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**STATE OF MAINE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**DRINKING WATER PROGRAM**  
**AND**  
**MAINE MUNICIPAL BOND BANK**

**DRAFT**  
**DRINKING WATER STATE REVOLVING FUND**  
**2021 INTENDED USE PLAN**



**JANUARY 2021**

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# **DRINKING WATER STATE REVOLVING FUND 2021 INTENDED USE PLAN**

## **1. Introduction**

The U. S. Congress is expected to adopt the federal Fiscal Year (FFY) 2022 budget which should provide a National Drinking Water State Revolving Fund (DWSRF) appropriation of \$1,126,088,000. This appropriation will provide for the FFY 2021 DWSRF Capitalization Grant (Grant). The State of Maine (Maine) is entitled to slightly less than 1% of the Federal DWSRF appropriation to fund the Maine DWSRF. Based on the anticipated FFY 2022 Budget appropriation, and the Maine DWSRF choosing to take their share of the re-allotment funds with the 2021 Capitalization Grant this year's amount is expected to be **\$11,004,000**. These funds will be available to Maine after the Maine Department of Health and Human Services, Drinking Water Program (Program) has received that Grant award from the U.S. Environmental Protection Agency (EPA). This Intended Use Plan (IUP) is one portion of the documentation necessary for the State to obtain this Grant. This IUP outlines how Maine proposes to utilize the 2021 Grant to fund capital improvement projects and non-project activities (set-asides) and outlines the terms of all financial assistance offered by the Program.

After allocating funds for set-aside activities, the Program will combine the remaining Grant funds with the State Match, loan interest and repayments, and carry-over funds to determine the available project funds. These funds will be used to provide financial assistance for needed capital improvements to Maine's DWSRF-eligible public water systems (PWSs). The Program reserves the right to seek blended bond proceeds issued by the Maine Municipal Bond Bank (MMBB) to combine with these project monies, thereby further increasing the total amount of available project funds. In 2021, the Program intends to distribute the project funds to the DWSRF-eligible projects, listed in the attached Primary Project List (Attachment F), which were ranked in accordance with the project priority ranking system included in this IUP.

The DWSRF will continue to be jointly administered by the Program as the lead agency, and the MMBB as the financial administrator. A Memorandum of Understanding (MOU), included as Attachment C, outlines the administrative activities to be performed by each Agency.

The Engineering and Water Resources Team within the Program includes several fulltime employees in the central Augusta office and two field engineers located in Cumberland and Aroostook Counties. This Team will provide administration and oversight for the 2021 DWSRF Program.

## **2. Short-Term and Long-Term Goals of the DWSRF in the State of Maine.**

### **2A. Short-Term Goals.**

The following list are the nine short-term goals of the DWSRF in the State of Maine.

- I. Provide the required 20% State Match within the required time frame.
- II. Provide loans to assist eligible Public Water Systems (PWSs) under enforcement actions to attain compliance by established deadlines with coordination between State DWSRF and enforcement programs and taking into consideration the needs of PWSs with multiple violations, including current compliance status and actions underway to address compliance.
- III. Provide loans to assist eligible PWSs to rehabilitate or replace aging infrastructure to attain or stay in compliance with the Safe Drinking Water Act (SDWA).
- IV. Provide loans to assist eligible PWSs to:
  - a. Provide required treatment to improve drinking water quality in Maine.
  - b. Construct water treatment facilities.
- V. Provide loans to assist small PWSs (population served of less than 10,000) in the construction or installation of necessary treatment while considering affordability.
- VI. Ensure that at least 15% of the monies available for funding projects provide financial assistance to small PWSs with projects that are ready for construction.
- VII. Provide loan subsidies to Disadvantaged Community PWSs for eligible projects.
- VIII. Provide financial assistance to implement preventive measures such as wellhead and source water protection and acquisition of properties to create protective buffers near drinking water supplies.
- IX. Provide financial assistance to help PWSs increase technical, financial and managerial capacity.

### **2B. Long-Term Goals.**

The following are the ten long-term goals of the DWSRF in the State of Maine.

- I. Provide assistance to PWSs to maintain the public health objectives of the SDWA.
- II. Maintain the fiscal integrity of the fund.
- III. Maintain the fund in perpetuity.
- IV. Work toward meeting the State's total drinking water improvement funding needs by blending federal DWSRF Grant monies with MMBB bond sale proceeds, utilizing the blend of these proceeds to provide long term low interest financing to DWSRF-eligible PWSs.
- V. Create and maintain a land acquisition fund in perpetuity.
- VI. Ensure the long-term availability of adequate finances to assist eligible PWSs to:
  - a. Rehabilitate or replace contaminated sources or sources at risk of contamination;
  - b. Construct, rehabilitate or expand treatment facilities to improve drinking water quality;
  - c. Construct, rehabilitate or expand storage facilities to help maintain adequate drinking water supplies that are free from risk of contamination; and
  - d. Install or replace transmission or distribution facilities to prevent contamination.

- VII. Provide assistance for consolidation or interconnection of PWSs to improve service or capacity.
- VIII. Assist PWSs in identifying and prioritizing land acquisition for source water protection.
- IX. Assist in the planning and design of related projects.
- X. Develop means for ensuring the long-term availability of adequate funding for loan subsidies for Disadvantaged Community PWSs.



### 3. Financial Status

3A. Total amount of funds in DWSRF. Table 3-1 below provides a summary of the 2021 DWSRF Grant and the intended allocations to each activity. A similar table can be found in Attachment A.

Table 3-1  
Summary of 2021 DWSRF Grant and Set-Aside Activities

ITEM	GRANT FUNDS AVAILABLE	2021 BUDGET	SUB-ACCOUNTS
2021 DWSRF CAP GRANT	\$11,004,000		
<b>SET-ASIDES</b>			
PROGRAM ADMINISTRATION (Up to 4%)	\$440,100	\$440,100	
DWP Portion (90%)			\$396,090
MMBB Portion (10%)			\$44,010
TECHNICAL ASSISTANCE TO SMALL PWSs (Up to 2%)	\$220,080	\$231,000	
DRINKING WATER PROGRAM (Up to 10%)	\$1,100,400	\$1,389,000	
PWSS Program			\$1,202,000
Source Water Protection Staff			\$121,000
Capacity Development Staff (0.5FTE)			\$66,000
OTHER NON-PROJECT ACTIVITIES (Up to 15%)	\$1,650,600	\$1,650,600	
Land Acquisition		\$109,600	
Assistance for Capacity Development (Sub-Account Total)		\$978,000	
Capacity Development Staff (0.5FTE)			\$66,000
Capacity Development Grants			\$200,000
PWS Consolidation Grants			\$100,000
Training Reimbursement Fund			\$200,000
RCAP – Capacity Development Training			\$25,000
MRWA - Financial Circuit Rider			\$65,000
MRWA – Tabletop Exercises			\$70,000
MRWA – MEWARN & Emergency Preparedness Support			\$36,000
MRWA – Benchmarking Phase IV			\$10,000
MRWA – Liminology Assistance			\$36,000
MWUA – Leadership Training School			\$30,000
MWUA – Media Guidance			\$30,000
MWUA – Operator Helping Hand			\$30,000
MWUA – Toolbox			\$30,000
MWUA – Trustee Training			\$50,000
Wellhead & Source Protection (Sub-Account Total)		\$563,000	
New Well Approval & Wellhead Protection Staff			\$328,000
Wellhead/Source Water Protection Grants and Water System Asset Security Grants			\$200,000
Public Education and Outreach Fund			\$35,000
SET-ASIDE TOTALS		\$3,710,700	
REMAINING DWSRF CAP GRANT AVAILABLE FOR PROJECTS		\$7,293,300	
STATE MATCH		\$2,200,800	
OTHER FUNDS (INTEREST, REPAYMENTS AND CARRY OVER)		\$6,864,000	
		<b>\$16,358,100</b>	

- 3B. State Match. For each Grant, the State must provide documentation, at the time of the Grant Application, that at least 20 percent of the total amount of that year's Grant is available as State Match. Attachment A shows the planned allocation of funds from the 2021 DWSRF Grant. The required State Match for 2021 is estimated at \$2,200,800. The 2021 DWSRF State Match required is expected by June 30, 2021 from the State's Wholesale Liquor Contract. State legislation has established that revenue from this Contract will provide funding for the years between 2015 and 2024.
- 3C. Beginning/end of year financial status. The initial financial status of the 2021 DWSRF program is stated above in 3A and Attachment A. The current financial status of the 2019 and 2021 funds is also shown in Attachment A. All other previous Grants have been fully expended.
- 3D. Proportionality/Cash Draw: Proportionality for the 2021 DWSRF program will be met with a 100% State Match disbursement method.

#### 4. Non-Project Activities/Set-Asides

- 4A. Definition/Description. Non-project or set-aside activities include those activities that are not directly associated with the construction of capital improvement projects but are allowed uses of Grant monies identified in Section 1452 of the SDWA. They include: Program Administration (4%), Technical Assistance to Small PWSs (2%), Drinking Water Program Functions (10%) and Other Non-Project activities (15%), all described in greater detail in the following sections.
- 4B. Description of rationale for determining amounts of Grant funds to be used for non-project activities. The Program is allowed up to 4% of the Grant amount for the Administration of the Drinking Water State Revolving Fund. The funds allowed by the SDWA for the first non-project activity, Program Administration, are \$396,090. The Program Administration budget is \$396,090. Also, as detailed in the MMBB-DWP Memorandum of Understanding, 10% of this set-aside will be used by the MMBB and 90% by the DWP. Any unspent funds allotted to these set-aside activities that remain at the end of the funding period will be carried forward for future use for these activities.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or \$220,080. The Technical Assistance to Small PWSs budget is \$231,000. In addition to \$220,080 of 2021 Grant funds, the DWP intends to use \$10,920 of Banked Credit from the Set-Aside to fund the Technical Assistance Program. This will leave a Banked Credit balance in this set-aside of \$340,043. The Technical Assistance funds will cover the cost of two Water Quality Specialist positions with the Maine Rural Water Association. Any unspent funds allotted to these set-aside activities that remain at the end of the funding period will be carried forward for future use for these activities.

The maximum amount available for the third non-project activity, Drinking Water Program Functions, is 10%, or \$1,100,400. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is \$1,389,000. The addition of Banked Credit in the amount of \$288,600 will fully fund this Program budget of \$1,389,000. This will leave Banked Credit balance in this set-aside of approximately \$2,881,355.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or \$1,650,600. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the activities for the upcoming year is \$1,650,600.

If at any time an excess accumulation of funds develops in any one set-aside activity mentioned above, the Program can decide to transfer these funds to the Project account.

- 4C. Description of non-project activities and percentage/amount of funds to be used for each.

##### **I. Program Administration (4% Set-Aside)**

As discussed above, the Program will use the maximum allotment of \$440,100 allowed by the SDWA for the first non-project activity, Program Administration. The administration of the DWSRF has a budget of \$396,090 for the DWSRF Manager, two Project Managers/Inspectors, along with one half-time equivalency (FTE) position filled by the Senior DWSRF Engineer. These funds will also be used to procure all equipment and training necessary for performance of the duties for those positions.

