



**Maryland**

Department of  
the Environment

**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
DRINKING WATER REVOLVING LOAN FUND PROGRAM  
FINAL FEDERAL FISCAL YEAR 2025  
INTENDED USE PLAN  
Revised and Updated April 30, 2026**

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

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**MARYLAND DEPARTMENT OF THE ENVIRONMENT  
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
FINAL Federal Fiscal Year 2025 Intended Use Plan  
Maryland Drinking Water 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) 2025 Capitalization Grant under the Safe Drinking Water Act (SDWA) for use in the Maryland Drinking Water Revolving Loan Fund (DWRLF or DWSRF). The Maryland DWSRF was established by amendments to 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 eligible drinking water capital improvement projects.

In addition, in 2021, the Infrastructure Investments and Jobs Act (IIJA) (Pub. L. 117-58), provided a General Supplemental allotment, a Lead Service Line allotment, and an Emerging Contaminants to the Drinking Water 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 drinking water improvements and set-aside activities that will further the public health objectives of the SDWA.

For FFY25, Maryland is making applications to receive:

1. Base DW Capitalization Grant allotment of \$22,744,000, to be matched with \$4,548,800 (20%) in State funds, as required.
2. IIJA DW General Supplemental Capitalization Grant allotment of \$51,732,000, to be matched with \$10,346,400 (20%) in State funds, as required.
3. IIJA DW Emerging Contaminants Capitalization Grant allotment of \$15,874,000. (No State match is required).
4. IIJA DW Emerging Contaminants FFY 22 reallocation of \$30,000 and FFY 23 reallocation of \$448,000 (No State match is required).
5. IIJA DW Lead Service Line Capitalization Grant allotment of \$43,512,000 (no State match required). On 11/25/25, the EPA has issued allotments to the states for their LSL programs, which was later than the announcement for the other capitalization grants for Base, General Supplemental and Emerging Contaminants. As a result, this IUP document is being updated in March 2026 to account for the additional funding for the LSL grant.
6. IIJA WQ SRF Emerging Contaminant Capitalization Grant allotment of \$10,553,000, which Maryland transferred from the CW Program to the DW Program in order to fund DW projects.

Under this IUP \$163,696,632 (approximately 85.5%) of all the FFY 2025 capitalization grant allotments (including reallocations) are allocated to Drinking Water capital projects. This figure represents the capitalization grant plus match minus the set asides for non-capital administrative work. The Federal project funds combined with State general fund/GO bond match, loan repayments, and investment earnings will be used to provide low interest loans and other financial subsidies for eligible DWSRF capital improvements, totaling \$163,696,632. MWIFA will utilize the 4% set-aside from the Base allotment for eligible non-program activities. The Maryland Department of the Environment (MDE) Water & Science Administration (WSA) provided MWIFA and EPA with a separate work plan for the use of the three programmatic set-asides (2%, 10%, 15%) totaling \$26,786,935 from DWSRF base and IIJA funding. MWIFA and MDE WSA maintain their authority to reserve the remaining 2%, 4%, and 10% set-asides from DWSRF Base and IIJA Grants for future eligible uses and maintains an accounting of these amounts.



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 DWSRF program expenses from the federal capitalization grants.

