRF, P = PC Grant, R = REPA, E = EPA

\* If applicable

## **E. Program Specific Requirements**

### **1. Small Grants Program**

The Small Grants Program includes performance-based grants that have cost reimbursable payment provisions under \$50,000.00

#### **a. Issuance Procedures**

##### **a. Competitive Process**

- i. The Small Grants program may use a competitive process that could include a formal RFP process, a simplified bid process, or a sole source award at the discretion of the Department. A competitive process is not required for the small grants program.

##### **b. Risk Assessment**

WAIVER: It is requested that the requirements to perform a Pre-Award Risk Assessment as outlined in Bulletin 5, Section V.B be waived for awards under the Small Grants Program administered by DEC.

These awards are considered low risk in nature due to the award amounts, nature of the agreement being performance based, as well as the nature of the payments being cost reimbursable. These factors guarantee a high level of compliance monitoring for every award under these programs and is built-in to program administration procedures.

### **2. Clean Water (CW) and Drinking Water (DW) State Revolving Fund Loans (SRF Loans)**

The Clean Water and Drinking Water State Revolving Funds (SRF) provide low interest loans to municipalities, non-profit organizations, and certain private applicants for public water systems, wastewater systems, natural resource projects, and stormwater as defined in VSA Title 24, Chapter 120.

Although federally funded loans are not grants, the Federal government considers itself at risk until the debt is repaid. Therefore, Uniform Guidance §200.502(b) places audit requirements on these agreements by passing on all single audit requirements to loan recipients. For this reason, federally funded loan agreement processes are included in this Granting Plan.

#### **a. Issuance Procedures**

##### **i. Competitive Process**

- a. The CW and DW SRF programs both need to annually write an Intended Use Plan (IUP) to obtain the capitalization grant ("cap grant") from U.S. E.P.A. for the funding used for the programs. An integral part of the IUP is the Priority List (PList), which is a list of the projects that have requested funding that year and are prioritized according to the priority system for each program.

- i. The DWSRF maintains a PList for each cap grant to ensure that all program requirements for an individual cap grant are met. It is recommended that systems apply to the DWSRF annually, until their projects are funded.
  - ii. CWSRF maintains a single priority list at any given time and the priority list is replaced annually. For the CWSRF it is necessary to apply annually to assure a spot on the list at the time of their loan application.
- b. Each priority list ranks projects by their "priority" and projects with the highest number of priority points are ranked towards the top. All projects are added to the list with funding provided to the highest priority projects referred to as the "fundable range" of the List to the extent funds are available, as in compliance with Title 24 Chapter 120 of Vermont State Statute. These applicants must meet readiness-to-proceed deadlines, otherwise project bypass procedures will be implemented with funds extended in priority order to other projects further down the list that are ready to proceed. CWSRF priority system is defined in the VT Environmental Protection Rules, Chapter 2. DWSRF priority system is defined in the annual IUP and priority ranking criteria for the DWSRF. IUPs go through public review and comment before becoming effective.
  - c. For planning loans (WPLs) awarded from the Local Assistance allocation in the DW cap grant, all approved projects receive funding as current loan demand does not exceed the available funds. If in the future, demand increases to the point it exceeds available funds, the priority ranking criteria used for construction loans would apply to the planning loan fund and project funding would be limited accordingly. WPLs are limited to municipalities and privately owned, non-profit public community water systems.

## ii. Risk Assessment

**WAIVER:** It is requested that the requirements to perform a Pre-Award Risk Assessment as outlined in Bulletin 5, Section V.B be waived for awards under the Clean Water and Drinking Water State Revolving Fund Loan Program administered by the Facilities and Engineering Division.

These awards are considered high risk in nature due to the award amounts, complexity of the work and stringent compliance standards. A high level of compliance monitoring for every award under these programs is built-in to program administration procedures. More information on compliance can be found in Environmental Protection Rules: Chapter 20, EPA Clean Water and Drinking Water State Revolving Fund laws and regulations. Regardless of the outcome of the Risk Assessment determination, all loans will maintain the strenuous financial oversight. The DWSRF and CWSRF grant agreements with EPA outlines these controls and a Risk Assessment does not result in a change to practice, specifically, they do not have any impact on the oversight of these awards.

These loans are issued by the Vermont Bond Bank (VBB) on behalf of the state except for loans to privately owned systems which are made by the Vermont Economic Development Authority (VEDA) on behalf of the state. The VBB and VEDA respectively are responsible for the credit-worthiness review of the entities applying for SRF loans. This analysis includes review of financial data, debt information, population data, governance structure, record keeping and accounting procedures, results of previous financial audits, etc.

