MASSACHUSETTS
CLEAN WATER TRUST

Response to Public Comments on the Draft Affordability Calculation to Govern Distribution of Principal Forgiveness

Contact Person:
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Introduction to Responses to Comments

The Trust would like to thank everyone who took the time to read and provide comments on the Draft Affordability Calculation. Thank you for your interest in maintaining and developing water infrastructure throughout the state. Prior to responding to the comments the Trust would like to provide background to the approach taken to create the calculation in order to put the response to the comments into context.

The goal in passing the new federal legislation was to allow for more principal forgiveness from the federal grant to be dedicated to communities who are facing the hardest economic conditions. Per capita income is a generally accepted metric for relative wealth and achieves the goal of identifying communities that are facing economic hardship.

In developing the Draft Affordability Calculation, the Trust approached the creation of the calculation by taking the following criteria under consideration. First, the calculation has to reflect the federal legislation and guidance released by EPA. Second, the data the calculation uses has to be from a reliable source, publically available and be able to provide a comparison for each community in the Commonwealth. Finally, the calculation should be simple and easily defendable as a reliable and accurate measure of communities in need of principal forgiveness. The Trust is not using Median Household Income (MHI) because it is not available by community through the U.S. Census, thus that metric does not meet the above criteria. The Trust believes that the Affordability Calculation reflects those issues and is a fair process for distributing principal forgiveness.

Thank you for your interest in the work that the Trust does and for your commitment to the Commonwealth.

Response to Public Comments on the Draft Affordability Calculation

Massachusetts Coalition for Water Resources Stewardship

(See the Attachments for the entire letter)

1. Comment

Encourage the Trust (as well as Massachusetts DEP) to work to expand the availability of principal forgiveness and zero-interest loans to support environmental initiatives in more communities. Recognizing the limited scope of the principal forgiveness funds that are expected to be available, we request that the Trust work to increase the access for more communities and public utilities to zero-interest loans under the SRF program.

Response

The comment is noted but it is outside the scope of the Affordability Calculation.

2. Comment

Per capita income is not the best method for determining income for a community. Median household income (MHI) should be used in place of, or, in conjunction with per capita income.

Response

Reliable MHI for each community is not available through the U.S. Census. MHI is only available by zip code and that format would not provide an easily accessible and understandable data set if the Trust took MHI by zip code and converted it into MHI by community.

3. Comment

While we understand that federal guidance requires recognition of population trends as a factor in the calculations, we question the method selected for applying this consideration in the Draft Affordability Calculation. Communities can be negatively impacted economically by changes in population (both decreases and increases) in a number of ways, and these impacts are dependent on many specific local factors. Some communities are impacted equally hard by increases in population (particularly if there is not corresponding increase in revenues) as they are by population decreases. Even in cases where water or sewer user charge revenues could generally be expected to rise due to increases in local population, there are often other local impacts from the population increase that create a greater local burden without supporting revenue.

Due to the complexity of capturing the true impact of population changes, we suggest simplifying the capture of this factor to a fixed (not data scaled) adjustment on the final calculation indicator (currently represented as APCI). This could be done by allowing a simple multiplier (say 95%, or 0.95) for communities that can identify a significant local population change impact or show a statistical deviation (increase or decrease) from the state average.

Response

Congress designed the state revolving fund to prioritize projects that repair, replace or rehabilitate infrastructure to service existing populations. Incentivizing communities with principal forgiveness for project that address population growth would be in contradiction with the purpose of the state revolving fund.

4. Comment

Local unemployment is clearly a significant factor in the depiction of affordability for environmental projects. We do not question the relevance of the data, but note the significant impact of the adjustment on communities with high unemployment.

Response

The employment rate adjustment is intended as an additional economic factor that will help to direct the principal forgiveness to those communities that are facing the hardest economic conditions in the state.

5. Comment

An evaluation of community affordability must look at both revenue (income, population, employment) as well as costs (tax rates, user rates, cost of living, current and future capital needs, etc.). Federal and state attempts to develop a metric for affordability inevitably fail to include the cost side of the equation. These factors must be captured in the Final Affordability Calculation.

