

**STATE OF MAINE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DRINKING WATER PROGRAM
AND
MAINE MUNICIPAL BOND BANK**

**DRINKING WATER STATE REVOLVING FUND
2026 INTENDED USE PLAN
FOR THE
BASE, SUPPLEMENTAL & EMERGING
CONTAMINANT CAPITALIZATION GRANTS**



JUNE 2026

**MAINE DRINKING WATER STATE REVOLVING FUND
(BASE, SUPPLEMENTAL & EMERGING CONTAMINANTS FUNDS)
2026 INTENDED USE PLAN**

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DRINKING WATER STATE REVOLVING 2026 INTENDED USE PLAN

1. Introduction

In 2026, the total Base DWSRF Capitalization Grant appropriated \$384,205,000 to the States. This appropriation results in a Base Grant of \$3,842,000 for the State of Maine (after Congressional Earmarks, Recissions, and Reallotments).

In addition to the Base Capitalization Grant, the Infrastructure Investment and Jobs Act (IIJA) authorized a National General Supplemental Allotment of \$2,603,000,000. Of this \$2,488,769,000 was made available to the States and \$24,888,000 to the State of Maine.

The IIJA also appropriated \$800,000,000 to address Emerging Contaminants (EC) in drinking water. Of this, \$764,000,000 was made available to the States with \$7,640,000 available to the State of Maine.

These funds will be available to Maine Public Water Systems after the Maine Department of Health and Human Services, Drinking Water Program (DWP) has received these Grant awards from the U.S. Environmental Protection Agency (EPA). This Intended Use Plan (IUP) is one portion of the documentation necessary for the State to obtain these Grants. This IUP outlines how Maine proposes to utilize these 2026 Grants to fund capital improvement projects and non-project activities (set-asides) and outlines the terms of all financial assistance offered by the Program.

The State of Maine had opted not to request the LSL Replacement IIJA funds during the 2022, 2024, and 2025 funding cycles. The DWP applied for \$20,000,000 during the 2023 funding cycle. The DWP will again opt not to request LSL IIJA funds during the 2026 funding cycle due to lack of demand by Public Water Systems; DWP is currently reviewing its LSL project list to determine what projects are no longer proceeding in order to return unused LSL IIJA funds. Use of lead service lines was outlawed by the State of Maine in 1926 and as such need for replacement funds has been limited. Preliminary results of Maine's Lead Service Line Inventory indicate that of approximately 290,000 service lines in Maine, 81% were reported as Non-Lead, 18% were reported as Unknown, less than 1% were reported as Galvanized Requiring Replacement, and only 26 were reported as lead. The DWP reserves the right to request the 2026 LSL IIJA funds within the next year should demand necessitate.

Discussions in this Intended Use Plan will be divided into two categories as follows:

- 2026 Combined Base and Supplemental (IIJA), and
- 2026 Emerging Contaminants (EC) Capitalization Grant (IIJA).

When planning for the Base and Supplemental Capitalization Grants funding, after allocating funds for set-aside activities, the DWP will combine the remaining Capitalization Grant funds with the State Match funds, loan interest and repayments, and carry-over funds to determine the funds available for capital projects. These funds will be used to provide financial assistance for needed capital improvements to Maine's DWSRF eligible public water systems (PWSs).

For the Emerging Contaminants (EC) Capitalization Grants, the set-aside activities are budgeted as described in this IUP and the remaining funds from the Capitalization Grant will be available for

projects which are placed on the EC Primary Project Lists (PPL). The DWP will accept applications for EC funds on a rolling basis as capital projects are developed.

The Program reserves the right to seek blended bond proceeds issued by the Maine Municipal Bond Bank (MMBB) to combine with these project funds, thereby further increasing the total amount of available project funds.

In 2026, the Program intends to distribute the project funds to the DWSRF-eligible projects, listed in the attached PPL (Attachment F), which were ranked in accordance with the project priority ranking system included in this Intended Use Plan (IUP). The Primary Projects will receive Award Letters which will include detail on which of the grants will be used to fund the projects. The DWSRF will continue to be jointly administered by the Program as the lead agency, and the MMBB as the financial administrator. A Memorandum of Understanding (MOU), included as Attachment C, outlines the administrative activities to be performed by each Agency.

The Program agrees to comply with DWSRF Regulations, the general grant regulations at 40 CFR Part 200, and specific conditions of the capitalization grant.

2. Short-Term and Long-Term Goals of the DWSRF in the State of Maine

2A. Short-Term Goals - Base, Base Reallotment & Supplemental Funds

The following list are the short-term goals of the DWSRF Base & Supplemental (IIJA) funds.

- I. Provide loans to assist eligible public water systems (PWSs) under enforcement actions to attain compliance by established deadlines with coordination between state DWSRF and enforcement programs and taking into consideration the needs of systems with multiple violations, including current compliance status and actions underway to address compliance.
- II. Provide loans to assist eligible PWSs to rehabilitate or replace aging infrastructure to attain or maintain compliance with the Safe Drinking Water Act.
- III. Provide loans to assist eligible public water systems to:
 - a. Provide required treatment to improve drinking water quality in Maine.
 - b. Construct water treatment facilities
- IV. Provide loans to assist small PWSs (population served of less than 10,000) in the construction or installation of necessary treatment while considering affordability.
- V. Ensure that at least 15% of the monies available for funding projects provide financial assistance to small PWSs with projects that are ready for construction.
- VI. Provide loan subsidies to Disadvantaged Community PWSs for eligible projects.
- VII. Provide financial assistance to implement preventive measures such as wellhead and source water protection and acquisition of properties to create protective buffers near drinking water supplies.
- VIII. Provide the required 20% State Match within the required time frame for the Base DWSRF Capitalization Grant combined with the required 20% State Match for the Supplemental DWSRF Capitalization Grant.
- IX. Provide financial assistance to help PWSs increase technical, financial, and managerial capacity.

2B. Short- Term Goals – Emerging Contaminant Funds

The following list are the short-term goals for the Emerging Contaminants (IIJA) funds.

- I. Provide partial financial assistance loans which are 100% forgiven to address treatment of emerging contaminants above the Federal MCL in Public Water System source of supply.
- II. Provide partial financial assistance through loans which are 100% forgiven to address emerging contaminants above the Federal MCL in private wells by extending an existing PWS.
- III. Provide partial financial assistance through loans which are 100% forgiven to address emerging contaminants above the Federal MCL through the consolidation of PWSs.

- IV. Provide partial financial assistance through loans which are 100% forgiven to address emerging contaminants above the Federal MCL through planning, design and piloting activities.
- V. Provide grant assistance for addressing emerging contaminants in small public water systems source of supply.

2C. Long-Term Goals.

The following are the seventeen long-term goals of the DWSRF in the State of Maine.

- I. To provide assistance to PWSs to maintain the public health objectives of the Safe Drinking Water Act.
- II. To maintain the fiscal integrity of the fund.
- III. To maintain the fund in perpetuity.
- IV. To work toward meeting the State's total drinking water improvement funding needs by blending federal DWSRF Capitalization Grant monies with Maine Municipal Bond Bank bond sale proceeds, utilizing the blend of the bond proceeds to provide long-term, low interest financing to DWSRF eligible public water systems.
- V. To create and maintain a land acquisition fund in perpetuity.
- VI. To ensure the long-term availability of adequate finances to assist eligible PWSs to:
 - a. Rehabilitate or replace contaminated sources or sources at risk of contamination.
 - b. Construct, rehabilitate or expand treatment facilities to improve drinking water quality.
 - c. Construct, rehabilitate, or expand storage facilities to help maintain adequate drinking water quality from microbial contaminants; and
 - d. Install or replace transmission or distribution facilities to prevent contamination.
- VII. To provide assistance for consolidation or interconnection of water systems to improve service or capacity.
- VIII. To assist PWSs in identifying and prioritizing land acquisition for source water protection.
- IX. To assist in the planning and design of related projects.
- X. To develop means for ensuring the long-term availability of adequate funding for loan subsidies for Disadvantaged Community PWSs.
- XI. Address PFAS and emerging contaminants.
- XII. Support American workers and renew the water workforce through training.
- XIII. Support the cultivation of domestic manufacturing.
- XIV. Refine the Maine DWSRF to build a pipeline of projects by supporting capacity development of Public Water Systems.

3. Financial Status

3A. Total amount of funds in DWSRF

In Table 3-1 below, the 2026 DWSRF Base and Supplemental Capitalization Grants are combined and the allocations to each Set-Aside activity are summarized. Table 3-1A on the following pages provides a Financial Summary of the Emerging Contaminants Capitalization Grants and Set-Aside fund allocations. Similar tables can be found in Attachment A.

Table 3-1

Summary of 2026 DWSRF Base & Supplemental Capitalization Grant and Set-Aside Activities

FINANCIAL SUMMARY 2026 DWSRF BASE, SUPPLEMENTAL & REALLOTMENT CAPITALIZATION GRANT FUNDS

Item	Total Funds Available From Grant	Funds Allotted for 2026	Sub Accounts
2026 DWSRF Base Capitalization Grant & Reallotments	\$3,842,000		
2026 DWSRF Supplemental Capitalization Grant	\$24,888,000		
TOTAL	\$28,730,000	\$5,280,330	
Set-Asides			
Program Administration (up to 4%)	\$1,149,200	\$894,651	
1. DWP PORTION (up to 90%)		\$779,731	
2. MMBB PORTION (up to 10%)		\$114,920	
Technical Assistance to Small Systems (up to 2%)	\$574,600	\$400,000	
1. MRWA WQS		\$250,000	
2. DWP OUTREACH SPECIALIST		\$150,000	
Drinking Water Program (up to 10%)	\$2,873,000	\$2,460,322	
1. PWSS PROGRAM		\$2,460,322	
Other Non-Project Activities (up to 15%)	\$4,309,500	\$3,420,857	
1. LAND ACQUISITION		\$75,000	
Land Acquisition & Conservation Easements			\$75,000
2. CAPACITY DEVELOPMENT ASSISTANCE		\$1,463,369	
Capacity Development Staff Assistance			\$963,369
Capacity Development Grants			\$500,000
3. TRAINING ASSISTANCE		\$296,000	
Training Reimbursement Fund			\$200,000
MRWA/Financial Circuit Rider			\$80,000
MWUA/Leadership Training			\$16,000
4. EMERGENCY PREPAREDNESS		\$172,500	
MRWA/Emergency Preparedness Technical Assistance			\$45,000
MRWA/MeWARN Emergency Preparedness			\$15,000
MRWA/Emergency Response Trailer			\$25,000
MWUA/Resilience and Emergency Preparedness			\$87,500
5. SPECIAL PROJECTS		\$32,000	
MRWA/Benchmarking			\$5,000
MWUA/Workforce Development Program			\$27,000
6. WELLHEAD & SOURCE PROTECTION		\$1,381,988	