**A. FFY25 Sources and Uses of Funds Comprehensive Table**

	Through 2024 IUP		2025 IUP	
-				
<b>Sources:</b>				
Federal Capitalization Base Grants	\$ 368,437,706	a	\$ 22,744,000	
20% State Match to Base Grants	\$ 73,270,400	b	\$ 4,548,800	d
Federal Base Re-Allotment	\$ 186,000		\$ -	
20% State Match to Base Grants Re-Allotment	\$ 37,200		\$ -	
Federal IIJA General Supplemental Grant	\$ 124,464,000		\$ 51,732,000	
10% (20% for GY24) State Match to IIJA Federal Grant	\$ 17,222,100		\$ 10,346,400	
Federal EC Grants	\$ 45,588,000		\$ 15,874,000	
Federal EC Re-Allotment	\$ 94,000		\$ 478,000	
Federal LSL Grants	\$ 110,501,000			
Federal LSL Re-Allotment	\$ 4,483,000			
Federal Stimulus ARRA Grant 08 IUP	\$ 26,832,000			
Federal SDWA Disadvantaged Community (12%-35%)	\$ -			
Funds Transferred from Water Quality SRF(FFY25)	\$ 10,634,580	c	\$ 5,143,000	
Funds Transferred from Water Quality SRF(FFY24)			\$ 5,143,000	
Funds Transferred from WQ SRF (FFY23 Reallot.)			\$ 267,000	
Investment Earnings through SFY24 (Cap Reserve)	\$ 13,785,083			
Loan Principal Repayments through FY24	\$ 176,423,358			
Loan Interest Repayments through SFY24	\$ 34,279,253			
<b>Subtotal</b>	\$ 1,006,237,680		\$ 116,276,200	
Estimated Loan Principal Repays (SFYs 25 & 26)	\$ 36,363,535			
Estimated Loan Interest Repayments (SFYs 25 & 26)	\$ 5,875,319			
Estimated Investment Earnings (SFYs 25 & 26)	\$ 2,535,636			
Estimated Loan Principal (SFY 27)	\$ -		\$ 17,354,386	
Estimated Loan Interest Repayments (SFY 27)	\$ -		\$ 2,232,396	
Estimated Investment Earnings (SFY 27)	\$ -		\$ 2,535,636	
Reprogrammed			\$ -	
Future Revenue Bonds/ Prin/Int Repayments	\$ 150,396,522		\$ 9,473,709	
<b>Total Sources</b>	\$ 1,201,408,693		\$ 147,872,327	
<b>Uses:</b>				
Loan/Grant Agreements Entered as of 06/30/2024	\$ 616,697,734		\$ -	
Pending Loans/grants on IUPs as of 06/30/2025	\$ 452,512,922		\$ 122,439,560	
SFY 25 Net Loan Agreements Entered as of 04/30/2025	\$ (13,754,748)		\$ -	
ARRA-Stimulus Fed Administrative/Set aside	\$ 400,000		\$ -	
Base -Fed. Set-asides & In Kind (excludes ARRA& IIJA listed sep)	\$ 95,584,659		\$ 7,050,640	
Federal Set-asides- IIJA Supp General	\$ 33,605,280		\$ 13,967,640	
Federal Set-asides- LSL	\$ 10,325,736		\$ 2,263,375	
Federal Set-asides- EC	\$ 6,037,110		\$ 4,415,040	
<b>Total Uses</b>	\$ 1,201,408,693		\$ 150,136,255	

<sup>a</sup> Total federal grant award through FFY 2022 Capitalization Grant, excluding ARRA & IIJA

<sup>b</sup> Includes State General Fund/GO Bond Match through FFY/GY2022

<sup>c</sup> Funds transferred from Water Quality SRF to DWSRF (prior years).

<sup>d</sup> State General Fund/GO Bond Match to FFY 2024 Capitalization Grant  
Excludes all non-SRF grants as directed by EPA