**iii. Subrecipient or Contractor Determination**

The recipients of awards from these programs have been determined to be subrecipients by a process consistent with Bulletin 5.0, Sec. V.C.

**iv. Internal Approval Process**

A complete Loan Authorization Packet (.pdf that contains all documents relevant to that loan's approval) is produced along with the Loan Approval (internal document signed by Program Manager, Division Director, Financial Director and Commissioner) and Loan Agreement. Requirements for the Loan Authorization Packet vary according to checklists associated with each step listed below that outline the various items needed to authorize a loan.

SRF Loan Steps:

Step I: Preliminary Engineering and Environmental Permitting

Step II: Final Design

Step III: Construction

**v. Award Document**

- a. Once a loan is approved, the Project Lead will send links to the Loan Authorization Packet, Loan Approval, and Loan Agreement to VBB (or VEDA, excepting the Loan Agreement as VEDA currently drafts the award document based on a template pre-approved by the CW and DWSRF Programs and USEPA).
- b. Loan agreements, which are entered into by VBB or VEDA and the loan recipient, include standard clauses citing the Federal award CFDA title and Single Audit Act requirements in addition to applicable programmatic requirements related to the Federal award.
- c. Due to the difficulty in predicting which Federal award spending year will be disbursed on a particular loan, Federal award ID, award amount and terms and conditions for each open Federal State Revolving Fund award from which the loans may be disbursed are available for viewing from a page on DEC's web site, the link to which is included in loan agreements. Loan recipients are notified as to the Federal award from which funds are being disbursed at time of disbursement.

**vi. Award Execution**

- a. VBB or VEDA will review the transmitted documents as part of their underwriting process. This review includes a full financial underwriting of the applicant and their ability to repay the debt. This review may include additional requests for information such as updated budget and financial statements or inquiries and recommendations to questions in the funding application. Once they have completed their underwriting and have obtained board approval, they will forward the loan agreement to the applicant who executes and returns to VBB or VEDA.
- b. VBB or VEDA will then send the executed agreement to DW and CW SRF Programs. Program staff places it in Division files (IronPIG) and send an email to the applicant with a link to the executed agreement and directions for disbursement request.

#### **vii. Amendments**

Amendments follow the same internal and external underwriting process as loan execution and are only completed for a significant increase in loan amount or when moving from one step to another.

- a. The Program will make eligibility determinations for small changes to engineering scope but will wait until there is a larger increase to issue a full amendment.
- b. Typically, amendments for changes in scope under \$5,000 or non-substantive relative to the overall scope of the project are not issued or eligibility is determined by WID DCEs and rolled into later funding step due to the administrative burden of small amendments.
  1. For example, if an applicant has a final design loan for \$50,000 and it is found that extra permitting costs of \$2,000 are needed, there will be an amendment to the engineering services agreement (ESA). This ESA amendment will be reviewed, approved, and documented for the file. When the applicant progresses to a construction loan for the same project, their previous final design loan of \$50,000, plus the \$2,000 permitting costs, and construction costs will be rolled into one loan. The applicant will not be able to submit for the \$2,000 permitting fee reimbursement until the construction loan is executed. These are general practices rather than hard rules. Some very small entities would have a cash flow issue for a \$5,000 expense and these situations would require evaluation on a case by case scenario.
- c. For construction loans, WIFP will process an agreement only upon a positive voter authorization (bond vote) and prior to the projects going out to bid. As such, we tend to set these loans at the bond authority level (maximum amount allowed to borrow under the bond vote) to allow for flexibility in bid cost overruns. For this reason, it is rare that an amendment would be needed at the construction loan phase and would likely require an applicant to conduct another bond vote to raise their bonding authority.



**b. Monitoring Procedures**

- i. Disbursement holds are placed on all Step I and II loans at 30/60/90/100% completion. These holds ensure that the work product is developed in accordance with program standards.
- ii. If a WID DCE determines that a work product has met the hold, they indicate the milestone in the LGTS database. For example, when a Step II loan has 60% completion of final design plans, the database will indicate this.
- iii. When payment requests are submitted for a loan, WID Financial staff will verify in the database that the work has been completed commensurate with the payment request amount. This oversight involves coordination of payment request eligibility between WID Financial staff and WID DCE.
- iv. WID DCE do a significant amount of in-house and on-site monitoring during construction period for loan-funded projects. This oversight ensures compliance with grant requirements including but not limited to American Iron and Steele (AIS), Davis Bacon Fair Wage, and Disadvantaged Business Enterprises (DBE).