New Well Approval, Wellhead Protection and Source Water Protection Staff Assistance		\$961,988
Wellhead/Source Water Protection and Water System Asset Security Grants		\$400,000
Public Education & Outreach Fund		\$20,000
Set Aside Totals	\$8,906,300	\$7,175,830
Remaining DWSRF Cap Grants Funds Available for Projects		\$21,554,170
State Match		\$5,746,000
Other Project Funds (Int., Repayments & Carry Over Funds)		\$26,440,044
TOTAL FUNDS AVAILABLE FOR PROJECTS		\$53,740,214

Table 3-1A
Summary of 2026 DWSRF Emerging Contaminant Capitalization Grant
and Set-Aside Activities

Item	Total Funds Available From Grant	Funds Allotted for 2026
2026 DWSRF Emerging Contaminants Capitalization Grant	\$7,640,000	
Reallotments	\$0	
TOTAL	\$7,640,000	
Set-Asides		
Program Administration (up to 4%)	\$305,600	\$290,800
1. DWP Portion (up to 50%)		\$138,000
2. MMBB Portion (up to 50%)		\$152,800
Technical Assistance to Small Systems (up to 2%)	\$152,800	\$69,000
1. WQS/TREATMENT		\$69,000
Drinking Water Program (up to 10%)	\$764,000	\$138,000
1. PWSS Program		\$138,000
Other Non-Project Activities (up to 15%)	\$1,146,000	\$0
1. Assistance for Capacity Development		\$0
PWS Capacity Development Training		
Public Education & Outreach Fund		
TRAINING ASSISTANCE		\$0
Training Reimbursement Fund		
Software/Data Management		
Set Aside Totals	\$2,368,400	\$497,800
Remaining DWSRF Available for Projects		\$7,142,200

3B. State Match

For the DWSRF Base and Supplemental Capitalization Grants, the State must provide documentation, at the time of the Grant Applications, that 20% of the total amount of that year’s Base and Supplemental (IIJA) DWSRF Capitalization Grant is available as State Match. Attachment A shows the planned allocation of funds from the 2026 DWSRF Grants. The required State Match for 2026 is \$5,746,000 the first \$4,795,500 will be provided from the Maine State Treasury General Fund, and the remaining \$950,500 will be provided from the Maine State Treasury’s Other Special Revenue Fund. The 2026 DWSRF State Match required will be secured by June 30, 2026. No State match is required for the Emerging Contaminants Grant.

3C. Beginning/end of year financial status

The initial financial status of the 2026 DWSRF Program is stated above in Tables 3-1, 3-1A, and Attachment A. The current financial status of the 2022 - 2025 funds is also shown in Attachment A. All other previous Grants have been fully expended.

3D. Capacity Development Strategy

America’s Water Infrastructure Act (AWIA) of 2018 (P.L. 115-270) section 2012 amended the Safe Water Drinking Act (SDWA) and requires that the states amend their state capacity development strategy to include a description of how the state will encourage the development of asset management plans that include best practices and include any training, technical assistance, and other activities to help implement asset management plans. In accordance with SDWA section 1420(c)(1)(C), a state must be developing and implementing a capacity development strategy in order to receive 100 percent of its allotment under section 1452 (Drinking Water State Revolving Fund). As of this date, the Maine Department of Human Services has a revised strategy that has met the SDWA requirements, approved by EPA on January 10, 2022, and we recommend no withholding of the FY26 Drinking Water State Revolving Fund capitalization grants.

3E. Operator Certification Program

The 1996 Amendments to the Safe Drinking Water Act (SDWA) directed EPA to develop information on recommended operator certification requirements. In 1999, nine baseline standards were published under the Final Guidelines for the Certification and Recertification of Operators of Community and Nontransient Noncommunity Public Water Systems. Under the final guidelines, EPA will withhold 20 percent of a state’s DWSRF capitalization grant if the state does not have an operator certification program that meets the requirements of final guidelines and its 2001 updates. The Drinking Water Program developed an Operator Certification Program authorized under Maine Revised Statutes Title 22, §2628 Rules, approved 2001 and updated in 2011. A Board composed of nine appointees from the governor is involved with ongoing review and revisions to the Certification Program. As of this date, the Maine Department of Human Services has met the SDWA requirements for Operator Certification and we recommend no withholding of the FY26 Drinking Water State Revolving Fund capitalization grants.

4. Non-Project Activities/Set-Asides (Base and Supplemental Capitalization Grants)

4A. Definition/Description

Non-project or set-aside activities include those activities that are not directly associated with the construction of capital improvement projects but are allowed uses of Grant monies identified in Section 1452 of the SDWA. They include the following and are all described in greater detail in the following sections.

- Program Administration (4%),
- Technical Assistance to Small PWSs (2%),
- Drinking Water Program Functions (10%) and
- Other Non-Project activities (15%),

Set-asides may be taken from the Grants that are provided by the Infrastructure Investment and Jobs Act. Set-asides for the DWSRF Supplemental Grant will be blended with the set-asides taken from the Base Grant. For the Emerging Contaminant (EC) Grants, States have the flexibility to take set-asides from these appropriations. Set-asides must be used to either administer these specific capitalization grants or meet the statutory purpose of these funds: “to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances.”

4B. Rationale for Grant funds for non-project activities.

The Program is allowed up to 4% of the Base, Supplemental and Emerging Contaminant Grant amounts for the Administration of the Drinking Water State Revolving Fund. We have combined the Base & Supplemental funds and we discuss our set-asides for these funds below and the summary is presented on Table 3-1. The Emerging Contaminant Grant set-asides are shown on Tables 3-1A.

The funds allowed by the SDWA for the first non-project activity, Program Administration, are **\$1,149,200** 10% of this set-aside will be used by the MMBB (\$114,920) and 90% is available to the DWP. The Program Administration budget for the DWP is \$779,731 . Any unspent funds allotted to these set-aside activities that remain at the end of the funding period will be carried forward for future use for these activities. Also, the balance between the available funds and the budget (\$254,549) will be applied to the Program's Banked Credits.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or **\$574,600** The Technical Assistance to Small PWSs budget is **\$400,000**. The DWP intends to apply the balance between the available funds and budget (\$174,600) to the Banked Credit for this Set-Aside. The Technical Assistance funds will cover the cost of two Water Quality Specialist full-time equivalent (FTE) positions with the Maine Rural Water Association. The DWP Outreach Specialist will also be paid using 2% funds. Any additional unspent funds allotted to these set-aside activities that remain at the end of the funding period will also be carried forward for future use for these activities.

The maximum amount available for the third non-project activity, Drinking Water Program Functions for PWS Supervision, is 10%, or **\$2,873,000** . The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is \$2,460,322 . The program will add the balance between the available funds and budget (\$412,678) to the Banked Credit for this set-aside.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or **\$4,309,500** . The Program determined the amount of funds necessary to cover the budgeted expenses for each of the activities for the upcoming year is **\$3,420,857** .

If at any time an excess accumulation of funds develops in any one set-aside activity mentioned above, the Program can decide to transfer these funds to the Project account.

4C. Description of non-project activities

I. Program Administration (4% Set-Aside)

As discussed above, the Program will use **\$894,651** for the first non-project activity, Program Administration. The administration of the DWSRF has a budget of \$779,731 for one-half of the DWSRF Manager, three and one-half full-time equivalents (FTE) Project Managers/Inspectors, and one-half FTE position filled by the Senior DWSRF Engineer. These funds will also be used to procure all equipment and training necessary for performance of the duties for those positions. The Program will add remaining funds (\$254,549) to the Banked Credit account for this set-aside.

The MMBB will receive 10% of the available **\$1,149,200** Grant portion of the allotment, or \$114,920 for financial administration of the DWSRF. These funds will be used to pay a portion of the salary and expenses of the DWSRF program officers, the DWSRF program assistant and all other expenses directly related to the financial administration of the Program.

II. Technical Assistance for Small PWSs (2% Set-Aside)

The Program will use **\$400,000** of the allowable allotment of **\$574,600** and will add remaining funds (\$174,600) to the Banked Credit funds.

This set-aside will be allotted to the Maine Rural Water Association (MRWA) to fund two Water Quality Specialist positions. The Water Quality Specialists will provide technical assistance to small PWSs that serve a population of less than 10,000. MRWA will produce and submit to the Program a Work Plan describing in detail the DWSRF funded assistance they intend to provide using 2026 DWSRF Technical Assistance set-aside funds. The Program and EPA Region 1 will review and approve the plan. Monthly meetings/work evaluations will be conducted by the Program to ensure that MRWA technical assistance activities are consistent with its Work Plan and current needs of Maine's small PWSs. An outline of the scope of duties to be performed by MRWA and the Program under this set-aside can be found in the Memorandum of Understanding provided as Attachment D.

The Program also funds one FTE position to perform grant outreach to small and underserved Public Water Systems with a budget of \$150,000 .

III. Drinking Water Program Functions (10% Set-Aside)

The Program will use **\$2,460,322** of the allowable allotment of **\$2,873,000** and will add remaining funds (\$412,678) to Banked Credit.

1. Administration of PWSS Program (\$2,460,322)

This set-aside provides funding to help augment the PWSS Grant for administration of the SDWA amendments. Employees who perform job duties that ensure the Program meets its primacy requirements and any Program needs that address program deficiencies will be funded from this set-aside. A separate Work Plan will be developed outside of this document that will describe the personnel and activity expenses to be funded with these set-aside funds. This Plan will be provided as part of the 2026 Grant application and reviewed and approved by EPA Region I before funds are available for withdrawal.

IV. Other Non-Project Activities (15% Set-Aside)

The Program will use **\$3,420,857** of the allowable allotment of **\$4,309,500** from DWSRF 2026 Other Non-Project Activities set-aside.

1. Land Acquisition & Conservation Easements/ Source Protection Measures (\$75,000)

PWSs' ownership or legal control of the land around its source(s) is the most effective means of protecting the source(s) from contamination. For this reason, the Program intends to provide enough funds in this set-aside to meet the expected requests until the next Grant award. As of December 31, 2025, the Program had \$2,417,842 available from prior year loan repayments grants. An additional sum of \$75,645 of repayments is scheduled by June 30, 2026 for a total of \$2,568,487 of available funds inclusive of the \$75,000 deposited this year.

Under this program, community, and non-profit non-community public water systems (PWS) may apply for low-interest loans with 50% principal forgiveness of up to \$20,000 maximum for the purchase of land and/or conservation easement for drinking water source protection. Projects that demonstrate a commitment to the ongoing protection of a system's drinking water source through land acquisition and/or easement are eligible for these loans. Loans may be issued for an amount greater

than \$40,000. However, principal forgiveness will not be applied to the portion of the loan exceeding \$40,000. Furthermore, principal forgiveness and low-interest loan rates will only be applied to the portion of the purchase price that represents the percentage of the purchased land located within the defined wellhead protection area (for wells) or contributing watershed (for surface water bodies).

