



## MassDEP

Drinking Water Program

One Winter Street – 5<sup>th</sup> Floor; Boston, MA 02108

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### Drinking Water Program Updates

2020-02-13

This week's program director email has these topics of interest:

1. 2020 Draft Intended Use Plans for SRFs
2. PFAS Informational Meeting for the Public
3. Soak Up the Rain Webinar Series
4. Training Calendar

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## 2020 Draft Intended Use Plans for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund

The Massachusetts Department of Environmental Protection (MassDEP), Division of Municipal Services, is pleased to present the 2020 Draft Intended Use Plans (IUPs) for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF). The Draft IUPs list by priority ranking those projects that MassDEP will recommend being financed through the Massachusetts Clean Water Trust (the Trust) in 2020. The Draft IUPs list those projects determined to be the most significant in terms of public and environmental health. The DWSRF is a joint federal-state financing program that provides below-market-rate subsidized interest rate loans to protect public health by improving water supply, infrastructure systems, and protecting drinking water in the Commonwealth.

MassDEP will conduct public hearings on these Draft IUPs as follows:

Clean Water and Drinking Water Draft SRF IUPs

March 16, 2020

11:00 a.m.

MassDEP Headquarters

One Winter Street, 2nd Floor (Room A-2212)

Boston, MA 02108

Oral and written testimony will be received relative to MassDEP's recommended use of SRF funds. Those wishing to provide written testimony must deliver copies to MassDEP, to my attention, no later than 5 p.m. on March 16, 2020.

Both the Clean Water and Drinking Water Draft 2020 Intended Use Plans can be found on the MassDEP SRF web page: <https://www.mass.gov/state-revolving-fund-srf-loan-program> .

MassDEP appreciates the efforts that proponents invested in the development of applications. We know that significant effort goes into every application, and we appreciate your efforts to enhance and protect the public health of the Commonwealth's citizens.

*Maria E. Pinaud*

Director, Municipal Services Division

Bureau of Water Resources

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Boston, MA 02108

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Please see the two attached documents.

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## PFAS Informational Meeting for the Public

An informational meeting will take place on **Thursday, February 20, 2020** at [MassDEP's Boston office](#), One Winter Street, Boston, MA 02108, **6:30pm-8:30pm**. The meeting will provide an overview of PFAS and MassDEP's proposed Drinking Water regulations, and an opportunity for discussion. To register, email [program.director-dwp@mass.gov](mailto:program.director-dwp@mass.gov), Subject: PFAS Informational meeting. This meeting will also be live-streamed at <https://www.youtube.com/c/massdep/live>.

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## Soak Up the Rain Webinar Series

EPA's Watershed Management Optimization Support Tool (WMOST)

Thursday, February 27th, 1:00 PM-2:30 PM EST



This webinar will demonstrate the recently updated WMOST Version 3.01 (<https://www.epa.gov/ceam/wmost>) and cover the pending release of a module to estimate additional benefits and co-benefits associated with implementation of green infrastructure practices. Presentations will provide background on the WMOST tool, demonstrate its capabilities, and illustrate successful implementation of the tool through case studies.

[Click Here to Register](#)

For more information: <https://www.epa.gov/sites/production/files/2020-02/documents/sur-webinar-2020-feb-27.pdf>

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## Training Calendar

When you need training please look at the training calendar located at: [mass.gov/eea/agencies/massdep/water/drinking/drinking-water-training-class-schedules.html](https://mass.gov/eea/agencies/massdep/water/drinking/drinking-water-training-class-schedules.html) for upcoming trainings.

If you need a refresher on recently given trainings, you can review several training videos located at: [youtube.com/playlist?list=PLJn2AKOcYr7lutGJB-UfDKtQPF\\_o\\_249m](https://youtube.com/playlist?list=PLJn2AKOcYr7lutGJB-UfDKtQPF_o_249m)

Or click here:  YouTube

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## Spam

Please be reminded that official emails from MassDEP will never come from a Hotmail or any other personal account. If you receive an email of this nature, the email is spam. Do not click on the links, and delete it immediately. To safeguard yourself only click open emails that have [XXXXX.XXXX@mass.gov](mailto:XXXXX.XXXX@mass.gov).

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MassDEP is sending this important drinking water information to all PWS responsible persons who are listed on the state database. If you are no longer the correct responsible person for the PWS please reply with the correct contact information. MassDEP needs one responsible contact person from each PWS.

Operators, consultants, and others who are interested in Drinking Water Program Updates are encouraged to request to be subscribed to this email list. You may also request to be unsubscribed by replying to this email.

This MassDEP Program Director technical assistance email is funded by the Safe Drinking Water Act Assessment (Section 70) Program. The Assessment is paid by all consumers of public water in Massachusetts and is collected by public water systems. For more information about the Assessment Program, go to [mass.gov/eea/agencies/massdep/news/advisory-committees/safe-drinking-water-act-assessment-advisory-committee.html](https://mass.gov/eea/agencies/massdep/news/advisory-committees/safe-drinking-water-act-assessment-advisory-committee.html).

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## Department of Environmental Protection

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

Charles D. Baker  
Governor

Karyn E. Polito  
Lieutenant Governor

Kathleen A. Theoharides  
Secretary

Martin Suuberg  
Commissioner

### **2020 DRAFT Intended Use Plan for the Clean Water State Revolving Fund**

February 12, 2020

#### **Executive Summary**

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the Calendar Year 2020 Draft Intended Use Plan (IUP), which details the projects, borrowers and amounts that will be financed through the Clean Water State Revolving Fund (CWSRF) loan program. The CWSRF is a joint federal-state financing loan program that provides subsidized loans to improve and protect water quality and public health in the Commonwealth.

Massachusetts is offering approximately \$500 million to finance clean water projects across the Commonwealth. As noted in Table 1, approximately \$420 million will fund 41 new construction projects, \$61 million will be allocated towards funding six previously approved multi-year projects, and an additional \$7.6 million will finance ten 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.

Eleven proposals, totaling approximately \$2 million, as shown in Table 2, have been selected to receive financial assistance for their Asset Management plans. Communities will receive 60% of the project cost, up to \$150,000, as a grant from the Massachusetts Clean Water Trust (the Trust), totaling approximately \$1.2 million. The balance of the cost can be made up of local contributions of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate for up to five years.

#### **2020 Highlights**

- Congress requires states to use 10% of CWSRF grant, estimated at \$54 million, towards additional subsidy. Massachusetts provides additional subsidy in the form of loan forgiveness for communities that might otherwise be unable to afford to undertake the project. MassDEP and the Trust will continue providing additional subsidy as a fixed percentage of principal. Further details may be found in section II(a) of this IUP

- MassDEP is also offering additional subsidy for all projects with a renewable energy component. Information about the Trust's Affordability Calculation may be found on the following website: <https://www.mass.gov/service-details/the-affordability-calculation>
- 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 Clean and the Drinking Water (DW) SRF programs. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of approximately \$8.43 million (33% of the estimated 2020 DW grant amount of \$25.55 million). These will be recycled funds available from the repayment of previous loans.

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

**TABLE 1**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2020 CWSRF Draft Intended Use Plan**

**NEW PROJECTS**

<b>Rating</b>	<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>	<b>2020 IUP Cost</b>
161	TAUNTON #(RE)(PF)(H)	4605	Wastewater Treatment Facility Upgrade - Phase 1	\$22,500,000	\$22,500,000
133	NEW BEDFORD (PF)	6657	Pumping Station Improvements	\$27,580,000	\$19,445,000
131	NANTUCKET #(H)	5626	Phase 2 Surfside WWTF Improvements	\$8,944,000	\$8,944,000
120	NEW BEDFORD (PF)	6634	Wastewater Collection System Improvements	\$15,805,000	\$15,805,000
120	FITCHBURG (PF)	4624	CSO 007, 011, 039, 048 Separation/Rehabilitation	\$8,000,000	\$8,000,000
107	REVERE (PF)	6648	Phase 11 Construction- I/I, IDDE, P.S. & Drainage	\$6,700,000	\$6,700,000
100	TAUNTON (PF)(H)	6690	WWTF- Solids Handling Improvements	\$6,000,000	\$6,000,000
100	ACUSHNET (PF)	6647	CWMP Needs Areas 2 Sewer Extension	\$12,686,000	\$12,686,000
100	ACTON #(H)	6630	West Acton Center Sewer Extension Project	\$16,600,000	\$16,600,000
94	NORWOOD (PF)	6715	Underdrain Area Sewer Rehabilitation	\$2,700,000	\$2,700,000
94	WAREHAM (PF)	6642	Process Upgrades at the Wareham WPCF	\$9,000,000	\$9,000,000
93	NANTUCKET (H)	6722	Sea St. Pump Station Force Main No. 3	\$32,000,000	\$32,000,000
92	LYNN WATER AND SEWER COMMISSION	6736	Headworks Screenings and Grit Removal Upgrade	\$27,800,000	\$27,800,000
92	WINTHROP (PF)	4620	Centre Business District Infrastructure Improvemen	\$8,635,000	\$8,635,000
87	BROCKTON (PF)(H)	6688	Sewer Rehabilitation Project	\$5,000,000	\$5,000,000
87	ACTON #(RE)(H)	5625	Acton Middle Fort Pond Brook WWTF Upgrades	\$13,300,000	\$13,300,000
83	BARNSTABLE #(PF)(H)	6675	Wastewater Pump Station Improvements Project	\$1,000,000	\$1,000,000
83	NEW BEDFORD #(PF)	4614	Wastewater Treatment Plant Improvements	\$12,750,000	\$12,750,000
82	CHATHAM	4615	Chatham Stormwater Improvement Projects - 2020	\$3,311,000	\$3,311,000
82	CHICOPEE #(PF)	6721	Jones Ferry Wastewater PS Phase II Improvements	\$4,281,600	\$4,281,600
81	LITTLETON #(RE)(H)	6713	Littleton Common Smart Sewer Project	\$22,950,000	\$22,950,000
77	REVERE (PF)	5628	Eliot Circle Wastewater Capacity Improvements	\$9,500,000	\$9,500,000
77	SALEM (PF)	6672	Canal Street Flood Mitigation Project - Phase 2B	\$37,500,000	\$37,500,000
76	BILLERICA #(PF)(H)	4618	Darby and Waterview Avenue Pump Stations	\$2,525,000	\$2,525,000
73	CHICOPEE (PF)	6639	Solids Handling Improvements Project	\$3,178,000	\$3,178,000
72	BELMONT	6702	Sewer and Storm Drain Rehabilitation	\$1,564,000	\$1,564,000
71	SOUTH ESSEX SEWERAGE DISTRICT	6656	Contract No. 20-1 Danvers Siphon Rehabilitation	\$2,500,000	\$2,500,000
69	DUDLEY (PF)	4603	Dudley I/I Mitigation Construction Project	\$1,300,000	\$1,300,000
66	SOUTH ESSEX SEWERAGE DISTRICT	4608	Primary Clarifier Concrete Restoration	\$10,795,400	\$10,795,400

