

[Hazard Mitigation and Climate Adaptation Plan](#), the Commonwealth is encouraging resiliency and climate adaptation in the design and construction of water infrastructure.

- Promote systematic Asset Management Planning for drinking water utilities to achieve long-term sustainability, implementable climate change mitigation and resiliency measures, and deliver consistent service in a cost-efficient manner.
- Ensure that small PWS can participate in the SRF program by providing additional assistance.
- Promote public engagement and program transparency by publishing informative and readily accessible program materials and reports.

IV. ALLOCATION OF FUNDS

A. Criteria and Method for Distribution of Funds

Massachusetts rates projects using the Commonwealth's priority ranking system. The criteria used to rank potential projects can be found on the MassDEP website at <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 compliance with the Safe Drinking Water Act, project affordability, the extent to which the project is consistent with regional or watershed wide plans, and the extent to which the project qualifies as a Green Project. a Green Projects are those that minimize greenhouse gas emissions and energy use.

Once all project proposals have been rated and ranked, the PPL is developed (Table 3). With input from the Trust, MassDEP identifies all the sources of funds and spending limits and develops the IUP Project Listing as shown in Table 1.

To be considered for financing, projects must meet state and federal eligibility requirements, must be ready to proceed during the financing period, must have appropriated local funds necessary to finance the entire project, and have a MassDEP approved planning element. An approvable planning element can be a Project Evaluation Report, Integrated Water Resource Management Plan, or other MassDEP sanctioned planning document. Projects proposing to replace LSLs must ensure that lines will be replaced to the users' meters to preserve priority ranking. Furthermore, no community can receive financial assistance unless it can demonstrate that it has adequate technical, financial, and managerial capacity, as approved by MassDEP. Eligibility includes consistency with the assurances described in this document and the requirements contained within MassDEP's financial assistance regulations.

B. 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 financing period. Project(s) bypassed may be

replaced by the highest ranked priority project(s) on the PPL that are ready to proceed, or the funds may be used to provide emergency financing, or for project cost increases to other projects approved previously. Replacement projects or project funding increases are subject to availability of funds. If complete loan applications are not received by MassDEP by **October 11, 2024**, the project will be automatically considered for bypassing.

The Trust and MassDEP will not add projects to the PPL/IUP beyond those that may qualify for emergency assistance, planning, PFAS design, or LSL replacement projects. MassDEP, considering any material program change that would require amendments to this IUP, will provide public notice and an appropriate comment period before issuing an amended IUP.

C. Types of Projects to be Financed and Financing Rates

For an eligible borrower or grant recipient's drinking water project to receive financial assistance from the Trust, the project must meet eligibility guidelines. Such eligible projects include, but are not limited to:

- Projects to address or prevent violation of public health standards, including projects to come into or maintain compliance.
- Projects to replace aging infrastructure, if such projects are needed to maintain compliance or further public health goals and requirements, including projects to rehabilitate or develop sources to replace contaminated sources, install or upgrade treatment or storage facilities, and install or replace transmission and distribution pipes to prevent contamination or improve water pressure to safe levels.
- Projects to consolidate and/or restructure a public water system.
- The planning or design for any project in one of the categories identified above.

Costs of construction that MassDEP determines as being 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. Costs for planning projects are eligible for financing during the 2024 financing period. Although costs for design are eligible under SRF regulations, only PFAS design will be financed during this funding period due to the high demand for construction financing. MassDEP may limit the SRF loan for PFAS design to 10% of the total estimated cost of the construction project. PFAS mitigation construction projects on this IUP and the 2022 and 2023 IUPs are eligible to finance design costs (PFAS design is a line item of the construction loan application).

All projects on the IUP are eligible for 2% interest rate loans. Certain projects that are primarily for PFAS mitigation or LSL replacements are eligible for 0% interest loans. A determination will be made as to the eligibility for 0% interest loans before loans are permanently financed and put into repayment.