

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

**DRINKING WATER STATE REVOLVING FUND
2023 INTENDED USE PLAN
FOR THE
BASE, BASE REALLOTMENT, SUPPLEMENTAL, LEAD
SERVICE LINE REPLACEMENT & EMERGING
CONTAMINANT CAPITALIZATION GRANTS**



JUNE 2023

**MAINE DRINKING WATER STATE REVOLVING FUND
(BASE, BASE REALLOTMENT, SUPPLEMENTAL, EMERGING CONTAMINANTS &
LEAD SERVICE LINE FUNDS)
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MAINE DRINKING WATER STATE REVOLVING FUND

**(BASE, BASE REALLOTMENT, SUPPLEMENTAL, EMERGING CONTAMINANTS &
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2023 INTENDED USE PLAN

DRINKING WATER STATE REVOLVING FUND 2023 INTENDED USE PLAN

1. Introduction

The U. S. Congress is expected to adopt the Federal Fiscal Year (FFY) 2023 budget in March 2023. As part of the Bipartisan Infrastructure Law (BIL), the National Drinking Water State Revolving Fund (DWSRF) was reauthorized for \$2,400,000,000. These appropriations are anticipated to result in a Base FFY 2023 DWSRF Capitalization Grant (Base Grant) of \$4,938,000 (after Congressional Earmarks and Recissions). In addition to the Base Capitalization Grant, the Bipartisan Infrastructure Law (BIL) will add a DWSRF Supplemental Capitalization Grant of \$21,055,000, a DWSRF Lead Service Line (LSL) Grant of \$20,000,000, DWSRF Emerging Contaminants Grant of \$7,640,000 and the 2020 Reallotment of Base Grant of \$99,000. These funds will be available to Maine Public Water Systems after the Maine Department of Health and Human Services, Drinking Water Program (DWP) has received these Grant awards 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 these Grants. This IUP outlines how Maine proposes to utilize these 2023 Grants to fund capital improvement projects and non-project activities (set-asides) and outlines the terms of all financial assistance offered by the Program.

The State of Maine had opted not to request the LSL replacement funds during the 2022 funding cycle. The DWP will again pass on the 2022 funds and apply for \$20,000,000 during the 2023 funding cycle. The DWP has recently developed State guidance to Public Water Systems for the Lead Service Line Inventory based on the Federal guidance from the US EPA on both how the LSL funds can be spent and what will be required in the Lead and Copper Rule Revisions. Also, the date for PWS to have their LSL inventories complete is October 2024, which now creates more planning activity and demand for these funds.

Discussions in this Intended Use Plan will be divided into four categories as follows:

- Combined Base, Supplemental (BIL) and Reallocation of Base Capitalization Grants,
- Emerging Contaminants (EC) Capitalization Grant (BIL),
- Lead Service Line Removal (LSL) Capitalization Grant (BIL) and
- American Recovery Plan Act/Maine Jobs Recovery Plan (MJRP).

In planning for the Base, Supplemental and the 2020 Reallocation Base Capitalization Grants funding, after allocating funds for set-aside activities, the DWP will combine the remaining Capitalization Grant funds with the State Match funds, loan interest and repayments, and carry-over funds to determine the funds available for capital projects. These funds will be used to provide financial assistance for needed capital improvements to Maine's DWSRF eligible public water systems (PWSs).

For both the Emerging Contaminants (EC) and the Lead Service Line Removal (LSL) Capitalization Grants, the set-aside activities are budgeted as described in this IUP and the remaining funds from the Capitalization Grants will be available for projects which are placed on their respective Primary Project Lists. The Primary Projects lists for the EC & LSL funds will accept applications on a rolling basis as projects are developed.

The Lead Service Line Removal Primary Project List was developed by offering a PWS which has water main replacement project on the Primary Project List for the Base & Supplemental BIL funds a separate funding source for:

- Developing a lead service line inventory. For each service line where the service material is unknown. The LSLR Funds may be used to pay for the excavation of the trench and the restoration. This may be reasonably estimated by the Owner and the DWSRF Project Manager.
- Removing and replacing lead services, lead goose necks, small diameter (less than 3-inch) lead pipes, and galvanized service pipes (when the upstream historical existence of lead is unknown.) When the LSLR funding is used to replace the service pipe, the entire service (public and private) will be replaced at the PWS's expense using LSLR funds unless the property owner denies access to the Private Property.

Maine has also approved requests to purchase equipment to self-perform vacuum excavation for developing a service line material inventory required by the Revised Lead & Copper Rule.

All LSLR Funds are offered for eligible projects at 55% Principal Forgiveness and 0% interest loans for a maximum 20-year term.

The Program reserves the right to seek blended bond proceeds issued by the Maine Municipal Bond Bank (MMBB) to combine with these project funds, thereby further increasing the total amount of available project funds.

In 2023, the Program intends to distribute the project funds to the DWSRF-eligible projects, listed in the attached Primary Project Lists (Attachment F), which were ranked in accordance with the project priority ranking system included in this Intended Use Plan (IUP). The Primary Projects will receive Award Letters which will include detail on which of the grants will be used to fund the projects. 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 DWP includes two fulltime employees in the central Augusta Office, four fulltime positions in the Portland Office and two DWSRF Project Managers (which are or will soon be vacant). This Team may be augmented with contracted labor to provide administration and oversight for the 2023 DWSRF Projects.

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

2A. Short-Term Goals (Base & Supplemental Funds). The following list are the short-term goals of the DWSRF Base & Supplemental (BIL) funds.

- I. Provide the required 20% State Match within the required time frame for the Base DWSRF Capitalization Grant combined with the required 10% State Match for the Supplemental DWSRF Capitalization Grant.
- 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.
2023. 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.
2023. 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. The following list are the short-term goals for the Emerging Contaminants (BIL) funds.

- I. Provide loans which are 100% forgiven to address treatment of emerging contaminants above the Maine Drinking Water Standard in Public Water System source of supply.
- II. Provide partial financial assistance (up to 50% of the project cost) through loans which are 100% forgiven to address treatment of emerging contaminants above detection limit, but below the Maine Drinking Water Standard in Public Water System source of supply.
- III. Provide partial financial assistance (up to 50% of the project cost) through loans which are 100% forgiven to address emerging contaminants above the Maine Drinking Water Standard in private wells by extending an existing PWS.
- IV. Provide grant assistance for addressing emerging contaminants in small public water systems source of supply.

