

# Water/Sewer/Stormwater Infrastructure Funding in ARPA and IIJA

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# Presenters

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# Agenda

- Overviews of agency leadership and core functions.
- Water, wastewater, and stormwater funding opportunities.
- Tips and strategies for applying for State Revolving Fund opportunities.
- Information pertaining to technical assistance and capacity building.
- Information pertaining to current funding opportunities through UMD and Region 3.
- Information on follow-up resources and support.
- Next steps to engaging with MTAP.



# DBM's Municipal Technical Assistance Program (MTAP)

## Question Submission Portal

Submit a question about IIJA, a specific IIJA program or ARPA CLFRF and receive a written response



## Webinars

Webinars on key grants management, IIJA and ARPA CLFRF topics



## Office Hours

Join us every month to connect with colleagues and the MTAP team



## ARPA and IIJA Landing Pages

Links to IIJA NOFOs, Federal guidance, and resources from federal and third-party agencies



## IIJA Fund Mapping

Submit information about a project and the MTAP team will help match your identified needs with grant opportunities



# Maryland Department of the Environment

Maryland Water Infrastructure Financing Administration



**Maryland**  
Department of  
the Environment

# Maryland Water Infrastructure Financing Administration

## Jeff Fretwell

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- The Water Infrastructure Financing Administration (WIFA) is a unit within MDE that administers the Water Quality and Drinking Water Revolving Loan Funds, Bay Restoration Fund, Clean Water Commerce Program, and the Comprehensive Flood Management Grant Program, along with a few other smaller grant and loan programs.

# MDE Funding Programs

MDE Capital Financing Program	Purpose	Fund Source
<b>Bay Restoration Fund - Wastewater (WW)</b>	Upgrade of wastewater facilities with enhanced nutrient removal (3 mg/l nitrogen). State grant up to 100% of total ENR cost, available to both public (100% of ENR cost) and private entities (50% of ENR cost) Beginning FY 2018 - Rehabilitation of sewer collections systems for combined sewer overflows, sanitary sewer overflows, Infiltration/Inflow, and Pumping Stations, stormwater projects, and connection of failing septic to WWTP.	Special Funds – fees collected from users of wwtp - \$60/year for households; \$5 per EDU per month for business
<b>Bay Restoration Fund – Clean Water Commerce Act <u>FY 2022</u></b>	Beginning FY 2022 through FY 2030, transfer \$20M annually from BRF WW into the CWCA Account. Funding is for cost-effective environmental outcomes. Project requirements are: 35% shall be used to produce environment outcomes from agriculture practices; 20% for stormwater and green infrastructure in communities disproportionately burdened by environmental harms and risks; 10% from nonagricultural landscape restoration projects	Special Funds – fees collected from users of wwtp - \$60/year for households; \$5 per EDU per month for business
<b>Supplemental Assistance Program</b>	Provides grant assistance to local governments for planning, design, and construction of needed wastewater improvement to address public health or water quality problems. Funding is given to small communities with priority given to disadvantaged communities.	GO Bonds

# MDE Funding Programs Continued

MDE Capital Financing Program	Purpose	Fund Source
<b>Comprehensive Flood Management Grant Program</b>	Funding can only be provided to local government. Projects can be flood control and watershed management capital projects. Projects must be consistent with the local emergency action plans.	GO Bonds
<b>Water Supply Assistance Program</b>	Upgrade of drinking water systems. State grant up to 87.5% of total cost, available to public entities.	GO Bonds
<b>Bay Restoration Fund – Septic System Upgrade</b>	Rehabilitation of existing individual and community septic systems with nitrogen removal technologies. State grant or loan up to 100% of total cost, available to both public and private entities.	Special Funds – fees collected from users of septic tanks. \$60/yr per household; \$5 per EDU per month for larger tanks



