



Department of Environmental Protection

One Winter Street Boston, MA 02108 • 617-292-5500

Charles D. Baker
Governor

Karyn E. Polito
Lieutenant Governor

Matthew A. Beaton
Secretary

Martin Suuberg
Commissioner

January 26, 2016

To All Interested Parties:

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the Final 2016 Intended Use Plan (IUP), which details the projects, borrowers and amounts that will be financed through the Clean Water State Revolving Fund (CWSRF) loan program. The CWSRF is a joint federal-state financing loan program that provides subsidized interest rate loans to improve or protect water quality in the Commonwealth.

As noted in Table 1, Massachusetts is offering approximately \$414 million to finance clean water projects across the Commonwealth. Approximately \$380 million will fund 35 new construction projects and an additional \$15 million will be allocated towards funding 9 previously approved multi-year projects. \$2 million has been allocated to the emergency set-aside account, and \$3 million will be directed to the Community Septic Management Program to remediate failed septic systems in participating communities. An additional \$13.8 million will fund 15 planning projects.

The Water Resources Reform and Development Act of 2014 (WRRDA) amended the Clean Water Act resulting in important changes to the CWSRF Program that will affect most borrowers. The primary changes to the program are the requirements for borrowers to develop and maintain a Fiscal Sustainability Plan, which is similar to an asset management plan and a certification that the cost and effectiveness of the project has been evaluated and that the project maximizes water efficiency and energy conservation. The body of the IUP discusses these new WRRDA requirements in greater detail.

The United States Environmental Protection Agency (EPA) has not yet determined the exact 2016 SRF grant allocations to the states. Based on the overall federal appropriation, MassDEP expects to receive an estimated \$44 million federal grant to subsidize the CWSRF program. Under the Fiscal Year 2016 Omnibus Appropriations Bill, Congress is requiring that at least 10% of the federal grant be used to fund “green infrastructure”. The 2016 Final IUP lists 16 new “green infrastructure” construction projects. The exact monetary value of the green portion of these projects will be determined when project applications are submitted but are expected to be well in excess of 10% of the federal grant.

Congress is also requiring that states use 10% of the CWSRF grant towards additional project subsidy for communities that might otherwise be unable to afford to undertake the project. This additional subsidy will be used to subsidize projects that meet the affordability criteria recently established by the Clean Water Trust in response to WRRDA. The additional subsidy funds will be distributed in a pro-rated share to all of the proponents meeting appropriate criteria and who execute a construction contract on or before June 30, 2017. As in previous years, MassDEP is also offering additional subsidy for all projects with a renewable energy component.

Section 302 of the 1996 Safe Drinking Water Act Amendments allows states the flexibility to move some funds between the Clean and the Drinking Water SRF programs, to better address specific state priorities. CW IUP capacity is frequently sufficient to allow Massachusetts to finance all of the Clean Water projects that request financing in a given year. On the Drinking Water side, generally one third to one half of the projects go unfunded each year. Transferring a limited amount of funds from CWSRF to DWSRF this year and in the future will help to modestly increase the capacity of the DWSRF and reduce this imbalance in our ability to provide financing. Therefore, Massachusetts will transfer funds from the CWSRF to the DWSRF program in the estimated amount of \$5.28 million (33% of the anticipated 2016 DW grant amount of \$16 million). These will be recycled funds freed up from the repayment of previous loans.

The Project Priority List (PPL) of the Final IUP is presented in Table 2. The PPL lists by ranking, all of the proposals that MassDEP received in the 2016 solicitation. The IUP is the subset of the PPL selected to receive financing offers.

MassDEP appreciates the efforts that proponents invested in the development of applications. We know that significant effort goes into every application, and appreciate your efforts to enhance and protect the quality of waters of the Commonwealth.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve McCurdy', with a long horizontal flourish extending to the right.

Steve McCurdy, Director
MassDEP Division Municipal Services

TABLE 1
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2016 CWSRF Intended Use Plan

