



Commonwealth of Massachusetts
Executive Office of Energy & Environmental Affairs

Department of Environmental Protection

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FINAL 2021 INTENDED USE PLAN For the CLEAN WATER STATE REVOLVING FUND April 13, 2021



This information is available in alternate format. Contact Michelle Waters-Ekanem, Director of Diversity/Civil Rights at 617-292-5751.

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EXECUTIVE SUMMARY

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the Final Calendar Year 2021 Intended Use Plan (IUP). The IUP details the projects, borrowers and amounts that will be offered financing through the Clean Water State Revolving Fund (CWSRF) loan program. The CWSRF is a joint federal-state financing program that provides subsidized loans to improve and protect water quality and public health in the Commonwealth.

Massachusetts is offering approximately \$622 million to finance clean water projects across the Commonwealth. As noted in Table 1, approximately \$575 million will be allocated to finance 49 new construction projects, \$30 million will be allocated towards financing 4 previously approved multi-year projects, and an additional \$9 million will finance 9 planning projects. A total of \$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.

Sixteen (16) proposals, totaling approximately \$2.6 million, as shown in Table 2, have been selected to receive financial assistance for their Asset Management Planning (AMP) projects. Communities will receive 60% of the project cost, up to \$150,000, as a grant from the Massachusetts Clean Water Trust (the Trust), totaling approximately \$1.6 million for the 2021 applicants. The balance of the cost may be funded by local contributions of cash and/or in-kind services. All or part of the local contribution may be borrowed from the Trust at the standard 2% interest rate for a term of up to five years.

2021 Highlights

- Congress requires states to use 10% of the annual CWSRF grant for additional subsidy. Massachusetts was awarded \$54 million in 2021. Additional subsidy will be provided in the form of loan forgiveness for communities that might otherwise not be able to afford to undertake the project. MassDEP and the Trust will continue to provide additional subsidy as a fixed percentage of principal. Further details may be found in section II(a) of this IUP. Information about the Trust's Affordability Calculation may be found on the following webpage: <https://www.mass.gov/service-details/the-affordability-calculation>.
- MassDEP is also offering additional subsidy for all projects with a renewable energy component.
- To better address specific state priorities, *Section 302 of the 1996 Safe Drinking Water Act Amendments*, allows states the flexibility to move some funds between the CWSRF and the Drinking Water State Revolving Fund (DWSRF) programs. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of approximately \$8.42 million (33% of the 2021 DWSRF grant amount of \$25.53 million). These will be recycled funds available from the repayment of previous loans.
- On October 4, 2019, the Water Infrastructure Funding Transfer Act (WIFTA) was signed into law. This statute temporarily expands the authority to transfer funds from the CWSRF

to the DWSRF specifically to address a threat to public health because of heightened exposure to lead in drinking water. This one-time temporary authority allows the Commonwealth to transfer up to 5% of the cumulative CWSRF federal grants to the DWSRF. Massachusetts has transferred \$30 million from the CWSRF to the DWSRF and the funding will be used to provide financial support in the form of loan forgiveness. This authority is in addition to the existing transfer authority under the Safe Drinking Water Act. Further details may be found in section V(e) of this IUP.

MassDEP appreciates the efforts that proponents have invested in the development of applications and recognizes proponents' efforts to enhance and protect the quality of waters of the Commonwealth.

TABLE 1
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2021 CWSRF Intended Use Plan