2C. The following list are the short-term goals for the Lead Service Line Replacement (BIL) funds.

- I. Provide grant assistance for the development of Lead Service Line Inventories for PWSs in Maine.

- II. Provide financial assistance through interest free loans and interest free loans with principal forgiveness for lead service line replacements.

2D. Long-Term Goals.

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

- I. Provide financial 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. Aid with 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.
- XI. Make Rapid Progress on Lead Service Line Replacement.
- XII. Address PFAS and Emerging Contaminants in Public Water Systems in Maine.
- XIII. Support Resilience and One Water Innovation.
- XIV. Support American workers and renew the water workforce through training.
- XV. Support the Cultivation of Domestic Manufacturing.
- XVI. Fully Enforce Civil Rights.
- XVII. Refine the Maine DWSRF to Build a Pipeline of Projects by supporting Capacity Development of Public Water Systems.

3. Financial Status

3A. Total amount of funds in DWSRF. In Table 3-1 below, the 2023 DWSRF Base, Supplemental and Reallocation of Base Capitalization Grants are combined and the allocations to each Set-Aside activity are summarized. Table 3-1A and 3-1B on the following pages provides a Financial Summary of the Emerging Contaminants and Lead Service Line Capitalization Grants and Set-Aside fund allocations. Similar tables can be found in Attachment A.

**Table 3-1
Summary of 2023 DWSRF Base & Supplemental Capitalization Grant
and Set-Aside Activities**

ITEM	GRANT FUNDS AVAILABLE	2023 BUDGET	SUB-ACCOUNTS
2023 DWSRF BASE CAP GRANT	\$4,938,000		
2023 DWSRF SUPPLEMENTAL CAP GRANT	\$21,055,000		
2020 DWSRF REALLOCATION BASE GRANT	\$99,000		
TOTAL	\$26,092,000		
SET-ASIDES			
PROGRAM ADMINISTRATION (Up to 4%)	\$1,043,680	\$545,009	
DWP Portion (90%)			\$440,641
MMBB Portion (10%)			\$104,368
TECHNICAL ASSISTANCE TO SMALL PWSs (Up to 2%)	\$521,840	\$368,000	
MRWA Water Quality Specialists			\$231,000
DWP Funding Outreach Specialist			\$137,000
DRINKING WATER PROGRAM (Up to 10%)	\$2,609,200	\$1,995,406	
PWSS Program (12.5 FTE)			\$1,793,697
Source Water Protection Staff (1.0 FTE)			\$132,704
Capacity Development Staff (0.5FTE)			\$69,005
OTHER NON-PROJECT ACTIVITIES (Up to 15%)	\$3,913,800	\$3,195,110	
Land Acquisition		\$227,960	
Assistance for Capacity Development (Sub-Account Total)		\$2,113,975	
Capacity Development Staff (0.5FTE)			\$71,975
Capacity Development Grants			\$800,000
Short-term Financing Fund			\$250,000
PWS Consolidation Grants			\$100,000
TRAINING ASSISTANCE			\$580,000
EMERGENCY PREPAREDNESS			\$242,000
SPECIAL PROJECTS			\$70,000
Wellhead & Source Protection (Sub-Account Total)		\$853,175	
New Well Approval & Wellhead Protection Staff			\$333,175
Wellhead/Source Water Protection and Water System Asset Security Grants			\$500,000
Public Education and Outreach Fund			\$20,000
SET-ASIDE TOTALS		\$6,103,525	
REMAINING CAP GRANTS AVAILABLE FOR PROJECTS		\$19,998,475	
STATE MATCH		3,112,900	
ARPA/MJRP		\$8,900,000	
OTHER (INTEREST, REPAYMENTS & CARRY OVER)		\$11,673,825	
	\$43,675,200		

Table 3-1A
Summary of 2023 DWSRF Emerging Contaminant Capitalization Grant
and Set-Aside Activities

ITEM	GRANT FUNDS AVAILABLE	2023 BUDGET	SUB-ACCOUNTS
2023 DWSRF EMERGING CONTAMINANT CAP GRANT	\$7,640,000		
SET-ASIDES			
PROGRAM ADMINISTRATION (Up to 4%)	\$305,600	\$155,560	
DWP Portion (90%)			\$125,000
MMBB Portion (10%)			\$30,560
TECHNICAL ASSISTANCE TO SMALL PWSs (Up to 2%)	\$152,800	\$100,000	
MRWA Water Quality Specialists			\$100,000
DRINKING WATER PROGRAM (Up to 10%)	\$764,000	\$120,000	
PWSS Program Inspector			\$120,000
OTHER NON-PROJECT ACTIVITIES (Up to 15%)	\$1,146,000	\$1,146,000	
Training Reimbursement Account		\$30,000	
Public Education and Outreach Fund		\$30,000	
Software		\$30,000	
Training		\$30,000	
Engineering Design Grants		\$262,000	
Small Public Water System Emerging Contaminant Grants (SPWSECG)		\$764,000	
SET-ASIDE TOTALS	\$2,337,400	\$1,521,560	
REMAINING CAP GRANTS AVAILABLE FOR PROJECTS		\$6,118,440	
STATE MATCH		\$0	
OTHER (INTEREST, REPAYMENTS & CARRY OVER)		\$0	
	TOTAL FOR PROJECTS	\$6,118,440	

Table 3-1B
Summary of 2022 DWSRF Lead Service Line Replacement Capitalization Grant
and Set-Aside Activities

ITEM	GRANT FUNDS AVAILABLE	2022 BUDGET	SUB-ACCOUNTS
2022 DWSRF LSLR CAP GRANT	\$28,650,000	\$20,000,000	
SET-ASIDES			
PROGRAM ADMINISTRATION (Up to 4%)	\$800,000	\$205,000	
DWP Portion (90%)			\$125,000
MMBB Portion (10%)			\$80,000
TECHNICAL ASSISTANCE TO SMALL PWSs (Up to 2%)	\$400,000	\$120,000	
DWP Outreach Specialist			\$120,000
DRINKING WATER PROGRAM (Up to 10%)	\$2,000,000	\$120,000	
PWSS Program Inspector			\$120,000
OTHER NON-PROJECT ACTIVITIES (Up to 15%)	\$3,000,000	\$1,250,000	
Training Reimbursement Account		\$50,000	
Public Education and Outreach Fund		\$50,000	
Software		\$50,000	
Training Reimbursement Fund		\$50,000	
Stakeholder Engagement		\$50,000	
Small Public Water System Service Line Inventory Grants		\$1,000,000	
SET-ASIDE TOTALS	\$6,200,000	\$1,695,000	
REMAINING CAP GRANTS AVAILABLE FOR PROJECTS		\$18,305,000	
STATE MATCH		\$0	
OTHER (INTEREST, REPAYMENTS & CARRY OVER)		\$0	
	TOTAL FOR PROJECTS	\$18,305,000	