66	BILLERICA (PF)(H)	4621	Sewer Contracts 37 & 38	\$39,564,763	\$39,564,763
65	MARTHA'S VINEYARD AIRPORT COMMISSION	4625	Martha's Vineyard Airport WWTF Upgrades	\$4,500,000	\$4,500,000
65	BARNSTABLE #(PF)(H)	6730	Solids Handling Upgrade Project	\$7,493,000	\$7,493,000
65	BARNSTABLE (PF)(H)	6711	Route 28 and Yarmouth Road Intersection Sewer	\$2,000,000	\$2,000,000
61	GLOUCESTER #(PF)	6683	Pump Station Upgrades, City of Gloucester, MA	\$2,765,000	\$2,765,000
58	SALEM (PF)	4617	Salem Infiltration/Inflow Removal 2020 PEF	\$4,924,200	\$4,924,200
57	BARNSTABLE (PF)(H)	6714	Strawberry Hill Road Sewer Expansion	\$8,500,000	\$8,500,000
55	TYNGSBOROUGH (PF)(H)	6645	I and I Rehabilitation	\$500,000	\$500,000
51	MASSACHUSETTS WATER RESOURCES AUTHORITY	6679	Hayes Pump Station Rehab	\$11,000,000	\$11,000,000
48	SALEM (PF)	4606	Ocean Avenue West Pump Station Improvements	\$2,000,000	\$2,000,000
47	ACTON (H)	6684	South Acton Sewer System Improvements	\$4,520,000	\$4,520,000
46	NAHANT	6737	Sewer Collection System - Repair and Replacement	\$4,082,000	\$4,082,000
<b>TOTAL OF NEW PROJECTS</b>				<b>\$428,253,963</b>	<b>\$420,118,963</b>

(Count: 41)

(Average Rating: 82.61)

(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>)

**MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**

<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>	<b>2020 IUP Cost</b>
LYNN WATER AND SEWER COMMISSION	4488	West Lynn Sewer Separation	\$99,637,090	\$22,200,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4441	Dorchester Interceptor Sewer Renewal Contract 7279	\$7,674,000	\$2,500,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4150	DITP Asset Protection Phase 3	\$66,500,000	\$600,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4117	Facility Asset Protection	\$45,448,945	\$7,000,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	3981	Remote Headworks Upgrade	\$129,936,000	\$21,000,000
MASSACHUSETTS WATER RESOURCES AUTHORITY #	4446	Nut Island HW Odor Control & HVAC - Contract 7548	\$41,088,569	\$7,900,000
<b>TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS</b>			<b>\$390,284,604</b>	<b>\$61,200,000</b>

(Count: 6)

**MassDEP PRIORITY PROJECTS**

<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>	<b>2020 IUP Cost</b>
COMMUNITY SEPTIC MANAGEMENT	3850	Community Septic Management Program	\$5,000,000	\$5,000,000
EMERGENCY SRF SET-A-SIDE	2977		\$3,000,000	\$3,000,000
<b>TOTAL OF MassDEP PRIORITY PROJECTS</b>			<b>\$8,000,000</b>	<b>\$8,000,000</b>

(Count: 2)

**PLANNING PROJECTS**

<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>	<b>2020 IUP Cost</b>
GLOUCESTER	6697	Gloucester Comprehensive Wastewater Management Pla	\$225,000	\$225,000
HAVERHILL (H)	6631	CMOM Program Planning and Discrete Sewer System In	\$1,370,000	\$1,370,000
MILLBURY	4609	MS4 Permit Compliance	\$500,000	\$500,000
NEW BEDFORD	4612	Sewer and Stormwater System IDDE	\$2,000,000	\$2,000,000
QUINCY (H)	6669	Stormwater Management Planning Study	\$200,000	\$200,000
QUINCY (H)	6668	Stormwater Drainage Study	\$350,000	\$350,000
REVERE	6652	FOG Control and CMOM Equipment Procurement	\$800,000	\$800,000
REVERE	6651	Alternative Wastewater Connections(s)/Storage Eval	\$750,000	\$750,000
REVERE	6628	Phase 12 Investigations	\$1,300,000	\$1,300,000
WESTPORT	6695	Integrated Plan for WRM - Phase II	\$150,000	\$150,000
<b>TOTAL OF PLANNING PROJECTS</b>			<b>\$7,645,000</b>	<b>\$7,645,000</b>

(Count: 10)

**TOTAL OF DRAFT INTENDED USE PLAN****\$834,183,567      \$496,963,963**

**TABLE 2**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2020 CWSRF ASSET MANAGEMENT PLANNING PROJECTS**

**ASSET MANAGEMENT PLANNING PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost	Grant Amount
100	HAVERHILL	6644	Asset Management Plan	\$250,000	\$150,000
97	WEST SPRINGFIELD	6735	2020 West Springfield Stormwater AMP	\$168,000	\$100,800
91	FITCHBURG	6712	Fitchburg Asset Management	\$161,000	\$96,600
87	GREAT BARRINGTON	6700	Great Barrington Sewer and Stormwater AMP	\$181,250	\$108,750
82	FALL RIVER	6725	Asset Management WWTF	\$140,000	\$84,000
82	PALMER	6699	2020 Palmer Sewer and Stormwater AMP	\$211,875	\$127,125
73	MELROSE	6655	City of Melrose Sewer Asset Management Planning	\$100,000	\$60,000
72	BARNSTABLE	6727	Asset Management WWTF	\$106,000	\$63,600
70	MILLIS	5627	Town of Millis, MA - Asset Management Plan	\$214,995	\$128,997
50	EASTHAMPTON	6629	City of Easthampton, MA - Asset Management Plan	\$175,000	\$105,000
48	SOMERVILLE	6646	Sewer System Evaluation Survey and Plan	\$250,000	\$150,000
<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECTS</b>				<b>\$1,958,120</b>	<b>\$1,174,872</b>

(Count: 11)

<b>TOTAL OF PROJECT PRIORITY LIST</b>	<b>\$1,958,120</b>	<b>\$1,174,872</b>
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# **2020 DRAFT Intended Use Plan and Project Priority List for the Clean Water State Revolving Fund**

## **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, below-market-rate, 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.

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

Pursuant to the applicable provisions of the Federal Water Pollution Control Act of 1972, as amended, Chapter 21 of the General Laws, and 310 CMR 44.00, MassDEP has developed its draft Calendar Year 2020 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of water pollution abatement projects. In order for a project to receive financial assistance under the SRF Loan program, that project must appear on the PPL and the Intended Use Plan Project Listing.

This IUP includes approximately \$500 million in financing and describes Massachusetts' intended uses for all funds available in the CWSRF program for 2020, 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 CWSRF eligible projects are eligible for loans at an interest rate at 2% or below. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, offered by the Commonwealth, 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 IUP contains a list of eleven Clean Water proposals totaling \$2 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 \$1.2 million. The balance of the cost can be made up of local contribution of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate.

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, 2020. Completed

applications must be submitted to MassDEP at the earliest possible time, but not later than October 16, 2020. 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 web site at <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html>.

## **II. Calendar Year 2020 Project Funding**

In 2020, MassDEP expects to finance 41 new construction projects, six carryover projects, and ten planning projects totaling \$500 million. Included in this amount is a \$3 million emergency reserve to finance unanticipated problems of acute public health concern that may arise during the year. A \$5 million allocation to the Community Septic Management Program is also proposed. Table 1 is the funding list for 2020 and Table 3 is the extended PPL.

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

### **a. Additional Subsidy**

Eligible construction projects appearing on the 2020 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 affordability tier is based on an Adjusted Per Capita Income (APCI) calculation. Tiers ranking 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.

<b>Tier</b>	<b>Percent of state APCI</b>	<b>Minimum Loan Forgiveness</b>
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. Additional subsidy will be disbursed over construction contracts that are executed by June 30, 2021. 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 the standard 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% loan for a nutrient management project, it cannot receive an added discount through Housing Choice. Housing choice initiative communities must also certify to the enterprise account requirement noted above.

**c. Green Infrastructure**

Congress has previously required 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). MassDEP expects a similar requirement for 2020. For Massachusetts, this requires that an estimated \$5.4 million be allocated towards Green Infrastructure projects, projects that minimize greenhouse gas (GHG) emissions and energy use. For 2020, 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 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 funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked projects as possible, MassDEP is implementing an applicant cap of \$50 million for the 2020 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the IUP Project Listing are not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

**d. 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.

With the exception of the third bullet above, these are all components of an asset management plan. The USEPA issued a Best Management Practices guide for the development of asset management plans, which may be used as a basis for the development of an FSP <https://www.epa.gov/sustainable-water-infrastructure/asset-management-water-and-wastewater-utilities> There are numerous other guidance documents available on the USEPA website and

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

At project completion, MassDEP requires certification from the project engineer stating that an FSP has been developed and implemented. The development of FSPs is an eligible SRF cost, and borrowers on the 2020 IUP may request an increase to their project cost to cover the development of the FSP.