The types of PWSs eligible are Community and non-profit non-community water systems are eligible to apply for a land acquisition loan. The system must demonstrate technical, managerial, and financial capability. The land and/or conservation easement must be located within the watershed or wellhead protection area.

There is no deadline for land acquisition loans. Applications are accepted on a rolling basis and are subject to available funding.

All funds allotted to this set-aside will be used to provide loans to eligible PWSs for the purchase of land and/or conservation easements necessary for source water protection. In addition to the purchase of land and easements, funds will be made available for land stewardship activities which promote the protection of the source water quality.

Loans are also available to assist community water PWSs in the implementation of voluntary, incentive-based source water protection measures in areas delineated under the source water assessment program. PWSs must have performed the required delineation and assessment of their source(s) before communities can utilize these funds. These funds are available only to community water PWSs.

Principal and interest payments on loans made from this account will be repaid into this account making additional loan money available for future land and conservation easement purchases. The terms of financial assistance for Land Acquisition/Conservation Easements are described in Sections 7 & 8.

The land or conservation easement to be purchased with DWSRF assistance must be integral to the source water protection needs of the PWS as determined by the Program. A determination can be based on the land being identified in a Program approved source water protection plan or other documentation that supports its role in protecting the PWS's source water. The land purchased must be acquired from a willing seller. Also, before DWSRF assistance for land acquisitions is allowed, an independent appraisal or an approved method of valuation of the land value must be provided to the Program. The MMBB determines the amount of financial assistance provided to PWSs for land purchases on a case-by-case basis after consideration of the following items for each request; the valuation of the land, the anticipated amount of legal and other costs associated with the transaction, the credit quality of the applicant, the availability of land acquisition funds in relation to the current demand, and other financial and market information deemed relevant to the request.

2. Assistance for Capacity Development (\$1,463,369)
 - a. Capacity Development Staff Assistance (\$963,369)

The total cost of this Program in 2026 is \$963,369 to fund six FTEs to provide on-site capacity development assistance and training. The Program plans to use these funds to continue implementing the State Capacity Development Strategy for new and existing PWSs during this DWSRF funding period. This Strategy is designed to help PWSs, especially small PWSs, obtain adequate technical, financial, and managerial capacity to meet existing and future SDWA regulations. The Program's Capacity Development Coordinator will oversee the components of this set-aside.

b. Capacity Development Grants (\$500,000)

As a part of this set-aside, the Program will use \$500,000 to fund Capacity Development Grants. Grants less than \$30,000, but no more than 75 percent of the actual cost, will be made available to eligible PWSs for the solicitation of professional services for the completion of documents that could assist the PWS in becoming more viable. Documents to be considered for these funds are:

- Comprehensive System Facility Plan,
- Capital Improvement Plan,
- System Infrastructure Assessment (as defined by the PUC),
- System Hydraulic Model Report,
- Leak Detection/Water Audit,
- Management Review Report,
- System Vulnerability Assessment,
- Emergency Response Plan,
- Risk and Resiliency Assessments,
- Comprehensive System Operations and Maintenance Manual,
- Energy Audit,
- Water Rate Study,
- Financial Audits required for a DWSRF Loan Application for First Time Borrowers
- Corrosion Control Treatment Plans
- Preliminary Engineering Report,
- Asset Management Plan, or
- Any other professionally created document that the Program determines can improve PWS viability.

Grant Assistance will not be provided if a similar report or study has been completed in the last five years or if the PWS requesting Grant Assistance has an open Capacity Development Grant from previous grant cycles. Grant assistance will be provided only after the Program has reviewed and approved the document. Any one PWS may only have one active grant at a time. Professional Engineering services are required to be selected through a competitive procurement process unless a justification for sole-sourcing is provided by the PWS and approved by DWP.

Limited population Community PWSs, which serve a population of approximately 200 or less, may apply for grants up to \$9,000, but no more than 90 percent of the actual cost for capacity development activities as described above.

3. Training Assistance (\$296,000)

- a. Training Reimbursement Fund (\$200,000). The Program will allocate \$200,000 for PWS capacity training. This training will encompass technical, managerial, and financial capacity strategies and target operators, managers, and owner representatives of all sizes of PWSs. The Training Reimbursement Fund will reimburse training providers at a rate of \$20 per person per credit hour. The following represents a preliminary list of how the funding will be spent:

- Continuing education training subsidy, also known as the training reimbursement fund. This subsidy allows the use of a flat fee structure to assist training providers with facilitating training under the direction of regulatory agencies.
- Trustee Training subsidized outreach to PWSs across the state for topics to assist trustees in managing PWSs. This training will enhance trustees' knowledge of water system infrastructure and public health protection.
- Emergency Preparedness and Security subsidized training and continued updating of PWS emergency response plans.
- Managerial Training for future PWS managers to the Maine Joint Environmental Training Coordinating Committee, JETCC, to assist in a program for water and wastewater operators to develop managerial skills needed in the future. This is a 12-month program in which professional mentors develop the curriculum. Candidates are nominated by their PWSs and selected through a prescribed review process. The goal is to produce graduates that understand regulations, and financial and managerial concepts which are essential to utility management.

- b. Financial Circuit Rider: (\$80,000). The Financial Circuit Rider Program has been performed by Maine Rural Water Association for the past 8 years. Maintaining this technical training and assistance will continue to build capacity in small and disadvantaged public water systems. A description of the program follows.

Increasing the financial capacity is critical to developing the overall viability of PWSs. The Financial Circuit Rider (FCR) is a technical assistance program to target financial capacity building for community PWSs serving a population of less than 10,000. The FCR will provide technical assistance and training to build financial capacity in community PWSs. The FCR will accomplish this through personalized one-to-one, on-site training, remote assistance via phone or internet, and response to training requests for regional utility meetings. The FCR will make pre-emptive visits, respond to PWS requests for assistance or respond to state agency compliance directives. Areas of work will include, but not be limited to:

- Compliance: SDWA Regulations, PUC Regulations, GAAP, Operating Reports, Record Retention Schedules.
- Governance: Right to Know, FOAA, By-Laws, Charters, Business Plans, Restructuring.
- Accounting: Bookkeeping, Rate Setting, Terms & Conditions, Budgeting for Operations & Capital Improvement, Audit Preparation, Interpreting Audit Results, Cash Management, Internal Controls.
- Asset Management: Identification of Assets, Valuation, Depreciation Schedules, And Asset Management Programs/Worksheets.
- Human Resource: Personnel Policies, Employee Handbooks, Workers' Comp Issues, Retirement, Taxation.
- Funding Assistance: RD & SRF Program Education and Application Assistance.
- Operations: Water Audit/Water Loss Tracking, Customer Complaints, Customer Service, Liens, Disconnections, Cross Connection Programs.

- c. PWS Leadership Training Classes (\$16,000). Funding will be used to develop and implement this new program designed to equip water district trustees and board members with the knowledge and tools necessary to effectively fulfill their governance and oversight responsibilities. The training focuses on strengthening managerial and financial capacity, enhancing regulatory understanding,

and improving decision-making to support the long-term sustainability and resilience of Maine's public water systems. The program consists of a training series with topics to include:

- Roles and responsibilities of Board Members/Trustees
- Governance structure and Public Utilities Commission (PUC) oversight
- Board operations, meeting procedures, and committee functions
- Human resources, ethics, legal considerations, confidentiality, and compliance
- Fiscal and fiduciary responsibilities, budgeting, rate setting, audits, and operational oversight
- Emergency preparedness, crisis communication, cybersecurity, and industry collaboration

By strengthening trustee understanding of governance, finance, operations, and emergency planning, this program supports the Drinking Water Program's emphasis on technical, managerial, and financial capacity building while promoting leadership development and improved protection of public drinking water systems. The DWSRF set aside for Capacity Development will fund \$16,000 towards this training effort.

4. Emergency Preparedness (\$172,500)

a. Maine Rural Water Association (MRWA) Emergency Preparedness Technical Assistance (\$45,000). MRWA will utilize this set-aside to fulfill emergency preparedness, crisis leadership and response services detailed below. Allocated funds will be used to provide individualized work products / service to utilities, thus allowing needed flexibility in the delivery of the service. Available technical assistance would include:

- **Resilience Response Drills (RRD):** A modernized and streamlined approach to traditional tabletop exercises (TTX), this program will offer a refreshed, small-system-friendly version of the concept that is short, practical, and outcome-driven. These drills will focus on realistic Maine-based incidents such as extended power loss, severe weather impacts, supply chain disruptions, cyber/communications failures, and staffing limitations. Unlike traditional TTX formats that can feel time-consuming and overly theoretical, MRWA's Resilience Response Drills will be structured as a focused walkthrough of key decisions and response actions, and each participating system will receive a tangible work product at the conclusion of the drill, such as a Priority Action List/Improvement Plan and recommended updates to Emergency Response Plans.
- **Business Continuity Planning (BCP):** The Business Continuity Planning (BCP) project focuses on ensuring that organizations can maintain operations during disruptive incidents by developing plans and procedures to support financial, managerial, and functional continuity. MRWA will work with water systems to facilitate roundtable exercises that simulate BCP activation, implementation, deactivation, and reconstitution, addressing vulnerabilities like access to critical systems, staff, and data. The goal is to improve preparedness for disruptions, from staff separation to system failures. Deliverables include identifying participants, developing assessment checklists, coordinating meetings, creating a Situation Manual, and providing After Action Reports with Standard Operating Procedures.
- **Risk Resiliency Assessments (RRA) and Emergency Response Plans (ERP):** The America's Water Infrastructure Act of 2018 requires Community Water Systems (CWS) with populations over 3,301 to complete a Risk and Resilience Assessment (RRA) to address threats from hazards and malevolent acts. The MRWA will offer assistance to small CWS (under 10,000

population), including helping with initial RRAs, recertifications, and Emergency Response Plans. Eligible participants must be current Maine WARN members, with preference given to disadvantaged communities. The project includes on-site technical assistance, identifying hazards, assessing infrastructure resilience, and helping update Emergency Response Plans.

- b. WARN Mutual Aid for Public Water Systems and their Partners (\$15,000). The Maine Water/Wastewater Agency Response Network (MEWARN) for mutual aid continues to grow and build capacity and resilience for Maine’s public drinking water systems. Proper administrative support for the network is crucial. Maine Rural Water Association will continue to provide support for the MEWARN. Support tasks include, but are not limited to:

- 24/7 availability for emergency response and/or coordination,
- Organization of two Steering Committee meetings annually,
- Administration of mutual aid contracts,
- Regular and continued maintenance of emergency contact database,
- Recruitment of new members,
- Test the HAN twice annually and
- Attend (Virtually) National WARN Chairs meetings.
- Promote bulk water hauling guidance and strengthen partnerships.

