

Massachusetts

Department of Environmental Protection

Clean Water State Revolving Fund

Presentation to the Massachusetts Rivers Alliance

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Division of Municipal Services**

MassDEP



Overview of the SRF Loan Program

- MassDEP and the Massachusetts Clean Water Trust (Trust) jointly administer the Clean Water (CW) and Drinking Water (DW) State Revolving Funds (SRFs) to finance water infrastructure projects to assist communities in complying with the Clean Water and Safe Drinking Water Acts
- Funding is provided by annual grants from the U.S. Environmental Protection Agency (EPA) to states, matching funds provided by the state, and the repayment of loans by the borrowers
- To date, the Trust has financed approximately \$8.25 billion in loans for nearly 300 communities, serving 97% of the Commonwealth's population. Over \$312 million has been provided in loan forgiveness to disadvantaged communities



Advantages of Borrowing through the SRFs

Fixed Low-Interest Rates

- Loans with a 20-year term will have an interest rate of 2%
- Loans with a term over 20 years will generally have an interest rate of 2.4%
- Certain projects qualify for reduced or 0% interest rate

Interim Loans (Construction Loans)

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

Flexible Repayment Terms

- Loans may be financed up to 30 years with a useful life certificate

Disadvantaged Communities Additional Subsidy (Loan Forgiveness)

- The Trust uses a percentage of its annual federal grant and state-match funding for loan forgiveness to disadvantaged communities based on an annual affordability calculation
- The Infrastructure Investment and Jobs Act (IIJA) of 2021, a.k.a. **BIL funding**, provides for supplementary loan forgiveness to disadvantaged communities, in addition to the standard offerings.



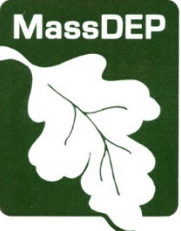
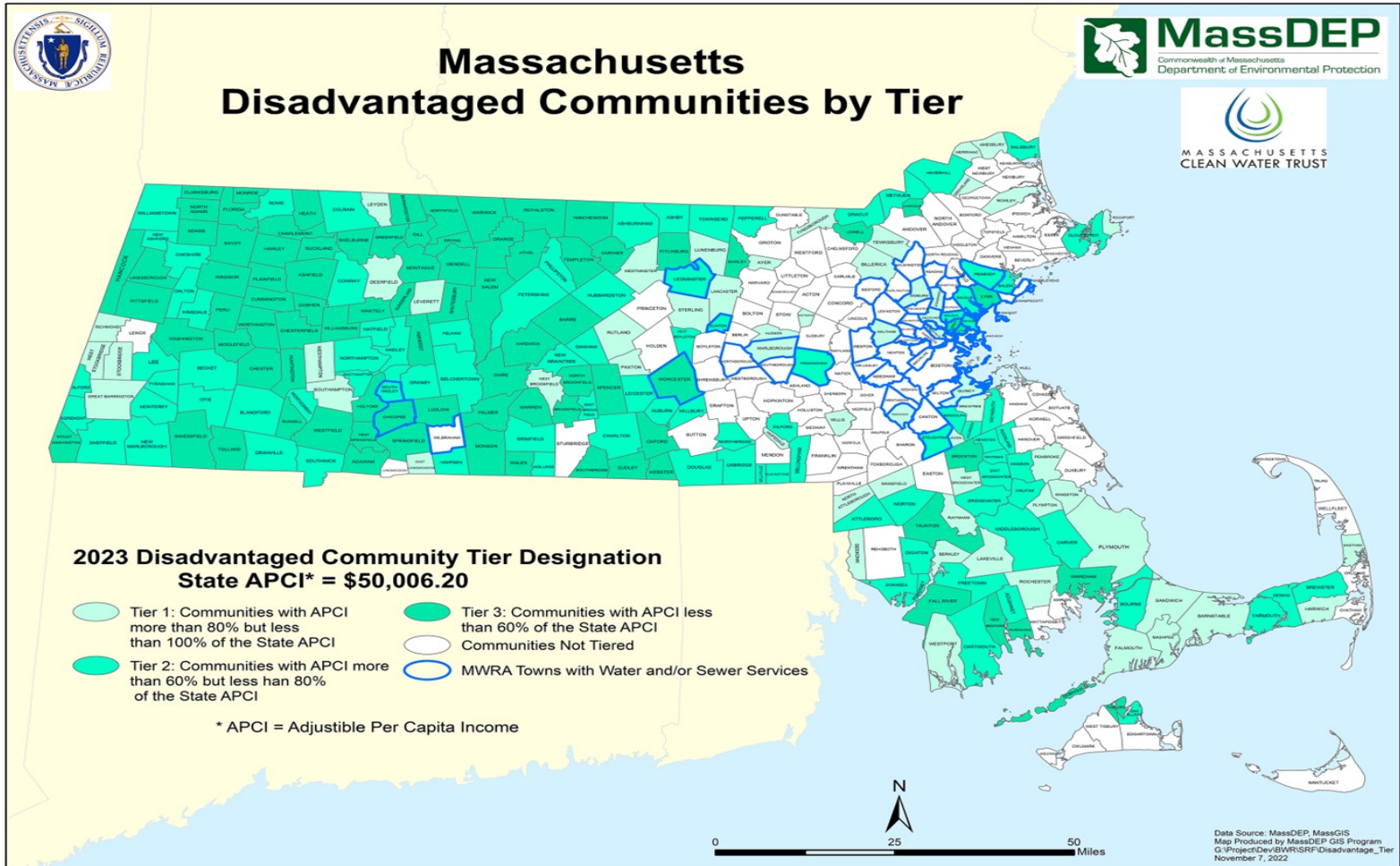
Loan Forgiveness to Disadvantaged Communities

