



Maryland

Department of
the Environment

**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION
WATER QUALITY REVOLVING LOAN FUND PROGRAM
FEDERAL FISCAL YEAR 2026
FINAL INTENDED USE PLAN
July 2026**

Wes Moore
Governor

Aruna Miller
Lt. Governor

Serena McIlwain
Secretary

Suzanne E. Dorsey
Deputy Secretary
Adam Ortiz
Deputy Secretary

**MARYLAND DEPARTMENT OF THE ENVIRONMENT
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION
FINAL Federal Fiscal Year 2026 Intended Use Plan
Maryland Water Quality Revolving Loan Fund**

TABLE OF CONTENTS

Executive Summary.....	1
A. Sources and Uses of Funds.....	3
B. Goals of the Maryland Water Quality Revolving Loan Fund.....	4
C. Project Selection and Fund Activities under the FFY 2026 Intended Use Plan (IUP)	6
D. Project Scope of Work/Environmental Benefits – FFY 2026 IUP Projects	8
E. Minority Business Enterprises/Women’s Business Enterprises (M/WBE) Participation.....	9
F. Assurances	9
G. Binding Commitments	9
H. Public Review of the Draft FFY 2026 IUP	9

Table 1 – Project Funding List and Sources/Uses of Funds

Appendix A:	Maryland WQSRF FINAL Project Priority List for FFY 2026 IUP
Appendix B:	WQSRF Integrated Project Priority System (IPPS)
Appendix C:	Public Comment Responsiveness Summary
Appendix D:	Assistant Attorney General Certification

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Maryland Water Quality Revolving Loan Fund

EXECUTIVE SUMMARY

The Intended Use Plan (IUP) is the document that the Maryland Water Infrastructure Financing Administration (MWIFA) submits to the United States Environmental Protection Agency (EPA) to request the Federal Fiscal Year (FFY) Base Capitalization Grant under the Federal Clean Water Act (CWA) for use in the Maryland Water Quality Revolving Loan Fund (WQRLF or WQSRF). The Maryland WQSRF was established pursuant to the Clean Water Act (CWA) of 1987 and the Maryland Water Quality Financing Administration Act, Title 9, Subtitle 16 of the Environment Article, Annotated Code of Maryland, to provide below market interest rate loans and other subsidies to local governments and eligible private entities for certain water quality capital projects.

In addition, in 2021, the Infrastructure Investment and Jobs Act (IIJA) provided a General Supplemental allotment and an Emerging Contaminants allotment to the Water Quality SRF Program. This IUP is also the document that MWIFA submits to EPA to request Maryland's annual allotments from these appropriations.

The State of Maryland is committed to using the capitalization grant funds ("capitalization grants") for which MWIFA is applying to provide funding for eligible water quality improvements from point and nonpoint source capital projects, including eligible "green" projects, that will further the water quality and public health objectives of the CWA.

For FFY26, MWIFA is making grant applications to receive:

1. Base WQSRF Capitalization Grant allotment for a total of \$17,275,000, to be matched with \$3,455,000 (20%) in State funds as required.
2. IIJA WQSRF General Supplemental Capitalization Grant allotment of \$59,581,000, to be matched with \$11,916,200 (20%) in State funds as required.
3. IIJA WQSRF Emerging Contaminant Capitalization Grant allotment of \$5,143,000.
4. IIJA Emerging Contaminant federal Fiscal year (FFY) 2023 reallocation of \$12,000.

Note: MWIFA did not receive any applications for the WQSRF Emerging Contaminant allotment, so those funds once awarded to MWIFA will be transferred to the Drinking Water SRF Program where numerous applications have been submitted, and great need has been shown.

