



# Maryland

Department of  
the Environment

**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
WATER QUALITY REVOLVING LOAN FUND PROGRAM  
FEDERAL FISCAL YEAR 2024  
FINAL INTENDED USE PLAN  
August 22, 2024**

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**MARYLAND DEPARTMENT OF THE ENVIRONMENT  
MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION  
FINAL Federal Fiscal Year 2024 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 2024 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, 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 General Supplemental allotment and an Emerging Contaminants allotment to the Clean 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 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 FFY24, MWIFA is making grant applications to receive:

1. Base CW Capitalization Grant allotment of \$19,745,000 and the \$395,434 remainder of FFY23 not spent on in-kind, for a total of \$20,140,434, to be matched with \$4,028,087 (20%) in State funds as required.
2. BIL CW General Supplemental Capitalization Grant allotment of \$55,002,000, to be matched with \$11,000,400 (20%) in State funds as required.

Note: MWIFA did not receive any applications for BIL Clean Water Emerging Contaminants projects, so is not requesting those funds at this time. The Department is exploring opportunities to use this funding for projects eligible under Section 319(h) of the CWA in the future.

Under this IUP, \$90,170,921 (100%) of the FFY 2024 capitalization grant allotments and FFY23 remainder (inclusive of the state match) is being 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.

The highlights of the FFY 2024 IUP are as follows:

SOURCES:		USES:	
Capitalization Grant-Base <sup>1</sup>	\$ 20,140,434	WQSRF Admin. Exp. (up to 4% of grant)	\$ -
State Match to Base (20%)	\$ 4,028,087	Transfer to Admin(WRRDA provision)	\$ 3,300,000
BIL Grant-Supplem Gen	\$ 55,002,000	BIL- Admin 2% (Technical Assistance)	\$ -
State Match to Bil_gen (20%)	\$ 11,000,400		
BIL: Supplemental EC	\$ -		
Revenue Bonds	\$ -	Capital Projects -- Loans & Grants	\$200,883,896
Reprogrammed Funding	\$ 3,026,896	SRF Revenue Bond Debt Service (P&I)	\$ 3,436,500
Est. Invest. Earnings/Repayments	\$ 114,422,579	Linked Deposit Program Bank Loans	\$ -
<b>Total</b>	<b>\$ 207,620,396</b>	<b>Total</b>	<b>\$207,620,396</b>

<sup>1</sup> Includes \$395,434 for In-Kind not used for Clean Watershed Needs Survey (CWNS)

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 4, 2023 through January 31, 2024. The IUP Table 1 shows the proposed list of projects for inclusion in the FFY 2024 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 no later than December 31, 2025, 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.

**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 06/30/2023, the maximum amount allowed would be \$3,363,195 (Total Net Position of \$1,681,597,702 \* 0.2% = \$3,363,195).

**MARYLAND DEPARTMENT OF THE ENVIRONMENT**  
**MARYLAND WATER INFRASTRUCTURE FINANCING ADMINISTRATION**  
**FINAL Federal Fiscal Year 2024 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>					
Federal Capitalization Base Grants			\$ 1,135,163,512	a	\$ 20,140,434 c
Federal Stimulus Grants 08 IUP (ARRA)			\$ 94,784,600		
20% State Match to Base Grant			\$ 227,169,400	b	\$ 4,028,087
BIL-Supp Gen Federal Grant			\$ 93,459,000		\$ 55,002,000
10% (20% for GY24) State Match to BIL Supp Gen Federal Grant			\$ 9,345,900		\$ 11,000,400
Federal BIL-Emerg Cont Federal Grant			\$ 7,404,000		\$ -
Total Revenue Bond Proceeds			\$ 236,222,390		\$ -
Investment Earnings (thru SFY 23)			\$ 183,949,823		
Loan Principal Repayments (thru SFY 23)			\$ 1,578,158,674		
Loan Interest Repayments (thru SFY 23)			\$ 329,389,408		
		Subtotal	\$ 3,895,046,707		\$ 90,170,921
Estimated Loan Principal (SFYs 24 &25)			\$ 208,000,000		
Estimated Loan Interest Repayments (SFYs 24 & 25)			\$ 28,600,000		
Estimated Investment Earnings (SFYs 24 & 25)			\$ 7,500,000		
Estimated Loan Principal (SFY 26)					\$ 97,415,787
Estimated Loan Interest Repayments (SFY 26)			\$ -		\$ 12,600,040
Estimated Investment Earnings (SFY 26)					\$ 4,000,000
Estimated Cumulative LD Invest.prin repays (thru SFY25)			\$ 18,554,237		\$ 406,752
Reprogrammed Funding					\$ 3,026,896
Estimated Future Revenue Bond Proceeds			\$ 524,875,983		
		Subtotal	\$ 787,530,220		\$ 117,449,475
		Total Sources	\$ 4,682,576,927		\$ 207,620,396
<b>Uses:</b>					
Loan/Grt Agreements Entered as of 6/30/2023			\$ 3,319,457,222		\$ -
Pending loans/grants IUP Status as of 4/30/2024			\$ 847,425,385		\$ 200,883,896
Loans executed SFY 24 as of 4/30/24 (net of reversions)			\$ 70,764,877		\$ -
Funds Transferred to Drinking Water SRF (98/99 IUPs)			\$ 10,634,580		\$ -
Bond Principal Repaid as of 6-30-2023			\$ 228,077,390		\$ 3,110,000
Bond Interest Expense as of 6-30-2023			\$ 141,318,925		\$ 326,500
Bond Cost of Issuance/Underwriter Discount			\$ 4,949,910		\$ -
ARRA-Stimulus Administrative Expense			\$ 2,000,000		\$ -
4% Administrative Expensed as of 06/30/2023			\$ 16,935,812		\$ -
2% Admin. Exp. BIL_supp Gen. grant thru GY23			\$ 1,008,260		\$ -
EPA In-Kind (CW Needs survey) Cumul. Base GY23			\$ 104,566		
Transfer to Admin (WRRDA provision) (thru SFY23)			\$ 16,900,000		\$ 3,300,000
Allocated Non-point Source Projects (Linked Deposit)			\$ 23,000,000		\$ -
		Total Uses	\$ 4,682,576,927		\$ 207,620,396
a Total federal grant award through FFY 2023 Capitalization Grant, excluding ARRABIL					
b Includes State General Fund/GO Bond Match through FFY/GY 2023 IUP					
c Includes \$395,434.00 for In-Kind not used for Clean Watershed Needs Survey (CWNS)					

