



# Maryland

Department of  
the Environment

**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
WATER QUALITY REVOLVING LOAN FUND PROGRAM  
FEDERAL FISCAL YEAR 2022  
FINAL INTENDED USE PLAN  
June 30, 2022**

**Larry Hogan  
Governor**

**Boyd Rutherford  
Lt. Governor**

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Deputy Secretary**

MARYLAND DEPARTMENT OF THE ENVIRONMENT  
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION

**FINAL**

**Federal Fiscal Year 2022 Intended Use Plan  
Maryland Water Quality Revolving Loan Fund**

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**MARYLAND DEPARTMENT OF THE ENVIRONMENT  
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
FINAL  
Federal Fiscal Year 2022 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 (USEPA) to request the Federal Fiscal Year (FFY) 2022 Capitalization Grant under the Federal Clean Water Act (CWA), to be matched with 20% of State bond/general funds, for use in the Maryland Water Quality Revolving Loan Fund (WQRLF or WQSRF). The Maryland WQSRF was established pursuant to the Clean Water Act 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, on November 15, 2021, President Biden signed the Bipartisan Infrastructure Law (BIL), also referred to as the Infrastructure Investments and Jobs Act (IIJA) (Pub. L. 117-58), which provides a Supplemental Base allotment and an Emerging Contaminants allotment to the Clean Water SRF Program. This IUP is also the document that MWIFA submits to USEPA to request the FFY 2022 BIL Clean Water SRF Supplemental Base Capitalization Grant. A separate IUP will be submitted at a later date for the Emerging Contaminants allotment as projects are identified to utilize these funds.

The State of Maryland is committed to using the capitalization grant funds (“capitalization grants”) for which we are applying to provide funding for 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.

Maryland is making a grant application to receive \$27,985,000 in Federal Capitalization Grant to be matched with \$5,597,000 (20%) in State funds. In addition, Maryland is making a grant application to receive \$43,046,000 in BIL Clean Water SRF supplemental Federal Capitalization Grant to be matched with \$4,304,600 (10%) in State funds. With this FFY 2022 IUP, 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. Accordingly, the Federal funds and State match for the Federal Capitalization Grant will be drawn proportionally as 83.33% Federal, and 16.67% State for capital project drawdowns, and the Federal funds and State match for the BIL Clean Water SRF supplemental funds will be drawn proportionally as 90.91% Federal, and 9.09% State for capital project and technical assistance drawdowns. The highlights of the FFY 2022 IUP are as follows:

SOURCES		USES	
Capitalization Grant	\$ 27,985,000	WQSRF Admin. Exp. (up to 4% of grant)	\$ -
State(Bond/Gen.Fund) Match (20%)	\$ 5,597,000	Transfer to Admin(WRRDA provision)	\$ 3,100,000
BIL Grant	\$ 43,046,000	BIL- Admin 2%	\$ 860,920
State Match (10%)	\$ 4,304,600	Transfer to DWSRF	\$ 40,000,000
		EPA In-Kind	\$ 500,000
Revenue Bonds	\$ 40,000,000	Capital Projects -- Loans & Grants	\$ 229,366,090
Reprogrammed Funding	\$ 35,860,490	SRF Revenue Bond Debt Service (P&I)	\$ 3,437,850
Est.Invest. Earnings/Repayments	\$ 120,471,770	Linked Deposit Program Bank Loans	\$ -
<b>Total</b>	<b>\$ 277,264,860</b>	<b>Total</b>	<b>\$ 277,264,860</b>

The FFY 2022 Enacted Appropriation Authority requires a minimum of 10% of the capitalization grant (\$2,798,500) be provided as additional subsidies (e.g., loan principal forgiveness); per the Clean Water Act Authority (as amended by WRRDA and WIIN Act of 2016), between 0% and 30% (\$8,395,500) may be provided as additional subsidization above/beyond the 10% statutory minimum. Under the BIL Clean Water SRF supplemental, 49% of the BIL appropriation (\$21,092,540) must be provided as additional subsidies (e.g., loan principal forgiveness). MWIFA will provide these subsidies to disadvantaged communities, which are discussed later in this IUP. The FFY 2022 federal appropriation act further specifies that no less than \$2,798,500 (10% of the capitalization grant) should

be allocated to “green” projects, provided sufficient applications are received. Sufficient applications for loans were received to meet the “green” project goal for FFY 2022.