The highlights of the FFY 2026 IUP are as follows:

WQSRF FFY 2026 IUP TOTAL SOURCES		WQSRF FFY 2026 IUP TOTAL USES	
Federal Funds for Capital Projects-Base Grant	\$17,275,000	Capital projects - Loans and Grants	\$287,490,512
State Match for Base for Capital Projects	\$3,455,000	SRF Revenue Bond Debt Service (P&I)	\$ -
Federal Funds for Capital Projects-IIJA Supplemental Grant-FFY25+24+23	\$59,581,000	CWSRF Transfer to DWSRF	\$5,155,000
State Match for IIJA for Capital Projects	\$11,916,200	Transfer to Admin (WRRDA provision)	\$3,300,000
Federal Funds for Capital Projects-IIJA Emerging Contaminants Grant-FFY26+23 Reallotment	\$5,155,000	CWNS Contractor Support Services EPA In-Kind	\$500,000
Est. Invest. Earnings/Repayments/Reprogrammed	\$114,063,312		
Prior IUP Reprogrammed Funds	\$85,000,000		
TOTAL SOURCES	\$296,445,512	TOTAL USES	\$296,445,512

Under this IUP, \$287,490,512 of the FFY 2026 capitalization grant allotments, inclusive of 20% state match contribution, is allocated toward clean water capital projects. The MWIFA is not requesting the federal (4%) funds for WQSRF program administration, as it will continue to use loan administrative fees (see below) and funds from the WQSRF as authorized under the Water Resources Reform and Development Act of 2014 (WRRDA), if needed.

To provide applicants an opportunity to seek WQSRF funding, Financial Assistance Applications for clean water (point source and nonpoint source) capital projects were accepted by MWIFA from December 1, 2025, through February 7, 2026. The IUP Table 1 shows the proposed list of projects for inclusion in the FFY 2026 IUP for WQSRF financial assistance, including those projects that are being considered for additional subsidy (loan principal forgiveness) based on the assumed federal statutory limitations. These projects were selected from the Project Priority List (PPL) based on their Integrated Project Priority System (IPPS) ranking, readiness to proceed to construction, and compliance with the following two state requirements: 1) that the project (if a treatment works project) is included in, or amended to, an MDE-approved County Water and Sewer Plan and 2) that the project (if a treatment works project) is consistent with Maryland's Smart Growth/Priority Funding Area (PFA) legislation or has received a PFA exception. Before loan execution, projects identified in the IUP will undergo a detailed financial capacity/credit analysis by the MWIFA. The WQSRF loan terms, which are applicable to all WQSRF loans except for loans through the Linked Deposit Program (see Section B-2). are outlined below.

Current Interest Rate*	Standard Rate = 50% of Market Rate Disadvantaged Community (DAC) Rate = 25% of Market Rate (Market Interest Rate is defined as the average of the Bond Buyer 11-Bond Index for the month preceding the loan closing). * MDE, by policy, can change the SRF loan interest rate at any time. Interest rates are updated monthly; the range of rates for the prior fiscal year are posted on the MWIFA website.
Loan Term	Up to 30 Years, not to exceed useful life of the constructed asset. 100% principal forgiveness loans have a duration of 10 years, regardless of the life of the asset.
Loan Origination Fee	None.
Loan Administrative Fee	5% of the aggregate debt service divided by the number of administrative fee payments over the life of the loan, collected annually. The administrative fee is used to help meet program operating expenses. These funds are in addition to any funds provided for WQSRF program expenses from the federal capitalization grants. If the loan administrative fee is insufficient to cover program operating

expenses, the additional amount needed will be transferred from the program Total Net Position, up to 0.2% of net asset limit authorized under WRRDA in accordance with FWPCA section 603(d)(7). Based on the most recent audited financial statements as of 06/30/2025, the maximum amount allowed would be \$3,811,401 (Total Net Position of \$1,905,700,558 * 0.002 = \$3,811,401)

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MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION
FINAL Federal Fiscal Year 2026 Intended Use Plan
Maryland Water Quality Revolving Loan Fund**