The MEWARN will continue their efforts to initiate the creation of a Statewide Drought/Emergency Response Network comprised of entities/individuals affiliated with bulk water delivery.

- c. Emergency Response Trailer (\$25,000). MRWA is seeking continued funding to sustain and expand its Training and Emergency Response Trailer program, which provides rapid-deployment equipment, tools, and trained personnel to support small and rural drinking water utilities during infrastructure failures and emergency incidents. Many systems serving fewer than 10,000 people operate with limited staffing and resources, making it difficult to respond effectively to events such as power outages, flooding, wind damage, or major main breaks. In 2025, MRWA deployed its trailer 20 times statewide, including 10 active emergency responses, and conducted four regional trainings to improve readiness and awareness. The program not only supplies specialized equipment that utilities may not otherwise own, but also delivers experienced technical staff capable of sustained, multi-day field response when internal capacity is exceeded. MRWA currently maintains two trailers and has authorization for a third; continued funding will support build-out, equipment acquisition and replacement, inventory management, rapid deployment, training support, and coordination with DWP, MEWARN, and emergency management partners to strengthen statewide resilience and protect public health. Any equipment purchased through this set-aside will be procured following competitive procedures (See Section 5G).

- d. Resilience and Emergency Preparedness (\$87,500). This program coordinated through Maine Water Utilities Association (MWUA) aims to enhance the resilience of water systems in Maine against extreme weather events and emergencies. It focuses on training operators through regional tabletop exercises to handle disasters like contamination, natural hazards, and cyberattacks. Key initiatives include developing disaster-specific management plans, training PWS on manual operations during process control and SCADA operation disruptions, promoting infrastructure upgrades, and leveraging federal resources. The program will strengthen emergency response,

coordination, and mutual aid among utilities, helping them adapt to weather challenges like flooding, drought, and extreme weather.

5. Special Projects (\$32,000)

- a. Benchmarking IV (\$5,000). Maine Rural Water Association will continue their work on the Measures Implementation. As a result of DWSRF's substantial investment in Measures, financial and operational data from seventy-five of Maine's utilities has been captured and verified for accuracy; this represents 93% of the estimated population served by PUC regulated public water systems. The metrics found in Measures provide management with the ability to assess the financial health and operational parameters to provide insight when comparing utilities. Additionally, said metrics allow access to crucial information needed for long range planning and can be used to determine if the utility is making forward progress over a stated time. This initiative also provides regulators with a data set that allows access to regulated public water systems data that can be used to prioritize long term public drinking water infrastructure needs and opportunities for targeted capacity assistance.

Project Deliverables:

- Coordinate with Big Room Studios to update and maintain the Measures application
- Expand PWS participation in the program
- Focus sustainability and functionality of the current data set.
- Train users in value and use of the data system by utilities.
- Input FY 2024 and FY 2025 data when available

- b. Workforce Development Program (\$27,000) Maine's water industry is facing an accelerating workforce shortage that threatens the reliable delivery of safe drinking water, prompting a coordinated recruitment initiative focused on attracting and developing the next generation of water professionals. The proposal includes creation of a statewide "Water Industry Road Show" and a broader workforce awareness and communications campaign to highlight the industry's competitive salaries, job stability, community impact, and available career supports. Efforts will include partnerships with high schools, vocational programs, colleges, and allied organizations; development of portable outreach toolkits and hands-on operator-focused presentations; delivery of at least 10 in-person recruitment events; creation of introductory training micro-modules and exam preparation sessions; and production of evergreen, plain-language video and targeted advertising campaigns aimed at active job seekers and areas with heightened workforce needs. Together, these projects are designed to raise awareness, engage previously disconnected jobseekers, particularly in rural communities, and build a sustainable pipeline of qualified water professionals statewide.

6. Wellhead & Source Protection Programs (\$1,381,988)

- a. New Well Approval & Wellhead Protection Program Staff Expenses (\$961,988). The Program will use this set-aside to fund six staff including a hydrogeologist who, among other technical assistance and field inspection duties, works with PWSs to navigate the new well approval process. Properly locating a well is fundamental to continued source water protection, and this position will work on-site with PWSs, well drillers, engineers, and geologists to minimize conflicts with potential contaminant sources. Additional staff in this set-aside provide outreach to PWSs, municipalities, and other state agencies to reduce the risk of contamination of public water sources.

Staff funded under this set-aside also assist in management of subsurface wastewater rules, one of the key parts of Maine’s wellhead protection strategy, and in regulating well drillers so that wells are installed using appropriate tools and techniques to protect water quality.

- b. Source Protection & Water System Asset Security Grants (\$400,000). The total cost of the grant programs in 2026 is \$400,000. Eligible PWS include community systems and non-profit non-community systems. Grants are available in an amount up to \$10,000 per PWS; larger grants in an amount up to \$20,000 per PWS may be approved at the discretion of the DWP where larger need is clearly demonstrated.

The Source Protection Grant replaces the former Wellhead Protection Grant Program and Source Water Protection Grant Program into a single program and application. This combined program grants funding for the planning and/or implementation of source water protection activities for both ground water and surface water sources. Eligible activities include but are not limited to developing useful base maps, drafting an aquifer protection ordinance, purchasing and installing signage to demarcate source protection areas, development or updating of watershed management plans, buffer establishment and upkeep, road and storm water management and reconstruction activities, mitigation of potential sources of contamination, and developing public outreach and educational programs and materials.

The Water System Asset Security Grant funds projects focused on the planning and implementation of security measures to promote physical security and/or protection against cyberattacks. Eligible activities for the security measures include but are not limited to purchase and installation of fencing, signs, cameras, and alarm systems, as well as software upgrades and cybersecurity projects or assessments.

Applications will be accepted on a rolling basis throughout FY2026. Awards will be made on a first come, first served basis while funding is available. In the chance that demand exceeds funding availability, projects will be ranked using the priority scoring system shown in Section 6I. II. b-d.

- c. Public Education/Outreach (\$20,000). The Program will use funds from this set-aside to develop contracted agreements with environmental and educational organizations to raise awareness of the importance of local water resources. This fund also pays for Printing and Mailing signs, reports, and informatics. As a part of drinking water outreach, the Program supports programs around the State to increase awareness of drinking water issues.

4D. Non-Project Activities/Set-Asides (Emerging Contaminant Capitalization Grant)

We discuss our set-asides for this Capitalization Grant below and the summary is presented on Table 3-1A. The Program is allowed up to 4% of the Emerging Contaminant Grant amount for the Administration of the Drinking Water State Revolving Fund. The funds allowed by the SDWA for the first non-project activity, Program Administration, are **\$305,600** . Pursuant to the MMBB-DWP Memorandum of Understanding, the MMBB and DWP have mutually agreed that 50% of this set-aside will be used by the MMBB (\$152,800). The total Program Administration budget is **\$290,800** . Any unspent funds allotted to these set-aside activities that remain at the end of the funding period will be carried forward for future use for these activities. Also, the balance between the available funds and the budget (\$14,800) will be applied to the Program’s Banked Credits.

The maximum amount available to the second set-aside, non-project activity, Technical Assistance to Small PWSs is 2%, or **\$152,800** . The Technical Assistance to Small PWSs budget is **\$69,000** , leaving \$83,800 available as Banked Credit for this Set-Aside. The Technical Assistance funds will cover the cost of one-half of one Water Quality Specialist full time equivalent (FTE) position with the Maine Drinking Water Program. Any unspent funds allotted to these set-aside activities that remain at the end of the funding period will be carried forward for future use for these activities.

The maximum amount available for the third non-project activity, Drinking Water Program Functions for PWS Supervision, is 10%, or **\$764,000** . The Program determined the amount of funds necessary to cover the budgeted expenses for each of the Program activities for the upcoming year is **\$138,000** . The Program will fund one FTE with this set-aside. The program will add \$626,000 to the Banked Credit.

The maximum amount available for the fourth non-project activity, Other State Set-Aside, is 15%, or **\$1,146,000** \$. The Program has decided to forego utilizing this set-aside.

If at any time an excess accumulation of funds develops in any one set-aside activity mentioned above, the Program can decide to transfer these funds amongst to the Project account. With notification to EPA, the Program reserves the right to transfer funds between subaccounts of the 15% non-project set-aside account if deemed necessary.

4E. Separate non-project activity accounting.

The funds allocated for each non-project activity will be separated into individual accounts at EPA Region I. The release of monies from these accounts will be performed on a cash draw basis with the requisition for funds being based on actual expense records submitted to EPA. Program staff will review and approve all requisitions and submit them to the MMBB to initiate the release of funds. The MMBB will also maintain separate accounting for each of the non-project activities.

4F. Transfer of unspent funds to the DWSRF.

The allocated funds for each of the first three non-project activities, Program Administration (I), Technical Assistance (II) and Program Functions (III), can be banked (any unspent funds can be drawn against future grant awards) and used for the same activities in later years. Funds for the fourth activity mentioned above, Other Non-Project Activities (IV), cannot be banked. The Program must demonstrate in set-aside workplans to EPA how the funds allotted to each set-aside activity in each year's Grant are to be used within a specific period. Other Non-Project Activity (IV) funds can be utilized by any one of the four activities mentioned in Section 4C. IV (1-6) above, with no more than 10% of the Grant going to any one activity.

5. Project Funds

5A. Funds available (Base & Supplemental Capitalization Grants)

After allocating funds for set-aside activities, the Program will combine the remaining Grant funds with the State Match, loan interest and repayments and carry-over funds to determine the total available project funds. The total funds available for financial assistance as loans to Standard Projects and Disadvantaged Community PWS projects for the 2026 DWSRF Grant period is:

- \$53,740,214 for Projects funded by the combined Base and Supplemental Capitalization Grants (B & S), and

- \$7,142,200 for Projects funded by the Emerging Contaminants Capitalization Grant (EC).

The 2026 DWSRF Base Grant includes a requirement that a minimum of 12-percent of the 2026 Base Capitalization Grant is available for Disadvantaged Community PWSs as principal forgiveness assistance on awarded DWSRF loans. Maine DWSRF has targeted an additional 37-percent of the Base Capitalization Grant to be offered as Principal Forgiveness for any project. The Supplemental Capitalization Grant requires exactly 49-percent of the grant be available for Disadvantaged Community PWSs as principal forgiveness assistance on awarded DWSRF loans.

Assistance subsidies in the form of principal forgiveness available to eligible Disadvantaged Communities will be at levels of 20, 35, 50, 65 and 85-percent based on community Median Household Income and Residential Water User Rates as detailed in Section 8E. The 2026 DWSRF Supplemental Grant Appropriation requires 49-percent of the 2026 Supplemental Capitalization Grant is available for eligible recipients, including Disadvantaged Community PWSs, as principal forgiveness assistance on awarded DWSRF loans.

In special cases, where the PWS does not have the customer base, the DWSRF Program may determine the maximum loan the PWS may affordably pay back and apply the Principal Forgiveness appropriately.

