

Clean Water and Drinking Water State Revolving Funds

AND THE BIPARTISAN INFRASTRUCTURE LAW

PRESENTATIONS BY:





State Revolving Funds Overview

State Revolving Funds Overview

What are the SRFs?

The **Clean Water State Revolving Fund (CWSRF)** is a federal-state program that provides funding and financing to wastewater and storm water systems for a wide range of infrastructure projects.

The **Drinking Water State Revolving Fund (DWSRF)** is a federal-state program that provides funding and financing to public water systems for wide range of drinking water infrastructure projects and activities.

What is their purpose?

To provide **government assistance** that is intended to reduce the cost of critical public health and environmental infrastructure.

State Revolving Funds Overview

How do the **SRFs** work?

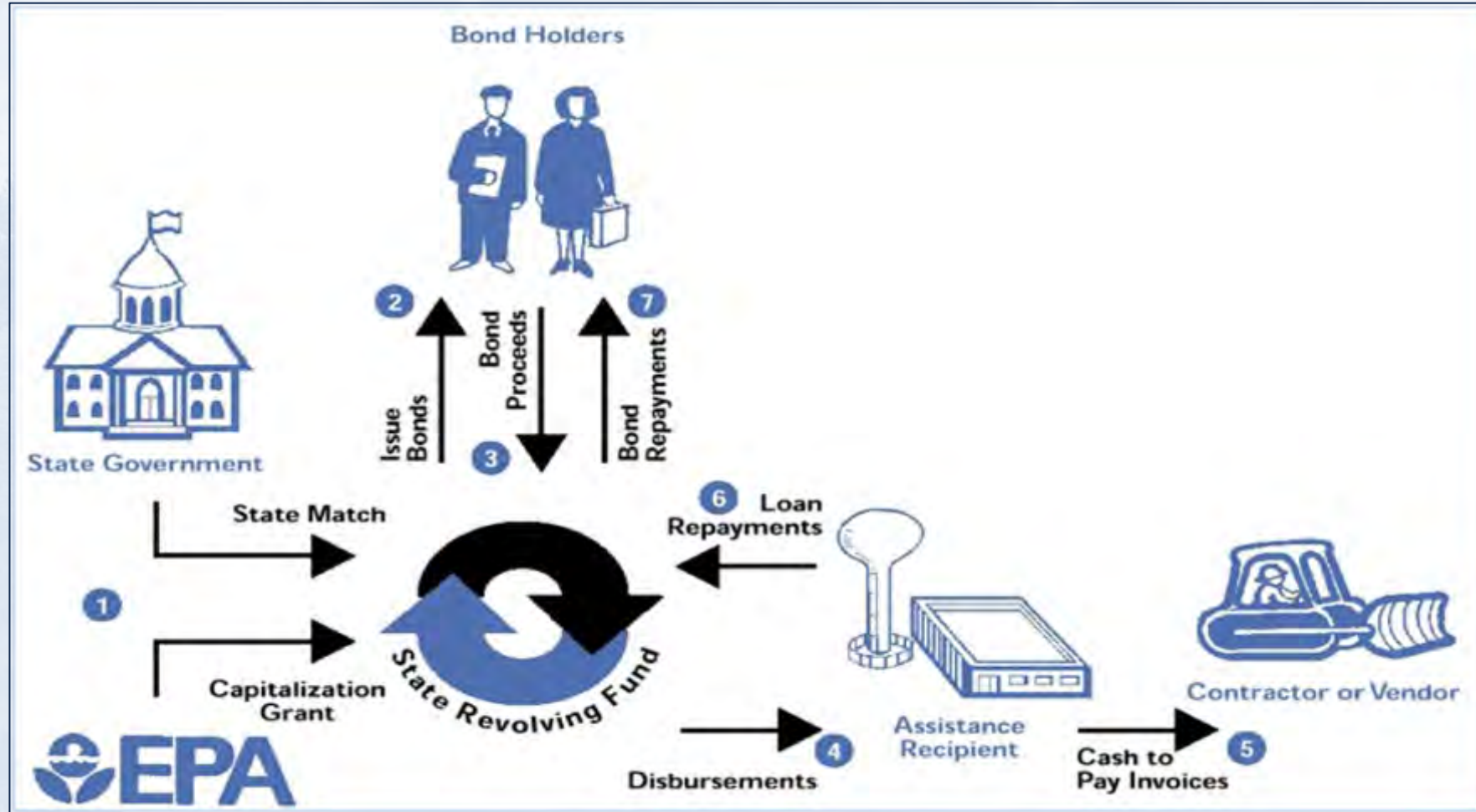
- Congress **appropriates funding** to EPA for the SRF programs. EPA then awards capitalization grants (i.e., seed money) to each state.
- For most appropriations, states provides a **20 percent match** to those capitalization grants.
- States then provide **below-market rate loans** and other authorized assistance to eligible recipients (e.g., water and wastewater systems) for water infrastructure projects. Loan terms are typically **20-30 years**.

State Revolving Funds Overview

How do the **SRFs** work?

- States **disburse SRF funds** to those eligible recipients on construction costs that are incurred.
- Recipients **repay their loans** back into the state's SRF.
- The state SRFs use these “**recycled**” **funds** to make additional loans, and the “revolving” cycle continues.

State Revolving Funds Overview



State Revolving Fund Roles

EPA'S ROLE

EPA sends the money appropriated annually by Congress to each state's CWSRF and DWSRF. This is called a **capitalization grant**.

EPA **provides grant terms** and conditions, guidance, and program oversight to the states.

EPA **provides support** to the states and performs an annual SRF review to ensure federal funds are utilized as intended by Congress

STATE'S ROLE

States design SRF programs to **reflect the needs of their states** and authorizations given to them by Congress.

