



## Department of Environmental Protection

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### 2019 Intended Use Plan for the Clean Water State Revolving Fund

March 07, 2019

To All Interested Parties:

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the Calendar Year 2019 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 \$500 million to finance clean water projects across the Commonwealth. Approximately \$430 million will fund 46 new construction projects, and an additional \$50 million will be allocated towards funding seven previously approved multi-year projects. \$3 million has been allocated to the emergency set-aside account, and \$5 million will be directed to the Community Septic Management Program to remediate failed septic systems in participating communities. An additional \$11.5 million will finance nine planning projects.

Twelve proposals, totaling \$1.29 million, have been selected to receive financial assistance for their Asset Management plans. Communities will receive 60% of the project cost, up to \$150,000, as a grant from the Massachusetts Clean Water Trust (the Trust). The balance of the cost can be made up of local contributions of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate for up to five years.

### 2019 Highlights

- MassDEP expects to receive an estimated \$55 million federal grant to subsidize the CWSRF program. Congress required states to use 10% of the CWSRF grant towards additional project subsidy for communities that might otherwise be unable to afford to undertake the project. MassDEP will allocate approximately \$5.5 million of federal funds to subsidize projects that meet the affordability criteria established by the Trust in response to the Water Resources Reform and Development Act of 2014 (WRRDA).

- The federal grant funds will be supplemented with state funds to provide for the three-tier subsidy strategy described in the section II(a) of this IUP, and to those borrowers that execute a construction contract on or before June 30, 2020. As in previous years, MassDEP is also offering additional subsidy for all projects with a renewable energy component. The Trust's affordability index website is: <https://www.mass.gov/files/documents/2016/08/px/final-affordability-calculation-to-govern-distribution-of-principal-forgiveness.pdf>
- The Water Resources Reform and Development Act of 2014 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.
- *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 (DW) SRF programs, to better address specific state priorities. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of \$8.5 million (33% of the estimated 2019 DW grant amount of \$25.5M). These will be recycled funds available from the repayment of previous loans.

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

Sincerely,

Steve McCurdy, Director  
MassDEP Division Municipal Services

**TABLE 1**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2019 CWSRF Intended Use Plan**

**NEW PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost	2019 IUP Cost
123	LWSC	4488	West Lynn Sewer Separation	\$103,453,400	\$25,000,000
123	NEW BEDFORD (PF)	4509	Pumping Station Improvements	\$26,600,000	\$26,600,000
116	HAVERHILL (PF)	4500	Integrated FLTCP Implementation Phase 1	\$9,000,000	\$9,000,000
114	HOLYOKE (PF)#	4468	Jackson Street Area Sewer Separation Project	\$8,906,000	\$8,906,000
112	TAUNTON (H)(PF)	4518	Main Lift Pump Station Improvements	\$15,623,000	\$15,623,000
110	NANTUCKET (H)#	4490	Phase 2 Surfside WTTf Improvements	\$7,800,000	\$7,800,000
107	REVERE (PF)#	4487	Phase 10 Construction - I/I, IDDE, P.S. & Drainage	\$6,700,000	\$6,700,000
106	CHATHAM	4516	Sewer Extension	\$26,700,000	\$26,700,000
105	LAWRENCE (H)(PF)#	4511	Sewer and Drainage System Improvements	\$4,970,000	\$4,970,000
104	NANTUCKET (H)	4491	Surfside Road Area Sewer System Improvements	\$5,470,000	\$5,470,000
101	ORLEANS (H)	4486	Downtown Area Collection System and WWTF	\$42,420,000	\$26,000,000
100	HULL (PF)	4478	SSES, Outfall and Piping Construction	\$6,800,000	\$6,800,000
94	NORWOOD (PF)	4482	Underdrain Area Sewer Rehabilitation	\$2,700,000	\$2,700,000
93	NANTUCKET (H)	4512	Sea St. Pump Station Force Main No. 3	\$22,000,000	\$22,000,000
93	FALL RIVER (PF)#	4489	South End Sewer Pump Station Replacement	\$3,830,000	\$3,830,000
92	ACUSHNET (PF)	4469	CWMP Needs Areas 1 and 2 Sewer Extensions	\$24,363,600	\$24,363,600
89	NEW BEDFORD (PF)	4510	Wastewater Collection System Improvements	\$5,600,000	\$5,600,000
86	HULL (PF)	4480	Year 2 FSP and CMOM Upgrades	\$2,436,000	\$2,436,000
86	HULL (PF)	4477	Pump Stations Resiliency & Stations 3 & 4 Upgrades	\$3,179,000	\$3,179,000
81	ACTON (H)	4502	Acton Middle Fort Pond Brook WWTF Upgrades	\$5,927,000	\$5,927,000
81	WINTHROP (PF)#	4479	Town Center - Sewer and Drainage Improvements	\$7,988,150	\$7,988,150
80	KINGSTON (PF)	4497	Kingston Wastewater Treatment Plant Expansion	\$20,000,000	\$20,000,000
80	SAUGUS (PF)#	4514	Comprehensive Sewer System Rehab. Subsystem 1C	\$2,001,164	\$2,001,164
78	BROCKTON (H)(PF)	4507	2019 Sewer Rehabilitation Project	\$4,900,000	\$4,900,000
77	NORTHAMPTON (H)(PF)	4501	Northampton WWTP Upgrades	\$12,100,000	\$12,100,000
75	BROCKTON (H)(PF)	4505	Advanced Water Reclamation Facility BNR Improves	\$7,900,000	\$7,900,000
68	MARTHA'S VINEYARD AIRPORT COMMISSION	4465	Martha's Vineyard Airport WWTF Upgrades	\$3,500,000	\$3,500,000
67	BILLERICA (H)(PF)	4474	WWTF and Pump Station Upgrades	\$7,239,000	\$7,239,000
66	LITTLETON (H)(RE)#	4520	Littleton Common Smart Sewer Project	\$22,950,000	\$22,950,000

