

D. ENVIRONMENTAL PRIORITY POINT SYSTEM

The Department of Environmental Protection has established an Environmental Priority Point System to place proposed wastewater treatment projects in a listing according to their relative priority of environmental impact or benefit. The system contains five (5) basic priorities which relate to the public health hazard created by the wastes or to the use of the waters to which wastes are discharged. In addition to these five basic priorities there is a subsystem with point values of 0, 6 or 12 points that indicates the intensity of the problem as being either low, medium, or high. The subsystem points are added to the priority base points to arrive at the overall Environmental Priority Points for ranking the environmental importance of projects. Additional points will be awarded to projects to further rank them for the distribution of loan subsidization in the form of principal forgiveness. The details on the additional subsidization and awarding of points are described further on page 28 in the section entitled 2023 CWSRF Wastewater Infrastructure Project Priority Ranking System.

All five priorities and the subsystems are discussed in detail below.

		<u>Base Points</u>
<u>Priority 1</u>	Water Supply Protection	30 Points
	The project to be funded will eliminate a source of ground or surface water supply contamination. This priority denotes that a potential public health hazard does exist and that without such project alternative sources of water would be required or additional water treatment would be necessary.	
<u>Priority 2</u>	Lakes Protection	25 Points
	This priority denotes that the project will eliminate or improve facilities discharging directly or indirectly to lakes and ponds which create detrimental impacts on trophic state.	
<u>Priority 3</u>	Shellfishery Protection	20 Points
	This priority includes projects that will eliminate sources of contamination to shell fishing areas. The project will eliminate sources of waste that are partially or wholly responsible for a shellfishery area presently being closed.	
<u>Priority 4</u>	Water Quality Concerns	15 Points
	This priority denotes that the project will reduce the level of pollutants to waterbodies of present classification or where a proposed project can be expected to raise quality to the next higher classification.	
<u>Priority 5</u>	Facility Needs	10 Points
	This category includes all structural deficiencies of collection, transport and treatment systems. Such things as untreated sewage creating a public health hazard, a project to meet general water quality standards or a treatment plant not meeting effluent criteria would be in this category.	

1. Priority Subsystems

The priorities of water supply and shellfisheries involve other agencies in the state. The Maine Center for Disease Control – Division of Environmental Health is responsible for the water supply program in Maine (Priority 1). The Department of Marine Resources manages shellfishing areas (Priority 3). Accordingly, these agencies have developed the subsystems which relate to the intensity of the problem for these priorities. DEP staff has developed the subsystems for priority 2, 4 and 5. Inland Fish and Wildlife is the agency responsible for management of inland and anadromous fisheries. DEP receives input from Inland Fish and Wildlife when water quality problems impact these fisheries.

The intensity of the problem (Low, Medium, and High) is identified by the subsystem for that category. The agency having jurisdiction applies the subsystem to each project in their category of responsibility. For example, if a category 3 project (Shellfishery Protection) was determined to be a medium intensity problem by the Department of Marine Resources it would be assigned 26 points on the priority list (3-M). Several projects may be in the same category and assigned equal points. The second regular session of the 113th Legislature included median household income, MHI, as a factor in determining funding priority. Projects with the same point assignment will be ordered by MHI with the lowest income community receiving the highest priority within that subsystem category.

2. Environmental Priority Points Assignment

	<u>Low</u>	<u>Medium</u>	<u>High</u>
2.1. Water Supply Protection	30	36	42
2.2. Lakes Protection	25	31	37
2.3. Shellfishery Protection	20	26	32
2.4. Water Quality Concern	15	21	27
2.5. Facility Needs	10	16	22

2.1. Water Supply Protection

Five criteria are used in this subsystem with each having a point value of 1, 2, or 3 points. The summation of criteria points assigned in criteria 1 – 5 determines the level of intensity (low, medium, or high). The assignment to a level of intensity is arrived at as follows:

<u>Subsystem Points</u>		<u>Criteria Points</u>
Low	(0)	Range (0 – 5)
Medium	(6)	Range (6 – 10)
High	(12)	Range (11 – 15)

Points

<u>Criteria</u>	<u>1</u>	<u>2</u>	<u>3</u>
1. Population Served	< 2,000	2,000 - 10,000	> 10,000
2. Degree of Dependence on Water Source	Alternate Source	Emergency Source	No Other Source
3. Difficulty of Treatment	Proven		Experimental
4. Existing Treatment	Full	Minimal	None
5. Cost of Treatment	< 1% of Revenue	1% - 10% of Revenue	> 10 % of Revenue

2.2. Lakes Protection

Subsystem Points

Low	(0)	Facility has minor effect on trophic state of a lake.
Medium	(6)	Existence of marginal trophic quality or increasing trophic conditions.
High	(12)	Conditions exist in a lake which cause non-attainment of class GPA.

2.3. Shellfishery Protection

Four criteria are used in this subsystem with each having a point value of 1, 2, or 3 points. The summation of criteria points assigned in criteria 1 – 4 determines the level of intensity (low, medium, or high). The assignment to a level of intensity is arrived at as follows:

<u>Subsystem Points</u>		<u>Criteria Points</u>
Low	(0)	Range (0 – 4)
Medium	(6)	Range (5 – 8)
High	(12)	Range (9 – 12)

<u>Criteria</u>	<u>1</u>	<u>2</u>	<u>3</u>
1. Shellfish Production	Potential	Limited	Commercial
2. Projected Area Reclassification	Conditionally Restricted	Restricted	Approved or Conditionally Approved
3. Economic Importance	< 10 licenses	10 – 20 licenses	> 20 licenses
4. State & Local Interest	Low Interest	Medium Interest	High Interest

Definition of Terms

Shellfish Production:

Potential	A shellfish growing area is considered to be a potential growing area when all environmental factors (chemical, physical and biological) exist within levels suitable for the propagation of shellfish, or if historical records indicate the area to be one time productive.
Limited	A shellfish area is considered to have limited harvesting when current or past shellfish availability would yield quantities of less than 1 bushel per tide and/or less than 5 acres in size.
Commercial	A shellfish area is considered to have commercial harvesting when current or past shellfish availability would yield quantities greater than 1 bushel per tide and/or greater than 5 acres in size.

Projected Area Reclassification:

Conditionally Restricted	If after abatement, the projected reclassification at best would meet the standards for Depuration and/or Relay Harvesting allowed except during specified conditions (rainfall, sewage treatment plant (STP) bypass or seasonal), then the lowest number of value related points will be given.
Restricted	If after abatement, the projected area reclassification would meet the standards for Depuration and/or Relay Harvesting, then the next highest value related points will be assigned.
Approved or Conditionally Approved	If after abatement, the projected area reclassification would meet the standards for open harvesting, harvesting allowed except during specified conditions (rainfall, STP bypass or seasonal), the highest number of value related points will be given.

Economic Importance:

Value related points will be assigned to those areas where the shellfishing resource is considered to have an economic impact on the local economy. The factor utilized in this determination will be the number of commercial harvesters in the town or towns abutting the resource. Consideration should be taken for past, present, and future harvesters.

State and Local Interest (Shellfish Management Program):

Value related points will be given to those areas where a sincere interest in pollution abatement, shellfish management, aquaculture or other related interests in the marine resources has been demonstrated.

Low Interest	Municipal program with open license sales and no conservation requirements, limited enforcement.
Medium Interest	Municipal program with conservation requirements.
High Interest	Strong municipal program with active shellfish committee, conservation requirements, and shellfish warden.

2.4. Water Quality Concerns

Subsystem Points

- Low (0) Water quality standards are achieved; however, project would help maintain water quality.
- Medium (6) Water quality standards are achieved; project would result in improved habitat, production or other enhancement of the fishery or other tangible improvements to water quality.
- High (12) Water quality standards are not achieved for designated class; project would result in improvements to water quality, but not necessarily bring it into compliance.