They **accept applications**, score and **rank projects**, and select projects for **funding**.

Usually, States must match **20%** of EPA's annual contribution.

The **BIL reduced or removed this requirement** to make it **easier** for the state to access the federal funds.

COMMUNITIES' ROLE

Become **involved** in states' SRF public review process, **understand** program eligibilities, and **apply for funding** from the state SRF.

Eligibility

Who is eligible to use the CWSRF?

- Municipalities, intermunicipal, interstate, or state agencies.
- Nonprofit entities*
- Private, for-profit entities*
- Watershed groups*
- Community groups*
- Homeowner's associations*
- Individuals*

**Some states do not fund private systems/private entities and private entities are only eligible for specific project financing under the CWSRF.*

Who is eligible to use the DWSRF?

- Public or private* community water systems
 - A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
- Nonprofit non-community water systems
 - Including schools, publicly-owned campgrounds, parks, churches

What types of projects can be funded by the CWSRF?

- **Construction of publicly owned treatment works:** Projects include, primary and secondary treatment, advanced treatment, sewer system repair and replacement, CSO correction, resiliency, and security.
- **Nonpoint source projects:** Projects that implement a state's nonpoint source management plan, such as agricultural best management practices, streambank restoration, etc.
- **National estuary program projects:** Projects that implement a National Estuary Program Comprehensive Conservation and Management Plan, such as wetlands restoration and living shorelines.
- **Decentralized wastewater treatment systems:** Repair, replacement, or upgrade of decentralized wastewater treatment systems (i.e., septic tanks).
- **Stormwater:** Gray and green infrastructure to address water quality impacts of stormwater runoff.
- **Water conservation and efficiency:** Projects that reduce the demand for publicly owned treatment works' (POTW) capacity through reduced water consumption

SOURCE: https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf

What types of projects can be funded by the DWSRF?

- **Treatment:** Projects to install or upgrade facilities to improve drinking water quality to comply with drinking water regulations
- **Transmission and distribution:** Rehabilitation, replacement, or installation of pipes to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes, including lead service line replacement
- **Source:** Rehabilitation of wells or development of eligible sources to replace contaminated sources
- **Storage:** Installation or upgrade of finished water storage tanks to prevent microbiological contamination from entering the distribution system
- **Consolidation:** Interconnecting two or more water systems
- **Creation of new systems:** Construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system
- **Planning and design:** For all project types listed above.

***SOURCE:** https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_versioni.pdf*

MA CWSRF: By the numbers (CWNIMS)

Years Active: **34**

Total Capitalization Grants Awarded: **\$1.727B**

Loan Agreement Signed to Date: **1,732**

Address Nonpoint Sources of Pollutions: **\$228.5M**

Total Additional Subsidy Provided: **\$190.2M**

Billions in Projects Funded: **\$6.9B**

Billions in Project Disbursements: **\$6.3B**

MA DWSRF: By the numbers (DWNIMS)

Years Active: **25**

Total Capitalization Grants Awarded: **\$628.2M**

Loan Agreements Signed To Date: **529**

Total Additional Subsidy Provided: **\$105M**

Billions in Projects Funded: **\$2.3B**

Billions in Project Disbursements: **\$2B**

What size loan can be issued under the SRF?

Nationally in 2021,
loan sizes **ranged** from:

**\$8,400 (DW) or
\$2,400 (CW)**

to

**\$183,000,000 (DW) and
\$285,000,000 (CW)**

**There is no
minimum or
maximum loan
requirement**

What are the benefits of using the SRFs?

