



STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION



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Date: November 8, 2018
To: All municipal wastewater facilities, systems, associations and engineering firms
From: John N. True, P.E.
Engineering Services Manager
Wastewater Infrastructure Loans and Grants

Subject: State Wastewater Infrastructure Planning and Construction Grants Available

On November 6th, voters approved Referendum Question No. 2, *An Act to Authorize a General Fund Bond Issue to Fund Wastewater Infrastructure Projects*. Passage of this Act provides funding for three specific grant programs administered by the Department of Environmental Protection, the Small Community Grant Program - \$2,000,000, the Overboard Discharge Removal Program - \$350,000, and the Wastewater Treatment Facility Planning and Construction Grants Program - \$27,650,000. The Department will be distributing information on the first two programs later.

The intent of this letter is to notify potential recipients of the availability of grant funding for wastewater infrastructure planning and construction; and request applicants to submit wastewater projects for potential grant funding. The Department intends to award the \$27,650,000 in Wastewater Treatment Facility Planning and Construction Grants in accordance with Title 38, sections 411 and 412 of the Maine Revised Statutes; and for hydrographic modeling (i.e. the modeling of water flow and quality), as directed by the Department of Marine Resources. This funding represents approximately two years of funding in the Department’s 10-Year Capital Improvement Plan for wastewater infrastructure, as such, the Department intends to release one half of these funds in SFY 2019 and the other half in SFY 2020. Spreading the funding out over two years will allow applicants with more “shovel ready” projects to proceed in 2019 and allow other applicants time to properly prepare projects and applications for another round of funding in 2020.

The intent in distribution of the grant funding is to assist municipalities that would:

- 1) experience a significant hardship raising the revenue necessary to finance their project;
- 2) leverage the grant funds with funding from other agencies to make projects possible that otherwise would not be; and
- 3) address environmental water quality concerns.

In assessing affordability, the Department will use the same criteria and methodology that is used in awarding loan principal forgiveness under the Clean Water State Revolving [Loan] Fund (CWSRF), which the Department also administers. In that analysis, the five criteria of *income, poverty rate, unemployment, population trend, and sewer user rate as a percentage of median household income* for the municipality are compared to the State average data for those criteria and expressed as a ratio to the State rate. With five criteria, each valued at 1.0 for the State average, the points are summed to make the total of the State’s average points to be 5.0. Projects in communities where the municipality’s “affordability” points (Points) are 7.0 (140% of the State value) or higher would qualify as a project that needs additional financial assistance in the form of grants. Within the limits

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of available funding, the Department's goal would be to provide enough grant assistance, if possible, to lower the municipality's Points to 7.0. This might not always be possible because:

- 1) some municipalities might already be above this threshold prior to implementing a new project;
- 2) grants do not cover the total project costs and therefore additional local funding might be needed;
- 3) the applicant has received the maximum grant amount; or
- 4) there may be insufficient grant funds.

Hydrographic Modeling

In consultation with the Department of Marine Resources, the Department has allocated \$100,000 of the bond proceeds for hydrographic modeling.

Planning Grants

The Department has allocated \$250,000 of the bond proceeds for Planning Grants. Grants may be awarded in the amount of 15–25% of the eligible costs for preliminary planning of a pollution abatement plan, i.e. facilities plan, preliminary engineering report, etc. Half of the grant funds, \$125,000 will be released in SFY 2019 and the remaining half in SFY 2020. To assist as many applicants as possible, grant awards will be limited to a maximum of \$10,000 per applicant. To be eligible for a planning grant, the applicant's Points must be 7.0, or higher. There is *No Deadline* for submission of applications. Applications may be submitted throughout the year and will be processed and awarded to eligible applicants in order of receipt, until allocated funds are expended.

Design and Construction Grants

The Department intends to make available one half of the remaining \$27,300,000 in bond proceeds in SFY 2019, \$13,650,000, and the remaining \$13,650,000 available in SFY 2020. Grants may be awarded in the amount of 15-25% of the eligible costs for design and up to 80% of the eligible construction costs (bidding, construction administration and inspection, and construction). The applicant's Points will be calculated taking into consideration the estimated project cost and all funding sources. To be eligible for a Design/Construction grant, the applicant's Points must be 7.0 or higher.

- **Preliminary Engineering Report**

Except as noted below, applications for design and construction grant funding must include a Preliminary Engineering Report (PER) prepared by a Professional Engineer Licensed in the State of Maine, prepared in accordance with the Interagency Memorandum (see US EPA website [Common Interagency Preliminary Engineering Report Format \(pdf\)](#))

- Prior to submission of an application, applicants may consult with the Department for approval to waive certain PER requirements for the following projects:
 - Straight forward sewer replacement/rehabilitation projects
 - Straight forward force main replacement projects
 - Minor upgrades to pumping stations

- **Asset Management Plan**

To effectively manage and maintain the infrastructure financed the public grant funds, grant recipients will be required to develop and implement an Asset Management Plan in accordance with the most recent *Clean Water State Revolving Fund Requirements and Guidance for a Fiscal Sustainability Plan*. The planning area will be negotiated with the Department and will cover, at a minimum, the financed project and other assets in the same group, i.e. other pumping stations, other sewers in the same sewershed, the treatment plant for upgrade projects, etc.