## B. Goals of the Maryland Drinking Water Revolving Loan Fund

### 1. Long-Term Goals

- Achieve and/or Maintain Compliance with Safe Drinking Water Standards - Using the DWSRF project priority rating and ranking system, target financial assistance that will help water systems comply with, maintain, or meet safe drinking water standards, and address public health issues.
- Coordination of Capital & Set-Aside Priorities - Coordinate State priorities under the set-aside work plan (technical assistance, source water protection, and technical, managerial & financial capacity development) to target DWSRF funding to high priority capital projects to achieve objectives consistent with the SDWA.
- Fund Perpetuity and 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) of 95% or greater. This is one Program Activity Measure (PAM) under EPA's strategic plan for the DWSRF. The DWSRF could finance approximately \$316.2 million in additional loans from capitalization grants, State match, loan repayments, and investment earnings between FFY 2025 and FFY 2028 IUPs (excluding revenue bond leveraging and 27% - 31% allocated toward set-asides annually). This is in addition to the \$1.042 billion of capacity on existing IUPs (FFY 1998 – 2024). This analysis assumes an annual Maryland Federal Capitalization Grant of ~\$10 million per year, as well as IJA General Supplemental Capitalization Grants of ~\$43 million per year through FFY 2026. The cumulative loan capacity of the DWSRF is projected to reach \$1.36 billion by FFY 2028.
- Funding Prioritization – The IPPS rating and ranking system targets financial assistance to projects that help meet Maryland's priorities for safe drinking water, as well as federal requirements to limit human exposure to lead, and perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants in drinking water. The IPPS focuses on the proposed project drinking water quality and quantity benefits, documented public health concerns, compliance status, cost efficiency, and other co-benefits. On June 24, 2025, staff from MWIFA and the MDE WSA Water Supply Program (WSP) hosted a one-hour webinar focused on FPAS mitigation techniques and how to obtain funding for such project through the DWSRF Program. This webinar was followed up with two "office hour" sessions in Fall 2025 to provide guidance and an opportunity for questions and answers. The intention was to develop clear communication, build awareness and promote health and safety options provided by the DWSRF. MWIFA transferred the FFY24 and FFY25 WQSRF EC allotments to the WSP to address the urgent demand shown by the number of PFAS applications to the DWSRF. This transfer provided an additional \$10,553,000 to respond to this public health need.
- 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 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, 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

- Utility Sustainability - To provide low-cost capital financing for existing facility (fix-it-first) upgrades for drinking water system improvements necessary to achieve or maintain SDWA 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 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 sustainable elements, such as asset management, or projects that support green infrastructure, such as water/energy efficiency, are awarded sustainability points on the project rating system.
- 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 14% Congressional Additional Subsidy (\$3,184,160) to any DWSRF eligible recipient and a mandatory 12% to 35% SDWA Additional Subsidy (\$2,729,280 to \$7,960,400.26) for a total requirement of 26% to 49% (\$5,913,440 to \$11,144,560). The FFY25 IJJA General Supplemental allotment requires that 49% (\$25,348,680) of the appropriation must be provided as additional subsidy. The FFY25 IJJA DW Emerging Contaminants allotment (including FFY22 and 23 IJJA Emerging Contaminants reallocation requires that 100% (\$15,874,000, \$30,000 and \$448,000, respectively; actual amount net of set-asides taken) be provided as additional subsidy. Also, following the transfer of the FFY25 IJJA WQ Emerging Contaminants allotment to the DW SRF Program, comprised of CW FFY25+24 funds and FFY23 reallocation will (\$5,143,000, \$5,143,000 and \$267,000, respectively), additional subsidy at 100% was provided. On 11/25/25 MDE became aware of the full FFY25 IJJA Lead Service Line allotment including reallocation amounts and was able to program this funding to projects. The total federal allocation requires that 49% (\$21,325,290) 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 by increasing this amount 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 population trend of less than -1.2%.

In addition to the 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 water user rate would increase by more than 20% to achieve financial capacity as determined by MDE.

### Modification of the DAC Applicability in Certain Situations Related to LSL Funding

Maryland's criteria to designate communities as disadvantaged has always stressed economic factors that consider affordability. The first three criteria used to identify disadvantaged communities (DACs) derive from economic statistics measuring poverty, median household income (MHI) and the percentage of unemployment. The fourth criteria relates to population loss (although not directly an economic indicator, it tends to influence the impact on user rates as the population of ratepayers decreases, which influences affordability as remaining payers struggle to service infrastructure debt).

Recognizing affordability issues associated with lead service line (LSL) financing in particular, Maryland proposes broadening the application of its DAC definition. One characteristic of LSL work is that it is quite different from regular capital projects financed with State Revolving Fund (SRF) loans. LSL work tends to be

very expensive and can involve working on both public property and the homeowners' property (i.e., private property). Costs associated with lead service line replacement (LSLR) can impact some individuals disproportionately—while costs may be very focused on LSLR in specific locations, impact of those costs often will be spread across the service area's ratepayers. MHI tends to mask differences between highly disparate socio-economic subsections of a service area. In highly urbanized, older communities with pockets of less wealthy, under-resourced populations, individuals or subcommunities can incur LSLR costs with a disproportionate impact. MHI creates a normalized income which may lead to the service area as a whole being assessed as non-DAC. To remedy this affordability issue, Maryland proposes to allow eligibility for principal forgiveness (aka additional subsidy) in some situations to alleviate the impact of the cost increases across a large service area.