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	2021 IUP Cost
142	TAUNTON #(PF)(H)(RE)	6760	Wastewater Treatment Facility Upgrade - Phase 2	\$31,500,000	\$25,000,000
136	TAUNTON #(PF)(H)	6832	Main Lift Pump Station Improvements Phase 3	\$6,000,000	\$6,000,000
131	NEW BEDFORD (PF)	6848	Pumping Station Improvements	\$28,840,000	\$25,500,000
129	NANTUCKET #(H)	6823	Phase 2 Surfside WWTF Improvements	\$8,944,000	\$8,944,000
120	HULL #(PF)	6903	Influent, Secondary, and Control Building Upgrades	\$8,900,000	\$8,900,000
119	NEW BEDFORD (PF)	6849	Wastewater Collection System Improvements	\$3,625,000	\$3,625,000
114	TAUNTON (PF)(H)	6796	2022 Sewer & Drain Improvements	\$3,000,000	\$3,000,000
113	HAVERHILL (PF)(H)	6816	Sewer System Improvements	\$6,462,000	\$6,462,000
110	LAWRENCE #(PF)(H)	6839	Sewer and Drainage System Improvements	\$2,625,000	\$2,625,000
110	MASHPEE #(PF)(RE)	6749	Mashpee WRRF and Collection System - Phase 1	\$51,200,000	\$40,000,000
109	NEW BEDFORD (PF)	6862	Wastewater Treatment Plant Improvements	\$10,875,000	\$10,875,000
109	CHATHAM	6768	Chatham Queen Anne Pumping Station Upgrade 2021 PE	\$2,464,000	\$2,464,000
109	SPENCER #(PF)	6919	WWTF Upgrades Project	\$30,306,000	\$30,306,000
109	OAK BLUFFS #(PF)	6747	Oak Bluffs WWTF ENR Upgrade Project	\$23,000,000	\$23,000,000
107	FALMOUTH (PF)	6759	Falmouth WWTF TASA Improvements	\$19,000,000	\$19,000,000
105	SPRINGFIELD WATER AND SEWER COMMISSION (PF)	6770	SWSC Locust Transfer and Flow Optimization	\$24,244,000	\$20,000,000
103	BRIDGEWATER #(PF)(H)	6838	Wastewater Treatment Facility Upgrades – Phase I	\$24,345,757	\$24,345,757
102	QUINCY #(PF)(H)	6890	Quincy FY22 Sewer Improvements	\$6,503,700	\$6,503,700
102	LYNN WATER AND SEWER COMMISSION #(PF)	6764	WWTF Initial Capital Improvements	\$51,000,000	\$26,000,000
100	ACUSHNET (PF)	6787	CWMP Needs Areas 2 Sewer Extension	\$12,989,000	\$12,989,000
98	BILLERICA #(PF)(H)	6821	Billerica Infiltration/Inflow Rehabilitation	\$962,500	\$962,500
98	REVERE #(PF)	6800	Phase 12 Construction- I/I, IDDE, P.S. & Drainage	\$6,000,000	\$6,000,000
94	SAUGUS #(PF)	6758	Comprehensive Sewer System Rehabilitation- PS-4	\$2,210,870	\$2,210,870
94	HULL #(PF)	6876	Collection System Improvements Phase 2	\$13,260,000	\$13,260,000
90	BARNSTABLE (PF)(H)	6883	Route 28 East Sewer Expansion Project	\$17,106,000	\$17,106,000
89	BILLERICA #(PF)(H)	6891	Brown Street Force Main Rehabilitation/Replacement	\$6,190,000	\$6,190,000
88	SPRINGFIELD WATER AND SEWER COMMISSION #(PF)	6756	Nutrient Removal Upgrade and Related Facility Imp.	\$34,687,961	\$20,000,000
87	CHICOPEE #(PF)	6843	Doverbrook Estates Infrastructure Replacement	\$15,501,359	\$15,501,359

85 BILLERICA #(PF)(H)	6866 Darby and Waterview Avenue Pump Stations	\$2,525,000	\$2,525,000
85 BARNSTABLE #(PF)(H)	6788 Wastewater Pump Station Improvements Project	\$2,000,000	\$2,000,000
85 ACTON #(H)(RE)	6776 Acton Middle Fort Pond Brook WWTF Upgrades	\$10,890,000	\$10,890,000
84 MEDFIELD #(H)	6807 Medfield Sewer I/I Rehabilitation Project	\$1,926,600	\$1,926,600
83 BROCKTON #(PF)(H)(RE)	6852 AWRP Solids Management Improvements	\$20,000,000	\$20,000,000
83 BARRE #(PF)	6804 Barre Wastewater Treatment Facility Upgrades	\$3,550,000	\$3,550,000
83 NORTH BROOKFIELD #(PF)	6782 No. Brookfield Wastewater Treatment Plant Upgrade	\$12,022,000	\$12,022,000
82 CHATHAM	6772 Chatham Stormwater Improvement Projects - 2021	\$6,161,000	\$6,161,000
81 TYNGSBOROUGH (PF)(H)	6780 Phase 3 Sewer Extension	\$13,112,000	\$13,112,000
80 ADAMS (PF)	6814 WWTF Capital Improvements	\$5,049,500	\$5,049,500
80 ABINGTON (PF)	6753 SUMMER ST. FORCE MAIN REPLACEMENT PROJECT	\$6,323,600	\$6,323,600
80 MILLBURY #(PF)	6834 Year 1 to 4 Sewer Rehabilitation Project	\$1,000,000	\$1,000,000
79 HULL (PF)	6902 Pump Station 9 Replacement	\$3,587,500	\$3,587,500
78 BILLERICA #(PF)(H)	6864 Sewer Contracts 37 & 38	\$42,321,908	\$30,322,500
77 SALEM (PF)(H)	6840 Ocean Avenue West Pump Station Improvements	\$8,062,000	\$8,062,000
77 SALEM (PF)(H)	6837 Canal Street Flood Mitigation Project - Phase 2B	\$37,500,000	\$14,000,000
76 FALL RIVER #(PF)(H)	6762 Wilson Road Sewer Pump Station Replacement	\$4,400,000	\$4,400,000
74 ORANGE #(PF)	6888 North Main Street Water and Sewer Replacement	\$2,904,000	\$2,904,000
74 WHITMAN #(PF)	6885 Replacement of 20-Inch Sewer Force Main	\$11,402,000	\$11,402,000
74 GREAT BARRINGTON #(PF)	6833 Wastewater Pump Station Upgrades Project	\$4,004,000	\$4,004,000
70 FALL RIVER (PF)(H)	6784 Wastewater Treatment Facility Improvements	\$51,000,000	\$25,000,000

