

MEMORANDUM

Date: March 11, 2022

To: Water and Sewer Commission

From: Josh Arneson, Town Manager

RE: Review of Potential Funding Sources for Gateway Water and Sewer Expansion

This is a follow up from the March 7, 2022 Water and Sewer Commission meeting. In that meeting the following funding options for the Gateway Water and Sewer Expansion Project were discussed:

- The project is eligible for ARPA money that came directly to the Town. This money follows Federal guidelines so it can be used for expansion of a wastewater system. Town is still in the process of gathering feedback from residents on the use of these funds. A decision on how much, if any, of these funds will be allocated for this project is likely at least six or more months away.
- The project is not eligible for the Clean Water State Revolving Fund (CWSRF). The money from the Federal Infrastructure bill will be coming to the State through this program and will be following state rules for CWSRF. Therefore, the Federal Infrastructure bill money will not be able to be applied to this project.
- There may be a path to eligibility for the Drinking Water State Revolving Fund (DWSRF). The Federal Infrastructure bill funds will come to the State through this program for drinking water. The Gateway Expansion Project may qualify for funding by combining several public systems. I am working on confirming with DWSRF if the project could be eligible.

I have checked in with the State Fire Marshal to see if there are aware of any funding that could be put toward the water project to expand fire protection to the western section of Richmond and closer to the Exit 11 interchange on I89. They were unaware any funding that would match this.

I checked in with Town Planner Ravi Venkataraman on if there are any funding programs available related to affordable housing, as this expansion, coupled with changes in zoning, may allow for more affordable housing. Mr. Venkataraman checked in with the Agency of Commerce Community and Development and the Chittenden County Regional Planning Commission and determined that there is no money available for a project such as this at this stage. Put another way, the project is not guaranteed to produce more affordable housing, and funds are not available for projects which only might produce more affordable housing.

There may be funds available if zoning changes occur and developers or the Town have concrete and immediate plans for redeveloping specific properties. In this case, it could be that the developer and/or the Town applies for funding to develop a project eligible for funding—funding such as a block grant or a community development loan-- constructs the water and wastewater lines to serve the project using the

funding they received, and then turns the water and sewer infrastructure over to the Town. Regardless of the funding source, the zoning regulations would need to be amended in order to come into compliance with Criterion 9L for Act 250. The project may not receive Act 250 approval without these changes. These changes are expected to be forwarded to the Selectboard for approval by August 2022.

Another option would be to pursue having the area designated as a Designated Growth Center Area. In order to establish a Designated Growth Center Area, the Town would have to:

- Develop a master plan that depicts a concept plan and vision for the area, and includes a buildout analysis that proves that the area can accommodate 51 percent of the Town's anticipated growth for a 20-year planning period;
- Adopt the master plan;
- Change the zoning regulations to meet the standards of the Growth Center Designation program and encourage higher intensity mixed-use development
- Some sort of plan or indication (via zoning regulations, an Official Map, the Capital Plan, or a similar regulatory or policy tool) that shows that the Town is invested in: minimizing impacts on important natural and cultural resources; creating new sidewalks, paths, and public parks; and providing public transit for the entirety of the Growth Center Designation area; and then
- Apply for the Growth Center Designation program, which is a multi-step process.

This process could take up to two years or more for approval. But, if approved, this would open up access to funding through CWSRF.