66	BILLERICA (H)(PF)	4484	Sewer Contracts 37 & 38	\$25,661,428	\$25,661,428
65	CHICOPEE (PF)	4485	Blue Bird Acres Sewer Pump Station & Force Main	\$2,242,000	\$2,242,000
64	ACTON (H)	4493	West Acton Center Sewer Extension Project	\$12,559,063	\$12,559,063
64	QUINCY (H)(PF)	4515	FY2020 Sewer Improvements	\$5,600,000	\$5,600,000
64	ORANGE (PF)	4504	WWTP Upgrades Project	\$13,542,000	\$13,542,000
62	WEST SPRINGFIELD (PF)	4513	Birnie Avenue and Piper Road Area Sewer Project	\$6,811,000	\$6,811,000
60	QUINCY (H)(PF)	4508	The Strand Pump Station Upgrade Project	\$2,500,000	\$2,500,000
60	LEOMINSTER (PF)#	4517	Aeration Basin and Secondary Clarifier Upgrade	\$11,294,000	\$11,294,000
55	GREAT BARRINGTON (PF)	4499	Pump Station Upgrades Project	\$3,260,000	\$3,260,000
52	SAUGUS (PF)	4492	Lincoln Ave Pump Station Improvements, Phase 2	\$1,170,000	\$1,170,000
52	BARNSTABLE (H)(PF)	4481	Attucks Lane Sewer Expansion Project	\$2,320,000	\$2,320,000
51	GLOUCESTER (PF)	4503	Water Pollution Control Facility Improvements	\$1,300,000	\$1,300,000
46	BOURNE (PF)	4519	Buzzards Bay Wastewater Treatment Facility	\$7,287,000	\$7,287,000
42	BARNSTABLE (H)(PF)	4494	Rendezvous Lane Pump Station Replacement	\$1,083,000	\$1,083,000
41	BARNSTABLE (H)(PF)	4496	Pleasant Street Sewer Upgrade Project	\$701,000	\$701,000
40	BARNSTABLE (H)(PF)	4495	South Street Sewer Upgrade Project	\$2,828,000	\$2,828,000
34	GLOUCESTER (PF)	4506	Sewer PS Rehabilitations & FOG Mitigation	\$1,375,000	\$1,375,000
<b>TOTAL OF NEW PROJECTS</b>				<b>\$524,589,805</b>	<b>\$429,716,405</b>