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

*Adjusted Per Capita Income (APCI) = PCI * Employment Rate * Population Change*



2023 Disadvantaged Communities



Clean Water SRF

Funding for 2023: \$902,698,623

Projects include:

- Stormwater Management
- Combined Sewer Overflow Correction
- Infiltration/Inflow Remediation
- Sewer System Rehabilitation
- Wastewater Treatment Improvements/Construction
- Collection Systems
- Non-Point Source Pollution Management
- Nutrient Enrichment Mitigation and Planning
- Wastewater infrastructure projects intended for energy/water conservation, production of renewable energy, or for climate resiliency



Project Selection Criteria for Construction Projects

Planning for the Project

- Needs analyzed
- Options evaluated
- Recommended option selected
- [Planning loan applications](#) accepted on a rolling basis

Project Effectiveness

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

DEP Considerations

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

Loan Forgiveness

- Affordability criteria & 3-tier system
- Renewable energy



Federal Supplemental BIL Funding

Bipartisan Infrastructure Law

- President Biden signed into law the \$1.2 trillion Infrastructure Investment and Jobs Act of 2021 (H.R. 3694) a.k.a. Bipartisan Infrastructure Law (BIL)
- Provides \$50 billion to the EPA for the CW and DW SRF – this funding is in addition to the annual SRF capitalization grants
- Funding available over five years (2022 – 2026)
- Funding expands SRF program capacity for loans and loan forgiveness for disadvantaged communities



BIL Implementation Key Priorities

- Increase investment in disadvantaged communities
- Make rapid progress on lead service line replacement
- Address PFAS and emerging contaminants
- Support projects addressing climate resilience
- Support American workers through prevailing wage laws
- Cultivate domestic manufacturing, the Build America, Buy America Act (BABAA)
 - BABAA applies to all SRF financed projects and requires certain items to have been manufactured in the United States.
 - EPA has issued BABAA final implementation guidance to the states.
 - EPA issued an adjustment period waiver for projects that initiated planning design prior to May 14, 2022. These projects are not required to comply with BABAA.



Additional Loan Forgiveness through BIL to Disadvantaged Communities

CLEAN WATER GRANTS

Supplemental Grant - these funds are available for all eligible projects

- 49% of the grant must be given away as loan forgiveness to disadvantaged communities

Emerging Contaminants Grant- these funds focus on emerging contaminants such as PFAS

- 100% of the grant must be given away as loan forgiveness to eligible projects

DRINKING WATER GRANTS

Supplemental Grant - these funds are available for all eligible projects

- 49% of the grant must be given away as loan forgiveness to disadvantaged communities

Emerging Contaminants Grant- these funds focus on emerging contaminants, specifically PFAS

- 100% of the grant must be given away as loan forgiveness and at least 25% of the grant to be directed to disadvantaged communities

Lead Service Line Replacement Grant - These funds will go towards identifying, planning, and removing lead service lines

