



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION



GERALD D. REID
COMMISSIONER

Date: February 19, 2019
To: All municipal wastewater facilities, systems, associations and engineering firms
From: John N. True, P.E.
Program Manager
Clean Water State Revolving Fund (CWSRF)

Subject: FFY 2019 CWSRF Project Funding Requests

Each year the United States Congress has allotted federal funds to the CWSRF program to finance wastewater infrastructure projects and water quality improvement or protection projects. The funds are passed through the Environmental Protection Agency to state CWSRF programs to capitalize their loan programs. The Maine Department of Environmental Protection and the Maine Municipal Bond Bank administer Maine’s CWSRF program. Our allotment and the share of the funds that can be distributed in the form of loan principal forgiveness depends on the passage of the federal budget and the Appropriations Act language. We have not yet been notified of the State’s allotment, however we are soliciting projects for our 2019 funding. These projects will be environmentally ranked and if available, principal forgiveness will be offered to applicants based on the applicant’s ability to afford the proposed project. See Attachment 1 for Affordability details.

The Department is requesting applications from municipalities and districts for potential wastewater infrastructure projects and other water quality improvement practices that might be funded through the CWSRF. The purpose of this letter is actually twofold. The first is that we must demonstrate to EPA that the State has a need for the capitalization grant to fund a list of potential projects. Second, we need to rank these projects to determine which ones will receive the principal forgiveness and how much. If you are interested in CWSRF funding, please complete the attached *2019 CWSRF Project Information Request Form, and supplemental materials*, and submit them to the Department by **5:00 p.m., April 12th**.

As mentioned above, the Department does not know if the CWSRF will be allowed under the 2019 Federal Appropriations Act to offer principal forgiveness or the amount allowed. If allowed, the Department intends to offer Affordability Principal Forgiveness to assist communities that would have a significant hardship in raising the necessary revenues to fund their project(s), up to \$50,000 in principal forgiveness as an incentive to wastewater borrowers to implement a Fiscal Sustainability Plan (FSP) or to make improvements to their existing FSP (requires a 100% match), and up to \$20,000 per wastewater borrower in principal forgiveness as an incentive for development of a Climate Adaptation Plan (CAP) (no match required).

AUGUSTA
17 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0017
(207) 287-7688 FAX: (207) 287-7826
RAY BLDG., HOSPITAL ST.

BANGOR
106 HOGAN ROAD, SUITE 6
BANGOR, MAINE 04401
(207) 941-4570 FAX: (207) 941-4584

PORTLAND
312 CANCO ROAD
PORTLAND, MAINE 04103
(207) 822-6300 FAX: (207) 822-6303

PRESQUE ISLE
1235 CENTRAL DRIVE, SKYWAY PARK
PRESQUE ISLE, MAINE 04679-2094
(207) 764-0477 FAX: (207) 760-3143

Please note that the Department will be offering, to the extent available, principal forgiveness for CAPs and FSPs for applicants that are borrowing for an infrastructure (construction) project and applicants that do not have an infrastructure (construction) project. Attached are two application forms, one for applicants that are requesting funding for an infrastructure project and one for applicants that are not requesting funding for an infrastructure project, but are interested in CAP or FSP funding. For additional information, please see the details below.

For assistance recipients with an infrastructure (construction) project:

- 1. Affordability Principal Forgiveness** will be awarded to applicants' whose projects will have the most significant environmental benefit and the applicant would experience a significant hardship financing the project if additional subsidies were not provided. The Department will use its long-standing Environmental Priority Point System to rank the environmental benefit of proposed projects and subsequently offer principal forgiveness, to the extent available, to applicants based on the CWSRF Affordability Criteria of poverty and unemployment rates, median household income (MHI), population trends, and sewer rate as a percentage of the MHI. See Attachment 1 for Environmental and Affordability ranking details.

Please note: Applicants that received affordability principal forgiveness from the Department in both previous funding years (2017 & 2018) are not eligible for affordability principal forgiveness in 2019.

- 2. Climate Adaptation Plans (CAP)** – The Department intends to offer up to \$20,000 per applicant in principal forgiveness, to the extent available, for the development of a CAP. The award of principal forgiveness for applicants with an infrastructure (construction) project will be based on the project's Environmental Priority Point System ranking. See Attachment 3 for details.
- 3. Fiscal Sustainability Plans (FSP) - Loan recipients for all wastewater treatment works projects are required to develop and implement an FSP.** An FSP is basically an asset management plan that takes into consideration water and energy conservation efforts. See Attachment 4 for details. As such, energy audits are now subsidized as part of a new FSP or improvements to an existing one.

The Department intends to offer up to \$50,000 per applicant in principal forgiveness, to the extent available, for the development and implementation of an FSP or the improvement to an existing plan. . The award of principal forgiveness for applicants with an infrastructure (construction) project will be based on the project's Environmental Priority Point System ranking with a preference to applicants that have not received any principal forgiveness from the Department for the development of a prior Asset Management Plan or Fiscal Sustainability Plan. This incentive offer requires a 100% match from the loan applicant. The applicant's match can be in the form of additional CWSRF borrowing, in-kind services, or other funding.

For assistance recipients without an infrastructure (construction) project: These are standalone loans with 100% principal forgiveness and do not require that the applicant also have an infrastructure project that they are funding through the CWSRF.

- 4. Climate Adaptation Plans (CAP)** – The Department intends to offer up to \$20,000 per applicant in principal forgiveness, to the extent available, for the development of a CAP. The award of principal forgiveness for applicants without an infrastructure (construction) project will be based on the applicant’s CWSRF Affordability ranking. See Attachment 1 for Affordability ranking details and Attachment 3 for CAP details.
- 5. Fiscal Sustainability Plans (FSP)** - The Department intends to offer up to \$50,000 per applicant in principal forgiveness, to the extent available, for the development and implementation of a new FSP. The award of principal forgiveness for applicants without an infrastructure (construction) project will be based on the applicant’s CWSRF Affordability ranking. This offer is only for new FSPs where the applicant has not received any previous principal forgiveness from the Department for the development of an Asset Management Plan or a Fiscal Sustainability Plan. This incentive offer requires a 100% match from the loan applicant. The applicant’s match can be in the form of in-kind services or other funding. **The intent of this offer is to not use additional CWSRF borrowing as the match to simplify the loan process at no cost to the borrower.** However, if the applicant must borrow their match from the CWSRF, special arrangements may be made. See Attachment 1 for Affordability ranking details and Attachment 4 for FSP details.

Loan Commitment Date for Principal Forgiveness and Project Information Request Form

Date: The Department’s intention is to equitably distribute the limited loan principal forgiveness to applicants that will utilize the funds in the near future. Therefore, applicants that receive offers for principal forgiveness from the Department must enter into a loan with the Bond Bank on or before September 30, 2020. See “Attachment 1” for a detailed explanation of the priority point system used to rank projects for principal forgiveness consideration and additional information on its distribution.

Please Note: In order to be eligible for affordability principal forgiveness and/or incentive principal forgiveness, communities and districts must describe their proposed project(s) by filling out the attached, “2019 CWSRF Information Request Form” and e-mailing the Information Request Form to brandy.m.piers@maine.gov at the Department by 5:00 pm on April 12, 2019.

If you have questions regarding the information form or the process, please contact Brandy Piers at 207-287-6093 (brandy.m.piers@maine.gov) or John True at 207-287-7808 (john.n.true@maine.gov)

The Department intends to notify applicants of loan offers and any possible principal forgiveness as soon as the federal budget is passed and the projects can be ranked. Unfortunately, we do not have an estimated date yet, but anticipate it will be after April.