TOTAL OF NEW PROJECTS

\$701,483,255

\$575,011,886

(Count: 49)

(Average Rating: 95.65)

(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 (<https://www.epa.gov/greeningepa/energy-and-emissions-epa>)

(D) - Dropped by Applicant

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	SRF ID Project	Project Cost	2021 IUP Cost
LYNN WATER AND SEWER COMMISSION	4488 West Lynn Sewer Separation	\$92,185,087	\$100,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4446 Nut Island HW Odor Control & HVAC - Contract 7548	\$57,565,399	\$15,000,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4150 DITP Asset Protection Phase 3	\$66,500,000	\$1,000,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4117 Facility Asset Protection	\$45,448,945	\$14,000,000
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS		\$261,699,431	\$30,100,000

(Count: 4)

MassDEP PRIORITY PROJECTS

Applicant	SRF ID Project	Project Cost	2021 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
TOTAL OF MassDEP PRIORITY PROJECTS		\$8,000,000	\$8,000,000

(Count: 2)

PLANNING PROJECTS

Applicant	SRF ID Project	Project Cost	2021 IUP Cost
BARNSTABLE COUNTY (H)	6874 Design and Expansion of Groundwater Treatment	\$320,000	\$320,000
DARTMOUTH	6882 North Dartmouth Area I/I SSES	\$600,000	\$600,000
FITCHBURG	6809 CSO 010, 032, 045, 083 Separation/Rehabilitation	\$1,048,700	\$1,048,700
HINGHAM (H)	6913 Stormwater Master Plan	\$500,000	\$500,000
NEW BEDFORD	6850 Wastewater Collection System SSES Program	\$1,000,000	\$1,000,000
QUINCY (H)	6819 Stormwater Drainage and Management Planning Study	\$3,180,000	\$3,180,000
REVERE	6805 Phase 13 Investigations- I/I and IDDE	\$1,500,000	\$1,500,000
SAUGUS	6755 Sewer Flow Metering & Subsystem Re-Prioritization	\$200,000	\$200,000
WEYMOUTH (H)	6875 Weymouth Stormwater Master Plan	\$591,000	\$591,000
TOTAL OF PLANNING PROJECTS		\$8,939,700	\$8,939,700

(Count: 9)