(Count: 46)

(Average Rating: 78.8)

(H) - Housing Choice Communities

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

# - Projects contains Energy Efficiency, Renewable Energy, and/or meets EPA's definition of a Green Project  
(<http://water.epa.gov/aboutow/eparecovery/index.cfm>)

**MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**

Applicant	SRF ID Project	Project Cost	2019 IUP Cost
MWRA	4441 Dorchester Interceptor Sewer Renewal Contract 7279	\$7,674,000	\$1,674,000
MWRA	4428 North Low Service Sewer Sections 19, 20 & 21 Rehab	\$14,650,000	\$1,000,000
MWRA	4150 DITP Asset Protection Phase 3	\$66,500,000	\$9,562,765
MWRA	4117 Facility Asset Protection	\$15,493,945	\$7,023,212
MWRA	3981 Remote Headworks Upgrade	\$80,095,632	\$20,701,554
MWRA	2885 Wastewater Treatment Plant and Sewer Improvements	\$52,822,276	\$1,000,000
MWRA #	4446 Nut Island HW Odor Control & HVAC - Contract 7548	\$41,088,569	\$9,038,469
<b>TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS</b>		<b>\$278,324,422</b>	<b>\$50,000,000</b>

(Count: 7)

**MassDEP PRIORITY PROJECTS**

Applicant	SRF ID Project	Project Cost	2019 IUP Cost
EMERGENCY SRF SET-A-SIDE	2977	\$3,000,000	\$3,000,000
COMMUNITY SEPTIC MANAGEMENT	3850 Community Septic Management Program	\$5,000,000	\$5,000,000
<b>TOTAL OF MassDEP PRIORITY PROJECTS</b>		<b>\$8,000,000</b>	<b>\$8,000,000</b>

(Count: 2)

**PLANNING PROJECTS**

Applicant	SRF ID Project	Project Cost	2019 IUP Cost
BARNSTABLE (H)	4476 Barnstable Sewer System Evaluation Survey (SSES)	\$380,000	\$380,000
HAVERHILL	4543 CSO Control Plan for the Locke Street CSO Area	\$1,200,000	\$1,200,000
HAVERHILL	4521 CMOM Program Plan & Discrete Sewer Sys. Invest.	\$1,200,000	\$1,200,000
LAWRENCE (H)	4526 SSES Phases VI through VIII	\$3,000,000	\$3,000,000
NORWOOD	4483 CMOM, I/I, MS4 Compliance	\$250,000	\$250,000
REVERE	4532 Phase 11 Investigations	\$1,500,000	\$1,500,000
SUDBURY (H)	4470 CWMP Update	\$500,000	\$500,000
TYNGSBOROUGH (H)	4472 Phase 2 Infiltration and Inflow Study	\$500,000	\$500,000
WAREHAM	4533 SSES and Collection System Mapping Improvements	\$3,000,000	\$3,000,000
<b>TOTAL OF PLANNING PROJECTS</b>		<b>\$11,530,000</b>	<b>\$11,530,000</b>

(Count: 9)

<b>TOTAL OF INTENDED USE PLAN</b>	<b>\$822,444,227</b>	<b>\$499,246,405</b>
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**TABLE 2**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2019 CWSRF ASSET MANAGEMENT PLANNING PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost	Grant Amount
93	NEW BEDFORD	4542	Asset Management Plan Grant Program	\$410,000	\$150,000
90	ASHLAND	4538	DPW Water, Sewer and Stormwater Asset Mgt. Plan	\$100,000	\$60,000
89	MILLIS	4528	Asset Management Planning	\$147,500	\$88,500
88	EAST LONGMEADOW	4552	Asset Management Plan	\$140,000	\$84,000
85	GARDNER	4551	Gardner Asset Management Plan	\$235,000	\$141,000
79	MEDFORD	4524	Asset Management Planning	\$235,741	\$141,445
73	IPSWICH	4539	Ipswich Asset Management Plan	\$250,000	\$150,000
73	HOPKINTON	4536	Town of Hopkinton Asset Management Plan	\$173,000	\$103,800
72	GLOUCESTER	4529	Asset Management Plan	\$250,000	\$150,000
64	LEICESTER WATER SUPPLY DISTRICT	4537	Sanitary Sewer Asset Mgt. Plans for 3 Districts	\$75,420	\$45,000
63	BROCKTON	4541	Asset Management Plan Grant Program	\$250,000	\$150,000
63	OAK BLUFFS	4527	Oak Bluffs Asset Management Plan	\$38,000	\$22,800
<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECT</b>				<b>\$2,304,661</b>	<b>\$1,286,545</b>
(Count: 12)					
<b>TOTAL OF PROJECT PRIORITY LIST</b>				<b>\$2,304,661</b>	<b>\$1,286,545</b>

