



MASSACHUSETTS
CLEAN WATER TRUST



MassDEP

Commonwealth of Massachusetts
Department of Environmental Protection

STATE REVOLVING FUND UPDATES

January 20, 2022



Overview of the Massachusetts Clean Water Trust

- **The Massachusetts Clean Water Trust (Trust)** was established in 1989 to finance projects to **improve** water quality, **create** a healthier environment, and **protect** public health in the Commonwealth through the provision of low-cost capital financing to cities, towns, and other eligible entities.
- Funding is provided by **annual grants** from the U.S. Environmental Protection Agency (EPA) and state matching funds.
- The Trust and MassDEP operate the **Clean Water (CW)** and **Drinking Water (DW) State Revolving Funds (SRFs)** 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.
 - Nearly **\$288 million** provided in loan forgiveness to disadvantaged communities.
 - During CY2021 SRF committed **\$402 million** in loans to finance 76 projects across the Commonwealth.
- **Clean Water SRF (CWSRF) Annual Funding Projects include:**
Wastewater Treatment Improvements, Combined Sewer Overflow Correction, Stormwater Management, Infiltration/Inflow Remediation, Sewer System Rehabilitation, Non-Point Source, Nutrient Enrichment Mitigation and Planning
- **Drinking Water SRF (DWSRF) Annual Funding Projects include:**
Drinking Water Treatment Improvements, Transmission and Distribution, Source Protection, Storage Improvements and Planning



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.

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%



Other Subsidy Programs Offered by the Trust

- **Asset Management Planning Grants:** The grant program provides a **60%** grant 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.
- **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.



Lead in Schools

Sampling Program

- (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
- (2019-Present) – Expanded funding from EPA allows MassDEP to expand sampling program to public and private childcare and early education fairs – limited to lead testing

School Water Improvement Grants (SWIG)

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



Looking to the Future...

Highlights for SRFs

- President Biden signed into law the **\$1.2 trillion** Infrastructure Investment and Jobs Act of 2021 (H.R. 3694) aka Bipartisan Infrastructure Law (**BIL**).
- Provides **\$43.426 billion** in funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) over the next five years (2022 – 2026) – This funding is in addition to the annual SRF capitalization grants (\$55M CWSRF and \$ 25M DWSRF).
- Funding over the next five years (2022 – 2026)
- Adheres to existing SRF project eligibilities.

American Rescue Plan Act (ARPA) Funding

- Chapter 102 of the Acts of 2021 appropriated \$100 million in ARPA funding to the Trust.
 - \$12.88 million is earmarked to specific projects.
- MassDEP and the Trust are preparing a report to the Massachusetts State Legislature outlined how the funds will be spent, which is expected to be presented in the coming weeks.



Drinking Water Supplemental Funding

\$15 billion – for Lead Service Line Replacement DWSRF projects

- 49% of funds to be provided to communities as subsidies or principal forgiveness
- 51% of funds will be available to communities for SRF loans
- State match is not required

\$11.7 billion - for all DWSRF eligible projects

- 49% of funds to be provided to communities as subsidies or principal forgiveness
- 51% of funds will be available to communities for SRF loans
- State match is reduced from 20% to 10% for CYs 2022 & 2023

\$4 billion – for Addressing Emerging Contaminants through the DWSRF

- Can be used to remediate PFAS in drinking water
- 100% subsidy – funds to be provided to communities as subsidies or principal forgiveness
- State match is not required



Clean Water Supplemental Funding

\$11.7 billion – allocated to the CWSRF for all eligible projects

- 49% of funds to be available for subsidies or principal forgiveness
- 51% of funds will be available for SRF loans
- State match is reduced from 20% to 10% for CYs 2022 & 2023

\$1 billion – allocated to CWSRF for addressing Emerging Contaminants

- 100% subsidy - funds provided as subsidies or principal forgiveness
- State match is not required