- 3B. State Match. For the DWSRF Base and Supplemental Capitalization Grants, the State must provide documentation, at the time of the Grant Applications, that 20% of the total amount of that year's Base DWSRF Capitalization Grant and 10% of the Supplemental DWSRF Capitalization Grant is available as State Match. Attachment A shows the planned allocation of funds from the 2023 DWSRF Grants. The required State Matches for 2023 is \$3,112,900. The 2023 DWSRF State Match required is expected by June 30, 2023 from the State's Wholesale Liquor Contract and from a line item in the State's 2023 supplemental budget. No State match is required for the Lead Service Line and the Emerging Contaminants Grants.
- 3C. Beginning/end of year financial status. The initial financial status of the 2023 DWSRF Program is stated above in Tables 3-1, 3-1A, 3-1B and Attachment A. The current financial status of the 2021 and 2022 funds is also shown in Attachment A. All other previous Grants have been fully expended.
- 3D. Proportionality/Cash Draw: Proportionality for the 2023 DWSRF program will be met with a 100% State Match disbursement method.

4. Non-Project Activities/Set-Asides (Base, Supplemental and Redistribution of 2020 Capitalization Grants)

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.

Set-asides may be taken from the Grants that are provided by the Bipartisan Infrastructure Law. Set-asides for the DWSRF Supplemental Grant will be blended with the set-asides taken from the Base Grant. For the Lead Service Line (LSL) and Emerging Contaminant (EC) Grants, States have the flexibility to take set-asides from these appropriations. Set-asides must be used to either administer these specific capitalization grants or meet the statutory purpose of these funds: “for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines.”, or “to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances.”

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 Base, Supplemental, Lead Service Line Replacement and Emerging Contaminant Grant amounts for the Administration of the Drinking Water State Revolving Fund. We have combined the Base & Supplemental funds and we discuss our set-asides for these funds below and the summary is presented on Table 3-1. The Lead Service Line Replacement and Emerging Contaminant Grant set-asides are shown on Tables 3-1A & 3-1B.

The funds allowed by the SDWA for the first non-project activity, Program Administration, are \$1,043,680. Also, as detailed in the MMBB-DWP Memorandum of Understanding, 10% of this set-aside will be used by the MMBB (\$104,368) and 90% is available to the DWP. The Program Administration budget is \$440,641. 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. Also, the balance between the available funds and the budget (\$498,671) will be applied to the Program’s Banked Credits.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or \$521,640. The Technical Assistance to Small PWSs budget is \$368,000. The DWP intends to apply \$153,840 to the Banked Credit for this Set-Aside. This will increase the Banked Credit balance in this set-aside to \$629,023. The Technical Assistance funds will cover the cost of two Water Quality Specialist full time equivalent (FTE) positions with the Maine Rural Water Association and a third FTE at the Maine Drinking Water Program. 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 for PWS Supervision, is 10%, or \$2,609,200. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is \$1,995,406. The program will add \$613,794 to the Banked Credit for this set-aside. This will increase the Banked Credit balance in this set-aside to \$3,569,431.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or \$3,913,800. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the activities for the upcoming year is \$3,195,110.

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 of the Base and the Supplemental Capitalization Grants

I. Program Administration (4% Set-Aside)

As discussed above, the Program will use \$545,009 for the first non-project activity, Program Administration. The administration of the DWSRF has a budget of \$440,641 for one-half of the DWSRF Manager, one and one-half full-time equivalents (FTE) Project Managers/Inspectors, two Project Specialists, along with one-half 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 Program will add \$498,671 to the Banked Credit account for this set-aside leaving a balance of \$1,001,704.

The MMBB will receive the other 10% of the available \$1,043,680 Grant portion of the allotment, or \$104,368, for financial administration of the DWSRF. These funds will be used to pay a portion of the salary and expenses of the DWSRF program officers, the DWSRF program assistant 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 \$368,000 of the allowable allotment of \$521,840 and we will add \$153,840 to the Banked Credit funds which will increase the Banked Credit balance to \$629,023 for this set-aside. The Program has added an FTE position to perform grant outreach to small and underserved Public Water Systems with a budget of \$137,000. A portion of this set-aside (\$231,000) 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 2023 DWSRF Technical Assistance set-aside funds. The Program and EPA Region 1 will review and approve the plan. 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 \$1,955,406 of the allowable allotment of \$2,609,200 from the DWSRF 2023 set-aside. The Program will add \$613,794 to the Banked Credit for this set aside increasing the Banked Credit balance to \$3,569,431.

- a. Administration of PWSS Program (\$1,793,697). 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 2023 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 (\$132,704).

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 (\$69,005)

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.

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

The Program will use \$3,195,110 of the allowable allotment of \$3,913,800 from DWSRF 2023 Other Non-Project Activities set-aside.

1. Land Acquisition & Conservation Easements/ Source Protection Measures (\$227,960)

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, 2022, the Program had \$1,692,274 available from prior year loan repayments grants. An additional sum of \$79,766 of repayments is scheduled before December 31, 2023 for a total of \$2,000,000 of available funds inclusive of the \$227,960 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.

2. Assistance for Capacity Development (\$1,371,975)

a. Capacity Development Staff Assistance (\$71,975)

The total cost of this Program in 2021 is \$71,975 to fund 50 percent of an FTE to provide on-site capacity development assistance and training.

b. Capacity Development Grants (\$800,000)

As a part of this set-aside, the Program will use \$800,000 to fund Capacity Development Grants. Grants up to \$30,000, but no more than 75 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,
- Risk and Resiliency Assessments,
- 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 approximately 200, may apply for grants up to \$9,000, but no more than 90 percent of the actual cost for capacity development activities as described above.

