



Commonwealth of Massachusetts
Executive Office of Energy & Environmental Affairs

Department of Environmental Protection

One Winter Street Boston, MA 02108 • 617-292-5500

Charles D. Baker
Governor

Karyn E. Polito
Lieutenant Governor

Matthew A. Beaton
Secretary

Martin Suuberg
Commissioner

2017 Intended Use Plan for Drinking Water State Revolving Fund

January 23, 2017

To All Interested Parties:

The Massachusetts Department of Environmental Protection (MassDEP) is pleased to present the Final 2017 Intended Use Plan (IUP), which lists the projects, borrowers and amounts that will be financed through the Drinking Water State Revolving Fund (DWSRF) loan program. The DWSRF is a joint federal-state financing program that provides state-subsidized interest rate loans to protect public health by improving water supply, infrastructure systems, and protecting drinking water in the Commonwealth.

As noted in Table 1, Massachusetts proposes to offer \$125 million to finance drinking water projects across the Commonwealth. Approximately \$95 million will fund 16 new construction projects and an additional \$27 million will be allocated towards funding 3 previously approved multi-year projects. \$500,000 is allocated toward one Planning Project. An additional \$2 million will fund an emergency set-aside account.

Replacement of lead service connections is a high priority for MassDEP, and 3 of the 2017 recommended Construction Projects will undertake work to entirely replace lead service connections to the meter, ensuring that lead is not entering a home or building via the public water system.

EPA requires that 15% of total assistance is directed toward Small Systems, and the 2017 Massachusetts target is \$18 million. One 2017 Small System applicant will receive \$18 million in funding, meeting the 2017 Small System requirement.

While Congress has not yet enacted the 2017 federal budget, based on trends from prior year appropriations, MassDEP expects to receive an estimated \$15.5 million federal grant to subsidize the DWSRF program. In its 2016 SRF allocation, Congress required states to use 20% of the DWSRF towards additional project subsidy for communities that might otherwise be unable to afford to undertake a project. MassDEP expects a similar requirement for its 2017 SRF grant, and has proposed to allocate approximately \$3.1 million to subsidize projects that meet the affordability criteria recently established by the Clean Water Trust in response to the Water

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Resources Reform and Development Act of 2014 (WRRDA). The additional subsidy funds will be distributed in a pro-rated share to all of the proponents meeting appropriate criteria and who execute a construction contract on or before June 30, 2018. As in previous years, MassDEP is also offering additional subsidy for all projects with a renewable energy component.

The General Court, in Ch. 259 of the Acts of 2014, directed MassDEP to develop regulations regarding the distribution of additional budgeted funds for enhanced SRF loan subsidies. Those regulations have been through public review and comment and are expected to be promulgated on January 27, 2017. While the structure for enhanced subsidy will be in place through those regulatory revisions, until and unless the Legislature appropriates additional funding for expanded loan subsidy, the standard SRF loan will remain at 2%.

The Project Priority List (PPL) of the Final IUP is presented in Table 2. The PPL lists, by ranking, all of the proposals that MassDEP received in the 2017 solicitation. The IUP is the subset of the PPL that is selected to receive financing offers. In addition, MassDEP's plan to utilize DWSRF set-aside funds for assistance to Public Water Suppliers is attached as Attachment A.

MassDEP appreciates the efforts that proponents invested in the development of applications. We know that significant effort goes into every application, and appreciate your efforts to enhance and protect the public health of the Commonwealth's citizens.

Sincerely,

Steve McCurdy, Director
MassDEP Division Municipal Services

TABLE 1
DRINKING WATER STATE REVOLVING FUND
Calendar Year 2017 DWSRF Intended Use Plan

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
530.0	NEW BEDFORD (PF)	4213	Lead Service Line Replacement Program - Phase I	\$10,200,000	\$5,100,000
530.0	WEBSTER (PF)	4212	Memorial Beach Wells Water Treatment Plant	\$10,000,000	\$10,000,000
524.0	WAREHAM (PF)(RE)	4215	Maple Springs Water Purification Plant	\$18,909,204	\$14,000,000
520.0	REVERE WATER DEPT (PF)	4202	Lead Service Replacement	\$4,250,000	\$4,250,000
518.0 *	EASTHAM (PF)	4209	Phase 2 of Town-Wide Water System	\$17,285,000	\$5,000,000
510.0	MILFORD WATER COMPANY (PF)	4201	Lead Services Replacement Project	\$1,158,000	\$1,158,000
440.0	NEW BEDFORD (PF)	4214	High Hill Reservoir Rehabilitation	\$22,350,000	\$5,000,000
440.0	BROCKTON (PF)	4216	Transmission Main and Valve Replacement Project	\$1,500,000	\$1,500,000
415.0	BILLERICA (PF)	4196	Water Treatment Plant Upgrades	\$9,086,750	\$9,086,750
315.0	BRIDGEWATER (PF)	4200	New High Street Water Treatment Facility	\$6,250,000	\$6,250,000
239.0	LAWRENCE (PF)#	4204	Water Infrastructure Improvements	\$5,198,000	\$5,198,000
239.0	NEW BEDFORD (PF)	4191	Large Meter & AMI Upgrade Program	\$6,400,000	\$2,600,000
235.0	FALL RIVER (PF)	4203	Water Main Rehabilitation - Phase 17	\$4,240,000	\$4,240,000
234.0	FALL RIVER (PF)#	4211	AMR and Meter Replacement	\$3,500,000	\$3,500,000
230.0	WEST SPRINGFIELD (PF)	4206	Drinking Water System Improvements Project	\$7,513,000	\$7,513,000
230.0	LAWRENCE (PF)	4205	Distribution System Improvements	\$26,676,000	\$10,802,000
TOTAL OF NEW PROJECTS				\$154,515,954	\$95,197,750