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 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, BIL 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 BIL 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 climate 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).
- 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. 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/FFY2024 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 2024 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 2024 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, those for which at least 50% of the project cost or project scope serves, protects, or benefits an Environmental Justice or overburdened community as identified by a Socioeconomic Score (Distribution Across Maryland) of 75 or more using [MDE's Environmental Justice Screening Tool](#), 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 2024 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: one to receive \$17,169,588 (87%) of the Base Capitalization Grant plus \$3,500,000 (6.3%) of the BIL Supplemental Capitalization Grant; and the second to receive \$28,028,954 (50.9%) of the BIL Supplemental Capitalization Grant. Based on the above, the FFY 2024 IUP currently has exceeded the assumed 10% minimum of the federal capitalization grant award amounts allocated towards green projects. MWIFA did not receive any applications for BIL Emerging Contaminants projects.
- Additional Subsidization and Eligible Recipients – The FFY24 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% (\$1,974,500) Congressional Additional Subsidy and a mandatory 10 to 30% (\$1,974,500 to \$5,923,500) Clean Water Act Additional Subsidy for a total requirement of 20% to 40% (\$3,949,000 to \$7,898,000). The FFY24 BIL General Supplemental allotment requires that 49% (\$26,950,980) of the appropriation must be provided as additional subsidy. The FFY24 BIL Emerging Contaminants allotment requires that 100% (\$5,143,000) 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%.

Or, if 50% or more of project cost or project scope serves, protects, or benefits an Environmental Justice or overburdened community as identified by a Final EJ Score Percentile (Distribution Across Maryland) of 75 or more using [MDE's Environmental Justice Screening Tool](#).

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 2024 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 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 is currently working with the STO to develop a new funding mechanism 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 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 is not requesting new funds for Linked Deposit activity with the FFY 2024 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 FFY24 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 engaged in land conservation.

### **C. Project Selection and Fund Activities under the FFY 2024 IUP**

Financial Assistance Applications for water quality projects were solicited by the MWIFA from December 4, 2023 through January 31, 2024. 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 FFY24/SFY26. This PPL was used to select projects for the FFY 2024 IUP, based on their priority ranking, applicant’s interest in WQSRF financing (including BIL funding), and readiness to proceed to construction by December 31, 2025 (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 2024 IUP includes \$200,883,896 in project funding. Below is a summary of the sources and uses of funds:



SOURCES:		USES:	
Capitalization Grant-Base <sup>1</sup>	\$ 20,140,434	WQSRF Admin. Exp. (up to 4% of grant)	\$ -
State Match to Base (20%)	\$ 4,028,087	Transfer to Admin(WRRDA provision)	\$ 3,300,000
BIL Grant-Supplem Gen	\$ 55,002,000	BIL- Admin 2% (Technical Assistance)	\$ -
State Match to Bil_gen (20%)	\$ 11,000,400		
BIL: Supplemental EC	\$ -		
Revenue Bonds	\$ -	Capital Projects -- Loans & Grants	\$200,883,896
Reprogrammed Funding	\$ 3,026,896	SRF Revenue Bond Debt Service (P&I)	\$ 3,436,500
Est.Invest. Earnings/Repayments	\$ 114,422,579	Linked Deposit Program Bank Loans	\$ -
Total	\$ 207,620,396	Total	\$207,620,396
<sup>1</sup> Includes \$395,434 for In-Kind not used for Clean Watershed Needs Survey (CWNS)			

- 1. Additional Subsidy Requirements:** The FFY24 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% (\$1,974,500) Congressional Additional Subsidy and a mandatory 10 to 30% (\$1,974,500 to \$5,923,500) Clean Water Act Additional Subsidy for a total requirement of 20% to 40% (\$3,949,000 to \$7,898,000). The FFY24 BIL General Supplemental allotment requires that 49% (\$26,950,980) of the appropriation must be provided as additional subsidy. The FFY24 BIL Emerging Contaminants allotment requires that 100% (\$5,143,000) be provided as additional subsidy. The FFY 2024 IUP Table 1 identifies \$4,705,067 (23%) of the Base Capitalization Grant, and \$26,950,980 (49%) of the BIL General Supplemental allotment. No projects are currently identified for the BIL Emerging Contaminants funding for FFY24. 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 2024 federal appropriation act further specifies that no less than 10% of the Base, BIL General Supplemental, and BIL 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: one project for \$17,169,588 (85%) of the Base Capitalization Grant, which is also receiving \$3,500,000 from the BIL General Supplemental allotment along with a second project receiving \$28,028,954 for a total green percentage of 57% for BIL General Supplemental. MWIFA did not receive any applications for BIL Clean Water Emerging Contaminants projects.
- 3. Administrative Expenses:** With this FFY 2024 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-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 06/30/2023, the maximum amount allowed would be \$3,363,195 (Total Net Position of \$1,681,597,702\*0.2% = \$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 2024, MWIFA estimates the fee revenues to be \$5.4 million.

#### D. Project Scope of Work/Environmental Benefits – FFY 2024 IUP Projects

The following are examples of the types of projects selected for financial assistance in the FFY 2024 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 OWSRF Clean Water Database upon loan closing.

Trappe Wastewater Treatment Plant ENR Upgrade (rank 1/135 points) in Talbot County will upgrade the existing 0.2 MGD wastewater treatment plant which serves approximately 1,100 residential users from secondary treatment to enhanced nutrient removal level of treatment. The upgrade will reduce nutrient load discharge from this facility to the Chesapeake Bay by over 9,000 pounds per year. The proposed project will not upgrade the capacity of the plant.

SC-994 Patapsco WWTP Clarifiers and Thickeners Rehabilitation (Baltimore County share at rank 8/75 points and Baltimore City share at rank 9/75 points) in Baltimore City will repair and rehabilitate eight secondary clarifiers and three gravity sludge thickeners at the Patapsco WWTP that are badly deteriorated and must be rehabilitated to maintain safe and reliable service to the wastewater treatment system. The project will be constructed at the Patapsco WWTP, which serves approximately 1,400,000 users.

McKeil Point BIP #2 & #3 On-Site Sewage System Removal (rank 20/60 points) in Dorchester County will eliminate two existing sewage bermed infiltration ponds (BIP) located in the Madison-Woolford area in the McKeil Point community to allow 17 homes to abandon their existing septic tanks and common infiltration ponds (acting as drainfields) and connect to existing construction of infrastructure that will convey sewage to the Deep Point Pumping Station to be further conveyed to the Cambridge WWTP, an ENR level treatment facility.

Cambridge Creek Interceptor Sewer Rehabilitation (rank 25/55 points) in Dorchester County will complete efforts by the City of Cambridge to rehabilitate its sewer system by rehabilitating the final 6,000 linear feet of sewer line using slip lining, due to the challenging location and depth of the existing sewer lines.

Extend North Tunnel (rank 30/55 points) in Howard County is a 5,300 feet long 18' diameter rock tunnel with three drop shaft locations for storm flows to enter the tunnel. The lower end of the tunnel will go under the CSX railroad embankment. 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.

#### **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 will occur at or around the construction start date indicated for each project in Table 1.

## **H. Public Review of the Draft FFY 2024 IUP**

The 30-day public comment period started June 24, 2024. 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, 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 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 24, 2024, 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 Hearing Responsiveness Summary and all comments received were shared with EPA as Appendix C to the final document. The Responsiveness Summary indicated what action MDE took on comments submitted.