2.5. Facility Needs

Subsystem Points

- Low (0) A project with the base point assignment has a relatively minor problem by comparison with others in this category. A deficiency exists or the potential for a public health hazard is evident but the operational impact if any is minor and the public health dangers only slight.
- Medium (6) This sub-priority indicates the existence of a substantial problem that may involve several of the factors in the Facility Needs category. The structural deficiencies cause problems and/or the risk of public health problems is more than slight.
- High (12) The assignment of this level is made only for those facilities having the most severe structural or operational problems and/or a public health hazard exists.

3. ADDITIONAL POINTS ADDED TO ENVIRONMENTAL PRIORITY POINTS

Each of the following factors is rated as a percent of the environmental priority points determined in the Environmental Priority Point System. The various factors are summed and added to the environmental priority points for a final priority rating score.

3.1. **“Green” projects (criteria stated in guidance by EPA).**

Projects assigned this factor include green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. While these can be freestanding projects, often they may be elements of larger projects. To evaluate green components, the dollar value of green elements will be determined as a percent of the total project cost. This percent will be multiplied by a constant value of 0.2 to obtain a percentage increase to the environmental priority points. See Attachment 2 for details on “Green” projects.

increase in points up to 20%

3.2. **Regulatory requirements.**

This factor is applied if the project is necessary to meet a regulatory requirement such as a license condition, implementation of required plan or study (e.g. an approved CSO plan or a toxicity reduction plan), or the requirements of a consent agreement or court order.

Required by consent agreement or court order - increase in points: 20%

Other specific regulatory requirement

(e.g. CSO Long-Term Control Plan, Compliance Initiative Letter, Letter of Warning, Notice of Violation) - increase in points: 10%

3.3. **Expected degree of success in addressing pollution concerns.**

This factor reflects the Department’s estimate of how effectively the proposed project will address the local environmental problems for which the environmental priority points were assigned under the Environmental Priority Point System. In rating this factor, the Department recognizes that most projects have inherent limitations and water quality problems often have multiple contributing sources.

Added reliability or decreased discharges – increase in points: 5%

Significant added reliability or reduction of a discharge – increase in points: 10%

Elimination of one of several discharges (CSO/OBD) – increase in points: 15%

Elimination of a significant discharge or volume – increase in points: 20%

Elimination of a sole discharge source – increase in points: 25%

3.4. Regionalization of work.

This factor recognizes that some proposed projects may represent efforts by two or more jurisdictions to solve water quality issues of common concern. Often, such effort can be more efficient and make better use of public resources to find cost-effective regional solutions. In this instance, regionalization means the combining of two or more facilities into one and the elimination of one or more facilities.

Increase in points: 15%

3.5. Co-funded projects.

If an applicant indicates that grant or loan money may be available from other sources (e.g. MDOT, EDA, FEMA, CDBG, State grant, STAG or RD), this has the potential to leverage all available funds with the result of more beneficial projects being done. The Department will consult with the other agencies to determine if grants and/or loans have been applied for the proposed project and the other agencies' intent to fund before assessing these extra points.

Increase in points: 20%

3.6. Chronic SSO's.

Has the collection system had a history of chronic sanitary sewer overflows (SSO) during wet weather events? Has DEP inspector or enforcement staff identified collection SSOs as a remediation priority and has written documentation been given.

If Yes, will the proposed project eliminate or reduce the severity of the problem? If elimination cannot be achieved, what will the reduction or impact be?

Added reliability or decreased discharges – increase in points: 5%

Significant added reliability or reduction of a discharge – increase in points: 10%

Elimination of one of several SSOs – increase in points: 15%

Elimination of a multiple SSOs – increase in points: 20%

3.7. Construction Readiness.

Due to the high demand on the CWSRF it was imperative that the funds get to project that are ready for construction. Points were increased based on the construction start date that the applicator provided.