## **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 Calendar Year 2019 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 IUP includes approximately \$500 million in financing and describes Massachusetts' intended uses for all funds available in the CWSRF program for 2019, 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, also called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles. Certain projects, with the primary purpose of nutrient reduction, may be eligible for 0% interest rate loans, if they meet specific statutory requirements. Prior to committing to permanent financing, MassDEP will review all submitted information to determine a projects' eligibility for the reduced rate financing.

This IUP contains a list of twelve proposals that will receive financing for their Asset Management Planning projects. These communities will receive 60% of the project cost, up to \$150,000, as a grant from the Trust. The balance of the cost can be made up of local contribution of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate. Twelve Clean Water proposals totaling \$1.29 million have been selected.

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 28, 2019. Completed applications must be submitted to MassDEP at the earliest possible time, but not later than October 15, 2019. 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, regulations, and IUPs from the previous year, 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 2019 Project Funding**

In 2019, MassDEP expects to finance 46 new construction projects, seven carryover projects, and nine planning projects totaling \$500 million. Included in this amount is a \$3 million emergency reserve to finance unanticipated problems of acute public health concern that may arise during the year. A \$5 million allocation to the Community Septic Management Program is also proposed. Table 1 is the funding list for 2019 and Table 3 is the extended Project Priority List.

The following are some of the more notable requirements applicable to the CWSRF program:

### **a. Additional Subsidy**

Qualifying projects appearing on the 2019 IUP will receive additional subsidy in the form of loan forgiveness based on the affordability tier system described below and provided as a set percentage based on the community's tier ranking.

Massachusetts will provide the subsidy based upon its established Affordability Criteria. The Affordability Criteria establish 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). These tier 3 communities will receive 9.9% in loan forgiveness from their eligible project cost. The second level of subsidy goes to those communities that fall within 60-80% of the statewide APCI, and these tier 2 communities will receive 6.6% in loan forgiveness from their eligible project cost. The third level of subsidy goes to those communities between 80-100% of the statewide APCI, and these tier 1 communities receive 3.3% in loan forgiveness from their eligible project cost. Projects that have a renewable energy component will qualify as a Tier 1 community and receive 3.3% in loan forgiveness for the portion of the loan that is financing the renewable energy component.

Additional subsidy will be distributed over construction contracts that are executed by June 30, 2020. Awards will be based on a percentage of loan forgiveness listed above.

In addition to meeting the Affordability Criteria, under Chapter 259 of the Acts of 2014, *An Act Improving Drinking Water and Wastewater Infrastructure*, applicants for additional subsidy are required to (1) establish water enterprise funds (or equivalent separate restricted accounts) and (2) not have made any transfers from such enterprise fund since January 1, 2015 to fund the community's general operating budget.



