



Department of Environmental Protection

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2017 Intended Use Plan for Clean Water State Revolving Fund

January 23, 2017

To All Interested Parties:

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the 2017 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 state-subsidized interest rate loans to improve or protect water quality in the Commonwealth.

As noted in Table 1, Massachusetts is offering approximately \$450 million to finance clean water projects across the Commonwealth. Approximately \$360 million will fund 26 new construction projects, and an additional \$64 million will be allocated towards funding 6 previously approved multi-year projects. \$2 million has been allocated to the emergency set-aside account, and \$5 million will be directed to the Community Septic Management Program to remediate failed septic systems in participating communities. An additional \$23 million will fund 18 planning projects.

The General Court, in Ch. 259 of the Acts of 2014, directed MassDEP to develop regulations regarding the distribution of additional budgeted funds for enhanced SRF loan subsidies. The promulgation date for those regulations is January 27, 2017. Until and unless the Legislature appropriates additional funding for expanded loan subsidy, the standard SRF loan will remain at 2%.

The Water Resources Reform and Development Act of 2014 (WRRDA) amended the Clean Water Act, resulting in important changes to the CWSRF Program that will affect most borrowers. The primary changes to the program are the requirements for borrowers to develop and maintain a Fiscal Sustainability Plan, which is similar to an asset management plan, and a certification that the cost and effectiveness of the project has been evaluated and that the project maximizes water efficiency and energy conservation. The body of the IUP discusses these new WRRDA requirements in greater detail.

While Congress has not enacted the 2017 federal budget, based on trends from prior years' appropriations, MassDEP expects to receive an estimated \$45 million federal grant to subsidize the CWSRF program. Last year, the Congress required at least 10% of the federal grant be used to fund "green infrastructure". MassDEP expects a similar requirement for 2017. The 2017 Final IUP lists 2 new "green infrastructure" construction projects. The exact monetary value of the green portion of these projects will be determined when project applications are submitted.

In its 2016 SRF allocation, Congress allowed states to use a portion of the CWSRF grant towards additional project subsidy for communities that might otherwise be unable to afford to undertake the project. MassDEP expects a similar requirement for its 2017 SRF grant, and has proposed to allocate approximately \$3.5 million to subsidize projects that meet the affordability criteria recently established by the Clean Water Trust in response to WRRDA. The additional subsidy funds will be distributed in a pro-rated share to all of the proponents meeting appropriate criteria and who execute a construction contract on or before June 30, 2018. As in previous years, MassDEP is also offering additional subsidy for all projects with a renewable energy component.

Section 302 of the 1996 Safe Drinking Water Act Amendments allows states the flexibility to move some funds between the Clean and the Drinking Water SRF programs, to better address specific state priorities. CW IUP capacity is frequently sufficient to allow Massachusetts to finance all of the Clean Water projects that request financing in a given year. On the Drinking Water side, generally one third to one half of the proposed projects go unfunded each year. Transferring a limited amount of funds from CWSRF to DWSRF this year and in the future will help to modestly increase the capacity of the DWSRF and reduce this imbalance in our ability to provide financing. Therefore, Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of \$5,098,830 (33% of the estimated 2017 DW grant amount of \$15,451,000). These will be recycled funds freed up from the repayment of previous loans.

The Project Priority List (PPL) of the Final IUP is presented in Table 2. The PPL lists by ranking, all of the proposals that MassDEP received in the 2017 solicitation. The IUP is the subset of the PPL selected to receive financing offers.

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

Sincerely,

Steve McCurdy, Director
MassDEP Division Municipal Services

TABLE 1
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2017 CWSRF Intended Use Plan