A. Sources and Uses of Funds

					Through 2025 IUP	2026 IUP
Sources:						
Federal Capitalization Base Grants					\$ 1,194,070,380	a \$ 17,275,000
Federal Stimulus Grants 08 IUP (ARRA)					\$ 94,784,600	\$ -
20% State Match to Base Grant					\$ 238,972,687	b \$ 3,455,000
IIJA-Supp Gen Federal Grant					\$ 208,042,000	\$ 59,581,000
10% (20% for GY25))State Match to IIJA Supp Gen Federal Grant					\$ 22,362,500	\$ 11,916,200
Federal IIJA-Emerg Cont Federal Grant					\$ 17,957,000	\$ 5,143,000
Total Revenue Bond Proceeds					\$ 236,222,390	\$ -
Investment Earnings (thru SFY 25)					\$ 196,964,351	
Loan Principal Repayments (thru SFY 25)					\$ 1,682,400,109	
Loan Interest Repayments (thru SFY 25)					\$ 341,401,393	
			Subtotal		\$ 4,233,177,410	\$ 97,370,200
Estimated Loan Principal (SFYs 26 & 27)					\$ 199,000,000	
Estimated Loan Interest Repayments (SFYs 26 & 27)					\$ 27,600,000	
Estimated Investment Earnings (SFYs 25 & 26)					\$ 8,400,000	
Estimated Loan Principal (SFY 28)					\$ 98,643,325	\$ 95,551,142
Estimated Loan Interest Repayments (SFY 28)					\$ 14,218,641	\$ 13,633,972
Estimated Investment Earnings (SFY 28)					\$ 5,044,147	\$ 4,878,198
Estimated Cumulative LD Invest.prin repays (thru SFY28)					\$ 19,382,590	\$ 358,478
Reprogrammed Funding					\$ 1,575,101	\$ 85,000,000
Estimated Future Revenue Bond Proceeds					\$ 390,275,861	
			Subtotal		\$ 764,139,665	\$ 199,421,790
			Total Sources		\$ 4,997,317,075	\$ 296,791,990
Uses:						
Loan/Grt Agreements Entered as of 6/30/2026					\$ 3,577,926,834	\$ 187,704,735
Pending loans/grants IUP Status as of 4/30/2026					\$ 1,122,588,937	\$ 287,490,512
Loans executed SFY 25 as of 4/30/26 (net of reversions)					\$ 143,491,496	\$ 22,163,720
Funds Transferred to Drinking Water SRF					\$ 21,187,580	\$ 5,155,000
Bond Principal Repaid as of 6-30-2025					\$ 234,607,390	\$ -
Bond Interest Expense as of 6-30-2025					\$ 141,816,425	\$ -
Bond Cost of Issuance/Underwriter Discount					\$ 4,949,910	\$ -
ARRA-Stimulus Administrative Expense					\$ 2,000,000	\$ -
4% Administrative Expensed as of 06/30/2025					\$ 16,935,812	\$ -
2% Admin. Exp. IIJA_supp Gen. grant thru GY25					\$ 1,008,260	\$ -
EPA In-Kind (CW Needs survey) Cumul. Base GY26					\$ 104,566	\$ 500,000
Transfer to Admin (WRRDA provision) (thru SFY26)					\$ 23,500,000	\$ 3,300,000
Allocated Non-point Source Projects (Linked Deposit)					\$ 23,000,000	\$ -
			Total Uses		\$ 5,313,117,210	\$ 506,313,967

B. Goals of the Maryland Water Quality Revolving Loan Fund

1. Long-Term Goals

- Fund Perpetuity & Utilization – To provide low-interest rate financing and other subsidies to high priority eligible projects that are ready to proceed within a reasonable time while maintaining a perpetual source of capital funds for future projects. The goal is to achieve a fund utilization rate (loans executed/total funds available) of 98% or greater. This is one Program Activity Measure (PAM) under EPA's strategic plan for the WQSRF. The WQSRF could finance approximately \$737 million in additional loans from capitalization grants, State match, IJA Supplemental capitalization grants, loan repayments, and investment earnings between FFY 2025 and FFY 2028 IUPs (excluding revenue bond leveraging). This is in addition to the \$4.4 billion capacity of existing IUPs (FFY 1989 - 2025). This analysis assumes an annual Maryland Federal Capitalization Grant of ~\$19 million per year, as well as an annual IJA General Supplemental Capitalization Grant of ~\$55 million per year through FFY 2026. The cumulative loan financial capacity of the WQSRF is projected to be over \$5.1 billion by FFY 2028.
- Funding Prioritization – The IPPS rating and ranking system targets financial assistance to projects that help meet Maryland's Final Watershed Implementation Plan (WIP) to address the Chesapeake Bay Total Maximum Daily Load (TMDL), as well as federal requirements to limit human exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants in the environment. The IPPS focuses on the proposed project water quality benefits, documented public health concerns, relative effectiveness of nutrient reduction to the Chesapeake Bay, compliance status, cost efficiency, and co-benefits including mitigation, adaptation, and resiliency, and sustainability.
- Reasonable User Cost – To ensure projects are constructed at a reasonable cost for the users of the system, MWIFA will continue to provide disadvantaged communities (DACs) a lower interest rate and additional subsidies in the form of loan principal forgiveness. MWIFA will continue to utilize its state grant programs and coordinate with other federal and state financial assistance programs (e.g., USDA Rural Utilities Service, Community Development Block Grant, Federal Special Appropriation grants). Reasonable cost is based on four economic metrics: percent poverty, unemployment, median household income and population decline, as described below.
- Financial Capacity and DAC Assistance – As part of the credit/financial analysis of potential borrowers, the MWIFA will continue to provide financial advisory services to system owners on the feasibility of their user rate structure and financial capacity to pay back a loan. The MWIFA financial model forecasts future operating cash flows based on existing/proposed user rates using audited financial statements and includes a 2% inflation factor for all projected out years. The model has been an effective tool to assist communities in developing affordable user rate structures and in determining additional subsidies to DACs.