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	2016 IUP Cost
127	NEW BEDFORD (RE) (PF)	4061	CSO Abatement Program	\$186,860,000	\$32,000,000
127	MARION #	4083	WW Collection System and Drainage System Imprvs	\$17,798,000	\$17,798,000
118	TAUNTON (PF)	4110	Sewer/Drain Separation and Inflow Removal	\$4,000,000	\$4,000,000
115	CHICOPEE (PF)	4080	Phase 5B Sewer Separation Project	\$12,264,000	\$12,264,000
112	FITCHBURG # (PF)	4088	Fitchburg WWTF Secondary Systems Upgrade	\$30,566,000	\$30,566,000
107	MWRA #	4116	CSO Phase 17	\$675,206,000	\$15,000,000
107	REVERE # (PF)	4052	Illicit Connection & Sump Pump Removal Program	\$3,600,000	\$3,600,000
107	REVERE # (PF)	4051	Phase VII Construction- I/I, IDDE, P.S. & Drainage	\$12,300,000	\$12,300,000
106	SAUGUS # (PF)	4114	Sewer System and Pump Station Rehab/Improvements	\$6,054,000	\$6,054,000
106	LOWELL REGIONAL WASTEWATER UTILITY # (PF)	4097	CIP Phase - WWTF and Infrastructure Upgrades	\$11,000,000	\$11,000,000
104	FITCHBURG # (PF)	4049	Beech and Hazel Streets Sewer Separation	\$3,508,000	\$3,508,000
103	LOWELL REGIONAL WASTEWATER UTILITY (PF)	4108	West St. Flood Protection, Storage and Stations	\$15,248,000	\$15,248,000
99	UBWPAD #	4057	Nutrient Removal Improvements	\$130,000,000	\$32,000,000
98	LAWRENCE # (PF)	4086	Sewer and Drainage Improvements	\$14,267,000	\$14,267,000
98	FRAMINGHAM (PF)	4050	Worcester Road Pumping Station Elimination	\$20,180,000	\$20,180,000
95	NORWOOD (PF)	4093	Underdrain Area Sewer Rehabilitation	\$2,700,000	\$2,700,000
93	FALL RIVER (PF)	4068	Globe Street Sewer Improvements Project	\$4,451,000	\$4,451,000
93	NANTUCKET	4107	Sea Street Pump Station Upgrade	\$5,679,000	\$5,679,000
91	FALL RIVER # (PF)	4067	Cress Brook Drainage Improvements Project	\$5,557,000	\$5,557,000
91	DARTMOUTH (PF)	4113	Installation of New UV Disinfection System	\$2,413,000	\$2,413,000
90	NANTUCKET	4096	Monomoy and PLUS Sewer Extension	\$30,188,000	\$12,000,000
90	NANTUCKET	4095	Madaket, Warrens Landing and Somerset Sewer Exten.	\$55,752,000	\$14,000,000
90	ANDOVER	4056	Ledge Road Landfill Closure	\$9,720,000	\$9,720,000
89	UXBRIDGE #	4048	WWTF BNR and Infrastructure Upgrade	\$35,300,000	\$32,000,000
86	HOPEDALE # (PF)	4047	Hopedale WWTF Improvements	\$6,180,000	\$6,180,000
86	FALL RIVER (PF)	4066	Hyacinth Street Drainage Improvements Project	\$644,000	\$644,000
84	BROCKTON # (PF)	4060	Sewer Rehabilitation Project	\$4,360,000	\$4,360,000
74	MWRA	4117	Facility Asset Protection	\$34,688,000	\$1,000,000
69	TYNGSBOROUGH	4094	Phase 2 Sewer Extension - Middlesex Road North	\$10,445,000	\$10,445,000
64	ACTON	4071	West Acton Center Sewer Extension	\$9,434,000	\$9,434,000
60	BILLERICA # (PF)	4101	Sewer Contract 36	\$21,576,000	\$21,576,000
60	EASTON	4099	Queset Commons Sewer Extension	\$2,790,000	\$2,790,000
57	GLOUCESTER # (PF)	4112	Rehab of Gloucester Ave & Breezy Pt. Pump Stations	\$935,000	\$935,000
55	MWRA	4118	DITP Asset Protection Phase 2	\$60,100,000	\$1,000,000

49 SOUTHBRIDGE (PF)	4109 Bio-Tower Upgrade/Replacement	\$3,600,000	\$3,600,000
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TOTAL OF NEW PROJECTS		\$1,449,363,000	\$380,269,000
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(Count: 35)

(Average Rating: 91.43)

(PF) – Project Eligible for Principal Forgiveness

(RE) - Potential Renewable Energy Projects

- Projects meeting the EPA definition of a Green Project including: Energy Efficiency, Renewable Energy, and/or Green Infrastructure

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	SRF ID	Project	Project Cost	2016 IUP Cost
MWRA	2870	Electrical Upgrades	\$73,215,641	\$2,000,000
MWRA	2885	Wastewater Treatment Plant and Sewer Improvements	\$48,685,168	\$2,000,000
MWRA	3134	Deer Island Treatment Plant Improvements	\$81,559,117	\$2,000,000
MWRA	3668	Nut Island Headworks Electrical & Conveyor Improv.	\$9,200,000	\$1,000,000
MWRA	3980	Caruso Pump Station	\$2,679,050	\$1,179,050
MWRA	3981	Remote Headworks Upgrade	\$166,760,000	\$2,820,950
MWRA	3982	Clinton WWTP Phosphorous Removal	\$6,333,800	\$2,000,000
MWRA #	3542	DITP Digester and Cryogenics Upgrade	\$21,780,000	\$1,000,000
MWRA #	3543	DITP Electrical and Plant Upgrades	\$51,436,276	\$1,000,000

TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS		\$461,649,052	\$15,000,000
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(Count: 9)

MassDEP PRIORITY PROJECTS

Applicant	SRF ID	Project	Project Cost	2016 IUP Cost
COMMUNITY SEPTIC MANAGEMENT PROGRAM	3850		\$3,000,000	\$3,000,000
EMERGENCY SRF SET-A-SIDE	2977		\$2,000,000	\$2,000,000