The 2026 DWSRF Base and Supplemental Capitalization Grant Primary List includes 28 projects, with 21 projects meeting the Disadvantaged Community criteria with a total funding amount of \$50,023,390 (see Attachment F). The 2026 DWSRF Backup List includes 16 projects (see Attachment G). In additional \$1,036,030 has been carved out to support the Small PWS Compliance Loan Fund.

The Priority Project Lists may be amended or updated to consider new or updated information from PWSs.

The Program has reimplemented the maximum loan limit for any PWS of \$5 million dollars for any given year. Multi-year projects may be funded over consecutive years if it is mutually agreed upon by the Program and the applicant. The project will not be subject to the consecutive year(s) ranking and receive funding on the Primary List. In some cases, depending on project schedules and short-term financing, the Program may choose to refinance approved projects in subsequent years.

I. Manufactured Housing Communities

Recognizing the diverse landscape of water infrastructure challenges faced by communities across our State, the Maine Drinking Water Program is committed to continually enhancing the effectiveness of the DWSRF program. In alignment with this commitment, a targeted funding priority aimed at addressing critical drinking water infrastructure needs within manufactured housing communities (MHC) was established in 2024.

Manufactured housing communities play a significant role in providing affordable housing options to over ten percent (10%) of Maine's population. However, these communities often face unique challenges related to their water infrastructure. Aging systems, limited resources, and the vulnerability of residents in such communities necessitate a focused approach to ensuring safe and reliable drinking water.

Historically, the project selection process has prioritized construction-ready projects, a criterion which has demonstrated to favor municipalities with greater financial and technical resources, and

inadvertently placed MHCs at a disadvantage. The inherent disparities have resulted in consistently lower project priority rankings for MHCs, hindering their ability to compete for the DWSRF discounted funding.

Recognizing this imbalance and to contribute to the overall improvement of water quality and access, additional priority points will be designated for applications received for drinking water infrastructure improvements at public water systems designated as MHCs (See Section 6I: Project Priority Ranking System). This strategic allocation aims to kickstart targeted projects that directly benefit these communities, ensuring that resources are available to meet their unique needs.

Funding will be awarded at the highest tier of Principal Forgiveness for the project year. In order to participate, the MHC must either be able to obtain financing from the MMBB or, if for any reason unable to obtain financing from MMBB for the unforgiven portion of the loan, the DWP will offer the original proposed forgiveness as a 100% PF loan, with the opportunity for the recipient to self-fund or seek local financing elsewhere. Reimbursements will be handled as proportional draws between local and SRF dollars at a ratio of the original PF level. Failure to provide a local match will result in forfeiture of SRF funding.

5B. Project Funds Available (Emerging Contaminants Capitalization Grant)

In addition to the Base and Supplemental Grant funds, the DWSRF has an Emerging Contaminant Capitalization Grant. Maine intends to take **\$497,800** in set-asides leaving \$7,142,200 in project funds which is required to be 100% principal forgiveness (PF) with at least 25% being awarded to PWS which serve Disadvantaged Communities or serve populations of 25,000 or less.

Maine's eligible public water systems were invited to apply for funding during the FY2026 open application period. A total of eleven applications for Emerging Contaminant (EC) project funds were submitted, totaling \$59,874,269. This request far exceeded the available project funds.

Projects were scored and ranked based on the same criteria as general project applications (See Section 6I: Project Priority Ranking System).

To expand the reach of the available limited funding, the DWP decided to cap funding awarded from either IJA-EC or the Small Disadvantaged Community Emerging Contaminant Grant to \$10,000,000 to any one PWS. Applicants whose project budgets exceed \$10,000,000 will be eligible for general DWSRF financing to address any remaining balance, up to the 2026 award cap of \$5,000,000. These applicants are eligible for principal forgiveness at the tier determined by their DAC status. DWSRF loans, inclusive of principal forgiveness, will qualify for the 10% local share component.

Additionally, \$246,970 has been carved out of the general project funds to assist small public water systems which exceed the federal standard on a rolling basis. The DWP has identified at least 47 small public water systems (manufactured housing communities, schools, assisted living facilities, etc) that currently exceed the standard of 4-ppt for PFOS or PFOA. This carve out will be utilized to address contamination in these PWS via the Small PWS EC Grant program.

The Priority Project Lists may be amended or updated to consider new or updated information from PWSs.

I. Small PWS EC Grants

These "grants" are for PWSs serving a population of approximately 100. Funding can be used for installation of treatment for PFAS and any necessary pre- or post-treatments. Funding can be used

for building modifications to accommodate treatment or to cover the costs of the installation of a small auxiliary building if treatment will not fit within existing facility's footprint. Funding can also be used for system consolidation with a neighboring PWS that does not have PFAS levels exceeding Federal Proposed MCL or for development of a new water source. Applicants will qualify for up to \$50,000 EC Funds in the form of a 100% principal forgiveness loan. Project administration costs will no longer be eligible for funding in FY26. Additional construction and treatment funding beyond \$50,000 may be awarded on a case-by-case basis determined by site specific needs. These grants may be applied for and awarded on a rolling basis as the funds are available.

All qualified project applications received are deemed to have a project eligibility ranking above 100 points as projects needed to achieve compliance with current or future SDWA standards. The Standard Project Ranking criteria is detailed in Section 6I. Since a ranking above 100 points exceeds the lowest ranked funded project in Attachment F, these projects are eligible for placement on the project Priority List.

II. Large PWS EC Treatment Grants

These "grants" are intended for larger PWSs and those with more complex treatment needs and will be awarded in the form of fully forgiven loans. Funding can be used for installation of treatment for PFAS, any necessary pre- or post-treatments and any associated engineering expenses. Funding can be used for building modifications to accommodate treatment or to cover the costs of the construction of an auxiliary building if treatment will not fit within existing facility's footprint. Projects with total funding requests less than \$250,000 will be awarded with no matching criteria and at 100% PF. For any project which the grant awarded at \$250,000 or greater, this grant will cover 90% of eligible project expenses. The PWS may apply for base and supplemental loan funds for the remaining 10% or utilize alternative funding of their preference. DWSRF loans, inclusive of principal forgiveness, will be recognized as a local match.

Funding for this initiative is also available through the Small Disadvantaged Community Emerging Contaminant (WIIN) Grant. Determination of eligibility and best fit of funding program will be determined at the time of award.

III. PWS Consolidation EC Grants

These "grants" are for the consolidation of a Community or NTNC PWS with a PWS that is below the Federal proposed MCL for PFAS or is actively investigating or implementing treatment options if currently exceeding the proposed MCL. Funding will be awarded in the form of fully forgiven loans. The first \$249,999 (100% PF) will be awarded with no matching criteria. For any project which equals or exceeds \$250,000 this grant will cover 50% of remaining eligible project expenses up to a limit of \$2,000,000 (100% PF). When projects equal or exceed \$250,000, PWS is responsible for 50% share of remaining balance, DWSRF loan funds will not be available. These grants may be applied for and awarded on a rolling basis if the funds are available. Lifetime limit of \$2,000,000 of grant per consolidation effort.

IV. Private Well Extension EC Grants

These "grants" are intended to address privately owned wells with PFAS levels greater than the proposed Federal MCL by extension of water mains from Municipal PWSs that are below the Federal proposed MCL for PFAS or are actively investigating or implementing treatment options if currently exceeding the proposed MCL. Funding will be awarded in the form of fully forgiven

loans. Funding will be awarded at a rate of \$100,000 per residential unit or place of business connection up to a limit of \$2,000,000 per extension. Funding must be applied for by the Municipal PWS who is extending their distribution main. These grants may be applied for and awarded on a rolling basis if the funds are available. Lifetime limit of \$2,000,000 of grant per private well extension effort.

V. Emerging Contaminant Design Assistance Grants

These grants are intended to assist a Community or NTNC PWS to study and assess solutions to PFAS contamination issues. Eligible expenses may include pilot studies to evaluate treatment techniques, engineering expenses for the design of treatment facilities, hydrogeological studies for the investigation of replacement water source(s), and preliminary engineering reports and cost assessments for system consolidation and water main extensions. A limit of \$30,000 in grant funds is in place for small PWS serving a population of approximately 100 or less or needing a filtration capacity of approximately 10gpm or less. A limit of \$200,000 in grant funds is in place for larger PWSs and those with more complex treatment needs. Individual grant awards may exceed these established limits on a case-by-case basis at the discretion of the DWP.

5C. Projects to be funded

Attachments F, G and H provide lists of projects the Program intends to finance from the total project funds available from the 2026 DWSRF Grant period awards. Projects are listed in priority point score order. Priority point scores are determined using the point system shown in Section 6I. Attachment F is the PPL of Standard and Disadvantaged Community PWS projects. Attachment G is the Backup Project List. The Backup Project List contains the projects that may receive assistance if projects on the PPL do not proceed as planned or are by-passed. Each project can be described using one of the general types of projects listed below:

- 1) Replacement of contaminated source with new potable source.
- 2) Construction of treatment facilities.
- 3) Installation of disinfection facilities.
- 4) Projects addressing compliance/enforcement issues.
- 5) PWS consolidation to address viability issues.
- 6) Projects required to remove a PWS's status as a SDWA significant non-complier.
- 7) Replacement of aging infrastructure.
- 8) Upgrade or rehabilitation of existing water facilities.
- 9) Installation of meters and backflow prevention devices.
- 10) Acquisition of land integral to a DWSRF eligible project.
- 11) Extension of a PWS to address PFAS Contamination in Private Wells.

The projects that are ultimately financed by the Program may not be selected exactly as listed on Attachments F and G. Some of the factors that could affect the current lists are as follows:

- 1) A listed project receives full or partial funding from another source.
- 2) A project is by-passed as described in Section 6B.
- 3) Funds available are increased or decreased due to actual project costs vs. estimated costs listed on Attachment F or G.
- 4) The PWS or project is found to be ineligible for DWSRF funds.

- 5) A PWS's loan application is denied.
- 6) A project or PWS is unable to meet DWSRF project requirements as described in this Section; or
- 7) A PWS declines DWSRF assistance.

The terms of financial assistance for Standard Projects are described in Section 7. The exact terms will be set at the time of the loan agreement for each project. The amount of principal forgiveness assistance and loan terms to be provided for Disadvantaged Community PWS projects will be determined during the loan application process using the criteria described in Section 8.

5D. Unencumbered Funds from Previous Grant Years

Funds from the DWSRFs that were not encumbered have been carried forward into this 2026 IUP. In accordance with the long-standing statutory, regulatory, and policy requirement that States have one year from funds receipt to commit funds into signed loan agreements, all 2026 DWSRF projects that do not have a binding commitment (i.e., signed loan agreement) by October 1, 2027 may be by-passed and the funds will be carried forward to the next year's IUP or made available for currently active projects that have encountered cost overruns. PWSs will need to reapply for the next funding cycle if by-passed.