2. Short-Term Goals/FFY2026 IUP Operating Goals

- Finance Advanced Treatment at WWTPs for Nutrient Reduction – To provide low-cost financing to local governments for the local share, in tandem with Maryland's Bay Restoration Fund Wastewater Program (BRF Wastewater) grant funding for Enhanced Nutrient Removal (ENR), to upgrade targeted wastewater treatment facilities with advanced treatment to reduce nitrogen and phosphorus discharges as part of Maryland's WIP. Maryland's far-reaching legislation (Bay Restoration Fund), which was signed into law in the 2004 Maryland legislative session (amended in 2012 to increase the fee from \$2.50/month per equivalent dwelling to \$5.00) to address Bay restoration, created a dedicated fund to initially upgrade the 67 largest wastewater treatment plants to ENR standards. ENR upgrades at Maryland's largest 67 wastewater treatment plants are proving to reduce 8.2 million pounds of nitrogen and 945,971 pounds of phosphorus from entering into the Bay each year, which is required for Maryland to meet its load cap under the Chesapeake Bay TMDL. Maryland has been encouraging the upgrade of minor wastewater treatment plants to ENR, where cost-effective. ENR projects are expected to receive up to 100% state grants for ENR eligible components. Some non-eligible ENR components can be covered by WQSRF loans.
- Utility and Community Sustainability – To provide low-cost capital financing to local governments for existing facility (fix-it-first) upgrades for water quality improvements necessary to achieve or maintain

permit compliance. The FFY 2026 IUP funding list identifies several such projects. In addition, MWIFA continues to work closely with facility owners to maintain system financial capacity. MWIFA's credit capacity analysis includes discussions with potential loan recipients to ensure that their enterprise fund remains fiscally solvent. Fiscal solvency includes reliable and dedicated sources of revenue for the debt service on capital improvements and the cost of operations and maintenance. Projects that support community sustainability such as proximity to transit, brownfield revitalization, and/or community legacy areas and those that provide for reuse/recycling of stormwater, wastewater, or treatment products are awarded sustainability points on the project rating system.