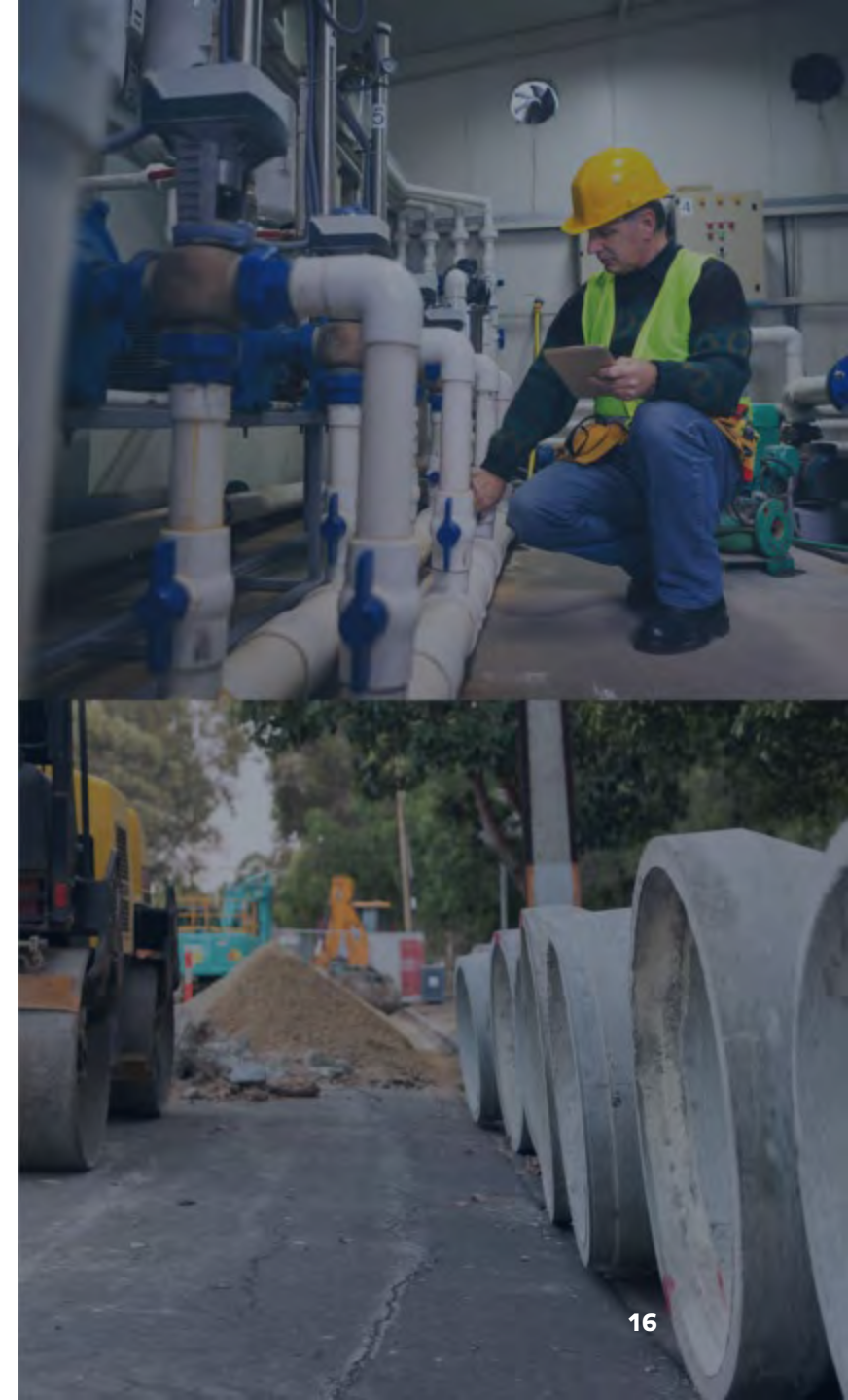
- **Very low-cost financing**
 - Interest is typically charged at half the market rate, saving communities hundreds of thousands of dollars
 - Potential availability of “additional subsidy,” which is grant-like funds
- **Extended loan terms**
 - Can go up to 30 years
 - Repayments begin up to 12 months (or 18 months for DWSRF) after construction completion
- **Serves diversity of communities** of all sizes and socioeconomic status
- **Wide range** of project dollar sizes
- **Funding** can be **paired with other sources**, including WIFIA, USDA-Rural Development, and FEMA



Bipartisan Infrastructure Law (BIL)

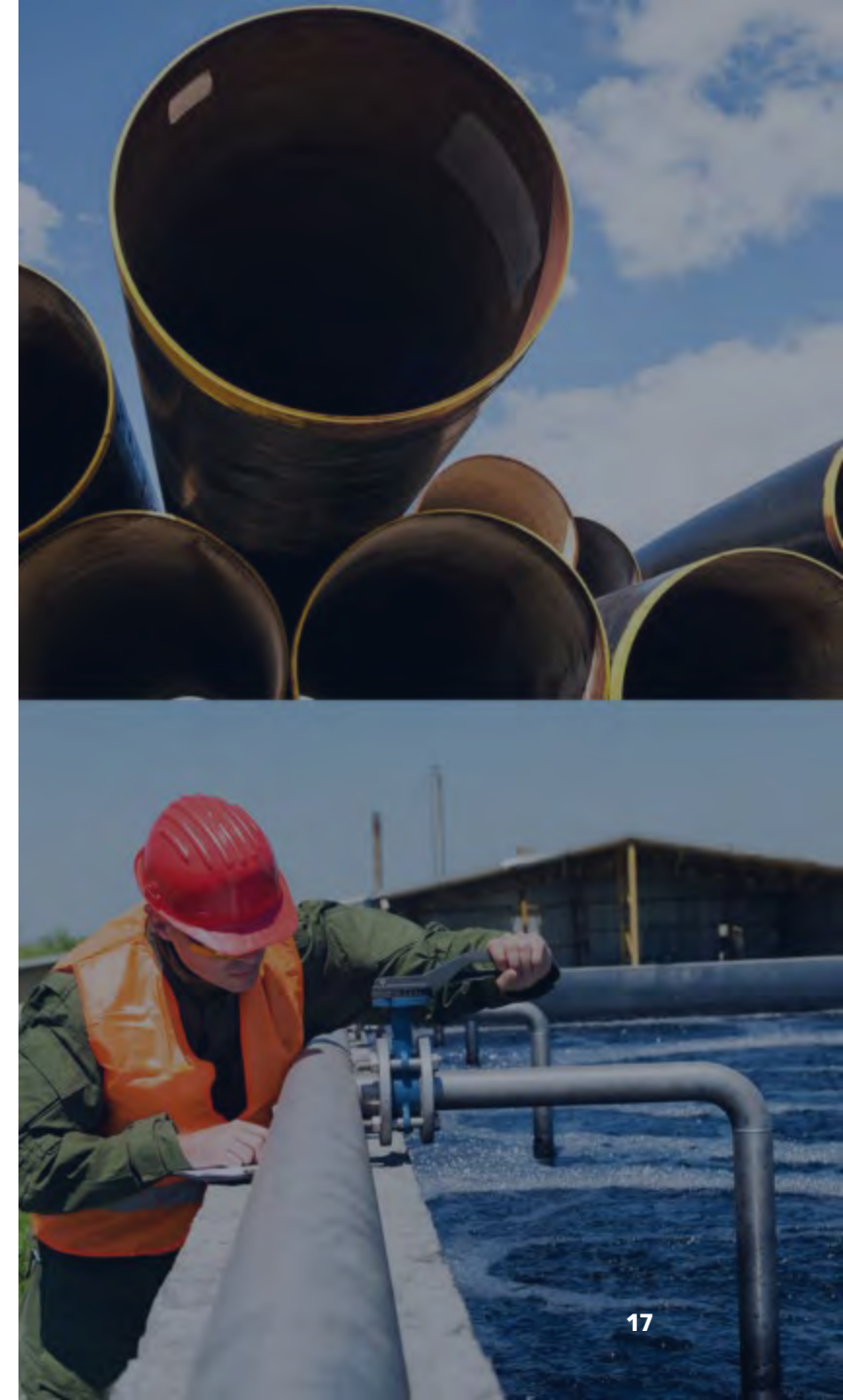
Bipartisan Infrastructure Law (BIL)