- **Distribution of Available Grant Funds for Design and Construction**

Please note: The maximum grant awarded based on Affordability and Environmental Benefit shall not exceed \$2,000,000 per applicant.

- **Distribution Between Applicants with Points 7.0 or Higher Based on “Need”:**

In SFY 2019, \$5,000,000 of the \$13,650,000 will be allocated to be distributed between the applicants with Points 7.0 or higher, based on the percentage of the applicant’s funding “Need” to make their project “affordable”, to the Total Need of all applicants with Points of 7.0, or higher. The maximum grant would not exceed the grant needed to get an applicant’s project down to the affordability threshold of 7.0 Points. If the grant offer is not sufficient to get the project down to the affordability threshold, the applicant’s project will be evaluated for possible additional grant funding based on Environmental Benefit (see Distribution Based on Environmental Benefit).

Example 1: Applicant A’s Need is \$500,000 and the Total Needs of all applicants is \$10,000,000. Applicant A’s Need’s percentage is 5% and therefore they could qualify for up to 5% of the \$5,000,000 available, i.e. \$250,000. Example 2: If the Total Needs of all applicants is only \$3,000,000, Applicant A’s Need percentage would be 16.7% of the \$5,000,000, i.e. \$835,000. However, Applicant A only needs \$500,000 to make their project “affordable”, Points of 7.0, therefore they would only receive a grant offer of \$500,000.

- **Distribution Based on Environmental Benefit:**

In SFY 2019, \$5,000,000 of the \$13,650,000 will be allocated to be distributed in an attempt to make projects “affordable” based on the project’s ranking established using the Department’s Environmental Priority Point System, coupled with additions points for “green” projects, regulatory requirements, expected degree of success in addressing pollution concerns, regionalization of work, and co-funding of the project. The Department will offer grant funds to the applicant with the highest environmental ranking, then subsequently to applicants with progressively lower rankings until the allocated funding has been committed. The amount of the grant, when combined with the grant received based on Affordability, shall not exceed the amount needed to get the applicant’s project down to the affordability threshold of 7 Points.

- **Distribution at the Department’s Discretion:**

In SFY 2019, \$3,650,000 of the \$13,650,000, plus any unused funding based on “Need”, may be used at the Department’s discretion for projects it deems to be excessively unaffordable and/or of high environmental benefit. The Department also reserves the right to amend any of the allotment amounts above, should circumstances require it.

Fiscal Year Carryover

Unused SFY 2019 funding for Planning Grants and Design and Construction Grants will be carried over into the next fiscal year in those respective categories.

Application Process and Submission Deadline

- **Application Process**

Planning Grant: Applicants must submit a completed Wastewater Planning State Grant application and the Wastewater Planning Grant User Rate Calculator. The User Rate Calculator is used to determine if the applicant meets the minimum affordability threshold for a grant.

- *2018 Application Form for Wastewater Planning State Grant (attached)*
- *Wastewater Planning Grant User Rate Calculator (attached)*
- *2018 Grant Affordability Points Calculator (attached)*

Wastewater Infrastructure Project Grant: Applicants must submit a completed Wastewater Infrastructure State Grant application form, the Wastewater Infrastructure User Rate Calculator, and a Preliminary Engineering Report for their project. The user rate calculator is used to determine if the applicant meets the minimum affordability threshold for a grant and will be used in conjunction with the Grant Affordability Points Calculator to estimate the assistance needed to make the applicant’s project “affordable”. For your assistance, the following forms are attached

- *2018 Application Form for Wastewater Infrastructure State Grant*
- *Wastewater Infrastructure Grant User Rate Calculator (attached)*
- *2018 Grant Affordability Points Calculator (attached)*

The above forms will be posted shortly on the Department’s website at <http://www.maine.gov/dep/water/grants/srfparag.html>. The following documents are also posted on the website for your information.

- *CWSRF Requirements and Guidance for a Fiscal Sustainability Plan (FSP)*
- *Census Data for CWSRF Funding*

- **Submission Deadline**

The completed applications and accompanying documents must be e-mailed to **Brandy M. Piers**, brandy.m.piers@maine.gov, by **5:00 p.m. February 15, 2019**. If you have any questions regarding this plan submittal process, please contact Brandy Piers at 287-6093 or John True at 287-7808