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
128	TAUNTON (PF)	4147	2018 Sewer and Drain Improvements	\$4,000,000	\$4,000,000
127	MARION	4166	WWTP and Collection System Improvements	\$35,000,000	\$35,000,000
119	WORCESTER (PF)	4165	Route 20 Sewer Extension Project	\$22,000,000	\$22,000,000
118	TAUNTON (PF)	4169	Main Lift Pump Station Improvements	\$17,000,000	\$17,000,000
116	NEW BEDFORD (PF)	4143	Pumping Station Improvements	\$21,000,000	\$21,000,000
107	GRAFTON	4162	Pumping Station Improvements	\$2,780,000	\$2,780,000
107	REVERE (PF)#	4149	Phase VIII - I/I, IDDE, P.S., & Drainage	\$4,700,000	\$4,700,000
107	REVERE (PF)	4148	Illicit Connection & Sump Pump Removal Program	\$2,000,000	\$2,000,000
105	NANTUCKET	4145	Phase 2 Surfside WWTF Improvements	\$2,000,000	\$2,000,000
104	HAVERTHILL (PF)	4156	Haverhill WWTF Improvements	\$35,060,000	\$35,060,000
100	LOWELL REGIONAL WASTEWATER UTILITY (PF)	4158	Pevey Storage Facility	\$5,350,000	\$5,350,000
99	FRAMINGHAM (PF)	4151	Worcester Road Pumping Station Elimination Project	\$21,930,000	\$21,930,000
97	NANTUCKET	4161	Madaket, Warrens Landing, Somerset Sewer Extension	\$71,000,000	\$48,684,000
95	NORWOOD (PF)	4164	Underdrain Area Sewer Rehabilitation	\$2,700,000	\$2,700,000
91	NEW BEDFORD (PF)	4168	Wastewater Collection System Improvements	\$41,300,000	\$30,000,000
85	WAREHAM (PF)	4163	WPCF Improvements - New Primary Clarifiers	\$13,000,000	\$13,000,000
81	EASTON	4155	Easton Five Corners Sewer	\$8,585,000	\$8,585,000
72	BILLERICA (PF)	4159	WWTF and Pump Station Upgrades	\$6,900,000	\$6,900,000
69	TYNGSBOROUGH	4160	Phase 2 Middlesex Road North	\$10,774,700	\$10,774,700
64	ACTON	4154	West Acton Center Sewer Extension Project	\$9,738,000	\$9,738,000
61	WEST SPRINGFIELD (PF)#	4167	Pump Station Improv. And I/I Reduction Project	\$8,296,500	\$8,296,500
59	BILLERICA (PF)	4157	Sewer Contract 36	\$13,573,000	\$13,573,000
56	QUINCY (PF)	4146	Phase IV Infrastructure Improvements	\$3,000,000	\$3,000,000
55	GLOUCESTER (PF)	4144	Rehab. of DPW & Goose Cove Sewer Pumping Stations	\$4,550,000	\$4,550,000
53	GARDNER (PF)	4152	Gardner - Sludge Dewatering Replacement Project	\$7,838,100	\$7,838,100
52	MWRA	4150	DITP Asset Protection Phase 3	\$61,600,000	\$20,000,000

TOTAL OF NEW PROJECTS

\$435,675,300

\$360,459,300

(Count: 26)

(Average Rating: 89.5)

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

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

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
MWRA	4117	Facility Asset Protection	\$25,526,969	\$3,000,000
MWRA	3982	Clinton WWTP Phosphorous Removal	\$7,091,932	\$3,000,000
MWRA	3981	Remote Headworks Upgrade	\$160,760,000	\$36,000,000
MWRA	3921	Chelsea Screenhouse Upgrades	\$4,885,180	\$2,000,000
MWRA	2885	Wastewater Treatment Plant and Sewer Improvements	\$56,224,235	\$6,000,000
NANTUCKET	4096	Shimmo & PLUS Parcels Sewer Extension	\$26,316,000	\$14,316,000
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS			\$280,804,316	\$64,316,000

(Count: 6)

MassDEP PRIORITY PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
COMMUNITY SEPTIC MANAGEMENT PROGRAM	3850	Community Septic Management Program	\$5,000,000	\$5,000,000
EMERGENCY SRF SET-A- SIDE	2977		\$2,000,000	\$2,000,000
TOTAL OF MassDEP PRIORITY PROJECTS			\$7,000,000	\$7,000,000

(Count: 2)