- Signed by President Biden on **November 15, 2021**.
- **Historic investment** in key programs and initiatives implemented by the U.S. Environmental Protection Agency to build safer, healthier, cleaner communities.
- Includes **\$50 billion to the EPA** to strengthen the nation's drinking water and wastewater systems – the single largest investment in water that the federal government has ever made.
- Approximately **\$43.4B** of this funding through the existing CWSRFs and DWSRFs.



BIL Implementation Key Priorities

- **Increased investment** in disadvantaged communities
- Make **rapid progress** on lead service line replacement
- Address **PFAS and emerging contaminants**
- Support projects addressing **climate resilience**
- Support **American workers** through prevailing wage laws
- Cultivate **domestic manufacturing**



Increased Investment in Disadvantaged/Affordability Communities

49%

of the **DWSRF General Supplemental and DWSRF Lead Service Line Replacement** funds are to be provided as grants/forgivable loans to disadvantaged communities

25%

of the **DWSRF Emerging Contaminant** funds are to be provided as grants/forgivable loans to disadvantaged communities or PWS serving fewer than 25,000 persons

49%

of the **CWSRF General Supplemental** funds are to be provided as grants/forgivable loans to communities meeting the state's affordability criteria

Available SRF Funding in the BIL

Appropriation	FY 2022 (\$)	FY 2023 (\$)	FY 2024 (\$)	FY 2025 (\$)	FY 2026 (\$)	Five Year Total (\$)
CWSRF General Supplemental	1,902,000,000	2,202,000,000	2,403,000,000	2,603,000,000	2,603,000,000	11,713,000,000
CWSRF Emerging Contaminants	100,000,000	225,000,000	225,000,000	225,000,000	225,000,000	1,000,000,000
DWSRF General Supplemental	1,902,000,000	2,202,000,000	2,403,000,000	2,603,000,000	2,603,000,000	11,713,000,000
DWSRF Emerging Contaminants	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	4,000,000,000
DWSRF Lead Service Line Replacement	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	15,000,000,000

CWSRF Funding in the BIL: Overview

\$12,713,000,000

*The amount the EPA is making in **additional** capitalization grants available nationally to the state CWSRFs over the next five years.*

- Most of this money may fund **any** project eligible under the CWSRF; some funding is targeted towards projects focused on “emerging contaminants.”
- States have the authority to **waive repayment** on some of this new funding (e.g., forgive some or all the loan’s principal or provide grants).

DWSRF Funding in the BIL: Overview

\$30,713,000,000

*The amount the EPA is making in **additional** capitalization grants (i.e., seed funding) available to the state DWSRFs over the next five years.*

- Some of this money may fund **any** project eligible under the DWSRF; some funding is targeted towards projects focused on PFAS and “emerging contaminants;” some funding is targeted towards the **identification and replacement** of lead service lines.
- States have the authority to **waive repayment** on some of this new funding (e.g., forgive some or all the loan’s principal or provide grants).

A photograph of the Massachusetts State House dome, a large, ornate building with a prominent central dome and classical columns. The image is overlaid with a semi-transparent blue filter.

FY22 BIL Funding for MA

Appropriation	FY 2022 (\$)
CWSRF General Supplemental	60,428,000
CWSRF Emerging Contaminants	3,175,000
DWSRF General Supplemental	41,750,000
DWSRF Emerging Contaminants	17,531,000
DWSRF Lead Service Line Replacement	65,783,000
TOTAL	188,667,000

How can communities help implement the BIL?

- **Share ideas** for getting SRF funding to communities with environmental justice concerns and to achieve goals such as reducing lead and building climate resiliency.
- **Provide recommendations** for what type of technical assistance would be most productive to help communities prepare and apply for SRF assistance.
- **Develop capital development plans** to address critical infrastructure needs.
- **Work early** with your state to get projects on the **Intended Use Plan**.
- **Participate** in **state public participation process** for developing SRF Intended Use Plans.
- **Identify avenues and forums** to educate, engage, and receive feedback from local officials on implementation of BIL drinking water, wastewater and stormwater funding.

How do I apply for SRF funding?

Develop your plans and identify needs.

- Develop a capital improvement plan.
- State SRFs may provide planning and development assistance.

Engage with your state SRF program.

- Each state has a process and timeline for applications.
- Discuss funding options (SRF base, SRF BIL, state funding, etc.) to build a plan for your community.

Build an ongoing relationship with the state SRF.

- BIL funds are over FY 2022-2026.
- Base SRF programs are ongoing.