#### **e. Cost and Effectiveness**

USEPA requires a certification that the borrower:

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

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

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

#### **f. 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 Chapter 11 of Title 40, United States Code 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.

#### **g. Project Accounting**

Project Accounting – The USEPA requires that project accounts be maintained in accordance with 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.

#### **a. Short Term Goals**

- Incorporate the affordability criteria into the additional subsidy distribution;
- Provide enhanced subsidy to projects that include renewable energy components recommended by comprehensive energy audits;
- Finance projects that focus on rehabilitation of wastewater infrastructure that promote sustainable infrastructure and smart growth principles; to include prioritization of regional wastewater management alternatives where appropriate;
- Identify and finance stormwater management projects that utilize green infrastructure approaches
- Finance projects to correct combined sewer overflows, including those affecting the Connecticut and Merrimack Rivers, Boston Harbor and Buzzards Bay;
- Finance wastewater treatment projects to address nutrient removal, especially those which implement the Cape Cod 208 Plan recommendations;
- Utilize the SRF program to provide \$5 million in loan assistance for the correction/upgrade of failed septic systems through the Collection Systems, Nonpoint Source, and Community Septic Management Programs;
- Finance studies that encourage comprehensive water resource management planning;
- Perform outreach activities to Clean Water SRF borrowers that identify the focus on and eligibility of energy efficiency/alternative energy projects;
- Reserve \$3 million in available program capacity, to finance at MassDEP's discretion unanticipated problems of acute public health concern that may arise during the year. To be financed under this reserve, proposed projects must constitute an imminent environmental or public health threat and otherwise meet MassDEP's applicable criteria; and
- Support planning and construction projects for compliance with NPDES stormwater discharge permits.

#### **b. Long Term Goals**

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

- Continue financing projects identified in the statewide Nonpoint Source Program.
- 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 impacts to public health or the environment, and for which proponents have completed comprehensive planning and alternatives analysis. Details supplied through the Project Evaluation Form (PEF) help MassDEP to determine the extent to which projects meet the goals of the program.

Once all projects have been rated and ranked following the *Clean Water State Revolving Fund 2020 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 funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the funding period, have appropriated local funds necessary to finance the project, and a MassDEP-approved planning element. An approvable planning element can be a Project Evaluation Report, Comprehensive Water Resources Management Plan, Long-term CSO Strategy, Stormwater Management Plan, or other MassDEP sanctioned planning document. Projects on Cape Cod are required to be consistent with the Cape Cod Area-Wide Section 208 Water Quality Management Plan. Four Cape Cod communities: Barnstable and Chatham have proposals on this IUP, which are consistent with the Cape Cod 208 Plan.

Eligibility includes consistency with the assurances described in this document and the requirements contained within MassDEP's financial assistance regulations. Certain projects on the 2020 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.

##### **Project Bypass Procedure**

A project on the IUP Project Listing may be bypassed if MassDEP determines that the bypassed project will not be ready to proceed during the Funding period. Project(s) bypassed will be replaced by the highest ranked priority project(s) on the 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 16, 2020 will be automatically considered for bypassing.

The Trust and MassDEP will not add projects to the PPL/IUP beyond those that may qualify for emergency assistance. MassDEP, considering any material program change that would require

amendments to this IUP, will provide public notice and an appropriate comment period before issuing an amended IUP.

**b. Types of Projects to be Funded and Financing Rates**

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

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

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

All projects on the IUP are eligible for 2% interest rate loans. Certain projects that are primarily for nutrient removal are eligible for 0% interest rate loans. These nutrient removal projects will be evaluated in accordance with 310 CMR 44.04(2) and a determination will be made as to the eligibility for 0% interest loans before the loan is permanently financed.

**V. Financial Management**

**a. Source of State Match**

Based on an estimated 2020 federal grant of \$54 million, the required 20% state match totals \$11 million. These funds are provided to the Trust from the Commonwealth’s Capital Plan.

**b. Fee Income**

The Trust charges approximately \$5.50 per \$1,000 as a loan origination fee to offset the costs incurred during bond issuance. Recipients of SRF loans are charged an annual administrative fee of 0.15% (15 basis points) against the outstanding loan principal to fund salaries and expenses of the Trust and MassDEP related to SRF project development and loan management. As of June 30, 2019, the Trust has approximately \$53 million in administrative fees available.

**c. Program Administration**

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

**d. Anticipated Cash Draw Ratio**

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

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

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

The CWSRF IUP capacity frequently allows Massachusetts to finance all the requested projects in a given year. Generally, half to a third of requested DWSRF projects go unfunded. 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 unfunded projects. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the estimated amount of \$8.43 million (33% of the anticipated 2020 DW grant amount of \$25.55 million). This transfer of funds will not result in any changes to the 2020 list of projects. The transfer will be used to increase the capacity of the 2020 IUP.

**f. Estimated Sources and Uses**

The sources of funds available to the Massachusetts CWSRF include the federal capitalization grant, state match and borrower loan repayments. The Trust may leverage these funds up to 3 times. Under this authority, the Trust will offer to finance approximately \$500 million.

**VI. Program Management**

**a. Assurances and Special Conditions**

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

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

- 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 in an amount equal to the capitalization grant including:

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

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

**c. Davis-Bacon Wage Rates**

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

**d. American Iron and Steel**

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

**e. Audits and Reporting**

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

**VII. Public Review and Comment**

Notice of the availability of the Draft Calendar Year 2020 IUP/PPL will be made on February 14, 2020. A public hearing on the Draft IUP will take place on March 16, 2020, at the MassDEP offices at One Winter Street, Boston, MA. Written public comments will be accepted until 5:00 PM on March 16, 2020. The final recommendation will reflect comments and testimony received during the public review process. Records of this meeting will be maintained in the MassDEP files.

**TABLE 3**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2020 CWSRF Project Priority List**

**NEW PROJECTS**

<b>Rating</b>	<b>Applicant</b>	<b>NPDES/PERMIT</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>
161	TAUNTON #(RE)(PF)(H)	MA0100897	4605	Wastewater Treatment Facility Upgrade - Phase 1	\$22,500,000
133	NEW BEDFORD (PF)	MA0100781	6657	Pumping Station Improvements	\$27,580,000
131	NANTUCKET #(H)	GW Permit	5626	Phase 2 Surfside WWTF Improvements	\$8,944,000
120	NEW BEDFORD (PF)	MA0100781	6634	Wastewater Collection System Improvements	\$15,805,000
120	FITCHBURG (PF)	MA0100986	4624	CSO 007, 011, 039, 048 Separation/Rehabilitation	\$8,000,000
107	REVERE (PF)	MA0103284	6648	Phase 11 Construction- I/I, IDDE, P.S. & Drainage	\$6,700,000
100	TAUNTON (PF)(H)	MA0100897	6690	WWTF- Solids Handling Improvements	\$6,000,000
100	ACUSHNET (PF)	MA0100781	6647	CWMP Needs Areas 2 Sewer Extension	\$12,686,000
100	ACTON #(H)	GW Permit	6630	West Acton Center Sewer Extension Project	\$16,600,000
94	NORWOOD (PF)	MA0103284	6715	Underdrain Area Sewer Rehabilitation	\$2,700,000
94	WAREHAM (PF)	MA0101893	6642	Process Upgrades at the Wareham WPCF	\$9,000,000
93	NANTUCKET (H)	GW Permit	6722	Sea St. Pump Station Force Main No. 3	\$32,000,000
92	LYNN WATER AND SEWER COMMISSION	MA0100552	6736	Headworks Screenings and Grit Removal Upgrade	\$27,800,000
92	WINTHROP (PF)	MA0103284	4620	Centre Business District Infrastructure Improvemen	\$8,635,000
87	BROCKTON (PF)(H)	MA0101010	6688	Sewer Rehabilitation Project	\$5,000,000
87	ACTON #(RE)(H)	GW Permit	5625	Acton Middle Fort Pond Brook WWTF Upgrades	\$13,300,000
83	BARNSTABLE #(PF)(H)	GW Permit	6675	Wastewater Pump Station Improvements Project	\$1,000,000
83	NEW BEDFORD #(PF)	MA0100781	4614	Wastewater Treatment Plant Improvements	\$12,750,000
82	CHATHAM	GW Permit	4615	Chatham Stormwater Improvement Projects - 2020	\$3,311,000
82	CHICOPEE #(PF)	MA0101508	6721	Jones Ferry Wastewater PS Phase II Improvements	\$4,281,600
81	LITTLETON #(RE)(H)	TBD	6713	Littleton Common Smart Sewer Project	\$22,950,000
77	REVERE (PF)	MA0103284	5628	Eliot Circle Wastewater Capacity Improvements	\$9,500,000
77	SALEM (PF)	MA0100501	6672	Canal Street Flood Mitigation Project - Phase 2B	\$37,500,000
76	BILLERICA #(PF)(H)	MA0101711	4618	Darby and Waterview Avenue Pump Stations	\$2,525,000
73	CHICOPEE (PF)	MA0101508	6639	Solids Handling Improvements Project	\$3,178,000
72	BELMONT	MA0103284	6702	Sewer and Storm Drain Rehabilitation	\$1,564,000
71	SOUTH ESSEX SEWERAGE DISTRICT	MA0100501	6656	Contract No. 20-1 Danvers Siphon Rehabilitation	\$2,500,000
69	DUDLEY (PF)	MA0100706	4603	Dudley I/I Mitigation Construction Project	\$1,300,000

