



MuniWorks

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Clean Water and Drinking Water State Revolving Funds

AND THE BIPARTISAN INFRASTRUCTURE LAW

PRESENTED BY THE MASSACHUSETTS CLEAN WATER TRUST





State Revolving Fund Overview

Overview of the Massachusetts State Revolving Fund (SRF) Program

The Massachusetts Clean Water Trust (Trust) was established in 1989 to finance projects to:



IMPROVE water quality



PROTECT the environment



PROTECT public health



in the **Commonwealth** through the provision of **low-cost capital financing** to cities, towns, and other eligible entities.

- The SRF Program is funded by **annual grants** from the U.S. Environmental Protection Agency (EPA), state matching funds and the repayment of loans that revolve into the fund.
- The **Trust and MassDEP** operate the Clean Water (CW) and Drinking Water (DW) State Revolving Funds which assist communities in complying with the Clean Water and Safe Drinking Water Acts.
- To date, the Trust has financed approximately **\$8.1 billion** in loans for nearly **300** communities, serving **97%** of the Commonwealth's population.

Overview of the Massachusetts State Revolving Fund (SRF) Program

Each year MassDEP develops the **Intended Use Plan (IUP)**, committing funding to projects throughout the state for both **Clean Water (CW)** and **Drinking Water (DW) SRFs**.

Clean Water SRF (CWSRF) Annual Funding: Approximately \$963 Million for 2022

Established in 1987 as an amendment to the Federal Water Pollution Control Act of 1972 (aka Clean Water Act).

PROJECTS INCLUDE:

- Wastewater Treatment Improvements
- Collection Systems
- Combined Sewer Overflow (CSO) Correction
- Stormwater Management
- Infiltration/Inflow (I/I) Remediation
- Sewer System Rehabilitation Projects
- Non-Point Source (NPS) and Nutrient Enrichment Mitigation
- Planning and Projects

Drinking Water SRF (DWSRF) Annual Funding: Approximately \$363 Million in 2022

Established in 1996 as amendments to the Federal Safe Drinking Water Act.

PROJECTS INCLUDE:

- Drinking Water Treatment Improvements
- Transmission and Distribution Projects
- Source Protection and Storage Improvements
- Planning and PFAS Design Projects