The MMBB will receive the other 10% of the \$440,100 Grant portion of the allotment, or \$44,010, for financial administration of the DWSRF. These funds will be used to pay a portion of the salary and expenses of the DWSRF program officer, and all other expenses directly related to the financial administration of the Program.

## **II. Technical Assistance for Small PWSs (2% Set-Aside)**

The Program will use the allowable allotment of \$220,080 combined with \$10,920 of Banked Credit to fund the entire 2021 budget need of \$231,000. This entire set-aside will be allotted to the Maine Rural Water Association (MRWA) to fund two Water Quality Specialist positions.

The Water Quality Specialists will provide technical assistance to small PWSs that serve a population of less than 10,000. MRWA will produce and submit to the Program a Work Plan describing in detail the DWSRF funded assistance they intend to provide using 2021 DWSRF Technical Assistance set-aside funds. The Program and EPA Region 1 will review and approve the plan. MRWA is required to submit an annual summary report to the Program in August of each year, which reconciles the actual assistance and its value provided during the past year for which funds were allocated, with those proposed in the Work Plan. This report must be submitted in adequate time to be included in the Annual Review conducted by EPA Region I, and the Biennial Report submitted by the Program to Region I. Monthly meetings/work evaluations will be conducted by the Program to ensure that MRWA technical assistance activities are consistent with its Work Plan and current needs of Maine's small PWSs. An outline of the scope of duties to be performed by MRWA and the Program under this set-aside can be found in the Memorandum of Understanding provided as Attachment D.

## **III. Drinking Water Program Functions (10% Set-Aside)**

The Program will use the allowable allotment of \$1,100,400 from DWSRF 2021 set-aside combined with \$288,600 of Banked Credit from prior years to fund the entire 2021 budget need of \$1,389,000.

### **a. Administration of PWSS Program (\$1,202,000)**

This set-aside provides funding to help augment the PWSS Grant for administration of the SDWA amendments. Employees who perform job duties that ensure the Program meets its primacy requirements and any Program needs that address program deficiencies will be funded from this set-aside. A separate Work Plan will be developed outside of this document that will describe the personnel and activity expenses to be funded with these set-aside funds. This Plan will be provided as part of the 2021 Grant application and reviewed and approved by EPA Region I before funds are available for withdrawal.

### **b. Administration of Technical Assistance Activities for Source Water Protection (\$121,000)**

This set-aside will provide funding to administer the Program's activities for source water protection. These activities include the administration of four of the Other Non-Project Activities (Section IV below) - Land Acquisition/Conservation Easements, Source Water Protection Measures-Community PWSs, and Establishment and Implementation of Wellhead Protection Programs. Monies will also be used to provide technical assistance to PWSs for source water protection. The Program's Hydrogeologist and Source Water Protection Coordinator will provide administration and technical assistance for these activities.

c. Development and Implementation of a Capacity Development Strategy (\$66,000)

The Program plans to use these funds to continue implementing the State Capacity Development Strategy for new and existing PWSs during this DWSRF funding period. This Strategy is designed to help PWSs, especially small PWSs, obtain adequate technical, financial and managerial capacity to meet existing and future SDWA regulations. The Program's Capacity Development Coordinator will oversee the components of this set-aside.

**III. Other Non-Project Activities (15% Set-Aside)**

The Program will use the allowable allotment of \$1,650,600 from DWSRF 2021 set-aside.

a. Land Acquisition & Conservation Easements/ Source Protection Measures (\$109,600)

PWSs' ownership or legal control of the land around its source(s) is the most effective means of protecting the source(s) from contamination. For this reason, the Program intends to provide enough funds in this set-aside to meet the expected requests until the next Grant award. As of December 31, 2020, the program had \$1,830,602 available from prior year loan repayments grants. An additional sum of \$168,796 of repayments is scheduled before December 31, 2021 for a total of \$2,108,998 of available funds inclusive of the \$109,600 deposited this year.

Under this program, community and non-profit non-community public water systems (PWS) may apply for low-interest loans with 20% principal forgiveness of up to \$20,000 maximum for the purchase of land and/or conservation easement for drinking water source protection. Projects that demonstrate a commitment to the ongoing protection of a system's drinking water source through land acquisition and/or easement are eligible for these loans. Loans may be issued for an amount greater than \$100,000. However, principal forgiveness will not be applied to the portion of the loan exceeding \$100,000. Furthermore, principal forgiveness and low-interest loan rates will only be applied to the portion of the purchase price that represents the percentage of the purchased land located within the defined wellhead protection area (for wells) or contributing watershed (for surface water bodies).

The types of PWSs eligible are Community and non-profit non-community water systems are eligible to apply for a land acquisition loan. The system must demonstrate technical, managerial, and financial capability. The land and/or conservation easement must be located within the watershed or wellhead protection area.

There is no deadline for land acquisition loans. Applications are accepted on a rolling basis and are subject to available funding.

All funds allotted to this set-aside will be used to provide loans to eligible PWSs for the purchase of land and/or conservation easements necessary for source water protection. In addition to the purchase of land and easements, funds will be made available for land stewardship activities which promote the protection of the source water quality.

Loans are also available to assist community water PWSs in the implementation of voluntary, incentive-based source water protection measures in areas delineated under the source water assessment program. PWSs must have performed the required delineation and assessment of their source(s) before communities can utilize these funds. These funds are available only to community water PWSs.

Principal and interest payments on loans made from this account will be repaid into this account making additional loan money available for future land and conservation easement purchases. The terms of financial assistance for Land Acquisition/Conservation Easements are described in Sections 7 & 8.

The land or conservation easement to be purchased with DWSRF assistance must be integral to the source water protection needs of the PWS as determined by the Program. A determination can be based on the land being identified in a Program approved source water protection plan or other documentation that supports its role in protecting the PWS's source water. The land purchased must be acquired from a willing seller. Also, before DWSRF assistance for land acquisitions is allowed, an independent appraisal of the land value must be provided to the Program. The MMBB determines the amount of financial assistance provided to PWSs for land purchases on a case-by-case basis after consideration of the following items for each request; the appraised value of the land, the anticipated amount of legal and other costs associated with the transaction, the credit quality of the applicant, the availability of land acquisition funds in relation to the current demand, and other financial and market information deemed relevant to the request.

b. Assistance to PWSs for Capacity Development (\$978,000)

o Capacity Development Staff Assistance (\$66,000)

The total cost of this program in 2021 is \$66,000 to fund 50 percent of an FTE to provide on-site capacity development assistance and training.

o Capacity Development Grants (\$200,000)

As a part of this set-aside, the Program will use \$200,000 to fund Capacity Development Grants. Grants up to \$20,000, but no more than 50 percent of the actual cost, will be made available to eligible PWSs for the solicitation of professional services for the completion of documents that could assist the PWS in becoming more viable. Documents to be considered for these funds are:

- Comprehensive System Facility Plan,
- Capital Improvement Plan,
- System Infrastructure Assessment (as defined by the PUC),
- System Hydraulic Model Report,
- Leak Detection/Water Audit,
- Management Review Report,
- System Vulnerability Assessment,
- Emergency Response Plan,
- Comprehensive System Operations and Maintenance Manual,
- Energy Audit,
- Water Rate Study,
- Asset Management Plan, or
- Any other professionally created document that the Program determines can improve PWS viability.

Grant Assistance will not be provided if a similar report or study has been completed in the last five years or if the PWS requesting Grant Assistance has an open Capacity

Development Grant from previous grant cycles. Grant assistance will be provided only after the Program has reviewed and approved the document. Any one PWS may only have one active grant at a time. Professional Engineering services are not required to be selected through a Request for Qualification or Request for Proposals process.

Limited population community PWSs serving a population of less than or equal to 100, may apply for grants up to \$5,000, but no more than 90 percent of the actual cost for capacity development activities as described above.

○ PWS Consolidation Grants (\$100,000)

This Program was created to provide partial funding to PWSs for consolidation with another PWS to enhance PWS capacity. PWSs with a technical, managerial or financial capacity issue can receive partial funding to consolidate with a more viable PWS to enhance PWS capacity and facilitate the de-regulation of an existing PWS. These grants will be issued in the form of principal forgiveness. The eligible costs for the principal forgiveness are the cost of the infrastructure necessary for the PWS to serve the PWS being de-regulated. The grant funds are not intended to replace the de-regulated PWS's infrastructure.

The Consolidation Grant funds no more than 50 percent of the cost of a PWS's consolidation for for-profit facilities and no more than 75 percent of the cost of a PWS consolidation for not-for-profit facilities. Grant awards may not exceed \$100,000. Payments are typically made on a one-time reimbursement basis. Consideration for greater than a single reimbursement will be made on a case-by-case basis determined by the financial need of the applying PWS.

○ Training Reimbursement Fund (\$200,000)

The Program will allocate \$200,000 for PWS capacity training. This training will encompass technical, managerial and financial capacity strategies and target operators, managers and owner representatives of all sizes of PWSs. The Training Reimbursement Fund will reimburse training providers at a rate of \$20 per person per credit hour. The following represents a preliminary list of how the funding will be spent:

- Continuing education training subsidy, also known as the training reimbursement fund. This subsidy allows the use of a flat fee structure to assist training providers with facilitating training under the direction of regulatory agencies.
- Trustee Training subsidized outreach to PWSs across the state for topics to assist trustees in managing PWSs. This training will enhance trustees' knowledge of water system infrastructure and public health protection.
- Emergency Preparedness and Security subsidized training and continued updating of PWS emergency response plans.
- The EPA Check Up Program for Small Systems (CUPSS) and asset management training. Continued introductory courses and user update courses
- Managerial Training for future PWS managers to the Maine Joint Environmental Training Coordinating Committee, JETCC, to assist in a program for water and wastewater operators to develop managerial skills needed in the future. This is a

12-month program in which professional mentors develop the curriculum. Candidates are nominated by their PWSs and selected through a prescribed review process. The goal is to produce graduates that understand regulations, and financial and managerial concepts which are essential to utility management.

- Capacity Development Training for PWSs receiving DWSRF Principal Forgiveness (\$25,000)

A budget of \$25,000 has been included in this set-aside activity to fund Capacity Development Training for those PWSs that will be receiving principal forgiveness for at least 20% of the loan amount, based on qualifying as a Disadvantaged Community PWS. This Asset Management training will be provided by RCAP Solutions Inc. This training will be a one-on-one training with each PWS. This training is expected to consist of two three-hour sessions. PWS trustees or board members and lead operator(s) must attend this training seminar. Financing will not be approved until this training is completed.