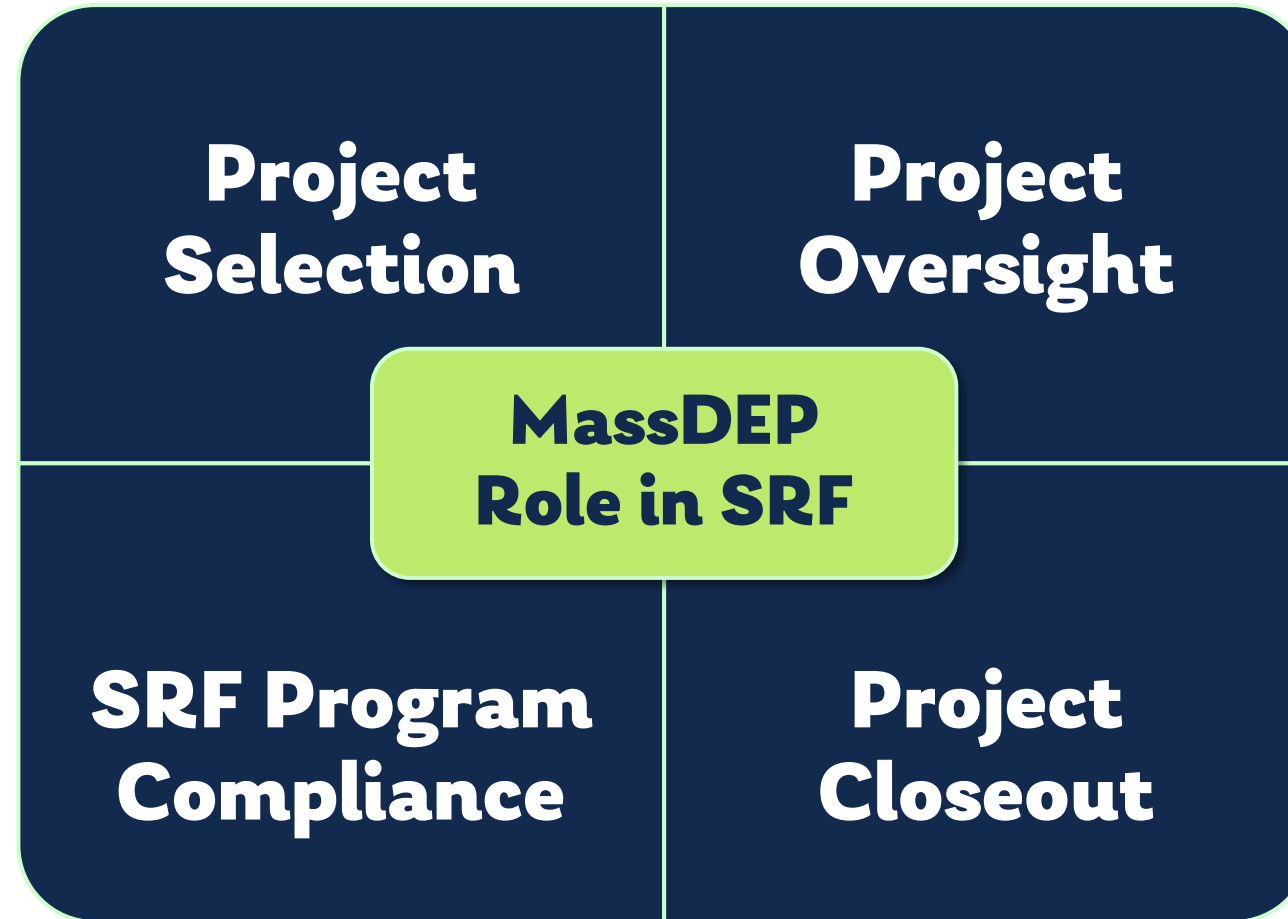
State Revolving Fund Federal Infrastructure Funding Virtual Briefing

MARIA PINAUD

Director, Division of Municipal Services

Massachusetts Department of Environmental Protection

MassDEP's Role in SRFs



Project Selection Criteria

PROBLEM DEFINITION IS PARAMOUNT

Does this project mitigate...

Public Health Impacts

- Exposures
- Frequency
- Seriousness

Environmental Impacts

- Resource(s) Affected
- Frequency
- Seriousness



Priority Project Categories

- Lead Service Line Replacement
- PFAS Remediation
- Combined Sewer Overflow Control

Project Selection Criteria

Planning for the Project

- Needs analyzed
- Options evaluated
- Recommended option selected

Project Effectiveness

- Protects public health
- Achieves compliance or reduction in violations
- Restoration of designated use
- Protects resources/prevents resource impacts
- Cost effective

DEP Considerations

- Enforcement orders
- Regional solutions
- Energy efficiency/renewables/BMPs
- Innovative approaches
- Program priorities
- EJ Communities

Principal Forgiveness

- Affordability criteria & 3-tier system
- Renewable energy

SRF is a marathon – not a sprint!

APPLYING FOR SRF FINANCING

Proposal Submissions → Project Ranking → Draft IUP Published →
Public Comment Period & Public Hearing → Final IUP Published

READINESS TO PROCEED

Secure Funding at Town Meeting → Submit Loan Application & Plans/Specs

BIDDING & CONSTRUCTION

Bid Solicitation → Begin Construction

SRF ADMINISTRATION

MassDEP oversees project
implementation & MCWT
manages funds/loans

REPAYMENT

MCWT sends debt service schedules
(Two payments per year for term length of loan)

MassDEP Division of Municipal Services reviews applications for...

- ***Local Borrowing Authorization***
- ***Project Plans & Specifications***
- ***Required Permits (as necessary)***
- ***Federal Cross-Cutter
Requirements***
- ***Compliance with Public Bidding
Laws***



MassDEP Division of Municipal Services visit project sites during construction to...