3.8. Clean Water Shed Needs Survey (CWNS).

Five additional environmental points were given to those applicants that submitted the CWNS and that the project requested was also listed on the needs survey.

4. NOTES ON PRIORITY LIST FORMAT

Description of Projects

	TYPE	WORKS
(NEW)	New waste treatment	1. Outfall sewer
(INC)	Modification of existing system with increase in capacity (INC)	2. Interceptor sewer 3. Collector sewer
(INT)	Modifications of existing system with increase in treatment level (INT)	4. Force main 5. Pumping Station
(ICT)	Modification of existing system with increase in both capacity and treatment level (ICT)	6. Sewer infiltration correction 7. Separation of combined storm/sanitary sewers
(MOD)	Modification to existing system with no increase in capacity or treatment level - interceptor pumping station, etc. (MOD)	8. Treatment Plant 9. Other Works

Needs Categories

I	Secondary Wastewater Treatment	VI-C	Green Infrastructure
II	Advanced Wastewater Treatment	VI-D	General Storm Water Management
III-A	Infiltration / Inflow (I/I) Correction	VII-A	NPS Control: Agriculture (Cropland)
III-B	Sewer Replacement / Rehabilitation	VII-B	NPS Control: Agriculture (Animals)
IV-A	New Collector Sewers and Appurtenances	VII-C	NPS Control: Silviculture
IV-B	New Interceptor Sewers and Appurtenances	VII-D	NPS Control: Urban (excludes decentralized systems)
V-A	Combined Sewer Overflow Correction – Traditional Infrastructure	VII-J	NPS Control: Sanitary Landfills
V-B	Combined Sewer Overflow Correction – Green Infrastructure	VII-L	NPS Control: Individual/Decentralized Sewage Treatment
VI-A	Storm Water Conveyance Infrastructure	NPS - H/H R	NPS Control: Hydromodification/Habitat Restoration
VI-B	Storm Water Treatment Systems		

E. PRIORITY RANKING SYSTEM

For Federal Fiscal Year (FFY) 2023, the Department will use a rating system based on the existing Environmental Priority Point System to determine project order for receiving loan principal forgiveness. The primary objective for distributing funds is to focus on projects that will realize the most environmental benefit. However, additional points will be given for green components in projects, legal requirements necessitating a project, the degree of expected environmental success, availability of co-funding with other funding agencies, and benefits that can be derived from regionalization of water quality improvement efforts.

For the Bipartisan Infrastructure Law (BIL), FFY 2023, the Department will use a rating system based on the existing Environmental Priority Point System to determine project order for receiving loan principal forgiveness. The primary objective for distributing funds is to focus on projects that will realize the most environmental benefit. However, additional points will be given for green components in projects, legal requirements necessitating a project, the degree of expected environmental success, availability of co-funding with other funding agencies, and benefits that can be derived from regionalization of water quality improvement efforts.

The CWSRF is a well-established program with an existing system for ranking projects based on five environmental priority levels with sub ratings within each. The Environmental Priority Point System results in a point score being assigned that ranges from 10 to 42 points. That point score will be adjusted in consideration of the factors as discussed above. Each adjustment will be in the form of a percent increase to the base point rating. The environmental priority points and the adjustments will be summed to obtain a final number of points that will represent the proposed project's priority score. The priority score will be the order of precedence in establishing the projects for funding and distribution of principal forgiveness for affordability, climate adaptation plans, and fiscal sustainability plans or improvements. The methodology for adjusting the Environmental Priority Points for the factors above is more fully described in the Additional Points Added To Environmental Priority Points section.