(Count: 16)

(Average Rating: 384.31)

* - *Small System*

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

MassDEP PRIORITY PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
EMERGENCY SRF SET-A-SIDE	2978		\$2,000,000	\$2,000,000
TOTAL OF MassDEP PRIORITY PROJECTS			\$2,000,000	\$2,000,000

(Count: 1)

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
EASTHAM	4121	Phase 2 Town-Wide Water System	\$17,114,000	\$13,114,000
MWRA (RE)#	3972	Wachusett Aqueduct PS	\$47,011,000	\$11,000,000
NEW BEDFORD (PF)	4064	Quittacas WTP Rehabilitation	\$19,295,000	\$3,295,000
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS			\$83,420,000	\$27,409,000

(Count: 3)

PLANNING PROJECTS

Applicant	SRF ID	Project	Project Cost	2017 IUP Cost
BROCKTON	4186	2017 Transmission Main Assessment	\$500,000	\$500,000
TOTAL OF PLANNING PROJECTS			\$500,000	\$500,000

(Count: 1)

TOTAL OF INTENDED USE PLAN **\$240,435,954** **\$125,106,750**

I. Introduction

The Federal Safe Drinking Water Act Amendments of 1996 authorized the award of capitalization grants to the States in order to create individual Drinking Water State Revolving Fund (DWSRF) loan programs. These programs provide State-administered, below-market-rate loans to finance public and private community water supply projects. Under the DWSRF program, States provide a 20% match to the federal capitalization grant to create the loan fund. Projects to be financed are selected using a priority ranking system based upon protection of the public health and improved compliance together with affordability.

The DWSRF is jointly administered by the Massachusetts Department of Environmental Protection (MassDEP) and the Massachusetts Clean Water Trust (the Trust). MassDEP manages the technical aspects of the project development while the Trust manages the disbursement of funds and the sale of bonds to provide capital to the program.

Pursuant to the applicable provisions of the Federal Safe Drinking Water Act Amendments of 1996, Chapter 78 of the Acts of 1998, and 310 CMR 45.00, MassDEP has developed its Final Calendar Year 2017 Intended Use Plan/Project Priority List (IUP/PPL), with its attendant ranking of drinking water projects. In order for a project to receive financial assistance under the State Revolving Fund Loan program, that project must appear on the Project Priority List and the Intended Use Plan Project Listing.

The Final IUP includes \$125 million in financing, and describes Massachusetts' intended uses for all funds available in the DWSRF program for 2017. It includes the projects that Massachusetts expects to provide financial assistance to, and an overview of how the state will comply with federally mandated requirements.

Massachusetts developed a Draft IUP which was published on November 29, 2016. The Public Hearing of the Draft occurred on January 4, 2017. Based upon comments received, MassDEP has developed this Final Intended Use Plan.

All new projects receiving financial assistance from the DWSRF will be eligible for loans at 2% interest. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, so-called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles.

To be considered for funding priority, communities must have appropriated the necessary local project funds or have committed to a schedule to obtain those funds by June 30, 2017. Also, complete applications must be submitted to MassDEP, not later than October 15, 2017. A complete application must contain the local funding authorization and the required supporting documentation. Any project not meeting these deadlines will be removed from the IUP Project Listing. Projects offered financing that do not advance, may be replaced by the highest ranked project on the Project Priority List that is ready to proceed.

All SRF related documents, including this IUP, loan application forms, plans and specifications information, and other program policies and guidance, may be found on the MassDEP SRF web site at <http://www.mass.gov/eea/agencies/massdep/water/grants/state-revolving-fund.html>.

II. Calendar Year 2017 Project Funding

In 2017, MassDEP expects to finance 16 new construction projects, 3 carryover projects, and 1 planning project, totaling \$125,000,000. Included in this amount is a \$2 million emergency reserve to finance unanticipated problems of acute public health concern that may arise during the year. Table 1 is the funding list for 2017, and Table 2 is the extended Project Priority List.

Congress has not yet passed legislation funding the DWSRF for 2017. Draft legislation has been filed that includes varying amounts of funding and differing program conditions. For the purposes of this IUP, MassDEP is assuming that the capitalization grant for 2017 will be the same as 2016 and will include the same program conditions. The following are some of the more notable requirements applicable to the DWSRF program:

a. Additional Subsidy

The 2016 Congressional appropriation required that a minimum of 20% of the federal grant amount be applied towards additional subsidy. In order to reduce the impact on the corpus of the DWSRF and to help ensure the perpetuity of the fund, the Trust only distributes the minimum required additional subsidy. For 2017, that amount is estimated at \$3.1 million. Massachusetts provides the subsidy in the form of principal forgiveness towards projects in communities that meet the affordability criteria recently established by the Trust in response to the Water Resources Reform and Development Act of 2014 (WRRDA) and for renewable energy generation projects. This is the link to the CWT affordability calculations:

<http://www.mass.gov/treasury/docs/mwpat/inthenews/affordability-calculation.pdf>.