PLANNING PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
ACUSHNET	4178	Comprehensive Wastewater Management Plan	\$375,000	\$375,000
BROCKTON	4187	2017 Sewer System Evaluation Survey Program	\$4,000,000	\$4,000,000
FALL RIVER	4171	CSO Facilities Plan	\$1,000,000	\$1,000,000
FALL RIVER	4217	Wastewater Treatment Facilities Plan	\$2,000,000	\$2,000,000
GLOUCESTER	4181	Utility Master Plan	\$1,200,000	\$1,200,000
HADLEY	4180	Hadley NPDES Phase II MS4 Planning SRF	\$390,000	\$390,000
HOPKINTON	4175	Town of Hopkinton - Update to CWMP	\$250,000	\$250,000
MARION	4172	MS4 Permit Compliance and Reporting	\$400,000	\$400,000
NANTUCKET	4179	I/I amd Flow Metering Study	\$500,000	\$500,000
NEW BEDFORD	4170	WW Collection System Investigations Program	\$6,000,000	\$6,000,000
NEW BEDFORD	4182	Wastewater Treatment Plant Facilities Plan	\$2,500,000	\$2,500,000
NEW BEDFORD	4173	MS4 Permit Compliance and Reporting	\$500,000	\$500,000
PLAINVILLE	4177	Sewer System Infiltration/Inflow Program	\$190,000	\$190,000
REVERE	4176	Illicit Connection and Sump Pump Investigations	\$600,000	\$600,000

REVERE	4183 Phase IX Field Investigations - I/I and IDDE	\$1,200,000	\$1,200,000
SPENCER	4220 I/I and Sewer System Evaluation Study	\$246,000	\$246,000
SPENCER	4219 Comprehensive Wastemanagement Plan	\$179,000	\$179,000
TAUNTON	4174 Comprehensive Water Resources Planning	\$1,600,000	\$1,600,000
TOTAL OF PLANNING PROJECTS		\$23,130,000	\$23,130,000

(Count: 18)

TOTAL OF INTENDED USE PLAN	\$746,609,616	\$454,905,300
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I. Introduction

The Federal Water Quality Act of 1987 established a program of capitalization grants to the States to create Clean Water State Revolving Fund (CWSRF) loan programs. These programs provide state-administered, below-market-rate financing for the construction of publicly owned water pollution abatement facilities and implementation of non-point source management projects. Under the CWSRF program, States provide a 20% match to the federal capitalization grant to create the loan fund. Projects to be financed are selected using a priority ranking system based upon the public health and environmental protection benefits of the proposed projects.

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

Pursuant to the applicable provisions of the Federal Water Pollution Control Act of 1972, as amended, Chapter 21 of the General Laws, and 310 CMR 44.00, MassDEP has developed its Final Calendar Year 2017 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of water pollution abatement projects. In order for a project to receive financial assistance under the State Revolving Fund Loan program, that project must appear on the Project Priority List and the Intended Use Plan Project Listing.

This Final IUP includes approximately \$450 million in financing and describes Massachusetts' intended uses for all funds available in the CWSRF program for 2017, including the projects that Massachusetts expects to finance and an overview of how the state will comply with federally mandated requirements.

All new projects receiving financial assistance from the CWSRF will be eligible for loans at 2% interest. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, so-called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles. Certain projects, whose primary purpose is nutrient reduction, may be eligible for 0% interest rate loans, if they meet specific statutory requirements. MassDEP will review all submitted information to determine the project(s)' eligibility for the reduced rate financing prior to committing to permanent financing.

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, 2017. Also, complete applications must be submitted to MassDEP at the earliest possible time, but not later than October 15, 2017. 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 the 2017 Draft and Final IUPs, 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 2017 Project Funding

In 2017, MassDEP expects to finance 26 new construction projects, 7 carryover projects, and 18 planning projects totaling \$454,905,300. Included in this amount is a \$2 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 2017 and Table 2 is the extended Project Priority List.

Congress has not yet passed legislation funding the CWSRF for 2017. Draft legislation has been filed that includes varying amounts of funding and differing program conditions. For the purposes of this IUP, MassDEP is assuming that the capitalization grant for 2017 will be the same as 2016 and will include the same program conditions. The following are some of the more notable requirements applicable to the CWSRF program:

a. Additional Subsidy

The 2016 appropriation allows up to 30% (thirty percent) of the grant to be used as additional subsidy, which is expected to carry forward to the 2017 appropriation. Annually, the Trust determines how much subsidy to provide based on a number of factors. The last additional subsidy vote distributed \$3.5 million to eligible projects. A similar amount is expected to be disbursed as part of the 2017 grant. Massachusetts provides the subsidy in the form of principal forgiveness towards projects in communities that meet the affordability criteria recently established by the Trust in response to the Water Resources Reform and Development Act of 2014 (WRRDA) and for renewable energy generation projects at Publicly Owned Treatment Works.