- c. 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.

- c. Short-Term Financing Fee Fund (\$200,000) The Program plans to set up a set-aside fund to pay for unforeseen short-term interest expenses for projects co-funded with DWSRF funds. Due to the extreme volume of funds, certain revenue streams will not meet the contractual obligations of the recipient. Short term financing may be used to meet the payment terms of the contact.
- d. Grant Project Management Assistance (\$200,000). The Program plans to set up a set-aside account to fund contracted assistance from pre-qualified Professionals to augment the DWP existing staff. The tasks which may contracted may include anything the DWSRF Manager considers essential to the duties to administer the fund. Compensation shall not be greater than twice the Step 8 pay of the appropriate classification.

TRAINING ASSISTANCE (\$540,000)

- a. Utility Revenue Needs Tool (\$20,000). PWS Managers and Trustees are reluctant to adjust user rates as frequently as they should be. This can lead to declining infrastructure maintenance and higher future user rates. Examples abound in the utility business of disastrous results of delayed maintenance. With significant funding available through the DWSRF program, and recent ARPA and BIL legislation, utilities have momentous opportunities to undertake needed infrastructure improvements.

This Utility Revenue Needs Tool intends to help utility managers be proactive in Financial Planning. It intends to help utility managers present cohesive information to Trustees. A simple comparison of a utilities user rates to others does not provide a complete picture of a utility's specific needs. Each utility has unique revenue requirements and rates should be set to meet or work towards their respective system's needs and not simply adopt a mindset of charging a bit less than a neighboring utility. The current influx of federal funding can help a utility move in the direction of securing long-term financial security. Conceptually, this could be a valuable tool in a utility manager's toolbox to assist in the analysis for rate increase. Additionally, this tool could help management determine impact on users and encourage more frequent increases thus reducing problematic infrastructure needs.

Using a combination of data from the Measures software and various financial documents such as annual reports, budgets, audit reports, user rate history, Capital Improvements Plans, and current debt service schedules, MRWA shall attempt to develop an algorithm that would assist utilities to determine revenue needs to meet current and future infrastructure. We envision this as a reliable method to assist a utility to project whether a system could or could not afford rates (much like a mortgage calculator based on MHI).

Using some Financial and Operational Measures found in the Measures application we shall identify a minimum of three utilities (from the seventy-two utilities currently in Measures). Some of the Measures may include:

- Capital Intensity: Indicates whether the utility is keeping up with replacing their utility plant,
- Ratio of Total Debt / Net Plant Total: Measured debt burden relative to net plant.
- Equity Ratio: Demonstrates the overall debt burden of the system relative to long-term assets.
- Water Distribution System Integrity: Ratio of Number of Main Breaks & Leaks per one hundred Miles of Mains.
- Percent of Transmission and Distribution Mains Depreciated.
- Main Replacement Rate Date of Last Rate Change.
- Amount of Last Rate Change.
- Years since Last Rate Change.

The three utilities will be asked to participate in this analysis by providing copies of the additional financial documents. If not willing to participate, an additional utility will be contacted for participation.

A Revenue Needs Analysis will be competed individually for each utility. Comparison will be observed and noted with the goal of developing a methodology or algorithm that could be used by many utilities to assist in the determination of the revenue needs to meet current and future infrastructure. The project will have the following deliverables.

- A summary report including results and a recommendation will provided to each utility.
 - A summary report showing data results of all selected utilities including information.
 - The analysis may also include a description of a potential methodology that utilities could use to assist them in determining revenue needs to meet current and future infrastructure.
- b. 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.
- c. Capacity Development Training for PWSs receiving DWSRF Principal Forgiveness (\$30,000). A budget of \$30,000 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 virtual training on four separate occasions covering different subject matter. This training is expected to consist of four three-hour sessions. A minimum of three PWS trustees or board members, management and lead operator(s) must attend at least one training seminar. Financing will not be approved until this training is completed.

- d. Financial Circuit Rider: (\$100,000). 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 Financial Circuit Rider Program is performed by Maine Rural Water Association. 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.
- e. PWS Leadership Training Classes (\$65,000). 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 along with setting up a new scholarship tuition program to help reach more small and disadvantaged public water systems.
- f. Trustees Training (\$45,000). 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.
- g. Utility Association Annual Conferences Support (\$80,000). There are two large annual Tradeshows & Conferences which take place in Maine each year. The Maine Rural Water Association has hosted a Conference and Training in December and Maine Water Utilities has historically hosted in February. The Maine Drinking Water Utility Industry benefits immensely from these events. During the last several years, the annual conferences have been more of a financial risk for the hosting organization due to cost inflation and the pandemic. This set-aside fund is available for the Association host of the Annual Conference to request for “value added” purposes including, but not limited to the following:
- Keynote Speakers,
 - Offsetting the fees for small and disadvantaged PWS,
 - Waiving fees for Regulators & Funding Agencies,
 - Trainers, or
 - Facility rent.

Each Association may request \$40,000 in letter describing how the funds will be used. Approval is at the discretion of the DWSRF Management team.

EMERGENCY PREPAREDNESS (\$242,000)

- a. Maine Rural Water Association Emergency Response Tabletop Exercises: (\$34,000). The MRWA, ME DWP, ME DEP, MEMA, County Emergency Management Agencies, local emergency responders and others, have all partnered for several years to bring TTXs to priority locations in Maine. While beneficial to all parties in each location, every TTX has highlighted critical gaps in communication, operations and/or redundancy.

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 participating include:

- Milo Water District,
- Brewer Water Department,
- Kennebec Water District,
- Madawaska Water District, and
- Fort Kent Water Department.

For each of the TTX, planning meetings are held 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. While it is our intent to hold meetings in person, we recognize that a hybrid system with opportunity for virtual participation has increased participation for our agency partners.

When possible, the TTX will be conducted in person, provided social distancing guidelines established by the Maine CDC can be achieved, but will also offer participants the ability to participate remotely.

Each TTX will be followed by an After-Action Review and Improvement Planning Meeting and the development of a mutually agreed upon improvement plans.

- b. Emergency Preparedness Support for PWSs (\$25,000). The Maine Water/Wastewater Agency Response Network (MEWARN) 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. Maine Rural Water Association will continue to provide 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 and
 - Attend (Virtually) National WARN Chairs meetings.