# MDE Funding Programs Continued

MDE Capital Financing Program	Purpose	Fund Source
<b>Water Quality Revolving Loan Program (WQRLF)</b>	Provides low-interest loans to local governments to finance wastewater treatment plant and other water quality and public health improvement projects. Loans up to 100% of project cost, available to both public and private (see linked deposit) entities.	Federal CAP grant requiring 20% State match – Special Funds from loan repayments and admin fees on loans
<b>Drinking Water Revolving Loan Program (DWRLF)</b>	Provides low-interest loans to local governments to finance drinking water system improvements and upgrades. Loans up to 100% of project cost, available to both public and private community water system owners.	Federal CAP grant requiring 20% State match – Special Funds from loan repayments and admin fees on loans
<b>Linked Deposit Program (WQRLF sub-program)</b>	Provides subsidized interest rate loans through banks for non-point source water quality capital improvement projects. Loans up to 100% of project cost, available to private entities.	

# Bipartisan Infrastructure Law Funding

- Includes 5 years of additional federal funding for the Water Quality and Drinking Water Revolving Loan Fund Programs.
- MDE to receive more than \$800M in additional funding for local government projects over 5 years.
- 5 buckets of funding:
  - Water Quality Revolving Loan Fund – Supplemental Funding – all eligible uses – 49% loan forgiveness
  - Water Quality Revolving Loan Fund – Emerging Contaminants/PFAS – 100% loan forgiveness
  - Drinking Water Revolving Loan Fund – Supplemental Funding – all eligible uses – 49% loan forgiveness
  - Drinking Water Revolving Loan Fund – Lead Service Line Replacement – 49% loan forgiveness
  - Drinking Water Revolving Loan Fund – Emerging Contaminants/PFAS – 100% loan forgiveness

# Bipartisan Infrastructure Law Funding – Status

MDE has programmed the first two years of funding (FFY22 and FFY23).

## Water Quality

- [Final FFY2023/State FY2025 Water Quality Revolving Loan Fund Intended Use Plan Table 1](#)
- [Final FFY2022/State FY2024 Water Quality Revolving Loan Fund Intended Use Plan Table 1](#)

## Drinking Water

- [Final FFY2023/State FY2025 Drinking Water Revolving Loan Fund Intended Use Plan Table 1](#)
- [Final FFY2022/State FY2024 Drinking Water Revolving Loan Fund Intended Use Plan Table 1](#)

**Current solicitation open through the end of January is for the following BIL funding:**

- Water Quality Revolving Loan Fund – Supplemental Funding = \$55,414,000
- Water Quality Revolving Loan Fund – Emerging Contaminants/PFAS = \$5,041,300
- Drinking Water Revolving Loan Fund – Supplemental Funding = \$43,747,000
- Drinking Water Revolving Loan Fund – Lead Service Line Replacement = \$28,665,000
- Drinking Water Revolving Loan Fund – Emerging Contaminants/PFAS = \$15,874,000

**The final two years of BIL funding will be included in the next two MDE application cycles (due dates Jan 2025 and Jan 2026) – same/similar amounts to what is included in the current solicitation.**

# MDE Funding Programs – Important Information

- Annual application process – December 1 through January 31 ([current solicitation for FFY24/SFY26 just opened](#))
- Separate applications for:
  - Water Quality Revolving Loan Fund/Bay Restoration Fund Wastewater/Supplemental Assistance/Comprehensive Flood Management Grant Program
  - Drinking Water Revolving Loan Fund/Water Supply Assistance Program
  - Clean Water Commerce Program
- Rolling application period for Linked Deposit Program
- [Prepare to apply document](#) – goes through things that can be done in advance of the application period to be successful/ensure ready to apply
- Also, critical to understand our scoring systems:
  - [Water Quality](#)
  - [Drinking Water](#)
  - [Comprehensive Flood Management Grant Program](#)
  - Clean Water Commerce (included in the application)
- WIFA/ECPP oversees state and federal programmatic requirements to ensure compliance of borrowers / grantees
- Competitive [local procurement](#) that meet relevant state/federal requirements
- Reimbursement based payments