TOTAL OF MassDEP PRIORITY PROJECTS		\$5,000,000	\$5,000,000
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(Count: 2)

PLANNING PROJECTS

Applicant	SRF ID	Project	Project Cost	2016 IUP Cost
ACUSHNET	4100	CWMP	\$375,000	\$375,000
BROCKTON	4058	Sewer Flow Monitoring Program	\$1,100,000	\$1,100,000
BROCKTON	4059	Stormwater Management Plan	\$400,000	\$400,000
FITCHBURG	4053	Phase I of City's System-wide SSES and Report	\$545,000	\$545,000

HOPKINTON	4072 Update to CWMP	\$250,000	\$250,000
LAWRENCE	4085 Sewer System Evaluation Survey	\$2,700,000	\$2,700,000
LOWELL REGIONAL WASTEWATER UTILITY	4098 WWTF Capacity Assessment	\$500,000	\$500,000
NEW BEDFORD	4077 Supplemental WW and SW Plan	\$1,000,000	\$1,000,000
NEW BEDFORD	4076 Organics Waste to Energy Feasibility Study	\$500,000	\$500,000
ORLEANS	4065 Water Quality & Wastewater Management Plan	\$2,405,000	\$2,405,000
REVERE	4055 Illicit Connections & Sump Pump Detection	\$850,000	\$850,000
REVERE	4054 Phase VII Field Investigations - I/I and IDDE	\$1,500,000	\$1,500,000
REVERE	4091 CMOM Phase 2	\$550,000	\$550,000
SAUGUS	4115 Private Inflow Removal and Flow Monitoring Program	\$322,000	\$322,000
SOMERSET	4092 Integrated Water Resources Management Plan	\$775,000	\$775,000
TOTAL OF PLANNING PROJECTS		\$13,772,000	\$13,772,000

(Count: 15)

TOTAL OF INTENDED USE PLAN	\$1,929,784,052	\$414,041,000
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I. Introduction

The Federal Water Quality Act of 1987 established a program of capitalization grants to the States to create Clean Water State Revolving Fund (CWSRF) loan programs. These programs provide state-administered below market rate financing for the construction of publicly owned water pollution abatement facilities and implementation of non-point source management projects. Under the CWSRF program, States provide a 20% match to the federal capitalization grant to create the loan fund. Projects to be financed are selected using a priority ranking system based upon the public health and environmental protection benefits of the proposed projects.

The CWSRF is jointly administered by the Massachusetts Department of Environmental Protection (MassDEP) and the Massachusetts Clean Water Trust (the Trust). MassDEP manages the technical aspects of the project development while the Trust manages the disbursement of funds and the sale of bonds to provide capital to the program.

Pursuant to the applicable provisions of the Federal Water Pollution Control Act of 1972, as amended, Chapter 21 of the General Laws, and 310 CMR 44.00, MassDEP has developed its Final Calendar Year 2016 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of water pollution abatement projects. In order for a project to receive financial assistance under the State Revolving Fund Loan program, that project must appear on the Project Priority List and the Intended Use Plan Project Listing.

This Final IUP includes approximately \$414 million in financing and describes Massachusetts' intended uses for all funds available in the CWSRF program for 2016, including the projects that Massachusetts expects to provide financial assistance to and an overview of how the state will comply with federally mandated requirements.

All new projects receiving financial assistance from the CWSRF will be eligible for loans at 2% interest. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, so-called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles. Certain projects, whose primary purpose is nutrient reduction, may be eligible for 0% interest rate loans, if they meet specific statutory requirements. MassDEP will review all submitted information to determine the project(s)' eligibility for the reduced rate financing prior to committing to permanent financing.

To be considered for funding priority, communities must have appropriated the necessary local project funds or have committed to a schedule to obtain those funds by June 30, 2016. Also, complete applications must be submitted to MassDEP at the earliest possible time, but not later than October 15, 2016. A complete application must contain the local funding authorization and the required supporting documentation. Any project not meeting these deadlines will be removed from the IUP Project Listing. Projects offered financing that do not advance, may be replaced by the highest ranked project on the Project Priority List that is ready to proceed.

All SRF related documents including this IUP, the priority ranking system, loan application forms, etc. may be found on the MassDEP web site at <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html> .

II. Calendar Year 2016 Project Funding

In 2016, MassDEP expects to finance 35 new construction projects, 9 carryover projects, and 15 planning projects totaling \$414,041,000. Included in this amount is a \$2 million emergency reserve to finance unanticipated problems of acute public health concern that may arise during the year. A \$3 million allocation to the Community Septic Management Program is also proposed. Table 1 is the funding list for 2016 and Table 2 is the extended Project Priority List.

Congress recently passed a Fiscal Year 2016 Omnibus Appropriations Bill that provides a total of \$1.39 billion for the federal CWSRF program. While Massachusetts has not received a final grant allotment amount from the United States Environmental Protection Agency (EPA), MassDEP expects to receive an estimated \$44 million federal grant to subsidize the CWSRF program. The following are some of the more notable requirements applicable to the CWSRF program:

a. Additional Subsidy

Congress is requiring that states use 10% of the CWSRF grant (an estimated \$4.4 million) towards additional project subsidy for communities that might otherwise be unable to afford to undertake the project. Massachusetts provides the subsidy in the form of principal forgiveness towards construction projects in communities that meet the affordability criteria recently established by the Trust in response to the Water Resources Reform and Development Act of 2014 (WRRDA) and for renewable energy generation projects at Publicly Owned Treatment Works.