66	SOUTH ESSEX SEWERAGE DISTRICT	MA0100501	4608 Primary Clarifier Concrete Restoration	\$10,795,400
66	BILLERICA (PF)(H)	MA0101711	4621 Sewer Contracts 37 & 38	\$39,564,763
65	MARTHA'S VINEYARD AIRPORT COMMISSION	TBD	4625 Martha's Vineyard Airport WWTF Upgrades	\$4,500,000
65	BARNSTABLE #(PF)(H)	GW Permit	6730 Solids Handling Upgrade Project	\$7,493,000
65	BARNSTABLE (PF)(H)	GW Permit	6711 Route 28 and Yarmouth Road Intersection Sewer	\$2,000,000
61	GLOUCESTER #(PF)	MA0100625	6683 Pump Station Upgrades, City of Gloucester, MA	\$2,765,000
58	SALEM (PF)	MA0100501	4617 Salem Infiltration/Inflow Removal 2020 PEF	\$4,924,200
57	BARNSTABLE (PF)(H)	GW Permit	6714 Strawberry Hill Road Sewer Expansion	\$8,500,000
55	TYNGSBOROUGH (PF)(H)	MA0100633	6645 I and I Rehabilitation	\$500,000
51	MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	6679 Hayes Pump Station Rehab	\$11,000,000
48	SALEM (PF)	MA0100501	4606 Ocean Avenue West Pump Station Improvements	\$2,000,000
47	ACTON (H)	GW Permit	6684 South Acton Sewer System Improvements	\$4,520,000
46	NAHANT	MA0100552	6737 Sewer Collection System - Repair and Replacement	\$4,082,000

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**TOTAL OF NEW PROJECTS**
**\$428,253,963**

(Count: 41)

(Average Rating: 82.61)

(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>)

**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	\$99,637,090
MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	4441	Dorchester Interceptor Sewer Renewal Contract 7279	\$7,674,000
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
MASSACHUSETTS WATER RESOURCES AUTHORITY	MA0103284	3981	Remote Headworks Upgrade	\$129,936,000
MASSACHUSETTS WATER RESOURCES AUTHORITY #	MA0103268	4446	Nut Island HW Odor Control & HVAC - Contract 7548	\$41,088,569
<b>TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS</b>				<b>\$390,284,604</b>

(Count: 6)

**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
<b>TOTAL OF MassDEP PRIORITY PROJECTS</b>				<b>\$8,000,000</b>

(Count: 2)

**PLANNING PROJECTS**

Applicant	SRF ID	Project	Project Cost
GLOUCESTER	6697	Gloucester Comprehensive Wastewater Management Pla	\$225,000
HAVERHILL (H)	6631	CMOM Program Planning and Discrete Sewer System In	\$1,370,000
MILLBURY	4609	MS4 Permit Compliance	\$500,000
NEW BEDFORD	4612	Sewer and Stormwater System IDDE	\$2,000,000
QUINCY (H)	6669	Stormwater Management Planning Study	\$200,000
QUINCY (H)	6668	Stormwater Drainage Study	\$350,000
REVERE	6652	FOG Control and CMOM Equipment Procurement	\$800,000
REVERE	6651	Alternative Wastewater Connections(s)/Storage Eval	\$750,000
REVERE	6628	Phase 12 Investigations	\$1,300,000
WESTPORT	6695	Integrated Plan for WRM - Phase II	\$150,000
<b>TOTAL OF PLANNING PROJECTS</b>			<b>\$7,645,000</b>

(Count: 10)

**TOTAL OF PROJECT PRIORITY LIST****\$834,183,567**

**TABLE 4**  
**CLEAN WATER STATE REVOLVING FUND**  
**Calendar Year 2020 CWSRF ASSET MANAGEMENT PLANNING PROJECTS**

**ASSET MANAGEMENT PLANNING PROJECTS**

<b>Rating</b>	<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>
100	HAVERHILL	6644	Asset Management Plan	\$250,000
97	WEST SPRINGFIELD	6735	2020 West Springfield Stormwater AMP	\$168,000
91	FITCHBURG	6712	Fitchburg Asset Management	\$161,000
87	GREAT BARRINGTON	6700	Great Barrington Sewer and Stormwater AMP	\$181,250
82	FALL RIVER	6725	Asset Management WWTF	\$140,000
82	PALMER	6699	2020 Palmer Sewer and Stormwater AMP	\$211,875
73	MELROSE	6655	City of Melrose Sewer Asset Management Planning	\$100,000
72	BARNSTABLE	6727	Asset Management WWTF	\$106,000
70	MILLIS	5627	Town of Millis, MA - Asset Management Plan	\$214,995
50	EASTHAMPTON	6629	City of Easthampton, MA - Asset Management Plan	\$175,000
48	SOMERVILLE	6646	Sewer System Evaluation Survey and Plan	\$250,000

<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECT</b>				<b>\$1,958,120</b>
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(Count: 11)

<b>TOTAL OF PROJECT PRIORITY LIST</b>	<b>\$1,958,120</b>
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# Department of Environmental Protection

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

Charles D. Baker  
Governor

Karyn E. Polito  
Lieutenant Governor

Kathleen A. Theoharides  
Secretary

Martin Suuberg  
Commissioner

## 2020 Draft Intended Use Plan for the Drinking Water State Revolving Fund

February 12, 2020

### Executive Summary

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the draft Calendar Year 2020 Intended Use Plan (IUP), which lists the proposed projects, borrowers and amounts that will be financed through the Drinking Water State Revolving Fund (DWSRF) loan program. The DWSRF is a joint federal-state financing program that provides subsidized loans to protect public health by improving water supply infrastructure systems and protect drinking water in the Commonwealth.

Massachusetts proposes to offer \$162 million to finance drinking water projects across the Commonwealth. As noted in Table 1, approximately \$135 million will fund 18 new construction projects, an additional \$23 million will be allocated towards funding four previously approved multi-year projects, and \$1.7 million is allocated towards the five Planning Projects submitted. An additional \$3 million will fund an emergency set-aside account.

Nine proposals, totaling \$986,840, as noted in Table 2, have been selected to receive financial assistance for their **Asset Management** plans. Communities will receive 60% of the project cost, up to \$150,000, as a grant from the Massachusetts Clean Water (the Trust), totaling \$592,100. The balance of the cost can be made up of local contribution of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate.

### 2020 Highlights

- During the 2020 calendar year, MassDEP is encouraging communities that have tested and identified per- and polyfluoroalkyl substances (PFAS) at concentrations at or above the proposed Maximum Contaminant Level of 20 ppt in their water systems to apply for emergency funding through the DWSRF. Requests for emergency PFAS mitigation project funding are subject to review and approval by MassDEP and the Trust. Emergency PFAS mitigation projects will be eligible to receive additional subsidy in the form of a 0% interest rate loan. Both the approval of project funding and additional subsidy are contingent on the availability of funds.

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

TTY# MassRelay Service 1-800-439-2370

MassDEP Website: [www.mass.gov/dep](http://www.mass.gov/dep)

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- Congress requires states to use 20% of the DWSRF grant, estimated at \$25.55 million, towards additional subsidy. Massachusetts provides additional subsidy in the form of loan forgiveness for communities that might otherwise be unable to afford to undertake a project. Information about the Trust's Affordability Calculation may be found on the following website: <https://www.mass.gov/service-details/the-affordability-calculation>
- MassDEP is also offering additional subsidy for all projects with a renewable energy component.
- The United States Environmental Protection Agency (USEPA) requires that 15% of total IUP assistance is directed toward Small Systems, those serving populations less than 10,000. Fifteen percent of \$162 million equals \$24.3 million. Eight of the 2020 Small System applicants will receive financing offers totaling \$44 million. Massachusetts expects therefore to meet this requirement.

MassDEP appreciates the efforts that proponents have invested in the development of applications and recognizes proponents' efforts to enhance and protect the public health of the Commonwealth's citizens.

**TABLE 1**  
**DRINKING WATER STATE REVOLVING FUND**  
**Calendar Year 2020 DWSRF Draft Intended Use Plan**

**NEW PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost	2020 IUP Cost
538.0 *	WEST BOYLSTON WATER DISTRICT (PF)	6654	Manganese Removal Treatment at Oakdale Well	\$5,100,000	\$5,100,000
535.0	NEW BEDFORD (PF)	6658	Lead Service Line Replacement Program - Phase II	\$15,400,000	\$7,500,000
530.0 *	AYER (H)(PF)	6635	Spectacle Pond Wellfield PFAS Treatment	\$5,734,000	\$5,734,000
528.0	LEOMINSTER (PF)	6716	Notown/Fallbrook WTP Upgrades	\$6,557,600	\$6,557,600
525.0 *	BLACKSTONE (PF)	6686	Blackstone Groundwater Treatment	\$5,000,000	\$5,000,000
524.0 *	EASTHAM (PF)	6661	Eastham Water System - Phase 2C	\$13,561,401	\$13,561,401
517.0	DRACUT WATER SUPPLY DISTRICT (H)(PF)	6659	Water System Improvements	\$17,152,000	\$15,000,000
514.0	LOWELL (H)(PF)	6677	Lead Service Replacement Project	\$3,930,929	\$3,930,929
449.0	NEW BEDFORD (PF)	4613	Water Treatment Plant Upgrades - Phase II	\$15,250,000	\$7,500,000
441.0	BROCKTON (H)(PF)	6689	Transmission Main Valve Replacement Project Ph. II	\$2,000,000	\$2,000,000
439.0	SPRINGFIELD WATER AND SEWER COMMISSION (PF)	6649	Clearwell and Backwash Pump Station Replacement	\$21,750,000	\$15,000,000
423.0	NEWBURYPORT	6720	Newburyport WTP Transmission Main	\$7,840,000	\$7,840,000
421.0	TRI TOWN WATER BOARD	6705	Tri-Town Regional Water Treatment Plant	\$70,100,000	\$15,000,000
410.0 *	DUDLEY (PF)	4604	Dudley Drinking Water System Improvements Project	\$5,225,000	\$5,225,000
405.0 *	EAST BROOKFIELD (PF)	6717	Water Main Replacement and Wellhouse Upgrades	\$2,790,000	\$2,790,000
321.0	CENTERVILLE-OSTERVILLE-MARSTONS MILLS FIRE DISTRICT (H)(PF)	6687	Manganese and Iron Removal for Hayden Wells	\$10,240,000	\$10,240,000
315.0 *	DEERFIELD FIRE DISTRICT (PF)	4623	Greenfield Rd. Water Main Replacement Project	\$940,000	\$940,000
214.0 *	MEDWAY (H)	6728	Holliston and Brentwood Water Mains	\$5,685,000	\$5,685,000
<b>TOTAL OF NEW PROJECTS</b>				<b>\$214,255,930</b>	<b>\$134,603,930</b>