# Disadvantaged Community Criteria

- [Disadvantaged Community Criteria](#) - used for loan forgiveness and lower interest rates in the SRF programs, including Bipartisan Infrastructure Law funding.
- MDE's definition of what constitutes a Disadvantaged Community:
  1. Poverty level at 110% of statewide poverty rate.
  2. Median Household Income (MHI) 80% of statewide MHI.
  3. Unemployment at 120% of state unemployment rate.
  4. Population trend data - less than -1.2%.Require at least 2 of 4 criteria (#1-4 above) to qualify as a DAC; **OR**
  5. 50% or more of project cost or project scope serves, protects, or benefits an Environmental Justice or overburdened community as defined by an EJ Score Percentile (Distribution across Maryland) of 75 or higher using [MDE's EJ Screening Tool](#) (Stand Alone Criteria)

# Interest Rates & Underwriting Process for SRF Loans

Loan Terms	
Interest Rates	<ul style="list-style-type: none"> <li>• Standard MWIFA Interest Rate: <b>1.80%</b> (excluding admin) (for loans closing in 12/2022)</li> <li>• Disadvantaged Community Rate: <b>0.90%</b> (excluding admin) (for loans closing in 12/2022)</li> </ul>
Loan Terms	<ul style="list-style-type: none"> <li>• DWRLF: Up to <b>30</b> years (up to <b>40</b> years for Disadvantaged Communities, not to exceed useful life of asset).</li> <li>• WQRLF: Up to <b>30</b> years (not to exceed useful life of asset).</li> </ul>
Administrative Fee	<ul style="list-style-type: none"> <li>• 5% of the aggregate debt service divided by loan term, collected annually. The administrative fee covers MWQFA operating expenses.</li> <li>• SRF loan interest rates change monthly based on the average of the Bond Buyer 11-Bond Index (BB11-BI) for the month prior to loan closing. The standard SRF interest rate is equal to 50% of the BB11-BI and the Disadvantaged Community interest rate is 25% of the BB11-BI.</li> </ul>

Updated Monthly:

<https://mde.maryland.gov/programs/water/WQFA/Pages/InterestRates.aspx>

**Underwriting Process** – preliminary and final financial capacity analysis

- *Due diligence* – responsible lending practices require a credit analysis to ensure that the borrower can afford obligated debt service. A self-sufficient enterprise fund system is encouraged.
- *Financial Capacity Analysis:*
  - Revenues – Expenses (excluding depreciation) –
  - Debt Service = Positive Cash Flow
- We are looking for debt service coverage of 1.20 –
  - all expenses are met plus debt and there is a 20% cushion; flexibility to go down to 1.0; can also
  - receive a general fund pledge to be liable for the debt service to back an enterprise fund that does not meet
  - lending standards
- Review the most recent 3 years of audited financial statements, as well as any approved water and sewer rate schedules.

# Innovative Financing Strategies

- Financing Options for Nontraditional Eligibilities – [EPA document](#)
- Best Practices Guide for Financing Nonpoint Source Solutions – [EPA document](#)
- Watershed Financing Partnerships – CA and MA examples in “Best Practices Guide”
- [Programmatic Financing](#) – bundling of projects for common purpose; stormwater and sewer rehab in Maryland
- [Sponsorship](#) – allows a local government to serve as the primary borrower and receive a loan for a publicly owned treatment works project at a reduced interest rate if the loan also includes financing for a sponsored nonpoint source project
- [Credit Enhancement/SRF Guarantee](#)
  - To guarantee bonds, notes, or other evidences of obligation issued by a local government to improve credit market access or reduce interest rates;
  - To provide loan guarantees for similar revolving funds established by municipalities or intermunicipal agencies; and
  - To serve as guarantee for long-term PfS contracts, green bonds, or environmental impact bonds for the purchase of water quality outcomes.