The affordability criteria establishes three tiers of additional subsidy. The highest level of subsidy goes to communities that are below 60% of the statewide Adjusted Per Capita Income (APCI). The second level of subsidy goes to those communities that fall within 60-80% of the statewide APCI and the third level of subsidy goes to those communities between 80-100% of the statewide APCI. The exact amount of subsidy any project receives depends on which tier the community falls under and how many projects eligible for additional subsidy actually proceed to construction.

Additional subsidy will be distributed over construction contracts that are executed by June 30, 2018. Awards will be based on a prorated share of the total eligible cost of all of the subsidy-eligible projects that meet the deadline. For multi-year projects in communities that fall below 60% of the statewide

APCI, contracts executed after June 30, 2018 will be eligible for additional subsidy in the following year(s).

b. Applicant Cap

The Massachusetts SRF regulations place a limit on any one proponent receiving any more than 25% (twenty-five percent) of the available funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked projects as possible, MassDEP is proposing to implement an applicant cap of \$16 million for the 2017 funding period. MassDEP, however, reserves the right to waive the applicant cap limitation if MassDEP determines that one or more projects on the Intended Use Plan Project Listing are not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

c. Small Systems

Congress requires that 15% of the total amount of DWSRF funds be dedicated towards “small system” projects, i.e., drinking water systems serving fewer than 10,000 customers. The total DWSRF funds expected to be available for 2017 is \$125,106,750. Fifteen percent of that amount is \$18,766,012. The Final IUP list contains 1 small system project totaling \$18,114,000. This equals 97% of the total DWSRF funds expected for 2017, meeting the 15% requirement.

d. Set Aside Activities

MassDEP objectives for DWSRF set-aside activities are included as Attachment A. For 2017, these set-aside activities include funds that will be earmarked for issues involving small water supply systems, local assistance for wellhead protection and capacity implementation, and program management and administration. Attachment A details how MassDEP intends to utilize these set-aside funds in FY 2017 to implement the federal Safe Drinking Water Act.

III. Short and Long Term Goals

Massachusetts has set the following goals for its DWSRF.

a. Short Term Goals

- Providing a DWSRF reserve, not to exceed \$2.0 million of available funds, to finance at MassDEP’s discretion unanticipated problems of acute public health concern, such as arise during the year. Such projects must constitute an imminent public health threat and otherwise meet MassDEP’s applicable criteria;

- Replacement of lead service connections extending to the meter of the building;
- Incorporating the recently developed affordability criteria into the additional subsidy distribution;
- Developing and funding innovative education, planning and compliance assistance programs for small systems to identify and reduce the number of small systems with compliance problems;
- Performing outreach efforts to Drinking Water SRF borrowers that identify the focus on and eligibility of energy efficiency/alternative energy projects;
- Upgrading failing distribution systems to ensure adequate pressure and flow, and to reduce the potential of bacterial contamination;
- Providing additional storage to ensure adequate water volume, system pressure and redundancy;
- Enhancing security of drinking water systems during the construction or rehabilitation of major facilities;
- Assisting communities in the identification and elimination of naturally occurring contamination (e.g. radionuclide, arsenic, etc.); and
- Executing Drinking Water Set-Aside work plans.

b. Long Term Goals

- Supporting protection of public health by ensuring that all Massachusetts Public Water Suppliers have the necessary technical, financial and managerial capacity to maintain compliance with the current and foreseeable SDWA requirements and provide safe drinking water to their customers;
- Annually reexamining the balance between use of set-aside and project funds and adjusting strategy as needed in subsequent years' applications for DWSRF funds;
- Promoting the completion of cost-effective projects that maximize protection of public health;
- Effectively managing a drinking water program that facilitates compliance with the SDWA through the use of outreach efforts such as capacity assessments and technical assistance;
- Ensuring that water treatment projects financed through the SRF fully consider cost effective energy efficiency measures and/or renewable energy strategies;
- Encouraging strategies to ensure sufficient water supplies under drought conditions and the stresses of climate change; and
- Supporting long-term water system planning efforts by reserving Drinking Water SRF funds for these types of planning studies.

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 web site 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.

Once all projects have been rated and ranked, the Project Priority List is developed (Table 2). With input from the Trust, MassDEP identifies all of the sources of funds and spending limits, and develops the IUP Project Listing (Table 1).

To be considered for funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the funding period, must have appropriated local funds necessary to finance the project, and must 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 lead service lines must ensure that lines will be replaced to the meters in order 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 at CMR 310 45.

- Any project on Table 2, the Project Priority list, which is not going to be ready to proceed to implementation by July 1 of next year, will not be included on Table 1, the Intended Use Plan.
- Any project on Table 1, for which local borrowing authorization is not secured by June 30 of next year, may be removed from the IUP.
- Any project for which all necessary building and environmental permit applications have not been filed by Oct 15 of next year, may be removed from the IUP.