Project Oversight - Construction

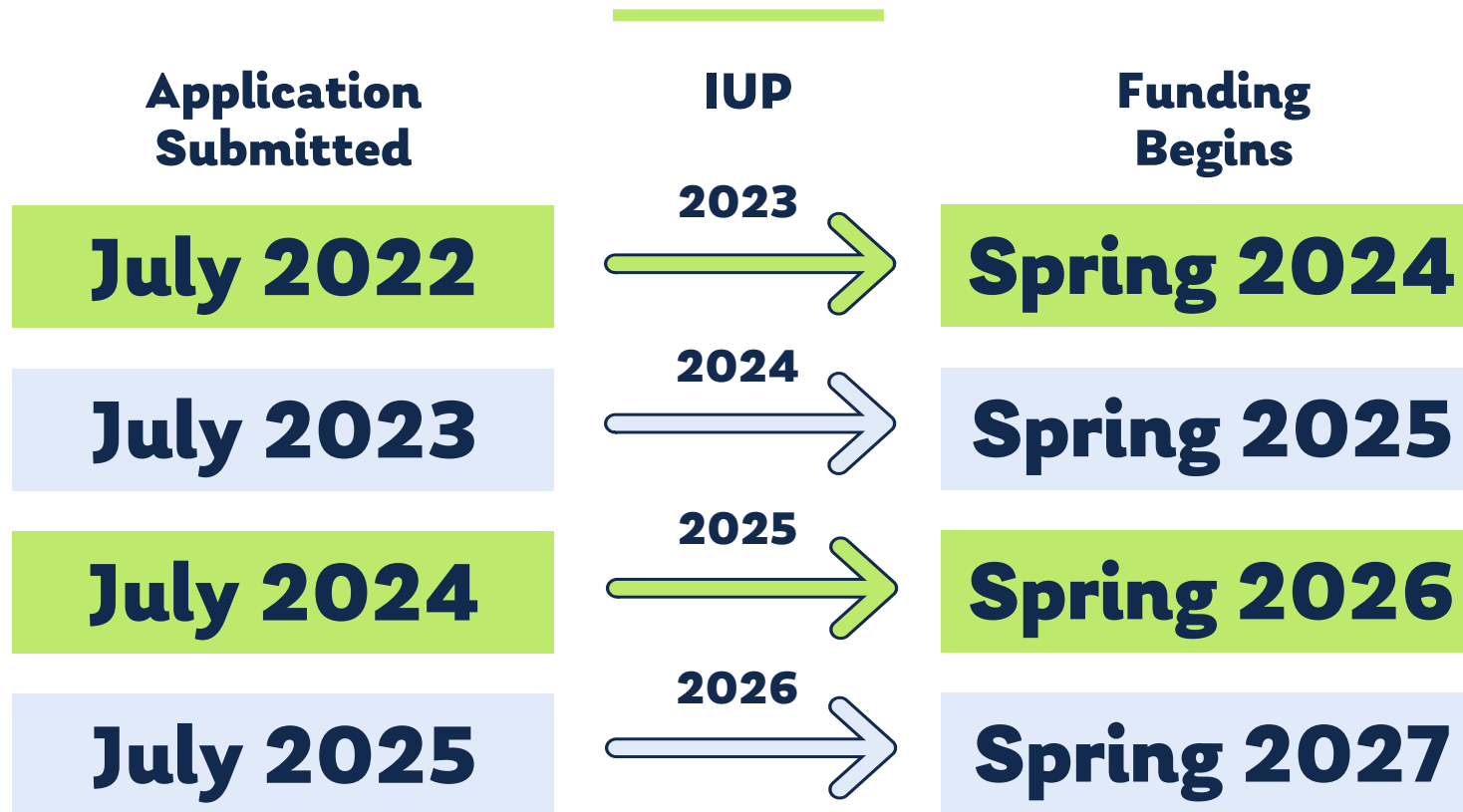
- Assess progress
- Provide compliance assistance
- Authorize payment appropriate to work completed
- Address change orders as necessary
- Inspect for compliance with American Iron and Steel Requirement/BABAA
- Ascertain posted wage rates as per Prevailing Wage Law
- At 90% completion initiate process project closeout, conduct final inspection, authorize final payment

State Revolving Fund Loan Process

The SRF financing process can take up to two years, depending on the community and project, from the initial project proposal to funding being disbursed. MassDEP staff will provide assistance to the community from application submission to project completion.



Accessing Supplemental Federal Funding





The Massachusetts Clean Water Trust

UPDATES ON FINANCING OPPORTUNITIES

Advantages of Borrowing through the Trust

Fixed Low-Interest Rates

- These rates are established by law and offer a stable planning tool for communities.
- Loans with a 20-year term will have an interest rate of 2%
- Loans with a term over 20 years will generally have an interest rate of 2.4%
- Certain projects qualify for reduced or 0% interest

Interim Loans (Construction Loans)

- The Trust offers interim loans with no fees or interest. These loans allow for one-stop financing through the Trust.