1. FFY 2023 PRINCIPAL FORGIVENESS

To the extent available, the Department will provide loan principal forgiveness to applicants for economic hardship assistance and incentives to encourage development of climate adaptation plans and implementation of or improvements to fiscal sustainability plans and Green Infrastructure projects. The Department has received notification from EPA of the State's FFY 2023 CWSRF capitalization grant allotment. To assist communities that might have a difficulty financing their project and to provide sustainability incentives for wastewater infrastructure, the Department intends to offer additional subsidy, allowed under the FFY 2023 Appropriation Act, to loan recipients in the form of loan principal forgiveness. The additional subsidy will be distributed in accordance with Section 603(i) of the Federal Water Pollution Control Act and EPA's Sustainability Policy for targeting SRF assistance.

1.1. Affordability Principal Forgiveness

To the extent available, affordability principal forgiveness for FFY 2023 will be available for those applicants' projects that have the most environmental benefit and would experience a significant hardship financing the project if additional subsidies were not provided.

Public Law 113-121, the "Water Resources Reform and Development Act of 2014" (WRRDA) amended section 603(i) of the Federal Water Pollution Control Act (FWPCA); requiring the State to establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project, if additional subsidization is not provided. The Department developed affordability criteria utilizing the required minimum criteria of income and unemployment data, and population trends, as well as the additional criteria of poverty rate and the sewer user rate as a percentage of the median household income. The affordability criteria and analysis were provided to the public for comment on August 11, 2015, with a comment period until August 28, 2015. No comments were received, and the affordability criteria became final on August 31, 2015.

The Department's methodology for developing an affordability analysis was to compare the above five criteria for a municipality to the State's average for those criteria, then assess a percentage over the State average that would likely constitute a significant hardship for the municipality to raise the revenue necessary to finance the project. Three of the five criteria index the municipal rate to the State rate. In this process the indexing expresses the municipal rate as a ratio to the State rate. An index of 1.0 indicates that the municipality's rate is the same as the State rate. An index of less than 1.0 indicates that municipality's rate is less than the State's and conversely, a rate greater than 1.0 indicates that a municipality's rate is greater than the State's. Although the other two criteria could not be indexed, methods were developed to also assess establish points of 1.0 to be the State average for those criteria. With five criteria, each valued at 1.0 for the State average, the points were then summed to make the total of the State average points to be 5.0. Each municipality's affordability points are then added up and compared to the State's. A municipality with points below 5.0, would generally be in better position to afford a project, where as a municipality with points above 5.0 would likely be in more need of financial assistance. In establishing what constitutes a significant hardship in raising the necessary project revenue, the Department established that a municipality's affordability points must exceed the total of the State average points by 40% in order to be eligible for additional subsidization (principal forgiveness). Therefore, the sum of a municipality's affordability criteria must be a minimum of 7.0 (140% of 5.0) points to be eligible for possible affordability principal forgiveness. This threshold was lowered to 6.0 (120% of 5.0) for the Supplemental funding from the Bipartisan Infrastructure Law. Details on the affordability criteria and the affordability analysis methodology are presented below.

1.2. Criteria and Methodology:

- **Poverty Rate**

*Town poverty data shall be from the U.S. Census Bureau – <https://data.census.gov/cedsci/> enter: **dp03: selected economic characteristics “Your Town & State”**, select Product: **2021 ACS – 5 Year Estimates Data Profiles***

Use ACS 5-Year Estimates – **PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL – All People**

Poverty Rate Index (PRI) is calculated as the ratio of the municipality’s poverty rate to the State’s poverty rate.

$$\text{PRI} = (\text{Municipal Poverty Rate}) \div (\text{State Poverty Rate})$$

- **Income**

The income data for the community is the Median Household Income. When available, income data presented to the Department shall be prioritized in this order:

- 1) A State approved system-wide income survey that was finalized within the past five years. Exceptions may be made for surveys outside the five-year window, if the project was on a previous IUP.
- 2) Census Designated Place (CDP) data, if the sewer area closely approximates the CDP area; then
- 3) Town data.