- Green Infrastructure, Water and Energy Efficiency and Environmental Innovation Projects – The MWIFA has actively solicited “green” projects to be included in the FFY 2026 IUP for funding to help restore Maryland’s waterways as part of the larger Chesapeake Bay restoration goals. Green projects are integral to the innovative approach Maryland has taken through the Chesapeake Bay WIP to address water quality issues throughout the Maryland portion of the Bay watershed. Three (3) projects on the IUP are identified as green: The Ellicott City Flood Mitigation Pond T - 1 will receive \$50,000,000 from the Base Capitalization Grant; the second project Little Patuxent Water Reclamation Plant Flow Equalization Improvements will receive \$31,045,665 from the IIJA Supplemental Capitalization Grant; and the third project, titled Montgomery County MS4 Program Additional Funding, to receive \$19,000,000 from the Base Capitalization Grant and \$6,000,000 of the IIJA Supplemental Capitalization Grant. Based on the above, the FFY 2026 IUP currently has exceeded the assumed 10% minimum of the federal capitalization grant award amounts allocated towards green projects. As noted above, MWIFA did not receive any new application for IIJA WQSRF Emerging Contaminants projects and has decided to transfer the FFY26 allotment and FFY23 reallocation to the DW SRF Program to address urgent needs for PFAS remediation.
- Additional Subsidization and Eligible Recipients – The FFY26 Base Capitalization Grant allotment is subject to two distinct and additive authorities requiring that a percentage of the allotment be provided as additional subsidy (e.g., loan principal forgiveness): a mandatory 10% Congressional Additional Subsidy and a mandatory 10 to 30% Clean Water Act Additional Subsidy for a total requirement of 20% to 40%. The FFY26 target is \$3,455,000, and MWIFA has provided \$4,858,976 in additional subsidization for the Base Capitalization Grant. The FFY26 IIJA General Supplemental allotment requires that 49% of the appropriation must be provided as additional subsidy. The FFY26 target is \$29,194,690 and the MWIFA has met that target. The FFY23 and FFY26 IIJA Emerging Contaminants allotments require that 100% be provided as additional subsidy. Additional subsidies are provided to eligible projects in priority ranking order with readiness to proceed to construction until the statutory limit is reached. It has been MWIFA’s policy to provide additional subsidy in the form of loan principal forgiveness from the Base program to DACs in an amount up to 50% of the financed amount, not to exceed \$1.5 million; however, the Administration reserves the right to revise this policy should circumstances warrant. MWIFA’s current DAC eligibility criteria, as approved by EPA, are as follows:

Require at least 2 of the following 4 criteria to qualify as a disadvantaged community

- (1) Project is physically located and benefits a community with a poverty level above 110% of the statewide poverty rate; and/or
- (2) Project is physically located and benefits a community with median household income (MHI) less than 80% of State MHI; and/or
- (3) Project is physically located and benefits a community with an unemployment rate above 120% of the State unemployment rate; and/or
- (4) Project is physically located and benefits a community with a change in population < -1.2%.

In addition to above criteria, if the statutory limit for additional subsidy has not been reached, up to 25% of the loan amount as loan principal forgiveness may also be provided to projects in priority ranking order with readiness to proceed, where the sewer user rate would increase by more than 20% to achieve financial capacity as determined by MDE. Note: No project on the FFY 2026 IUP is identified for additional subsidy under this section. This may change based on the MWIFA financial review of the borrower undertaken prior to loan closing, which may require user rate increase to achieve financial capacity. An alternative to raising rates, which is exercised at MWIFA’s discretion on a case-by-case basis, is to allow the borrower to create a debt service reserve fund to draw from its general fund which can be accessed in the event that the enterprise fund is inadequate to cover the cost of the debt

service.