TOTAL OF INTENDED USE PLAN **\$980,122,386** **\$622,051,586**

**TABLE 2
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2021 CWSRF ASSET MANAGEMENT PLANNING PROJECTS**

ASSET MANAGEMENT PLANNING PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	Grant Amount
95	ADAMS	6908	2021 Town of Adams Sewer and Stormwater AMP	\$100,000	\$60,000
91	PEPPERELL	6926	Pepperell Stormwater Asset Management Plan	\$150,000	\$90,000
85	WESTBOROUGH	6900	Asset Management Plan	\$133,407	\$80,044
82	NORTH ATTLEBOROUGH	6911	2021 North Attleborough Water and Sewer AMP	\$183,750	\$110,250
82	AYER	6909	Stormwater Asset Management Plan	\$121,250	\$72,750
80	MILLIS	6901	Millis MA Asset Management Planning	\$250,000	\$150,000
76	NORWOOD	6857	Asset Management	\$100,000	\$60,000
75	TYNGSBOROUGH	6910	Tyngsborough Stormwater Asset Management Project	\$101,250	\$60,750
74	CANTON	6898	Town of Canton Asset Management Plan	\$250,000	\$150,000
71	METHUEN	6925	Methuen Stormwater Asset Management	\$250,000	\$150,000
70	PITTSFIELD	6878	City of Pittsfield, MA Asset Management Planning	\$160,000	\$96,000
67	GREATER LAWRENCE SANITARY DISTRICT	6894	Asset Evaluation and Financial Plan	\$263,020	\$150,000
62	WELLESLEY	6895	Wellesley Asset Management	\$119,200	\$71,520
61	WINTHROP	6918	Asset Management Plan	\$65,000	\$39,000
55	SWAMPSCOTT	6801	Asset Management Planning	\$250,000	\$150,000
53	MEDWAY	6916	Asset Management Plan	\$125,000	\$75,000
TOTAL OF ASSET MANAGEMENT PLANNING PROJECT				\$2,621,877	\$1,565,314

(Count: 16)

TOTAL OF PROJECT PRIORITY LIST	\$2,621,877	\$1,565,314
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I. BACKGROUND

In 1987, Congress established a program of capitalization grants for States to create Clean Water State Revolving Fund (CWSRF) loan programs. These programs provide state-administered subsidized loans to finance the construction of publicly owned water pollution abatement 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 and improved compliance.

The CWSRF is jointly administered by the Massachusetts Department of Environmental Protection (MassDEP) and the Massachusetts Clean Water Trust (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 2021 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of water pollution abatement projects. A project must appear on the PPL and the IUP Project Listing to receive financial assistance under the State Revolving Fund (SRF) Loan program.

This Final IUP includes approximately \$622 million in financing and describes Massachusetts' intended uses for all funds available in the CWSRF program for 2021, 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 eligible CWSRF projects qualify for loans at an interest rate at, or below, 2%. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the awarded rate. This subsidy will continue to be allotted to the SRF programs in this and upcoming budget cycles. Certain priority projects, with the primary purpose of nutrient reduction, may be eligible for 0% interest rate loans, provided 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 interest rate.

This Final IUP contains a list of 16 Clean Water proposals totaling \$2.6 million that will receive grant funding 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, totaling \$1.6 million for 2021 applicants. The balance of the cost may consist of local contributions of cash and/or in-kind services, or funds borrowed from the Trust at the standard 2% interest rate for up to five years.

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, 2021**.

Completed loan applications must be submitted to MassDEP at the earliest possible time, but not later than **October 15, 2021**. 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 PPL 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 website at: <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html>.

II. CALENDAR YEAR 2021 PROJECT FINANCING

In 2021, MassDEP expects to finance 45 new construction projects, 4 carryover projects, and 9 planning projects totaling \$600 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 financing list for 2021 and Table 3 the extended PPL. Tables 2 and 4 list the projects that have been selected to receive grants from the Trust for their Asset Management Planning projects.

Following are some of the more notable CWSRF program components and requirements:

A. Additional Subsidy

Eligible construction projects appearing on the 2021 IUP will receive additional subsidy, to the extent that funds are available, 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 has established an Affordability Criteria to calculate and distribute loan forgiveness. The assignment of communities to an affordability tier is based on an Adjusted Per Capita Income (APCI) calculation. Tier rankings are calculated annually by comparing a community's APCI as a percentage of the Commonwealth's APCI. See the table below for the tier breakdown.

Tier	Percent of State APCI	Minimum Loan Forgiveness
1	Greater than 80%, but less than 100%	3.3%
2	Greater than 60%, but less than 80%	6.6%
3	Less than 60%	9.9%

Projects that have a renewable energy component will qualify as a Tier 1 community and receive loan forgiveness for the portion of the loan that is financing the renewable energy component.

*Loan forgiveness will be disbursed over construction contracts that are executed by **June 30, 2022**, subject to the availability of funds and may be limited to the lesser of the executed contracts or the IUP cost. Planning projects are not eligible for loan forgiveness.*

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 at the time of the SRF project solicitation are eligible to have their loan's interest rate reduced by 0.5% (for example from 2% to 1.5% for a standard term loan). However, under no circumstance can the interest rate fall below 0%. For example, if a community qualifies for a 0% interest loan for a nutrient reduction project, it cannot receive an added discount through the Housing Choice designation. Housing Choice initiative communities must also certify to the enterprise account requirements noted above.