The MEWARN will continue their efforts to initiate the creation of a Statewide Drought/Emergency Response Network comprised of entities/individuals affiliated with bulk water delivery.

- c. Vulnerability Assessments (\$15,000). The America's Water Infrastructure Act of 2018 (AWIA) required all Community Water Systems (CWS) with a population greater than 3,301 to complete a Risk and Resilience Assessment (RRA) to identify and address threats from malevolent acts and natural hazards that could threaten safe drinking water. Additionally, the USEPA highly recommends that very small CWS serving populations under 3,300 conduct an RRA. The USEPA developed the Small System Risk and Resilience Assessment Checklist as a guide for small CWS with a population up to 10,000 to identify malevolent acts and natural hazards.

Maine currently has 86 small CWS with a population between 501-3,300. MRWA will create a pool of eligible CWS for review by the DWP. The DWP will assist MRWA with identifying and ranking vulnerable CWS based on sanitary survey data.

Criteria for identification of eligible participants:

- CWS with a population of less than 3,300
- Current member of the MEWARN
- At least one-half of identified eligible participants must be classified as a “disadvantaged community”

- d. Small System Risk & Resiliency Assessments (\$38,000). Although some systems have completed Risk & Resiliency Assessments (RRA) as part of AWIA compliance requirements, many systems serving populations of less than 3,300 have not done so yet. With almost all resources and tools tailored for larger communities, the smaller systems are likely to encounter difficulty without assistance. MWUA proposes to develop a Small System RRA Template and deliver 4 regional workshops to guide systems in the template’s use and implementation.
- e. Business Continuity Plans (\$52,000). Maine Rural Water Association will perform this work. The goal of Business Continuity Planning/Operations Planning is to maintain solid financial, managerial, and functional operations following a disruptive incident. Business continuity planning is about resilience; the ability to rebound and gain insight. It is not about avoiding all threats, but moreover, mitigating those we can and reduce the impact on the business and losses. A critical component to preparedness planning is proper training and practice.

Business Continuity Planning Program is a scaled version of the Emergency Tabletop Exercises, with the focus on developing Business Continuity Plan(s) (BCP) and single process Standard Operating Procedures (SOPs) to maintain business continuity for all front office staff/management/trustee responsibilities during times of change or emergency. Roundtable exercises will simulate full cycle BCP from disruptive incidents through BCP activation, BCP implementation, BCP deactivation and reconstitution.

The goal is to improve the understanding of administrative vulnerabilities, which may include, staff and trustee access to accounts, insurances, emails, credit cards, websites, payment processing services, meter reading and billing software, and plan for business continuity in the event of a disruption. Disruption can be something as simple as separation of staff and/or trustees, business critical software that has failed to patch, or more complex such as the loss of critical data needed for operations (business operations or system operations). The Project Deliverables include:

- Using data from the Measures database, work with DWP to identify eligible participants and select three (3) water systems with a population of less than 10,000 that would benefit from capacity building technical assistance.
 - Development of Assessment Checklist targeting all Business-Critical Systems.
 - Coordination of an Investigation/ Assessment Meeting.
 - Development of Situation Manual and Roundtable exercise scenario.
 - Host, facilitate and activate said scenario.
 - Compile notes, identify deficiencies, and develop an After-Action Report which includes a single process Standard Operating Procedure.
- f. Mini Tabletop Exercises (\$48,000). MWUA proposes to develop and facilitate a series of 4 regional mini-tabletop scenario-based exercises. Different from traditional tabletop exercises, these mini exercises are by no means small, but gather regional groups of water system professionals together to work through multiple smaller facilitated emergencies. This style of exercise allows for increased participation and knowledge sharing. Topics to be included may

be contamination, drought, pandemic, ice storm, and/or other topics as deemed necessary by the Maine DWP and exercise stakeholders.

- g. Cybersecurity Policy Templates (\$30,000). Knowing where to start is often half the battle when it comes to implementing cybersecurity policy and training. MWUA proposes to engage outside expertise to develop a series of cybersecurity policy templates specially designed for water systems to implement. These policies can allow systems to promote cybersecurity awareness, training, and acceptable actions pertaining to IT systems and technologies. Just as many systems have SOPs in place, cybersecurity policies are an important step in cyber resiliency and preparedness.

SPECIAL PROJECTS (\$70,000)

- a. Benchmarking Implementation (\$10,000). Maine Rural Water Association will continue their work on the Benchmarking Implementation. As a result of DWP's substantial investment in Measures, financial and operational data from seventy-one of Maine's utilities has been captured and verified for accuracy; this represents 93% of the estimated population served by PUC regulated public water systems. The metrics found in Measures provide management with the ability to assess the financial health and operational parameters to provide insight when comparing utilities. Additionally, said metrics allow access to crucial information needed for long range planning and can be used to determine if the utility is making forward progress over a stated time. This initiative also provides regulators with a data set that allows access to regulated public water systems data that can be used to prioritize long term public drinking water infrastructure needs and opportunities for targeted capacity assistance.

Project Deliverables:

- Maintaining the current data with a cap to the number of utilities in the data set at the current seventy-five.
 - Focus sustainability and functionality of the current data set.
 - Continued training efforts for users in value and use of the data system by utilities.
 - Collaborate with Maine PUC and Big Room Studios to create an algorithm recognizing and that we do not have 100% of zero-defect systems.
 - Future data addition is not anticipated until July 2023 when the data from the FY 2022 PUC Annual Reports becomes available.
 - Continued web hosting of the Measures database.
- b. Funding Resources Guide and Assistance. (\$40,000) Utilizing a previously developed MWUA funding guide for water systems in Maine, MWUA proposes to revamp and update the information by building it into an online and mobile friendly database. The information contained in the database will be easily searchable and allow water systems to quickly find funding sources relevant to their situations and needs by matching their information with different options in the database.
 - c. Helping Hand II, (\$10,000). Maine Water Utilities Association (MWUA) will 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.

- d. Water Operators Toolbox II, (\$10,000). Maine Water Utilities Association (MWUA) will 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.

3. Wellhead & Source Protection Programs (\$853,175)

- a. New Well Approval & Wellhead Protection Program Staff Expenses (\$333,175). 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. We also intend to fund two additional staff focused on PFAS contamination.

- b. Wellhead Protection, Source Water Protection & Water System Asset Security Grants (\$500,000). The total cost of the grant programs in 2023 is \$500,000. 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 6H. II. b-d.