# Contact Information

**Jeff Fretwell**

Director

Maryland Department of the Environment - Maryland Water Infrastructure Financing  
Administration

[Jeffrey.Fretwell@maryland.gov](mailto:Jeffrey.Fretwell@maryland.gov)



# University of Maryland

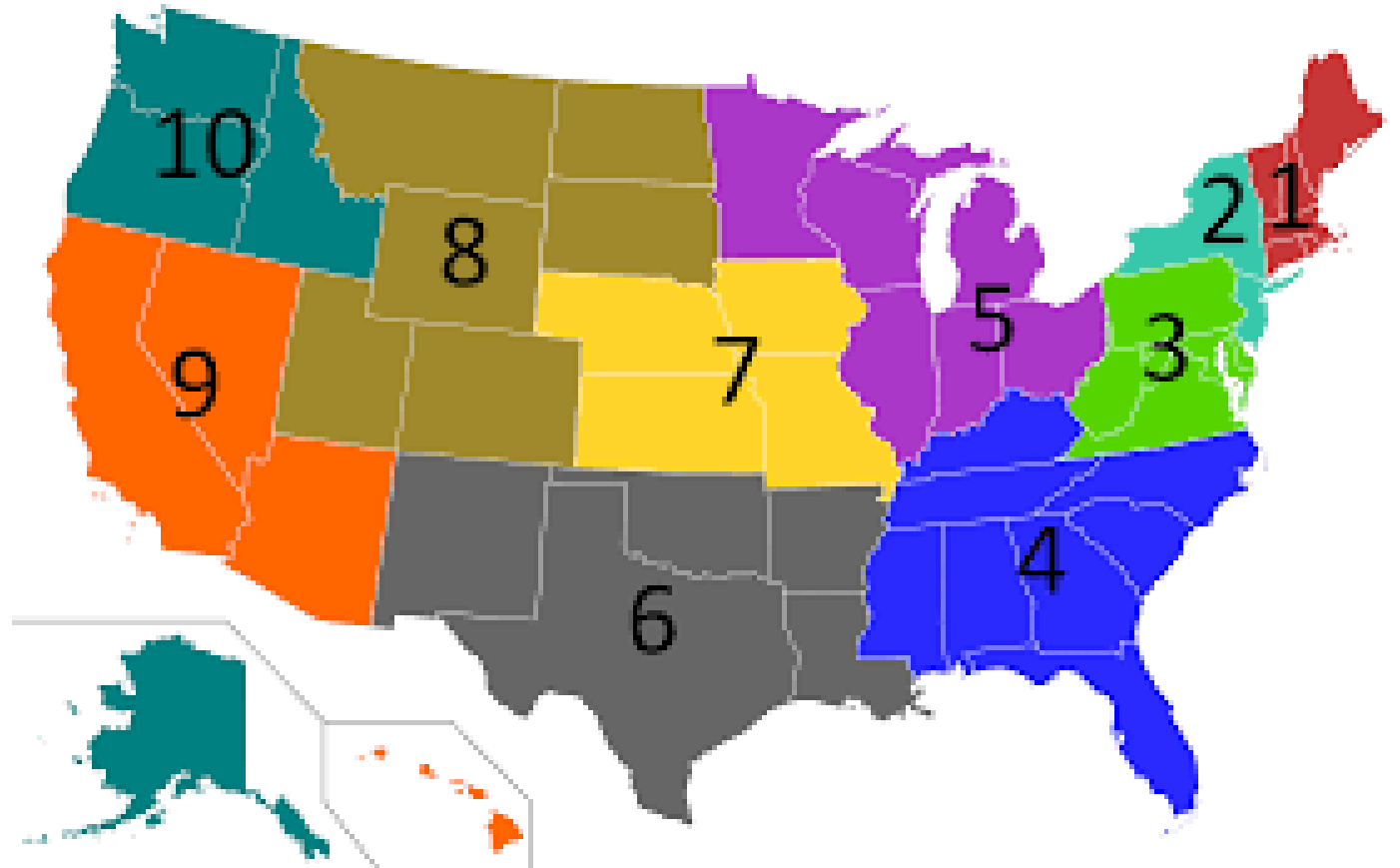
EPA Region 3 Environmental Finance Center