The affordability criteria establishes three tiers of additional subsidy. The highest level of subsidy goes to communities that are below 60% of the statewide Adjusted Per Capita Income (APCI). The second level of subsidy goes to those communities that fall within 60- 80% of the statewide APCI and the third level of subsidy goes to those communities between 80-100% of the statewide APCI. The exact amount of subsidy any project receives depends on which tier the community falls under and how many projects eligible for additional subsidy actually proceed to construction. The affordability calculations can be found here:

<http://www.mass.gov/treasury/docs/mwpat/inthenews/affordability-calculation.pdf> .

Additional subsidy will be distributed over construction contracts that are executed by June 30, 2018. Awards will be based on a prorated share of the total eligible cost of all of the subsidy-eligible projects that meet the deadline. For multi-year projects in communities that fall below 60% of the statewide APCI, contracts executed after June 30, 2018 will be eligible for additional subsidy in the following year(s).

b. Green Infrastructure

For 2016, Congress required that at least 10 % (ten percent) of the federal grant be dedicated to Green Infrastructure projects or components as defined by USEPA. MassDEP expects a similar requirement for 2017. For Massachusetts, this requires that an estimated \$4.5 million be allocated towards Green Infrastructure projects. For 2017, MassDEP has identified and

highlighted 2 new projects with a total value of \$13 million that meet EPA guidelines for Green Infrastructure. Most of these projects are not entirely green; therefore, determining the exact value of the green portions of the project is not possible at this time. The total value of green components of those projects will be determined when detailed project applications are submitted. MassDEP expects to meet the minimum \$4.5 million that EPA requires be allocated towards Green Infrastructure projects.

c. Applicant Cap

The Massachusetts SRF regulations (310 CMR 44) place a limit on any one proponent receiving any more than 33% (thirty-three percent) of the available funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked projects as possible, MassDEP is proposing to implement an applicant cap of \$65 million for the 2017 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the Intended Use Plan Project Listing are not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

d. WRRDA Requirements

The Water Resources Reform and Development Act of 2014 (WRRDA) amended the Clean Water Act, resulting in important changes to the CWSRF Program that will affect most borrowers. The following are the specific provisions that may have an impact on borrowers:

- Fiscal Sustainability Planning – For treatment works proposed for repair, replacement, or expansion, the USEPA is now requiring that borrowers develop and implement a fiscal sustainability plan (FSP) that includes:
 - *an inventory of critical assets that are a part of the treatment works;*
 - *an evaluation of the condition and performance of inventoried assets or asset groupings;*
 - *a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and*
 - *a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or*
 - *a certification that the borrower has developed and implemented a plan that meets these requirements.*

With the exception of the third bullet, these are all components of an asset management plan. The USEPA issued a Best Management Practices guide for the development of asset management plans, which may be used as a basis for the development of an FSP (<https://www.epa.gov/dwcapacity/asset-management-resources-small-drinking-water-systems-0>). There are numerous other guidance documents available on the USEPA website and several other states (New Mexico and New Jersey among others) have developed detailed guidance on the development of asset management plans, which is publicly available.

At the end of each project, MassDEP requires certification from the project engineer stating that an FSP has been developed and implemented. The development of FSPs is an eligible SRF cost, and borrowers on the 2017 IUP may request an increase to their project cost to cover the development of the FSP.

- Architectural and Engineering (A/E) Services Procurement –The USEPA is requiring that A/E services that are paid with **federal** funds be procured using the qualifications based selection process under Chapter 11 of title 40, United States Code or an equivalent state qualifications based requirement.

Massachusetts has two different statutes for procuring A/E services: one for vertical construction (Chapter 149); and one for horizontal construction (Chapter 30B). Chapter 149 appears to meet the qualifications based selection requirement while Chapter 30B does not appear to meet it. In addition, the federal requirement does not appear to take into account the procurement of an Owners Project Manager (OPM) which is an additional requirement of Chapter 149 for large projects.

Rather than add in a third method of procurement or forcing communities into using a different method of procurement for horizontal construction and/or OPM services, the Trust has chosen to not use **federal** funds for any A/E services. SRF funds will still be available for construction services. However, on some large projects that may receive federal funds for construction, the A/E services may need to be split out into a separate loan. While this will have an impact on certain communities, the Trust felt this was a lesser burden than modifying Massachusetts’ various procurement processes.