- Financial Circuit Rider: (\$65,000)

Increasing the financial capacity is critical to developing the overall viability of PWSs. The Financial Circuit Rider (FCR) is a technical assistance program to target financial capacity building for community PWSs serving a population of less than 10,000. The FCR will provide technical assistance and training to build financial capacity in community PWSs. The FCR will accomplish this through personalized one-to-one, on-site training, remote assistance via phone or internet, and response to training requests for regional utility meetings. The FCR will make pre-emptive visits, respond to PWS requests for assistance or respond to state agency compliance directives. Areas of work will include, but not be limited to:

- Compliance: SDWA Regulations, PUC Regulations, GAAP, Operating Reports, Record Retention Schedules.
- Governance: Right to Know, FOAA, By-Laws, Charters, Business Plans, Restructuring.
- Accounting: Bookkeeping, Rate Setting, Terms & Conditions, Budgeting for Operations & Capital Improvement, Audit Preparation, Interpreting Audit Results, Cash Management, Internal Controls.
- Asset Management: Identification of Assets, Valuation, Depreciation Schedules, And Asset Management Programs/Worksheets.
- Human Resource: Personnel Policies, Employee Handbooks, Workers' Comp Issues, Retirement, Taxation.
- Funding Assistance: RD & SRF Program Education and Application Assistance.
- Operations: Water Audit/Water Loss Tracking, Customer Complaints, Customer Service, Liens, Disconnections, Cross Connection Programs.

- Emergency Response Tabletop Exercises: (\$70,000)

Maine Rural Water Association, the Maine Drinking Water Program, Maine Department of Environmental Protection, Maine Emergency Management Agency, County Emergency Management Agencies, local emergency responders and others have partnered in the past several years to bring Tabletop exercises to multiple locations in all regions of Maine.



While these exercises have been beneficial to all parties in each location, every exercise has highlighted critical gaps in communication, operations and/or redundancy.

In the past, the TTXs have focused on an event that exploited a physical single point of failure in a water system. Given the events since March 2020, utilities have expressed interest focusing on pandemic emergency preparedness planning.

The primary goal of the proposed TTXs is to enhance the ability of the Utilities, Local First Responders, Maine Drinking Water Program, the Maine Department of Environmental Protection and other identified stakeholders (including the critical customers and the communities served by the water utilities) to effectively prepare for, manage, and respond to a drinking water emergency.

This would include improving the understanding of the water utilities' interdependencies and impacts of loss of drinking water and fire protection services during a disaster. Therefore, this project aligns with:

- The U.S. Department of Homeland Security's and U.S. Environmental Protection Agency's 2015 Water and Wastewater Sector-Specific Plan and,
- The America's Water Infrastructure Act of 2018 (AWIA)

Utilities that have expressed an interest in engaging a pandemic focused TTX are:

- Caribou/Ft. Fairfield
- Rangeley
- Searsport/Belfast
- Livermore Falls/Jay Village

For each of the TTX, we will hold planning meetings and TTX design team meetings to develop the scenarios, read ahead references, Situation Manuals and deliver a one-day TTX on location based on the needs and priorities identified during the planning process. Planning meetings will be conducted virtually. If possible, the TTX will be conducted in person, provided social distancing guidelines established by the Maine CDC can be achieved. Each TTX will be followed by an After-Action Review and Improvement Planning Meeting and the development of a mutually agreed upon improvement plans.

We expect to conduct the planning process in the Fall of 2021 carrying into the Winter of 2022.

- Emergency Preparedness Support for PWSs (\$36,000)

The Maine Water/Wastewater Agency Response Network (WARN) for mutual aid continues to grow and build capacity and resilience for Maine's public drinking water systems. Proper administrative support for the network is crucial. We propose to continue providing quality support for the MEWARN. Support tasks include, but are not limited to,

- 24/7 availability for emergency response and/or coordination
- Organization of two Steering Committee meetings annually
- Administration of mutual aid contracts
- Regular and continued maintenance of emergency contact database
- Recruitment of new members
- Test the HAN twice annually

- Attend National WARN Chairs meeting

Organization, distribution and tracking of PPE channeled through statewide mutual aid networks will continue to be a priority. As Administrators of the WARN, regular communications with federal and state agencies is critical.

New in 2021, the WARN will initiate the creation of a Statewide response network comprised of entities/individuals affiliated with bulk water delivery.

Project Deliverables:

- Organize and hold two Steering Committee meetings annually
- Acquire primary and secondary emergency contact information for WARN Members and provide updated contacts to DWP for update to the HAN
- Test the HAN twice annually
- Continue industry education on mission, purpose and benefits of WARN
- Review mandates, tasks and deadlines of AWIA with specificity, Section 2018 (a), Section 5: Amendment's to Emergency Planning and Community Right-to-Know Act (EPCRA) Section 304. Offer awareness of said provisions to Maine's County EMAs, LEMDs, LEPCs and CWSs.
- Initiate stakeholder group with focus on entities/individuals associated with bulk water delivery
- Inventory of necessary bulk hauling equipment, PWS with capacity/willingness to assist
- Integrate within WARN mutual aid network, update WARN Agreement, develop notification/activation, tracking and response mechanisms
- Monitor, identify and mitigate communication, request, and response deficiencies
- Benchmarking Implementation (\$10,000)

The drinking water industry faces significant financial and operational challenges due to aging infrastructure. Industry leaders, policy makers, and regulators must communicate and understand the current financial and asset conditions of individual utilities and the overall drinking water industry in Maine. Standardized metrics that assess financial health, operational parameters, and asset information are needed to provide valuable insight when comparing utilities. This initiative will develop over several years. The long-term goal is the development of a sustainable electronic rational benchmarking database containing key financial, operational, and asset metrics for Public Utilities Commission regulated PWSs. Such a database would collect and analyze public drinking water financial and operational data for access to all regulated PWS to help utilities and the Program develop, track, and prioritize long-term public drinking water infrastructure needs.

- Technical Support and Training for Limnological Sampling and Data Analysis for Surface Water Systems (\$36,000)

As the climate in Maine changes, the likelihood of ecosystem changes in drinking water source supply lakes grows. Without regular limnological monitoring, drinking water systems can be caught unprepared for shifts in water quality that could impede treatment and threaten public health. For example, chrysophytes and cyanobacterial blooms have recently occurred in several drinking water supply lakes that have surprised and

confounded utility managers. Having a robust database of limnological water quality data could help managers plan and prepare for treatment.

The following eighteen (18) small utilities that either do not conduct regular limnological monitoring, or do not receive regular limnological monitoring from other state or non-profit organizations.

- Anson and Madison Water District
- Brewer Water Department
- Boothbay Region Water District
- Buckfield Village Corporation
- Canton Water District
- Dexter Utility District
- Dover-Foxcroft Water District
- Great Salt Bay Sanitary District
- Hebron Water Company
- Jackman Utility District
- Livermore Falls Water District
- Long Pond Water District
- Newport Water District
- North Haven Water Department
- Passamaquoddy Water District
- Southwest Harbor Water & Sewer District
- Town of Bar Harbor- Water Division
- Vinalhaven Water District

We propose to provide limnological sampling and analysis to support planning and protection efforts by small community water systems utilizing a surface source of supply. Pilot project is proposed for 5 systems: Livermore Falls Water District, Great Salt Bay Sanitary District, Dover-Foxcroft Water District, Newport Water District, and Anson-Madison Water District. The selected systems will cost share with the project for laboratory analysis expenses.

The Sampling Plan is as follows:

- Quarterly sampling – secchi, temperature, dissolved oxygen, pH, specific conductance, total algae (concentration of chlorophyll and phycocyanin),
- Annual sampling - quarterly samples + Total P from epilimnion, surface, bottom, and integrated; Chlorophyll a., and
- As needed – phyto- and zooplankton analysis.

Reporting to systems will consist of quarterly updates of data with annual report. Data will be kept by MRWA as well as forwarded to Lake Stewards of Maine for their statewide database.

○ PWS Leadership Training Classes (\$30,000)

The Maine Water Utilities Association (MWUA) Education Committee is developing a Training for PWS Superintendents and Governness Boards. The proposed management training program will involve five full days, or one day a week, of training over a five-

week period. The training will focus on better understanding financial, budgetary, regulatory, legislative, human resources, and other subject matters depending on the results of a survey the organization will be issuing to Community PWS managers. The DWSRF set aside for Capacity Development will fund one half of the cost to implement this training.

o Media Guide (\$30,000)

Through our role as a membership organization, Maine Water Utilities Association (MWUA) has determined an immediate need for media communication guidance and assistance for water systems and utilities. The purpose of this communication may range from normal day-to-day business, rates, capital improvement projects, construction, emergencies, and more.

Whether needing to communicate with the media, public, or other stakeholders, there are several ways this can be accomplished. This may include, but is not limited to, local/regional newspapers, television, and radio. Non-traditional media sources, such as social media can also be used to accomplish many of these objectives.

Ultimately, MWUA believes water systems and utilities would benefit from assistance as to proper communication strategies with the public and the media by means of the sources listed above. Therefore, a guidance document followed by a series of regional exercise-workshop hybrids would be of great use and benefit to water systems in Maine.

The exercises would be regional as to serve a greater audience and allow systems to work together in practicing the strategies in the guidance document. MWUA is prepared for virtual or in-person exercises.

MWUA proposes to develop a robust guidance document for water systems in Maine providing assistance as to proper strategies for communicating with the public, media, and other stakeholders through traditional and non-traditional media sources followed by a series of three (3) regional exercise-workshop hybrids.

Guidance Document Deliverables:

- Determine needs of the industry through communicating with select water systems
- Develop objectives document based on needs
- Coordinate with local and regional media professionals to gather necessary content
- Develop guidance document utilizing previously gathered resources and content
- Review document with systems and DWP prior to public dissemination

Exercise Deliverables:

- Select exercise regions and needs
- Facilitate and hold three (3) regional exercise-workshops (virtual or in-person formats)
- Complete project wrap-up and final deliverables

o Helping Hand (\$30,000)

Maine Water Utilities Association (MWUA) proposes to design a robust survey to collect information, experiences, and relevant data from water systems about the tools, technologies, and digital systems they utilize daily to ensure safe drinking water, fire protection, and affordability for their customers.

The data will be collected and compiled in a centralized database format, initially Microsoft Excel spreadsheets for physical accessibility and security, but later an easy-to-use and intuitive web-based platform where anyone can go to find the information they need to make an informed decision in choosing and maintaining their tools, technologies, and digital systems.

Due to the critical role MWUA plays in connecting water professionals state-wide with their colleagues, knowledge, and resources, we have determined a strong need for this platform. Based on requests from the industry, many would like an easily accessible and updateable compilation of tools, technologies, and digital systems/software. They would use it in conduct of their goal to provide safe drinking water, fire protection, and affordability, as well as maintaining compliance with regulatory agencies. The following proposal has been developed with advice and guidance from the parties that expressed the initial need.

With that in mind, MWUA proposes a three-step process outlined below where a survey will be developed and implemented in a digital and physical format, as needed, to collect data related to the above stated need. The data will be reviewed and compiled in Microsoft Excel spreadsheets for security, data storage, and updatability.

Although these spreadsheets could simply be physically distributed at this stage, they do not promote usability, and many will find them more difficult to navigate than otherwise. After receiving feedback from water professionals, it was determined that a web-based platform or website (separate from MWUA's website to promote transparency) to be maintained by MWUA for a period of at least three years would be key in public distribution of data.