Response

The Trust has determined that the use of the three data points will simplify the calculation and ensure that the data being used is accurate for each community. If the Trust attempted to collect the additional information regarding cost listed above, the information provided by communities would differ drastically and it would be difficult to verify the information being provided. Per capita income is a generally accepted metric for relative wealth between communities.

6. Comment

We question the need for the stark change in funding levels between the tiers as provided in the Draft Affordability Calculation. It is apparent that communities with combined indicator (APCI) numbers that differ by a small percent may see a major difference (up to 100%) in the amount of principal forgiveness provided because they lie on the wrong side of the 60% or 80% demarcation lines that have been selected. For example, ‘Community X’ has an APCI fraction of 81% and ‘Community Y’ (with similar local resources and possibly lower user rates) has an APCI fraction of 79% - which results in community Y receiving twice as much principal forgiveness funding as Community X. To mitigate this factor, we suggest a more broadly scaled factor for applying share. This could be done with more tiers (maybe 10% funding level increments), or by scaling all communities with affordability needs to the neediest community in the funding list (which becomes the 1.0 share community, with all others receiving a fractional share proportioned to the neediest community).

Response

The Trust has decided that the three tier system provides the most subsidy to the lower tier communities and by creating further tiers would only dilute the percent of principal forgiveness given to those communities that are facing the hardest economic conditions.

7. Comment

We are concerned with the limitation (discussed near the bottom of page 3) on principal forgiveness for large, multi-year and multi-contract projects. This needs to be clarified, and addressed appropriately, so as not to limit the available streamlining of SRF application paperwork for communities implementing phased environmental projects.

Response

The requirement for projects to be under contract to receive principal forgiveness is current Trust policy and is intended to have projects move forward quickly. The Trust has considered the comment and will amend the Affordability Calculation for communities in the Third Tier in order to direct more principal forgiveness to the communities facing the most economic hardship. Future Intended Use plans will detail the opportunity for some limited principal forgiveness for multi-year projects.

8. Comment

In general, we suggest that the Trust maintain an easily accessible set of data upon which it will rely in making the affordability calculations. Copies of basic statistical data to be referenced should be made available on the Trust website. Otherwise, direct web links to the actual data tables to be used should be provided by the Trust (a general link to the Massachusetts DOR website is not sufficiently helpful for communities seeking to obtain or verify data in the calculation).

Response

The Trust concurs with this comment and will post the data sets being using along with the final calculation on our website in order to create a transparent ranking process.

9. Comment

It is recommended that the affordability criteria adopted be subject to review and reconsideration on a regular basis. An annual review would be preferred; however, review every two years may suffice. Regular reconsideration would keep this subject in the forefront of discussion and keep many eyes focused on the outcome of a particular approach. It could then identify and correct unintended consequences and unforeseen results that might drive the funding program quite opposite of the desired direction.

Response

The Trust agrees with this comment and has updated the final document to reflect this change. The Trust will review the calculation each year prior to the release of the Intended Use Plan and incorporate any new data that has been released since the last published update and will review the success of the calculation.

10. Comment

We understand that this Affordability Calculation may supplant the current use of the Environmental Justice (EJ) designation in the preparation of the Intended Use Plan (IUP) and assignment of funding under the SRF program. It may be helpful for the Trust and Massachusetts DEP to clarify that change.

Response

The Trust agrees with this comment and the change has been clarified in final document.

11. Comment

We also ask that the state help to keep pressure on the EPA to resist the implementation of new and more restrictive standards on municipalities and public water quality agencies without providing corresponding new and enhanced funding sources.

Response

The comment is noted but it is outside the scope of the Affordability Calculation.

<u>ACEC/MA Member Firms</u>
(See the Attachments for the entire letter)

12. Comment

The criteria are a measure of the financial strength of a municipality, and not of the users/residential households' ability to pay for the cost of the capital improvement being funded. Costs for both current and projected Clean Water Act (CWA) related expenses are to be included and compared to the median household income of the service area.