Loan Terms	Applicable to all WQSRF loans, except loans through the Linked Deposit Program (See Section B-2 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 and are posted on the MWIFA website.
Loan Term	Up to 30 Years, based on the life of the assets being constructed.
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. This amounts to approximately a 0.50% (or 50 basis points) increase in the interest rate for a 20-year loan, or a 0.35% increase in interest rate for a 30-year loan. The administrative fee is used to cover program operating expenses. The Administration is not requesting any WQSRF federal 4% administrative funds from the FFY 2022 capitalization grant. 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 06/30/2021, the maximum amount allowed would be \$3,107,938 (Total Net Position of \$1,553,969,444 * 0.2% = \$3,107,938).

Table 1 shows the proposed list of projects for inclusion in the FFY 2022 IUP for WQSRF financial assistance, including “green projects” and those projects that are being considered for additional subsidy (loan principal forgiveness, if disadvantaged) based on the assumed federal statutory limitation. Projects on Table 1 were selected from the Project Priority List based on: (1) the Integrated Project Priority System (IPPS) ranking, and (2) readiness to proceed to construction no later than December 31, 2023.

Sewerage projects that are not included in an MDE-approved County Water and Sewer Plan are ineligible for funding. Sewerage projects that are not consistent with Maryland’s Smart Growth/Priority Funding Area (PFA) legislation will need a PFA exception approval prior to loan execution. Before loan execution, projects identified in the IUP will undergo a financial credit capacity analysis by the MWIFA.

**MARYLAND DEPARTMENT OF THE ENVIRONMENT**  
**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION**  
**FINAL Federal Fiscal Year 2022 Intended Use Plan**  
**Maryland Water Quality Revolving Loan Fund**

**A. Sources and Uses of Funds**

A comprehensive summary of WQSRF Sources and Uses of funds is as follows:

<b>Sources:</b>	<b>Thru 2021 IUP</b>		<b>2022 IUP</b>
Federal Capitalization Grants	\$1,089,430,946	a	\$ 27,985,000
Federal Stimulus Grants 08 IUP (ARRA)	\$ 94,784,600		
State Match Appropriated	\$ 217,943,800	b	\$ 5,597,000
BIL Federal Grant			\$ 43,046,000
10% State Match to BIL Federal Grant			\$ 4,304,600
Total Revenue Bond Proceeds	\$ 236,222,390		\$ -
Investment Earnings (thru SFY 21)	\$ 177,463,967		
Loan Principal Repayments (thru SFY 21)	\$1,368,002,755		
Loan Interest Repayments (thru SFY 21)	\$ 304,026,983		
Subtotal	3,487,875,441		\$ 80,932,600
Estimated Loan Principal (SFYs 22 & 23)	\$ 209,000,000		
Estimated Loan Interest Repayments (SFYs 22 & 23)	\$ 26,700,000		
Estimated Investment Earnings (SFYs 22 & 23)	\$ 1,050,000		
Estimated Loan Principal (SFY 24)			\$ 105,000,000
Estimated Loan Interest Repayments (SFY 24)	\$ -		\$ 14,300,000
Estimated Investment Earnings (SFY 24)			\$ 700,000
Estimated Cumulative LD Invest.prin repays (thru SFY23)	\$ 17,684,044		\$ 471,770
Reprogrammed Funding			\$ 35,860,490
Estimated Future Revenue Bond Proceeds	\$ 537,000,000		\$ 40,000,000
Subtotal	\$ 791,434,044		\$ 196,332,260
Total Sources	\$4,279,309,485		\$ 277,264,860
<b>Uses:</b>			
Loan/Grt Agreements Entered as of 6/30/2021	\$3,278,226,512		\$ -
Pending loans/grants IUP Status as of 5/31/2022	\$ 578,649,533		\$ 229,366,090
Loans executed SFY 22 as of 5/31/22 (net of reversions)	\$ (8,402,623)		\$ -
Funds Transferred to Drinking Water SRF (98/99 IUPs)	\$ 10,634,580		\$ 40,000,000
Bond Principal Repaid as of 6-30-2021	\$ 222,207,390		\$ 2,905,000
Bond Interest Expense as of 6-30-2021	\$ 140,311,325		\$ 532,850
Bond Cost of Issuance/Underwriter Discount	\$ 4,949,910		\$ -
ARRA-Stimulus Administrative Expense	\$ 2,000,000		\$ -
4% Administrative Expensed as of 06/30/2021	\$ 16,935,812		\$ -
2% Administrative Exp. BIL grant	\$ -		\$ 860,920
EPA In-Kind	\$ -		\$ 500,000
Transfer to Admin (WRRDA provision) (thru SFY21)	\$ 10,600,000		\$ 3,100,000
Allocated Non-point Source Projects (Linked Deposit)	\$ 23,000,000		\$ -
Total Uses	\$4,279,112,439		\$ 277,264,860

<sup>a</sup> Total federal grant award through FFY 2021 Capitalization Grant, excluding ARRA/BIL

<sup>b</sup> Includes State General Fund/GO Bond Match through FFY/GY 2021 IUP

The above does not include program income generated from loan fees, used for administrative expenses.