#### **b. Housing Choice Initiative**

Communities that have earned the Housing Choice designation, <https://www.mass.gov/info-details/2018-housing-choice-communities> are eligible to have their financing rate reduced by 0.5% (for example from the standard 2% to 1.5% twenty year loan). However, under no circumstance can the interest rate fall below 0%. For example, if a community qualifies for a 0% loan for a nutrient management project, it cannot receive an added discount through Housing Choice. *Housing choice initiative communities must also certify to the enterprise account requirement noted above.*

#### **c. Green Infrastructure**

For 2018, Congress required that at least 10% (ten percent) of the federal grant be dedicated to Green Infrastructure projects or components as defined by the United State Environmental Protection Agency (USEPA). MassDEP expects a similar requirement for 2019. For Massachusetts, this requires that an estimated \$5.5 million be allocated towards Green Infrastructure projects. For 2019, MassDEP will work to determine the value of the green projects or portions of projects that qualify as green. The total value of green components of those projects will be determined when detailed project applications are submitted. MassDEP expects to meet the minimum \$5.5 million that USEPA requires be allocated towards green infrastructure projects.

#### **d. 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 \$50 million for the 2019 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the IUP 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 USEPA 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 USEPA 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 <https://www.epa.gov/sustainable-water-infrastructure/asset-management-water-and-wastewater-utilities>

There are numerous other guidance documents available on the USEPA website and several other states (New Mexico and New Jersey among others) have developed detailed guidance on the development of asset management plans, which is publicly available.

At the end of each project, MassDEP requires certification from the project engineer stating that an FSP has been developed and implemented. The development of FSPs is an eligible SRF cost, and borrowers on the 2019 IUP may request an increase to their project cost to cover the development of the FSP.

- Cost and Effectiveness – USEPA requires 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 that maximizes the potential for efficient water use, reuse, recapture, conservation, and energy conservation, considering:—*
    - *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.

A Cost and Effectiveness Certification form is required to be submitted with each Loan Application package.

- Architectural and Engineering (A/E) Services Procurement –The USEPA 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 USEPA 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. The Trust updates the community matrix annually, concurrent with IUP publication.
- **Project Accounting** – The USEPA is now requiring that project 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 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;
- Identify and finance stormwater management projects that utilize green infrastructure approaches
- 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 those which implement the Cape Cod 208 Plan recommendations.
- Utilize the SRF program to provide \$5 million 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 \$3.0 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; and
- Support planning and construction projects for compliance with NPDES stormwater discharge permits.

#### **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 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 Massachusetts Estuary Project;
- Continue financing projects identified in the statewide Nonpoint Source Program.

### **IV. Allocation of Funds**

#### **a. Criteria and Method for Distribution of Funds**

Massachusetts seeks to finance projects that mitigate documented impacts to public health or the environment, and for which proponents have completed comprehensive planning and alternatives analysis. Details supplied through the Project Evaluation Form (PEF) help MassDEP to determine the extent to which projects meet the goals of the program.

Once all projects have been rated and ranked following the *Clean Water State Revolving Fund 2019 Project Evaluation Form* guidance <https://www.srfmadep.com/state-revolving-fund-applications-forms/cw/19cwpef-2018-07-09.pdf>, the Project Priority List is developed (Table 3). 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 eligible for funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the funding period, have appropriated local funds necessary to finance the project, and 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. Projects on Cape Cod are required to be consistent with the Cape Cod Area-Wide Section 208 Water Quality Management Plan. Four Cape Cod communities: Barnstable, Bourne, Chatham, and Orleans, have proposals on this IUP, which are consistent with the Cape Cod 208 Plan.

Eligibility includes consistency with the assurances described in this document and the requirements contained within MassDEP's financial assistance regulations. Certain projects on the 2019 Project Priority List may have higher priority point totals than the projects on the IUP Project Listing. That occurred because those 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 approved previously. Complete project applications not received by MassDEP by October 15, 2019 will be automatically considered for bypassing.

The Trust and MassDEP will not add projects to the PPL/IUP beyond those that may qualify for emergency assistance. MassDEP, considering any material program change that would require amendments to this IUP, will provide public notice and an appropriate comment period before issuing an amended IUP.

### **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. However, 85% of the expected wastewater flow into the proposed collection system must 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 Infrastructure 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 through the loan and can 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 IUP are eligible for 2% interest rate loans. Certain projects that are primarily for nutrient removal are eligible for 0% interest rate loans. 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.