Response

As discussed in the response to comment 6, the Trust used the three data sets because they are easily verifiable and sourced. By asking communities for current and projected costs would lead to large discrepancies by communities and would be difficult to verify.

13. Comment

"EPA Financial Capability Assessment Framework for Municipal Clean Water Act Requirements" dated November 24, 2014 lists six (6) other indicators that can be used to assess the financial strength of the permittee. Of these, only two of the three required indicators (i.e. unemployment rate and median household income) are used in the proposed affordability calculation. Population trends are not in that list of indicators. Given that it could be argued either way that population increases (or decreases) must be used as a factor in determining affordability, that factor's applicability and relative weighting should probably be minimized.

Response

Consideration of population trends is a requirement of the federal legislation and it has been determined that a community that has lost population will have a smaller rate payer base, and resulting increased difficulty in affording the cost of the infrastructure projects. Also, as noted in Comment 3, above, the Congress did not intend that the state revolving fund programs be used to promote growth in communities, but rather to address existing water quality problems.

14. Comment

It is suggested that municipalities that straddle two tiers be more closely examined using other Phase 2 criteria or available subjective information to determine the more appropriate Tier placement.

Response

Opening the rankings to subjective criteria would go against the Trust's goal of creating an open transparent ranking process that is easily verified by outside parties.

15. Comment

Annual water and/or sewer charges as compared with median household income was the major differentiator used by the state's Water Infrastructure Finance Commission in assessing affordability and ability to pay for such services. Use of only town-wide demographics that are not directly related to the ability to pay for water and sewer service seems to contradict of findings that group of experts representing all aspects of the water infrastructure business.

Response

As previous discussed, median household income is not available by community from the Census database. Also, there is not a reliable data set for user rates for each community in Massachusetts. Finally, it would not be possible to accurately compare each community because every community does not calculate the rate the same way and certain communities do not have water rates.

16. Comment

At the bottom of page 3, of the Trust's proposed methodology, it is noted that "…if a community is phasing a large project over multiple years, only the contracts executed in the first year will be eligible for the loan principal reduction." Since some grantees can be allowed to phase-in projects over time when affordability is a major concern, the first year limitation could further penalize a community and user base that extended the timeframe for project implementation based on affordability through negotiations with DEP and EPA. We suggest that these communities not be restricted to the one-time first year principal reduction limitation for follow-on related and required project phases on a multi-year construction program.

Response

The requirement for projects to be under contract to receive principal forgiveness is current Trust policy and is intended to have projects move forward quickly. The Trust concurs to a degree with the comment and will revise the Affordability Calculation. As a result, communities in the Third Tier will qualify for additional year(s) of forgiveness. This action is expected to direct more principal forgiveness to communities facing the hardest economic conditions. Future Intended Use plans will detail the opportunity for some limited principal forgiveness for multi-year projects.

17. Comment

Regardless of significant changes to the draft calculations suggested herein, the monies reserved for principal forgiveness for both Clean Water and Drinking water projects are minimal (approximately $3 million per year). Efforts should be made to allocate additional funding to those communities facing major capital (and operation and maintenance) expenditures going forward, targeting those communities that can least afford to pay such costs.

Response

The comment is noted but it is outside the scope of the Affordability Calculation.

Town of Bridgewater

(See the Attachments for the entire letter)

18. Comment

The criterion does not take into account the increase infrastructure needs the town has due to Bridgewater State University (BSU) being situated in the town.

Response

The calculation for population takes into account the change in population from 2000 to 2010. The increase in population and infrastructure needed in Bridgewater due to the university does not negatively impact the town in the scoring system. Also, there is not publicly available data to demonstrate how this change in population affects each community throughout the state, thus making a comparison impossible.

