

Massachusetts State Revolving Fund Program Updates for 2016

SRF Borrowers Meetings
March 29 and 30, 2016

Topics

- Clean Water Act Amendments (WRRDA)
 - *Fiscal Sustainability Planning (Asset Management)*
 - *Cost and Effectiveness*
 - *A/E Services Procurement*
 - *Affordability Criteria*
- Signage Requirements
- American Iron and Steel Update
- Future Requirements

Fiscal Sustainability Planning

- For **Clean Water** projects on the 2016 Intended Use Plan the EPA is requiring the preparation of “Fiscal Sustainability Plans” (FSP).
- An FSP is very similar to an asset management plan.
- Applicable to “treatment works” projects, i.e., section 212 projects.
- **Not applicable** to non-point source projects (section 319), planning projects or Drinking Water projects.

Fiscal Sustainability Plans

vs.

Asset Management Plans

Fiscal Sustainability Plan

- *Inventory **critical** assets.*
- *Evaluate the condition and performance of those assets.*
- *Prepare a plan for maintaining, repairing and replacing the treatment works.*
- *Prepare a plan for funding such activities.*
- ***Certify that water and energy conservation efforts have been evaluated and will be implemented as part of the plan.***

Asset Management Plan*

- *Inventory assets and assess condition.*
- *Determine asset values and replacement costs.*
- *Determine sustainable level of service.*
- *Determine critical assets.*
- *Determine life cycle costs.*
- *Develop long-term funding strategy.*
- *Implement and follow up – Plan, Do, Check, Act.*

*EPA Asset Management: A Best Practice Guide

Fiscal Sustainability Plan

- FSP must be a written plan including the required elements – available for inspection.
- For 2016 projects, FSP must be completed by the completion of the project.
- A schedule for completion must be included with the loan application.
- Borrower must certify that the FSP has been developed and **implemented** – certification form is in the CW loan application.
- Developing and FSP is an eligible cost.
- If serious issues arise with compliance, contact your Program Manager to discuss.

Cost and Effectiveness

- 2016 Clean Water borrowers must now certify that:
 - *They have evaluated the cost and effectiveness of the project; and*
 - *have selected a project that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation.*
- SRF Regulations require a planning element that investigates alternatives and evaluates cost effectiveness – the only new requirement is the water and energy conservation.
- The CW Loan Application provides additional guidance and certification form.

A/E Services Procurement

- Architectural and Engineering services paid with **federal funds** must be procured using the **qualifications based selection** process under 40 USC Ch 11.
- Long story short – the SRF will not finance any engineering services with federal funds.
- If overall project will receive federal funds, A/E services will be segregated from project and given a separate loan.

Affordability Criteria

- For 2016, the method by which principal forgiveness will be distributed has been changed.
- The EPA required each state to develop affordability criteria based on:
 - *Income*
 - *Unemployment rate*
 - *Population trends*
- Environmental Justice communities will **no longer** be the proxy for affordability.
- While EPA only mandated this for Clean Water projects, MassDEP will use it for both programs as a matter of consistency.

Affordability Criteria

- The following is how the new formula will work:
 - *The calculation starts with the per capita income (PCI) for the community*
 - *This is adjusted by the employment rate of the community (e.g., 5% unemployment = 95% employment – results in a multiplier of 0.95)*
 - *This is then adjusted by the population trend between the 2000 and 2010 census (e.g., a 10% increase in population is a 1.1 multiplier, while a 10% decrease is a 0.90 multiplier)*
- These factors result in the adjusted PCI (APCI) for the community.

Affordability Criteria

- There will be three levels of additional subsidy:
 - *Tier 1 - 80-100% of Massachusetts APCI- 0.5 share*
 - *Tier 2 - 60-80% of Massachusetts APCI – 1 share*
 - *Tier 3 - Below 60% of Massachusetts APCI – 1.5 shares*
- This results in the neediest communities receiving the largest share of principal forgiveness.
- Regional wastewater districts will now be eligible for principal forgiveness. Districts will have a blended rate based on the member communities.
- Community rankings can be found on both the MCWT and MassDEP web sites.

Project Signage

- In an effort to communicate the positive impact and benefits of EPA funding and to increase awareness surrounding the improvements communities receive as a result of SRF assistance, the EPA is now requiring project signs.
- This is applicable to both Clean Water and Drinking Water projects for 2016 and beyond.

Project Signage

- The EPA guidance gave wide latitude for the implementation of this requirement including:
 - *Standard signage*
 - *Posters or wall signage in a public building*
 - *Newspaper ad for project construction, ground breaking ceremony, or operation of the facility*
 - *Online signage placed on community website or social media outlet*
 - *Press release*
- MassDEP recommends that for projects that plan to use a sign, the EPA requirements should be added to it; if not, one of these other methods may be used.

American Iron and Steel Update

- AIS Inspections – EPA has performed AIS inspections in 20 states – Massachusetts is on their list for 2016.
- The main issue at inspections is with certifications.
- The EPA wants to see the certification in the form of a **letter** from the **manufacturer** including:
 - *A reference to the project*
 - *A reference to the specific item*
 - *A certification that the product complies with AIS*
 - *Where the item is manufactured*
 - *A signature of a representative of the manufacturer*

Future Requirements

- Federal Flood Risk Management – Revising the method by which flood plains are determined
 - **EO 13690** re-defines the term “floodplain” from the current 100-year flood plain to a higher elevation.
 - 100 year flood plain plus 2 or 3 ft. depending on criticality; or
 - 500 year flood plain if mapped.
 - Applicable to projects that receive **federal** funds.
 - Expected to apply to the **2017** IUP.
- Revised SRF Regulations – Incorporates the provisions of WRRDA and Chapter 259 of the Acts of 2014 – out for public comment.