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

### 1. Long-Term Goals

- **Fund Perpetuity & Utilization** – To utilize the total financial resources of the Fund by providing low interest rate financing while maintaining a perpetual source of capital funds for future water quality projects. The goal is to achieve a fund utilization rate (loans executed/total funds available) of 98% or greater. This is a Program Activity Measure (PAM) under EPA's strategic plan for the WQSRF. The WQSRF could finance approximately \$1.02 billion in additional loans from capitalization grants, State match, BIL Supplemental capitalization grants, State match, loan repayments, and investment earnings between FFY 2022 and FFY 2026 IUPs. This is in addition to the \$3.87 billion capacity of existing IUPs (FFY 1989-2021). This analysis assumes annual Maryland Federal Capitalization Grant of ~\$38 million per year and annual BIL Supplemental Capitalization Grant of ~\$43 million. The cumulative loan financial capacity of the WQSRF is projected to be over \$4.89 billion by FFY 2026.
- **Funding Prioritization** – The updated 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). 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 climate mitigation, adaptation, and resiliency, and sustainability.
- **Reasonable User and Project Unit Cost** – To ensure facilities are constructed and maintained at a reasonable cost for the users of the system. To this end, MWIFA will continue to provide disadvantaged communities (DACs) a lower interest rate and additional subsidies such as partial loan principal forgiveness. For projects that have high unit cost per household, the MWIFA will continue to coordinate its State grant programs with other Federal/State financial assistance programs (e.g., USDA Rural Utilities Service, Community Development Block Grant, Federal Special Appropriation grants) that provide approximately \$15 million/year for water/sewerage system improvements in Maryland.
- **Financial Capacity & Disadvantaged Community 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. 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/FFY2022 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 expected to reduce 7.5 million pounds of nitrogen and 260,000 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 is now 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 2022 IUP.
- **Community & Utility 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 2022 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 detailed discussions with potential loan recipients to ensure that their sewerage 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 with growth that support community sustainability such as proximity to transit, Brownfield revitalization, community legacy areas, decentralized sewage system or projects that support green infrastructure (effluent or digester gas reuse, etc.), energy efficiency and environmental innovation 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 2022 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. Four (4) projects are identified for green loan totaling \$57,545,400 (206%) of the FFY 2022 Federal Capitalization Grant and \$9,304,600 (22%) of the BIL Supplemental Capitalization Grant, which are being offered priority for loan funding. Based on the above, the FFY 2022 IUP currently has exceeded the assumed 10% minimum of the federal capitalization grant award amount allocated towards green projects.
- **Additional Subsidization and Eligible Recipients** – The FFY 2022 Enacted Appropriation Authority requires a minimum of 10% of the capitalization grant (\$2,798,500) be provided as additional subsidies (e.g., loan principal forgiveness); per the Clean Water Act Authority (as amended by WRRDA and WIIN Act of 2016), between 0% and 30% (\$8,395,500) may be provided as additional subsidization above/beyond the 10% statutory minimum. Under the BIL Clean Water SRF supplemental, 49% of the BIL supplemental must be provided as additional subsidies (e.g., loan principal forgiveness). Additional subsidies are provided to DAC applicants in priority ranking order and readiness to proceed to construction, until the statutory limit is reached. DACs are eligible to receive up to 50% of the WQSRF financing as loan principal forgiveness. It has been MWIFA’s policy to provide loan principal forgiveness not to exceed \$1.5 million per project and/or applicant; however, the Administration reserves the right to provide additional subsidy, should circumstances warrant. The DAC eligibility criteria was revised to incorporate WRRDA requirements after providing an opportunity of public hearing, as follows:
  - (1) Sewer user rate per year per Equivalent Dwelling Unit (EDU) > 1% of Community Median Household Income (MHI); or
  - (2) Project is physically located and benefits an MDE approved Environmental Benefit District; or
  - (3) Project is physically located and benefits a community with MHI less than 70% of State MHI; or
  - (4) Project is physically located and benefits a community in a Maryland County (including Baltimore City) with a high unemployment rate (upper 33<sup>rd</sup> percentile); or
  - (5) Project is physically located and benefits a community in a Maryland County (including Baltimore City) where the U.S. Census data shows a declining population.

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 2022 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.