Attachments

MCWRS
Massachusetts Coalition for Water Resources Stewardship

September 3, 2015

Nate Keenan,
Deputy Director
Massachusetts Clean Water Trust
Three Center Plaza – Suite 430
Boston, MA 02108

Re: Comments on the Draft Affordability Calculation to Govern Distribution of Principal Forgiveness for the State Revolving Fund (SRF) Program

Dear Mr. Keenan:

On behalf of the Massachusetts Coalition for Water Resources Stewardship (MCWRS) and our member communities and companies, I am submitting the following comments on the Massachusetts Clean Water Trust's Draft Affordability Calculation to Govern Distribution of Principal Forgiveness for the State Revolving Fund (SRF) program. We understand the Trust's need to develop the affordability calculation in response to the *Water Resources Reform and Development Act of 2014*, and to establish such affordability criteria as required by September 30, 2015. We appreciate the state's interest in enhancing the affordability of projects, and offer the following specific comments.

Specific Comments

1. MCWRS is supportive of all efforts to enhance available funding and provide new funding opportunities for communities that need to implement environmental, water, wastewater and storm water projects. Considering the fiscal challenges facing the communities and public utilities in the Commonwealth, and the fiscal burden of new, continued and enhanced environmental regulations, the need for funding assistance to support environmental and utility projects and programs continues to be critical. We therefore encourage the Trust (as well as Massachusetts DEP) to work to expand the availability of principal forgiveness and zero-interest loans to support environmental initiatives in more communities. Recognizing the limited scope of the principal forgiveness funds that are expected to be available, we request that the Trust work to increase the access for more communities and public utilities to zero-interest loans under the SRF program.

2. We understand that the Trust is required by the federal guidance to include certain factors in its affordability calculation, including income, unemployment and population trends. However, we are concerned with the direct application of only the three selected factors as stated in the Draft Affordability Calculation. We address each of these factors as follows:

c/o Regina Villa Associates | 51 Franklin Street, Suite 400 | Boston, MA 02110-1301
Phone: (617) 357-5772 | www.mcwrs.org

a. Per Capita Income – Published per capita income (PCI) data is generally available for use in the calculation, and is a measure of the general financial capacity of a community's population. However, affordability standards for water quality projects (including the standards long used by the U.S. EPA) have historically been indexed to median household income (MHI). This MHI factor is more cognizant of the way in which water and wastewater charges, and particularly capital project cost assessments, are typically applied to system users – on a household basis. Further, reference to the use of MHI data continues as the marker for affordability considerations in related documentation by U.S. EPA (including EPA's November 24, 2014, Memorandum on Financial Capability Assessment Framework for Municipal Clean Water Act Requirements). We suggest consideration of using MHI data in the calculations – in place of or alongside PCI data.

b. Population Trends – While we understand that federal guidance requires recognition of population trends as a factor in the calculations, we question the method selected for applying this consideration in the Draft Affordability Calculation. Communities can be negatively impacted economically by changes in population (both decreases and increases) in a number of ways, and these impacts are dependent on many specific local factors. Some communities are impacted equally hard by increases in population (particularly if there is not corresponding increase in revenues) as they are by population decreases. Even in cases where water or sewer user charge revenues could generally be expected to rise due to increases in local population, there are often other local impacts from the population increase that create a greater local burden without supporting revenue.

By example, we know of one small town that experienced a very high percentage (approx. 30%) of population change from 2000 to 2010, but did not realize such an increase in local financial capacity. Under the draft calculation methodology, this population increase factor shifts this town to the middle of Tier 2, where it would be seen as one of the neediest communities in Tier 3 without the population impact.

Because of the complexity of capturing the true impact of population changes, we suggest simplifying the capture of this factor to a fixed (not data scaled) adjustment on the final calculation indicator (currently represented as APCI). This could be done by allowing a simple multiplier (say 95%, or 0.95) for communities that can identify a significant local population change impact or show a statistical deviation (increase or decrease) from the state average.

c. Employment Rate – Local unemployment is clearly a significant factor in the depiction of affordability for environmental projects. We do not question the relevance of the data, but note the significant impact of the adjustment on communities with high unemployment.