Maryland proposes three activities to decrease financial burden on communities across the state and to balance the need to expeditiously deliver LSL funding to communities that need it.

- (1) Broaden DAC criteria such that if pockets of disadvantaged areas exist within a large service area which is not categorized as DAC, then Maryland will apply the disadvantaged status to the whole service area.
- (2) Convert some loans in smaller rural areas of the state to grants so that costs associated with loan closings, and the time lost to do so, can be minimized.
- (3) Provide technical assistance to those communities that require assistance to access the funds.

The above proposed efforts will lead to greater accessibility of the funding across the state. By making water infrastructure debt more affordable, this measure brings down the burden on DAC rate payers but will also help all ratepayers—less affluent communities located within larger more affluent service areas or for those that live in remote, smaller and under resourced communities. These proposed changes will have significant public health benefits.

- Explore the establishment of a statewide pay-for-performance contract for lead service line inventories – MWIFA, along with MDE's Water Supply Program, are in the early stages of exploring the development of a statewide lead service line inventory, which would follow the "pay for performance" model successfully implemented elsewhere to resolve "unknowns" within the system.
- 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. As of 3/2/26, there have been several positions filled in the management and accounting capacities.
- 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 drinking water projects were solicited by MWIFA from December 2, 2024 through January 31, 2025 from local governments and private water system owners. Applications received were rated and ranked based on Drinking Water Integrated Project Priority System (IPPS), reviewed for consistency with state requirements, and identified in the Maryland Drinking Water PPL for FFY25/SFY27 (Appendix A). The PPL was used to select projects for the FFY 2025 IUP, based on their priority ranking, applicant's interest in DWSRF financing (including IJA 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 is included in, or amended to, an MDE-approved County Water and Sewer Plan and 2) that the project is consistent with Maryland's Smart Growth/Priority Funding Area (PFA) legislation or has received a PFA exception were bypassed as ineligible for funding during that funding cycle. Projects with technical or

managerial concerns that would not be resolved by the project were bypassed. The FFY 2025 IUP includes \$163,696,632 in project funding.

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

DWSRF FFY 2025 IUP TOTAL SOURCES		DWSRF FFY 2025 IUP TOTAL USES	
Base Federal Funds for Capital Projects	\$ 22,744,000	DWSRF Capital Projects Loans & Grants	\$ 163,696,632
Base State Match for Capital Projects (20%)	\$ 4,548,800		
IIJA General Supplemental Funding for Capital Projects	\$ 51,732,000	<u>Federal Set-asides – Base + IIJA Supp +IIJA EC + IIJA LSL (DW + CW)</u>	
State Match for IIJA General Supplemental Funding (20%)	\$ 10,346,400	2% Technical Assistance	\$ 1,816,560
IIJA DW Emerging Contaminants Funding for Capital Projects	\$ 15,874,000	4% DWSRF Admin	\$ 909,760
IIJA DW Emerging Contaminants Funding - FFY 23+22 EC Reallotment	\$ 478,000	10% Drinking Water Program Support	\$ 9,082,800
IIJA CW Emerging Contaminants Funding for Capital Projects (transfer) FFY24+25	\$ 10,286,000	15% Local Assistance/State Activities	\$ 14,387,722
IIJA CW Emerging Contaminants Funding for Capital Projects (transfer) FFY23 Reallotment	\$ 267,000		
IIJA LSL Funding for Capital Projects - FFY25	\$ 28,650,000		
IIJA LSL Reallotment Funding - FFY24	\$ 7,122,000		
IIJA LSL Reallotment Funding - FFY23	\$ 5,459,000		
IIJA LSL Reallotment Funding – FFY22	\$ 2,290,000		
Est. Investment Earnings and Repayments and Reprogrammed Funds	\$ 31,596,127		
<b>TOTAL</b>	<b>\$ 191,393,327</b>		<b>\$ 191,393,327</b>