The web-based platform/website will be developed utilizing modern web design, coding, programming, and other tools and technologies as determined by MWUA's consultants. It will be responsive and accessible on all devices, whether desktop, laptop, tablet, or mobile phone. The content contained on the platform will be broken into searchable categories and easily navigable.

In conjunction with the web-based solution, MWUA will gather and distribute the Microsoft Excel spreadsheets and other relevant data to parties that wish to receive it.

After the passage of three years, MWUA suggests a new survey be developed to update the content that would be separate from this proposal. At such time, it would also be prudent to update the platform; however, the costs to do so would be minimal to none, due to the updates regularly performed over the former three years by MWUA.

Survey and Data Collection. Development of a robust survey to collect the information needed by water systems to make an appropriate choice of tool, technology, and digital system or software.

Compilation and Data Aggregation. A detailed and accurate compilation of data gathered from as many respondents as possible in a database and spreadsheet format for easy distribution.

Data Distribution and Implementation. Programming and coding of a web-based platform to distribute the data gathered in an intuitive, easy-to-use, and understandable format to promote transparency and a sharing of knowledge.

o Water Operators Toolbox (\$30,000)

Maine Water Utilities Association (MWUA) proposes to work with water systems to determine their needs as it relates to technologies and tools for use in calculating data during their daily duties. These will include example calculators from the following categories: source water, treatment, distribution, financials, regulatory tracking/reports. Some examples would be water loss, bleach dilution, and other calculators.

Subsequently, MWUA will compile the needs of the water systems and formulate relevant equations to be used in developing a set of calculators for use on computers and mobile devices for office and field work.

These calculators will be hosted publicly and available for all to use on an independent website/platform managed by MWUA for a period of three years with the expectation of revisiting and updating the content at that time (frequent updates and management).

The Water Operator's Toolbox project was conceived at the request of water systems throughout Maine that determined the need for additional resources, specifically calculating and mathematical data tools, for use by operators and other industry professionals in the transmission of their daily duties. As such, MWUA suggests the first step include a meeting of minds with a diverse group of industry professionals to determine the specific needs in relation to these calculators, specifically what calculators from the following categories: source water, treatment, distribution, financials, regulatory tracking/reports. Some examples would be water loss, bleach dilution, and other calculators.

The second step will be to use the needs determined previously to gather and formulate the calculations to be used. This step will include a lengthy accuracy checking period to ensure proper calculations and output. A spreadsheet of formulas and their information will be compiled to be provided to the web developer and programmer in the subsequent steps.

The final stage is to include a robust, responsive, and flexible design of a web-based platform/website to house the calculators and their relevant programming and code to allow for mobile and computer responsiveness. Prior to officially releasing the tools, they will be tested thoroughly and by another diverse group of industry professionals for which they were originally developed.

o Trustees Training (\$50,000)

Maine Water Utilities Association (MWUA), through our role as a membership organization and important resource for the water industry, has determined a significant need to assist water system and utility boards and trustees. Many are new to the industry and many are experienced, but all would benefit from a compiled document or guide as to their roles, responsibilities, and duties.

These can vary from system to system, but there are many commonalities and important laws/policies for boards and trustees to be aware of. Without this knowledge, they are hampered in their ability to perform the necessary duties their roles require.

As such, the need for a guidance document, specifically tailored for Maine, with subsequent training to reinforce and practice the knowledge contained within, would be of great benefit to the water industry in Maine.

Board of Trustees Guidance Document:

- Coordinate with regulatory agencies, stakeholders, and select water systems to determine the needs of water board members and trustees
- Develop an objectives document based on the above needs
- Gather the content and knowledge from multiple sources (CPAs, regulators, attorneys, etc.)
- Compile and develop a robust document from the above resources
- Review and ensure the document meets the needs previously determined, prior to public dissemination

c. Wellhead & Source Protection Programs (\$563,000)

o New Well Approval & Wellhead Protection Program Staff Expenses (\$328,000)

The Program will use this set-aside to fund or partially fund staff including the hydrogeologist who, among other technical assistance and field inspection duties, works with PWSs to navigate the new well approval process. Properly locating a well is fundamental to continued source water protection, and this position will work on-site with PWSs, well drillers, engineers and geologists to minimize conflicts with potential contaminant sources. Additional staff in this set-aside provide outreach to PWSs, municipalities, and other state agencies to reduce the risk of contamination of public water sources. Staff funded under this set-aside also assist in management of subsurface wastewater rules, one of the key parts of Maine's wellhead protection strategy, and in regulating well drillers so that wells are installed using appropriate tools and techniques to protect water quality.

o Wellhead Protection, Source Water Protection & Water System Asset Security Grants (\$200,000)

The total cost of the grant programs in 2021 is \$200,000. The Grant Program will continue to implement the Wellhead Protection Planning Grant Program that provides grants up to \$10,000 per PWS to fund planning and/or implementation of source water protection activities for ground water sources. Activities include developing useful base maps, drafting an aquifer protection ordinance, developing public educational materials, purchasing signage to demarcate source protection areas, etc.

The ongoing Source Water Protection program was implemented in 2011 for Source Water Protection Planning activities to provide grants up to \$10,000 per PWS for planning and/or implementation of source water protection activities for surface water sources. Activities may include the development or updating of watershed management plans, buffer establishment and upkeep, road and storm water management and reconstruction activities, and developing public outreach and educational programs and materials.

This year we will begin a new Water System Asset Security Grant. This grant is for eligible PWS to plan and/or implement security measures to protect water system assets. Activities eligible for the security measures may include fencing, signs, cameras, alarm systems.

Eligible PWSs include all community public water systems, and non-profit non community, non-transient systems. Eligible PWSs may submit applications for funding by March 31, 2021. Projects will be ranked using the priority scoring system shown in Section 6F. II. c.

- Public Education/Outreach (\$35,000) - The Program will use funds from this set-aside to develop contracted agreements with environmental and educational organizations to raise the awareness of the importance of local water resources. Included in this activity are:
  - LIDAR – Ortho imagery Internet Mapping Contract in partnership with the Maine Department of Agriculture, Conservation and Forestry and the Maine Library of Geographic Information (Geo-Library) coordinating mapping data and implementing a 5-year program to acquire new aerial photography (ortho-imagery) for the State. Collection, review, and input of data from wellhead protection self-evaluation forms are an ongoing process and a critical precursor to conducting credible assessments of source water protection areas.
  - USGS – Estimation of Mean Annual Groundwater Recharge contract in partnership with the U.S. Geological Survey, New England Water Science Center. Using the Soil-Water-Balance (SWB) method of recharge estimation provides a new opportunity to calculate average annual recharge to groundwater across the entire state, using inputs of precipitation, land cover and soil information, and estimates of potential vs. actual evapotranspiration. These data sets are now readily available in GIS layers.
  - Production of the Drinking Water Program Newsletter – “The Service Connection.” This newsletter is provided to all owners and operators of PWSs.

As a part of drinking water outreach, the Program supports programs around the State to increase awareness of drinking water issues.

- 4D. Separate non-project activity accounting. The funds allocated for each non-project activity will be separated into individual accounts at EPA Region I. The release of monies from these accounts will be performed on a cash draw basis with the requisition for funds being based on actual expense records submitted to EPA. Program staff will review and approve all requisitions and submit them to the MMBB to initiate the release of funds. The MMBB will also maintain separate accounting for each of the non-project activities.
- 4E. Transfer of unspent funds to the DWSRF. The allocated funds for each of the first three non-project activities, Program Administration (I), Technical Assistance (II) and Program Functions (III), can be banked (any unspent funds can be drawn against future grant awards) and used for the same activities in later years. Funds for the fourth activity mentioned above, Other Non-Project Activities (IV), cannot be banked. The Program must demonstrate in set-aside workplans to EPA how the funds allotted to each set-aside activity in each year’s Grant are to be used within a specific period. Other Non-Project Activity (IV) funds can be utilized by any one of the four activities mentioned in Section 4C. IV (a-d) above, with no more than 10% of the Grant going to any one activity. These funds can also be transferred to the Standard Project account.



## 5. Project Funds

- 5A. Funds available. After allocating funds for set-aside activities, the Program will combine the remaining Grant funds with the State Match, loan interest and repayments, and carry-over funds to determine the available project funds.

The total funds available for financial assistance as loans to Standard Projects and Disadvantaged Community PWS projects for the 2021 DWSRF Grant period is \$16,358,100. A detailed breakdown of these funds can be found in Attachments A, F, and G. The Maine Drinking Water Program reserves the right to obtain additional funds through bonds to offer blended bond packages to meet the demand for funds.

The 2021 DWSRF Grant appropriation is expected to include a requirement that a minimum of 26-percent of the 2021 Capitalization Grant is available for eligible recipients, including Disadvantaged Community PWSs, as principal forgiveness assistance on awarded DWSRF loans. Assistance subsidies in the form of principal forgiveness available to eligible Disadvantaged Communities will be at levels of 25, 50 and 75 percent based on community Medium Household Income and Residential Water User Rates as detailed in Section 8E. The 2021 DWSRF Primary List includes 15 projects, with 10 projects meeting the Disadvantaged Community criteria with a total subsidy amount of \$3,675,750 or 33.4 percent of the Capitalization Grant.

The Program has set a maximum loan limit for any PWS of \$5 million dollars for any given year. Any PWS with a project or combination of projects that exceeds this limit must find alternative funding for the balance of the project cost. However, the Program reserves the right to exceed this limit when enough funds are available to meet all project needs.

Multi-year projects may be funded over consecutive years if it is mutually agreed upon by the Program and the applicant. The project will by-pass the consecutive year(s) ranking and receive funding on the Primary List. In some cases, depending on project schedules and short-term financing, the Program may choose to refinance approved projects in subsequent years.

The Priority Project List may be amended or updated to consider new or updated information from PWSs.

- 5B. Projects to be funded. Attachments F and G provide lists of projects the Program intends to finance from the total project funds available from the 2021 DWSRF Grant period awards. Projects are listed in priority point score order. Priority point scores are determined using the point system shown in Section 6F. Attachment F is the Primary Project List of Standard and Disadvantaged Community PWS projects. Attachment G is the Backup Project List. The Backup Project List contains the projects that will receive assistance if projects on the Primary Project List do not proceed as planned or are by-passed. Each project can be described using one of the general types of projects listed below:

- 1) Replacement of contaminated source with new potable source;
- 2) Construction of treatment facilities;
- 3) Installation of disinfection facilities;
- 4) Projects addressing compliance/enforcement issues;
- 5) PWS consolidation to address viability issues;
- 6) Projects required to remove a PWS's status as a SDWA significant non-complier;
- 7) Replacement of aging infrastructure;
- 8) Upgrade or rehabilitation of existing water facilities;

- 9) Installation of meters and backflow prevention devices; and
- 10) Acquisition of land integral to a DWSRF eligible project.