*CDP and town data shall be from the U.S. Census Bureau – <https://data.census.gov/cedsci/> enter: **dp03: selected economic characteristics “Your Town & State”**, Use ACS 5-Year Estimates – **INCOME AND BENEFITS – Total households – Median household income***

Income Index (II) is calculated as the ratio of the State’s Median Household Income to the municipality’s Median Household Income.

$$\text{II} = (\text{State Median Household Income}) / (\text{Municipal Median Household Income})$$

Note: (Some projects, such as those for control of non-point sources of pollution, may not have traditionally defined sewer user rates. In those cases, the Department will use the average percentage of all the applicants for 2023 as a means of maintaining equity across the board.)

- **Unemployment Rate**

Town unemployment data shall be from the U.S. Census Bureau –

<https://data.census.gov/cedsci/>

*enter: **dp03: selected economic characteristics “Your Town & State”**,*

*select Product: **2021 ACS – 5 Year Estimates Data Profiles***

Use ACS 5-Year Estimates – **EMPLOYMENT STATUS – Population 16 years and over - In Labor Force – Civilian Labor Force - Unemployed**

Unemployment Rate Index (URI) is calculated as the ratio of the municipality’s unemployment rate to the State’s unemployment rate.

$$\text{URI Points} = (\text{Municipal Unemployed Rate}) \div (\text{State Unemployed Rate})$$

- **Population Trend**

Data from U.S. Census Bureau – Population Estimates – Use most current information for the population trend over the past 10 years.

Maine Census Data for 2011 and 2021 can be found under Supplemental Materials at SRF Loan Fund, Maine Department of Environmental Protection – State of Maine Economist for the 2011 and 2021 data.

The most current 10-year population trends (PT) for municipalities are compared to the State’s population trend over the same period.

$$\text{PT as Percent} = ((\text{Current Municipal Population}) - (\text{Municipal Population 10 years prior})) \div (\text{Municipal Population 10 years prior}) \times 100$$

Ranges for the municipalities’ 10-year population trends are established in 5% increments above and below the State’s rate/average (SR) and points assigned as follows:

Population Trend Range	Points
Greater than 5% above the State Rate: > (SR+5%)	0.0
State Rate to 5% above the State Rate: (SR+5%) to SR	0.5
State Rate to 5% below the State Rate: SR to (SR-5%)	1.0
5% below the State Rate to 10% below the State Rate: (SR-5%) to (SR-10%)	1.5
10% below the State Rate to 15% below the State Rate: (SR-10%) to (SR-15%)	2.0
15% below the State Rate to 20% below the State Rate: (SR-15%) to (SR-20%)	2.5
More than 20% below the State Rate: < (SR-20%)	3.0

- **Sewer User Cost as a Percentage of the Median Household Income (MHI)**

Yearly Sewer User Cost data for a typical single-family residence is provided by the municipality using the appropriate CWSRF User Rate Calculator. Financial and user information is entered into the Calculator to generate an estimated Equivalent Dwelling (or Domestic) Unit (EDU) User Rate/Cost.

Median Household Income data is derived as outlined previously under “Income”.

Sewer User Cost as a Percentage of the MHI (UC/MHI) Points are calculated by dividing the municipality’s yearly sewer cost for a typical single-family residence by the municipality’s Median Household Income then multiplying by 100.

$$\text{UC/MHI Points} = (\text{Single Family Residence Yearly Sewer User Cost}) \div (\text{Municipality's MHI}) \times 10$$

1.3. Affordability Principal Forgiveness Percentage:

The following formula will be used to determine possible percentage of affordability principal forgiveness for municipalities that have affordability points of 7.0 or more, i.e. 140% of State average. This threshold was lowered to 6.0 (120% of 5.0) for the Supplemental funding from the Bipartisan Infrastructure Law.

$$\text{Affordability Principal Forgiveness Percentage} = (\text{Municipality's Affordability Points})^2$$

This non-linear formula has the effect of providing proportionally greater assistance in the form of principal forgiveness to communities that are more in need of financial assistance and have higher Affordability Points.