3. In further support of the above discussions, the affordability of environmental projects is not accurately captured by the limited Draft Affordability Calculation as presented. Costs for water and wastewater projects are passed on to users through a number of local financing methods – most notably water and sewer user charges, special assessments (betterments) and fees, as well as

through local property taxes. Any depiction of the affordability of a project that does not capture the current and expected future levels of such financial burdens on communities and users must be considered lacking. While the available published data on local water and sewer rates can be challenging to interpret on a level basis, the need to recognize the greater burden of high utility rates in some communities is critical. While this factor does not displace the importance of income and employment, it does significantly affect the actual ability of a property owner to be able to afford increases in his utility bills. This condition similarly applies to local tax rates, and the combined impact of tax rates and user charges (including considering assessments) cannot be understated as a major factor in measuring affordability. Put simply, an evaluation of community affordability must look at both revenue (income, population, employment) as well as costs (tax rates, user rates, cost of living, current and future capital needs, etc.). Federal and state attempts to develop a metric for affordability inevitably fail to include the cost side of the equation. These factors must be captured in the Final Affordability Calculation.

4. We question the need for the stark change in funding levels between the tiers as provided in the Draft Affordability Calculation. It is apparent that communities with combined indicator (APCI) numbers that differ by a small percent may see a major difference (up to 100%) in the amount of principal forgiveness provided because they lie on the wrong side of the 60% or 80% demarcation lines that have been selected. For example, 'Community X' has an APCI fraction of 81% and 'Community Y' (with similar local resources, and possibly lower user rates) has an APCI fraction of 79% - which results in community Y receiving twice as much principal forgiveness funding as Community X. To mitigate this factor, we suggest a more broadly scaled factor for applying share. This could be done with more tiers (maybe 10% funding level increments), or by scaling all communities with affordability needs to the neediest community in the funding list (which becomes the 1.0 share community, with all others receiving a fractional share proportioned to the neediest community).

5. We are concerned with the limitation (discussed near the bottom of page 3) on principal forgiveness for large, multi-year and multi-contract projects. This needs to be clarified, and addressed appropriately, so as not to limit the available streamlining of SRF application paperwork for communities implementing phased environmental projects.

6. In general, we suggest that the Trust maintain an easily accessible set of data upon which it will rely in making the affordability calculations. Copies of basic statistical data to be referenced should be made available on the Trust website. Otherwise, direct web links to the actual data tables to be used should be provided by the Trust (a general link to the Massachusetts DOR website is not sufficiently helpful for communities seeking to obtain or verify data in the calculation).

7. Given the short time frame for public comment on this important matter, which was no-doubt driven by federal statutory deadlines, it is recommended that the affordability criteria adopted be subject to review and reconsideration on a regular basis. An annual review would be preferred; however, review every two years may suffice. Regular reconsideration would keep this subject in the forefront of discussion and keep many eyes focused on the outcome of a particular approach. It could then identify and correct unintended consequences and unforeseen results that might drive the funding program quite opposite of the desired direction.

8. We understand that this Affordability Calculation may supplant the current use of the Environmental Justice (EJ) designation in the preparation of the Intended Use Plan (IUP) and assignment of funding under the SRF program. It may be helpful for the Trust and Massachusetts DEP to clarify that change.

9. The affordability of projects that need to be implemented by communities is affected by many factors, and the financial burden placed on many communities by the impending permit changes to the EPA regulations and permit writing practices – including new stormwater regulations under the National Pollutant Discharge Elimination System (NPDES) program that will increase that burden. As such, the availability of funds for principal forgiveness and other enhanced funding options are needed to counter the new and increased financial burden of these regulations on communities. We also ask that the state help to keep pressure on the EPA to resist the implementation of new and more restrictive standards on municipalities and public water quality agencies without providing corresponding new and enhanced funding sources.

We recognize that the Draft Affordability Calculation has been prepared in response to requirements of recent amendments to the *Federal Water Pollution Control Act*. We encourage the Trust and Massachusetts DEP to engage its best efforts to reach beyond the basic requirements of federal regulations in providing enhanced project funding to support the affordability of needed environmental projects and the burden of new and enhanced environmental regulations. We understand that such efforts to enhance the SRF funding program have been initiated in the state, and strongly reinforce the need for such funding.