Flexible Repayment Terms

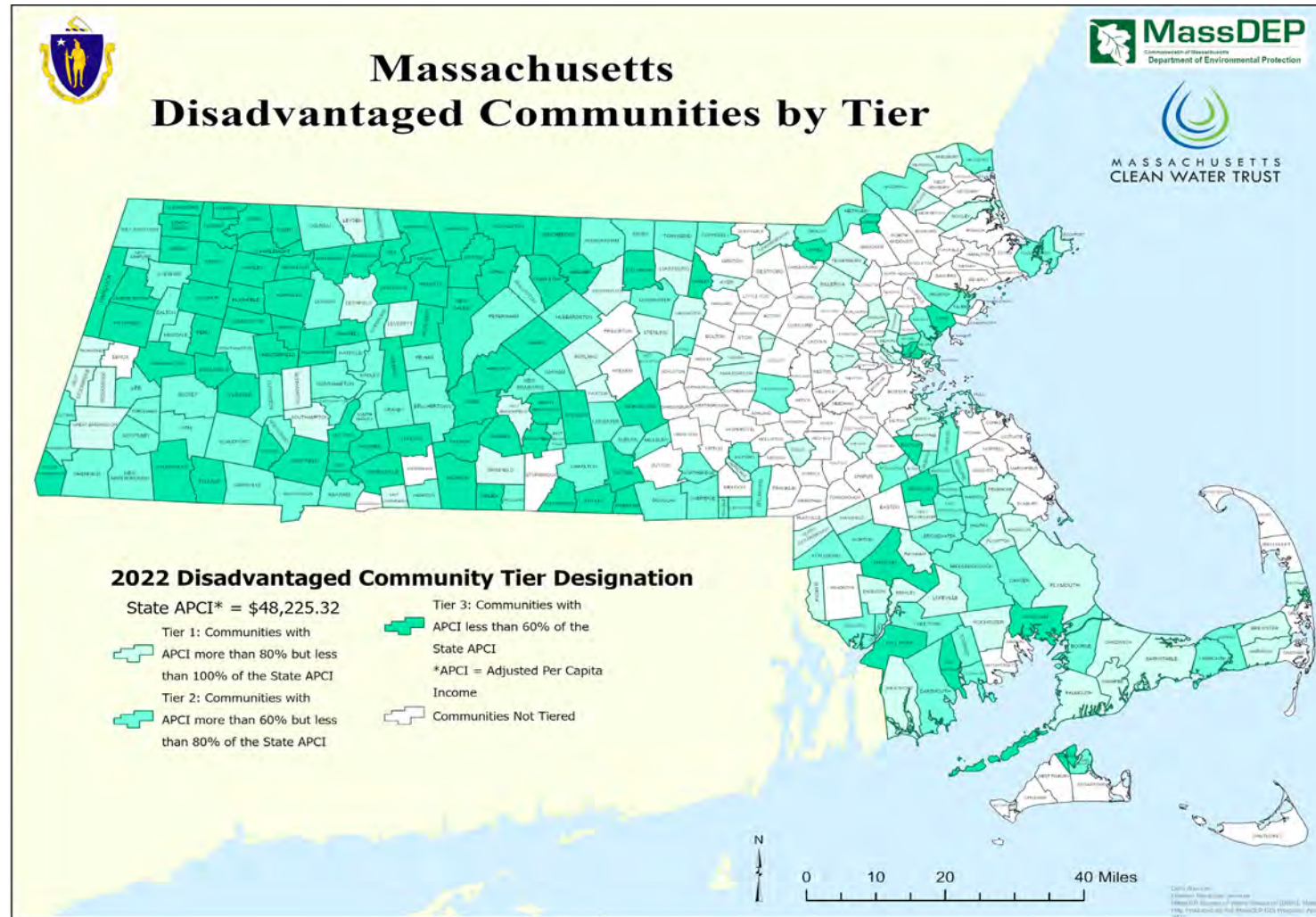
- Loans can be financed up to 30 years.

Disadvantaged Communities Additional Subsidy (Loan Forgiveness)

- The Trust uses a percentage of its annual grant and state funding as **additional subsidy** each year. This subsidy comes in the form of loan forgiveness to disadvantaged communities.
- Eligibility is determined by **an annual affordability calculation** – which ranks communities into affordability tiers. The amount of loan forgiveness is **based** on a community's affordability tier.

Disadvantaged Community Tiers	Tiers by Adjusted Per Capita Income (APCI) Range	CW Loan Forgiveness %	DW Loan Forgiveness %
Tier 1	APCI more than 80% but less than 100% of the State APCI	3.3%	6.6%
Tier 2	APCI more than 60% but less than 80% of the State APCI	6.6%	13.2%
Tier 3	APCI less than 60% of the State APCI.	9.9%	19.8%

2022 Disadvantaged Communities Map



Other Subsidy Programs Offered by the Trust



- **Asset Management Planning Grants**

The grant program provides a **60%** grant to assist communities with completing or updating asset management plans for wastewater, drinking water, stormwater utilities, or any combination of the three to ensure the operational integrity of the water utility.

- **Cape Cod & Islands Water Protection Trust Fund**

The trust fund was created to help projects on Cape Cod utilize the tourist economy to raise revenue to pay for a portion of their wastewater loan from the Trust. Currently, the fund is providing **25%** loan forgiveness for qualifying projects.

- **Housing Choice Loan Program**

Communities that have achieved the “Housing Choice” designation under the Housing Choice Initiative will be eligible for an interest rate reduction up to **.50%** from the standard below market rate of 2% offered by the Trust.

- **0% Nutrient Enrichment Reduction Loans**

This loan program is for CWSRF loans that are primarily intended to **remediate** or prevent nutrient enrichment of a surface water body or water supply which can cause environmental degradation of the surrounding water bodies.

- **0% Interest PFAS Mitigation Loans**

Per- and polyfluoroalkyl substances (PFAS) are a family of chemicals that are classified as emerging contaminants and are known to cause health issues when found in drinking water. Projects that have the purpose of reducing PFAS in water below the established Maximum Contamination Level of 20 parts per trillion, are eligible for **0%** interest loans.

Lead in Schools

Sampling Program

www.mass.gov/guides/sampling-for-lead-and-copper-at-schools-and-childcare-facilities

Contact **Michael Celona**

Michael Celona
(617) 292-5674
Michael.Celona@mass.gov



(2016-2018)

First in the nation school drinking water testing program utilizing **\$2.75 million** from the Trust to sample public schools across the Commonwealth for lead and copper. Nearly **1,000** schools were sampled during this period.

(2019-Present)

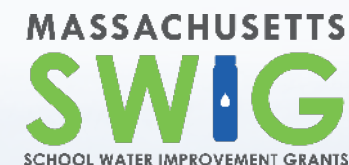
Expanded funding from EPA allows MassDEP to expand sampling program to **public and private** childcare and early education facilities – limited to lead testing.