The principal forgiveness for 2023 will be available for those applicants’ projects that will realize the most environmental benefit and are dependent upon the project’s environmental ranking compared to other ranked applicant’s projects in the funding year. The Department will offer affordability principal forgiveness to the applicant with the highest environmental ranking, then subsequently to applicants with progressively lower rankings until the available affordability principal forgiveness has been committed. The percentage of principal forgiveness that will be offered, within the limits of availability, is defined earlier in this section. **Borrowers that received affordability principal forgiveness from the Department in both previous funding years (2021 & 2022) are not eligible for affordability principal forgiveness in the 2023 or Bipartisan Infrastructure Law (BIL) funding year.**

1.4. Climate Adaptation Plan and Fiscal Sustainability Plan Principal Forgiveness

To the extent available, the Department is making principal forgiveness available as incentives to encourage the development of climate adaptation plans (CAP) and the

implementation or expansion of fiscal sustainability plans (FSP). The Department intends to offer CAP and FSP principal forgiveness to assistance recipients that are financing an infrastructure (construction) project and those recipients that are not financing an infrastructure project but wish to receive funding for a CAP or FSP.

The breakdown of this funding and requirements to receive it are described as follows.

FOR ASSISTANCE RECIPIENTS WITH AN INFRASTRUCTURE (CONSTRUCTION) PROJECT:

- A. Climate Adaptation Plans (CAP)** – The Department intends to offer up to \$25,000 per applicant in principal forgiveness, to the extent available, for the development of a CAP. The award of principal forgiveness for applicants with an infrastructure (construction) project will be based on the project’s Environmental Priority Point System ranking. See Attachment 3 for details.

Any unused principal forgiveness in this category will first be used for CAPs without an infrastructure project, then for fiscal sustainability plans with an infrastructure project, then without, and lastly for affordability principal forgiveness, if needed.

- B. Fiscal Sustainability Plans (FSP) - Loan recipients for all wastewater treatment works projects are required to develop and implement an FSP.** An FSP is basically an asset management plan that takes into consideration water and energy conservation efforts. See Attachment 4 for details. As such, energy audits are now subsidized as part of a new FSP or improvements to an existing one.

The Department intends to offer up to \$50,000 per applicant in principal forgiveness, to the extent available, for the development and implementation of an FSP or the improvement to an existing plan. The award of principal forgiveness for applicants with an infrastructure (construction) project will be based on the project’s Environmental Priority Point System ranking with a preference to applicants that have not received any principal forgiveness from the Department for the development of a prior Asset Management Plan or Fiscal Sustainability Plan. This incentive offer requires a 100% match from the loan applicant. The applicant’s match can be in the form of additional CWSRF borrowing, in-kind services, or other funding.

Any unused principal forgiveness in this category will first be used for FSPs without an infrastructure project, then for CAPs with an infrastructure project, then without, and lastly for affordability principal forgiveness, if needed.

FOR ASSISTANCE RECIPIENTS WITHOUT AN INFRASTRUCTURE (CONSTRUCTION) PROJECT:

These are standalone loans with 100% principal forgiveness and do not require that the applicant also have an infrastructure (construction) project that they are funding through the CWSRF.

- C. Climate Adaptation Plans (CAP)** – The Department intends to offer up to \$25,000 per applicant in principal forgiveness, to the extent available, for the development of a CAP. The award of principal forgiveness for applicants without an infrastructure (construction) project will be based on the applicant’s CWSRF Affordability ranking. See Attachment 1 for Affordability ranking details and Attachment 3 for CAP details.

Any unused principal forgiveness in this category will first be used for CAPs with an infrastructure project, then for fiscal sustainability plans with an infrastructure project, then without, and lastly for affordability principal forgiveness, if needed.