We appreciate the opportunity to submit comments on the Draft Affordability Calculation to Govern Distribution of Principal Forgiveness for the SRF program. Please do not hesitate to contact me with any questions. I can be reached by e-mail at GuerinP@worcesterma.gov or by phone at 508-929-1300 x2109

Sincerely,

MASSACHUSETTS COALITION FOR WATER RESOURCES STEWARDSHIP

Philip D. Guerin
President
Director of Water, Sewer & Environmental Systems, City of Worcester

cc: MCWRS Board of Directors and Members
Commissioner Martin Suuberg, MassDEP

Mr. Nate Keenan, Deputy Director
Massachusetts Clean Water Trust

Re: Comments on Draft Affordability Calculation on Principal Forgiveness

Dear Mr. Keenan:

Thank you for the opportunity to provide comments on the Trust's Draft Affordability Calculation to determine principal forgiveness to SRF funding applicants.

On behalf of ACEC/MA member firms, we offer the following:

Understandings

- The draft calculations will take the place of additional SRF funding allocations to designated Environmental Justice (EJ) communities.
- Specific EPA Guidance provided in the WRRDA guidance document dated January 6, 2015 must be followed, including requirements for including specific evaluative criteria
- The Trust's preference is for calculations that are based on readily available, publicly accepted demographic and financial data, by community
- Regardless of EPA required criteria in WRRDA guidance document referenced above, each state can use additional criteria that are deemed relevant by the state funding agency.
- Based on EPA's required timelines, the Affordability Calculation must be developed seeking public input, and adopted by September 30, 2015.

Comments/Suggestions

The current draft Affordability Calculation criteria proposed for use by the Clean Water Trust mimic those that are required to be used by EPA. Unfortunately, those criteria are a measure of the financial strength of a municipality, and not of the users/residential households' ability to pay for the cost of the capital improvement being funded. The "EPA Financial Capability Assessment Framework for Municipal Clean Water Act Requirements" dated November 24, 2014 discusses a two-phased approach to assessing overall financial capability of a community. The first phase referenced in that document discusses the impact on residential customers as a primary factor in this determination. Costs for both current and projected Clean Water Act (CWA) related expenses are to be included and compared to the median household income **of the service area** (emphasis added).

It is suggested that the primary and most highly weighted metric used in the affordability calculations be the current and future annual costs of CWA obligations as compared with median household income. Alternatively, this rating could be used to initially qualify communities for any principal forgiveness, regardless of the permittee's financial strength.

That same EPA document lists six (6) other indicators that can be used to assess the financial strength of the permittee. Of these, only two of the three required indicators (i.e. unemployment rate and median household income) are used in the proposed affordability calculation. Population trends are not in that list of indicators. Given that it could be argued either way that population increases (or decreases) must be used as a factor in determining affordability, that factor's applicability and relative weighting should probably be minimized.

Given that the ranges of items as proposed are quite broad (Tier 1 – 80% to 100%; Tier 2 – 60% to 80%; Tier 3 – less 60% of the calculated state adjusted per capita income), and the relative shares for each Tier are also significant, there could be widely varying "scores" within each Tier. In addition, communities at the high or low end of a tier with nearly identical scores could fall into two different tiers resulting in drastically different principal forgiveness. As such, we suggest that municipalities that straddle two tiers be more closely examined using other Phase 2 criteria or available subjective information to determine the more appropriate Tier placement.

As you know, annual water and/or sewer charges as compared with median household income was the major differentiator used by the state's Water Infrastructure Finance Commission in assessing affordability and ability to pay for such services. Use of only town-wide demographics that are <u>not</u> directly related to the ability to pay for water and sewer service seems to contradict of findings that group of experts representing all aspects of the water infrastructure business.

At the bottom of page 3, of the Trust's proposed methodology, it is noted that "…if a community is phasing a large project over multiple years, only the contracts executed in the first year will be eligible for the loan principal reduction." Since some grantees can be allowed to phase-in projects over time when affordability is a major concern, the first year limitation could further penalize a community and user base that extended the timeframe for project implementation based on affordability through negotiations with DEP and EPA. We suggest that these communities not be restricted to the one-time first year principal reduction limitation for follow-on related and required project phases on a multi-year construction program.