MA CWSRF: By the Numbers

Years Active: **34**

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

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

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

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

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

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

MA DWSRF: By the Numbers

Years Active: **25**

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

Loan Agreements Signed To Date: **529**

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

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

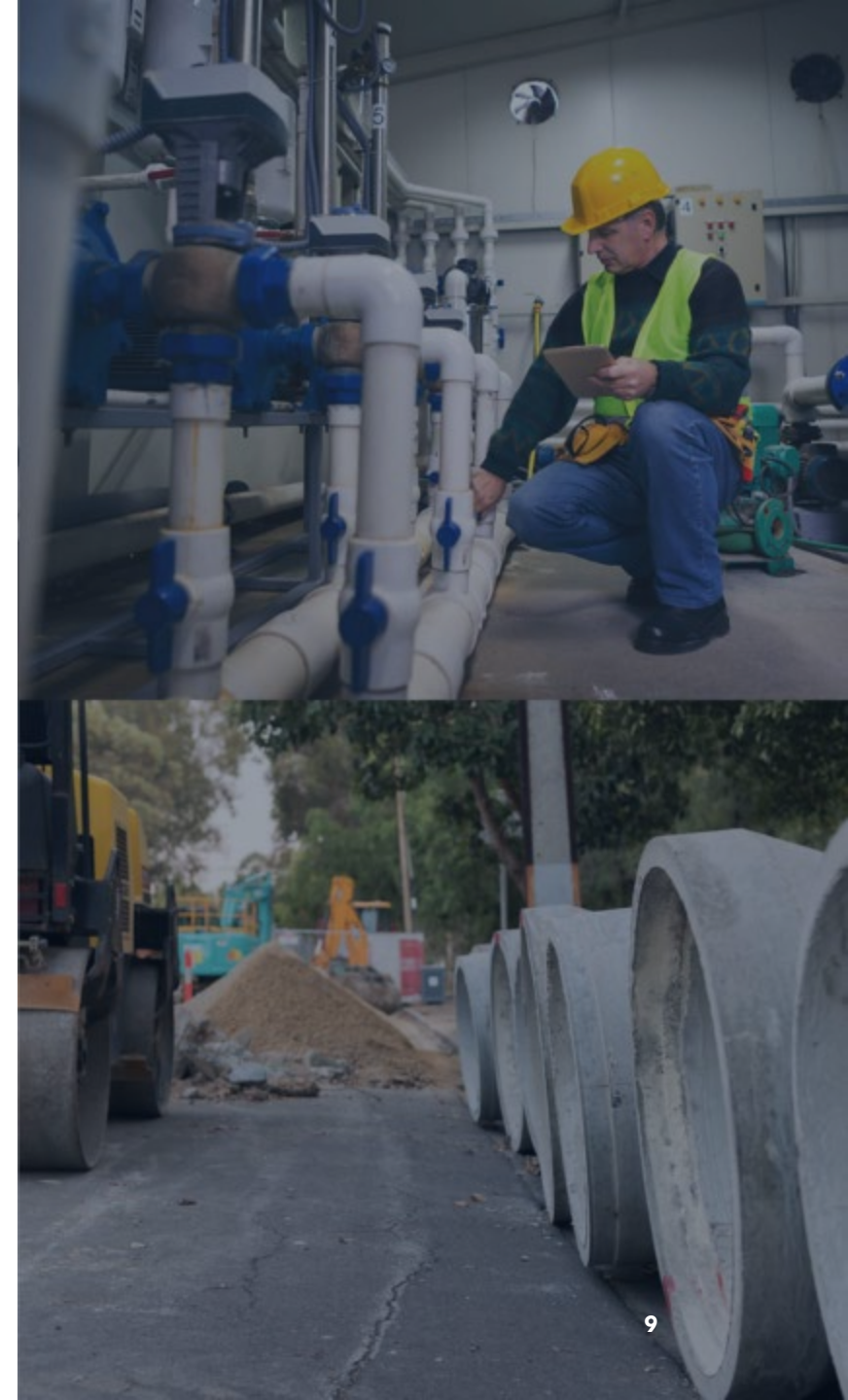
Billions in Project Disbursements: **\$2B**



Bipartisan Infrastructure Law (BIL)

Bipartisan Infrastructure Law (BIL)

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



BIL Implementation Key Priorities

- Increased investment in disadvantaged communities
- Make rapid progress on lead service line replacement
- Address PFAS and emerging contaminants
- Support projects addressing climate resilience
- Support American workers through prevailing wage laws
- Cultivate domestic manufacturing, the Build America, Buy America (BABA) Act
- BABA applies to all SRF financed projects and requires certain items to have been manufactured in the United States.
- States received final implementation guidance from EPA in November and are currently working to incorporate into the programs.
- However, 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 BABA.



Additional Loan Forgiveness Through BIL

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 specifically on emerging contaminants such as PFAS

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

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 specifically on emerging contaminants such as 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	Federal Grant Total	State Match Total	Total
2022	\$60,428,000	\$3,175,000	\$41,750,000	\$17,531,000	\$65,783,000	\$188,667,000	\$10,217,800	\$198,884,800
2023	\$69,959,230	\$7,143,750	\$48,335,174	\$17,531,000	\$65,783,000	\$208,752,154	\$11,829,440	\$220,581,594
2024	\$76,345,155	\$7,143,750	\$52,747,240	\$17,531,000	\$65,783,000	\$219,550,144	\$25,818,479	\$245,368,623
2025	\$82,699,308	\$7,143,750	\$57,137,355	\$17,531,000	\$65,783,000	\$230,294,414	\$27,967,333	\$258,261,746
2026	\$82,699,308	\$7,143,750	\$57,135,355	\$17,531,000	\$65,783,000	\$230,294,414	\$27,967,333	\$258,261,746
Total	\$372,131,001	\$31,750,000	\$257,107,124	\$87,655,000	\$328,915,000	\$1,077,558,125	\$103,880,385	\$1,181,358,510

*Numbers based on preliminary figures from EPA.

State Revolving Fund Application Process Overview

Project Selection Criteria

PROBLEM DEFINITION IS PARAMOUNT

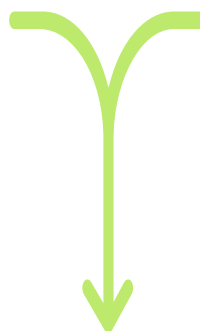
Does this project mitigate...