**c. Close Out Procedures**

- i. Final loan agreement close out is triggered by the WIFP Financial Manager's Final Close Out document. A revised amortization schedule will be issued, establishing a repayment start date that will occur no later than one year after initiation of operations for the financed project.
- ii. For planning loans, loan recipients are given a five-year period from the date of loan execution to determine whether a project will proceed to a construction loan or to initiate repayment. If the project proceeds, agreement close out will occur as described above. If a determination is made that the project will not proceed to construction, close out will occur at the five-year mark or earlier if a determination is obtained in writing.
- iii. The award tab of the Vision Grant Tracking module is updated upon closeout with the final amounts of Federal and State funds disbursed on the loan.

**3. Municipal Water Pollution Control Grants (PC Grants)****a. Issuance Procedures**

- i. Competitive Process  
Pollution Control Grants administered by the Water Investment Division (WID) undergo a project ranking related to water pollution abatement and control outlined in Chapter 2 of the State Environmental Protection Rules.
  - a. WID's Engineering section reviews the submitted Preliminary Engineering Reports (PER) and coordinates with the applicants to determine which portions of an applicant's project is eligible for a grant.
  - b. The projects that are determined to be categorically eligible are compiled by the WID Division Director and submitted to the Legislature annually.
  - c. The legislature then determines, based on the total grant request, how much funding to allocate for pollution control grants in a lump sum.

d. WID then distributes the grants, typically in conjunction with a CWSRF loan, to each project as the loan is issued.

ii. Risk Assessment

**WAIVER:** It is requested that the requirements to perform a Pre-Award Risk Assessment as outlined in Bulletin 5, Section V.B be waived for Pollution Control Grants when the awarded project is combined with funding of a Clean Water or Drinking Water State Revolving Loan administered by the Water Investment Division (WID). This waiver request is based on the same justification for the previously approved waiver for the Clean Water and Drinking Water State Revolving Fund loans (SRF).

If a pollution control grant is funding a project without Clean Water or Drinking Water State Revolving Loan Fund assistance, the grant will follow normal grant risk assessment process as outlined in Section A.4.

iii. Grantee or Contractor Relationship

The recipients of awards from these programs have been determined to be grantees by a process consistent with Bulletin 5.0, Sec. V.C.

iv. Internal Approval Process

A Grant Approval (internal document signed by Program Manager, WID Division Director, Financial Director and Commissioner) is routed to the Program Manager by program staff for review, signature and to be routed to additional signatories.

v. Amendments

PC Grants may be amended if project costs increase or decrease following initial grant award, or in cases where the Legislature does not appropriate the full amount prior to grant award but does so in subsequent fiscal years. Amendments may also be processed for a time extension. The program reserves the option of specifying the eligible grant percentage in the initial grant award, and thereby avoid the necessity to process amendments for changes in the eligible dollar amount. Amendments follow the same process for grant execution.

b. Monitoring Procedures

If the PC grant is not associated with any SRF loan, the normal financial monitoring applies as described in Section B. If the PC grant is associated with an SRF loan, monitoring procedures follow the process described in Section E.1.b.

c. Close Out Procedures

If the PC grant is associated with an SRF loan, the grant closeout is combined with the SRF loan close out as identified in Section E1..c.

#### 4. Regional Engineering Planning Awards (REPAs)

REPAs provide funding to municipal entities for planning activities related to water and wastewater infrastructure that have a regional benefit. REPAs are authorized by Vermont law at 24 V.S.A § 4764 and are typically structured as a grant to a municipality. If a REPA is awarded to another State agency, it is not considered a subaward.

**a. Issuance Procedures**

REPAs are administered by WIFP and are available on a first come, first serve basis. Awards are issued if (1) the application is complete (2) the application meets eligibility requirements and (3) sufficient funds are available to finance the request.

**b. Monitoring Procedures**

- i. Disbursement holds are placed on all REPA projects at 30/60/90/100% completion. The purpose of these holds is to ensure that the work product is developed in accordance with the program standards.
- ii. When a WID DCE determines that a work product has met the particular hold, they indicate this milestone in the LGTS database. For example, when the work has reached 60% completion of the contract, the database will indicate this. When payment requests are submitted, WIFP Financial staff will verify in the database that the work has been completed commensurate with the payment request amount. For example, when the payment request and the 60% milestone has been reached, WIFP Financial staff can only disburse up to 60% of the funds. This oversight frequently involves coordination of payment request eligibility with the WID DCE.

**5. Engineering Planning Advances (EPAs)**

EPAs provide funding to municipal entities for engineering and land use planning for public water supply systems, or improvements, or for clean water projects or improvements. EPAs are authorized by Vermont law at 24 V.S.A § 4764 and are typically structured as a grant to a municipality.