## **V. Financial Management**

### **a. Source of State Match**

Based on an estimated 2019 federal grant of \$55 million, the required 20% state match totals \$11.0 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 principal to fund salaries and expenses of the Trust and MassDEP related to SRF project development and loan management. As of June 30, 2017, the Trust has approximately \$50 million in administrative fees available.

### **c. Program Administration**

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

### **d. Anticipated Cash Draw Ratio**

Massachusetts will draw 100% 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 USEPA 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.

The Clean Water IUP 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 goes unfunded each year. Transferring a limited amount of funds from the CWSRF to DWSRF this year and in the future will help to 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 DWSRF 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 \$8.5 million (33% of the anticipated 2019 DW grant amount of \$25.5 million). These will be recycled funds available 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 2019 list of projects. The transfer will be used to increase the capacity of the 2019 IUP.

**f. Estimated Sources and Uses**

The sources of funds available to the Massachusetts CWSRF include the federal capitalization grant, state match and borrower loan repayments. The Trust may leverage these funds up to 3 times. Under this authority, the Trust will offer to finance approximately \$494 million.

**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 (OA) between Massachusetts and the USEPA. The OA describes the mutual obligations among USEPA, 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% 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 (2 CFR 200 Subpart F)
- 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 in the Project Regulatory Agreement and the Financing Agreement.

**e. Audits and Reporting**

MassDEP and the Trust will comply with all the auditing and reporting requirements of the USEPA. A single audit is conducted annually and reporting to the USEPA 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 2019 IUP/PPL was made on December 21, 2018. A public hearing on the Draft IUP took place on January 22, 2019, at the MassDEP offices at One Winter Street, Boston, MA. Written public comments were accepted until 5:00 PM on January 23, 2019. This final recommendation reflects comments and testimony received during the public review process. Records of this meeting will be maintained in the MassDEP files.



**TABLE 3**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2019 CWSRF Project Priority List**

**NEW PROJECTS**

<b>Rating</b>	<b>Applicant</b>	<b>NPDES/PERMIT</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>
123	LWSC	MA0100552	4488	West Lynn Sewer Separation	\$103,453,400
123	NEW BEDFORD (PF)	MA0100781	4509	Pumping Station Improvements	\$26,600,000
116	HAVERHILL (PF)	MA0101621	4500	Integrated FLTCP Implementation Phase 1	\$9,000,000
114	HOLYOKE (PF)#	MA0101630	4468	Jackson Street Area Sewer Separation Project	\$8,906,000
112	TAUNTON (H)(PF)	MA0100897	4518	Main Lift Pump Station Improvements	\$15,623,000
110	NANTUCKET (H)#	GW Permit	4490	Phase 2 Surfside WWTF Improvements	\$7,800,000
107	REVERE (PF)#	MA0103284	4487	Phase 10 Construction - I/I, IDDE, P.S. & Drainage	\$6,700,000
106	CHATHAM	GW Permit	4516	Sewer Extension	\$26,700,000
105	LAWRENCE (H)(PF)#	MA0100447	4511	Sewer and Drainage System Improvements	\$4,970,000
104	NANTUCKET (H)	GW Permit	4491	Surfside Road Area Sewer System Improvements	\$5,470,000
101	ORLEANS (H)	GW Permit	4486	Downtown Area Collection System and WWTF	\$42,420,000
100	HULL (PF)	MA0101231	4478	SSES, Outfall and Piping Construction	\$6,800,000
94	NORWOOD (PF)	MA0103284	4482	Underdrain Area Sewer Rehabilitation	\$2,700,000
93	NANTUCKET (H)	GW Permit	4512	Sea St. Pump Station Force Main No. 3	\$22,000,000
93	FALL RIVER (PF)#	MA0100382	4489	South End Sewer Pump Station Replacement	\$3,830,000
92	ACUSHNET (PF)	N/A	4469	CWMP Needs Areas 1 and 2 Sewer Extensions	\$24,363,600
89	NEW BEDFORD (PF)	MA0100781	4510	Wastewater Collection System Improvements	\$5,600,000
86	HULL (PF)	MA0101231	4480	Year 2 FSP and CMOM Upgrades	\$2,436,000
86	HULL (PF)	MA0101231	4477	Pump Stations Resiliency & Stations 3 & 4 Upgrades	\$3,179,000
81	ACTON (H)	GW Permit	4502	Acton Middle Fort Pond Brook WWTF Upgrades	\$5,927,000
81	WINTHROP (PF)#	MA0103284	4479	Town Center - Sewer and Drainage Improvements	\$7,988,150
80	KINGSTON (PF)	GW Permit	4497	Kingston Wastewater Treatment Plant Expansion	\$20,000,000
80	SAUGUS (PF)#	MA0103284	4514	Comprehensive Sewer System Rehab. Subsystem 1C	\$2,001,164
78	BROCKTON (H)(PF)	MA0101010	4507	2019 Sewer Rehabilitation Project	\$4,900,000
77	NORTHAMPTON (H)(PF)	MA0101818	4501	Northampton WWTP Upgrades	\$12,100,000
75	BROCKTON (H)(PF)	MA0101010	4505	Advanced Water Reclamation Facility BNR Improves	\$7,900,000
68	MARTHA'S VINEYARD AIRPORT COMMISSION	GW Permit	4465	Martha's Vineyard Airport WWTF Upgrades	\$3,500,000
67	BILLERICA (H)(PF)	MA0101711	4474	WWTF and Pump Station Upgrades	\$7,239,000

