



# Maryland

Department of  
the Environment

**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
WATER QUALITY REVOLVING LOAN FUND PROGRAM  
FEDERAL FISCAL YEAR 2025  
FINAL INTENDED USE PLAN  
August, 2025**

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**MARYLAND DEPARTMENT OF THE ENVIRONMENT  
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
FINAL Federal Fiscal Year 2025 Intended Use Plan  
Maryland Water Quality Revolving Loan Fund**

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

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**MARYLAND DEPARTMENT OF THE ENVIRONMENT**  
**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION**  
**FINAL Federal Fiscal Year 2025 Intended Use Plan**  
**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 FFY25, MWIFA is making grant applications to receive:

1. Base WQSRF Capitalization Grant allotment for a total of \$38,371,000, to be matched with \$7,674,200 (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.

Note: MWIFA did received one application for IIJA Clean Water Emerging Contaminants financing, however, the application was bypassed for three reasons: a) the construction start date for the project was later in time than many other highly ranked projects; b) the same project had received \$10M funds in 2023 which have yet to be used; and, c) a decision was taken to transfer the WQSRF allotment once awarded to MWIFA to the Drinking Water SRF Program where numerous applications have been submitted and great need has been shown.

The highlights of the FFY 2025 IUP are as follows:

<b>WQSRF FFY 2025 IUP TOTAL SOURCES</b>		<b>WQSRF FFY 2025 IUP TOTAL USES</b>	
Federal Funds for Capital Projects-Base Grant	\$ 38,371,000	Capital projects - Loans and Grants	\$ 229,155,265
State Match for Base for Capital Projects	\$ 7,674,200	SRF Revenue Bond Debt Service (P&I)	\$ 3,400,000
Federal Funds for Capital Projects-IIJA Supplemental Grant-FFY25	\$ 59,581,000	CWSRF Transfer to DWSRF	\$ 10,553,000
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-FFY24+25	\$ 10,553,000		
Est. Invest. Earnings/Repayments	\$ 118,312,865		
<b>TOTAL SOURCES</b>	<b>\$ 246,408,265</b>	<b>TOTAL USES</b>	<b>\$ 246,408,265</b>

Under this IUP, \$117,542,400 (100%) of the FFY 2025 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 2, 2024 through January 31, 2025. The IUP Table 1 shows the proposed list of projects for inclusion in the FFY 2025 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 a priority, 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 1/5% 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 06/30/2024, the maximum amount allowed would be \$3,496,607 (Total Net Position of \$1,748,303,747 * 0.002 = \$3,363,195).

**MARYLAND DEPARTMENT OF THE ENVIRONMENT**  
**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION**  
**FINAL Federal Fiscal Year 2025 Intended Use Plan**  
**Maryland Water Quality Revolving Loan Fund**

**A. Sources and Uses of Funds**

**TABLE UPDATE PENDING**

**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, State match, 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 - 2024). 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 thru 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 the 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. The MWIFA will continue to additionally 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/FFY2025 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 the 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. See Table 1 for ENR projects identified for funding in the FFY 2025 IUP.

- 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 2025 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 2025 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. Two (2) projects on the IUP are identified as green: The Prince George's County-Port Towns Watershed Restoration Initiative will receive \$8,000,000 (21%) of the Base Capitalization Grant plus \$2,000,000 (3%) of the IJA Supplemental Capitalization Grant; and the second project, titled Montgomery County MS4 Permit Water Quality Improvements, to receive \$25,000,000 (42%) of the IJA Supplemental Capitalization Grant. Based on the above, the FFY 2025 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 IJA WQSRF Emerging Contaminants projects and has decided to transfer the FFY24 and FFY25 allotments to the DW SRF Program to address urgent needs for PFAS remediation.
- Additional Subsidization and Eligible Recipients – The FFY25 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% (\$3,837,100) Congressional Additional Subsidy and a mandatory 10 to 30% (\$3,837,100 to \$11,511,300) Clean Water Act Additional Subsidy for a total requirement of 20% to 40% (\$7,674,200 to \$15,348,400). The FFY25 IJA General Supplemental allotment requires that 49% (\$23,832,400) of the appropriation must be provided as additional subsidy. The FFY24 and FFY25 IJA Emerging Contaminants allotments require that 100% (\$10,286,000 in FFY25 plus FFY24 reallocation of \$267,000 which totals \$10,553,000) 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, is 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 2025 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 2025 IUP. For additional information on the LD program, see weblink: [http://mde.maryland.gov/programs/Water/WQFA/Pages/linked\\_deposit.aspx](http://mde.maryland.gov/programs/Water/WQFA/Pages/linked_deposit.aspx).
- 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 FFY25 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 2025 IUP