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 Funding period. Project(s) bypassed will be replaced by the highest ranked priority project(s) on the Project Priority List that are ready to proceed or the funds may be used for cost increases to other projects previously approved. If complete project applications are not received by MassDEP by October 15, 2017, the project will automatically be considered for bypassing.

b. Types of Projects to be Funded and Financing Rates

Any drinking water project proposed by an eligible borrower is eligible to receive financial assistance from the Trust. 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.
- Planning and/or design of any eligible project.

Costs of construction that MassDEP determines are 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 2017 funding period (to October 15, 2017). Although costs for design are eligible, they will not be financed in the 2017 round due to the high demand for construction funding.

All projects on the Intended Use Plan are eligible for 2% interest rate loans.

V. Financial Management

a. Source of State Match

Based on an estimated 2017 grant of \$15.4 million, the required 20% state match totals \$3.08 million. These funds are provided to the Trust from the Commonwealth's Capital Plan.

b. Fee Income

The Trust charges approximately \$5.50 per \$1,000 as a loan origination fee to offset the costs incurred during bond issuance. Recipients of SRF loans are charged an annual administrative fee of 0.15% (15 basis points) against the outstanding loan principal to fund salaries and expenses of the Trust and MassDEP related to SRF project development and loan management. As of June 30, 2016, the Trust has approximately \$38 million in administrative fees available.

c. Program Administration

The Commonwealth of Massachusetts intends to use the full 4 percent of the Federal capitalization grant funds for administrative support of activities related to the Federal Fund. Use of those funds is detailed in the DWSRF

Grant Application that the Trust files each year with the USEPA and in the attached Set-Aside write up (Attachment A).

d. Anticipated Cash Draw Ratio

Massachusetts will draw 100 percent of the state match funds before drawing federal funds. This will ensure that Massachusetts remains in compliance with the required cash draw ratios.

e. Transfer of Funds between CWSRF and DWSRF

Section 302 of the 1996 Safe Drinking Water Act Amendments allows states the flexibility to move some funds between the Clean and the Drinking Water SRF programs, to better address specific state priorities. The EPA currently allows an amount equivalent of up to 33% of the Drinking Water federal grant to be transferred from Clean Water SRF funds. Clean Water IUP capacity frequently allows Massachusetts to finance all of the Clean Water projects that request financing in a given year. On the Drinking Water side, generally one third to one half of the proposed projects go unfunded each year. Transferring a limited amount of funds from CWSRF to DWSRF this year and in the future will help to modestly increase the capacity of the DWSRF and reduce this imbalance in our ability to provide financing.

The level of federal grant funding of the Massachusetts Drinking Water SRF is insufficient to meet the need for project financing. Therefore, Massachusetts will transfer funds from the CWSRF to the DWSRF program in the amount of \$5,098,830 (33% of the estimated 2017 DW grant amount of \$15,451,000). These will be recycled funds freed up from the repayment of previous loans. The purpose of this transfer is to help increase the capacity of the DWSRF.

This transfer of funds will not result in any changes to the 2017 list of projects. The transfer will be used to increase the capacity of the 2017 IUP.

f. Estimated Sources and Uses

The sources of funds available to the Massachusetts DWSRF include the federal capitalization grant, 20% state match and borrower free-ups. The Trust may leverage these funds up to 3 times. Under this authority, the Trust could finance well in excess of \$150 million of projects; however, the capacity of the program is controlled by the amount of Contract Assistance provided by the Commonwealth. This limiting factor results in the overall size of the 2017 IUP of approximately \$125 million, which is below the theoretical capacity limit of the program.

VI. Program Management

a. Assurances and Special Conditions

MassDEP and the Trust have provided the required assurances and certifications as part of the Operating Agreement between Massachusetts and the USEPA. The Operating Agreement (OA) describes the mutual obligations among EPA, MassDEP and the Trust. The purpose of the OA is to provide a framework of procedures to be followed in the management and

administration of the DWSRF.

Title XIV of the Federal Safe Drinking Water Act amendments of 1996 and subsequent regulations and guidance require that the Commonwealth certify compliance with or acceptance of a number of conditions. These include compliance with the applicable provisions of s. 1452, State Revolving Loan Fund, as follows:

- **Environmental Reviews:** DWSRF borrowers are required to meet the standards of the National Environmental Policy Act (NEPA) or a State equivalent. Some projects, owing to their relatively minor environmental impacts, if any, do not trip the threshold of the Massachusetts Environmental Policy Act (MEPA) and are therefore not subject to the rigorous environmental review process set forth in MEPA. The Commonwealth reasons that these projects are categorically exempt from the NEPA review process as well. A planning level review of each of the eligible projects concludes that since these projects almost uniformly are the upgrade or rehabilitation of existing infrastructure, most will not usually require MEPA review. A final determination of project relevancy under MEPA cannot be made until the preliminary design phase of work is complete on each project.
- **Binding Commitments:** The DWSRF will enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- **Expeditious and Timely Expenditures:** The DWSRF will expend all funds in the DWSRF in a timely manner.
- **Set Aside Programs.** The Commonwealth will conduct set aside activities consistent with the plan provided as Attachment A to this document.

b. Federal Requirements

A number of federal requirements apply in an amount equal to the capitalization grant including:

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise compliance (DBE)
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting

MassDEP and the Trust will identify the group of projects that must comply with these requirements in the grant application. Frequently, the group of projects changes as projects move towards construction, usually due to attrition. If changes are made to the group of projects, appropriate amendments to the grant application will be made.

c. Davis-Bacon Wage Rates

EPA's FY2016 Appropriations Bill requires the application of Davis-Bacon prevailing wage rates to all drinking water projects funded in whole or in part by the DWSRF. A similar requirement is expected for 2017. MassDEP ensures that the required Davis-Bacon language is included in contracts, and conducts field verifications of project compliance with the wage rate requirements.

d. American Iron and Steel

The FY 2016 Appropriations bill required the use of American Iron and Steel (AIS) in all drinking water construction projects. A similar requirement is expected for 2017. MassDEP ensures that the required AIS language is included in contracts and conducts field verifications of project compliance. Appropriate AIS language has also been included on the Project Regulatory Agreement and the Loan Agreement.

e. Audits and Reporting

MassDEP and the Trust will comply with all of the auditing and reporting requirements of the USEPA. A single audit is conducted annually and reporting to the USEPA is done through the Drinking Water Project Benefits Reporting system, the National Information Management System, Biennial Report and FFATA reporting.

VII. Public Review and Comment

Notice of the availability of the Draft Calendar Year 2017 IUP/PPL was made on November 29, 2016. A public hearing on the Draft IUP took place on Wednesday, January 4, 2017 at the MassDEP office at One Winter Street, Boston, MA 02108. Written public comments were accepted until 5:00 PM on January 4, 2017. Records of the hearing will be maintained in the MassDEP files.

TABLE 2
DRINKING WATER STATE REVOLVING FUND
Calendar Year 2017 DWSRF Project Priority List

NEW PROJECTS

Rating	Applicant	PWSID	Pop.	SRF ID	Project	Project Cost
530.0	NEW BEDFORD (PF)	4201000	95072	4213	Lead Service Line Replacement Program - Phase I	\$10,200,000
530.0	WEBSTER (PF)	2316000	16767	4212	Memorial Beach Wells Water Treatment Plant	\$10,000,000
524.0	WAREHAM (PF)(RE)	4310000	20522	4215	Maple Springs Water Purification Plant	\$18,909,204
520.0	REVERE WATER DEPT (PF)	3248000	51755	4202	Lead Service Replacement	\$4,250,000
518.0 *	EASTHAM (PF)	TBD	4956	4209	Phase 2 of Town-Wide Water System	\$17,285,000
515.0	BARNSTABLE (PF)	4020004	35000	4188	Sys. Upgrade Prg. Chem. Contamination Mitigation	\$3,610,000
510.0	MILFORD WATER COMPANY (PF)	2185000	27100	4201	Lead Services Replacement Project	\$1,158,000
440.0	BROCKTON (PF)	4044000	94779	4216	Transmission Main and Valve Replacement Project	\$1,500,000
440.0	NEW BEDFORD (PF)	4201000	95072	4214	High Hill Reservoir Rehabilitation	\$22,350,000
415.0	BILLERICA (PF)	3031000	40243	4196	Water Treatment Plant Upgrades	\$9,086,750
315.0	BRIDGEWATER (PF)	4042000	26563	4200	New High Street Water Treatment Facility	\$6,250,000
239.0	LAWRENCE (PF)#	3149000	76377	4204	Water Infrastructure Improvements	\$5,198,000
239.0	NEW BEDFORD (PF)	4201000	95072	4191	Large Meter & AMI Upgrade Program	\$6,400,000
235.0	FALL RIVER (PF)	4095000	94000	4203	Water Main Rehabilitation - Phase 17	\$4,240,000
234.0	FALL RIVER (PF)#	4095000	94000	4211	AMR and Meter Replacement	\$3,500,000
230.0	WEST SPRINGFIELD (PF)	1325000	28391	4206	Drinking Water System Improvements Project	\$7,513,000
230.0	LAWRENCE (PF)	3149000	76377	4205	Distribution System Improvements	\$26,676,000
225.0	BILLERICA (PF)	3031000	40243	4198	Water Main Replacement	\$2,000,000
220.0	REVERE WATER DEPT (PF)	3248000	51755	4210	Water Main Improvements	\$3,000,000
220.0	HAVERHILL (PF)	3128000	56272	4190	New Riverbank Filtration Source & Transmiss. Main	\$14,196,500
220.0	FALMOUTH (PF)	4096000	77500	4192	Main Street & Route 28 Water Main	\$5,250,000
215.0	BILLERICA (PF)	3031000	40243	4197	Residential Meter Replacement	\$5,000,000
210.0 *	COTUIT (PF)	4020003	4953	4199	Cotuit Chemical Safety Upgrades	\$460,000
205.0	FAIRHAVEN (PF)	4094000	15789	4193	Vinyl Lined Asbestos Cement Water Main Replacement	\$2,370,000
205.0	FAIRHAVEN (PF)	4094000	15789	4194	Main St. and Farmfield St. Water Main Replacement	\$1,850,000
205.0 *	AVON (PF)	4018000	4356	4195	Distribution System Improvements Project	\$4,540,000

TOTAL OF NEW PROJECTS**\$196,792,454**

(Count: 26)

(Average Rating: 330.35)