Public Health Impacts

- Exposures
- Frequency
- Seriousness

Environmental Impacts

- Resource(s) Affected
- Frequency
- Seriousness



Priority Project Categories

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

Project Selection Criteria

Planning for the Project

- Needs analyzed
- Options evaluated
- Recommended option selected

Project Effectiveness

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

DEP Considerations

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

Principal Forgiveness

- Affordability criteria & 3-tier system
- Renewable energy

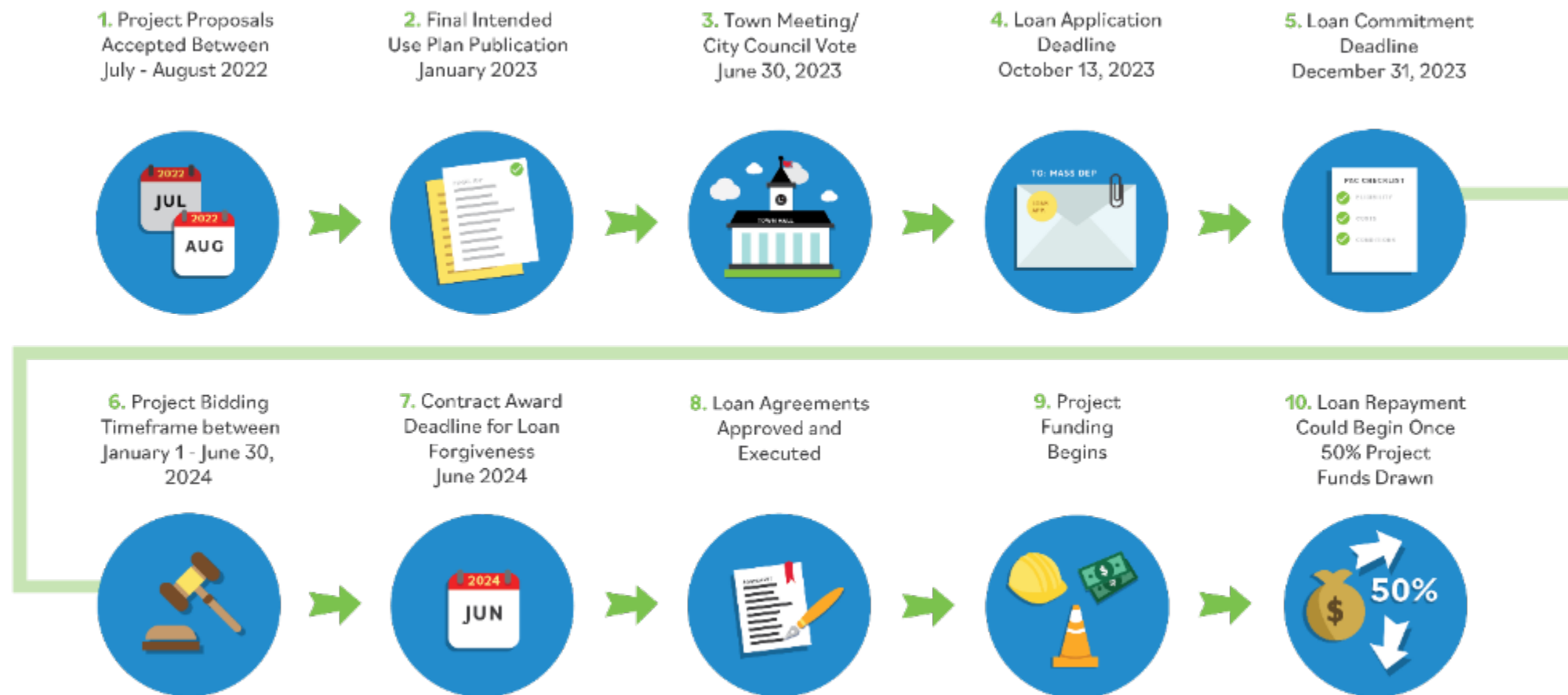
Project Oversight

***MassDEP Division of
Municipal Services
reviews applications
for...***

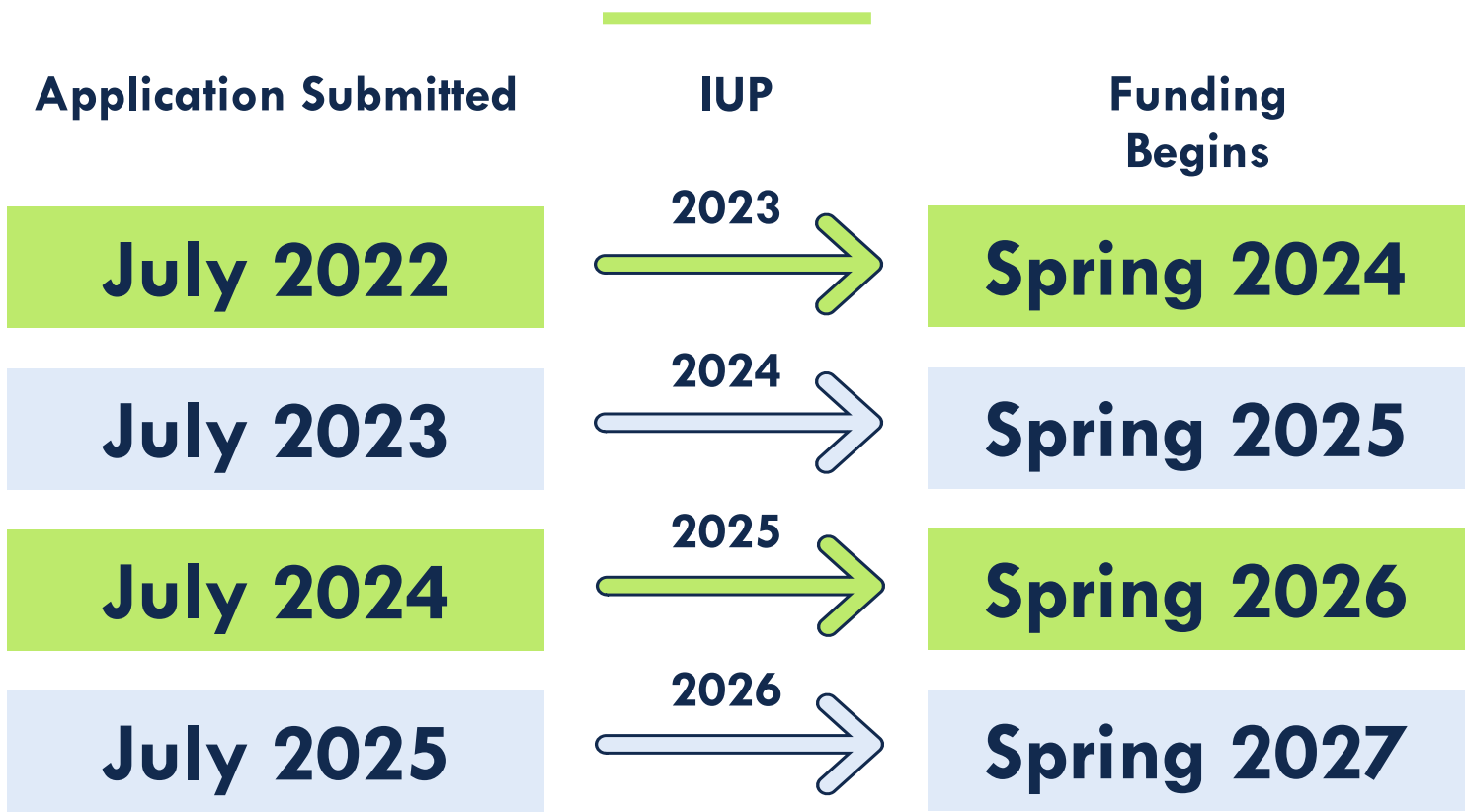
- ***Local Borrowing Authorization***
- ***Project Plans & Specifications***
- ***Required Permits (as necessary)***
- ***Federal Cross-Cutter Requirements***
- ***Compliance with Public Bidding Laws***

State Revolving Fund Loan Process

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



Accessing Supplemental Federal Funding





Updates on Financing Opportunities

Advantages of Borrowing through the Trust

Fixed Low-Interest Rates

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

Interim Loans (Construction Loans)

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

Flexible Repayment Terms

- Loans can be financed up to 30 years.

Disadvantaged Communities Additional Subsidy (Loan Forgiveness)

- The Trust uses a percentage of its annual grant and state funding as **additional subsidy** each year. This subsidy comes in the form of loan forgiveness to disadvantaged communities.
- Eligibility is determined by **an annual affordability calculation** – which ranks communities into affordability tiers. The amount of loan forgiveness is **based** on a community's affordability tier.
- The below table is what the Trust has offered over the past number of years but may not be what is offered in future years.