- D. Fiscal Sustainability Plans (FSP)** - The Department intends to offer up to \$50,000 per applicant in principal forgiveness, to the extent available, for the development and implementation of a new FSP. The award of principal forgiveness for applicants without an infrastructure (construction) project will be based on the applicant’s CWSRF Affordability ranking. This offer is only for new FSPs¹ where the applicant has not received any previous principal forgiveness from the Department for the development of an Asset Management Plan or a Fiscal Sustainability Plan. This incentive offer requires a 100% match from the loan applicant. The applicant’s match can be in the form of in-kind services or other funding. The intent of this offer is to not use additional CWSRF borrowing as the match to simplify the loan process at no cost to the borrower. However, if the applicant must borrow their match from the CWSRF, special arrangements may be made. See Attachment 1 for Affordability ranking details and Attachment 4 for FSP details.

Any unused principal forgiveness in this category will first be used for FSPs with an infrastructure project, then for CAPs with an infrastructure project, then without, and lastly for affordability principal forgiveness, if needed.

1.5. Green Infrastructure Principal Forgiveness

In order to help meet the BIL Supplemental Green Initiative requirements, the Department is making principal forgiveness available to projects with Green Infrastructure components. These projects do not need to meet affordability criteria.

1.6. BIL Emerging Contaminant Principal Forgiveness

The Department was allotted under the BIL Emerging Contaminant capitalization grant in FFY 2023, \$1,646,000 in principal forgiveness funds. When the Department

¹ Under this section the Department reserves the right to offer FSP principal forgiveness to applicants that are improving an existing Asset Management Plan or FSP and have previously received principal forgiveness, only if the applicant is borrowing CWSRF funds for an infrastructure project and has not yet entered a binding commitment on that loan.

requested projects, one of the questions referenced Water Quality Emerging Contaminants and if the submitted project would result in an improvement. Projects were submitted and ranked the same as Base CWSRF projects. The total amount of BIL Emerging Containmentment funding was limited to up to \$375,000 per applicant unless authorized by the CWSRF Manager. The BIL EC projects that meet the green requirements will be given priority points.

1.7. Distribution of Unallocated Principal Forgiveness

If applicants on this year's final IUP do not commit to a loan for the estimated assistance amount, the Department reserves the right to reallocate any additional uncommitted principal forgiveness to the remaining applicants on the IUP that have not closed on a loan. The distribution of the uncommitted principal forgiveness would be in accordance with the procedures outlined in the previous paragraphs, with the exception that the Department, at its discretion, could remove the maximum limit per borrower for affordability principal forgiveness.

The Department reserves the right to utilize unallocated principal forgiveness from previous years' allocations and utilize them for affordability principal forgiveness on projects that experience unforeseen cost overruns. The method of award would be in accordance with the procedures outlined in the borrower's IUP funding year.

F. PROJECT PRIORITY POINT SYSTEM

1. Multi-Year SRF Priority List

Maine's SRF was established to provide a perpetual funding mechanism for communities and districts with wastewater facilities. This list contains the State's inventory of wastewater facilities and the SRF is a source of funding to each one, should they choose to use it. Each year the DEP will prepare an Intended Use Plan (IUP) and projects will be selected from this list and assigned an environmental priority by the Environmental Priority Point System at that time. However, if there are enough funds, any entity on the Table 5 – MULTI-YEAR SRF PROJECT PRIORITY LIST and Table 6 – SAND/SALT STORAGE AREAS shown below may apply for an SRF loan during the fiscal year.

2. Municipal Landfills

In 1996, the 117th Maine Legislature expanded the eligible use of the Maine State Revolving Loan Fund (SRF) to include the remediation of municipal landfills that effect groundwater.

3. Sand/Salt Sheds

Beginning in 2004 the DEP will provide SRF funds to municipalities to design and construct sand/salt sheds in areas that the DEP has determined that ground water or surface water has been contaminated by uncovered sand/salt piles. In 2013 the DEP expanded this eligibility, as authorized under the CWA for protection of water quality, to include all uncovered municipal sand/salt piles.