The affordability criteria established three tiers of additional subsidy. The highest level of subsidy goes to communities that are below 60% of the statewide Adjusted Per Capita Income (APCI). The second level of subsidy goes to those communities that fall within 60-80% of the statewide APCI and the third level of subsidy goes to those communities between 80-100% of the statewide APCI. The exact amount of subsidy any project receives depends on which tier the community falls under and how many projects eligible for additional subsidy actually proceed to construction.

Additional subsidy will be distributed over construction contracts that are executed by June 30, 2017. Awards will be based on a prorated share of the total eligible cost of all of the subsidy-eligible projects that meet the deadline. For multi-year projects in communities that fall below 60% of the statewide APCI, contracts executed after June 30, 2017 will be eligible for additional subsidy in the following year(s).

b. Green Infrastructure

Under the Fiscal Year 2016 Omnibus Appropriations Bill, Congress is requiring that at least 10% of the federal grant be used to fund “green infrastructure”. For Massachusetts this requires that an estimated \$4.4 million be allocated towards Green Infrastructure projects. For 2016 MassDEP has identified and highlighted 16 new projects with a total value of over \$200 million that meet EPA guidelines for Green Infrastructure. Most of these projects are not entirely green; therefore, determining the exact value of the green portions of the project is not possible at this time. The total value of green components of those projects will be determined when detailed project applications

are submitted. MassDEP expects to meet the minimum \$4.4 million that EPA requires be allocated towards Green Infrastructure projects.

c. Applicant Cap

The Massachusetts SRF regulations (310 CMR 44) place a limit on any one proponent receiving any more than 33% (thirty-three percent) of the available funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked projects as possible, MassDEP is proposing to implement an applicant cap of \$32 million for the 2016 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the Intended Use Plan Project Listing are not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

d. WRRDA Requirements

The Water Resources Reform and Development Act of 2014 (WRRDA) amended the Clean Water Act resulting in important changes to the CWSRF Program that will affect most borrowers. The following are the specific provisions that may have an impact on borrowers:

- Fiscal Sustainability Planning – For treatment works proposed for repair, replacement, or expansion, the EPA is now requiring that borrowers develop and implement a fiscal sustainability plan (FSP) that includes:
 - *an inventory of critical assets that are a part of the treatment works;*
 - *an evaluation of the condition and performance of inventoried assets or asset groupings;*
 - *a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and*
 - *a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities;*

or a certification that the borrower has developed and implemented a plan that meets these requirements.

With the exception of the third bullet, these are all components of an asset management plan. The EPA issued a Best Management Practices guide for the development of asset management plans, which may be used as a basis for the development of an FSP (http://water.epa.gov/type/watersheds/wastewater/upload/guide_smallsystems_assetmanagement_bestpractices.pdf). There are numerous other guidance documents available on the EPA website. Several other states (New Mexico and New Jersey among others) have also developed detailed guidance on the development of asset management plans, which is publicly available.

MassDEP will be developing a certification form for those systems that have developed and implemented an FSP.

The development of FSPs is an eligible SRF cost and borrowers on the 2016 IUP may request an increase to their project cost to cover the development of the FSP.

- Cost and Effectiveness – Starting with the 2016 IUP, the EPA is now requiring a certification that the borrower:

- *has studied and evaluated the cost and effectiveness of the processes, materials, techniques and technologies for carrying out the proposed project; and*
- *has selected, to the maximum extent practicable, a project maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account—*
 - *the cost of constructing the project;*
 - *the cost of operating and maintaining the project over the life of the project; and*
 - *the cost of replacing the project.*

MassDEP expects that applicants will have evaluated the cost of their project as well as the effectiveness of the solution in the required planning element such as a Comprehensive Wastewater Management Plan or a Project Evaluation Report. These reports typically evaluate alternatives and compare their various life cycle costs. The only additional work is to evaluate that the project maximizes the potential for efficient water use and energy conservation. This evaluation, if not already complete, can be appended to the planning document.

MassDEP will develop a certification form to be included in the Loan Application package.

- Architectural and Engineering (A/E) Services Procurement –The EPA is requiring that A/E services that are paid with **federal** funds be procured using the qualifications based selection process under Chapter 11 of title 40, United States Code or an equivalent state qualifications based requirement.

Massachusetts has two different statutes for procuring A/E services: one for vertical construction (Chapter 149); and one for horizontal construction (Chapter 30B). Chapter 149 appears to meet the qualifications based selection requirement while Chapter 30B does not appear to meet it. In addition, the federal requirement does not appear to take into account the procurement of an Owners Project Manager (OPM) which is an additional requirement of Chapter 149 for large projects.