- **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 Department of Agriculture and other stakeholders to expand the LD Program to include Concentrated Animal Feeding Operations (CAFOs) and promote this new eligibility with the agricultural community. Since more private entities do not receive a formal mail solicitation to apply for WQSRF loans as local governments do, information regarding the WQSRF LD Program is provided through a cooperative effort between Department of Natural Resources, Department of Agriculture, Local Soil Conservation Districts, Local Health Departments, and Maryland Department of the Environment (MDE). Information

on the LD Program is also 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 low demand, MWIFA is not requesting new funds for Linked Deposit activity with the FFY 2022 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 receive an FFY22 application from the Family Forest Impact Foundation to access MWIFA’s new guarantee authority. MWIFA has included \$2.5 million in SRF funding for this project. Any funding required for the project to fund a debt service reserve, or any defaults would be drawn from recycled funds, not from the capitalization grant.
- **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 will explore under this new authority is capitalizing a new revolving loan fund for an organization engaged in land conservation.

### C. Project Selection and Fund Activities under the FFY 2022 IUP

Financial Assistance Applications for water quality projects were solicited by the MWIFA in December 2021 through January 2022 to develop the Maryland Project Priority List (PPL). Project applications were rated and ranked based on the Clean Water Integrated Project Priority Rating/Ranking Criteria (IPPS) and identified in the Maryland PPL for Federal FY 2022 and State FY 2024 Clean Water Funds. This PPL was used to select projects for the FFY 2022 IUP, based on their priority ranking, applicant’s interest in WQSRF loan, and readiness to proceed to construction by December 2023 (unless specifically requesting a planning/design phase loan).

The FFY 2022 IUP includes \$229,366,090 in project funding. Below is a summary of the sources and uses of funds:

SOURCES		USES	
Capitalization Grant	\$ 27,985,000	WQSRF Admin. Exp. (up to 4% of grant)	\$ -
State(Bond/Gen.Fund) Match (20%)	\$ 5,597,000	Transfer to Admin(WRRDA provision)	\$ 3,100,000
BIL Grant	\$ 43,046,000	BIL- Admin 2%	\$ 860,920
State Match (10%)	\$ 4,304,600	Transfer to DWSRF	\$ 40,000,000
		EPA In-Kind	\$ 500,000
Revenue Bonds	\$ 40,000,000	Capital Projects -- Loans & Grants	\$ 229,366,090
Reprogrammed Funding	\$ 35,860,490	SRF Revenue Bond Debt Service (P&I)	\$ 3,437,850
Est.Invest. Earnings/Repayments	\$ 120,471,770	Linked Deposit Program Bank Loans	\$ -
<b>Total</b>	<b>\$ 277,264,860</b>	<b>Total</b>	<b>\$ 277,264,860</b>

All projects identified on the FFY 2022 IUP Table 1 for WQSRF financing are being considered for both below market interest rate loan and loan principal forgiveness funding, provided they are ready-to-proceed to construction by December 31, 2023.

1. **Subsidies for Disadvantaged Communities:** The FFY 2022 Enacted Appropriation Authority requires a minimum of 10% of the capitalization grant (\$2,798,500) be provided as additional subsidies (e.g., loan principal forgiveness); per the Clean Water Act Authority (as amended by WRRDA and WIIN Act of 2016), between 0% and 30% (\$8,395,500) may be provided as additional subsidization above/beyond the 10% statutory minimum. Under the BIL Clean Water SRF supplemental, 49% of the BIL appropriation (\$21,092,540) must be provided as additional subsidies (e.g., loan principal forgiveness). Table 1 identifies borrowers that may qualify as Disadvantaged; 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. The FFY 2022 IUP (Table 1) identifies \$3,610,814 (or 13%) of the capitalization grant, and \$21,092,540 (or



49%) of the BIL supplemental funding in additional subsidies in the form of loan principal forgiveness.

2. **Green Project Reserve:** The FFY 2022 appropriation act specifies that a minimum 10% of the capitalization grant (or \$2,798,500) should be provided to Green Project Reserve projects, provided sufficient applications are received. The FFY 2022 IUP Table 1 identifies \$50,370,400 (or 180%) of the capitalization grant, and \$9,304,600 (or 22%) of the BIL supplemental funding for green project reserve funding.
3. **Administrative Expenses:** With this FFY 2022 IUP, the MWIFA continues to not request the federal (4%) funds for WQSRF program administration. Program administration will be funded from loan administrative fees (see Program Income & Non-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 06/30/2021, the maximum amount allowed would be \$3,107,938 (Total Net Position of \$1,553,969,444\*0.2% = \$3,107,938).
4. **Program Income & Non-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 2022, MWIFA estimates the fee revenues to be \$5.6 million.
5. **2% Set-Aside for Technical Assistance:** MWIFA is requesting 2% of the BIL Clean Water SRF Supplemental Grant (\$860,920) to provide technical assistance to small and rural systems, with a particular emphasis on disadvantaged communities. MWIFA will be procuring services of a contractor(s) and/or nonprofit(s) to provide this technical assistance. The technical assistance activities will include one-on-one with small and rural systems, and also potentially targeted webinars to small and rural systems.
6. **In-Kind Services for Clean Watersheds Needs Survey:** \$500,000 for EPA for in-kind services to procure a federal contractor to help Maryland complete the 2022 Clean Watersheds Needs Survey.