C. Green Infrastructure

Congress requires that at least 10% of the federal grant be dedicated to Green Infrastructure projects or components as defined by the United State Environmental Protection Agency (USEPA). For Massachusetts, this requires that \$5.4 million be allocated towards Green Infrastructure projects that minimize greenhouse gas emissions and energy use. For 2021, 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 \$5.4 million that USEPA requires to 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% of the available financing each year. Because of the shortfall of available funds relative to the number of worthwhile projects, and to extend financial assistance to as many highly ranked projects as possible, MassDEP is implementing an applicant cap of \$40 million for the 2021 financing 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 for projects not fully financed on the IUP listing.

E. Fiscal Sustainability Planning

For treatment works proposed for repair, replacement, or expansion, the USEPA requires 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.

Except for the third bullet above, these are all components of an Asset Management Plan. The AMP grant program is designed to help communities cover sixty percent of the costs associated with developing 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 project completion, MassDEP requires certification from the borrower's Project Engineer stating that an FSP has been developed and implemented. The development of FSPs is an eligible SRF cost, and borrowers on the 2021 IUP may request an increase to their project cost to cover the development of the FSP or can apply in future years for the AMP grant program.

F. 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 its life; 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.

G. Architectural and Engineering (A/E) Services Procurement

The USEPA requires that A/E services that are paid with federal funds be procured using the qualifications-based selection process under 40 U.S. Code § 11 or an equivalent state qualifications-based requirement.

There are two Massachusetts statutes for procuring A/E services: Chapter 149 for vertical construction; and Chapter 30B for horizontal construction. Chapter 149 appears to meet the qualifications-based selection requirement while Chapter 30B does not.

Rather than add a third method of procurement or forcing communities into using a different method of procurement for horizontal construction and/or owner's project manager 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 large projects that receive federal funds for construction, the A/E services may be split out into a separate loan using non-federal funds.

H. Project Accounting

The USEPA requires that project accounts be maintained in accordance with the most recent applicable standard. The current standard is Governmental Accounting Standards Board (GASB) Statement No. 34, which was issued in June 1999 and details governmental reporting requirements including standards for reporting infrastructure assets.

III. SHORT- AND LONG-TERM GOALS

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

Short-Term Goals

- 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, including 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 (CSO), 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 CWSRF borrowers that identify the focus on and eligibility of energy efficiency/alternative energy projects;
- Reserve \$3 million in available program capacity, to finance at MassDEP's discretion unanticipated problems of acute public health concern that may arise during the year; eligible 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.

Long-Term Goals

- Continue correction of CSOs, 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; and
- Establish and efficiently manage a permanent source of financing for the construction of publicly owned water pollution abatement facilities and implementation of non-point source management projects to enhance and protect the quality of the waters of the Commonwealth.

IV. ALLOCATION OF FUNDS

A. Criteria and Method for Distribution of Funds

Massachusetts seeks to finance projects that mitigate documented threats to public health and/or impacts to the environment, and for which proponents have completed

comprehensive planning and alternatives analysis. Details supplied through the Project Evaluation Form (PEF) help MassDEP 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 2021 Project Evaluation Form* instructions and guidance, <https://www.mass.gov/lists/state-revolving-fund-applications-forms#2020-project-evaluation-form-instructions-and-guidance>, the PPL is developed as shown in Table 3. With input from the Trust, MassDEP identifies all the sources of funds and spending limits and develops the IUP Project Listing as shown in Table 1.

To be considered eligible for financing, projects must meet State and Federal eligibility requirements, must be ready to proceed during the financing period, have appropriated local funds necessary to finance the project, and 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. 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, Chatham, Falmouth, and Mashpee have proposals on this IUP; the Cape Cod Commission has determined that the projects 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 2021 PPL may have higher priority point totals than the projects on the IUP Project Listing. That occurred because those projects on the PPL are not ready to proceed. An important indicator of readiness to proceed is that a project has completed the State Environmental Review Process.

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.

B. 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 financing period. Project(s) bypassed may be replaced by the highest ranked priority project(s) on the PPL 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, 2021**, 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.

C. Types of Projects to be Financed 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 financing period due to the high demand for construction financing.

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 the 2021 CWSRF federal grant of \$54 million from USEPA, the required 20% state match equals \$11 million. These funds are provided to the Trust from the Commonwealth's Capital Plan.

B. Fee Income

The Trust charges an amount not to exceed \$5.00 per \$1,000 as a loan origination fee to offset the costs incurred during its 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, 2020, the Trust had a balance of approximately \$52.2 million in its Administrative Account.

