



The Massachusetts Clean Water Trust

OVERVIEW OF FINANCING PROGRAMS



Overview of the Massachusetts Clean Water Trust

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The Massachusetts Clean Water Trust (Trust) was established in 1989 to finance projects to:



IMPROVE water quality



PROTECT the environment



PROTECT public health



in the Commonwealth through the provision of low-cost capital financing to cities, towns, and other eligible entities.

- Funding is provided by annual grants from the U.S. Environmental Protection Agency (EPA) and state matching funds.
- The Trust and MassDEP operate the Clean Water (CW) and Drinking Water (DW) State Revolving Funds (SRFs) which assist communities in complying with the Clean Water and Safe Drinking Water Acts.
- To date, the Trust has financed approximately \$8.1 billion in loans for nearly 300 communities, serving 97% of the Commonwealth's population.

Overview of the Massachusetts Clean Water Trust

Clean Water SRF (CWSRF) Annual Funding Projects Include:

- *Wastewater Treatment Improvements*
- *Combined Sewer Overflow Correction*
- *Stormwater Management*
- *Infiltration/Inflow Remediation*
- *Sewer System Rehabilitation*
- *Non-Point Source*
- *Nutrient Enrichment Mitigation and Planning*

Drinking Water SRF (DWSRF) Annual Funding Projects Include:

- *Drinking Water Treatment Improvements*
- *Transmission and Distribution*
- *Source Protection*
- *Storage Improvements and Planning*

Advantages of Borrowing through the Trust

Fixed Low-Interest Rates

- These rates are established by law and offer a stable planning tool for communities.
- Loans with a 20-year term will have an interest rate of 2%
- Loans with a term over 20 years will generally have an interest rate of 2.4%
- Certain projects qualify for reduced or 0% interest

Interim Loans (Construction Loans)

- The Trust offers interim loans with no fees or interest. These loans allow for one-stop financing through the Trust.

Flexible Repayment Terms

- Loans can be financed up to 30 years.

Disadvantaged Communities Additional Subsidy (Loan Forgiveness)

- The Trust uses a percentage of its annual grant and state funding as **additional subsidy** each year. This subsidy comes in the form of loan forgiveness to disadvantaged communities.
- Eligibility is determined by **an annual affordability calculation** – which ranks communities into affordability tiers. The amount of loan forgiveness is **based** on a community’s affordability tier.

Disadvantaged Community Tiers	Tiers by Adjusted Per Capita Income (APCI) Range	CW Loan Forgiveness %	DW Loan Forgiveness %
Tier 1	APCI more than 80% but less than 100% of the State APCI	3.3%	6.6%
Tier 2	APCI more than 60% but less than 80% of the State APCI	6.6%	13.2%
Tier 3	APCI less than 60% of the State APCI.	9.9%	19.8%

Other Subsidy Programs Offered by the Trust



- **Asset Management Planning Grants**

The grant program provides a **60%** grant to assist communities with completing or updating asset management plans for wastewater, drinking water, stormwater utilities, or any combination of the three to ensure the operational integrity of the water utility.

- **Cape Cod & Islands Water Protection Trust Fund**

The trust fund was created to help projects on Cape Cod utilize the tourist economy to raise revenue to pay for a portion of their wastewater loan from the Trust. Currently, the fund is providing **25%** loan forgiveness for qualifying projects.

- **Housing Choice Loan Program**

Communities that have achieved the “Housing Choice” designation under the Housing Choice Initiative will be eligible for an interest rate reduction up to **.50%** from the standard below market rate of 2% offered by the Trust.

- **0% Nutrient Enrichment Reduction Loans**

This loan program is for CWSRF loans that are primarily intended to **remediate** or prevent nutrient enrichment of a surface water body or water supply which can cause environmental degradation of the surrounding water bodies.

- **0% Interest PFAS Mitigation Loans**

Per- and polyfluoroalkyl substances (PFAS) are a family of chemicals that are classified as emerging contaminants and are known to cause health issues when found in drinking water. Projects that have the purpose of reducing PFAS in water below the established Maximum Contamination Level of 20 parts per trillion, are eligible for **0%** interest loans.

State Revolving Fund Loan Process

The SRF financing process can take up to two years, depending on the community and project, from the initial project proposal to funding being disbursed. MassDEP staff will provide assistance to the community from application submission to project completion.



Lead in Schools

Sampling Program

www.mass.gov/guides/sampling-for-lead-and-copper-at-schools-and-childcare-facilities

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(2016-2018)

First in the nation school drinking water testing program utilizing \$2.75 million from the Trust to sample public schools across the Commonwealth for lead and copper. Nearly 1,000 schools were sampled during this period.

(2019-Present)

Expanded funding from EPA allows MassDEP to expand sampling program to public and private childcare and early education facilities – limited to lead testing.

School Water Improvement Grants (SWIG)

mass.gov/school-water-improvement-grants

Contact *Jonathan Maple*

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Pilot Round

Provided **\$954,000** in grants to replace **318** water fountains in **128** schools in **37** school districts serving over **69,000** students.

Round 2

The Trust is offering up to **\$2 million** in grants to public and private elementary schools, early education facilities and non-residential daycare facilities.

The Trust received nearly **\$3 million** from EPA WIIN Grant to expand SWIG eligibility.



*Community Septic
Management Loan
Program Model*

Community Septic Management Loan Program

The Trust dedicates **\$5 million** a year in **2%** interest rate loans to communities to then loan to homeowners to replace their failed septic systems.

Over the past 5 years we have made 29 loans totaling \$14.2 million at an average loan amount of \$450,000. Additionally, we have financed Barnstable County's septic loan program, which now operates as its own revolving fund.

About the Program

- The program operates on a rolling application basis and communities apply for financing when there is enough demand.
- Homeowners apply to the town for financing and the town draws down funds as needed from the Trust.
- The loan to the community is secured with a general obligation pledge of the communities and receives the traditional debt authorization at the local level.
- The loan to the homeowner is secured with a betterment agreement between the community and the homeowner, to which the Trust is not a party.
- Since the loan to the homeowner is secured with a betterment agreement, Massachusetts General Law governs that agreement and the interest rates that can be charged.
 - *The interest charged by the community to the homeowner can be used to cover administrative expenses and to make new loans, which Barnstable County and others have done.*
- The draws made against the loan by the community operate under our interim loan program and accrue no interest and no fees.
- In a majority of cases, the loan is put into repayment within two years or sooner if all the funds have been drawn or if the community decides they are finished with the program.
- Then the loan is financed either with Trust equity funds and the revenue is pledged to repay bonds, or, it is financed with tax exempt bonds under the allowable private use designation of 10% of the bond financing or \$5M, *whichever is less.*

Get in Touch



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