- Finance Nonpoint Source (NPS) Projects -- Linked Deposit (LD) – Continue funding privately owned nonpoint source projects using the LD Program. MWIFA is continuing to work with the Department of Agriculture, Farm Credit and other stakeholders to update the LD Program's financing structure. MWIFA has historically purchased a bond from Farm Credit as the financing mechanism for the LD program. Farm Credit is no longer interested in utilizing the bond structure. As a result, MWIFA, MDA and Farm Credit are pursuing other possible funding mechanisms to fund the LD Program. Additionally, the State Treasurer's Office (STO) recently updated their contract with the other private banks that are part of the statewide contract for deposit of state funds. MWIFA has historically invested in CDs with these private banks as the funding mechanism for homeowner and business LD loans. MWIFA continues to develop a new funding mechanism with the STO covered under the statewide contract to be utilized with the eligible private banks. MWIFA continues to have interest in this program from the agricultural community, as well as individual homeowners and businesses. Until the funding structures for the program have been set, MWIFA is not actively advertising this program to potential applicants. Once the funding structures are set, we will again work to provide LD program information through the Department of Natural Resources, Department of Agriculture, Local Soil Conservation Districts, Local Health Departments, and Maryland Department of the Environment (MDE). We will also continue to have information on the LD Program available on the MWIFA website. The MWIFA has previously allocated \$23 million of recycled funds (investment earnings/repayments) for eligible private NPS projects to be funded on a first come, first served basis using the LD Program. Based on the current issues with the funding mechanisms, MWIFA will not request new funds for Linked Deposit activity with the FFY 2026 IUP.
- Expand Financing Options to Include Loan Guarantees – State law was amended to expand loan guarantee authority under the Maryland Water Quality Revolving Loan Fund ([Ch 292 of 2021 – Environment – Water Quality Revolving Loan Fund – Uses of Fund](#)). Previously, State law restricted SRF loan guarantees to financing all or a portion of the cost of a wastewater facility. State law was expanded to match all of the allowable uses of loan guarantee authority under federal law. MWIFA did not receive any FFY26 applications to access MWIFA's new guarantee authority.
- Explore the Establishment of a Revolving Loan Fund for Land Conservation – State law was amended to emphasize the financing of blue and green infrastructure (Ch 237 and 238 of 2022 – [Conservation Finance Act](#)). One of the items MWIFA is continuing to explore under this new authority is capitalizing a new revolving loan fund for an organization named the Chesapeake Conservancy engaged in land conservation.
- Maintain Sufficient Staffing Levels – Given the departure of key staffing elements in early 2025, one of the most important programmatic short-term goals is to build staff back into crucial roles and ensure sustainable program operating levels.
- Broaden the Borrowing Base – With recent changes at the federal level, MWIFA is actively engaged in monitoring the risk of loss to federal funds for various programs. Many of the borrowers who are MWIFA's clients rely on these federal dollars to achieve their capital project public health and environmental goals. In times with greater uncertainty, MWIFA must try to broaden the base of loan borrowers to meet the growing needs across all of Maryland; increase the pace at which loans are closed and decrease the number of outstanding projects to which programmed funding has already been committed. These will be operating goals in the coming fiscal year.

C. Project Selection and Fund Activities under the FFY 2026 IUP

Financial Assistance Applications for water quality projects were solicited by the MWIFA from December 1, 2025 through February 7, 2026. Applications received were rated and ranked based on the Clean Water Integrated Project Priority System (IPPS), reviewed for consistency with state requirements, and identified in the Maryland Clean Water PPL for FFY26/SFY28. This PPL was used to select projects for the FFY 2026 IUP, based on their priority ranking, applicant's interest in WQSRF financing (including IJA funding), and readiness to proceed to construction within a reasonable timeframe (unless specifically requesting a planning/design phase loan).

Projects were bypassed in the case that they were not consistent with the following two state requirements: 1) that the project (if a treatment works project) is included in, or amended to, an MDE-approved County Water and Sewer Plan, and/or 2) that the project (if a treatment works project) is consistent with Maryland's Smart Growth/Priority Funding Area (PFA) legislation or has received a PFA exception. MDE proposes to use \$500,000 in EPA In-Kind funding to support an EPA Regional contract for Clean Water Needs Survey (CWNS). A statement of work for this service has been provided to EPA under separate cover. Below is a summary of the sources and uses of funds:

WQSRF FFY 2026 IUP TOTAL SOURCES		WQSRF FFY 2026 IUP TOTAL USES	
Federal Funds for Capital Projects-Base Grant	\$17,275,000	Capital projects - Loans and Grants	\$287,490,512
State Match for Base for Capital Projects	\$3,455,000	SRF Revenue Bond Debt Service (P&I)	\$ -
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Prior IUP Reprogrammed Funds	\$85,000,000		
TOTAL SOURCES	\$296,445,512	TOTAL USES	\$296,445,512