The projects that are ultimately financed by the Program may not be selected exactly as listed on Attachments F and G. Some of the factors that could affect the current lists are as follows:

- 1) A listed project receives full or partial funding from another source;
- 2) A project is by-passed as described in Section 6B;
- 3) Funds available are increased or decreased due to actual project costs vs. estimated costs listed on Attachment F or G;
- 4) The PWS or project is found to be ineligible for DWSRF funds;
- 5) A PWS's loan application is denied;
- 6) A project or PWS is unable to meet DWSRF project requirements as described in this Section; or
- 7) A PWS declines DWSRF assistance.

The terms of financial assistance for Standard Projects are described in Section 7. The exact terms will be set at the time of the loan agreement for each project. The amount of principal forgiveness assistance and loan terms to be provided for Disadvantaged Community PWS projects will be determined during the loan application process using the criteria described in Section 8.

5C. Unencumbered Funds from Previous Grant Years. Funds from the 2019 and 2020 DWSRFs that were not encumbered have been carried forward into this 2021 IUP. All 2021 DWSRF projects that do not have an associated loan agreement by November 1, 2021 may be by-passed and the funds will be carried forward to the next year's IUP. PWSs will need to reapply for the next funding cycle if by-passed.

5D. PWSs/Projects Ineligible for Funding. PWSs that lack the technical, financial or managerial capacity to operate their PWS in compliance with present and future requirements of the SDWA are not eligible to receive DWSRF funds unless the proposed project will address and resolve the lack of capacity. All PWSs will receive a capacity development review and approval before the Program will enter into a loan agreement. PWSs that are in Significant Non-Compliance with the SDWA are not eligible, except as noted in Section 6G. PWSs that serve federally owned installations are not eligible. A Non-Community PWS owned by a for-profit enterprise is not eligible to receive DWSRF funding.

Proposed projects for which the primary purpose is to provide fire protection or system growth are not eligible for DWSRF funding. Laboratory fees for monitoring and operational and maintenance expenses are ineligible project costs. Land acquisition secured by eminent domain condemnation proceedings or from an unwilling seller is not eligible to receive DWSRF funding. Projects that do not receive a favorable environmental determination and initiate construction will not receive DWSRF funding. All projects must complete the environmental review process to the satisfaction of the Program and receive a favorable environmental determination before the start of construction.

Since funding is limited, demand is considerable and funds are subsidized, DWSRF funding will be provided to only the most viable, cost effective, environmentally acceptable projects.

5E. Environmental Reviews. All projects financed with DWSRF funds will have a "NEPA-like" Environmental Review. This review should be performed, and a favorable determination made prior to the design of the facility. The Environmental Review process must be completed prior to

the start of construction for the project to receive DWSRF funding. The State of Maine Rules Relating to the DWSRF, Chapter 230, puts forth the Environmental Review requirements for all projects. The applicant is required to submit specific information identified in Chapter 230 for a project for the Program to make an environmental determination. The required information is dependent upon the type and scope of the project proposed to receive DWSRF funding. An Environmental Review and determination prepared for/by another federal funding agency may be accepted by the Program.

5F. Procurement Requirements. Project funds can be used only for construction services and materials, required for the completion of a DWSRF eligible project, that are sought through a competitive process. The primary method for procuring construction services shall be the advertised bidding process. Bid packages must include the DWSRF Construction Contract Requirements. Other competitive procedures may be used to procure non-construction services. The Program will use their existing procurement policy as a guide. Comprehensive procurement procedures will be developed and included in DWSRF Rules. All DWSRF construction projects in federal fiscal year 2021 must use the Davis-Bacon Wage Rates. Exceptions include work funded by set-asides and worked performed through force account labor (PWS personnel).

5G. Use of American Iron and Steel

As per 10 SEC. 436,(a)(1), none of the funds made available by a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 381 et seq.) or made available by a drinking water treatment revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C.16 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a PWS or treatment works unless all of the iron and steel products used in the project are produced in the United States. (2) In this section, the term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

Subsection (a) shall not apply in any case or category of cases in which the Administrator of the EPA (in this section referred to as the “Administrator”) finds that - (1) applying subsection (a) would be inconsistent with the public interest; (2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or (3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent. (c) If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency. (d) This section shall be applied in a manner consistent with United States obligations under international agreements. (e) The Administrator may retain up to 0.25 percent of the funds appropriated in this Act for the Clean and Drinking Water State Revolving Funds for carrying out the provisions described in subsection (a)(1) for management and oversight of the requirements of this section. (f) This section does not apply with respect to a project if a State agency approves the engineering plans and specifications for the project, in that

agency's capacity to approve such plans and specifications prior to a project requesting bids, prior to the date of the enactment of this Act.

5H. Cross-Cutting Federal Authorities. Cross-cutting Authorities are listed in Attachment E. Federal Cross-cutting Authorities are those federal statutes and Presidential Executive Orders that by their own language affect actions proposed for assistance with DWSRF monies. DWSRF Equivalency Projects and all set-aside activities must meet all applicable requirements of these authorities. Some authorities will be met through the Environmental Review process. Others will be met through procurement or certification requirements of the Program. The Program must demonstrate to EPA that the total dollar amount of DWSRF projects funded in any given year that meet these authorities is equivalent to the total federal Grant funds received in that year. This sets the Equivalency Project goal. To meet the Equivalency Project goal for the 2021 Grant, Maine will require that all DWSRF funded projects with total project costs greater than \$400,000 meet all Cross-cutting Authorities. All organizations in receipt of federal funds for set-aside activities must follow all applicable federal Cross-cutting Authorities in their use of these funds. Anti-discrimination statutes apply to all DWSRF activities, not just Equivalency Projects. Projects eligible for emergency funding may be exempt from this requirement as determined by the DWSRF.

5I. Comprehensive System Facilities Plan/ Master Plan. With the goal of increasing sustainability of all PWSs in Maine, all projects on the Primary Project List receiving principal forgiveness will be required to have a professionally prepared Comprehensive System Facilities Plan (Master Plan) that is less than ten (10) years old.

Should a PWS not have a plan that is less than ten years old, funding assistance shall be provided as part of the project loan to complete a plan. An amount shall be included in the final loan amount for the PWS to undertake such a plan.

Should a PWS have a plan that is less than ten years old, the PWS shall be allowed to undertake other plans as detailed below under the same funding opportunities. This shall be at the PWS's discretion. Examples of eligible professionally prepared documents may include:

- Comprehensive System Facilities Plans
- Asset Management Plans
- Energy Audit Reports
- System Hydraulic Modeling Studies/Reports
- Water Loss Audits
- Effective/Sustainable Utility Management Assessment and Improvement Plan

5J. PBR/FFATA Reporting Requirements. All project loans capitalized, at least in part, with funds from the FFY 2021 Grant are entered in a national database known as Drinking Water Projects & Benefits Reporting (PBR). DWSRF employees enter information into PBR following award of a loan agreement or amendment, generally on a weekly basis.

In addition, Federal Funding Accountability and Transparency Act (FFATA) reporting requirements will be met by reporting to fsrs.gov on loans in an amount equivalent to \$7,368,560, which is the amount of the FFY 2021 Grant going towards projects. All loan recipients must obtain a DUNS number prior to receiving a loan to enable the state to satisfy FFATA requirements. Equivalency does not apply to the remainder of the Grant. Any contracts, loans or grants funded out of this portion of the Grant that individually exceeds \$25,000 will be reported to fsrs.gov as required.

## 6. Criteria and Method of Distribution of Funds

6A. Description of Selection Process for Projects to Receive Assistance. Each year all DWSRF eligible PWSs will be asked to submit information about projects (submission of a project information application form provided by the Program) for which they are seeking DWSRF monies for the designated year. This project information will be reviewed for accuracy and eligibility, and then given a priority ranking score based on the system designated in Section 6F below. The availability of funds for projects from other agencies may be investigated and discussed with the PWS. The DWSRF eligible projects and their respective information will then be listed in order of priority, highest to lowest, in a master list of all projects (Comprehensive Project Priority List). The Program will create the Primary Project List utilizing the provisions in this Section and the amount of available funds. The Primary Project List can be found in Attachment F. A Back-up Project List, Attachment G, consists of projects that did not make the Primary Project List, but are next in line to receive assistance based on their priority ranking. Projects on the Back-up Project List will be offered funds in the order of their priority ranking based on the amount of funds freed up by projects on the Primary Project List that either decline the funds or are by-passed in accordance with the procedures stated in Section 6B. Both lists include the following information;

- Priority Point Score,
- DWSRF Project Number,
- Public Water System Identification Number,
- Population Served,
- Public Water System Name,
- Project Type,
- Project Name,
- Funds Requested,
- Principal Forgiveness Ratio and
- Principal Forgiveness Amount.

The Program will contact all PWSs with projects listed on the Primary Project List after the IUP is finalized to inform them of submittal, review and approval, and application requirements.

6B. By-Pass Provision. Each PWS on the Primary Project List must demonstrate progress toward project completion by June 30, 2021. A project on the Primary Project List may be by-passed if the PWS has not entered into a loan agreement (or construction contract) or made reasonable progress towards starting construction by November 1, 2021. To enter into a loan agreement a PWS must submit and receive approval of engineering and construction documents, complete an environmental review and complete a capacity review.

Funds made available when a project is by-passed will be offered to PWSs with projects on the Back-Up Project List. Assistance will be offered to the PWSs with the highest priority ranked projects that have requested an amount of assistance less than or equal to the by-passed project's requested funding. On November 1, 2021, all uncommitted funds will be carried forward into the 2022 IUP.

6C. By-Pass for Small Water PWS Assistance. A minimum of 15% of the monies available for funding projects each year must go to PWSs that serve a population of less than 10,000 (small

PWSs). The lowest priority project or projects for PWSs that serve 10,000 or more people may be by-passed in any given year to achieve this goal of 15% assistance to small PWSs. As necessary, the highest priority small PWS projects will be selected to satisfy the minimum 15% level. Of the 15 projects on the 2021 Primary Project List, 14 are PWSs with populations of less than 10,000. Total project funding offered for these PWSs is \$13,413,000 or 89% of the funds on the Primary Project List, greatly exceeding the 15% requirement.

6D. By-Pass for Consolidation Grant Assistance. The Program will by-pass consolidation grant projects that do not meet the deadlines established at the time of application. If a project does not meet the established deadlines, the PWS may reapply for the consolidation grant. Original applications must be submitted before construction occurs. Resubmitted applications cannot be submitted more than a year after construction started.

6E. Emergency Construction Fund. The Emergency Construction Fund provides loans to PWSs that have experienced a recent unexpected event that poses a serious threat to public health and welfare. This may include a severe weather event, accident or sabotage that results in infrastructure damage, or other event that causes a sudden and dramatic impact to drinking water quality and/or available quantity.

These projects must meet the eligibility criteria for DWSRF projects, but do not need to be on the Priority Project List. Emergency Construction Fund projects are not eligible for principal forgiveness. The DWP has the discretion to determine what constitutes an emergency. The DWP will also determine which provisions of the standard loan process (competitive bidding, environmental reviews, capacity reviews, plans and specifications, etc.) must be met. The Program has budgeted up to \$250,000 from repayment funds for the 2021 calendar year. Additional funds if available at the time of the emergency application can also be made available. Funds that are not committed by the end of 2021 will be returned to the pool of funds for standard construction projects.