- Affordability Criteria – The USEPA required each state to develop new affordability criteria for the distribution of additional subsidy by September 30, 2016. These criteria needed to take into account income, unemployment rate, and population trends. The Trust developed these criteria, accepted public comment and approved the final criteria on September 23, 2016.
- Project Accounting – The USEPA is now requiring that projects accounts be maintained in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. MassDEP has always required that project accounts be maintained in accordance with generally accepted government accounting standards, but not particularly with respect to the reporting of infrastructure assets. The most recent applicable standard is Governmental Accounting Standards Board (GASB) Statement No. 34, issued in June 1999, which details governmental reporting requirements including standards for reporting of infrastructure assets. MassDEP will be changing the standard condition in the Project Regulatory Agreement to reflect this change. It is expected that this change will have little, if any impact on SRF borrowers as most communities are already complying with GASB 34 requirements.
- Cost and Effectiveness – Starting with the 2017 IUP, the USEPA is now requiring 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 maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account—*
 - *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.

III. Short and Long Term Goals

Massachusetts has set these goals for its CWSRF.

a. Short Term Goals

- Incorporate the recently developed 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;
- 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 in the Massachusetts Estuaries Program (MEP) areas;
- Utilize the SRF program to provide \$5M 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 \$2.0 million in available program capacity, to finance at MassDEP's discretion unanticipated problems of acute public health concern that may arise during the year. To be financed under this reserve, proposed projects must constitute an imminent environmental or public health threat and otherwise meet MassDEP's applicable criteria; and
- Support planning and construction projects for compliance with EPA 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 of 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 MEP;

- Ensure that, where applicable, projects are consistent with the Cape Cod Area-Wide Section 208 Water Quality Management Plan; and
- Continue financing projects identified in the statewide Nonpoint Source Program.

IV. Allocation of Funds

a. Criteria and Method for Distribution of Funds

Massachusetts rates projects using the Commonwealth's priority ranking system (see <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, the criticality of the resources affected, the environmental benefits of the project, the effectiveness of the project solution, the extent to which the project is consistent with regional or watershed wide plans and the extent to which projects qualify as green projects.

Once all projects have been rated and ranked, the Project Priority List is developed (Table 2). 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, 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. No Cape Cod projects are proposed for 2017.

Eligibility includes consistency with the assurances described in this document and the requirements contained within MassDEP's financial assistance regulations at 310 CMR 44.

- Any project on Table 2, the Project Priority list, which is not going to be ready to proceed to implementation by July 1 of next year, will not be included on Table 1, the Intended Use Plan.
- Any project on Table 1, for which local borrowing authorization is not secured by June 30 of next year, may be removed from the IUP.
- Any project for which all necessary building and environmental permit applications have not been filed by Oct 15 of next year, may be removed from the IUP.

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 (ie, prior to October 15, 2017). Project(s) bypassed will be replaced by the highest ranked priority project(s) on the Project Priority List that are ready to proceed or the funds may be used for cost increases to other projects previously approved. Complete project applications not received by MassDEP by October 15, 2017 will be automatically considered for bypassing.

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 those defined in 310 CMR 44:

- Wastewater Treatment Projects;
- Infiltration Inflow (“I/P”) Projects,;
- Collection System Projects, provided, however, that 85% of the expected wastewater flow into the proposed collection system will be for wastewater flows in existence as of July 1, 1995;
- Nonpoint Source Projects;
- Nutrient Management Projects;
- 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 in the loan and to 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 Intended Use Plan are eligible for 2% interest rate loans. Certain projects that are primarily for nutrient removal are eligible for 0% rate interest loans (<http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html#10>). 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 StateMatch

Based on an estimated 2017 federal grant of \$45 million, the required 20% state match totals \$9.0 million. These funds are provided to the Trust from the Commonwealth’s Capital Plan.

b. Fee Income

The Trust charges approximately \$5.50 per \$1,000 as a loan origination fee to offset the costs incurred during bond issuance. Recipients of SRF loans are charged an annual administrative fee of 0.15% (15 basis points) against the outstanding loan principle to fund salaries and expenses of the Trust and MassDEP related to SRF project development and loan management. As of June 30, 2016, the Trust has approximately \$38 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 CWSRF Grant Application that the Trust files each year with the USEPA.

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 to the Drinking Water State Revolving Fund

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

CWIUP capacity frequently allows Massachusetts to finance all of the Clean Water projects that request financing in a given year. On the Drinking Water side, generally one third to one half of the proposed projects go unfunded each year. Transferring a limited amount of funds from CWSRF to DWSRF this year and in the future will help to modestly increase the capacity of the DWSRF and reduce this imbalance in our ability to provide financing.