- Funding by Type of Project:** The primary objective of the SDWA is to protect public health by providing safe and adequate drinking water through source water protection, treatment, storage and distribution. The FFY 2025 IUP identifies approximately 30% for treatment, 68% for transmission/distribution, 2% for finished water storage. There was one project for source water and none in the other type category.
- Assistance to Small Systems Requirement:** Table 1 shows funding for DWSRF projects totaling \$163,696,632. The SDWA specifies that a minimum of 15% of all dollars (capitalization grant, State match, repayments, bond proceeds, investment earnings, transferred funds from WQSRF to DWSRF) credited to the DWSRF project fund, or \$24,554,495 at a minimum, shall be used to provide assistance to small systems. The project list includes \$61,715,851 (or 37%) for small systems - easily exceeding that goal.
- 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 (e.g., loan principal forgiveness: a mandatory 14% Congressional Additional Subsidy (\$3,184,160) to any DWSRF eligible recipient and a mandatory 12% to 35% SDWA Additional Subsidy (\$2,729,280 to \$7,960,400.26) for a total requirement of 26% to 49% (\$5,913,440 to \$11,144,560). The FFY25 IIJA General Supplemental allotment requires that 49% (\$25,348,680) of the appropriation must be provided as additional subsidy. The FFY25 IIJA Emerging Contaminants allotment and FFY22 + 23 IIJA Emerging Contaminants reallotment requires that 100% (\$15,874,000 plus \$30,000 and \$448,000, respectively; actual amount net of set-asides taken) be provided as additional subsidy. Also, since MWIFA transferred the FFY25 IIJA WQ Emerging Contaminants allotment to the DW SRF Program, this means CW FFY25+24 funds and FFY23 reallotment (\$5,143,000, \$5,143,000 and \$267,000, respectively) have been provided as additional subsidy at 100%. On 11/25/25 MDE became aware of the full FFY25 IIJA Lead Service Line allotment including reallotment amounts and was able to program this

funding to projects. The total federal allocation requires that 49% (\$21,325,290) be provided as additional subsidy. The FFY 2025 IUP Table 1 identifies:

- \$5,913,450 (26%) of the Base capitalization grant in additional subsidies (loan principal forgiveness):
- \$25,348,680 (49%) of IIJA General Supplemental in additional subsidies (as loan principal forgiveness):
- \$11,936,960 (75%, net of set-asides) of IIJA DW Emerging Contaminants (FFY25 + FFY23 + FFY22) in additional subsidies as loan principal forgiveness. Having transferred funds from the CW EC (FFY25+ FFY24 + FFY23 reallocation), there is also a \$10,553,000 increase in ad sub.
- \$21,325,290 (49%) of IIJA Lead Service Line Replacement (FFY25 \$28,650,000, plus 7,122,000 in Reallocation Funding - FFY24; and 5,459,000 in Reallocation Funding - FFY23; and finally, 2,290,000 in Reallocation Funding – FFY22 ) in additional subsidy as loan principal forgiveness.

Table 1 also identifies borrowers that qualify as a DAC; however, the extent of subsidy provided (e.g., lower interest rate, up to 40-year loan term, loan principal forgiveness) is determined based on the DAC Criteria described in Section B-2, above.

4. **Administrative Expenses:** With this FFY 2025 IUP, the MWIFA is requesting the federal 4% funds from the Base program, to be used in addition to loan fees as described below for DWSRF program administration.
5. **Program Income (Non-Federal):** The MWIFA charges loan fees equal to 5% of annual debt service, which are used for administrative expenses in addition to the 4% of federal DW capitalization grant set-aside. The details related to the program income revenue and expenses are provided each year in the annual report. During State FY 2025, MWQFA estimates the fee revenues to be approximately \$897,690.