* - *Small System*

(PF) - Affordability Criteria

(RE) - Potential Renewable Energy Projects

MassDEP PRIORITY PROJECTS

Applicant	SRF ID Project	Project Cost
EMERGENCY SRF SET-A-SIDE	2978	\$2,000,000

TOTAL OF MassDEP PRIORITY PROJECTS**\$2,000,000**

(Count: 1)

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	PWSID	Pop.	SRF ID Project	Project Cost
EASTHAM	TBD	4956	4121 Phase 2 Town-Wide Water System	\$17,114,000
MWRA (RE)#	6000000	2360000	3972 Wachusett Aqueduct PS	\$47,011,000
NEW BEDFORD (PF)	4201000	95072	4064 Quittacas WTP Rehabilitation	\$19,295,000

TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS**\$83,420,000**

(Count: 3)

PLANNING PROJECTS

Applicant	SRF ID Project	Project Cost
BARNSTABLE	4185 Sys. Upgrade Study To Mitigate Chem. Contamination	\$1,600,000
BARNSTABLE	4184 New Well Exploration Study	\$1,072,500
BROCKTON	4186 2017 Transmission Main Assessment	\$500,000

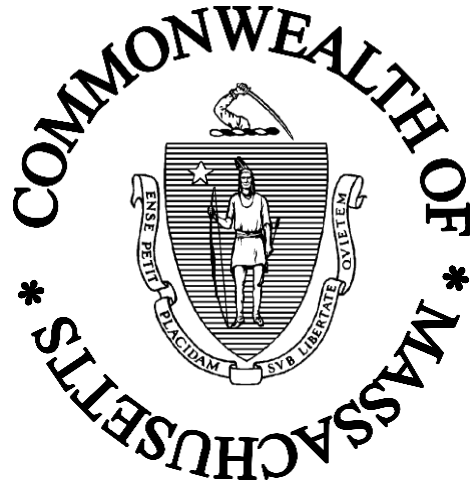
TOTAL OF PLANNING PROJECTS**\$3,172,500**

(Count: 3)

TOTAL OF PROJECT PRIORITY LIST**\$285,384,954**

ATTACHMENT A





DRINKING WATER
STATE REVOLVING FUND
(DWSRF)

Final Intended Use Plan
For Fiscal Year 2017 Set-aside
Funds Authorized Under the Federal
Safe Drinking Water Act

October 6, 2016

Information on Set-asides

The State of Massachusetts plans to set aside \$4,789,810 (31% of \$15,451,000) of the Capitalization Grant for various non-construction related activities that are authorized in the Safe Drinking Water Act Amendments of 1996. These activities are often vital to water systems so that they can develop and maintain the financial, technical, and managerial capacity to run their system effectively. A portion of the set-aside money will be used to develop and implement programs within state government necessary to implement the DWSRF and the SDWA Amendments of 1996.

The SDWA provides guidance for a variety of uses of the set-aside money. The set-aside money will be placed in separate accounts outside the Project Fund. The SDWA allows for transfers between the set-aside accounts and are the current best estimates of the funds required to complete the programs and projects described in the IUP. Transfers of funds between accounts and projects in accordance with EPA requirements will be made as necessary to accomplish the programs and projects described and efficiently and effectively use the available funds. The SDWA limits the percentage of the capitalization grant that can be used in each of these set-asides and whether the set-aside funds can be “banked” or reserved for future use.

I. 4% DWSRF ADMINISTRATION – 8 FTEs

MassDEP anticipates applying for the full 4% (\$618,040) from FY 2017 SRF Capitalization Grant for DWSRF Program Administration. These funds will be combined with any remaining prior year funds in order to provide comprehensive DWSRF program assistance. Duties may include (but not be limited to):

A. MANAGE DWSRF COORDINATION of projects and liaison with the Massachusetts Water Pollution Abatement Trust.

B. OVERSEE ADMINISTRATION AND MANAGEMENT of the DWSRF Priority List/Intended Use Plan process and fiscal administrative aspects of the set-asides, such as grant application and fiscal reporting, and coordinate with the Drinking Water Program in regard to the set-asides.

C. SUPPORT, CONDUCT, AND ANALYZE SRF PROJECT APPLICATIONS AND PROJECT REVIEWS

4% Set-Aside Deliverables

Coordination of all DWP Source Protection and Technical Services Activities
Set-Aside IUP and Work Plan Sections that Reflect Drinking Water Program Needs and Priorities
Oversight of DWSRF Loans and Grants

4% Set-Aside Measures of Success

Drinking Water Source Protection and Technical Services Section activities that support Drinking Water Program goals and priorities and are coordinated with the DWSRF
Set-Aside activities achieve stated deliverables and measures of success that are consonant with Drinking Water Program objectives.
Award of loans and grants in a timely manner

II. 2% FOR SMALL SYSTEMS SET-ASIDE- (2 FTEs)

MassDEP anticipates applying for the full 2% (\$309,020) from FY 2017 SRF Capitalization Grant for small systems technical assistance. These funds will be combined with any remaining prior year funds in order to provide comprehensive technical assistance to small public water systems. Duties may include (but not be limited to):

A. STAFFING TO SUPPORT MUNICIPAL SERVICES (2 FTEs) - in providing technical assistance in support of Small System Capacity Development. FTEs will continue to be provided in the region to follow up with individual small systems on specific compliance issues and other system operation issues.