5E. PWSs/Projects Ineligible for Funding

PWSs that lack the technical, financial, or managerial capacity to operate their PWS in compliance with present and future requirements of the SDWA are not eligible to receive DWSRF funds unless the proposed project will address and resolve the lack of capacity. All PWSs will receive a capacity development review and approval before the Program will enter into a loan agreement. PWSs that are in Significant Non-Compliance with the SDWA are not eligible, except as noted in Section 6H. PWSs that serve federally owned installations are not eligible. A Non-Community PWS owned by a for-profit enterprise is not eligible to receive DWSRF funding.

Proposed projects for which the primary purpose is to provide fire protection or system growth are not eligible for DWSRF funding. Laboratory fees for monitoring and operational and maintenance expenses are ineligible project costs. Land acquisition secured by eminent domain condemnation proceedings or from an unwilling seller is not eligible to receive DWSRF funding. Projects that do not receive a favorable environmental determination and initiate construction will not receive DWSRF funding. All projects must complete the environmental review process to the satisfaction of the Program and receive a favorable environmental determination before the start of construction.

Since funding is limited, demand is considerable and funds are subsidized, DWSRF funding will be provided to only the most viable, cost effective, environmentally acceptable projects.

5F. Environmental Reviews

All "Equivalency" projects financed with DWSRF funds will have a "NEPA-like" Environmental Review. "Non-Equivalency" projects use the State Environmental Review Process (SERP), defined in the State of Maine Rules Relating to DWSRF Rules. The environmental review should be performed, and a favorable determination made prior to the design of the facility. The Environmental Review process must be completed prior to the start of construction for the project to receive DWSRF funding. The State of Maine Rules Relating to the DWSRF, Chapter 230, puts forth the Environmental Review requirements for all projects. The applicant is required to submit specific information identified in Chapter 230 for a project for the Program to make an environmental determination. The required information is dependent upon the type and scope of the project proposed to receive DWSRF funding.

An Environmental Review and determination prepared for/by another federal funding agency may be accepted by the Program.

5G. Procurement Requirements

The competition thresholds for procurement of goods and services are as follows:

- a. Recipients may purchase goods and services that do not cost more than the Micro-purchase threshold \$10,000 without competition provided purchases are equitably distributed among suppliers to the extent practicable, taking DBE considerations into account, and the price is reasonable.
 - i. PWS participating in the Small PWS Emerging Contaminant Grant and Small Compliance Loan programs may establish micro-purchase thresholds up to \$50,000 for treatment installation projects.
 - ii. Recipients may not make a series of purchases in a relatively short time frame from the same source in amounts at or less than the micro-purchase threshold or less to avoid competition as that practice would not lead to equitable distribution of purchases from qualified sources.
- b. For purchases that cost more than the micro-purchase threshold but less than the Simplified acquisition threshold set at \$250,000, recipients may use small purchase procedures and solicit offers from a minimum of three sources, taking DBE considerations into account, without formally advertising or otherwise publicizing the contracting opportunity.
 - i. Recipients must attempt to obtain documented prices or quotes (e.g. by email or price list searches) from at least 3 three qualified sources to meet this requirement.
 - ii. Recipients must select the lowest priced item or service that meets the requirements of the specification unless it can otherwise be demonstrated that the goods or services available at a higher price offer the best value. A written justification for the decision to purchase at the higher price must be submitted for review and approval by the DWP and documented in the project folder.
 - iii. Insurances must be made that the vendor charges similarly situated customers the same price as it is offering to the recipient.
 - iv. Bid or performance bonds are not required for purchases in amounts less than the simplified acquisition threshold.
- c. Procurements in excess of the simplified acquisition threshold are subject to the formal competitive requirements of sealed bidding.
 - i. Recipients must solicit bids from an adequate number of potential contractors, taking DBE considerations into account.
 - ii. Tribal and local government recipients must publicly advertise the contracting opportunity. Other recipients may use web site announcements, pre-qualified bidder lists or similar means to solicit bids.
 - iii. The solicitation must remain open at least 30 days.
 - iv. Award of contract must go to the lowest, responsive bidder. Bidders that cannot meet the terms of the contract shall be considered non-responsive.
 - v. A tabulation of bids and the bid submittal of the contractor recommend for award must be submitted to the DWP for review and approval prior to award.

All DWSRF construction projects in federal fiscal year 2026 must use the Davis-Bacon Wage Rates. Exceptions include non-construction work funded by set-asides and worked performed through force account labor (PWS personnel).

5H. Build America Buy America (BABA) and Use of American Iron and Steel (AIS)

On November 15, 2021, Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, was signed into law which includes the Build America, Buy America Act ("the Act"). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America's industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.” (Build America, Buy America Act, P.L. 117-58, Secs 70911 - 70917.

The Office of Management and Budget's (OMB) Made in America Office released its additional guidance for implementing the Build America, Buy America Act, 2 CFR 184, on August 23, 2023. The new guidance is effective on October 23, 2023.

As states deploy IIJA SRF funding, the Maine Drinking Water Program will:

- Oversee BABA implementation across state SRF-funded projects, as applicable, and provide detailed information on BABA compliance requirements, flexibilities, and processes to recipients.
- Inform SRF grant and loan recipients of the domestic preference requirements. EPA will work with states to develop and provide information to SRF recipients.
- Collaborate with EPA and industry to incentivize and grow domestic supply chains and U.S. manufacturing capacity for products essential to drinking water, wastewater, and stormwater infrastructure.
- Educate funding recipients about their eligibility for waivers and provide help applying for waivers. EPA will develop appropriate waivers and processes to facilitate a smooth transition to these expanded requirements.

As per 10 SEC. 436,(a)(1), none of the funds made available by a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 381 et seq.) or made available by a drinking water treatment revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C.16 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a PWS or treatment works unless all of the iron and steel products used in the project are produced in the United States. (2) In this section, the term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

Subsection (a) shall not apply in any case or category of cases in which the Administrator of the EPA (in this section referred to as the “Administrator”) finds that - (1) applying subsection (a) would be inconsistent with the public interest; (2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or (3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more

than 25 percent. (c) If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency. (d) This section shall be applied in a manner consistent with United States obligations under international agreements. (e) The Administrator may retain up to 0.25 percent of the funds appropriated in this Act for the Clean and Drinking Water State Revolving Funds for carrying out the provisions described in subsection (a)(1) for management and oversight of the requirements of this section. (f) This section does not apply with respect to a project if a State agency approves the engineering plans and specifications for the project, in that agency's capacity to approve such plans and specifications prior to a project requesting bids, prior to the date of the enactment of this Act.

5I. Equivalency

The Program must demonstrate to EPA that the total dollar amount of DWSRF projects funded in any given year that meet these authorities is equivalent to the total federal Grant funds received in that year, less set-asides. This sets the Equivalency Project goal. The 2026 goal for Base and Supplemental Equivalency Projects is **\$21,554,170**.

To meet the Equivalency Project goal for the 2026 Grant, Maine will require that all Projects with total project costs equal or greater than \$250,000, excluding Source, Treatment and Storage Projects, and all Emerging Contaminant Projects meet the below equivalency requirements:

- Federal Financial Accountability and Transparency Act (FFATA)
- Build America, Buy America (BABA) Act
- Single Audit Act

The following equivalency requirements will be applied to all DWSRF projects \$250,000 in cost or greater, regardless of source of funding:

- Federal Cross-Cutting Authorities
- Davis-Bacon Act
- National Environmental Policy Act (NEPA)
- Disadvantaged Business Enterprise (DBE)
- American Iron and Steel (AIS) Provision of the Consolidated Appropriations Act
- Telecom Equipment & Services 2 CFR 200.216
- Project Signage

Projects that fall under \$250,000 (excluding EC) will be considered non-equivalency and must only meet the below criteria:

- Davis-Bacon Act
- State Environmental Review Process (SERP)
- American Iron and Steel (AIS) Provision of the Consolidated Appropriations Act

Anti-discrimination statutes apply to all DWSRF activities, not just Equivalency Projects. Projects eligible for emergency funding may be exempt from this requirement as determined by the DWSRF.

5J. Federal Cross-Cutting Authorities

Cross-cutting Authorities are listed in Attachment E. Federal Cross-cutting Authorities are those federal statutes and Presidential Executive Orders that by their own language affect actions proposed for assistance with DWSRF monies. DWSRF Equivalency Projects and all set-aside activities must meet all applicable requirements of these authorities. Some authorities will be met through the Environmental Review process. Others will be met through procurement or certification requirements of the Program. All organizations in receipt of federal funds for set-aside activities must follow all applicable federal Cross-cutting Authorities in their use of these funds.

5K. Comprehensive System Facilities Plan/ Master Plan

With the goal of increasing sustainability of all PWSs in Maine, all projects on the PPL receiving principal forgiveness will be required to have a professionally prepared Comprehensive System Facilities Plan (Master Plan) that is less than ten (10) years old.

Should a PWS not have a plan that is less than ten years old, funding assistance shall be provided as part of the project loan to complete a plan. An amount shall be included in the final loan amount for the PWS to undertake such a plan.

Should a PWS have a plan that is less than ten years old, the PWS shall be allowed to undertake other plans as detailed below under the same funding opportunities. This shall be at the DWP's discretion. Examples of eligible professionally prepared documents may include:

- Comprehensive System Facilities Plans
- Asset Management Plans
- Energy Audit Reports
- System Hydraulic Modeling Studies/Reports
- Water Loss Audits
- Effective/Sustainable Utility Management Assessment and Improvement Plan

5L. EPA Data Reporting Requirements

All project loans capitalized, at least in part, with funds from the FFY 2026 Grant are entered in a national EPA Data System. DWSRF employees enter information into EPA Data System following award of a loan agreement or amendment, generally on a monthly basis.

In addition, Federal Funding Accountability and Transparency Act (FFATA) reporting requirements will be met by reporting to sam.gov on loans in an amount equivalent to \$21,554,170 which is the amount of the FFY 2026 Base and Supplemental (IIJA) Capitalization Grant available for projects.

The Emerging Contaminant Capitalization Grant (IIJA) FFATA Requirements will be met by reporting to sam.gov on loans in an amount equivalent to \$7,142,200 which is the amount of the FFY 2026 Emerging Contaminant Grant going towards projects.

All loan recipients must obtain a Unique Entity Identifier (UEI) number prior to receiving a loan to enable the state to satisfy FFATA requirements. Equivalency does not apply to the remainder of the Grant. Any contracts, loans or grants funded out of this portion of the Grant that individually exceeds \$30,000 will be reported to sam.gov as required.

6. Criteria and Method of Distribution of Funds

The criteria and method for the distribution of Project Funds is described in Section 6I. Project Priority Ranking System. There is an annual project cap of \$5,000,000 per year.