- c. Public Education/Outreach (\$20,000). 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. This fund also pays for Printing and Mailing signs, reports, and informatics. Production of the Drinking Water Program Newsletters. As a part of drinking water outreach, the Program supports programs around the State to increase awareness of drinking water issues.

4D. Non-Project Activities/Set-Asides (Emerging Contaminant Capitalization Grant).

Description of rationale for determining amounts of Grant funds to be used for non-project activities for the Emerging Contaminants Capitalization Grant. We discuss our set-asides for this Capitalization Grant below and the summary is presented on Table 3-1A.

The Program is allowed up to 4% of the Emerging Contaminant 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 \$305,600. Also, as detailed in the MMBB-DWP Memorandum of Understanding, 10% of this set-aside will be used by the MMBB (\$30,560). The Program Administration budget is \$155,560. 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. Also, the balance between the available funds and the budget (\$150,040) will be applied to the Program's Banked Credits which will bring the balance to \$297,020.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or \$152,800. The Technical Assistance to Small PWSs budget is \$100,000. The DWP intends to add a water quality specialist position to assist with training and on-site to apply \$52,800 to the Banked Credit for this Set-Aside. The balance of the banked credit for this set-aside is \$103,900. The Technical Assistance funds will cover the cost of one Water Quality Specialist full time equivalent (FTE) position with the Maine Drinking Water Program. 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 for PWS Supervision, is 10%, or \$764,000. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is \$120,000. The Program will fund one FTE with this set-aside. The program will add \$644,000 to the Banked Credit for this set-aside leaving a balance of \$1,279,500.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or \$1,146,000. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the activities for the upcoming year is \$1,146,000. The Intended Use Plan (IUP) for the Emerging Contaminants Capitalization Grant includes a \$30,000 budget for training development, a \$30,000 budget for Public Education and Outreach, a \$30,000 budget for Training Reimbursements and \$30,000 for purchase of software and hardware. In addition, we will use 10% of the Emerging Contaminants Capitalization Grant for a Small Public Water System Emerging Contaminant Grant Fund (\$764,000) and an Engineering Design Assistance Grant Fund (\$262,000).

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.

- 4E. **Non-Project Activities/Set-Asides (Lead Service Line Replacement Capitalization Grant).** Description of rationale for determining amounts of Grant funds to be used for non-project activities for the Lead Service Line Replacement Capitalization Grant. We discuss our set-asides for this Capitalization Grant below and the summary is presented on Table 3-1B.

The Maine Drinking Water Program has opted to apply for \$20,000,000 of the 2023 LSLR Capitalization Grant. The Program is allowed up to 4% of the Lead Service Line Removal Capitalization 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 \$800,000. Also, as detailed in the MMBB-DWP Memorandum of Understanding, 10% of this set-aside will be used by the MMBB (\$80,000). The Program Administration budget is \$205,000 inclusive of the MMBB share. 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. Also, the balance between the available funds and the budget (\$595,000) will be applied to the Program's Banked Credits.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or \$400,000. The Technical Assistance to Small PWSs budget is \$120,000. The DWP intends to add an Outreach Specialist position to assist with training and on-site training. The DWP will apply \$280,000 to the Banked Credit for this Set-Aside. The Technical Assistance funds will cover the cost of one Outreach Specialist full time equivalent (FTE) position with the Maine Drinking Water Program. 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 for PWS Supervision, is 10%, or \$2,000,000. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is \$120,000. The Program will fund one FTE with this set-aside. The program will add \$1,880,000 to the Banked Credit for this set-aside.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or \$3,000,000. The Program determined the amount of funds necessary to cover the budgeted expenses for each of the activities for the upcoming year is \$1,250,000. The Intended Use Plan (IUP) for the LSLR Capitalization Grant includes a \$50,000 budget for training development, a \$50,000 budget for Public Education and Outreach, a \$50,000 budget for Training Reimbursements and \$50,000 for purchase of software and hardware. In addition, we will use \$50,000 of the LSLR Capitalization Grant for Stakeholder Engagement. The 15% Set-Aside will fund \$1,000,000 for small system inventory grants 100% of costs estimated for LSL Inventory Development up to a maximum of \$25,000.

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.

- 4F. 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.
- 4G. 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.

5. Project Funds

5A. Funds available (Base & Supplemental Capitalization Grants). After allocating funds for set-aside activities, the Program will combine the remaining Grant funds with the State Match, loan interest and repayments, carry-over funds and \$8,900,000 (100% Grant) of the State of Maine's American Recovery Plan Act (ARPA) Funds to determine the total available project funds. The total funds available for financial assistance as loans to Standard Projects and Disadvantaged Community PWS projects for the 2023 DWSRF Grant period is:

- \$34,775,200 for Projects funded by the combined Base, Supplemental and Reallocation of Base Capitalization Grants (B, S & R).
- \$6,118,440 for Projects funded by the Emerging Contaminants Capitalization Grant (EC), and
- \$18,305,000 for Projects on the Lead Service Line Removal Capitalization Grant (LSL) Primary Project list.

The 2023 DWSRF Base Grant appropriation includes a requirement that a minimum of 12-percent of the 2023 Base Capitalization Grant is available for Disadvantaged Community PWSs as principal forgiveness assistance on awarded DWSRF loans. Maine DWSRF has targeted an additional 18% of the Base Capitalization Grant to be offered as Principal Forgiveness for any project. The Supplemental Capitalization Grant requires exactly 49% of the grant be available for Disadvantaged Community PWSs as principal forgiveness assistance on awarded DWSRF loans. While the ARPA funds awarded to the State are 100% grant with no restrictions.

Assistance subsidies in the form of principal forgiveness available to eligible Disadvantaged Communities will be at levels of 10, 30, 40, 50 and 75 percent based on community Medium Household Income and Residential Water User Rates as detailed in Section 8E. The 2022 DWSRF Supplemental Grant Appropriation requires 49-percent of the 2023 Supplemental Capitalization Grant is available for eligible recipients, including Disadvantaged Community PWSs, as principal forgiveness assistance on awarded DWSRF loans. In special cases the Program may determine the maximum expense the PWS may affordably pay back and apply the Principal Forgiveness appropriately.