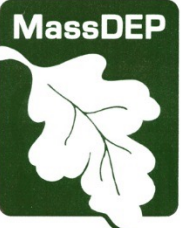
- 49% of the grant must be given away as loan forgiveness to disadvantaged communities



BIL Investment in Massachusetts

Year	CW Supplemental	CW PFAS	DW Supplemental	DW PFAS	DW Lead	Total
2022	\$60,428,000	\$3,175,000	\$41,750,000	\$17,531,000	\$65,783,000	\$188,667,000
2023	70,769,000	7,220,000	45,206,000	16,404,000	33,700,000	173,299,000
2024*	77,228,841	7,220,000	49,332,433	16,404,000	33,700,000	183,885,274
2025*	83,656,543	7,220,000	53,438,337	16,404,000	33,700,000	194,418,880
2026*	83,656,543	7,220,000	53,438,337	16,404,000	33,700,000	194,418,880
TOTAL	\$375,738,926	\$32,055,000	\$243,165,107	\$83,147,000	\$200,583,000	\$934,689,033

*Numbers based on preliminary figures from EPA.



Additional SRF Programs

Asset Management Planning (AMP) Grants - covers up to 60% of the project costs or **\$150,000**, whichever is less, to assist communities with creating or updating asset management plans. Cybersecurity assessment is also an eligible cost under the AMP grant.

Clean Water SRF Technical Assistance – free technical assistance through its provider, RCAP Solutions, available to small, rural, and tribal communities to assist in identifying needs and to apply for SRF financing.

0% Nutrient Enrichment Reduction Loans - CWSRF loans that are primarily intended to **remediate** or prevent nutrient enrichment of a surface water body or water supply which can cause environmental degradation of the surrounding water bodies.

0% Interest PFAS Remediation Loans - PFAS are a family of chemicals that are classified as emerging contaminants and are known to cause health issues. Projects that remove PFAS are eligible for 0% interest loans.

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

Income-Based Community Septic Management Program (CSMP) Loans- The Trust is now offering 0% interest CSMP loans to communities that provide reduced interest rate loans to homeowners based on their annual income as compared to the Area Median Income (AMI).



Assistance for Rural & Disadvantaged Communities

- Massachusetts is planning to apply for the 2023 Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) Program, with the state contribution totals \$1.4 million
- Eligible recipients: rural communities (population of 10,000 or less) or disadvantaged communities
- Eligible project categories:
 - Combined sewer overflow correction
 - Sanitary sewer overflow correction
 - Stormwater and subsurface drainage water
 - Notification systems to inform public of the release of sewer or sanitary overflows into waterways
- The next SRF project solicitation for eligible construction and asset management projects will open next summer for funding consideration in the calendar year 2025 financing cycle.



CWSRF Technical Assistance for Small Systems

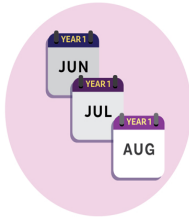
- Through a new provision in the BIL CWSRF grant, the SRF program is offering free [Technical Assistance](#) through RCAP Solutions Inc., a qualified technical assistance provider, to assist rural or disadvantaged communities.
- The provider can assist with needs assessments and the preparation of SRF applications to participate in the Clean Water SRF program.
- These services are free for eligible treatment works providers and come with no obligation of participation with CWSRF Loan Program
- If interested, please contact MassDEP: Robin McNamara at (857) 301-0974 or by email at Robin.McNamara@mass.gov



State Revolving Fund Loan Process

YEARS 1-2

STEP 1
Project Proposals
Accepted Between
June - August, YEAR 1



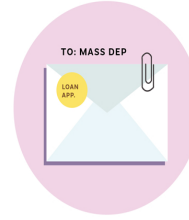
STEP 2
Final Intended Use
Plan Publication
May, YEAR 2