The criteria and method for the distribution of Emerging Contaminant Funds is described in Section 6I. Project Priority Ranking System. There is a life time project cap of \$10,000,000 per project for any combination of IJJA EC funds and WIIN Small Disadvantaged Community EC funds. EC projects may also be awarded Project Funds up to the annual project cap of \$5,000,000.

All caps will be reviewed in the future if more Project Funds or Emerging Contaminant Funds become available.

6A. Description of Selection Process for Projects to Receive Assistance

Each year all DWSRF eligible PWSs will be asked to submit information about projects (submission of a project information application form provided by the Program) for which they are seeking DWSRF monies for the designated year. This project information will be reviewed for accuracy and eligibility, and then given a priority ranking score based on the system designated in Section 6I below. The DWSRF eligible projects and their respective information will then be listed in order of priority, highest to lowest, in a master list of all projects (Comprehensive Project Priority List). The Program will create the PPL utilizing the provisions in this Section and the amount of available funds. The PPL can be found in Attachment F. A Back-up Project List, Attachment G, consists of projects that did not make the PPL, but are next in line to receive assistance based on their priority ranking. Projects on the Back-up Project List will be offered funds in the order of their priority ranking based on the amount of funds freed up by projects on the PPL that either decline the funds or are by-passed in accordance with the procedures stated in Section 6B. Both lists include the following information.

- Priority Point Score,
- DWSRF Project Number,
- Public Water System Identification Number,
- Population Served,
- Public Water System Name,
- Project Type,
- Project Name,
- Funds Requested,
- Principal Forgiveness Ratio and
- Principal Forgiveness Amount.

The Program will contact all PWSs with projects listed on the PPL after the IUP is finalized to inform them of submittal, review and approval, and application requirements.

6B. By-Pass Provision

A project on the PPL may be by-passed if the PWS has not entered into a signed financial assistance agreement within one year from the receipt of funds from USEPA. To enter into a loan agreement a PWS must submit and receive approval of engineering and construction documents, complete an environmental review, and complete a capacity review.

Funds made available when a project is by-passed will be (a) offered to the highest ranked back-up list project with a similar amount; (b) provided to active projects facing cost overruns; and/or (c)

carried over to the following fiscal year's project list. Selection of the project(s) will emphasize the project most ready to proceed to enter into a binding commitment.

6C. By-Pass for Small Water PWS Assistance

A minimum of 15% of the monies available for funding projects each year must go to PWSs that serve a population of less than 10,000 (small PWSs). The lowest priority project or projects for PWSs that serve 10,000 or more people may be by-passed in any given year to achieve this goal of 15% assistance to small PWSs. As necessary, the highest priority small PWS projects will be selected to satisfy the minimum 15% level. Of the 28 projects on the 2026 PPL, 15 are PWSs with populations of less than 10,000. Total project funding offered for these PWSs is \$21,354,190. Plus, an additional \$1,036,030 has been reserved for projects applying for Small System Compliance loans which will be allocated to community and non-profit non-communities with populations of less than 500 (See Section 6F). Combined 44% of the funds on the PPL will be awarded to small PWSs, exceeding the 15% requirement.

6D. By-Pass for Consolidation Grant Assistance

The Program will by-pass consolidation grant projects that do not meet the deadlines established at the time of application. If a project does not meet the established deadlines, the PWS may reapply for the consolidation grant. Original applications must be submitted before construction occurs. Resubmitted applications cannot be submitted more than a year after construction started.

6E. Emergency Construction Fund

The Emergency Construction Fund provides loans to PWSs that have experienced a recent unexpected event that poses a serious threat to public health and welfare. This may include a severe weather event, accident or sabotage that results in infrastructure damage, or other event that causes a sudden and dramatic impact to drinking water quality and/or available quantity.

These projects must meet the eligibility criteria for DWSRF projects, but do not need to be on the Priority Project List. Emergency Construction Fund projects are not eligible for principal forgiveness. The DWP has the discretion to determine what constitutes an emergency. The DWP will also determine which provisions of the standard loan process (competitive bidding, environmental reviews, capacity reviews, plans and specifications, etc.) must be met. The Program has budgeted up to \$250,000 from repayment funds for the 2026 calendar year. Additional funds if available at the time of the emergency application can also be made available. Funds that are not committed by the end of 2026 will be returned to the pool of funds for standard construction projects.

6F. Small PWS Compliance Loan Fund (SPWSCL)

This fund allows qualifying PWSs to receive up to \$50,000 loans for infrastructure projects that are needed to achieve compliance with a current or future standard of the SDWA excluding the Revised Total Coliform Rule. These funds may also be used to fund PFAS projects once funds reserved under the IJA-EC SPWSEC grants are fully allocated. Loans will be awarded up to \$50,000 for treatment and installation expenses. Project administration fees will no longer be eligible under this fund. Under special circumstances, additional funding may be granted for projects that exceed \$50,000, but generally the PWS owner will be responsible for paying costs excess costs.

If more requests for money are received than we have allocated for the Small System Compliance Loan Program, funds will be made available on a first come first served basis and the ability of the applicant to implement the improvements on a timely basis. The loans would need to meet all

requirements for a standard construction loan including contract document, environmental review, capacity review, Davis-Bacon wage rates and other applicable requirements. The loan term would be set at 100 percent principal forgiveness. A balance of \$1,036,030 will be reserved from the 2026 DWSRF to be available for 2026 applicants. This balance is considerable larger than prior IUP years to help small PWSs remediate PFAS based on the newly established standards.

Qualifying PWSs include all community PWSs (except those regulated by the Public Utilities Commission) with a population of approximately 500 or less and all not-for-profit, non-transient, non-community PWSs. All PWSs that meet these basic eligibility criteria, and are therefore potentially eligible for a project under the SPWSCL Fund, are identified on Attached Appendix L. In exceptional circumstances, not-for-profit, transient, non-community PWSs may also be granted financial assistance through the SPWSCL Fund at the discretion of the Program.

All qualified project applications received are deemed to have a project eligibility ranking above 100 points as projects needed to achieve compliance with current or future SDWA standards. The Standard Project Ranking criteria is detailed in Section 6I. Since a ranking above 100 points exceeds the lowest ranked funded project in Attachment F, these projects are eligible for placement on the project Priority List.

Please note that projects cannot be the result of a failure to maintain an existing treatment system. Projects can consist of developing a new well or the installation of treatment. Consolidation with another PWS could be funded with a consolidation grant.

6G. Consolidation Grants

This fund allows qualifying PWSs to receive up to \$100,000 loans to provide partial funding to PWSs for consolidation with another PWS to enhance PWS capacity. PWSs with a technical, managerial, or financial capacity issue can receive partial funding to consolidate with a more viable PWS to enhance PWS capacity and facilitate the deregulation of an existing PWS. These grants will be issued in the form of 100% principal forgiveness. The eligible costs for the principal forgiveness are the cost of the infrastructure necessary for the PWS to serve the PWS being de-regulated. The grant funds are not intended to replace the de-regulated PWS's infrastructure. The Consolidation Grant funds no more than 50% of the cost of a PWS's consolidation for for-profit facilities and no more than 75% of the cost of a PWS consolidation for not-for-profit facilities. Grant awards may not exceed \$100,000. Payments are typically made on a one-time reimbursement basis; consideration for greater than a single reimbursement will be made on a case-by-case basis determined by the financial need of the applying PWS.

Qualifying PWSs include all community PWSs and all not-for-profit, non-transient, non-community PWSs. All PWSs that meet these basic eligibility criteria, and are therefore potentially eligible for a project under this fund, are identified on Attached Appendix L.

All qualified project applications received will be scored in accordance Standard Project Ranking criteria is detailed in Section 6I. To qualify for funding the consolidation project in consideration must score higher than the lowest ranked funded project in Attachment F.

Awarded projects must adhere to all non-equivalency project requirements, including State level non-equivalency environmental review, American Iron and Steel provisions, and Davis Bacon Act.

6H. PWSs in Priority Status on EPA’s ETT

PWSs that score 11 or higher on EPA’s Enforcement Targeting Tool (ETT) due to current and outstanding violations will not be eligible for DWSRF financial assistance unless/until: a) they resolve all violations to the satisfaction of the Program; b) the project(s) for which they are applying for DWSRF monies resolve all ETT violations; or c) they enter into, and comply with, an Administrative Consent Agreement with the Program that addresses the violations. If the PWS resolves its violations by one of these methods, then its DWSRF eligible project(s) will be prioritized and provided financial assistance in the same manner as all other DWSRF eligible projects. If a PWS is not a priority PWS on the ETT at the time that they receive a loan agreement but become a Priority PWS on the ETT during the construction of the project, then the DWSRF construction reimbursement process will be stopped until those violations are resolved by one of the methods mentioned above.

6I. Project Priority Ranking System

Planning and engineering costs (Engineering Study, Pilot Plant Study, Environmental Study, project design, etc.) can be separately funded from a project if associated with a future DWSRF eligible project. If construction is not occurring during the 2026 construction season, only preliminary costs will be allocated on the 2026 IUP. These activities will be prioritized based on the future DWSRF eligible project for which they are associated. Financial assistance to acquire land integral to a DWSRF eligible project and the guarantee or purchase of insurance for local debt obligation is both DWSRF eligible expenses. Projects submitted for these activities will be prioritized based on the project type with which they are associated. Example: A DWSRF project submission for land acquisition necessary for construction of a planned pump station or treatment facility will be priority ranked the same as the future facility.

The scoring system that will be used for ranking requests for DWSRF funding for this funding period is as follows:

I. Standard Projects (only one priority point score to apply to each project)

a. Type of Project

Priority Points

1) Projects to address compliance and public health issues:

Installation of treatment or connection to a new supply for:

Acute Contaminant	99
Non-Acute Contaminant	80
Small PWS Non-Acute/Acute Contaminant	100

Small = community or non-profit, non-community PWS w/ population <500

Replacement of a contaminated source with uncontaminated source.

If the existing source is:

River/Stream	95
Lake/Pond/Impoundment	90
GWUDI	85
Dug Well	77
Spring	75
Filtered Surface Water	69

Replacement of aging infrastructure at risk of causing contamination.

Uncovered Finish Water Storage	60
Treatment Facility	55
Floating Cover Storage	49
Source-Intake Structure	45
Primary Pump Station	44
Booster Station	42
Storage	40
River Crossing	37
Transmission Mains	35
Distribution Mains	33
Instrumentation/Controls	30
Backwash Lagoons	30
Roughing Filters	30

Rehabilitation of aging infrastructure or upgrade of existing facilities at risk of contamination.