6F. Limited Population PWS Compliance Loan Fund (LPSCCL). This fund allows qualifying PWSs to receive up to \$60,000 loans for infrastructure projects that are needed to achieve compliance with a current or future standard of the SDWA excluding the Revised Total Coliform Rule. Individual loans will be awarded up to \$60,000. Of the \$60,000 awarded \$10,000 will be for services of a professional engineer. For a project estimate that exceeds \$60,000, the owner is responsible for paying costs in excess of \$60,000 first, before LPSCCL funds are provided, ensuring the completion of the compliance related project. For projects that will exceed \$60,000 in total cost, if the final project cost is less than expected after the owner has paid funds up-front, and as a result, LPSCCL expenditures will total less than \$60,000, then initial costs paid by the owner may be reimbursable, enabling reimbursement of costs up to the full \$60,000 grant to be provided toward project costs.

If more requests for money are received than we have allocated for the Very Small System Compliance Loan Program, funds will be made available on a first come first served basis and the ability of the applicant to implement the improvements on a timely basis. The loans would need to meet all requirements for a standard construction loan including contract document, environmental review, capacity review, Davis-Bacon wage rates and other applicable requirements. The loan term would be set at 100 percent principal forgiveness. A balance of \$120,000 will be reserved from the 2021 DWSRF to be available for 2021 applicants.

Qualifying PWSs include all community PWSs (except those regulated by the Public Utilities Commission) with a population of 100 or less and all not-for-profit, non-transient, non-community PWSs. All PWSs that meet these basic eligibility criteria, and are therefore potentially eligible for a project under the LPSCL Fund, are identified on Attached Appendix L. In exceptional circumstances, not-for-profit, transient, non-community PWSs may also be granted financial assistance through the LPSCL Fund at the discretion of the Program.

All qualified project applications received are deemed to have a project eligibility ranking above 100 points as projects needed to achieve compliance with current or future SDWA standards. The Standard Project Ranking criteria is detailed in Section 6H. Since a ranking above 95 points exceeds the lowest ranked funded project in Attachment F, these projects are eligible for placement on the project Priority List.

Please note that projects cannot be the result of a failure to maintain an existing treatment system. Projects can consist of developing a new well or the installation of treatment. Consolidation with another PWS could be funded with a consolidation grant.

6G. PWSs in Priority Status on EPA’s ETT. PWSs that score 11 or higher on EPA’s Enforcement Targeting Tool (ETT) due to current and outstanding violations will not be eligible for DWSRF financial assistance unless/until: a) they resolve all violations to the satisfaction of the Program; b) the project(s) for which they are applying for DWSRF monies resolve all ETT violations; or c) they enter into, and comply with, an Administrative Consent Agreement with the Program that addresses the violations. If the PWS resolves its violations by one of these methods, then its DWSRF eligible project(s) will be prioritized and provided financial assistance in the same manner as all other DWSRF eligible projects. If a PWS is not a priority PWS on the ETT at the time that they receive a loan agreement but become a Priority PWS on the ETT during the construction of the project, then the DWSRF construction reimbursement process will be stopped until those violations are resolved by one of the methods mentioned above.

6H. Project Priority Ranking System. Planning and engineering costs (Engineering Study, Pilot Plant Study, Environmental Study, project design, etc.) can be separately funded from a project if associated with a future DWSRF eligible project. If construction is not occurring during the 2021 construction season, only preliminary costs will be allocated on the 2021 IUP. These activities will be prioritized based on the future DWSRF eligible project for which they are associated. Financial assistance to acquire land integral to a DWSRF eligible project and the guarantee or purchase of insurance for local debt obligation is both DWSRF eligible expenses. Projects submitted for these activities will be prioritized based on the project type with which they are associated. Example: A DWSRF project submission for land acquisition necessary for construction of a planned pump station or treatment facility will be priority ranked the same as the future facility.

The scoring system that will be used for ranking requests for DWSRF funding for this funding period is as follows:

**I. Standard Projects** (only one priority point score to apply to each project)

a. Type of Project Priority Points

1) Projects to address compliance and public health issues:

Installation of treatment or connection to a new supply for:

Acute Contaminant	99
Non-Acute Contaminant	80

Replacement of a contaminated source with uncontaminated source.

If the existing source is:

River/Stream	95
Lake/Pond/Impoundment	90
GWUDI	85
Dug Well	77
Spring	75
Filtered Surface Water	69

Replacement of aging infrastructure at risk of causing contamination.

Uncovered Finish Water Storage	60
Treatment Facility	55
Floating Cover Storage	49
Source-Intake Structure	45
Primary Pump Station	44
Booster Station	42
Storage	40
River Crossing	37
Transmission Mains	35
Distribution Mains	33
Instrumentation/Controls	30
Backwash Lagoons	30
Roughing Filters	30

Rehabilitation of aging infrastructure or upgrade of existing facilities at risk of contamination.

Treatment Facility	44
Source-Intake Structure	26
Primary Pump Station	25
Booster Station	23
Storage (Inside Painting)	20
Transmission Mains	18
Distribution Mains	17
Instrumentation/Controls	15
Backwash Lagoons	15
Roughing Filters	15

2) Installation of facilities to address low system pressure problems:

Backflow Prevention Devices	43
Storage	32
Booster Pump Station	24
Larger Mains	22

3) Projects for compliance with future promulgated SDWA regulations: 60



4) <u>Projects to address aesthetics: taste, color, odor, etc.</u>	8
5) <u>Construction of facilities around a PWS's source to address a health threat or documented contamination threat to a source of supply: *</u>	
Unfiltered Surface Water W/Filtration Waiver	72
Filtered Surface Water	62
Groundwater	52

\*Source water protection activities are not eligible for funding with Project Funds, but may be eligible for Other Non-Project Activity set-aside funds.

6) <u>Installation of facilities to provide redundant facilities:</u>	
Supply (present peak day supply problems)	68
Disinfection Equipment	56
Treatment Train	50
Supply Source	40
Source-Intake Structure	32
River Crossing	29
Pump Station	21
Storage	19
Transmission Main	25

7) <u>Other Eligible Projects:</u>	
Catastrophic Failure of Critical Infrastructure	70
PWS Viability: Facility Consolidation	65
Install Backup Power Source	48
Tank Mixing & Re-Chlorination	35
Resolution of Dead-End Water Quality Problems	34
PWS Interconnection	32
PWS Expansion to Address Public Health Issues	31
Installation of Meters	16
Construction of Office, Garage, or Equipment Storage	10

b. Priority Point Add-ons: (only one priority point score for each category applies and is to be added with each category's score including project points to produce the final project priority rank)

Priority points

1) <u>PWS compliance/enforcement status*</u>	
Court Action or Civil Penalty Assessment	30
Assessed Administrative Penalty	25
Active Administrative Compliance/Consent Order	20
Loss of Filtration Avoidance/Exemption	18
Long-term Boil Water Order or Do Not Drink Order (>1 year)	16
In Significant Non-Compliance	14
Outstanding Notice of Non-Compliance	12
Outstanding Treatment Technique Violation	10
Active Bi-lateral Compliance Agreement	8

Recommendation from a Sanitary Survey 5

\* These priority points are only added if proposed project addresses the compliance/enforcement issue in question.

2) Percentage of annual residential water bill of median household income.

Greater than 2.25%	18
between 2.01% and 2.25%	15
between 1.76% and 2.00%	12
between 1.51% and 1.75%	9
between 1.26% and 1.50%	6
between 1% and 1.25%	3
less than 1%	0

3) Population served.

100,000 people or more	1
between 10,000 and 99,999	2
between 3,300 and 9,999	8
between 500 and 3,299	6
less than 500 people	4

4) Public Water System Type.

Community	6
Non-Transient	3
Transient	1

5) Project in accordance with Completed System Master Plan. 5

6) Stated Project Completion and Drawdown.

Prior to August 31, 2021	5
Prior to September 30, 2021	4
Prior to October 31, 2021	3
Prior to November 30, 2021	2
Prior to December 31, 2021	1

7) Plans and Specifications. up to 10

1 point for each 10 percent completed, maximum 10 points  
DWP may request copy of plans and specifications

8) Project in conjunction with road reconstruction project DWP may request documentation of planned road project. 10

9) Demonstration Permitting & Environmental Review is Complete: 10

10) Discretionary Points based upon public health risk: Associated only with aging infrastructure. The facility expected useful life is compared to the facilities age.

If the ratio is greater than 50% and less than 75%	5
If the ratio is greater than 75% and less than 90%	8

If the ratio is greater than 90% and less than 100%	12
If the ratio is greater than 100% and less than 125%	16
If the ratio is greater than 125%	20

Note: The following Expected Useful Life values shall be used:

Pipe (Iron/HDPE)	100 Years
Pipe (Asbestos Cement/PVC/Copper)	75 Years
Pipe (Galvanized)	50 Years
Finished Water Storage Facilities	75 Years
Buildings Structures	50 Years
Groundwater Wells	40 Years
Electrical & Mechanical Equipment	20 Years
Steel Coating Systems	20 Years
Meters	15 Years
Chemical Feed & Storage Equipment	15 Years
Instrumentation	10 Years

c. Additional priority points for projects being co-funded with other agencies:

PWSs should inform the Program of financing they are attempting to secure or have secured from other agencies (U.S.D.A. Rural Development (RD), Department of Economic and Community Development (DECD), etc.) for projects they are also attempting to finance with DWSRF funds. The Program will work to inform PWSs of their eligibility for funds from other agencies and will promote the application for these funds when the other agency presents a better financing package for the PWS or has available funds for which their project is eligible. The Program will consider the combined use of DWSRF funds and funds from other agencies or another funding source if the DWSRF funds are necessary to complete the financing of the project. Another source of funds could include the PWS's own financial contribution as match to the total project cost. These projects will receive additional priority points as follows:

- 10 points - DWSRF co-funding with one other agency or source of funds, either a DECD Community Development Block Grant or 25% of project cost funded from another agency or source.
- 15 points – DWSRF co-funding with two or more other agencies or sources of funds where a minimum of \$600,000 is being provided toward the total project cost from the other agencies or sources.

These other funds must be committed to the project before the PWS can enter into a loan agreement to receive DWSRF funding. The Program will not authorize funds that will replace loan commitments already secured from another lending agency unless approval to do so has been obtained from that agency.

USDA-RD and DECD, the two primary agencies with funds available to finance drinking water facilities in Maine, have goals like those of the Program. They both consider a project's ability to address a public health issue when prioritizing the projects eligible for their funds.

d. Additional Priority Points for Compliant PWSs:

DWSRF eligible PWSs that have been in compliance with the SDWA for the last five calendar years (2016, 2017, 2018, 2019 and 2020), will receive extra priority points for each of the five years. The points for each year will be based on the following:

- 2 points - no compliance violations on record with the Program for that calendar year.
- 1 point - violation(s) but all have been addressed and resolved with the Program.
- 0 points – outstanding violation(s) that have not been resolved.