We understand that the proposed calculation will replace the added funding through principal forgiveness currently awarded to Environmental Justice (EJ) Communities. That change seems to achieve the goal of getting added financial assistance to those communities with the most need and possibly to their overextended residential user base. Regardless of significant changes to the draft calculations suggested herein, the monies reserved for principal forgiveness for both Clean Water and Drinking water projects are minimal (approximately $3 million per year). Efforts should be made to allocate additional funding to those communities facing major capital (and operation and maintenance) expenditures going forward, targeting those communities that can least afford to pay such costs.

We contend that there could be unintended consequences of not taking residential household costs into account in allocating principal forgiveness. These could include non-payment of annual water and sewer costs; property liens, etc. For this reason we suggest that staff at the Clean Water Trust downplay (but not eliminate) the three main criteria required by WRRDA in allocating principal forgiveness monies going forward.

We suggest that these formulas/calculations be used in concert with the schedule of reduced SRF interest rates that DEP is developing in accordance with the requirements of Chapter 259 of the Acts of 2014. This would serve to get the most funding to permittees with the greatest financial need. In the principal reduction calculation, water and sewer user rates are typically posted on Town websites, and “typical” user costs for a pre-determined annual use can be readily determined. Also, the current emphasis on the use of Enterprise Funds and full price accounting virtually assures that such rates can be easily compared on a level playing field for all Massachusetts communities, further justifying the emphasis for use of that comparative factor by the Trust going forward.

ACEC/MA member firms understand the need to complete this required calculation by September 30, 2015. As such we will make member firm representatives available to assist in finalizing the preferred calculation and in reviewing the regulations/guidelines being developed by DEP as required by Chapter 259 of the Acts of 2014 toward a more equitable allocation of scarce financial resources for water infrastructure financing.

Thank you again for this opportunity to provide input to the Trust’s development of this important funding allocation methodology and calculation. .

I hope that our suggestions are helpful.

Have a great holiday weekend.

Regards,

Fran Yanuskiewicz

Co-Chair
ACEC/MA Energy and Environmental Affairs Committee

TOWN OF BRIDGEWATER

OFFICE OF THE TOWN MANAGER

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September 4, 2015

Mr. Nate Keenan
Deputy Director
Massachusetts Clean Water Trust

Via Email Only: nkeenan@tre.state.ma.us

Re: Public Comment for the Draft Affordability Calculation to Govern Distribution of Principal Forgiveness

Dear Mr. Keenan:

Please let this letter serve as the Town of Bridgewater's public comment concerning amendments to the Federal Water Pollution Control Act and the Trust's impending process to implement the amendments.

As presented, the draft affordability calculation governing distribution of principal forgiveness relies on measures of income, unemployment data, population trends and other data.

The Town of Bridgewater's current Per Capita Income as calculated by the Department of Revenue for 2014, the most recent data available, does not take into consideration the presence of Bridgewater State University. The reported autumn 2014 enrollment for BSU was 11,187 students, 328 full time faculty, as well as a large number of part-time faculty, staff members, and visitors. Additionally, the BSU campus includes 39 buildings and 278 acres of requisite infrastructure and grounds. Literally, the BSU campus is a town within our town for which the Town of Bridgewater furnishes both water service and wastewater treatment.

In short, the Trust's proposed process for principal forgiveness does not properly account for the large infrastructure needs due to the presence of the state university. We encourage the Trust to review its Adjusted Per Capita Income formulation to account for our taxpayers who must shoulder the cost of an additional 12,000 users of the system.

As presented, the Town of Bridgewater must strongly object to an affordability calculation that places us at a significant disadvantage relative to other communities.

Thank you for your attention to our concerns. We are happy to discuss this issue on more detail at your convenience.

Sincerely yours,

Michael Dutton

cc: Representative Angelo D'Emilia
Andrew DeIonno, Director of Community and Economic Development
Jonas Kazlauskas, Water and Sewer Superintendent