Financial Assistance Applications for water quality projects were solicited by the MWIFA from December 2, 2024 through January 31, 2025. 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 FFY25/SFY27. This PPL was used to select projects for the FFY 2025 IUP, based on their priority ranking, applicant's interest in WQSRF financing (including IJIA funding), and readiness to proceed to construction within a reasonable timeframe (unless specifically requesting a planning/design phase loan). Projects that 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 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 were bypassed. The FFY 2025 IUP includes \$229,155,265 in project funding.

Below is a summary of the sources and uses of funds:

WQSRF FFY 2025 IUP TOTAL SOURCES		WQSRF FFY 2025 IUP TOTAL USES	
Federal Funds for Capital Projects-Base Grant	\$ 38,371,000	Capital projects - Loans and Grants	\$ 229,155,265
State Match for Base for Capital Projects	\$ 7,674,200	SRF Revenue Bond Debt Service (P&I)	\$ 3,400,000
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State Match for IJIA for Capital Projects	\$ 11,916,200	Transfer to Admin (WRRDA provision)	\$ 3,300,000
Federal Funds for Capital Projects-IJIA Emerging Contaminants Grant-FFY24+25	\$ 10,553,000		
Est. Invest. Earnings/Repayments	\$ 118,312,865		
<b>TOTAL SOURCES</b>	<b>\$ 246,408,265</b>	<b>TOTAL USES</b>	<b>\$ 246,408,265</b>

- 1. Additional Subsidy Requirements:** The FFY25 Base Capitalization Grant allotment is subject to two distinct and additive authorities requiring that a percentage of the allotment be provided as additional subsidy (aka, loan principal forgiveness): a mandatory 10% (\$3,837,100) Congressional Additional Subsidy and a mandatory 10 to 30% (\$3,837,100 to \$11,511,300) Clean Water Act Additional Subsidy for a total requirement of 20% to 40% (\$7,674,200 to \$15,348,400). The FFY25 IJIA General Supplemental allotment requires that 49% (\$23,832,400) of the appropriation must be provided as additional subsidy. The FFY 2025 IUP Table 1 identifies \$8,978,467 (exceeding the minimum required of 20%) of the Base Capitalization Grant was dedicated to be provided additional subsidy (principal forgiveness); whereas, \$29,194,690 (meeting the target of 49%) of the IJIA General Supplemental allotment was dedicated to provide additional subsidy. The FFY24 and FFY25 IJIA Emerging Contaminants allotments require that 100% (\$10,286,000 in FFY25 plus FFY24 reallocation of \$267,000 which totals \$10,533,000) be provided as additional subsidy. However, no new projects are currently identified for the IJIA Emerging Contaminants funding for FFY24 + 25, as noted above. 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, IJIA General Supplemental, and IJIA Emerging Contaminants Capitalization



Grants each year should be allocated to “green” projects, provided sufficient applications are received. Two (2) projects are identified to meet the “green” project goals: The Prince George’s County-Port Towns Watershed Restoration Initiative will receive \$8,000,000 (21%) of the Base Capitalization Grant plus \$2,000,000 (3%) of the IJA Supplemental Capitalization Grant; and the second project, titled Montgomery County MS4 Permit Water Quality Improvements, to receive \$25,000,000 (42%) of the IJA Supplemental Capitalization Grant. MWIFA did not receive any new applications for IJA Clean Water Emerging Contaminants projects, as noted above.