Rather than add in a third method of procurement or forcing communities into using a different method of procurement for horizontal construction and/or OPM services, the Trust has chosen to not use **federal** funds for any A/E services. SRF funds will still be available for construction services. However, on some large projects that may receive federal funds for construction, the A/E services may need to be split out into a separate loan. While this will have an impact on certain communities, the Trust felt this was a lesser burden than modifying Massachusetts' various procurement processes.

- Affordability Criteria – The EPA required each state to develop new affordability criteria for the distribution of additional subsidy by September 30, 2015. These criteria needed to take into account income, unemployment rate, and population trends. The Trust developed these criteria, accepted public comment and approved the final criteria on September 23, 2015.
- Project Accounting – The EPA is now requiring that projects accounts be maintained in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. MassDEP has always required that project accounts be maintained in accordance with generally accepted government accounting standards, but not particularly with respect to the reporting of infrastructure assets. The most recent applicable standard is Governmental Accounting Standards Board (GASB) Statement No. 34, issued in June 1999, which details governmental reporting requirements including standards for

reporting of infrastructure assets. MassDEP will be changing the standard condition in the Project Regulatory Agreement to reflect this change. It is expected that this change will have little, if any impact on SRF borrowers as most communities are already complying with GASB 34 requirements.

III. Short and Long Term Goals

The following are the goals that Massachusetts has set for its CWSRF.

a. Short Term Goals

- Incorporate the recently developed affordability criteria into the additional subsidy distribution;
- Provide enhanced subsidy to projects that include renewable energy components recommended by comprehensive energy audits;
- Finance projects that focus on rehabilitation of wastewater infrastructure that promote sustainable infrastructure and smart growth principles; to include prioritization of regional wastewater management alternatives where appropriate;
- Finance projects to correct combined sewer overflows, including those affecting the Connecticut and Merrimack Rivers, Boston Harbor and Buzzards Bay;
- Finance wastewater treatment projects to address nutrient removal, especially in the Massachusetts Estuaries Program (MEP) areas;
- Utilize the SRF program to provide \$3M in loan assistance for the correction/upgrade of failed septic systems through the Collection Systems, Nonpoint Source, and Community Septic Management Programs;
- Finance studies that encourage comprehensive water resource management planning;
- Perform outreach activities to Clean Water SRF borrowers that identify the focus on and eligibility of energy efficiency/alternative energy projects;
- Reserve \$2.0 million in available program capacity, to finance at MassDEP's discretion unanticipated problems of acute public health concern that may arise during the year. To be financed under this reserve, proposed projects must constitute an imminent environmental or public health threat and otherwise meet MassDEP's applicable criteria.

b. Long Term Goals

- Continue correction of combined sewer overflows (CSO), Sanitary Sewer Overflows (SSO) and inflow/infiltration (I/I) problems, which retain high public health and environmental priority as serious sources of water quality degradation;
- Continue upgrading of secondary treatment to address nutrients;
- Support financing of non-traditional solutions to water quality problems, particularly those caused by stormwater;
- Develop infrastructure projects that promote and support smart growth by concentrating development and avoiding sprawl into green space;
- Ensure that wastewater treatment projects financed through the SRF fully consider cost-effective energy efficiency measures and/or renewable energy strategies;
- Promote investments in nutrient reduction particularly as they affect waterbodies that have established Total Maximum Daily Loads (TMDLs) or those that have been identified through the MEP; and

- Continue financing projects identified in the statewide Nonpoint Source Program.

IV. Allocation of Funds

a. Criteria and Method for Distribution of Funds

Massachusetts rates projects using the Commonwealth's priority ranking system (see <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-loan-fund-programs.html>). The ranking system is reviewed annually to reflect changing priorities at MassDEP. The criteria emphasize the nature of the public health problem that the project will address, the criticality of the resources affected, the environmental benefits of the project, the effectiveness of the project solution, the extent to which the project is consistent with regional or watershed wide plans and the extent to which projects qualify as green projects.

Once all projects have been rated and ranked, the Project Priority List is developed (Table 2). With input from the Trust, MassDEP identifies all of the sources of funds and spending limits, and develops the IUP Project Listing (Table 1).

To be considered for funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the funding period, must have appropriated local funds necessary to finance the project, and must have a MassDEP-approved planning element. An approvable planning element can be a Project Evaluation Report, Comprehensive Water Resources Management Plan, Long-term CSO Strategy, Stormwater Management Plan, or other MassDEP sanctioned planning document.

Eligibility includes consistency with the assurances described in this document and the requirements contained within MassDEP's financial assistance regulations. Certain projects on the 2016 Project Priority List may have higher priority point totals than the projects on the IUP Project Listing. That occurs because those particular projects on the Project Priority List are not ready to proceed. An important indicator of readiness to proceed is that a project has completed the State Environmental Review Process (SERP).

MassDEP reserves the right to increase the amount allocated to any project appearing on this IUP, should additional federal or state funding or program loan capacity, become available.