**a. Issuance Procedures**

EPAs are administered by WIFP and are available on a first come, first serve basis. Awards are issued if (1) the application is complete (2) the application meets eligibility requirements and (3) sufficient funds are available to finance the request.

**b. Monitoring Procedures**

- iii. Disbursement holds are placed on all EPA projects at 30/60/90/100% completion. The purpose of these holds is to ensure that the work product is developed in accordance with the program standards.
- iv. When a WID DCE determines that a work product has met the particular hold, they indicate this milestone in the LGTS database. For example, when the work has reached 60% completion of the contract, the database will indicate this. When payment requests are submitted, WIFP Financial staff will verify in the database that the work has been completed commensurate with the payment request amount. For example, when the payment request and the 60% milestone has been reached, WIFP Financial staff can only disburse up to

60% of the funds. This oversight frequently involves coordination of payment request eligibility with the WID DCE.

**6. Solid Waste Implementation Plan Grants (SWIP)**

SWIP Grants are issued to Solid Waste Districts, towns and alliances to assist with the cost of specific programs and/or projects geared towards the collection, processing and management of general and hazardous waste pursuant to 10 V.S.A § 6603c.

**a. Issuance Procedures**

SWIP Grants are issued as master grant agreements with a four-year performance period and maximum grant amount. DEC then solicits proposals and issues annual Task Orders under the master grant agreement detailing the scope of work to be performed by the Grantee and annual funding amount.

**7. Clean Water Service Providers (CWSP)**

**WAIVER:** It is requested that the requirements to perform a Pre-Award Risk Assessment as outlined in Bulletin 5, Section V.B be waived for awards under the Clean Water Service Provider Program administered by the Water Investment Division (WID).

These awards are considered high risk in nature due to the award amounts, complexity of the work and stringent compliance standards. A high level of compliance monitoring for every award under these programs is built-in to program administration procedures. More information on compliance can be found in Chapter 3 of the Clean Water Service Provider Guidance and governing statute. Regardless of the outcome of the Risk Assessment determination, all grants will maintain the strenuous financial oversight. The State statute and governing guidance document, [Environmental Protection Rule, Chapter 39, Clean Water Service Provider Rule](#), outline these controls and a Risk Assessment does not result in a change to practice, specifically, they do not have any impact on the oversight of these awards.

**8. Healthy Homes- Manufactured Home Communities (MHC) Program**

**WAIVER:** It is requested that the requirements to perform a Pre-Award Risk Assessment as outlined in Bulletin 5, Section V.B be waived for awards under the Healthy Homes- Manufactured Home Communities (MHC) Program administered by the Environmental Compliance Division.

These awards are considered high risk in nature due to the award amounts, complexity of the work and stringent compliance standards. A high level of compliance monitoring for every award under these programs is built-in to program administration procedures as required by the State and Guidehouse. Regardless of the outcome of the Risk Assessment determination, all agreements will maintain the strenuous financial oversight including review of financial data, debt information, population data, governance structure, record keeping and accounting procedures, results of previous financial audits, etc. Inasmuch, a Risk Assessment does not result in a change to practice and does not have any impact on the oversight of these awards.

## **Reference List**

The following Standard Operating Procedures are maintained by DEC and incorporated by reference into the Granting Plan:

- Request for Proposal Development
- Pre-Award Eligibility and Risk Assessment
- Debarment and Exclusion
- Subrecipient or Contractor Relationship
- Agreement Development
- Single Audit Review
- Site Visit
- Desk Review
- Grant Close Out

The following referenced materials can be accessed through the following links:

[Agency of Administration, Buildings and General Services Debarment List](#)

[Department of Environmental Conservation Exclusion List](#)

[VISION Bulletin 5 Pre-Award Eligibility Query](#)

## **Attachments**

Attachment 1.	Request for Proposal Template
Attachment 2.	Act 154 Certificate of Good Standing
Attachment 3.	Risk Assessment Questionnaire
Attachment 4.	Organizational Risk Assessment
Attachment 5.	Project Risk Assessment
Attachment 6.	Subrecipient and Contractor Determination Checklist
Attachment 7.	Grant Agreement Part I
Attachment 8.	FFA Agreement Template
Attachment 9.	SFA Agreement Template
Attachment 10.	Grant Amendment Template

Approved By

DocuSigned by:  
*John Beling*  
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John Beling, DEC Commissioner

5/22/2023  
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Date

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Tracy LaFrance, DEC Financial Director

5/16/2023  
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DocuSigned by:  
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Department of Finance and Management  
Commissioner Adam Greshin

6/27/2023  
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Date