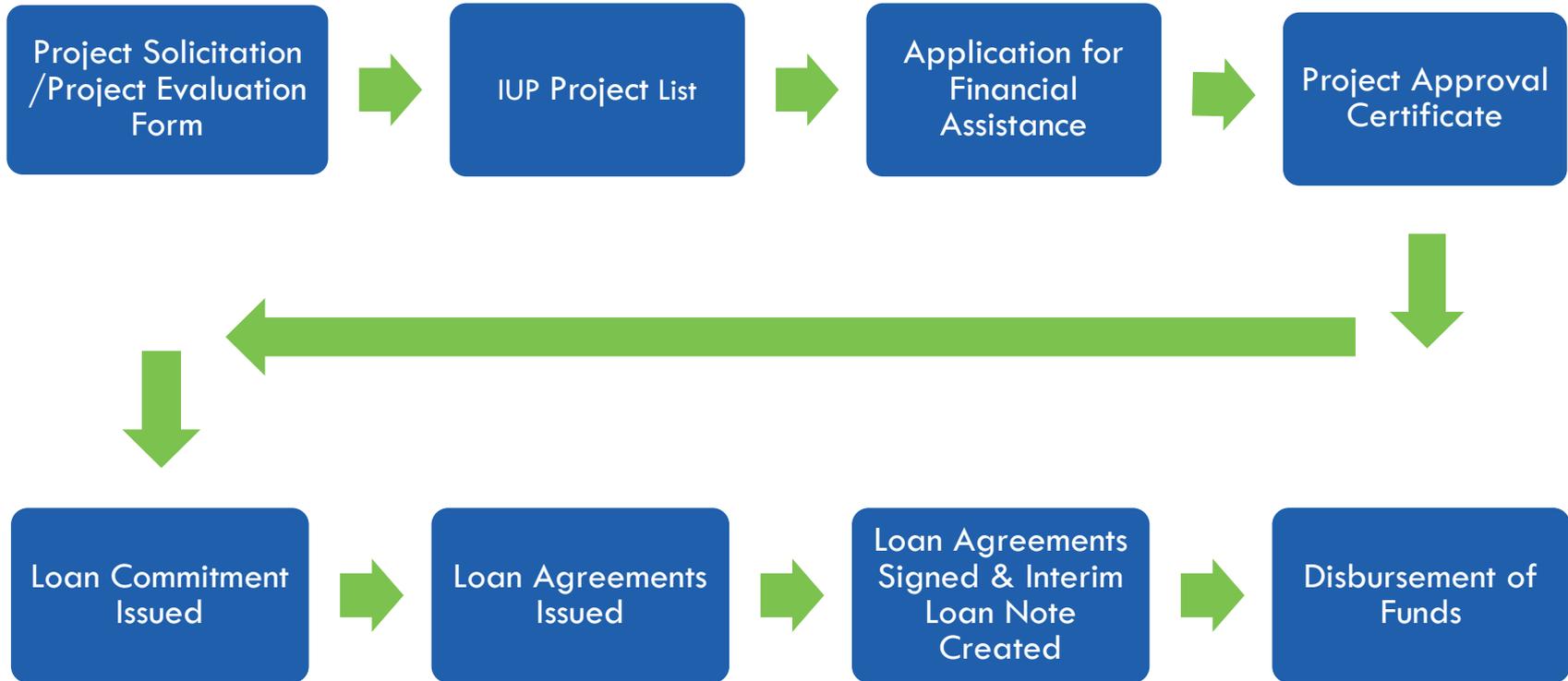
Massachusetts 2022 Allotment

Massachusetts expects to receive approximately \$189 million in supplemental BIL funding:

- CWSRF All Projects **\$61M**
- CWSRF Emerging Contaminants **\$3.2M**
- DWSRF All Projects **\$41.7M**
- DWSRF LSL Replacements **\$65.6M**
- DWSRF Emerging Contaminants **\$17.5M**



SRF Loan Process



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Massachusetts Department of Environmental Protection

<https://www.mass.gov/state-revolving-fund-srf-loan-program>

Massachusetts Clean Water Trust:

<https://www.mass.gov/orgs/the-massachusetts-clean-water-trust>