Project Bypass Procedure

A project on the IUP Project Listing may be bypassed if MassDEP determines that the bypassed project will not be ready to proceed during the Funding period. Project(s) bypassed will be replaced by the highest ranked priority project(s) on the Project Priority List that are ready to proceed or the funds may be used for cost increases to other projects previously approved. Complete project applications not received by MassDEP by October 15, 2016 will be automatically considered for bypassing.

b. Types of Projects to be Funded and Financing Rates

Any water pollution abatement project of an eligible borrower is eligible to receive financial assistance from the Trust. Such eligible projects include, but are not limited to:

- Wastewater Treatment Projects, as defined in 310 CMR 44.03;

- Infiltration Inflow (“I/I”) Projects, as defined in 310 CMR 44.03;
- Collection System Projects, as defined in 310 CMR 44.03, provided, however, that 85% of the expected wastewater flow into the proposed collection system will be for wastewater flows in existence as of July 1, 1995;
- Nonpoint Source Projects, as defined in 310 CMR 44.03;
- Nutrient Management Projects, as defined in 310 CMR 44.03
- Stormwater Projects;
- Green Projects; and
- The planning or design for any project in one of the categories identified above.

Costs of construction that MassDEP determines are necessary for the completion of the project are eligible for financing in the loan and to receive a subsidy under the loan, subject to the applicant cap. Although costs for design are eligible, they will not be financed during this funding period due to the high demand for construction funding.

All projects on the Intended Use Plan are eligible for 2% interest rate loans. Certain projects that are primarily for nutrient removal are eligible for 0% rate interest loans (<http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html>.

Appendix J). These nutrient removal projects will be evaluated in accordance with 310 CMR 44.04(2) and a determination will be made as to the eligibility for 0% interest loans before the loan is permanently financed.

c. Extended Term Financing

Standard SRF loans have a maximum term of 20 years. The Trust allows loan terms of up to 30 years as long as the asset has a useful life greater than the term of the loan. Extended term financing provides SRF borrowers with additional flexibility in structuring loans to help improve the affordability of projects. This extended term financing is subject to the following conditions:

- Borrowers seeking financing beyond 20 years for their project(s) must submit a certificate to the Trust demonstrating that the useful life of the asset exceeds the term of the financing.
- The Trust issues loans at an interest rate equivalent to a 2% loan. For extended term financing the rate will be higher than 2% but will receive a subsidy equivalent to a 2% loan. The calculation is made prior to the permanent financing of the loan and currently the rate is approximately 2.4%.

V. Financial Management

a. Source of State Match

Based on an estimated 2016 federal grant of \$44 million, the required 20% state match totals \$8.8 million. These funds are provided to the Trust from the Commonwealth’s Capital Plan.

b. Fee Income

The Trust charges approximately \$5.50 per \$1,000 as a loan origination fee to offset the costs incurred during bond issuance. Recipients of SRF loans are charged an annual administrative fee of 0.15% (15 basis points) against the outstanding loan principle to fund salaries and

expenses of the Trust and MassDEP related to SRF project development and loan management. As of October 31, 2013, the Trust has approximately \$34.3 million in administrative fees available.

c. Program Administration

The Commonwealth of Massachusetts intends to use the full 4 percent of the Federal capitalization grant funds for administrative support of activities related to the Federal Fund. Use of those funds is detailed in the CWSRF Grant Application that the Trust files each year with the EPA.

d. Anticipated Cash Draw Ratio

Massachusetts will draw 100 percent of the state match funds before drawing federal funds. This will ensure that Massachusetts remains in compliance with the required cash draw ratios.

e. Transfer of Funds to the Drinking Water State Revolving Fund (DWSRF)

Section 302 of the 1996 Safe Drinking Water Act Amendments allows states the flexibility to move some funds between the Clean and the Drinking Water SRF programs, to better address specific state priorities. The EPA allows an equivalent of up to 33% (thirty-three percent) of the Drinking Water grant to be transferred between the Clean Water and Drinking Water funds.

CWIUP capacity frequently allows Massachusetts to finance all of the Clean Water projects that request financing in a given year. On the Drinking Water side, generally one third to one half of the projects go unfunded each year. Transferring a limited amount of funds from CWSRF to DWSRF this year and in the future will help to modestly increase the capacity of the DWSRF and reduce this imbalance in our ability to provide financing.

The level of federal grant funding of the Massachusetts Drinking Water SRF is insufficient to meet the need for project financing. Therefore, Massachusetts will transfer funds from the CWSRF to the DWSRF program in the estimated amount of \$5.28 million (33% of the anticipated 2016 DW grant amount of \$16 million). These will be recycled funds freed up from the repayment of previous loans. The purpose of this transfer is to help increase the capacity of the DWSRF.

This transfer of funds will not result in any changes to the 2016 list of projects. The transfer will be used to increase the capacity of the 2017 IUP.

f. Estimated Sources and Uses

The sources of funds available to the Massachusetts CWSRF include the federal capitalization grant, state match and borrower free-ups. The Trust may leverage these funds up to 3 times. Under this authority, the Trust could finance well in excess of \$450 million of projects; however, the capacity of the program is controlled by the amount of Contract Assistance provided by the Commonwealth. This limiting factor results in the overall size of the 2016 IUP of approximately \$427 million, which is below the theoretical capacity limit of the program.