#### D. Project Scope of Work/Environmental Benefits – FFY 2022 IUP Projects

The following are examples of the types of projects selected for financial assistance in the FFY 2022 IUP. The environmental benefits of each Section 212 project below, as well as Section 319 projects funded through the direct loan program and LD projects, will be included in the annual report, and entered into the EPA System Database upon loan closing.

*Piney Orchard WRF Upgrade to ENR (rank 3/115 points)* in Anne Arundel County will upgrade the existing 0.7 MGD wastewater treatment plant which serves approximately 18,000 residential users to enhanced nutrient removal level of treatment. The upgrade will also improve redundancy at the plant, as well as bring the facility into compliance with Anne Arundel County (AACO) Standards and MDE design guidelines. The proposed project will not upgrade the capacity of the plant.

*Bedford Road Sanitary Sewer Rehab – Phase VII (rank 28/65 points)* in Allegany County involves the replacement and/or rehabilitation of the aging and faulty sanitary sewer system in the Bedford Road Sanitary Sewer District, which consists of approximately 1200 Allegany County residences. Construction will include the repair and/or replacement of failing pipe and manholes. This is the seventh phase of rehabilitation projects in the district and will complete the lining of the entire County maintained portion of the Evitts Creek interceptor.

*Montgomery County / M-NCPPC MS4 Round 2 (rank 36/60 points)* in Montgomery County involves installing stormwater retrofits, sustainable outfall restoration, and stream restoration that will improve existing degraded conditions in Montgomery County parks in order to meet Phase II MS4 permit requirements. These projects will capture pollutants, reduce erosion, improve stability, enhance habitat, promote infiltration, and improve the health of local waterbodies. By improving ecological function in tributaries throughout the Stream Valley Park system, these projects will contribute to reducing the amounts of nutrients and sediment that ultimately reach the Chesapeake Bay.

*Trenton Street Sewage Pumping Station Rehab (rank 38/55 points)* in Dorchester County involves the rehabilitation of the Trenton Street sewage pumping station which was originally constructed in 1936 and last

upgraded in 1978. This pumping station is one of Cambridge's largest, with a design capacity of 6 MGD and serving approximately one-third of the City's residents. Proposed work includes structural repairs of the pumping station building, abandonment of the existing wet well, construction of a new wet well and pump vault, and installation of new pumps, controls, valves, and piping. The new dry pit submersible pumps will be much more energy efficient than the existing pumps and should provide a minimum 20% reduction in energy usage.

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

The EPA and MDE negotiated fair share goals for FFYs 2019, 2020, and 2021 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), an increase of 4% over the 34% goal applicable for the previous three-year period. While EPA suspended the requirement for fair share negotiations via RAIN-2019-G10 in October 2019, MDE has elected to keep these previously negotiated percentages in place to serve as aspirational goals on WQSRF projects.

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 <http://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.

#### **G. Binding Commitments**

The projected binding commitments will occur at or around the construction start date indicated for each project in Table 1.

#### **H. Public Review of the Draft FFY 2022 IUP**

The 30-day public comment period started June 30, 2022. 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 attached to the email. The interested parties list includes representatives from state and local government, environmental consultants/engineers, community groups, neighborhood associations, environmental organizations, etc. Additionally, MWIFA provided an email notification to the following Maryland Commissions/Committees to share with their membership and interested parties' lists: the Commission on Environmental Justice and Sustainable Communities, the Children's Environmental Health and Protection Advisory Council, and the Bay Restoration Fund Advisory Committee. MWIFA also shared the draft IUP with the Maryland General Assembly. Public comments were received through July 30, 2022, and the comment period closed on that date. MWIFA was able answer questions that arose during the comment period to ensure the public fully understood what was being proposed in the IUP. MWIFA was also as responsive as possible regarding any comments or concerns raised during the public comment period. The Public Hearing Responsiveness Summary and all comments received, as well as Maryland's Responsiveness Summary are included as Appendix C. The Responsiveness Summary indicates what action MDE took on comments submitted.