#### D. Project Scope of Work/Public Health Benefits – FFY 2025 IUP Projects

The following are examples of the types of projects selected for financial assistance in the FFY2025 IUP.

Colonial Mills Mobile Home Park PFAS Exposure Reduction (PPL rank 1/140 points) in Wicomico County will abandon an existing small-scale public water source owned and operated by the Colonial Mills Mobile Home Park (MHP), which has shown to have high levels of PFAS in drinking water. It will also connect users to the Town of Delmar’s public water, which is under PFAS regulatory limits and has a centralized water treatment facility should the town need to more actively treat PFAS contaminants in the future. The proposed project’s scope includes the installation of a meter vault, connective water piping between the town and MHP, and valves along Stage Road near Colonial Mills MHP. The project is also in a disadvantaged community as determined by MDE standards relating to median household income, unemployment, and population growth, which provides access to preferential funding terms and increases a project’s relative priority.

PFAS Remediation Construction at Paleo Water Treatment Plant (PPL rank 6/110 points) in Wicomico County will complete the PFAS treatment facility at the Paleo Water Treatment Plant (WTP) in the City of Salisbury, which includes a new building to house filters and other treatment equipment. The project is to assist a compliant system in meeting future requirements effective in 2029, as the City’s wells going to the WTP are above the EPA-determined maximum contaminant levels (MCLs) for PFAS and related chemicals.

Water Reuse Project - Westminster (PPL rank 22/80 points) in Carroll County aims to provide a locally-owned and drought resistant water supply for the City of Westminster for its 38,000 users. The City has experienced severe drought conditions and water security issues in years past, including in 2002-2003 when it had to truck in water from a nearby quarry to meet customer needs. To address this issue, the project will develop an advanced water purification system for reclaimed water from the wastewater system, the first of its kind in the state of Maryland. The project will include technologies such as pre-selected ultrafiltration, reverse osmosis, ultraviolet disinfection, and granular activated carbon at the facility, as well as new piping and construction. The project is in a disadvantaged community, increasing its priority ranking and making it eligible for preferential financing terms.

Dolphin Road Water Main Replacement Project (PPL rank 24/75 points) in Prince George’s County is a part of Washington Suburban Sanitary Commission’s Water Reconstruction Program for the rehabilitation and replacement of water mains, house connections and large water services. The nearly 60-year-old water mains are past their useful life and corroding, causing six water main breaks within the last five years and threatening

public health and safety. The project will replace approximately 2.20 miles of water mains in the community, helping supply water in sufficient quantity, quality, and pressure for domestic use. The project also serves a disadvantaged community, increasing its priority ranking and making it eligible for preferential financing terms.

#### **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 DWSRF (loans, loan principal forgiveness). MDE provides DWSRF 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 will occur at or around construction start date indicated for each project listed in 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**

Round 1 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 others), informing them of the availability of the Draft IUP/PPL on MDE’s website. The interested parties list includes representatives from state and local government, environmental consultants/engineers, community groups, neighborhood associations, environmental organizations and the general public. Additionally, MWIFA provided 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 is 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 is responsive regarding any comments or concerns raised during the public comment period. A public responsiveness document will be drafted to summarize all comments received. The summary will be attached as Appendix C to this final document. The Responsiveness Summary indicates what actions MDE took on comments submitted, as well as corrections made as necessary.

In August 2025, MWIFA shared the revised, final documents via email and on its website after review and in response to comments from the U.S. Environmental Protection Agency (EPA). The DW IUP was approved by EPA on 9/16/25.

Round 2 Due to the arrival of the federal funds for LSL in late 2025, MWIFA conducted a second public comment period related to the LSL funding from 3/4/26-4/3/26 to allow the public opportunity to comment on the LSL project selection. There were no public comments received during the open period and as a result MWIFA did not draft a comment response document.

Round 3 Beginning on May 4th, 2026, MWIFA circulated and posted online a revised DW IUP Narrative document in order to modify the application of the DAC criteria specifically for lead service line funding to broaden the applicability where DAC residents may exist within a larger service area which was characterized as non DAC initially. The public comment concluded on 6/3/26.

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>