The level of federal grant funding of the Massachusetts Drinking Water SRF is insufficient to meet the need for project financing. Therefore, Massachusetts will transfer funds from the CWSRF to the DWSRF program in the estimated amount of \$5.1 million (33% of the anticipated 2017 DW grant amount of \$15.4 million). These will be recycled funds freed up from the repayment of previous loans. The purpose of this transfer is to help increase the capacity of the DWSRF.

This transfer of funds will not result in any changes to the 2017 list of projects. The transfer will be used to increase the capacity of the 2017 IUP.

f. Estimated Sources and Uses

The sources of funds available to the Massachusetts CWSRF include the federal capitalization grant, state match and borrower free-ups. The Trust may leverage these funds up to 3 times. Under this authority, the Trust could finance well in excess of \$450 million of projects; however, the capacity of the program is controlled by the amount of Contract

Assistance provided by the Commonwealth. This limiting factor results in the overall size of the 2017 IUP of approximately \$450 million, which is below the theoretical capacity limit of the program.

V. 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 CWSRF.

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

- 602(a) Environmental Reviews: The CWSRF will conduct environmental reviews according to the State Environmental Review Process developed for the SRF.
- 603(b) (3) Binding Commitments: The CWSRF will enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- 602(b) (4) Expeditious and Timely Expenditures: The CWSRF will expend all funds in the CWSRF in a timely manner.
- Consistency with Planning. The Commonwealth agrees that it will not provide assistance to any project unless that project is consistent with plans developed under Section 205(j), 208, 303(e), 319 or 320.

b. Federal Requirements

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

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

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

c. Davis-Bacon Wage Rates

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

d. American Iron and Steel

The amendments to the Clean Water Act, as part of WRRDA, apply the American Iron and Steel (AIS) requirements to all treatment works projects going forward. MassDEP ensures that the required AIS language is included in contracts and conducts field verifications of project compliance. Appropriate AIS language has also been included 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 Clean Water Benefits Reporting system, the National Information Management System, Annual Report and FFATA reporting.

VI. Public Review and Comment

Notice of the availability of the Draft Calendar Year 2017 IUP/PPL was made on November 29, 2016. A public hearing on the Draft IUP was held on Wednesday, January 4, 2017 at the MassDEP offices at One Winter Street, Boston, MA. Written public comments were accepted up until 5:00 PM on January 4, 2017. Records of this hearing will be maintained in the MassDEP files.

**TABLE 2
CLEAN WATER STATE REVOLVING FUND
Calendar Year 2017 CWSRF Project Priority List**

NEW PROJECTS

Rating	Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
128	TAUNTON (PF)	MA0100897	4147	2018 Sewer and Drain Improvements	\$4,000,000
127	MARION	MA0100030	4166	WWTP and Collection System Improvements	\$35,000,000
119	WORCESTER (PF)	MA0102369	4165	Route 20 Sewer Extension Project	\$22,000,000
118	TAUNTON (PF)	MA0100897	4169	Main Lift Pump Station Improvements	\$17,000,000
116	NEW BEDFORD (PF)	MA0100781	4143	Pumping Station Improvements	\$21,000,000
107	GRAFTON	MA0101311	4162	Pumping Station Improvements	\$2,780,000
107	REVERE (PF)#	MA0103284	4149	Phase VIII - I/I, IDDE, P.S., & Drainage	\$4,700,000
107	REVERE (PF)	MA0103284	4148	Illicit Connection & Sump Pump Removal Program	\$2,000,000
105	NANTUCKET	GW Permit	4145	Phase 2 Surfside WWTF Improvements	\$2,000,000
104	HAVERTHILL (PF)	MA0101621	4156	Haverhill WWTF Improvements	\$35,060,000
100	LOWELL REGIONAL WASTEWATER UTILITY (PF)	MA0100633	4158	Pevey Storage Facility	\$5,350,000
99	FRAMINGHAM (PF)	MA0103284	4151	Worcester Road Pumping Station Elimination Project	\$21,930,000
97	NANTUCKET	GW Permit	4161	Madaket, Warrens Landing, Somerset Sewer Extension	\$71,000,000
95	NORWOOD (PF)	MA0103284	4164	Underdrain Area Sewer Rehabilitation	\$2,700,000
91	NEW BEDFORD (PF)	MA0100781	4168	Wastewater Collection System Improvements	\$41,300,000
85	WAREHAM (PF)	MA0101893	4163	WPCF Improvements - New Primary Clarifiers	\$13,000,000
81	EASTON	MA0101737	4155	Easton Five Corners Sewer	\$8,585,000
72	BILLERICA (PF)	MA0101711	4159	WWTF and Pump Station Upgrades	\$6,900,000
69	TYNGSBOROUGH	MA0100633	4160	Phase 2 Middlesex Road North	\$10,774,700
64	ACTON	GW Permit	4154	West Acton Center Sewer Extension Project	\$9,738,000
61	WEST SPRINGFIELD (PF)#	MA0101613	4167	Pump Station Improv. And I/I Reduction Project	\$8,296,500
59	BILLERICA (PF)	MA0101711	4157	Sewer Contract 36	\$13,573,000
56	QUINCY (PF)	MA0103284	4146	Phase IV Infrastructure Improvements	\$3,000,000
55	GLOUCESTER (PF)	MA0100625	4144	Rehab. of DPW & Goose Cove Sewer Pumping Stations	\$4,550,000
53	GARDNER (PF)	MA0100994	4152	Gardner - Sludge Dewatering Replacement Project	\$7,838,100
52	MWRA	MA0103284	4150	DITP Asset Protection Phase 3	\$61,600,000
	WALTHAM	MA0103284	4153	Felton Street Storm Drain Rehabilitation	\$5,053,000