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 CWSRF. 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 Between CWSRF and DWSRF

Section 302 of the 1996 Safe Drinking Water Act Amendments allows states the flexibility to move 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% of the Drinking Water grant to be transferred between the CWSRF and DWSRF.

The CWSRF IUP capacity frequently allows Massachusetts to finance all the requested projects. This year, a third of the requested CWSRF construction projects will not be offered financing. Generally, a third of requested DWSRF construction projects go unfinanced. The level of federal grant funding of the DWSRF is insufficient to meet the need for project financing. Transferring a limited amount of funds from the CWSRF to the DWSRF this year and in the future will help increase the overall capacity of the DWSRF and reduce the number of unfinanced projects. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of \$8.42 million (33% of the 2021 DWSRF grant amount of \$25.53 million).

Furthermore, on September 30, 2020, under WIFTA's transfer authority, the Trust transferred \$30 million from the CWSRF to the DWSRF. The transfer will be used to provide added subsidies for eligible projects in the 2021, 2022, and possibly the 2023 DWSRF IUPs. Project activities eligible for this lead abatement loan forgiveness include: planning and construction for lead removal, corrosion control capital improvements, and

full replacements of lead service lines. WIFTA funds must be drawn down within 5 years of the date of the WIFTA transfer. The Trust evaluated the financial impact that the transfer will have on the CWSRF and determined it will not adversely impact the Trust's ability to finance high priority CWSRF projects.

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 \$600 million in projects.

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:

- Section 602(a) Environmental Reviews: The CWSRF will conduct environmental reviews according to the State Environmental Review Process developed for the SRF.
- Section 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.
- Section 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 to CWSRF projects in an amount equal to the capitalization grant including:

- Single Audit Act (2 CFR 200 Subpart F)
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Disadvantaged Business Enterprise compliance (all projects)
- Federal environmental crosscutters (all projects)

MassDEP and the Trust will identify the group of projects that must comply with these requirements in the USEPA 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 the Water Resources Reform and Development Act, 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 2021 IUP/PPL was made on January 22, 2021. Due to protocols put in place by the State of Massachusetts in response to the COVID-19 emergency, a public hearing on the Draft IUP took place virtually on February 24, 2021. MassDEP accepted oral testimony during the public hearing and written testimony submitted during the public comment period that closed on February 24, 2021. Records of the testimony received are maintained in MassDEP's files. MassDEP took into consideration the testimony received to finalize the IUP.

**TABLE 3
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2021 CWSRF Project Priority List**

NEW PROJECTS

Rating	Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
152	TAUNTON #(PF)(H)(RE)(D)	MA0100897	6786	Wastewater Treatment Facility Upgrade - Phase 1	\$0
142	TAUNTON #(PF)(H)(RE)	MA0100897	6760	Wastewater Treatment Facility Upgrade - Phase 2	\$31,500,000
136	TAUNTON #(PF)(H)	MA0100897	6832	Main Lift Pump Station Improvements Phase 3	\$6,000,000
131	NEW BEDFORD (PF)	MA0100781	6848	Pumping Station Improvements	\$28,840,000
129	NANTUCKET #(H)	GW Permit	6823	Phase 2 Surfside WWTF Improvements	\$8,944,000
126	NANTUCKET #(H)(D)	GW Permit	6836	Surfside Road Area Sewer System Improvements	\$0
120	HULL #(PF)	MA0101231	6903	Influent, Secondary, and Control Building Upgrades	\$8,900,000
119	NEW BEDFORD (PF)	MA0100781	6849	Wastewater Collection System Improvements	\$3,625,000
114	TAUNTON (PF)(H)	MA0100897	6796	2022 Sewer & Drain Improvements	\$3,000,000
113	HAVERHILL (PF)(H)	MA0101621	6816	Sewer System Improvements	\$6,462,000
110	MASHPEE #(PF)(RE)	TBD	6749	Mashpee WRRF and Collection System - Phase 1	\$51,200,000
110	LAWRENCE #(PF)(H)	MA0100447	6839	Sewer and Drainage System Improvements	\$2,625,000
109	SPENCER #(PF)	MA0100919	6919	WWTF Upgrades Project	\$30,306,000
109	NEW BEDFORD (PF)	MA0100781	6862	Wastewater Treatment Plant Improvements	\$10,875,000
109	CHATHAM	GW Permit	6768	Chatham Queen Anne Pumping Station Upgrade 2021 PE	\$2,464,000
109	OAK BLUFFS #(PF)	GW Permit	6747	Oak Bluffs WWTF ENR Upgrade Project	\$23,000,000
107	FALMOUTH (PF)	GW Permit	6759	Falmouth WWTF TASA Improvements	\$19,000,000
105	SPRINGFIELD WATER AND SEWER COMMISSION (PF)	MA0101613	6770	SWSC Locust Transfer and Flow Optimization	\$24,244,000
103	BRIDGEWATER #(PF)(H)	MA0100641	6838	Wastewater Treatment Facility Upgrades – Phase I	\$24,345,757
102	QUINCY #(PF)(H)	MA0103284	6890	Quincy FY22 Sewer Improvements	\$6,503,700
102	LYNN WATER AND SEWER COMMISSION #(PF)	MA0100552	6764	WWTF Initial Capital Improvements	\$51,000,000
100	ACUSHNET (PF)	MA0100781	6787	CWMP Needs Areas 2 Sewer Extension	\$12,989,000
98	BILLERICA #(PF)(H)	MA0101711	6821	Billerica Infiltration/Inflow Rehabilitation	\$962,500
98	REVERE #(PF)	MA0103284	6800	Phase 12 Construction- I/I, IDDE, P.S. & Drainage	\$6,000,000
94	HULL #(PF)	MA0101231	6876	Collection System Improvements Phase 2	\$13,260,000
94	SAUGUS #(PF)	MA0100552	6758	Comprehensive Sewer System Rehabilitation- PS-4	\$2,210,870
90	BARNSTABLE (PF)(H)	GW Permit	6883	Route 28 East Sewer Expansion Project	\$17,106,000