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%

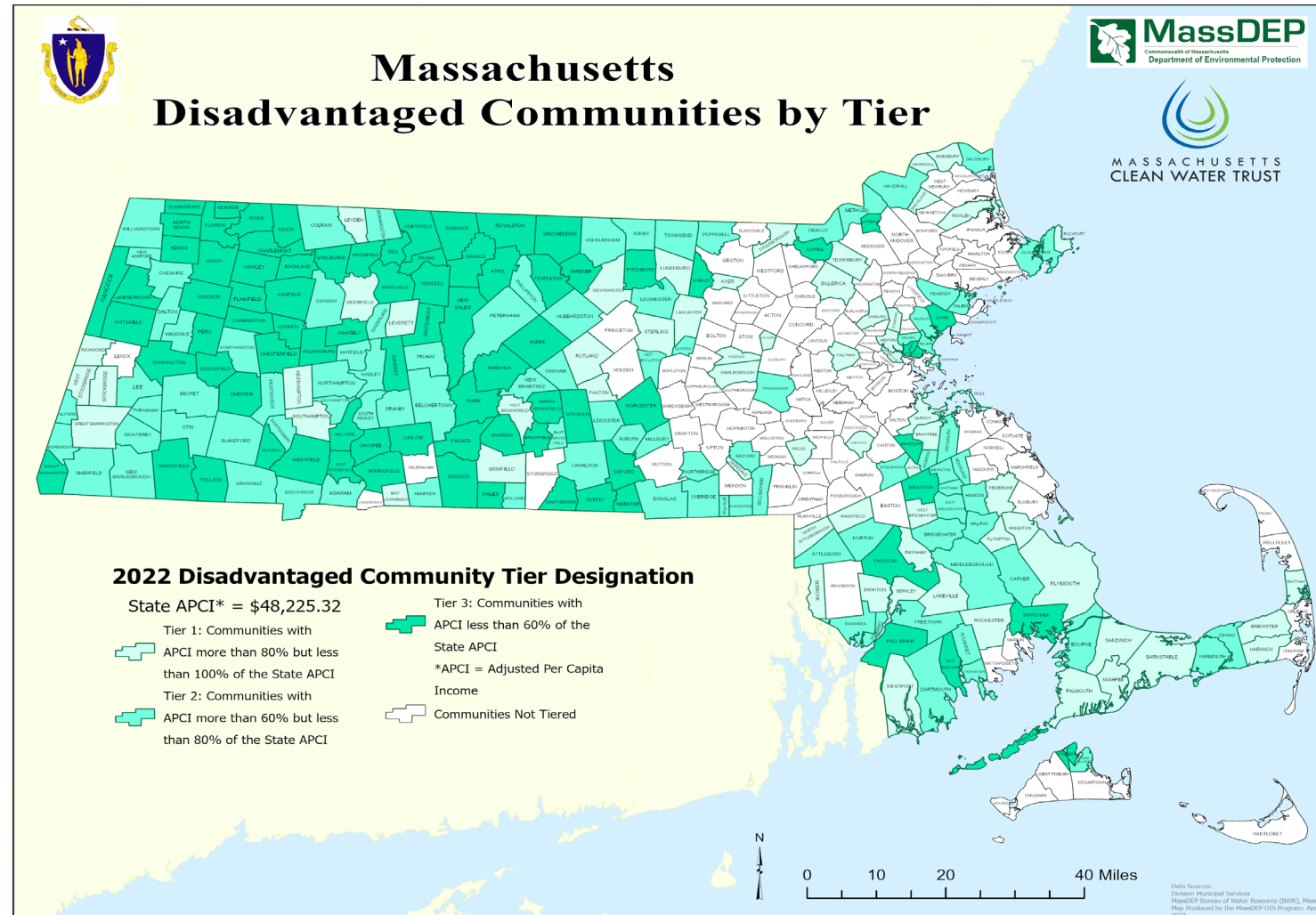
BIL Grants Impact on Loan Forgiveness

How will the Trust apply Loan Forgiveness to Future Projects?