VI. Program Management

a. Assurances and Special Conditions

MassDEP and the Trust have provided the required assurances and certifications as part of the Operating Agreement between Massachusetts and the EPA. The Operating Agreement (OA) describes the mutual obligations among EPA, MassDEP and the Trust. The purpose of the OA is to provide a framework of procedures to be followed in the management and administration of the CWSRF.

The OA addresses the commitment to key CWSRF requirements, including:

- 602(a) Environmental Reviews: The CWSRF will conduct environmental reviews according to the State Environmental Review Process developed for the SRF.
- 603(b) (3) Binding Commitments: The CWSRF will enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- 602(b) (4) Expeditious and Timely Expenditures: The CWSRF will expend all funds in the CWSRF in a timely manner.
- Consistency with Planning. The Commonwealth agrees that it will not provide assistance to any project unless that project is consistent with plans developed under Section 205(j), 208, 303(e), 319 or 320.

b. Federal Requirements

A number of federal requirements apply in an amount equal to the capitalization grant including:

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

MassDEP and the Trust will identify the group of projects that must comply with these requirements in the grant application. Frequently, the group of projects changes as projects move towards construction, usually due to attrition. If changes are made to the group of projects, appropriate amendments to the grant application will be made.

c. Davis-Bacon Wage Rates

The amendments to the Clean Water Act, as part of WRRDA, apply the Davis-Bacon Act requirements to all treatment works projects going forward. The Davis-Bacon requirements do not apply to nonpoint source or decentralized wastewater treatment projects. MassDEP ensures that the required Davis Bacon language is included in contracts, and conducts field verifications of project compliance with the wage rate requirements.

d. American Iron and Steel

The amendments to the Clean Water Act, as part of WRRDA, apply the American Iron and Steel (AIS) requirements to all treatment works projects going forward. MassDEP ensures that the required AIS language is included in contracts and conducts field verifications of project compliance. Appropriate AIS language has also been included on the Project Regulatory Agreement and the Loan Agreement.

e. Audits and Reporting

MassDEP and the Trust will comply with all of the auditing and reporting requirements of the EPA. A single audit is conducted annually and reporting to the EPA is done through the Clean Water Benefits Reporting system, the National Information Management System, Annual Report and FFATA reporting.

VII. Public Review and Comment

Notice of the availability of the Draft Calendar Year 2016 IUP/PPL was made on October 27, 2015. A public hearing on the Draft IUP took place on December 2, 2015 at the MassDEP offices at One Winter Street, Boston, MA. Written public comments were accepted up until 5:00 PM on December 2, 2015. Records of this meeting are maintained in the MassDEP files.

TABLE 2
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2016 CWSRF Project Priority List

NEW PROJECTS					
Rating	Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
127	NEW BEDFORD (RE) (PF)	MA0100781	4061	CSO Abatement Program	\$186,860,000
127	MARION #	MA0100030	4083	WW Collection System and Drainage System Imprvs	\$17,798,000
118	TAUNTON (PF)	MA0100897	4110	Sewer/Drain Separation and Inflow Removal	\$4,000,000
115	CHICOPEE (PF)	MA0101508	4080	Phase 5B Sewer Separation Project	\$12,264,000
112	FITCHBURG # (PF)	MA0101281	4088	Fitchburg WWTF Secondary Systems Upgrade	\$30,566,000
107	MWRA #	MA0103284	4116	CSO Phase 17	\$675,206,000
107	REVERE # (PF)	MA0103284	4052	Illicit Connection & Sump Pump Removal Program	\$3,600,000
107	REVERE # (PF)	MA0103284	4051	Phase VII Construction- I/I, IDDE, P.S. & Drainage	\$12,300,000
106	SAUGUS # (PF)	MA0103284	4114	Sewer System and Pump Station Rehab/Improvements	\$6,054,000
106	LOWELL REGIONAL WASTEWATER UTILITY # (PF)	MA0100633	4097	CIP Phase - WWTF and Infrastructure Upgrades	\$11,000,000
104	FITCHBURG # (PF)	MA0101281	4049	Beech and Hazel Streets Sewer Separation	\$3,508,000
103	LOWELL REGIONAL WASTEWATER UTILITY (PF)	MA0100633	4108	West St. Flood Protection, Storage and Stations	\$15,248,000
99	UBWPAD #	MA0102369	4057	Nutrient Removal Improvements	\$130,000,000
98	LAWRENCE # (PF)	MA0100447	4086	Sewer and Drainage Improvements	\$14,267,000
98	FRAMINGHAM (PF)	MA0103284	4050	Worcester Road Pumping Station Elimination	\$20,180,000
95	NORWOOD (PF)	MA0103284	4093	Underdrain Area Sewer Rehabilitation	\$2,700,000
93	FALL RIVER (PF)	MA0100382	4068	Globe Street Sewer Improvements Project	\$4,451,000
93	NANTUCKET	GW	4107	Sea Street Pump Station Upgrade	\$5,679,000
91	FALL RIVER # (PF)	MA0100382	4067	Cress Brook Drainage Improvements Project	\$5,557,000
91	DARTMOUTH (PF)	MA0101605	4113	Installation of New UV Disinfection System	\$2,413,000
90	NANTUCKET	GW	4096	Monomoy and PLUS Sewer Extension	\$30,188,000
90	NANTUCKET	GW	4095	Madaket, Warrens Landing and Somerset Sewer Exten.	\$55,752,000
90	ANDOVER	GW	4056	Ledge Road Landfill Closure	\$9,720,000
89	UXBRIDGE #	MA0102440	4048	WWTF BNR and Infrastructure Upgrade	\$35,300,000
86	HOPEDALE # (PF)	MA0102202	4047	Hopedale WWTF Improvements	\$6,180,000
86	FALL RIVER (PF)	MA0100382	4066	Hyacinth Street Drainage Improvements Project	\$644,000
84	BROCKTON # (PF)	MA0100897	4060	Sewer Rehabilitation Project	\$4,360,000
74	MWRA	MA0103284	4117	Facility Asset Protection	\$34,688,000
69	TYNGSBOROUGH	MA0100633	4094	Phase 2 Sewer Extension - Middlesex Road North	\$10,445,000
64	ACTON	GW	4071	West Acton Center Sewer Extension	\$9,434,000
60	BILLERICA # (PF)	MA0101711	4101	Sewer Contract 36	\$21,576,000
60	EASTON	GW	4099	Queset Commons Sewer Extension	\$2,790,000
57	GLOUCESTER # (PF)	MA0100625	4112	Rehab of Gloucester Ave & Breezy Pt. Pump Stations	\$935,000