3. **Administrative Expenses:** With this FFY 2025 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 Total Net Position up to the 1/5% 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 06/30/2024, the maximum amount allowed would be \$3,496,607 (Total Net Position of \$1,748,303,747 \* 0.002 = \$3,363,195).
4. **Program Income (Non-Federal):** The 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 2025, MWIFA estimates the fee revenues to be \$5.3 million.

#### **D. Project Scope of Work/Environmental Benefits – FFY 2025 IUP Projects**

The following are examples of the types of projects selected for financial assistance in the FFY 2025 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.

Easton Enhanced Nutrient Removal Wastewater Treatment Facility Upgrades (PPL rank 3/125 points) 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 17,500 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.

Ellicott City Flood Mitigation Pond T-1 (PPL rank 6/105 points) 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. 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.

Wicomico County Septic Elimination and Sewer Extension Project (PPL rank 11/90 points) in Wicomico County will extend sewer service to approximately 194 homes that are currently served by septic tanks, many of which have previously reported failures. These septic tanks risk significant groundwater contamination due to the area’s poor soil quality and its high water table. By connecting these homes to the City of Salisbury’s sewer network and wastewater treatment plant with ENR capabilities, the project helps reduce the discharge of pollutants such as nitrogen, phosphorus, and sediment and facilitates TMDL compliance.

Denton Wastewater Treatment Plant Sludge Process Updates (PPL rank 13/90 points) in Caroline County will help the facility deal with the increased sludge production resulting from its ENR treatment upgrade in 2012 and rehabilitate aging equipment. Specifically, the project will consist of establishing a mechanical dewatering

system for sludge, reed bed rehabilitation, and the replacement of equipment like valves and liners at one of the existing basins. Given that Denton's wastewater treatment plant discharges to the Choptank River, which is a tributary of the Chesapeake Bay, the upgrades to its sludge processing facility will reduce pollutant discharge and help meet the permitted effluent discharge limits.

Montgomery County MS4 Permit – Water Quality Improvement Projects (PPL rank 25/70 points) in Montgomery County consists of nine projects across the county that will help it maintain compliance with its Municipal Separate Storm Sewer (MS4) permit under the National Pollutant Discharge Elimination System (NPDES), as well as with the Chesapeake Bay TMDL requirements. All projects are classified as green as per EPA guidance and include green infrastructure and stream restoration work. The project is needed to treat stormwater runoff from impervious areas that have little or no stormwater controls, covering an estimated 345 acres of impervious surfaces, as well as to restore streams that have the potential for reducing erosion and improving habitat conditions.

#### **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 on 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 is a prerequisite to form a loan agreement or receive a state or federal grant.

#### **H. Public Review of the Draft FFY 2025 IUP**

The 30-day public comment period started July 1st, 2025. On that date, an email was 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 provided an 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 also shared the draft IUP with the Maryland General Assembly. Public comments were received through July 31, 2025, and the comment period closed on that date. MWIFA was available to answer any questions that arose during the comment period to ensure the public fully understands what is being proposed in the IUP. MWIFA was as responsive as possible regarding any comments or concerns raised during the public comment period. The Public Comment Responsiveness Summary and all comments received are shared with EPA as Appendix C to the final document in August 2025. The Responsiveness Summary indicates what action MDE took on comments submitted.

#### How to Contact MWIFA

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

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

If you have questions or wish to have more information, please contact:

Paul Emmart, Division Chief  
Maryland Water Infrastructure Financing Administration  
Maryland Department of the Environment  
1800 Washington Boulevard  
Baltimore, MD 21230  
[paul.emmart@maryland.gov](mailto:paul.emmart@maryland.gov)