(Count: 18)

(Average Rating: 447.17)

\* - Small System

(H) - Housing Choice Communities

(PF)- Disadvantaged Community

(RE) - Potential Renewable Energy Projects

**MassDEP PRIORITY PROJECTS**

Applicant	SRF ID	Project	Project Cost	2020 IUP Cost
EMERGENCY SRF SET-A-SIDE	2978		\$3,000,000	\$3,000,000
<b>TOTAL OF MassDEP PRIORITY PROJECTS</b>			<b>\$3,000,000</b>	<b>\$3,000,000</b>

(Count: 1)

**MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**

Applicant	SRF ID	Project	Project Cost	2020 IUP Cost
MASSACHUSETTS WATER RESOURCES AUTHORITY	4408	Connect Mains Rehab. of Sections 23, 24, and 47	\$14,322,000	\$2,000,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	4119	SEH Redundancy and Storage	\$49,297,289	\$6,000,000
PEABODY (PF)	4592	Peabody Water Transmission Main and Pump Station	\$9,285,570	\$4,285,570
PEABODY (PF)	4593	Winoma & Coolidge WTP Improvements	\$22,156,875	\$10,714,430
<b>TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS</b>			<b>\$95,061,734</b>	<b>\$23,000,000</b>

(Count: 4)

**PLANNING PROJECTS**

Applicant	SRF ID	Project	Project Cost	2020 IUP Cost
ANDOVER (H)	6667	Water System Master Plan	\$400,000	\$400,000
BARNSTABLE (H)	6681	Wells Treatment Pilots, Conceptual Plans, Layouts	\$650,000	\$650,000
BARNSTABLE (H)	6680	New Well Exploration Program	\$555,000	\$555,000
CANTON (H)	6709	Neponset WTF PFAS Treatment Study	\$50,000	\$50,000
CANTON (H)	6734	Pecunit WTF PFAS Treatment Planning and Design	\$75,000	\$75,000
<b>TOTAL OF PLANNING PROJECTS</b>			<b>\$1,730,000</b>	<b>\$1,730,000</b>

(Count: 5)

<b>TOTAL OF DRAFT INTENDED USE PLAN</b>	<b>\$314,047,664</b>	<b>\$162,333,930</b>
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**TABLE 2**  
**DRINKING WATER STATE REVOLVING FUND**  
**Calendar Year 2020 DWSRF ASSET MANAGEMENT PLANNING PROJECTS**

**ASSET MANAGEMENT PLANNING PROJECTS**

Rating	Applicant	SRF ID	Project	Project Cost	Grant Amount
90	ACTON WATER SUPPLY DISTRICT	6718	Asset Management Planning	\$100,000	\$60,000
87	LANESBOROUGH FIRE AND WATER DISTRICT	6706	2020 Drinking Water AMP Application	\$125,000	\$75,000
85	WEBSTER	6724	Asset Management Planning	\$75,000	\$45,000
74	DEDHAM-WESTWOOD WATER DISTRICT	6733	Water System Asset Management Grant	\$250,000	\$150,000
71	DRACUT WATER SUPPLY DISTRICT	6670	2020 DWSD Water System Asset Management Plan	\$109,750	\$65,850
69	WALPOLE	6723	Asset Inventory and Planning	\$70,000	\$42,000
66	DALTON	6701	2020 Dalton Fire District Drinking Water AMP	\$89,590	\$53,750
58	BUZZARDS BAY WATER DISTRICT	6729	Buzzards Bay Water District Asset Management Grant	\$90,500	\$54,300
57	WEST BRIDGEWATER	6692	West Bridgewater Water Department AM Planning	\$77,000	\$46,200
<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECTS</b>				<b>\$986,840</b>	<b>\$592,100</b>

(Count: 9)

<b>TOTAL OF PROJECT PRIORITY LIST</b>	<b>\$986,840</b>	<b>\$592,100</b>
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# **2020 DRAFT Intended Use Plan and Project Priority List for the Drinking Water State Revolving Fund**

## **I. Background**

The Federal Safe Drinking Water Act Amendments of 1996 authorized the award of capitalization grants to the States in order to create individual Drinking Water State Revolving Fund (DWSRF) loan programs. These programs provide State-administered subsidized, below- market- rate, loans to finance community water supply projects, both publicly and privately owned. Under the DWSRF 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 protection of the public health and improved compliance together with affordability.

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

Pursuant to the applicable provisions of the Federal Safe Drinking Water Act Amendments of 1996, Chapter 78 of the Acts of 1998, and 310 CMR 45.00, MassDEP has developed its draft Calendar Year 2020 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of drinking water projects, as noted in Table 3. In order for a project to receive financial assistance under the SRF Loan program, that project must appear on the PPL and the IUP Project Listing.

This IUP includes \$162 million in financing and describes Massachusetts' intended uses for all funds available in the DWSRF program for calendar year 2020. It includes the projects that Massachusetts expects to provide financial assistance to, and an overview of how the state will comply with federally mandated requirements.

Nine proposals, totaling \$986,840 have been selected to receive financial assistance for their **Asset Management** plans. Communities will receive 60% of the project cost, up to \$150,000, as a grant from the Trust, totaling \$592,100. The balance of the cost can be made up of local contribution of cash, in kind services, or may be borrowed from the Trust at the standard 2% interest rate.

All new projects receiving financial assistance from the DWSRF will be eligible for loans at 2% interest. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, also called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles.

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, 2020. Completed applications must be submitted to MassDEP at the earliest possible time, but not later than October 16, 2020. A complete application must contain the local funding authorization and the required supporting documentation. Any project not meeting these deadlines will be removed from the IUP Project Listing. Projects offered financing that do not advance, may be replaced by the highest ranked project on the Project Priority List that is ready to proceed.

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

## II. Calendar Year 2020 Project Financing

In 2020, MassDEP expects to finance 18 new construction projects, four carryover projects, and five planning project, totaling \$162 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. Table 1 is the proposed funding list for 2020 and Table 3 is the extended PPL.

MassDEP expects that the capitalization grant for 2020 will be the same as 2019 and will include the same program conditions. Following are some of the more notable requirements applicable to the DWSRF program:

### a. Additional Subsidy

Massachusetts has established an Affordability Criteria to calculate and distribute loan forgiveness. The assignment of communities to affordability tier is based on an Adjusted Per Capita Income (APCI) calculation. Tiers ranking are calculated annually by comparing a communities APCI as a percentage of the Commonwealth's APCI. See the table below for the tier breakdown.

<b>Tier</b>	<b>Percent of state APCI</b>	<b>Minimum Loan Forgiveness</b>
1	Greater than 80%, but less-than 100%	6.6%
2	Greater than 60%, but less than 80%	13.2%
3	Less than 60%	19.8%

With the establishment of the Disadvantaged Communities program, all projects that are eligible for additional subsidy on the 2020 DWSRF IUP and PPL are now considered Disadvantaged Communities (DC) and will be reported as such. The establishment of a formal DWSRF DC program does not change the distribution of loan forgiveness and does not require any additional actions from eligible communities beyond the requirements already in place for loan forgiveness.

Eligible construction projects appearing on the 2020 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 above and provided as a set percentage based on the community's tier ranking.

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. Additional subsidy will be disbursed over construction contracts that are executed by June 30, 2021. 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. Applicant Cap**

The Massachusetts SRF regulations (310 CMR 45) place a limit on any one proponent receiving any more than 25% (twenty-five percent) of the available funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked projects as possible, MassDEP is implementing *an applicant cap of \$15 million* for the 2020 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the IUP Project Listing are not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

**c. Small Systems**

Congress requires that 15% (fifteen percent) of the total amount of DWSRF funds be dedicated towards "small system" projects, i.e., drinking water systems serving fewer than 10,000 customers. The total DWSRF funds expected to be available for 2020 is \$162 million. Fifteen percent of that amount is \$24.3 million. The IUP list contains eight small system projects totaling \$44 million, which exceeds the 15%.

**d. Set Aside Activities**

Congress allows states to apply set asides from the DWSRF grant, to provide management of the program and technical assistance to Public Water Suppliers. MassDEP objectives for DWSRF set-aside activities are included as Appendix A. For 2020, these set-aside activities include funds that will be earmarked for issues involving small water supply systems, local assistance for wellhead protection, capacity implementation, and program management and administration. Appendix A details how MassDEP intends to utilize these set-aside funds in FY 2020 to implement the federal Safe Drinking Water Act.

**e. Housing Choice**

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 the standard 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% loan, it cannot receive an added discount through Housing Choice. Housing choice initiative communities must also certify to the enterprise account requirement noted above.

### **III. Short- and Long-Term Goals**

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

**a. Short-Term Goals**

- Providing a DWSRF reserve, not to exceed \$3.0 million of available funds, to finance at MassDEP's discretion unanticipated problems of acute public health concern that arise during the year. Such projects must constitute an imminent public health threat and otherwise meet MassDEP's applicable criteria;
- Replacement of lead service connections extending to the meter of the building;
- Financing mitigation of PFAS/PFOA affecting water supplies
- Incorporating the recently developed affordability criteria into the additional subsidy distribution;
- Developing and funding innovative education, planning and compliance assistance programs for small systems to identify and reduce the number of small systems with compliance problems;
- Performing outreach efforts to Drinking Water SRF borrowers that identify the focus on and eligibility of energy efficiency/alternative energy projects;
- Upgrading failing distribution systems to ensure adequate pressure and flow, and to reduce the potential of bacterial contamination;
- Providing additional storage to ensure adequate water volume, system pressure and redundancy;
- Enhancing security of drinking water systems during the construction or rehabilitation of major facilities;
- Assisting communities in the identification and elimination of naturally occurring contamination (e.g. radionuclide, arsenic, etc.); and
- Executing Drinking Water set-aside work plans.