ENVIRONMENTAL  
FINANCE CENTER

# Environmental Finance Centers (EFC)

Environmental  
Finance  
Centers  
(EFCs)



## Types of EFCs



***Regional***  
Multi-Environmental  
Media



***Regional***  
Water Infrastructure  
with Bipartisan  
Infrastructure Law  
Funding



***National***  
Water Infrastructure

# UMD EFC's Role



## Capacity Building & Training

- Local Government Leadership Training
- On-line and Virtual Workshops
- Municipal Online Stormwater Training (MOST) Center



## Policy Analysis & Financial Assessment

- Policy Review
- Financing Strategies
- Budget Analysis
- Program Evaluation



## Community Outreach & Facilitation

- Designing outreach campaigns
- Facilitating stakeholder engagement
- Conducting focus groups
- Managing community surveys and interviews

Much of EFC's work is accomplished through a variety of Technical Assistance (TA) programs

# Water Infrastructure TA

**EPA** United States Environmental Protection Agency

Environmental Topics ▾ Laws & Regulations ▾ Report a Violation ▾ About EPA ▾

Water Infrastructure [CONTACT US](#)

## Water Technical Assistance (WaterTA)

**EPA WATER TA**

All communities deserve access to clean, reliable water. Yet, too many communities across America face challenges in providing safe drinking water, wastewater, and stormwater services to their residents. The [Bipartisan Infrastructure Law](#) presents an unprecedented opportunity to address water infrastructure needs by providing \$50 billion in new funding - the [largest federal investment in water in the history of our nation](#). New and existing [EPA Water Technical Assistance \(WaterTA\) programs](#) will be utilized to support effective implementation of the Bipartisan Infrastructure Law.

**What's New and Key Resources**

- [WaterTA Community Fact Sheet](#) (May 2023) - General information for the public on WaterTA.
- [WaterTA Implementation Memo](#) (March 2023) -

<https://www.epa.gov/water-infrastructure/water-technical-assistance-waterta>

EPA Region	EFC
1	University of Maine System
2	Syracuse University
3	University of Maryland
4	University of North Carolina at Chapel Hill
4	Southeast Rural Community Assistance Project Inc.
5	WSOS Community Action Commission Inc.
5	Delta Institute
6	University of New Mexico
7	Wichita State University
8	National Rural Water Association
9	Rural Community Assistance Corporation
9	Hawaii Community Foundation
10	Rural Community Assistance Corporation

## Technical Assistance: Goal



### END RESULT

More communities with access to federal, state, and local funding and the capacity to fund and finance quality projects and reliable services.