B. CONTRACTED SERVICES – TRAINING &/OR TECHNICAL ASSISTANCE:

MassDEP will fund contractor (UMASS Amherst) to provide a variety of technical, financial and managerial assistance to small drinking water system. Topics and activities will focus on the Safe Drinking Water Act requirements as determined by MASSDEP. The proposed activities may include (but not be limited to) the following; technical and planning assistance, Very Small System Operator Training, Opening and Closing a Seasonal System, Total Coliform Rule (RTCR), Manganese, Annual Statistical Reporting and Regulatory Updates, pump and motor maintenance, rate setting, board training, public relations, disinfection, sampling and exam review. A portion of this contract also includes funding from 15% set-aside.

All activities are subject to change and are dependent upon the availability of funding.

2% Set-Aside Deliverables:

- On-site training and support to Public Water Suppliers.
- Perform TNC compliance assistance sanitary surveys and provide Groundwater Under the Influence evaluations.
- Technical assistance given to targeted systems that have specific SDWA treatment compliance issues
- Technical assistance to public water systems on GWR.
- Reviews of technical reports related to water supply technology and analysis.
- Technical reviews of state initiatives such as disinfection byproduct treatment or groundwater disinfection.
- Supervision of technical staff and training programs for suppliers.
- Technical reviews of major water quality projects and public health data.
- Information for the public and for water suppliers on major water quality problems.
- Seminars on SDWA Topics.
- Establishment and operation of mentoring groups.
- Training sessions (with credits) providing Certified Operator Training.

2% Set-Aside Measures of Success:

- Compliance issues are successfully addressed in the targeted systems.
- Completion of planned capacity sanitary survey visits.
- Effective technical assistance given as scheduled.
- Each group seminar will be followed by an evaluation form to be filled out by participants to assess the efficacy of the seminar. Evaluation of the results will be considered as part of the contract assistance, and provided to the MassDEP staff responsible for implementing training initiatives and reporting on Capacity Development, for their assessment and future planning. Evaluation of all training and assistance will consider the success of recruiting recalcitrant and high-priority systems.
- Reports reviewed as scheduled.

III. 10% FOR STATE PROGRAM MANAGEMENT – 11.00 FTEs

MassDEP anticipates applying for the full 10% (\$1,541,000) from FY 2017 SRF Capitalization Grant for Program Management. The State Program Management Set-aside is used to fund: A) Administrative assistance to the PWSS program; B) Technical assistance for source water protection activities; C) Assistance for capacity development initiatives; D) support for state operator certification program; E) Public Water System data management. (11) FTE's includes (2.5 FTEs) for contracted services.

A. PWSS SUPPORT – 7.5 FTEs

The money will provide funding for approximately 6.5 FTEs and their associated operating costs. Duties of the FTEs include capacity development, consumer confidence report assistance, adoption and implementation of new regulations, implementation of new and existing federal rules, source water assessments and protection, planning, outreach, data management, engineering and construction supervision, compliance supervision and other drinking water program activities.

B. SOURCE PROTECTION SUPPORT – 1 FTEs

The Source Protection function has been integrated into the general drinking water program activities. MassDEP is still funding 3 FTEs worth of this work from the 10% set-aside, but the source protection tasks are now distributed among more individuals and reaching more PWS. It also includes implementing the chemical monitoring waiver program which provides incentive to do source protection as well as promoting preparedness and sustainability.

C. CAPACITY DEVELOPMENT SUPPORT – 2.0 FTEs

MassDEP has designated specific regional staff as capacity development specialists. The Drinking Water Program has discerned that it is more productive to train all staff that do Sanitary Surveys in the elements of Capacity Development. The Drinking Water Program will focus on promoting the following six elements during the coming year;

1. Asset Management
2. Fiscal Planning
3. Energy Efficiency
4. Water System Collaboration
5. Water Loss
6. Funding Options

D. OPERATOR CERTIFICATION SUPPORT – 1 FTEs

The MassDEP has a very active operator certification program. The program activities have been integrated into daily activities of staff. Program activities range from chairing the Board of Certification of Drinking Water Operators to providing general and specialized training of and guidance for drinking water operators at all levels.

E. CONTRACT SERVICES- PUBLIC WATER SYSTEM INFORMATION MANAGEMENT

MassDEP will fund Information Technology (IT) staff to assist with data management support for programs related to public water systems and implementation of the Safe Drinking Water Act. Key activities include reporting and database maintenance and improvement. All activities are dependent upon the availability of funding.

F. MASSDEP INDIRECT CHARGES ON MATCH FOR 10% PROGRAM MANAGEMENT ACTIVITIES

The Commonwealth intends to completely meet the one-to-one match required through in-kind services incurred by MassDEP through the administration costs that were incurred during the periods of fiscal years 1993 and 2016. Detailed documentation will be provided upon request.

IV. 15% -SOURCE WATER PROTECTION AND CAPACITY DEVELOPMENT - 16 FTEs

MassDEP anticipates applying for the full 15% (\$2,317,650) from FY 2017 SRF Capitalization Grant for Source Water Protection and Capacity Development. The authorized activities under this set-aside can include; land acquisition and conservation easement program, source water protection, wellhead protection and technical and financial capacity implementation. (16) FTE's and contracted services.