**b. Long-Term Goals**

- Support protection of public health by ensuring that all Massachusetts Public Water Suppliers have the necessary technical, financial and managerial capacity to maintain compliance with the current and foreseeable SDWA requirements and provide safe drinking water to their customers;

- Annually reexamine the balance between use of set-aside and project funds and adjust strategy as needed in subsequent years' applications for DWSRF funds;
- Promote the completion of cost-effective projects that maximize protection of public health;
- Effectively manage a drinking water program that facilitates compliance with the SDWA through the use of outreach efforts such as capacity assessments and technical assistance;
- Ensure that water treatment projects financed through the SRF fully consider cost effective energy efficiency measures and/or renewable energy strategies;
- Encourage strategies to ensure sufficient water supplies under drought conditions and the stresses of climate change;
- Support long-term water system planning efforts by reserving Drinking Water SRF funds for these types of planning studies; and
- Establish and efficiently manage a permanent source of financing for drinking water infrastructure in order to enhance and protect public health.

## IV. Allocation of Funds

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

Massachusetts rates projects using the Commonwealth's priority ranking system. The criteria used to rank potential projects can be found on the MassDEP web site at <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html>. The ranking system is reviewed annually to reflect changing priorities at MassDEP. The criteria emphasize the nature of the public health problem that the project will address, compliance with the Safe Drinking Water Act, project affordability, the extent to which the project is consistent with regional or watershed wide plans and the extent to which the project qualifies as a green project, a project that minimizes greenhouse gas (GHG) emissions and energy use.

Once all projects have been rated and ranked, the PPL is developed (Table 3). With input from the Trust, MassDEP identifies all of the sources of funds and spending limits and develops the IUP Project Listing (Table 1).

To be considered for funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the funding period, must have appropriated local funds necessary to finance the project, and must have a MassDEP-approved planning element. An approvable planning element can be a Project Evaluation Report, Integrated Water Resource Management Plan, or other MassDEP sanctioned planning document. Projects proposing to replace lead service lines must ensure that lines will be replaced to the meters in order to preserve priority ranking. Furthermore, no community can receive financial assistance unless it can demonstrate that it has adequate, technical, financial and managerial capacity, as approved by MassDEP. Eligibility includes consistency with the assurances described in this

document and the requirements contained within MassDEP's financial assistance regulations.

**c. Project Bypass Procedure**

A project on the IUP Project Listing may be bypassed if MassDEP determines that the bypassed project will not be ready to proceed during the Funding period. Project(s) bypassed will be replaced by the highest ranked priority project(s) on the PPL that are ready to proceed. Alternatively, at the Department's discretion, the funds from the bypassed projects may be used for cost increases to other projects previously approved or may flow to capacity in the 2021 IUP. If complete project applications are not received by MassDEP by October 16, 2020, the project will be considered for removal from the IUP.

**c. Types of Projects to be Funded and Financing Rates**

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

- Projects to address or prevent violation of public health standards, including projects to come into or maintain compliance.
- Projects to replace aging infrastructure, if such projects are needed to maintain compliance or further public health goals and requirements, including projects to rehabilitate or develop sources to replace contaminated sources, install or upgrade treatment or storage facilities, and install or replace transmission and distribution pipes to prevent contamination or improve water pressure to safe levels.
- Projects to consolidate and/or restructure a public water system.
- Planning and/or design of any eligible project.

Costs of construction that MassDEP determines are necessary for the completion of the project are eligible for financing in the loan and to receive a subsidy under the loan, subject to the applicant cap. Costs for planning projects are eligible for financing during the 2020 funding period. Although costs for design are eligible, they will not be financed during this funding period due to the high demand for construction funding.

All projects on the IUP are eligible for 2% interest rate loans.

## **V. Financial Management**

**a. Source of State Match**

Based on an estimated 2020 grant of \$25.55 million, the required 20% state match totals \$5.11 million. These funds are provided to the Trust from the Commonwealth's Capital Plan.

**b. Fee Income**

The Trust charges approximately \$5.50 per \$1,000 as a loan origination fee to offset the costs incurred during bond issuance. Recipients of SRF loans are charged an annual administrative fee of 0.15% 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, 2019, the Trust has approximately \$53 million in administrative fees available.

**c. Program Administration**

The Commonwealth of Massachusetts intends to use the full 4 percent of the Federal capitalization grant funds for administrative support of activities related to the Federal Fund. Use of those funds is detailed in the DWSRF Grant Application that the Trust files each year with the USEPA and in the attached Set-Aside plan (Appendix A).

**d. Anticipated Cash Draw Ratio**

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

**e. Transfer of Funds 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 in a given year. Generally, half to a third of requested DWSRF projects go unfunded. 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 unfunded projects without any impacts to the CWSRF IUP. Massachusetts will transfer funds from the CWSRF to the DWSRF program in the estimated amount of \$8.43 million (33% of the anticipated 2020 DW grant amount of \$25.55 million). This transfer of funds will not result in any changes to the 2020 list of projects. The transfer will be used to increase the capacity of the 2020 DWSRF IUP.

**f. Estimated Sources and Uses**

The sources of funds available to the Massachusetts DWSRF include the federal capitalization grant, 20% state match and borrower free-ups. The Trust may leverage these funds up to 3 times. Under this authority, the Trust will finance approximately \$162 million of DWSRF-eligible projects.

**g. Additional Subsidy and the Disadvantaged Communities Program**

As required in federal law applicable to the 2020 DWSRF capitalization grant, a minimum of 14% additional subsidy shall be provided and no less than 6% of the federal grant and no more than 35% disadvantaged subsidy to state-defined Disadvantaged Communities, provided adequate applicants exist. In the 2020 DWSRF IUP, MassDEP and the Trust will ensure that the required level of additional subsidy is disbursed to eligible 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 between Massachusetts and the USEPA. The Operating Agreement (OA) describes the mutual obligations among EPA, MassDEP and the Trust. The purpose of the OA is to provide a framework of procedures to be followed in the management and administration of the DWSRF.

Title XIV of the Federal Safe Drinking Water Act amendments of 1996 and subsequent regulations and guidance require that the Commonwealth certify compliance with or acceptance of a number of conditions. These include compliance with the applicable provisions of s. 1452, State Revolving Loan Fund, as follows:

- **Environmental Reviews:** DWSRF borrowers are required to meet the standards of the National Environmental Policy Act (NEPA) or a State equivalent. Some projects, owing to their relatively minor environmental impacts, if any, do not trip the threshold of the Massachusetts Environmental Policy Act (MEPA) and are therefore not subject to the rigorous environmental review process set forth in MEPA. The Commonwealth reasons that these projects are categorically exempt from the NEPA review process as well. A planning level review of each of the eligible projects concludes that since these projects almost uniformly are the upgrade or rehabilitation of existing infrastructure, most will not usually require MEPA review. A final determination of project relevancy under MEPA cannot be made until the preliminary design phase of work is complete on each project.
- **Binding Commitments:** The DWSRF will enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- **Expeditious and Timely Expenditures:** The DWSRF will expend all funds in the DWSRF in a timely manner.
- **Set Aside Programs.** The Commonwealth will conduct set aside activities consistent with the plan provided as Appendix A to this document.

### **b. Federal Requirements**

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

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

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

**c. Davis-Bacon Wage Rates**

EPA's FY2019 Appropriations bill required the application of Davis-Bacon prevailing wage rates to all drinking water projects funded in whole or in part by the DWSRF. A similar requirement is expected for 2020. 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 FY 2019 Appropriations bill required the use of American Iron and Steel (AIS) in all drinking water construction projects. A similar requirement is expected for 2020. MassDEP ensures that the required AIS language is included in contracts and conducts field verifications of project compliance. Appropriate AIS language has also been included on the Project Regulatory Agreement and the Loan Agreement.

**e. Audits and Reporting**

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

## **VII. Public Review and Comment**

Notice of the availability of the Draft Calendar Year 2020 IUP/PPL will be made on February 14, 2020. A public hearing on the Draft IUP will take place on March 16, 2020 at the MassDEP office at One Winter Street, Boston, MA 02108. Written public comments will be accepted until 5:00 PM on March 16, 2020. The final recommendation will reflect comments and testimony received during the public review process. Records of this hearing will be maintained in the MassDEP files.