- For the past few years, the Trust has set a fixed percentage for loan forgiveness when the IUP is published.
- We understand that cities and towns need clarity on the overall cost of projects as they move through the borrowing authorization process and have tried to provide that information.
- **The BIL grants have increased the amount of funds available to be provided as loan forgiveness, but it has also:**
 - **Created strict rules regarding who qualifies:**
 - *Only Disadvantaged Communities, other than the Emerging Contaminants grants.*
 - **Increased demand for loans:**
 - The 2021 IUP committed to **\$817 million in projects**
 - The 2022 IUP committed to **\$1.326 billion in projects**
 - In 2023 there were **\$2.8 billion in applications** (*Not all applications may receive funding*).
- The increase in demand, the increase in construction bid costs, and the federal requirements to apply loan forgiveness only to Disadvantaged Communities makes it more difficult to commit to a fixed percentage for loan forgiveness.
- The Trust will continue to monitor loan demand and available funds and hopes to be able to provide timely and accurate updates on how much loan forgiveness borrowers can expect.

What is known is that BIL grants will increase the amount of loan forgiveness to disadvantaged communities beyond the standard offerings.

2022 Disadvantaged Communities Map



Other Subsidy Programs Offered by the Trust



Asset Management Planning Grants

The program provides a **60%** grant or \$150,000, whichever is less, to assist communities with completing or updating asset management plans for wastewater, drinking water, stormwater utilities, or any combination of the three to ensure the operational integrity of the water utility.

Cape Cod & Islands Water Protection Trust Fund

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

Housing Choice Loan Program

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

0% Nutrient Enrichment Reduction Loans

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

0% Interest PFAS Mitigation Loans

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

100% Principal Forgiveness LSL Planning Program - \$20 million are being offered in loans with 100% loan forgiveness for planning activities that assist public water suppliers with completing planning projects for lead service line inventories and replacement programs.

Other Assistance Offered by the Trust

Free Technical Assistance for Small, Rural, and Tribal Publicly Owned Treatment Works

- Through a new provision in the BIL CWSRF grants, the Trust, in coordination with MassDEP, will be entering into contracts with qualified technical assistance providers such as non-profits and/or state, regional, interstate or municipal entities to provide needs assessments to these entities.
- In addition to the assessments, the technical assistance provider can assist with developing applications to participate in the CWSRF. The goal is to ensure that these entities have an opportunity to apply for the BIL funding.
- More information on the program will be coming soon.

Loan Terms and Fees

	Permanent Financing	Interim Financing
Standard Loan Rate	2% (20 Years) Calculated (30 Years) ¹	0%
Housing Choice Loan Rate	1.5% (20 Years) ²	0%
Nutrient Enrichment Reduction Rate	0%	0%
PFAS Remediation Rate	0%	0%
Maximum Term	30 Years ³	3 Years
Administrative Fee	0.15%	NA
Origination Fee (One Time)	Approx. \$5.00/\$1,000	NA
Effective Loan Rate	2.15% (20 Years)	0%

¹ Rate calculated at time of bond sale, estimated between 2.4-2.9%

² Communities designated as housing choice communities on the 2019-2021 IUPs are eligible for an interest rate discount up to 0.5% for permanent financing.

³ Requires useful life certificate certifying useful life will match or exceed the life of the loan

Lead in Schools

Sampling Program

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

Contact **Michael Celona**

Michael Celona

(617) 292-5674

Michael.Celona@mass.gov



(2016-2018)

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

(2019-Present)

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

School Water Improvement Grants (SWIG)

mass.gov/school-water-improvement-grants

Contact **Jonathan Maple**

Jonathan Maple

(617) 367-9333 x 546

SWIG@tre.state.ma.us



Pilot Round

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

Round 2

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

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

Get in Touch



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

Instagram

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

Twitter

<https://twitter.com/MassDEP>

SRF & BIL Resources

CWSRF Program

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

State CWSRF Contacts

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

DWSRF Program

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

State DWSRF Contacts

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

BIL

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

SRF and BIL Information

MassDEP Resources

SRF Program

[State Revolving Fund Program](#)

CWSRF Program

[SRF Clean Water Program](#)

DWSRF Program

[SRF Drinking Water Program](#)

How to Get an SRF Loan

[Getting an SRF Loan](#)

MASSDEP Water Grants & Loans

[MassDEP Water Grants & Loans](#)

EEA Grants

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

MassDEP Information



MuniWorks

WIFIA Program Underwriter
Mary Fasano

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