89	BILLERICA #(PF)(H)	MA0101711	6891 Brown Street Force Main Rehabilitation/Replacement	\$6,190,000
88	SPRINGFIELD WATER AND SEWER COMMISSION #(PF)	MA0101613	6756 Nutrient Removal Upgrade and Related Facility Imp.	\$34,687,961
87	CHICOPEE #(PF)	MA0101508	6843 Doverbrook Estates Infrastructure Replacement	\$15,501,359
85	BILLERICA #(PF)(H)	MA0101711	6866 Darby and Waterview Avenue Pump Stations	\$2,525,000
85	BARNSTABLE #(PF)(H)	GW Permit	6788 Wastewater Pump Station Improvements Project	\$2,000,000
85	ACTON #(H)(RE)	GW Permit	6776 Acton Middle Fort Pond Brook WWTF Upgrades	\$10,890,000
84	MEDFIELD #(H)	MA0100978	6807 Medfield Sewer I/I Rehabilitation Project	\$1,926,600
83	NORTH BROOKFIELD #(PF)	MA0101061	6782 No. Brookfield Wastewater Treatment Plant Upgrade	\$12,022,000
83	BROCKTON #(PF)(H)(RE)	MA0101010	6852 AWRF Solids Management Improvements	\$20,000,000
83	BROCKTON (PF)(H)(D)	MA0101010	6851 2022 Sewer Replacement Project	\$0
83	BARRE #(PF)	MA0103152	6804 Barre Wastewater Treatment Facility Upgrades	\$3,550,000
82	CHICOPEE #(PF)(D)	MA0101508	6917 Jones Ferry Wastewater PS Phase II Improvements	\$0
82	CHATHAM	GW Permit	6772 Chatham Stormwater Improvement Projects - 2021	\$6,161,000
81	TYNGSBOROUGH (PF)(H)	MA0100633	6780 Phase 3 Sewer Extension	\$13,112,000
80	ABINGTON (PF)	MA0101010	6753 SUMMER ST. FORCE MAIN REPLACEMENT PROJECT	\$6,323,600
80	MILLBURY #(PF)	MA0102369	6834 Year 1 to 4 Sewer Rehabilitation Project	\$1,000,000
80	ADAMS (PF)	MA0100315	6814 WWTF Capital Improvements	\$5,049,500
79	HULL (PF)	MA0101231	6902 Pump Station 9 Replacement	\$3,587,500
78	BILLERICA #(PF)(H)	MA0101711	6864 Sewer Contracts 37 & 38	\$42,321,908
77	SALEM (PF)(H)	MA0100501	6840 Ocean Avenue West Pump Station Improvements	\$8,062,000
77	SALEM (PF)(H)	MA0100501	6837 Canal Street Flood Mitigation Project - Phase 2B	\$37,500,000
76	FALL RIVER #(PF)(H)	MA0100382	6762 Wilson Road Sewer Pump Station Replacement	\$4,400,000
74	ORANGE #(PF)	MA0101257	6888 North Main Street Water and Sewer Replacement	\$2,904,000
74	WHITMAN #(PF)	MA0101010	6885 Replacement of 20-Inch Sewer Force Main	\$11,402,000
74	GREAT BARRINGTON #(PF)	MA0101524	6833 Wastewater Pump Station Upgrades Project	\$4,004,000
70	FALL RIVER (PF)(H)	MA0100382	6784 Wastewater Treatment Facility Improvements	\$51,000,000
66	ERVING (PF)	MA0101052	6815 Thermal Drying System for Biosolids	\$17,950,000
66	EASTON (H)	MA0101010	6921 Easton Industrial Park Sewer Connection Project	\$11,260,250
65	MARTHA'S VINEYARD AIRPORT COMMISSION	GW Permit	6828 Martha's Vineyard Airport WWTF Upgrades	\$5,552,730
62	WESTFIELD (PF)	MA0101800	6831 Westfield Administration Building	\$2,904,000
60	SAUGUS #(PF)	MA0100552	6870 Lynnhurst School Pump Station Upgrade	\$726,000
60	WAREHAM (PF)	MA0101893	6778 Narrows Pump Station Force Main Replacement	\$6,704,000