**TABLE 3**  
**DRINKING WATER STATE REVOLVING FUND**  
**Calendar Year 2020 DWSRF Project Priority List**

**NEW PROJECTS**

Rating	Applicant	PWSID	Pop.	SRF ID	Project	Project Cost
538.0 *	WEST BOYLSTON WATER DISTRICT (PF)	2321000	7450	6654	Manganese Removal Treatment at Oakdale Well	\$5,100,000
535.0	NEW BEDFORD (PF)	4201000	95072	6658	Lead Service Line Replacement Program - Phase II	\$15,400,000
530.0 *	AYER (H)(PF)	2019000	7427	6635	Spectacle Pond Wellfield PFAS Treatment	\$5,734,000
528.0	LEOMINSTER (PF)	2153000	40490	6716	Notown/Fallbrook WTP Upgrades	\$6,557,600
525.0 *	BLACKSTONE (PF)	2032000	8962	6686	Blackstone Groundwater Treatment	\$5,000,000
524.0 *	EASTHAM (PF)	4086095	2026	6661	Eastham Water System - Phase 2C	\$13,561,401
517.0	DRACUT WATER SUPPLY DISTRICT (H)(PF)	3079000	25741	6659	Water System Improvements	\$17,152,000
514.0	LOWELL (H)(PF)	3160000	106519	6677	Lead Service Replacement Project	\$3,930,929
449.0	NEW BEDFORD (PF)	4201000	95072	4613	Water Treatment Plant Upgrades - Phase II	\$15,250,000
441.0	BROCKTON (H)(PF)	4044000	93810	6689	Transmission Main Valve Replacement Project Ph. II	\$2,000,000
439.0	SPRINGFIELD WATER AND SEWER COMMISSION (PF)	1281000	230331	6649	Clearwell and Backwash Pump Station Replacement	\$21,750,000
423.0	NEWBURYPORT	3206000	20335	6720	Newburyport WTP Transmission Main	\$7,840,000
421.0	TRI TOWN WATER BOARD	4040002	25	6705	Tri-Town Regional Water Treatment Plant	\$70,100,000
410.0 *	DUDLEY (PF)	2080000	7644	4604	Dudley Drinking Water System Improvements Project	\$5,225,000
405.0 *	EAST BROOKFIELD (PF)	2084000	1526	6717	Water Main Replacement and Wellhouse Upgrades	\$2,790,000
321.0	CENTERVILLE-OSTERVILLE-MARSTONS MILLS FIRE DISTRICT (H)(PF)	4020002	50000	6687	Manganese and Iron Removal for Hayden Wells	\$10,240,000
315.0 *	DEERFIELD FIRE DISTRICT (PF)	1074000	1300	4623	Greenfield Rd. Water Main Replacement Project	\$940,000
214.0 *	MEDWAY (H)	2177000	9654	6728	Holliston and Brentwood Water Mains	\$5,685,000
230.0	LOWELL (H)(PF)	3160000	106519	6665	Transmission Main Connection	\$4,927,500
228.0	LAWRENCE (H)(PF)	3149000	76377	6641	Water Treatment Plant & Source Improvements	\$4,161,417
228.0	MASSACHUSETTS WATER RESOURCES AUTHORITY	6000000	2550000	6691	Northern Intermediate High Section 89 Replacement	\$16,000,000
222.0	FALL RIVER (H)(PF)	4095000	88857	6696	Water Main Rehabilitation - Phase 20	\$3,448,085
222.0	HOLYOKE (PF)	1137000	40124	6662	Phase 1 Water Main Replacement Project	\$1,845,000
219.0	HAVERHILL (H)(PF)	3128000	57311	4622	Phase 3 - Transmission Main Improvements	\$9,447,900
216.0	ANDOVER (H)	3009000	33201	6636	Water Main Improvements - Columbia Gas Recovery	\$15,349,242

215.0	BARNSTABLE (H)(PF)	4020004	35000	6682 Pipe replacement and Upgrade Program	\$1,000,000
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<b>TOTAL OF NEW PROJECTS</b>					<b>\$270,435,074</b>
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(Count: 26)	(Average Rating: 378.04)
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\* - Small System  
(H) - Housing Choice Communities  
(PF)- Disadvantaged Community  
(RE) - Potential Renewable Energy Projects

**MassDEP PRIORITY PROJECTS**

Applicant	SRF ID	Project	Project Cost
EMERGENCY SRF SET-A-SIDE	2978		\$3,000,000
<b>TOTAL OF MassDEP PRIORITY PROJECTS</b>			<b>\$3,000,000</b>

(Count: 1)

**MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**

Applicant	PWSID	Pop.	SRF ID	Project	Project Cost
MASSACHUSETTS WATER RESOURCES AUTHORITY	6000000	2550000	4408	Connect Mains Rehab. of Sections 23, 24, and 47	\$14,322,000
MASSACHUSETTS WATER RESOURCES AUTHORITY	6000000	2550000	4119	SEH Redundancy and Storage	\$49,297,289
PEABODY (PF)	3229000	52474	4592	Peabody Water Transmission Main and Pump Station	\$9,285,570
PEABODY (PF)	3229000	51263	4593	Winoma & Coolidge WTP Improvements	\$22,156,875
<b>TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS</b>					<b>\$95,061,734</b>

(Count: 4)

**PLANNING PROJECTS**

Applicant	SRF ID	Project	Project Cost
ANDOVER (H)	6667	Water System Master Plan	\$400,000
BARNSTABLE (H)	6681	Wells Treatment Pilots, Conceptual Plans, Layouts	\$650,000
BARNSTABLE (H)	6680	New Well Exploration Program	\$555,000
CANTON (H)	6709	Neponset WTF PFAS Treatment Study	\$50,000
CANTON (H)	6734	Pecunit WTF PFAS Treatment Planning and Design	\$75,000
<b>TOTAL OF PLANNING PROJECTS</b>			<b>\$1,730,000</b>

(Count: 5)

<b>TOTAL OF PROJECT PRIORITY LIST</b>	<b>\$370,226,808</b>
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**TABLE 4**  
**DRINKING WATER STATE REVOLVING FUND**  
**Calendar Year 2020 DWSRF ASSET MANAGEMENT PLANNING PROJECTS**

**ASSET MANAGEMENT PLANNING PROJECTS**

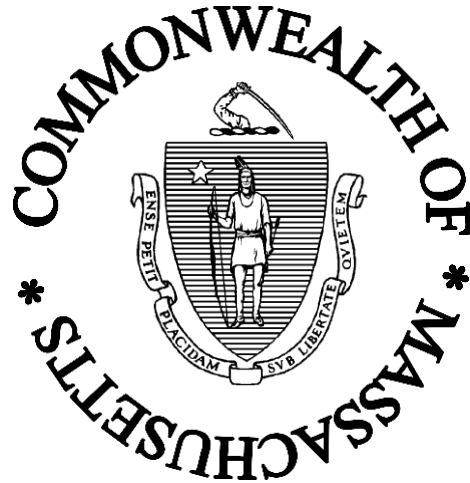
<b>Rating</b>	<b>Applicant</b>	<b>SRF ID</b>	<b>Project</b>	<b>Project Cost</b>
90	ACTON WATER SUPPLY DISTRICT	6718	Asset Management Planning	\$100,000
87	LANESBOROUGH FIRE AND WATER DISTRICT	6706	2020 Drinking Water AMP Application	\$125,000
85	WEBSTER	6724	Asset Management Planning	\$75,000
74	DEDHAM-WESTWOOD WATER DISTRICT	6733	Water System Asset Management Grant	\$250,000
71	DRACUT WATER SUPPLY DISTRICT	6670	2020 DWSD Water System Asset Management Plan	\$109,750
69	WALPOLE	6723	Asset Inventory and Planning	\$70,000
66	DALTON	6701	2020 Dalton Fire District Drinking Water AMP	\$89,590
58	BUZZARDS BAY WATER DISTRICT	6729	Buzzards Bay Water District Asset Management Grant	\$90,500
57	WEST BRIDGEWATER	6692	West Bridgewater Water Department AM Planning	\$77,000
<b>TOTAL OF ASSET MANAGEMENT PLANNING PROJECTS</b>				<b>\$986,840</b>

(Count: 9)

**TOTAL OF PROJECT PRIORITY LIST** **\$986,840**

# APPENDIX A

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## DRINKING WATER STATE REVOLVING FUND (DWSRF)

*Draft Intended Use Plan For  
Fiscal Year 2020 Set-aside*  
Funds Authorized Under the Federal  
Safe Drinking Water Act

## **Information on Set-asides**

The State of Massachusetts plans to set aside \$7,920,500 (31% of \$25,550,000 (Note: FY2020 Amended Amount) of the Capitalization Grant for various non-construction related activities that are authorized in the Safe Drinking Water Act Amendments of 1996. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their system effectively. A portion of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996.

The SDWA provides guidance for a variety of uses of the set-aside money. The set-aside money will be placed in separate accounts outside the Project Fund. The SDWA allows for transfers between the set-aside accounts and are the current best estimates of the funds required to complete the programs and projects described in the IUP. Transfers of funds between accounts and projects in accordance with EPA requirements will be made as necessary to accomplish the programs and projects described and efficiently and effectively use the available funds. The SDWA limits the percentage of the capitalization grant that can be used in each of these set-asides and whether the set-aside funds can be “banked” or reserved for future use.

### **I. 4% DWSRF ADMINISTRATION – 8 FTEs**

MassDEP anticipates applying for the full 4% (\$1,022,000) from FY 2020 SRF Capitalization Grant for DWSRF Program Administration. These funds will be combined with any remaining prior year funds in order to provide comprehensive DWSRF program assistance. Duties may include (but not be limited to):

**A. MANAGE DWSRF COORDINATION** of projects and liaison with the Massachusetts Water Pollution Abatement Trust.

**B. OVERSEE ADMINISTRATION AND MANAGEMENT** of the DWSRF Priority List/Intended Use Plan process and fiscal administrative aspects of the set-asides, such as grant application and fiscal reporting, and coordinate with the Drinking Water Program in regard to the set-asides.

**C. SUPPORT, CONDUCT, AND ANALYZE SRF PROJECT APPLICATIONS AND PROJECT REVIEWS**

#### **4% Set-Aside Deliverables**

Coordination of all DWP Source Protection and Technical Services Activities  
Set-Aside IUP and Work Plan Sections that Reflect Drinking Water Program Needs and Priorities  
Oversight of DWSRF Loans and Grants

#### **4% Set-Aside Measures of Success**

Drinking Water Source Protection and Technical Services Section activities that support Drinking Water Program goals and priorities and are coordinated with the DWSRF  
Set-Aside activities achieve stated deliverables and measures of success that are consonant with Drinking Water Program objectives.  
Award of loans and grants in a timely manner

## **II. 2% FOR SMALL SYSTEMS SET-ASIDE- (3FTEs)**

MassDEP anticipates applying for the full 2% (\$511,000) from FY 2020 SRF Capitalization Grant for small systems technical assistance. These funds will be combined with any remaining prior year funds in order to provide comprehensive technical assistance to small public water systems. Duties may include (but not be limited to):

**A. STAFFING TO SUPPORT SAFE DRINKING WATER ACT COMPLIANCE (3 FTEs)** - in providing technical assistance in support of Small System Capacity Development. FTEs will continue to be provided in the region to follow up with individual small systems on specific compliance issues and other system operation issues.