The 2023 DWSRF Primary List includes 27 projects, with 23 projects meeting the Disadvantaged Community criteria with a total funding amount of \$33,440,000. The 2023 DWSRF Backup List includes 46 projects.

The Program has removed the maximum loan limit for any PWS of \$5 million dollars for any given year. 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.

5B. Project Funds Available (Emerging Contaminants Capitalization Grant).

In addition to the Base and Supplemental Grant funds, the DWSRF has an Emerging Contaminant Capitalization Grant. Maine intends to take \$1,521,560 in set-asides leaving \$6,118,440 in project funds which is required to be 100% principal forgiveness (PF) with at least 25% being awarded to PWS which serve Disadvantaged Communities or serve populations of 25,000 or less. The treatment projects will be funded as the needs are identified. The PWS Extension projects will be funded on the same annual cycle as the Base & Supplemental Projects.

The Priority Project Lists may be amended or updated to consider new or updated information from PWSs. Projects for the Emerging Contaminant (EC) Priority Project List will be solicited by a request for applications with a deadline of September 30, 2023. All Community Public Water Systems and Schools and Childcare Facilities must test their water being sent to the distribution system for the PFAS contaminants and submit their results to the Maine Drinking Water Program by December 31, 2022. The EC Projects will be ranked in the same manner as all construction projects.

For Community Public Water Systems and Schools and Childcare Facilities with water being sent to the distribution system containing PFAS above the State Maximum Contaminant Level (MCL) of greater than 20PPT, will qualify for up to \$1,000,000 EC Funds (100% PF). DWSRF Funds with PF for Disadvantaged Communities for needs greater than \$1,000,000. These systems will be ranked and funded when they apply while funding is available.

For Community Public Water Systems and Schools and Childcare Facilities with water being sent to the distribution system containing PFAS compounds PFOS/PFOA at levels above detection (Above EPA Health Advisory) will qualify for 100% EC Funds (100% PF) up to \$500,000 cap on EC Funds. DWSRF Funds for needs greater than \$500,000 with PF for Disadvantaged Communities. These projects will be funded on the annual cycle described above.

Small PWS EC Grants. For any PWS sending water to the distribution system with PFAS above the State MCL. These grants are for systems serving a population of approximately 100 or less or needing a filtration capacity of 10gpm or less with water contaminated with PFAS greater than the State MCL will qualify for up to \$60,000 EC Funds, inclusive of a \$10,000 allotment for professional services (100% PF). These grants may be applied for and awarded on a rolling basis if the funds are available.

The EC Funds can be used to address Private Well Contamination with PFAS greater than the State MCL for extensions of Public Water Systems; 50% EC Funds up to \$1,000,000 of EC Funds (100% PF); DWSRF Funds for 50% share and needs greater than \$2,000,000 with PF for Disadvantaged Communities. All funds must go to the PWS being extended. Applications for these funds will be accepted September 29, 2023.

5C. Funds Available (Lead Service Line Removal Capitalization Grant).

The DWSRF also has a Lead Service Line Removal Capitalization Grant. Maine intends to take \$1,695,000 in set-asides and we have decided to ask for \$20,000,000 of the 2023 Capitalization Grant. This will leave \$18,305,000 in project funds. The Grant requires exactly 49% be provided as principal forgiveness (PF). The Maine DWSRF will offer 55% PF with 0% interest for a 20-year term for all loans from this fund.

5D. 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 2022 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.
- 10) Acquisition of land integral to a DWSRF eligible project.
- 11) Extension of a PWS to address PFAS Contamination in Private Wells.

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.

5E. Unencumbered Funds from Previous Grant Years. Funds from the 2021 and 2022 DWSRFs that were not encumbered have been carried forward into this 2023 IUP. All 2022 DWSRF projects that do not have an associated loan agreement by November 1, 2023 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.

5F. 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.

- 5G. Environmental Reviews. All “Equivalency” projects financed with DWSRF funds will have a “NEPA-like” Environmental Review. “Non-Equivalency” projects use the State Environmental Review Process (SERP), defined in the State of Maine Rules Relating to DWSRF Rules. The environmental 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.
- 5H. 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).
- 5I. Build America Buy America (BABA) and Use of American Iron and Steel (AIS). All Projects which the application for funding was received by the funding Agency before May 15, 2022, will be exempt from BABA Regulations. Projects on the Backup List being funded for design will need to reapply for their construction funding.

Acting in a bipartisan fashion, Congress passed the Build America Buy America (BABA) Act in 2021, concurrently with the BIL. Congress established this domestic preference program to create long-term opportunities for domestic manufacturers and manufacturing jobs and build resilient domestic supply chains for a wide range of products.

For SRF recipients, BABA expands existing American Iron and Steel (AIS) requirements (which EPA has implemented since 2014) to include construction materials and manufactured goods.

The Office of Management and Budget will release program guidance to federal agencies. EPA will then issue implementation procedures for BABA compliance for federal water infrastructure funding programs. EPA recognizes this is a new and complex provision, and we will work closely with states, tribes, and territories on technical assistance and training.

As states deploy BIL SRF funding, the Maine Drinking Water Program will:

- Oversee BABA implementation across state SRF-funded projects, as applicable, and provide detailed information on BABA compliance requirements, flexibilities, and processes to recipients.
- Inform SRF grant and loan recipients of the domestic preference requirements. EPA will work with states to develop and provide information to SRF recipients.
- Collaborate with EPA and industry to incentivize and grow domestic supply chains and U.S. manufacturing capacity for products essential to drinking water, wastewater, and stormwater infrastructure.
- Educate funding recipients about their eligibility for waivers and provide help applying for waivers. EPA will develop appropriate waivers and processes to facilitate a smooth transition to these expanded requirements.

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.

- 5J. 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 2023 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.

5K. 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

5L. PBR/FFATA Reporting Requirements. All project loans capitalized, at least in part, with funds from the FFY 2022 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 fhrs.gov on loans in an amount equivalent to \$19,878,475 which is the amount of the FFY 2023 Base and Supplemental (BIL) Capitalization Grants and redistribution of 2020 Capitalization Grant going towards projects.

The Emerging Contaminant Capitalization Grant (BIL) FFATA Requirements will be met by reporting to fhrs.gov on loans in an amount equivalent to \$6,118,440 which is the amount of the FFY 2023 Emerging Contaminant Grant going towards projects.

