

**No. 117. An act relating to public water systems.**

(H.577)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 10 V.S.A. § 1624a is amended to read:

§ 1624a. AWARDS FOR POLLUTION ABATEMENT PROJECTS  
FOR COMBINED SEWER OVERFLOWS

(a) When the department finds that a proposed water pollution abatement project not covered under section 1625 of this title is necessary, that the proposed type, kind, quality, size, and estimated cost of the project, including operation cost and sewage disposal charges, are suitable for abatement of pollution, and that the project or the prescribed project phases are necessary to meet the intent of the water quality classifications established by the board or by statute under chapter 47 of this title, the department may award state financial assistance to the project. These projects may include ancillary work determined by the secretary to be necessary to attain the water quality goals.

(b) The assistance shall consist of:

(1) A grant of 25 percent of the eligible project cost.

(2) A loan from the Vermont environmental protection agency (EPA) pollution control revolving fund or the Vermont pollution control revolving fund of 50 percent of the eligible project cost. No interest shall be charged.

In a certificate to the Vermont municipal bond bank, the secretary shall

recommend the term, repayment schedule and other terms and conditions of the loan.

(c) Notwithstanding the percentages of assistance provided for in subsection (b) of this section, when a municipality is certified by the secretary of commerce and community development to be within a designated job development zone, the grant to the municipality shall be 50 percent of eligible project costs and the loan shall be 25 percent of eligible project costs.

(d) Grants and loans under this section may be made from state and federal sources, as determined by the secretary.

(e) A loan agreement may be entered into by action of the legislative body of the municipality, using procedures specified by applicable general or special enabling authority, following:

(1) authorization by the electorate of issuance of bonds in the amount of 25 percent of project costs, unless the municipality has determined to use some other method of financing its share of project cost; and

(2) authorization by the electorate of indebtedness in the amount of the loan under this section.

(f) A loan agreement may include provisions for deferred repayment if the electorate has authorized the future issuance of bonds to make a final repayment of the loan, and the authorization specifies whether the bond

agreements will pledge the full faith and credit of the municipality or sufficient revenues from municipal sewage disposal charges.

(1) Except as provided in subdivision (2) ~~below~~ of this subsection, loan repayments shall be according to the following schedule:

(A) 0.50 percent in the first year and increasing thereafter at 0.50 percent per year through the ninth year; and

(B) 5.0 percent in the 10th year through the 19th year; and

(C) the remainder in the 20th year.

(2) Notwithstanding subdivision ~~(1)~~ (1) of this ~~section~~ subsection, a municipality shall be entitled to loan repayment under this subdivision if repayment would produce municipal sewer rates in the municipality which exceed 150 percent of the current state average rate for a family of four. For purposes of this calculation, the municipality's sewer rates shall be deemed to include operating costs, payments on the municipality's water pollution control debt, and repayment of five percent of the principal of the loan under this section. The following shall be minimum repayments under this subdivision:

(A) 0.25 percent per year in the first through the tenth year, dating from the issuance of the certification of completion of the project;

(B) 0.50 percent in the 11th year and increasing thereafter at 0.50 percent per year through the 19th year; and

(3) the remainder in the 20th year. When a loan is issued with deferred repayment provisions pursuant to authorization of the electorate under this section for the future issuance of bonds, upon maturity of the loan, if other sources of revenue are available, the legislative body of the municipality may elect not to issue bonds to make the final payment on the loan. The term of these bonds, if issued, shall not exceed 20 years. As authorized in the initial vote, these bonds may be secured by a pledge of the full faith and credit of the municipality or by sufficient revenues from municipal sewage disposal charges.

(g) State financial assistance under this section shall be made to the extent that funds are available and according to a system of priorities established by the secretary. In establishing this system, priority shall be given to pollution abatement and not to the support of demand growth, and to projects discharging into or near lakes on January 1, 1988.

(h) Notwithstanding subsection (b) of this section, a loan awarded from the Vermont environmental protection agency pollution control revolving loan fund for a combined sewer overflow abatement project may be for up to 100 percent of the eligible project cost if:

(1) the project is included on a priority list; and

(2) the project is capitalized, at least in part, with a federal clean water state revolving fund grant that includes loan forgiveness provisions.