### **2% Set-Aside Deliverables:**

- On-site training and support to Public Water Suppliers.
- Perform TNC compliance assistance sanitary surveys and provide Groundwater Under the Influence evaluations.
- Technical assistance given to targeted systems that have specific SDWA treatment compliance issues
- Technical assistance to public water systems on GWR.
- Reviews of technical reports related to water supply technology and analysis.
- Technical reviews of state initiatives such as disinfection byproduct treatment or groundwater disinfection.
- Supervision of technical staff and training programs for suppliers.
- Technical reviews of major water quality projects and public health data.
- Information for the public and for water suppliers on major water quality problems.
- Seminars on SDWA Topics.
- Establishment and operation of mentoring groups.
- Training sessions (with credits) providing Certified Operator Training.

### **2% Set-Aside Measures of Success:**

- Compliance issues are successfully addressed in the targeted systems.
- Completion of planned capacity sanitary survey visits.
- Effective technical assistance given as scheduled.
- Each group seminar will be followed by an evaluation form to be filled out by participants to assess the efficacy of the seminar. Evaluation of the results will be considered as part of the contract assistance, and provided to the MassDEP staff responsible for implementing training initiatives and reporting on Capacity Development, for their assessment and future planning. Evaluation of all training and assistance will consider the success of recruiting recalcitrant and high-priority systems.
- Reports reviewed as scheduled.

## **III. 10% FOR STATE PROGRAM MANAGEMENT – 13.00 FTEs**

MassDEP anticipates applying for the full 10% (\$2,555,000) from FY 2020 SRF Capitalization Grant for Program Management. The State Program Management Set-aside is used to fund: A) Administrative assistance to the PWSS program; B) Technical assistance for source water protection activities; C)

Assistance for capacity development initiatives; D) support for state operator certification program; E) Public Water System data management; F) Technical assistance for emerging contaminants and Rules. G. Indirect charges

**A. PWSS SUPPORT – 9 FTEs**

The money will provide funding for approximately 9 FTEs and their associated operating costs. Duties of the FTEs include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessments and protection, planning, outreach, data management, engineering and construction supervision, compliance supervision and other drinking water program activities.

**B. SOURCE PROTECTION SUPPORT – 1 FTEs**

The Source Protection function has been integrated into the general drinking water program activities. MassDEP is still funding 3 FTEs worth of this work from the 10% set-aside, but the source protection tasks are now distributed among more individuals and reaching more PWS. It also includes implementing the chemical monitoring waiver program which provides incentive to do source protection as well as promoting preparedness and sustainability.

**C. CAPACITY DEVELOPMENT SUPPORT – 2.0 FTEs**

MassDEP has designated specific regional staff as capacity development specialists. The Drinking Water Program has discerned that it is more productive to train all staff that do Sanitary Surveys in the elements of Capacity Development. The Drinking Water Program will focus on promoting the following four elements during the coming year;

1. Asset Management
2. Water System Collaboration
3. Water Quality
4. Funding Options

**D. OPERATOR CERTIFICATION SUPPORT – 1 FTEs**

The MassDEP has a very active operator certification program. The program activities have been integrated into daily activities of staff. Program activities range from chairing the Board of Certification of Drinking Water Operators to providing general and specialized training of and guidance for drinking water operators at all levels.

## **E. CONTRACT SERVICES- PUBLIC WATER SYSTEM INFORMATION MANAGEMENT**

MassDEP will fund Information Technology (IT) staff to assist with data management support for programs related to public water systems and implementation of the Safe Drinking Water Act. Key activities include reporting and database maintenance and improvement. All activities are dependent upon the availability of funding.

## **G. MASSDEP INDIRECT CHARGES ON MATCH FOR 10% PROGRAM MANAGEMENT ACTIVITIES**

The Commonwealth intends to completely meet the one-to-one match required through in-kind services incurred by MassDEP through the administration costs that were incurred during the periods of fiscal years 1993 and 2018. Detailed documentation will be provided upon request.

## **IV. 15% -SOURCE WATER PROTECTION AND CAPACITY DEVELOPMENT - 21 FTEs**

MassDEP anticipates applying for the full 15% (\$3,866,100) from FY 2019 SRF Capitalization Grant for Source Water Protection and Capacity Development. The authorized activities under this set-aside can include; land acquisition and conservation easement program, source water protection, wellhead protection and technical and financial capacity implementation. (21) FTE's and contracted services.

### **A. WELLHEAD PROTECTION AND CAPACTIY IMPLEMENTATION-21 FTEs**

1. Assist with source protection program activities related to groundwater sources, as well as operation of the UIC program (a.k.a. "Underground Source Water Protection Program"). Ensure consistency of this work among regions; coordinate with GIS and Internet programs; coordinate with other MassDEP programs; investigate available data for usefulness to groundwater protection; and develop relevant policies and procedures.
2. Develop and maintain spatial data related to public water sources and potential contamination threats. Work with regional staff and resources to locate regulated facilities including locating information in files and making site visits to collect location information. Assist with GIS management.
3. Assist in Zone II delineation (and re-delineation as needed) and other wellhead protection-related work.
4. Provide technical assistance on source protection to public water suppliers and local officials, and assist with the source water assessment program and with protection of groundwater sources from contamination by septic systems. This includes providing system-specific protection recommendations.
5. In accordance with the Capacity Strategy, provide technical assistance in implementing capacity development, including the ability to provide adequate quantities of source water. Provide Capacity Outreach.
6. Provide assistance, primarily with protection of groundwater sources.

### **B. CONTRACTED SERVICES - TRAINING AND TECHNICAL ASSISTANCE:**

Capacity Development - MassDEP proposes to fund third-party contractor to complete some of the following Capacity Development activities:

Provide support and review of (quality assurance/quality control) of Water Quality Assurance database. Provide general administrative assistance to Drinking Water Program. Provide assistance in implementation and coordination of the Wellhead Protection Program, Surface Water Treatment Rule (SWTR), Ground Water Rule, Lead and Copper Rule, POU/POE, new technology evaluations, Arsenic Rule and Stage II Disinfectants Rule, Well Drillers Program, Coordinate Comprehensive Performance Evaluations (CPE) with DEP Staff. Review variances and exemptions. Maintain and enhance water quality testing system as it relates to SDWIS database. Development of applications for the purpose of processing well data compiled by the Well Driller Program. A portion of this contract also includes funding from 2% set-aside.

All activities are subject to change and are dependent upon the availability of funding.

**15% Set-Aside Deliverables**

- UIC program operating under State Primacy
- Spatial data, maps.
- Zone II Reviews
- On-Site training and support to water suppliers
- UIC tracking and reports
- Outreach materials, technical assistance meetings, training for regions, and bylaw reviews.
- Implementation of water conservation capacity improvement grant program.
- Implementation of Capacity Development program.
- Implementation of the Source Water Protection program.
- Plan for implementation of the Revised Total Coliform Rule

**15% Set-Aside Measures of Success:**

- Improved source protection for ground water sources at state and local levels
- GIS databases are properly reviewed and maintained
- Reviews are conducted in a timely manner
- Contract oversight is effective
- Technical Assistance is appropriate and timely and leads to improved source and aquifer protection in the systems visited
- Methods to assure capacity to deliver adequate quantities of drinking water are developed
- Program goals meet MassDEP objectives
- Improved protection at the local level

**IUP SET-ASIDE BUDGET BASED ON FFY 2020 FUNDING LEVEL**  
**This Budget equals 31 % of the Cap Grant and**  
**100 % of all allowable Set-Asides.**

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Administration Set-Aside – 4%

Total Available: \$1,022,000

PURPOSE	AMOUNT REQUESTED
Staff	\$1,309,387
Support	\$ 1,000
TOTAL PROJECTED EXPENSES	\$1,310,387
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ 288,387.
TOTAL 2020 FUNDS REQUESTED (100% of available Set-Aside)	\$1,022,000

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Small Systems Set-Aside - 2%

Total Available: \$511,000

PURPOSE	AMOUNTS REQUESTED
Staff	\$ 508,260
Support	\$ 2,740
TOTAL PROJECTED EXPENSES	\$ 511,000
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ -
TOTAL 2020 FUNDS REQUESTED (100% of available Set-Aside)	\$ 511,000.

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State Program Management Set-Aside – 10%

Total Available: \$ 2,555,000

PURPOSE	AMOUNTS REQUESTED
Staff	\$1,920,178.
Support	\$ 3,500
Contract – (IT)	\$ 150,000
TOTAL PROJECTED EXPENSES	\$2,073,678
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ -
TOTAL 2020 FUNDS REQUESTED (100% of available Set-Aside)	\$2,555,000

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Local Assistance Set-Aside – 15%

Total Available: \$3,832,500

PURPOSE	AMOUNTS REQUESTED
Staff	\$3,318,753
Support	\$ -
Contracts – Training/Technical Assistance – SDWA	\$ 195,414
TOTAL PROJECTED EXPENSES	\$ 3,514,167
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ -
TOTAL 2020 FUNDS REQUESTED (100% of available Set-Aside)	\$3,832,500

<b>TOTAL REQUESTED FOR ALL FFY 2020 SET-ASIDES</b>	<b>\$7,920,500</b>
TOTAL REQUESTED FROM PRIOR YEAR UNEXPENDED FUNDS	\$ 288,387
TOTAL OF FFY 2020 DW SRF SET-ASIDES PLUS PRIOR FUNDS	\$8,208,887