- 1. Additional Subsidy Requirements:** The FFY26 Base Capitalization Grant allotment is subject to two distinct and additive authorities requiring that a percentage of the allotment be provided as additional subsidy (e.g., loan principal forgiveness): a mandatory 10% Congressional Additional Subsidy and a mandatory 10 to 30% Clean Water Act Additional Subsidy for a total requirement of 20% to 40%. The FFY26 target is \$3,455,000, and MWIFA has provided \$4,858,976 in additional subsidization for the Base Capitalization Grant. The FFY26 IIJA General Supplemental allotment requires that 49% of the appropriation must be provided as additional subsidy. The FFY26 target is \$29,194,690 and the MWIFA has met that target. The FFY23 and FFY26 IIJA Emerging Contaminants allotments require that 100% be provided as additional subsidy. The WQSRF IUP Table 1 identifies borrowers that may qualify as a DAC; however, the extent of subsidy provided (e.g., lower interest rate, loan principal forgiveness) is determined based on the DAC Criteria described in Section B-2, above.
- 2. Green Project Reserve Requirement:** The FFY 2025 federal appropriation act further specifies that no less than 10% of the Base, IIJA General Supplemental, and IIJA Emerging Contaminants Capitalization Grants each year should be allocated to "green" projects, provided sufficient applications are received. Three (3) projects on the IUP are identified as green: The Ellicott City Flood Mitigation Pond T - 1 will receive \$26,500,000 from the Base Capitalization Grant; the second project Little Patuxent Water Reclamation Plant Flow Equalization Improvements will receive \$31,045,665 from the IIJA Supplemental Capitalization Grant; and the third project, titled Montgomery County MS4 Program Additional Funding, to receive \$19,000,000 from the Base Capitalization Grant and \$6,000,000 of the IIJA Supplemental Capitalization Grant. Based on the above, the FFY 2026 IUP currently has exceeded the assumed 10% minimum of the federal capitalization grant award amounts allocated towards green projects. As noted above, MWIFA did not receive any new application for IIJA WQSRF Emerging Contaminants projects and has decided to transfer the FFY26 allotment and FFY23 reallotment to the DW SRF Program to address urgent needs for PFAS remediation.
- 3. Administrative Expenses:** With this FFY 2026 IUP, the MWIFA will not request the federal 4% funds for WQSRF program administration. Program administration will be funded from loan administrative fees (see Program Income (Non-Federal) below). If the administrative fee is insufficient to cover program operating expenses, the excess will be transferred from the program. Based on the most recent audited financial

statements as of 06/30/2025, the maximum amount allowed would be \$3,811,401 (Total Net Position of \$1,905,700,558 * 0.002 = \$3,811,401)

4. **Program Income (Non-Federal):** MWIFA charges loan fees equal to 5% of annual debt service. The details related to the program and non-program income revenue and expenses are provided each year in the annual report. During State FY 2026, MWIFA estimates the revenues to be \$5.2 million.

D. Project Scope of Work/Environmental Benefits – FFY 2026 IUP Projects

The following are examples of the types of projects selected for financial assistance in the FFY 2026 IUP. The environmental benefits of each Section 212 project below will be included in the annual report and entered into the OWSRF Clean Water Database upon loan closing.

Wastewater Treatment at the Preserve for Wye Mills in Talbot County aims to rehabilitate the aging treatment facility and help it better withstand intensifying rainfall, flooding, and other extreme weather events. The facility is at the end of its useful life, and failure of any treatment components could result in high concentrations of nitrogen and phosphorus being discharged into local waters, causing a public health risk for its users. The project's scope of work includes rehabilitating the facility's sand filter, replacing its sludge dryer, and replacing aeration equipment, among other areas. In addition to addressing public health issues, the project also provides for recycling wastewater treatment products into biosolids for fertilizer use and helps meet Chesapeake Bay TMDL goals. The project will receive funding from State grants, namely the Maryland Bay Restoration Fund. However, those funds have been capped based on efficiency levels, and fortunately the complimentary SRF assistance of \$1M will fill the gap and allow the project to be completed in order to maintain water quality.

Ellicott City Flood Mitigation Pond T-1 in Howard County aims to improve water quality and reduce flooding in old Ellicott City by establishing flood risk reduction facility (FRRF) ponds, performing stream restorations and implementing stormwater best management practices. This project was also featured in our FFY2025 IUP, however, this year's proposal really steps up the demand for SRF assistance to new level at \$20M. The project receives WIFIA funds as well and is a strong example of co-funding, given that the whole project is in the hundreds of millions of dollars range. In addition to reducing flood risk in the historically flood-prone area of old Ellicott City, the vegetation and other aquatic species in the FRRF will process and retain pollutants such as nitrogen or sediment, in turn improving local water quality in the Tiber Branch. The project is one component of Howard County's overall Safe and Sound Flood Mitigation Plan to minimize the potential destruction and loss of life from a future, large flood event like the deadly floods experienced in July 2016 and May 2018 in Historic Ellicott City. The 2016 and 2018 floods in Ellicott City, Maryland were both described as 1,000-year storm events. These were not necessarily events that happen exactly once every 1,000 years, but rather, storms with a 0.1% chance of occurring in any given year. The term "1,000-year storm" is a statistical measure, not a guarantee of frequency. The WQSRF projects are intended to reduce the impacts from such weather events.