School Water Improvement Grants (SWIG)

mass.gov/school-water-improvement-grants

Contact **Jonathan Maple**

Jonathan Maple
(617) 367-9333 x 546
SWIG@tre.state.ma.us



Pilot Round

Provided **\$954,000** in grants to replace **318** water fountains in **128** schools in **37** school districts serving over **69,000** students.

Round 2

The Trust is offering up to **\$2 million** in grants to public and private elementary schools, early education facilities and non-residential daycare facilities.

The Trust received nearly **\$3 million** from EPA WIIN Grant to **expand SWIG eligibility**.



ARPA Funding and the Infrastructure Investment and Jobs Act

Projects Receiving ARPA Grant Funds

American Rescue Plan Act (ARPA) Funding

- Chapter 102 of the Acts of 2021 appropriated \$100 million in ARPA funding to the Trust.
- \$12.88 million is earmarked to specific projects, leaving \$87.12 million to be distributed by the Trust.

Project Type	# of Projects	Project Costs			Eligible Subsidy	ARPA Funds Committed
		Disadvantaged Communities	All Other Communities	Total		
Drinking Water SRF Projects						
PFAS Projects ⁽¹⁾	10	\$46.9	\$59.4	\$106.3	20.0%	\$21.3
Small Systems	2	16.8	---	16.8	15.0%	2.5
All Other DW Projects	8	25.5	9.5	35.0	10.0%	3.5
Total DWSRF Projects	20	89.2	--	158.1		27.3
Clean Water SRF Projects						
CSO Projects	1	--	23.0	23.0	15.0%	3.5
All Other CW Projects	31	446.2	34.4	480.6	7.5%	36.0
Total CWSRF Projects	32	446.2	57.4	503.6		39.5
Combined Totals	52	\$535.4	\$126.3	\$661.7		\$66.8

⁽¹⁾ Projects to remediate Per- and polyfluoroalkyl substances (PFAS). This ARPA subsidy will be paired with the Trust's 0% interest rate PFAS program.

2021 Intended Use Plan Construction Projects



MassDEP Region	2021 CWSRF			2021 DWSRF		
	# of Projects	Project Costs	ARPA Loan Forgiveness	# of Projects	Project Costs	ARPA Loan Forgiveness
Southeast Region	13	\$252.1	\$18.9	7	\$39.9	\$6.8
Northeast Region	10	\$120.0	\$10.7	8	\$51.7	\$8.2
Central Region	4	\$62.4	\$4.7	3	\$41.6	\$8.3
Western Region	5	\$69.1	\$5.2	2	\$24.9	\$4

BIL Investment in Massachusetts*

Year	CW Supplemental	CW PFAS	DW Supplemental	DW PFAS	DW Lead	Federal Grant Total	State Match Total	Total
2022	\$60,428,000	\$3,175,000	\$41,750,000	\$17,531,000	\$65,783,000	\$188,667,000	\$10,217,800	\$198,884,800
2023	\$70,534,621	\$7,195,500	\$48,233,293	\$17,495,733	\$65,610,000	\$209,069,147	\$11,876,791	\$ 220,945,938
2024	\$76,973,068	\$7,195,500	\$52,636,060	\$17,495,733	\$65,610,000	\$219,910,361	\$25,921,826	\$245,832,187
2025	\$83,379,482	\$7,195,500	\$57,016,922	\$17,495,733	\$65,610,000	\$230,697,637	\$28,079,280	\$258,776,917
2026	\$83,379,482	\$7,195,500	\$57,016,922	\$17,495,733	\$65,610,000	\$230,697,637	\$28,079,280	\$258,776,917
Total	\$375,191,654	\$31,980,000	\$256,565,198	\$87,478,667	\$328,050,000	\$1,079,265,519	\$104,215,879	\$1,183,481,398

*Numbers based on preliminary figures from EPA.

Get in Touch



Massachusetts Clean Water Trust

1 Center Plaza, Suite 430
Boston, MA 02108

Sue Perez, *Executive Director*
(617) 367-9333 x 816
sperez@tre.state.ma.us

Nate Keenan, *Deputy Director*
(617) 367-9333 x 508
nkeenan@tre.state.ma.us

Website
<https://www.mass.gov/orgs/the-massachusetts-clean-water-trust>

Twitter
<https://twitter.com/MASSCLEANWATER>

THE MASSACHUSETTS CLEAN WATER TRUST AND MASSDEP



MassDEP

1 Winter Street
Boston, MA 02108

Maria Pinaud, *Director, Municipal Services*
(617) 292-5808
maria.pinaud@mass.gov

Courtney Rainey, *Deputy Chief of Staff & Director of Government Affairs and Municipal Partnerships*
courtney.rainey@mass.gov

Website
<https://www.mass.gov/orgs/massachusetts-department-of-environmental-protection>

Instagram
https://www.instagram.com/mass_dep/

Twitter
<https://twitter.com/MassDEP>

Resources

CWSRF Program

<https://www.epa.gov/cwsrf>

State CWSRF Contacts

<https://www.epa.gov/cwsrf/state-cwsrf-program-contacts>

DWSRF Program

<https://www.epa.gov/dwsrf>

State DWSRF Contacts

<https://www.epa.gov/dwsrf/state-dwsrf-website-and-contacts>

BIL

<https://www.epa.gov/infrastructure>

SRF and BIL Information

MassDEP Resources

- [State Revolving Fund Program](#)
- [SRF Clean Water Program](#)
- [SRF Drinking Water Program](#)
- [Getting an SRF Loan](#)
- [MassDEP Water Grants & Loans](#)
- [Executive Office of Energy & Environmental Affairs Grants](#)