# Technical Assistance: Principles

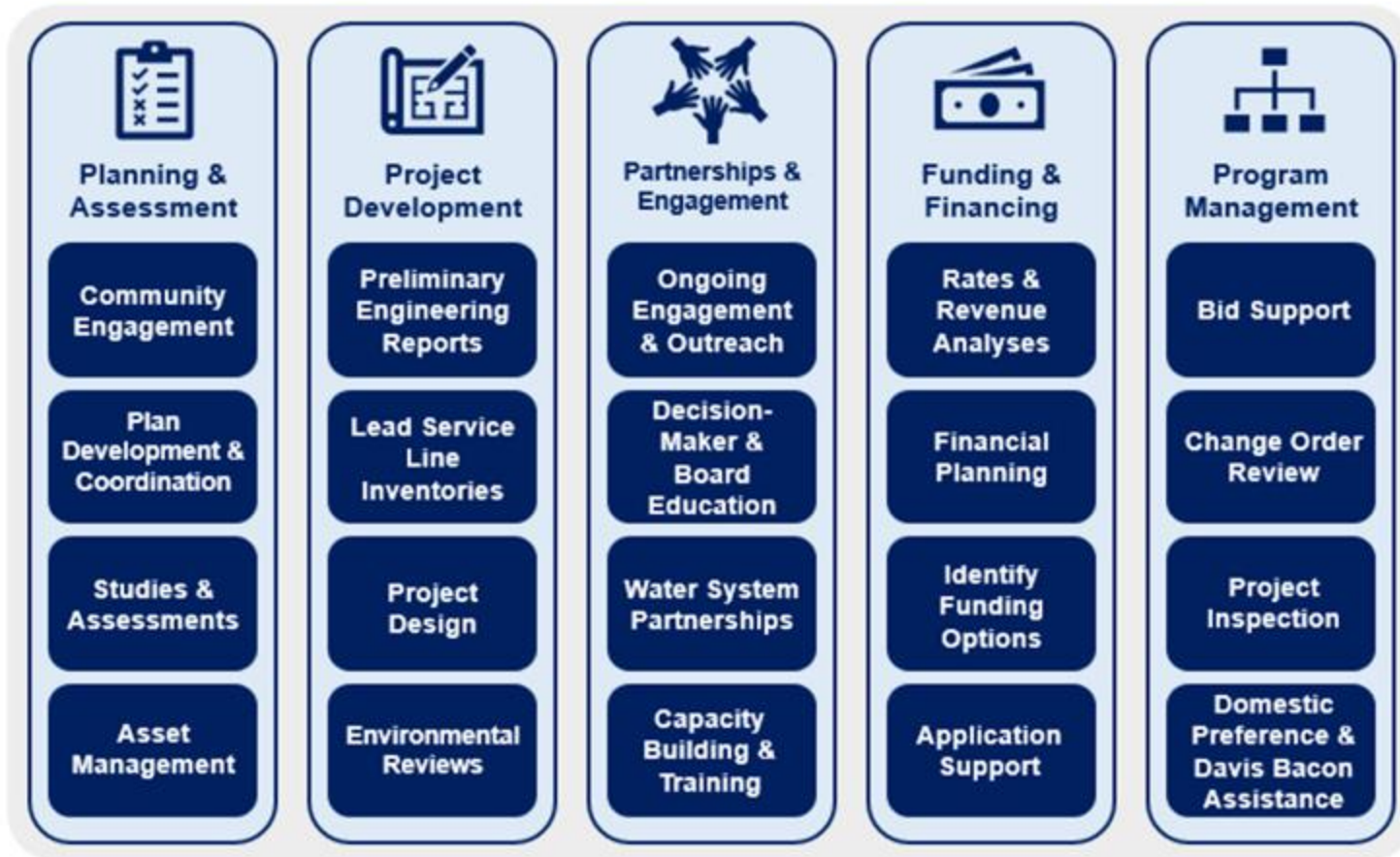
#1 - Provide direct technical assistance to communities

#2 - Support communities to take concrete steps towards accessing infrastructure funding

#3 - Coordinate and collaborate to support effective delivery of TA



# Technical Assistance: Services



- 5-year project
- Assistance can be provided at any stage in the process
  - Full-spectrum or targeted
- Maryland Team
  - Michelle Kokolis (state lead)
  - Jenny Egan



## UMD EFC's Region 3 WaterTA Goals

- Provide direct TA to communities
- Support communities to take steps toward accessing water infrastructure funding
- Coordinate and collaborate to support effective delivery of TA
  - If we aren't the right fit, connect communities with whoever is
- Prioritize Underserved Communities
  - 40% Justice40
- 10 “deep dive” and 30-50 “light touch” annually



## Steps In The TA Process

- Self-Identify by completing the intake form **OR** State referral
- Complete a 30-minute intake call with the MD team
- EFC will assess initial needs and determine the best TA partner
  - Determine if the community fits the TA parameters
  - If yes, who is the best TA partner?
- Develop a workplan and confirm TA partner
- Connect the community with the designated TA provider

# How to Reach Us

**Region 3 WaterTA Program**

The Region 3 Water Technical Assistance (WaterTA) program is offering direct support to municipalities, tribes, and water utilities in the Region 3 to help them secure federal and state funding to address water infrastructure needs. This assistance will be delivered over the coming five years at no cost to recipients, through an award from the US Environmental Protection Agency. Assistance is available on a first-come, first-served basis, with priority given to historically underserved and disadvantaged communities.