Prince George's County, Largo Town Center Pond Enhancement and Dam Mitigation. Responding to MDE compliance inspection findings, the County has requested \$750,000 to enter into a planning and design loan (which will be a first for our program). The loan will be of short duration and lead to a constructed project under a separate subsequent construction loan. The project is the result of findings that the dam is a High Hazard, and without mitigation may cause flood damage and is currently causing water quality degradation.

E. Minority Business Enterprises/Women's Business Enterprises (M/WBE) Participation

The EPA and MDE negotiated fair share goals for FFYs 2024, 2025, and 2026 based on the Maryland Department of Transportation 2018 disparity/availability study. Based on these negotiations, MDE set goals of 22% MBE and 16% WBE for the "construction" category (total 38% M/WBE).

These goals will be applicable to all projects financed using WQSRF (loans, loan principal forgiveness). MDE provides WQSRF applicants an "Insert" for inclusion in procurement/bid documents, which outlines the M/WBE (%) goals and the affirmative/positive steps necessary to show a good faith effort consistent with federal regulations under 40 CFR Part 33. Failure to meet the M/WBE goals does not preclude the use of the SRF, as long as the good faith efforts can be demonstrated and documented. It is important that the loan recipients and

their prime contractors undertake the necessary affirmative/positive steps to assure that M/WBE firms are afforded the opportunity to participate in SRF projects. All subcontractors selected to participate in the project are also subject to these Good Faith Efforts requirements when further subcontracting or dividing a scope of work. M/WBE Program details and forms are available on MDE's web site at <https://mde.maryland.gov/programs/water/WQFA/Pages/mwbe.aspx>.

F. Assurances

The Department agrees to comply with the Federal program requirements as outlined in the Operating Agreement between EPA and MDE, amended as of April 2014, and further updated as of February 2016, as well as grant conditions in each Capitalization Grant Agreement.

G. Binding Commitments

The projected binding commitments in the form of an executed loan agreement between MWIFA and the legal borrower will occur at or around the construction start date indicated for each project in the WQSRF IUP Table 1. Prior to the execution of the loan, Maryland law requires that any proposed financing be approved by the Board of Public Works (BPW), an authoritative three-member fiscal panel comprised of the State's Governor, the Comptroller and the Treasurer. All SRF projects are subject to and must obtain pre-approval by the BPW to encumber the programmed funds, and this is a prerequisite to form a loan agreement or receive a state or federal grant.

H. Public Review of the Draft FFY 2026 IUP

The 30-day public comment period will start on July 20, 2026. On that date, an email will be sent to all applicants who submitted Financial Assistance Applications (and interested parties) informing them of the availability of the Draft IUP/PPL on MDE's website. The interested parties list includes ~1400 representatives from state and local government, environmental consultants/engineers, community groups, neighborhood associations, environmental organizations and the general public. Additionally, MWIFA will provide email notification to the following Maryland Commissions/Committees to share with their membership and interested parties' lists: the Children's Environmental Health and Protection Advisory Council and the Bay Restoration Fund Advisory Committee. MWIFA also coordinated with MDE's Communications Office to ensure that the draft IUP documents are shared via the Department's various social media accounts. MWIFA will also share the draft IUP with the Maryland General Assembly. Public comments will be accepted through August 20, 2026. MWIFA will be available to answer any questions that arise during the comment period to ensure the public fully understands what is being proposed in the IUP. MWIFA will respond to any comments or concerns raised during the public comment period. The Public Comment Responsiveness Summary and all comments received will be shared with EPA as Appendix C to the final document in August 2026. The Responsiveness Summary will indicate what action MDE took on comments submitted.

Please visit our website for further information about our State and Federal Funding Programs at:

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