55	MWRA	MA0103284	4118 DITP Asset Protection Phase 2	\$60,100,000
49	SOUTHBRIDGE (PF)	MA0100901	4109 Bio-Tower Upgrade/Replacement	\$3,600,000
TOTAL OF NEW PROJECTS				\$1,449,363,000

(Count: 35)

(Average Rating: 91.43)

(PF) – Project Eligible for Principal Forgiveness

(RE) - Potential Renewable Energy Projects

- Projects meeting the EPA definition of a Green Project including: Energy Efficiency, Renewable Energy, and/or Green Infrastructure

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
MWRA	MA0103284	2870	Electrical Upgrades	\$73,215,641
MWRA	MA0103284	2885	Wastewater Treatment Plant and Sewer Improvements	\$48,685,168
MWRA	MA0103284	3134	Deer Island Treatment Plant Improvements	\$81,559,117
MWRA	MA0103284	3668	Nut Island Headworks Electrical & Conveyor Improv.	\$9,200,000
MWRA	MA0103284	3980	Caruso Pump Station	\$2,679,050
MWRA	MA0103284	3981	Remote Headworks Upgrade	\$166,760,000
MWRA	MA0100404	3982	Clinton WWTP Phosphorous Removal	\$6,333,800
MWRA #	MA0103284	3542	DITP Digester and Cryogenics Upgrade	\$21,780,000
MWRA #	MA0103284	3543	DITP Electrical and Plant Upgrades	\$51,436,276
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS				\$461,649,052

(Count: 9)

MassDEP PRIORITY PROJECTS

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
COMMUNITY SEPTIC MANAGEMENT PROGRAM	N/A	3850		\$3,000,000
EMERGENCY SRF SET-A-SIDE	N/A	2977		\$2,000,000
TOTAL OF MassDEP PRIORITY PROJECTS				\$5,000,000

(Count: 2)

PLANNING PROJECTS

Applicant	SRF ID	Project	Project Cost
ACUSHNET	4100	CWMP	\$375,000
BROCKTON	4058	Sewer Flow Monitoring Program	\$1,100,000
BROCKTON	4059	Stormwater Management Plan	\$400,000
FITCHBURG	4053	Phase I of City's System-wide SSES and Report	\$545,000
HOPKINTON	4072	Update to CWMP	\$250,000
LAWRENCE	4085	Sewer System Evaluation Survey	\$2,700,000
LOWELL REGIONAL WASTEWATER UTILITY	4098	WWTF Capacity Assessment	\$500,000
NEW BEDFORD	4077	Supplemental WW and SW Plan	\$1,000,000

NEW BEDFORD	4076 Organics Waste to Energy Feasibility Study	\$500,000
ORLEANS	4065 Water Quality & Wastewater Management Plan	\$2,405,000
REVERE	4055 Illicit Connections & Sump Pump Detection	\$850,000
REVERE	4054 Phase VII Field Investigations - I/I and IDDE	\$1,500,000
REVERE	4091 CMOM Phase 2	\$550,000
SAUGUS	4115 Private Inflow Removal and Flow Monitoring Program	\$322,000
SOMERSET	4092 Integrated Water Resources Management Plan	\$775,000
TOTAL OF PLANNING PROJECTS		\$13,772,000
(Count: 15)		
TOTAL OF PROJECT PRIORITY LIST		\$1,929,784,052