The priority points will be totaled (maximum of 10 points) and added to each project that PWS submitted requesting DWSRF financial assistance.

**Total Project Priority Point Score: (a+b1+b2+b3+b4+b5+b6+b7+b8+b9+b10+c+d)**

**II. Other Projects - 15% Set-Aside.** The types of activities to be funded with this non-project set-aside and the percentage and dollar amount of monies to be allocated to each activity are listed in Section 4C.

Priority ranking system for the 15% set-aside funds. Priority ranking for each set-aside activity will be based on the scoring system listed below. References to **b1, b2, b3**, etc., refer to the add-on points defined in the previous section.

a. Land Acquisition/Conservation Easements:

In the unusual case of multiple applications submitted at the same time, the following ranking criteria shall be used.

Type of Source	Priority Points
Unfiltered surface water with filtration waiver	50
Filtered surface water source	40
Groundwater under the direct influence of surface water	30
Groundwater	20

(Total Priority Ranking Score = Type of Source+b1+b2+b3+b4+c+d)

b. Wellhead Protection:

- 0 – 5 points Demonstrated need for the project. How will the project help protect your groundwater source?
- 0 – 3 points Previous wellhead protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed or are in the process of completing that identify, evaluate, manage, or eliminate threats to your groundwater supply?
- 0 – 3 points Community Involvement. Protecting drinking water sources is a community effort. Explain how you have included, or plan to include, local partners to work with you to enhance efforts to protect your groundwater source. Have you engaged your neighbors, your customers, and/or your local government in protecting your source?
- 0 - 1 points Implementation of a Wellhead Protection Plan. Projects which will implement recommendations or reduce the risk of contamination identified from an existing Wellhead or Source Water Protection Plan, or from recommendations made by the

Program, Maine Rural Water Association, or other qualified professional will receive one point.

0 - 1 point Creation of a Wellhead Protection Plan. Projects that include the development or improvement of a Wellhead or Source Water Protection Plan will receive one point.

0 - 1 point Cost Sharing. PWSs which contribute money or in-kind services to help fund or complete a portion of the project will receive one point. For example, PWSs that contribute \$100 toward the replacement of each home heating oil tank within their wellhead protection zone will receive this point.

0 - 1 point Previous grant awards. PWSs which have never received a Wellhead Protection Grant will receive one point.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Implementation of Wellhead Protection Plan + Creation of a Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

c. Source Water Surface Water Protection:

0 – 5 points Demonstrated need for the project. How will the project help protect your surface water source?

0 – 2 points Previous source water protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed that evaluate or manage threats to your surface water supply?

0 – 5 points Community involvement. Protecting drinking water sources is a community effort. Explain how local partners will work with you to enhance efforts to protect your groundwater source. Will this project benefit another public or private drinking water source? Projects demonstrating value from other sources, financial or in-kind, will receive a higher score.

0 – 3 points Describe how the project will address an identified risk. Will the project reduce the risk of contamination identified by a Watershed Management Plan, Source Water Assessment Report, or another priority system?

0 or 1 point Implementation of a Watershed Management Plan. Projects which will implement recommendations from an existing Watershed Management or Source Water Protection Plan will receive one point.

0 or 1 point Cost Sharing. PWSs which contribute money or in-kind services up front to fund a portion of the project costs will receive one point.

Priority will be given to projects that exceed the \$5,000 grant maximum and which will be funded in part by funds from other sources.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Identified Risk + Implementation of Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

d. PWS Consolidation:

The purpose of this program is to provide partial funding to PWSs to allow consolidation with another PWS to enhance system capacity. PWSs with a technical, managerial or financial capacity issue can

receive partial funding to consolidate with a more viable PWS to enhance system capacity and de-regulate an existing PWS. The PWS Consolidation Grant will fund no more than 50 percent of the cost of the PWS consolidation for for-profit facilities and no more than 75 percent of the cost of the PWS consolidation for not-for-profit facilities. Grant awards may not exceed \$100,000. Payment shall be made on a one-time reimbursement basis. Consideration for greater than a single reimbursement will be made on a case by case basis determined by the financial need of the applying PWS. Community PWSs and non-profit, non-community PWSs are eligible for the PWS Consolidation program. For-profit non-community PWSs and federally owned PWSs are not eligible. Each eligible PWS (PWS to be eliminated) may only receive one grant award for any consolidation effort.

Qualifying Criteria:

- The PWS applying for consolidation must have a technical, managerial or financial capacity issue that will be addressed by the consolidation with the more viable PWS.
- The more viable, receiving PWS must neither exhibit technical, managerial or financial capacity issues nor result in PWS capacity issues.
- Plans and specifications for the consolidation must be reviewed and approved by the Program.
- The project must complete the environmental review process that is currently part of the DWSRF construction loan program.

Ranking Criteria:

Because limited funding is provided for this Set-aside, grant awards will be determined by time of application, anticipated construction date, and risk to public health.

- 6I. Relationship to Meeting DWSRF Goals and Objectives. The criteria and method used to distribute project funds, as stated in this section, satisfies all the goals and objectives of the DWSRF. It also satisfies the DWSRF priority requirements of the SDWA. It gives PWSs with the greatest need for obtaining financial assistance to construct projects that address imminent and long-term threats to public health, pending enforcement actions and compliance issues with the SDWA, the ability to receive funding by giving their projects the highest priority ranking. It provides for assistance to small PWSs and Disadvantaged Community PWSs. Affordability will be factored into the priority ranking of projects. The method of distributing project funds also provides for the funding of preventive measures such as source water protection, replacement of aging infrastructure, operator certification and capacity development.
- 6J. Impact on Long-Term Financial Status of the DWSRF. The proposed method and financial terms for distributing project funds presented in this IUP should have negligible impact on the long-term financial status of the DWSRF. Principal payments on loans plus all interest earnings will be deposited to the DWSRF and made available for future PWS capital improvements. The only funds lost for revolving are those used for:
- DWSRF Administration,
  - Technical assistance to small PWSs set-aside,
  - PWSS program functions set-aside,
  - Grants to PWSs to establish and implement Wellhead and Source Water Protection Programs,
  - Costs for services rendered for source water delineations and assessments of potential sources of contamination, and
    - Principal forgiveness funds to Disadvantaged Community PWSs.

## 7. Financial Aspects of DWSRF Assistance

7A. General. All PWSs must complete a MMBB loan application to be considered for a DWSRF loan. All PWSs must be able to demonstrate to the satisfaction of the MMBB that they have an adequate revenue source to support the repayment of loan amounts. A PWS may enter into a loan agreement after its loan application is approved by the MMBB and all required financial conditions are met. Requisitions for construction costs will not be approved until the DWSRF requirements listed in Section 5 are met. Disadvantaged PWSs must also participate in Asset Management Training by RCAP Solutions in accordance with Section 8B.

7B. Financial Terms of Loans. All loans for the financing of projects and non-project activities using 15% set-aside funds (the purchase of land and conservation easements for source water protection) will be at an interest rate of two percent below the MMBB cost of tax-exempt funds with a minimum interest rate of 1% for all loans. Long-term loans borrowers shall continue to be eligible for a 200-basis point subsidy and a further subsidy for fees provided, however, that interest rate shall not under any circumstances be below 1%.

Project loans where the amount borrowed is \$250,000 or more may have a maximum repayment period of up to 20 years from the date of construction or the life expectancy of the asset being financed, whichever is less. Amounts borrowed for less than \$250,000 may be limited to a ten-year repayment term. Loans for land acquisition, conservation easements and Source Water Protection will usually have a repayment term limit of 10 years. Borrowers may request approval by the MMBB for an increase in their payment term above these limits up to a maximum allowable term of 20 years. The request must be in writing and state the need for a greater term. In all cases the loan repayment term will be limited to the life expectancy of the asset to be financed. Loans will have an initial payment due no more than one year from the date of substantial completion of construction for Standard Projects, or the date of the final loan agreement for Other Non-Project Activity funds.

The Program will make the determination of which projects will receive bond blend proceeds. All other projects will be financed by straight loans of repayment funds, federal Grant and State Match monies.

Loans for planning and engineering studies, reports and design work that are sought separate from a project loan, but are associated with future DWSRF eligible projects, will have a maximum loan repayment period of the same as the facility would qualify for, but no more than 20 years. These short-term loans can be rolled into the long-term loan for the construction of the planned or engineered project if it becomes eligible for DWSRF funding.

The financial terms for loans to PWSs that qualify for Disadvantaged Community PWS Assistance is addressed in Section 8.

7C. The Public Utilities Commission (PUC) Requirements. All PUC regulated PWSs must acquire approval for Issuance of Securities from the PUC before they can enter into a long-term loan agreement. If a PWS needs water rates increased to finance a DWSRF loan that includes bond blend monies, the rate increase must be approved prior to the time of the bond sale. Interim financing is discussed in Sections 7G and 7H.

7D. MMBB Administrative Fee: An Administrative Fee is charged by the MMBB to cover all costs incurred to sustain the daily maintenance of the loan throughout its life. This fee covers such costs as analyzing loan requests, processing the draw requisitions, analyzing refunding

opportunities, trustee fees and billing. An administrative fee not to exceed 5% of the periodic loan payment will be assessed each payment date. The 5% fee is applied to only the amount due at each payment date and not on all outstanding amounts as of each payment date. Therefore, this fee will increase the effective interest rate on a 20 years loan by approximately 50 basis points or .5%. For a repayment term greater than 20 years, the impact of the fee on the effective rate would be slightly less and for a repayment term of less than 20 years, the impact on the effective rate would be slightly more. For example, if the interest rate on a 20-year DWSRF loan was 1%, the impact of the MMBB Administrative Fee on the interest rate of the loan would be to increase the effective rate (i.e. the APR) of the loan to approximately 1.5%. The amount of money collected from this Administrative Fee will be place in a Fee account that will be used to cover eligible costs associated with administering the DWSRF program. This Administrative Fee applies to all construction loans and is not waived for disadvantaged community PWSs.

- 7E. Refinancing of Existing Facilities. DWSRF funds can be used to buy or refinance debt obligations for DWSRF eligible projects for PWSs that are owned and operated by a municipal, inter-municipal or interstate agency. Based on an EPA policy established in the spring of 1999, reimbursing project construction costs incurred prior to the date that the Project Lists are finalized, the last day of public review of the IUP, for a PWS with a DWSRF eligible project on a Project List is considered refinancing debt. The refinancing of debt for privately owned PWSs is not a reimbursable expense for DWSRF financial assistance. Additionally, DWSRF money cannot be used to refinance loans for the purchase of land. Publicly owned PWSs can receive reimbursement of refinanced debt in their DWSRF loans. However, their initial debt and the start of construction of the project must have occurred after July 1, 1993 to be eligible for reimbursement.