The Lead Service Line Replacement Capitalization Grant (BIL) FFATA Requirements will be met by reporting to fhrs.gov on loans in an amount equivalent to \$18,305,000 which is the amount of the FFY 2023 Lead Service Line Replacement Capitalization 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

The criteria and method for the distribution of Project Funds, depends on the demand for the funds relative to the funds available. For the Base, Supplemental and Redistribution of the 2020 DWSRF Base Capitalization Grants the demand exceeds the available funds. But, in contrast, the Emerging Contaminants and Lead Service Line Replacement Capitalization Grants have more funds available than the existing demand for project funds. In this case, projects are accepted on the Primary Project List until the funds have been allocated.

When the requests for project funds exceeds the available funds, the selection process is described below.

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 October 20, 2022. 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 December 31, 2022. 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 December 31, 2022, all uncommitted funds will be carried forward into the 2023 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 31 projects on the 2022 Primary Project List, 23 are PWSs with populations of less than 10,000. Total project funding offered for these PWSs is \$12,855,000 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. Very Small PWS Compliance Loan Fund (VSPWSCL). 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 more than \$60,000 first, before VSPWSCL 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, VSPWSCL 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 2022 DWSRF to be available for 2022 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 VSPWSCL 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 VSPWSCL 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. <u>Type of Project</u>	<u>Priority Points</u>
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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
Emerging Contaminant	100

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

<u>regulations:</u>	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)

	<u>Priority points</u>
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, 2023	5
Prior to September 30, 2023	4
Prior to October 31, 2023	3
Prior to November 30, 2023	2
Prior to December 31, 2023	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
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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 including pumps	20 Years
Steel Coating Systems	20 Years
Meters	15 Years
Chemical Feed & Storage Equipment	15 Years
Instrumentation	10 Years

- 11) Projects related to Lead Service Line Removal – 10 Points. For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible and be a lead service line replacement (LSLR) project or associated activity *directly connected* to the identification, planning, design, and replacement of lead service lines. Any project funded under this appropriation involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source. To address household affordability concerns and to minimize adverse public health effects, we encourage states to fund the private portion of service line replacements at no additional cost to the homeowner.
- 12) Projects to Treat Water Supplies due to Emerging Contaminants - 30 Points. For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. Given the clear Congressional intent that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (hereinafter PFAS), EPA expects states to actively solicit and prioritize PFAS-focused projects. States, however, have the flexibility to fund projects for any contaminant in any of EPA’s Contaminant Candidate Lists. For example, EPA also encourages states to consider using these funds to address perchlorate as well as contaminants that have higher levels of occurrence or health concerns.

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 (2017, 2018, 2019, 2020 and 2021), 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 year 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 placed 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 Financially 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 (MHI) of \$58,924 per year or less or when the ratio of average annual water bill to median household income is 0.8 or greater.

An Environmentally Disadvantaged Community Public Water System is a non-transient or community PWS that is: affected by environmental pollution, naturally occurring contaminant(s) and/or has lead contamination in the water supply or lead materials in the service line materials; and is at risk for negative health effects due to contamination and/or there is water supply or lead service lines containing lead. 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 for Disadvantaged Community PWS Assistance. The 2023 DWSRF budget appropriation requires a minimum of 12% of the 2023 Base Capitalization Grant (\$604,440) and exactly 49% of the Supplemental Capitalization Grant (\$10,316,950) to be available for 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 Capacity Development training provided by RCAP Solutions. The Training will be provided virtually in four sessions. Each PWS must have three representatives attend at least one session. 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 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 or the PWS's calculated Average Annual Water Bill to MHI Ratio.

Criteria I (MHI): System wide Residential customers of a PWS must have an MHI of \$58,924 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 (2016-2020) 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 (2016-2020), 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 (Average Annual Water Bill to MHI Ratio): The Ratio is Calculated as follows:

(Cost of 2,000 cubic feet of water per quarterly billing cycle X 4 quarters) / MHI

*A basis of 2,000cf. of water per quarter is used for average water consumption.

- 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 10, 30, 40, 50 and 75 percent of the requested DWSRF loan amount based upon the following:

Water Rates as a Percentage of Median Household Income PF (%)

MHI > \$58,924 & Ratio > 0.80 or MHI < \$58,924 & Ratio < 0.80	10%
MHI < \$58,924 & Ratio 0.80 – 1.29	30%
MHI < \$58,924 & Ratio 1.30 – 1.49	40%
MHI < \$58,924 & Ratio 1.50 – 1.99	50%
MHI < \$58,924 & Ratio >= 2.00	75%

Note that in certain cases where there are environmental justice concerns and the customer base is very limited, the DWSRF Fund Manager may increase the amount of principal forgiveness to make the resultant terms of the offer affordable.

DWSRF Base and Supplemental Grants: 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 principal 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.

8E.1 For the purpose of determining disadvantaged status for Lead Service Line (LSL) funds and Emerging Contaminant (EC) funds, the following criteria shall be used in addition to the disadvantaged criteria in 8E. above; either criteria can be used to determine disadvantaged criteria for accessing LSL or EC funds.

Once a PWS is determined to be a disadvantaged system by either of these two methods above, the amount of principal forgiveness allotted will meet the requirements of the LSL and EC grants (not necessarily using the percentage of principal forgiveness specified for disadvantaged status for the Base and Supplemental Grants).

8F. PWSs/Projects to Receive Assistance. Subsidies to all 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 2023 IUP are as follows:

- August 13, 2022 - Mailing to all PWSs eligible for DWSRF assistance, providing information on the Program and requesting applications for 2023 DWSRF funding. Information also placed on DWP web site.
- September 27, 2022 - Last day for PWSs submitting 2023 DWSRF project applications.
- May 8, 2023 – Draft IUP posted to website and emailed to all PWSs who applied for 2023 funding.
- June 2, 2023 - Public informational meeting on draft IUP held virtually at 2:00PM.
- June 9, 2023 - End of public comment period.
- May 2023 –Project Loan Offers to PWSs with projects on the 2023 DWSRF Primary List.
- May 2023; Grant Pre-Submittal Review and Approval by DHHS Grant Review Committee.
- June 2023, DWSRF Grant Application prepared and submitted to EPA Region 1.
- August 2023, Expected Grant Award by EPA Region 1 (contingent on acquisition of State Match on June 28, 2023).