TOTAL OF NEW PROJECTS

\$440,728,300

(Count: 27)

(Average Rating: 86.19)

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

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

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
MWRA	MA0103284	4117	Facility Asset Protection	\$25,526,969
MWRA	MA0100404	3982	Clinton WWTP Phosphorous Removal	\$7,091,932
MWRA	MA0103284	3981	Remote Headworks Upgrade	\$160,760,000
MWRA	MA0103284	3921	Chelsea Screenhouse Upgrades	\$4,885,180
MWRA	MA0103284	2885	Wastewater Treatment Plant and Sewer Improvements	\$56,224,235
NANTUCKET	GW	4096	Shimmo & PLUS Parcels Sewer Extension	\$26,316,000

TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS **\$280,804,316**

(Count: 6)

MassDEP PRIORITY PROJECTS

Applicant	NPDES/PERMIT	SRF ID	Project	Project Cost
COMMUNITY SEPTIC MANAGEMENT PROGRAM	N/A	3850	Community Septic Management Program	\$5,000,000
EMERGENCY SRF SET-A-SIDE	N/A	2977		\$2,000,000

TOTAL OF MassDEP PRIORITY PROJECTS **\$7,000,000**

(Count: 2)

PLANNING PROJECTS

Applicant	SRF ID	Project	Project Cost
ACUSHNET	4178	Comprehensive Wastewater Management Plan	\$375,000
BROCKTON	4187	2017 Sewer System Evaluation Survey Program	\$4,000,000
FALL RIVER	4171	CSO Facilities Plan	\$1,000,000
FALL RIVER	4217	Wastewater Treatment Facilities Plan	\$2,000,000
GLOUCESTER	4181	Utility Master Plan	\$1,200,000
HADLEY	4180	Hadley NPDES Phase II MS4 Planning SRF	\$390,000
HOPKINTON	4175	Town of Hopkinton - Update to CWMP	\$250,000
MARION	4172	MS4 Permit Compliance and Reporting	\$400,000
NANTUCKET	4179	I/I amd Flow Metering Study	\$500,000
NEW BEDFORD	4170	WW Collection System Investigations Program	\$6,000,000
NEW BEDFORD	4182	Wastewater Treatment Plant Facilities Plan	\$2,500,000
NEW BEDFORD	4173	MS4 Permit Compliance and Reporting	\$500,000
PLAINVILLE	4177	Sewer System Infiltration/Inflow Program	\$190,000
REVERE	4176	Illicit Connection and Sump Pump Investigations	\$600,000
REVERE	4183	Phase IX Field Investigations - I/I and IDDE	\$1,200,000
SPENCER	4220	I/I and Sewer System Evaluation Study	\$246,000

SPENCER	4219 Comprehensive Wastemanagement Plan	\$179,000
TAUNTON	4174 Comprehensive Water Resources Planning	\$1,600,000

TOTAL OF PLANNING PROJECTS **\$23,130,000**

(Count: 18)

TOTAL OF PROJECT PRIORITY LIST **\$751,662,616**