STEP 3
Town Meeting/
City Council Vote
June 30, YEAR 2



STEP 4
Loan Application
Deadline
October, YEAR 2



STEP 5
Loan Commitment
Deadline
December 30, YEAR 2



YEAR 3-ON

STEP 6
Project Bidding
Timeframe between
January 1 -
June 30, YEAR 3



STEP 7
Contract Award
Deadline for Loan
Forgiveness
June, YEAR 3



STEP 8
Loan Agreements
Approved and
Executed



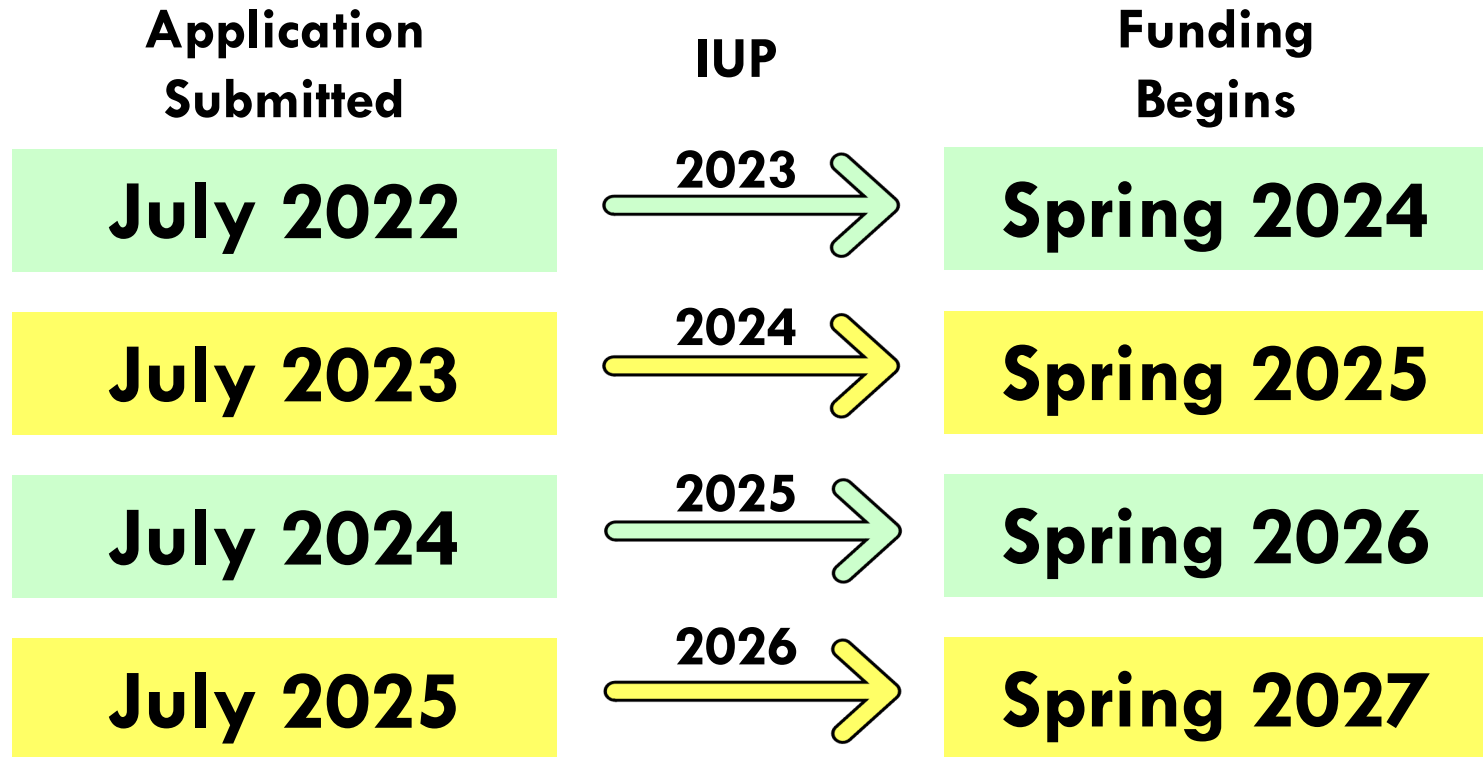
STEP 9
Project Funding
Begins



STEP 10
Loan Repayment
Could Begin Once 50%
Project Funds Drawn



Accessing Supplemental Federal Funding



MassDEP Contact Information

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MassDEP



MassDEP Resources

SRF Program

[State Revolving Fund Program](#)

[SRF Applications & Forms](#)

CWSRF Program

[SRF Clean Water Program](#)

[Planning Loan Application](#)

[Free Technical Assistance](#)

DWSRF Program

[SRF Drinking Water Program](#)

How to Get an SRF Loan

[Getting an SRF Loan](#)

[Emergency Financing](#)

MASSDEP Water Grants & Loans

[MassDEP Water Grants & Loans](#)

EEA Grants

[Executive Office of Energy & Environmental Affairs Grants](#)

MassDEP Information

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