Available services include assistance identifying water challenges; developing plans; building technical, financial, and managerial capacity; and completing funding application materials. See the graphic below for a full list of available services.

Planning and Assessment	Project Development	Partnerships and Engagement	Funding and Financing
Community Engagement	Feasibility Studies	Engaging Stakeholders	Grant and Research Analysis
Plan Development and Coordination	Lead Service Line Inventory	Stakeholder and Board Education	Financial Planning
Needs and Assessment	Project Design	Water Systems Partnerships	Identifying Funding Sources
Asset Management	Environmental Reviews	Capacity Building and Training	Application Support

The Region 3 WaterTA program includes the following technical assistance providers:

- University of Maryland Environmental Finance Center (water design and community based)
- University of Maryland Center for Community Engagement, Environmental Justice, and Health
- The Water Center, University of Maryland
- Regional Alliance
- Southeastern Maryland Community Assistance Program, Inc.
- WGLL Infrastructure Research
- West Virginia Community Action Partnership

**Request assistance**

To request Water Technical Assistance, [please complete this form](#). After receiving your submission, a Region 3 WaterTA provider will respond with potential next steps. Assistance is provided on a first-come, first-served basis. Please note that funding requests may be offered WaterTA, and participation in this or other TA programs does not guarantee funding through the Water Resilience Fund (WRF) or other programs. If you need assistance or have questions about this form, please contact water@hagerty.com.

**Partners**

ENVIRONMENTAL FINANCE CENTER

<https://arch.umd.edu/research-creative-practice/centers/environmental-finance-center/project-areas/technical-assistance/region-3-waterta-program>

## EPA Intake Form

<https://www.epa.gov/water-infrastructure/forms/water-technical-assistance-request-form>

## UMD - EFC Intake Form

<https://arch.umd.edu/research-creative-practice/centers/environmental-finance-center/project-areas/technical-assistance/region-3-waterta-program>



## State Referral

## Direct Email

[mkokolis@umd.edu](mailto:mkokolis@umd.edu)

# How to Engage with MTAP's Services

# Upcoming MTAP Events + Reminders

- Upcoming MTAP **ARPA Trends and Success Stories Roundtable** in February of 2024. If your municipality would like to share an ARPA success story or project with your colleagues, the MTAP team invites you to reach out to [arpa.neuadmin@maryland.gov](mailto:arpa.neuadmin@maryland.gov).
- The next MTAP Office Hours Session will be on **December 12, 2023, at 10:00am EST**
- Per Treasury's guidance, the ARPA obligation deadline is **December 31, 2024**. Be on the lookout for additional guidance from our team to assist you with meeting Treasury's obligation deadline.

# Engage with MTAP

- **[Complete a Project Intake Form](#)** - we can assist your municipality in finding IIJA programs that support your project ideas.
- **[Subscribe to our newsletter](#)** and forward it to colleagues.
- **[Watch the recording](#)** of the MTAP Intro to IIJA Webinar.
- **[Attend Office Hours](#)** on December 12th at 10:00am EST.
- **[Submit a Question](#)** on ARPA or IIJA.
- **[Visit our Website](#)** and **[IIJA Resources Page](#)**.

Share Feedback with MTAP at **[arpa.neuadmin@maryland.gov](mailto:arpa.neuadmin@maryland.gov)** –  
and let us know how we can help!

# Q&A