66	LITTLETON (H)(RE)#	N/A	4520 Littleton Common Smart Sewer Project	\$22,950,000
66	BILLERICA (H)(PF)	MA0101711	4484 Sewer Contracts 37 & 38	\$25,661,428
65	CHICOPEE (PF)	MA0101508	4485 Blue Bird Acres Sewer Pump Station & Force Main	\$2,242,000
64	QUINCY (H)(PF)	MA0103284	4515 FY2020 Sewer Improvements	\$5,600,000
64	ORANGE (PF)	MA0101257	4504 WWTP Upgrades Project	\$13,542,000
64	ACTON (H)	GW Permit	4493 West Acton Center Sewer Extension Project	\$12,559,063
62	WEST SPRINGFIELD (PF)	MA0101613	4513 Birnie Avenue and Piper Road Area Sewer Project	\$6,811,000
60	LEOMINSTER (PF)#	MA0100617	4517 Aeration Basin and Secondary Clarifier Upgrade	\$11,294,000
60	QUINCY (H)(PF)	MA0103284	4508 The Strand Pump Station Upgrade Project	\$2,500,000
55	GREAT BARRINGTON (PF)	MA0101524	4499 Pump Station Upgrades Project	\$3,260,000
52	SAUGUS (PF)	MA0103284	4492 Lincoln Ave Pump Station Improvements, Phase 2	\$1,170,000
52	BARNSTABLE (H)(PF)	GW Permit	4481 Attucks Lane Sewer Expansion Project	\$2,320,000
51	GLOUCESTER (PF)	MA0100625	4503 Water Pollution Control Facility Improvements	\$1,300,000
46	BOURNE (PF)	GW Permit	4519 Buzzards Bay Wastewater Treatment Facility	\$7,287,000
42	BARNSTABLE (H)(PF)	GW Permit	4494 Rendezvous Lane Pump Station Replacement	\$1,083,000
41	BARNSTABLE (H)(PF)	GW Permit	4496 Pleasant Street Sewer Upgrade Project	\$701,000
40	BARNSTABLE (H)(PF)	GW Permit	4495 South Street Sewer Upgrade Project	\$2,828,000
34	GLOUCESTER (PF)	MA0100625	4506 Sewer PS Rehabilitations & FOG Mitigation	\$1,375,000
	ORANGE (PF)	MA0101257	4498 WWTP Upgrades Project	\$13,542,000
<b>TOTAL OF NEW PROJECTS</b>				<b>\$538,131,805</b>

(Count: 47)

(Average Rating: 77.13)

(H) - Housing Choice Communities

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

# - Projects contains Energy Efficiency, Renewable Energy, and/or meets EPA's definition of a Green Project  
(<http://water.epa.gov/aboutow/eparecovery/index.cfm>)

**MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
MWRA	MA0103284	4441	Dorchester Interceptor Sewer Renewal Contract 7279	\$7,674,000
MWRA	MA0103284	4428	North Low Service Sewer Sections 19, 20 & 21 Rehab	\$14,650,000
MWRA	MA0103284	4150	DITP Asset Protection Phase 3	\$66,500,000
MWRA	MA0103284	4117	Facility Asset Protection	\$15,493,945
MWRA	MA0103284	3981	Remote Headworks Upgrade	\$80,095,632
MWRA	MA0103284	2885	Wastewater Treatment Plant and Sewer Improvements	\$52,822,276
MWRA #	MA0103268	4446	Nut Island HW Odor Control & HVAC - Contract 7548	\$41,088,569

**TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS** **\$278,324,422**

(Count: 7)

**MassDEP PRIORITY PROJECTS**

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
COMMUNITY SEPTIC MANAGEMENT	N/A	3850	Community Septic Management Program	\$5,000,000
EMERGENCY SRF SET-A-SIDE	N/A	2977		\$3,000,000

**TOTAL OF MassDEP PRIORITY PROJECTS** **\$8,000,000**

(Count: 2)

**PLANNING PROJECTS**

Applicant	SRF ID	Project	Project Cost
BARNSTABLE (H)	4476	Barnstable Sewer System Evaluation Survey (SSES)	\$380,000
HAVERHILL	4543	CSO Control Plan for the Locke Street CSO Area	\$1,200,000
HAVERHILL	4521	CMOM Program Plan & Discrete Sewer Sys. Invest.	\$1,200,000
LAWRENCE (H)	4526	SSES Phases VI through VIII	\$3,000,000
NORWOOD	4483	CMOM, I/I, MS4 Compliance	\$250,000
REVERE	4532	Phase 11 Investigations	\$1,500,000
SUDBURY (H)	4470	CWMP Update	\$500,000
TYNGSBOROUGH (H)	4472	Phase 2 Infiltration and Inflow Study	\$500,000
WAREHAM	4533	SSES and Collection System Mapping Improvements	\$3,000,000

**TOTAL OF PLANNING PROJECTS** **\$11,530,000**

(Count: 9)

**TOTAL OF PROJECT PRIORITY LIST**

**\$835,986,227**

**TABLE 4**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2019 CWSRF ASSET MANAGEMENT PLANNING PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost
93	NEW BEDFORD	4542	Asset Management Plan Grant Program	\$410,000
90	ASHLAND	4538	DPW Water, Sewer and Stormwater Asset Mgt. Plan	\$100,000
89	MILLIS	4528	Asset Management Planning	\$147,500
88	EAST LONGMEADOW	4552	Asset Management Plan	\$140,000
85	GARDNER	4551	Gardner Asset Management Plan	\$235,000
79	MEDFORD	4524	Asset Management Planning	\$235,741
73	IPSWICH	4539	Ipswich Asset Management Plan	\$250,000
73	HOPKINTON	4536	Town of Hopkinton Asset Management Plan	\$173,000
72	GLOUCESTER	4529	Asset Management Plan	\$250,000
64	LEICESTER WATER SUPPLY DISTRICT	4537	Sanitary Sewer Asset Mgt. Plans for 3 Districts	\$75,420
63	BROCKTON	4541	Asset Management Plan Grant Program	\$250,000
63	OAK BLUFFS	4527	Oak Bluffs Asset Management Plan	\$38,000
49	WOBURN	4535	Asset Management Planning	\$200,000
34	PLYMOUTH	4525	Asset Management Planning	\$132,200
32	PITTSFIELD	4534	Asset Management Planning	\$102,690
28	BARNSTABLE	4531	WPCF Asset Management and Implementation Plan	\$85,000
21	ORLEANS	4540	Water System Asset Management	\$42,000
20	WAREHAM FIRE DISTRICT	4466	Asset Management Planning	\$269,881
<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECT</b>				<b>\$3,136,432</b>
(Count: 18)				
<b>TOTAL OF PROJECT PRIORITY LIST</b>				<b>\$3,136,432</b>