59	PALMER #(PF)(RE)	MA0101168	6920 Solids Handling Improvements & Roof Replacement	\$3,598,000
58	MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	6822 DITP Clarifier #2	\$149,527,777
55	TYNGSBOROUGH (PF)(H)	MA0100633	6779 I and I Rehabilitation	\$500,000
53	HUDSON #(PF)	MA0101788	6924 Wastewater Treatment Facility Phase 2 Upgrades	\$12,292,000
49	SUDBURY #(H)	TBD	6781 WWTF & Collection System	\$20,000,000
47	WINTHROP (PF)	MA0103284	6914 Ingleside Park Site & Drainage Improvements	\$9,940,005
47	SHREWSBURY #	MA0100412	6798 Rolfe Ave & Maple Ave PS Upgrades & FM Analysis	\$3,960,000
47	ACTON #(H)	GW Permit	6777 South Acton Sewer System Improvements	\$4,520,000
46	DIGHTON (PF)	MA0100897	6824 Dighton Sewer Extension	\$10,801,875
46	STOUGHTON (PF)(H)	MA0103284	6783 South Street Sewer Expansion Project	\$7,327,000
37	WINTHROP (PF)	MA0103284	6771 Morton Street Flood Drainage Improvements	\$7,351,293
25	NORTHBOROUGH #	MA0100480	6897 SCADA and Controls System Project	\$742,470

TOTAL OF NEW PROJECTS **\$977,140,655**

(Count: 71) (Average Rating: 85.61)

- (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 (<https://www.epa.gov/greeningepa/energy-and-emissions-epa>)
- (D) - Dropped by Applicant

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
LYNN WATER AND SEWER COMMISSION	MA0100552	4488	West Lynn Sewer Separation	\$92,185,087
MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103268	4446	Nut Island HW Odor Control & HVAC - Contract 7548	\$57,565,399
MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	4150	DITP Asset Protection Phase 3	\$66,500,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	4117	Facility Asset Protection	\$45,448,945

TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS **\$261,699,431**

(Count: 4)

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 COUNTY (H)	6874	Design and Expansion of Groundwater Treatment	\$320,000
DARTMOUTH	6882	North Dartmouth Area I/I SSES	\$600,000
FITCHBURG	6809	CSO 010, 032, 045, 083 Separation/Rehabilitation	\$1,048,700
HINGHAM (H)	6913	Stormwater Master Plan	\$500,000
NEW BEDFORD	6850	Wastewater Collection System SSES Program	\$1,000,000
QUINCY (H)	6819	Stormwater Drainage and Management Planning Study	\$3,180,000
REVERE	6805	Phase 13 Investigations- I/I and IDDE	\$1,500,000
SAUGUS	6755	Sewer Flow Metering & Subsystem Re-Prioritization	\$200,000
WEYMOUTH (H)	6875	Weymouth Stormwater Master Plan	\$591,000

TOTAL OF PLANNING PROJECTS **\$8,939,700**

(Count: 9)

TOTAL OF PROJECT PRIORITY LIST **\$1,255,779,786**