Sec. 2. 10 V.S.A. § 1675 is amended to read:

§ 1675. PERMITS; CONDITIONS; DURATION; SUSPENSION OF  
REVOCATION

(a) Authority to issue, renew, or deny permit. The secretary may issue, renew, or deny a public water system permit required by this chapter. As part of this authority, the secretary may issue general operating permits for the operation of transient noncommunity water systems.

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~~(e) Duration of permit. An operating permit shall be valid for the period of time specified in the permit but not more than ten years.~~

(f) Suspension or revocation of permits.

(1) The secretary may, after notice and opportunity for hearing, revoke or suspend any permit issued pursuant to the authority under this title if the secretary finds that:

(A) the permit holder submitted materially false or inaccurate information;

(B) the permit holder has violated any material requirement, restriction or condition of this chapter, any rule promulgated thereunder, or any permit or certification issued pursuant to this chapter, or any assurance of discontinuance or order relating to the provisions of this chapter or the rules promulgated thereunder; or

(C) there is a change in any condition that requires either a temporary or permanent restriction, limitation or elimination of the permitted use.

(2) Revocation shall be effective upon actual notice thereof to the permit holder or permit holder's designated agent.

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(i) Notwithstanding the requirements of this subsection, the secretary may issue an operating permit for an existing public water system that is unable to comply with the standards adopted under this chapter provided that:

(1) The operating permit contains a compliance schedule that is designed to achieve compliance with the applicable standards within a reasonable period of time based on the nature and extent of the applicable standards at issue;

(2) The secretary finds that the continued operation of the public water system pursuant to the compliance schedule and associated permit conditions shall not present an unacceptable risk to public health; and

(3) The person who owns the public water system shall be responsible for informing all persons using the system of the nature and extent of the noncompliance with the applicable standards.

Sec. 3. 10 V.S.A. § 1676 is amended to read:

~~§ 1676. TEMPORARY PERMITS~~

~~(a) The secretary may issue a temporary operation permit for public water system if such issuance will not unreasonably contribute to a public health risk, and the system is unable to comply with:~~

~~(1) any physical facility requirement established in the Vermont standards and requirements for water system design and construction;~~

~~(2) any operational requirement established by rules adopted under this chapter; or~~

~~(3) operator certification requirements.~~

~~(b) A temporary permit shall:~~

~~(1) contain a schedule which requires compliance with this chapter and the rules adopted under this chapter by a specified date;~~

~~(2) require the person who owns or operates the system to inform all persons using the system of the nature and extent of the noncompliance with this chapter or rules of this chapter;~~

~~(3) be valid for not more than three years. A temporary permit may be renewed.~~

~~(c) A temporary permit may contain any conditions, requirements, schedules, restrictions or monitoring and testing programs that the secretary deems necessary to prevent a public health risk.~~

~~(d) [Deleted.]~~

~~(e) A temporary permit may not be issued for a new public water source if there are agricultural lands in the area that are likely to affect the proposed new source.~~

Sec. 4. 24 V.S.A. § 4753a is amended to read:

§ 4753a. AWARDS FROM REVOLVING LOAN FUNDS

(a) Pollution control. The general assembly shall approve all categories of awards made from the special funds established by section 4753 of this title for water pollution control facility construction, in order to assure that such awards conform with state policy on water quality and pollution abatement, and with the state policy that, except as provided in subsection (c) of this section, municipal entities shall receive first priority in the award of public monies for such construction, including monies returned to the revolving funds from previous awards. To facilitate this legislative oversight, the secretary of natural resources shall annually no later than January 15 report to the house and senate committees on institutions and on natural resources and energy on all awards made from the relevant special funds during the prior and current fiscal years, and shall report on and seek legislative approval of all the types of projects for which awards are proposed to be made from the relevant special funds during the current or any subsequent fiscal year. Where feasible, the specific projects shall be listed.



(b) Water supply. The secretary of natural resources shall no later than January 15, 2000 recommend to the house and senate committees on institutions and on natural resources and energy a procedure for reporting to and seeking the concurrence of the legislature with regard to the special funds established by section 4753 of this title for water supply facility construction.

(c) Failed wastewater and potable water supply system loans.