A. WELLHEAD PROTECTION AND CAPACTIY IMPLEMENTATION-16 FTEs

1. Assist with source protection program activities related to groundwater sources, as well as operation of the UIC program (a.k.a. "Underground Source Water Protection Program"). Ensure consistency of this work among regions; coordinate with GIS and Internet programs; coordinate with other MassDEP programs; investigate available data for usefulness to groundwater protection; and develop relevant policies and procedures.
2. Develop and maintain spatial data related to public water sources and potential contamination threats. Work with regional staff and resources to locate regulated facilities including locating information in files and making site visits to collect location information. Assist with GIS management.
3. Assist in Zone II delineation (and re-delineation as needed) and other wellhead protection-related work.
4. Provide technical assistance on source protection to public water suppliers and local officials, and assist with the source water assessment program and with protection of groundwater sources from contamination by septic systems. This includes providing system-specific protection recommendations.
5. In accordance with the Capacity Strategy, provide technical assistance in implementing capacity development, including the ability to provide adequate quantities of source water. Provide Capacity Outreach.
6. Provide assistance, primarily with protection of groundwater sources.

B. CONTRACTED SERVICES

Capacity Development - MassDEP proposes to fund third-party contractor to complete some of the following Capacity Development activities:

Provide support and review of (quality assurance/quality control) of Water Quality Assurance database. Provide general administrative assistance to Drinking Water Program. Provide assistance in implementation and coordination of the Wellhead Protection Program, Surface Water Treatment Rule (SWTR), Ground Water Rule, Lead and Copper Rule, POU/POE, new technology evaluations, Arsenic Rule and Stage II Disinfectants Rule, Well Drillers Program, Coordinate Comprehensive Performance Evaluations (CPE) with DEP Staff. Review variances and exemptions. Maintain and enhance water quality testing system as it relates to SDWIS database. Development of applications for the purpose of processing well data compiled by the Well Driller Program. A portion of this contract also includes funding from 15% set-aside.

15% Set-Aside Deliverables

- UIC program operating under State Primacy
- Spatial data, maps.
- Zone II Reviews
- On-Site training and support to water suppliers
- UIC tracking and reports
- Outreach materials, technical assistance meetings, training for regions, and bylaw reviews.
- Implementation of water conservation capacity improvement grant program.
- Implementation of Capacity Development program.

- Implementation of the Source Water Protection program.
- Plan for implementation of the Revised Total Coliform Rule

15% Set-Aside Measures of Success:

- Improved source protection for ground water sources at state and local levels
- GIS databases are properly reviewed and maintained
- Reviews are conducted in a timely manner
- Contract oversight is effective
- Technical Assistance is appropriate and timely and leads to improved source and aquifer protection in the systems visited
- Methods to assure capacity to deliver adequate quantities of drinking water are developed
- Program goals meet MassDEP objectives
- Improved protection at the local level

IUP SET-ASIDE BUDGET BASED ON FFY 2017 FUNDING LEVEL

**This Budget equals 31 % of the Cap Grant and
100 % of all allowable Set-Asides.**

Administration Set-Aside – 4%

Total Available: \$618,040

PURPOSE	AMOUNT REQUESTED
Staff	\$ 885,861
Support	\$ <u>1,000</u>
TOTAL PROJECTED EXPENSES	\$ 886,861
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ <u>268,821</u>
TOTAL 2017 FUNDS REQUESTED (100% of available Set-Aside)	\$ 618,040

Small Systems Set-Aside - 2%

Total Available: \$309,020

PURPOSE	AMOUNTS REQUESTED
Staff	\$ 324,726
Support	\$ -
Contracts (UMASS)	\$ <u>140,529</u>
TOTAL PROJECTED EXPENSES	\$ 465,255
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ <u>156,235.</u>
TOTAL 2017 FUNDS REQUESTED (100% of available Set-Aside)	\$ 309,020

State Program Management Set-Aside – 10%

Total Available: \$ 1,545,100

PURPOSE	AMOUNTS REQUESTED
Staff	\$1,567,631
Support	\$ 1,000
Contract –(IT)	\$ <u>115,200</u>
TOTAL PROJECTED EXPENSES	\$1,683,831
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ <u>138,731</u>
TOTAL 2017 FUNDS REQUESTED (100% of available Set-Aside)	\$1,545,100

Local Assistance Set-Aside – 15%

Total Available: \$2,317,650

PURPOSE	AMOUNTS REQUESTED
Staff	\$2,499,839
Support	\$ -
Contracts (UMASS)	\$ <u>196,633</u>
TOTAL PROJECTED EXPENSES	\$2,696,472
TOTAL UNEXPENDED PRIOR YEAR FUNDS TO BE USED	\$ <u>378,822</u>
TOTAL 2017 FUNDS REQUESTED (100% of available Set-Aside)	\$2,317,650

TOTAL REQUESTED FOR ALL FFY 2017 SET-ASIDES	\$4,789,810
TOTAL REQUESTED FROM PRIOR YEAR UNEXPENDED FUNDS	\$ <u>942,609</u>
TOTAL OF FFY 2017 DW SRF SET-ASIDES PLUS PRIOR FUNDS	\$5,732,419