The Program will only consider projects submitted for refinancing if the current water rates at the public PWS exceed the maximum water rate goal as described in Section 8D. Projects that are eligible for refinancing based upon the preceding criteria will score priority points as if it were a new project. However, since the DWSRF Program gives a higher priority to projects to address existing health risks or compliance issues, the total score will be reduced by thirty (30) percent. The project will then be ranked against all other projects to determine its placement on the Primary or Backup Project List.

- 7F. Refinancing of Facilities Currently Being Constructed. As stated in Section 7E above, the reimbursement of project construction costs incurred prior to the completion of public review of an IUP for which the project is included on a Project List will be considered the refinancing of debt. The Program is limited in how it can disburse funds for refinancing debt. Each year EPA allows Programs to only use \$2 million of their initial Grant funds for this purpose. Further, EPA only allows the disbursement of all costs for refinancing debt above the \$2 million limit to occur when disbursed over an eight-quarter period (two years). The eight-quarter period begins with the quarter the Program receives its Grant. Pre-construction costs (cost for design, planning, legal, etc.) are not subject to this eight-quarter rule and can be reimbursed any time after a PWS enters into a loan agreement.
- 7G. Projects That Secure Non-Bond Bank Interim Financing for Facility Construction. A PWS may elect to secure interim financing for the construction of a known DWSRF eligible project from a lending institute other than the MMBB. The PWS must abide by all DWSRF requirements (plan review/approval, Environmental Review, Cross-cutting Authority requirements, etc.) to be eligible for DWSRF financial assistance. Also, the PWS must not complete construction of the



project before the Grant is awarded to the Program to be eligible. It is preferable that PWSs not even begin construction of the project until the Project List that includes them has been finalized with the completion of its public review. As stated above, all costs incurred prior to the completion of public review will be considered refinanced debt. It will be priority ranked the same as the entire project. These costs will be disbursed as described in Section 7F with the exception that preconstruction costs can be reimbursed any time after the PWS enters into a DWSRF loan agreement.

7H. Projects That Secure Bond Bank Interim Financing for Facility Construction. A PWS may obtain interim financing through the MMBB for a project included on a Primary Project List after the Program has been awarded its Grant. With an interim loan in place, a PWS will be eligible to receive reimbursement of pre-construction project costs (administrative, legal, design, etc.) upon approval by the Program (exception: PWSs in receipt of disadvantaged assistance – see Section 8B). Reimbursement of construction costs will only be allowed when the entire project meets the requirements of Sections 5B thru 5F with all required approvals by the DWP. The interest rate for all borrowers electing to obtain interim financing through the MMBB will be equal to two thirds of the 1-year AAA municipal tax-exempt rate then available or 1%, whichever is higher. Fees will not be charged for interim loans. The borrower will be responsible for their own legal costs associated with the closing of interim loans.

## 8. Disadvantaged Community PWS Assistance

- 8A. Definition of Disadvantaged Community PWS. A Disadvantaged Community PWS is defined as any PWS that serves a community and can demonstrate that its year-round residential water consumers have a median household income of \$53,024 per year or less. DWSRF Disadvantaged Community PWS Assistance will only be allowed where the disadvantaged water consumers will directly benefit from the assistance.
- 8B. Total Amount of Funds Available. The 2021 DWSRF budget appropriation requires a minimum of 26% of the 2021 Grant to be available for eligible recipients, including Disadvantaged Community PWS projects as principal forgiveness assistance. Loan subsidies are defined as funds given out either as principal forgiveness (grant) or as negative interest rates. Maine's DWSRF Program plans to give out subsidies to Disadvantaged Community PWSs only in the form of principal forgiveness. Principal forgiveness will be made available to the highest-ranking projects first. A PWS must meet all the requirements of Section 5 of this IUP (capacity development, plans and specifications, and environmental review and approval) to enter into a loan agreement. Additionally, PWSs receiving principal forgiveness must participate in Asset Management (or other) training by RCAP Solutions. A PWS does not need to participate in this training if they have participated in the past two years unless a significant turnover in staff has occurred. This training will be funded through the 15% Set-Aside, Assistance for Capacity Development. See Section 4.C.IV.c for more information.

PWSs receiving loans with principal forgiveness as a "Disadvantaged Community" will be required to finance their project with a DWSRF Interim Loan or local Bond Anticipation Note. Financing with a DWSRF Long Term Loan will be made available after satisfactory determination of final project cost.

PWSs that qualify for at least 20% principal forgiveness funds that enter into a DWSRF loan agreement and want to proceed with construction of their DWSRF eligible project after that year's allotment of principal forgiveness has been committed to other projects will be eligible to receive loans at an interest rate described in Section 8E. A loan term of less than 30 years is possible if the applicant selects a shorter loan repayment period or the Program reduces the term to the life expectancy of the project. Uncommitted forgiveness cannot be carried forward into the following grant period.

- 8C. Loan Fees and Costs. The one-time 1% DWP Project Management Fee on the net principal and 5% MMBB Loan Administrative Fee will not be waived for PWSs that receive Disadvantaged Assistance.
- 8D. Affordability Criteria. The Affordability Criteria will be based on the Median Household Income (MHI) of the PWS's year-round residential customers and the PWS's calculated maximum water rate goal.

Criteria I (MHI): System wide Residential customers of a PWS must have an MHI of \$53,024 per year or less to qualify for receipt of Disadvantaged Community PWS assistance. This figure represents the average MHI for non-metropolitan Maine from the American Community Survey 5-Year Estimate (2013-2017) prepared by the US Census Bureau. The income data used to determine MHI should be that which most accurately reflects the income of the year-round residential customers in a PWS's service area. This data can come from either the American Community Survey 5-Year Estimates (2013-2017), or from a more current independent PWS

income survey. All income surveys must be submitted to the Program for review and approval before the results can be used to determine the amount of DWSRF disadvantaged assistance to which a PWS is entitled. An independent Income Survey must be completed prior to and included with the SRF funding application. Income surveys must be conducted by an independent third-party using a methodology approved by the Program. Income surveys shall not be valid for more than three years.

Criteria II (maximum water rate goal): The maximum water rate goal (MWRG) for a PWS is calculated as follows:

(MHI) at or between \$42,419 and \$53,024:  $MHI \times 1.50\% = MWRG$

(MHI) of \$42,419 or less:  $MHI \times 1.25\% = MWRG$

The Program determined percentages used in the formulas above after reviewing the current water rates and MHI for Community Water PWSs in Maine. A basis of 2,000 cubic feet of water consumed per calendar year quarter is used for water rate calculations.

The MMBB will calculate the terms of the loan (i.e. repayment period, interest rate and amount of principal forgiveness) to keep the PWS’s water rates at or below the **MWRG**. The maximum amount of principal forgiveness that a project may receive can be found in Section 8E below.

8E. Limitations/Terms of Disadvantaged Community Assistance. Disadvantaged Community Assistance subsidies in the form of principal forgiveness will be available to Community Water PWSs at maximum levels of 25, 50 and 75 percent of the requested DWSRF loan amount based upon the following:

<b>Water Rates as a Percentage of Median Household Income</b>	<b>Maximum Percentage of Principal Forgiveness</b>
1.000 – 1.499	25%
1.500 – 1.999	50%
>= 2.000	75%

For PWSs with water rates as a percentage of MHI below 1.0%, the loan will be loaned for a 20-year repayment period. PWSs which qualify for Principal Forgiveness will be allowed for a 30-year repayment period. All Loans will have at a minimum a one percent interest rate. Loans for PWSs that qualify for this assistance will have a calculated repayment period of up to 30 years after the completion of the project but may never exceed the expected life of the project being financed. The terms of financial assistance to Disadvantaged Community PWSs will vary depending upon the MWRG (see Section 8D) for each PWS. Subsidy and terms will be determined at the time a PWS applies to the MMBB, accompanied by all supporting documentation necessary for the MMBB to make these determinations.

Community PWSs not regulated by the Maine Public Utility Commission that do not have water user rates in place may also be considered for Disadvantaged Community assistance. An applicant can propose an alternative methodology for review and consideration by the Program to determine the individual water user cost for 2,000 cubic feet of water consumed per calendar year quarter.

Should the proposed alternative methodology be found by the Program to fairly reflect the water user cost, the PWS shall be eligible to principle forgiveness at the rate ½ of the level as detailed in Section 8E,

Nonprofit, non-Community Water PWSs may receive principal forgiveness if there is an excess of Disadvantaged Community PWS assistance dollars after all qualifying Disadvantaged Community PWS projects submitted have been financed. A maximum of 40 percent principal forgiveness will be available to fund DWSRF projects for nonprofit, non-community PWSs. The amount given will be at the discretion of the Program.

The purchase of land or conservation easements by Disadvantaged Community PWSs using set-aside funds can only be accomplished with a loan for a maximum term of 20 years at an interest rate at or below the Standard Project Rate, but no lower than one percent.

The Program reserves the right to increase the maximum percentage of principal forgiveness if the loan subsidy requirement designated by the federal legislation is not met.

- 8F. PWSs/Projects to Receive Assistance. Projects and PWSs to receive Disadvantaged Community PWS assistance will be based on the priority ranking system stated in Section 6 and their eligibility for this assistance, as described in this Section. The projects and PWSs to receive this assistance are listed with non-Disadvantaged Community PWS projects in Attachments F and G.
- 8G. Effects on Long-Term Funding Level of DWSRF. The maximum net long-term effect of the allocation of funds for financial assistance to Disadvantaged Community PWSs as proposed in this Section will be to reduce the future amount of funds available to the DWSRF by the amount of principal forgiveness, plus the lost interest earnings.

## **9. Public Review and Participation**

Each year the IUP will be made available for public review and comment. Copies of the draft IUP will be made available upon request or by viewing the Program's web site. Informal public review meetings will be scheduled after the release of the Draft IUP. All DWSRF eligible PWSs, drinking water agencies and associations with a direct interest in drinking water matters, other organizations that are known to have an interest in public drinking water issues, and the public will be notified of the availability of the draft IUP. They will also be notified of the time and location of the public meetings where comments and questions related to the draft IUP will be accepted. The public review and participation activities for the draft 2021 IUP are as follows:

- August 13, 2020 - Mailing to all PWSs eligible for DWSRF assistance, providing information on the Program and requesting applications for 2021 DWSRF funding. Information also placed on DWP web site.
- September 27, 2020 - Last day for PWSs submitting 2021 DWSRF project applications.
- October 16, 2020 – Extended deadline for 2021 DWSRF project applications.
- January 22, 2021 – Draft IUP posted to website and emailed to all PWSs who applied for 2021 funding.
- February 12, 2021 - Public informational meeting on draft IUP held virtually at 1:00PM.
- February 26, 2021 - End of public comment period.
- March 2021 – Tentative Project Loan Offers to PWSs with projects on the 2021 DWSRF Primary List.
- May 2021; Grant Pre-Submittal Review and Approval by DHHS Grant Review Committee.
- June 2021, DWSRF Grant Application prepared and submitted to EPA Region 1.
- July 2021, Expected Grant Award by EPA Region 1 (contingent on acquisition of State Match on June 28, 2021).