Notwithstanding other priorities established in law, the secretary may award up to \$500,000.00 of the funds from the Vermont environmental protection agency control fund and the Vermont pollution control revolving fund, combined, to a state agency, the Vermont housing finance agency, or a municipality for the administration of loans to households with income equal to or less than 200 percent of the state average median household income for the repair or replacement of failed wastewater systems and failed potable water supplies, as those terms are defined in ~~section 10 V.S.A. § 1972 of Title 10.~~ Upon award of funds under this section, the state agency, Vermont housing finance agency, or municipality shall agree, pursuant to a memorandum of understanding with the secretary of natural resources, to repay the funds awarded to the special fund from which they were drawn.

(d) Loan forgiveness; pollution control. Notwithstanding any other provision of law regarding loan forgiveness, upon the award of a loan from the Vermont environmental protection agency pollution control revolving fund

(CWSRF), the secretary of natural resources, in a manner that is consistent with federal grant provisions, may forgive up to 50 percent of a loan if the award is made for a project on a priority list and the project is capitalized, at least in part, from funds derived from a federal CWSRF capitalization grant that includes provisions authorizing loan forgiveness. Such loan forgiveness shall be based on the loan value, but funds to be forgiven shall only consist of federal funds, except where the loan is used as a match to other federal grants requiring nonfederal funds as a match.

(e) Loan forgiveness; drinking water. Notwithstanding any other provision of law regarding loan forgiveness, upon the award of a loan from the Vermont environmental protection agency drinking water state revolving fund (DWSRF), the secretary of natural resources, in a manner that is consistent with federal grant provisions, may forgive up to 100 percent of a loan if the award is made for a project on the priority list and the project is capitalized, at least in part, from funds derived from a federal DWSRF capitalization grant that includes provisions authorizing loan forgiveness. Such loan forgiveness shall be based on the loan value, but funds to be forgiven shall only consist of federal funds, except where the loan is used as a match to other federal grants requiring nonfederal funds as a match.

(f) Loan forgiveness standard. The secretary shall establish standards, policies, and procedures as necessary for implementing subsections (d) and (e)

of this section for allocating the funds among projects and for revising standard priority lists in order to comply with requirements associated with federal capitalization grant agreements.

Sec. 5. 10 V.S.A. § 1973 is amended to read:

§ 1973. PERMITS

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(j)(1) When an applicant for a permit under this section proposes a water supply or wastewater system with isolation distances that extend onto property other than the property for which the permit is sought, the permit applicant shall send ~~a copy of the complete permit application~~ by certified mail, on a form provided by the secretary, a notice of an intent to file a permit application, including ~~any plans~~ the site plan that accurately depicts all isolation distances, to any landowner affected by the proposed isolation distances ~~no later than~~ at least seven calendar days prior to the date that the permit application is submitted to the secretary.

(2) If, during the course of the secretary's review of an application for a permit under this section, the location of a water supply or wastewater system permit is revised and the isolation distances of the revised system extend onto property other than the property for which the permit is sought, the permit applicant shall ~~provide~~ send by certified mail a copy of any revised plan to any landowner affected by the isolation distances.

(3) If, after a permit has been issued under this section, a water supply or wastewater system is not installed according to the permitted plan and the record drawings submitted under subsection (e) of this section indicate that the isolation distances of the ~~as-built~~ system as constructed extend onto property other than the property on which the ~~as-built~~ system is located, the permittee shall ~~provide~~ send by certified mail a notification form provided by the secretary with a copy of the record drawings showing all isolation distances to any landowner affected by the isolation distances.

(4) A permit applicant or permittee subject to the requirements of subdivisions (1) through (3) of this subsection shall certify to the secretary that the ~~notice~~ notices and information required by this subsection have been sent to affected landowners and shall include in the certification the name and address of all affected landowners. If the secretary approves a permit application under this section, the permit shall not be issued to a permit applicant subject to the requirements of ~~subdivisions~~ subdivision (1) and (2) of this subsection until seven calendar days after the permit applicant certifies to the secretary that the notice required under this subsection has been sent to affected landowners.

#### Sec. 6. EFFECTIVE DATE

(a) This section and Secs. 1 (combined sewer overflows; awards), 2 (public water systems permits), 3 (repeal of temporary permits for public water

systems), and 4 (awards from special environmental revolving loan fund) of this act shall take effect on July 1, 2012.

(b) Sec. 5 (notice of isolation distances) shall take effect on September 1, 2012.

Approved: May 9, 2012