Treatment Facility	44
Source-Intake Structure	26
Primary Pump Station	25
Booster Station	23
Storage (Inside Painting)	20
Transmission Mains	18
Distribution Mains	17
Instrumentation/Controls	15
Backwash Lagoons	15
Roughing Filters	15

2) Installation of facilities to address low system pressure problems:

Backflow Prevention Devices	43
Storage	32
Booster Pump Station	24
Larger Mains	22

3) Projects for compliance with future promulgated SDWA regulations: 60

4) Projects to address aesthetics: taste, color, odor, etc. 8

5) Construction of facilities around a PWS's source to address a health threat or documented contamination threat to a source of supply: *

Unfiltered Surface Water W/Filtration Waiver	72
Filtered Surface Water	62
Groundwater	52

*Source water protection activities are not eligible for funding with Project Funds, but may be eligible for Other Non-Project Activity set-aside funds.

6) Installation of facilities to provide redundant facilities:

Supply (present peak day supply problems)	68
Disinfection Equipment	56
Treatment Train	50
Supply Source	40
Source-Intake Structure	32
River Crossing	29
Pump Station	21
Storage	19
Transmission Main	25

7) Other Eligible Projects:

Catastrophic Failure of Critical Infrastructure	70
PWS Viability: Facility Consolidation	65
Install Backup Power Source	48
Tank Mixing & Re-Chlorination	35
Resolution of Dead-End Water Quality Problems	34
PWS Interconnection	32
PWS Expansion to Address Public Health Issues	31
Installation of Meters	16
Construction of Office, Garage, or Equipment Storage	10

b. Priority Point Add-ons: (only one priority point score for each category applies and is to be added with each category's score including project points to produce the final project priority rank)

Priority points

1) PWS compliance/enforcement status*

Court Action or Civil Penalty Assessment	30
Assessed Administrative Penalty	25
Active Administrative Compliance/Consent Order	20
Loss of Filtration Avoidance/Exemption	18
Long-term Boil Water Order or Do Not Drink Order (>1 year)	16
In Significant Non-Compliance	14
Outstanding Notice of Non-Compliance	12
Outstanding Treatment Technique Violation	10
Active Bi-lateral Compliance Agreement	8
Recommendation from a Sanitary Survey	5

* These priority points are only added if proposed project addresses the compliance/enforcement issue in question.

2) Percentage of annual residential water bill of median household income.

Greater than 2.25%	18
between 2.01% and 2.25%	15
between 1.76% and 2.00%	12
between 1.51% and 1.75%	9
between 1.26% and 1.50%	6

between 1% and 1.25%	3
less than 1%	0

3) Population served.

100,000 people or more	1
between 10,000 and 99,999	2
between 3,300 and 9,999	8
between 500 and 3,299	6
less than 500 people	4

4) Public Water System Type.

Community – Manufactured Housing Community	10
Community	6
Non-Transient	3
Transient	1

5) Project in accordance with Completed System Master Plan. 5

6) Plans and Specifications. up to 10

1 point for each 10 percent completed, maximum 10 points
DWP may request copy of plans and specifications

7) Project in conjunction with road reconstruction project DWP may request documentation of planned road project. 10

8) Demonstration Permitting & Environmental Review is Complete: 10

9) Co-Funding 5

Points will be granted for co-funding only if the co-funder has committed to funding at the time of application. No points will be awarded for applicants have applied for co-funding, but have not yet been committed supplemental funding.

10) Discretionary Points based upon public health risk: Associated only with aging infrastructure. The facility expected useful life is compared to the facilities age.

If the ratio is greater than 50% and less than 75%	5
If the ratio is greater than 75% and less than 90%	8
If the ratio is greater than 90% and less than 100%	12
If the ratio is greater than 100% and less than 125%	16
If the ratio is greater than 125%	20

Note: The following Expected Useful Life values shall be used:

Pipe (Iron/HDPE)	100 Years
Pipe (Asbestos Cement/PVC/Copper)	75 Years
Pipe (Galvanized)	50 Years
Finished Water Storage Facilities	75 Years
Buildings Structures	50 Years
Groundwater Wells	40 Years

Electrical & Mechanical Equipment including pumps	20 Years
Steel Coating Systems	20 Years
Meters	20 Years
Chemical Feed & Storage Equipment	15 Years
Instrumentation	10 Years

11) Project Readiness – Construction anticipated to be underway and submitting drawdown requests:

Prior to August 31, 2026	5
Prior to September 30, 2026	4
Prior to October 31, 2026	3
Prior to November 30, 2026	2
Prior to December 31, 2026	1

c. Additional Priority Points for Compliant PWSs:

DWSRF eligible PWSs that have been in compliance with the SDWA for the last five calendar years (2020, 2021, 2022, 2023, and 2024), will receive extra priority points for each of the five years. The points for each year will be based on the following:

- 2 points - no compliance violations on record with the Program for that calendar year.
- 1 point - violation(s) but all have been addressed and resolved with the Program.
- 0 points – outstanding violation(s) that have not been resolved.

The priority points will be totaled (maximum of 10 points) and added to each project that PWS submitted requesting DWSRF financial assistance.

Total Project Priority Point Score: (a+b1+b2+b3+b4+b5+b6+b7+b8+b9+b10+b11+c)

II. Other Projects - 15% Set-Aside. The types of activities to be funded with this non-project set-aside and the percentage and dollar amount of monies to be allocated to each activity are listed in Section 4C.

Priority ranking system for the 15% set-aside funds. Priority ranking for each set-aside activity will be based on the scoring system listed below. References to **b1, b2, b3**, etc., refer to the add-on points defined in the previous section.

a. Land Acquisition/Conservation Easements:

In the unusual case of multiple applications submitted at the same time, the following ranking criteria shall be used.

<u>Type of Source</u>	<u>Priority Points</u>
Unfiltered surface water with filtration waiver	50
Filtered surface water source	40
Groundwater under the direct influence of surface water	30
Groundwater	20

(Total Priority Ranking Score = Type of Source+b1+b2+b3+b4+c)

b. Wellhead Protection:

- 0 – 5 points Demonstrated need for the project. How will the project help protect your groundwater source?
- 0 – 3 points Previous wellhead protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed or are in the process of completing that identify, evaluate, manage, or eliminate threats to your groundwater supply?
- 0 – 3 points Community Involvement. Protecting drinking water sources is a community effort. Explain how you have included, or plan to include, local partners to work with you to enhance efforts to protect your groundwater source. Have you engaged your neighbors, your customers, and/or your local government in protecting your source?
- 0 - 1 points Implementation of a Wellhead Protection Plan. Projects which will implement recommendations or reduce the risk of contamination identified from an existing Wellhead or Source Water Protection Plan, or from recommendations made by the Program, Maine Rural Water Association, or other qualified professional will receive one point.
- 0 - 1 point Creation of a Wellhead Protection Plan. Projects that include the development or improvement of a Wellhead or Source Water Protection Plan will receive one point.
- 0 - 1 point Cost Sharing. PWSs which contribute money or in-kind services to help fund or complete a portion of the project will receive one point. For example, PWSs that contribute \$100 toward the replacement of each home heating oil tank within their wellhead protection zone will receive this point.
- 0 - 1 point Previous grant awards. PWSs which have never received a Wellhead Protection Grant will receive one point.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Implementation of Wellhead Protection Plan + Creation of a Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

c. Source Water Surface Water Protection:

- 0 – 5 points Demonstrated need for the project. How will the project help protect your surface water source?
- 0 – 2 points Previous source water protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed that evaluate or manage threats to your surface water supply?
- 0 – 5 points Community involvement. Protecting drinking water sources is a community effort. Explain how local partners will work with you to enhance efforts to protect your groundwater source. Will this project benefit another public or private drinking water source? Projects demonstrating value from other sources, financial or in-kind, will receive a higher score.

- 0 – 3 points Describe how the project will address an identified risk. Will the project reduce the risk of contamination identified by a Watershed Management Plan, Source Water Assessment Report, or another priority system?
- 0 or 1 point Implementation of a Watershed Management Plan. Projects which will implement recommendations from an existing Watershed Management or Source Water Protection Plan will receive one point.
- 0 or 1 point Cost Sharing. PWSs which contribute money or in-kind services up front to fund a portion of the project costs will receive one point.

Priority will be given to projects that exceed the \$5,000 grant maximum and which will be funded in part by funds from other sources.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Identified Risk + Implementation of Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

d. PWS Consolidation:

The purpose of this program is to provide partial funding to PWSs to allow consolidation with another PWS to enhance system capacity. PWSs with a technical, managerial, or financial capacity issue can receive partial funding to consolidate with a more viable PWS to enhance system capacity and de-regulate an existing PWS. The PWS Consolidation Grant will fund no more than 50 percent of the cost of the PWS consolidation for for-profit facilities and no more than 75 percent of the cost of the PWS consolidation for not-for-profit facilities. Grant awards may not exceed \$150,000. Payment shall be made on a one-time reimbursement basis. Consideration for greater than a single reimbursement will be made on a case-by-case basis determined by the financial need of the applying PWS. Community PWSs and non-profit, non-community PWSs are eligible for the PWS Consolidation program. For-profit non-community PWSs and federally owned PWSs are not eligible. Each eligible PWS (PWS to be eliminated) may only receive one grant award for any consolidation effort.

Qualifying Criteria:

- The PWS applying for consolidation must have a technical, managerial, or financial capacity issue that will be addressed by the consolidation with the more viable PWS.
- The more viable, receiving PWS must neither exhibit technical, managerial, or financial capacity issues nor result in PWS capacity issues.
- Plans and specifications for the consolidation must be reviewed and approved by the Program.
- The project must complete the environmental review process that is currently part of the DWSRF construction loan program.

Ranking Criteria:

Because limited funding is provided for this initiative, grant awards will be determined by time of application, anticipated construction date, and risk to public health.

6J. Relationship to Meeting DWSRF Goals and Objectives

The criteria and method used to distribute project funds, as stated in this section, satisfies all the goals and objectives of the DWSRF. It also satisfies the DWSRF priority requirements of the SDWA. It gives PWSs with the greatest need for obtaining financial assistance to construct projects that address imminent and long-term threats to public health, pending enforcement actions and compliance issues

with the SDWA, the ability to receive funding by giving their projects the highest priority ranking. It provides for assistance to small PWSs and Disadvantaged Community PWSs. Affordability will be factored into the priority ranking of projects. The method of distributing project funds also provides for the funding of preventive measures such as source water protection, replacement of aging infrastructure, operator certification and capacity development.

6K. Impact on Long-Term Financial Status of the DWSRF

The proposed method and financial terms for distributing project funds presented in this IUP should have negligible impact on the long-term financial status of the DWSRF. Principal payments on loans plus all interest earnings will be deposited to the DWSRF and made available for future PWS capital improvements.

7. Financial Aspects of DWSRF Assistance

7A. General

All PWSs must complete a MMBB loan application to be considered for a DWSRF loan. All PWSs must be able to demonstrate to the satisfaction of the MMBB that they have an adequate source of revenue to support the repayment of loan amounts. A PWS may enter into a loan agreement after its loan application is approved by the MMBB and all required financial conditions are met. Requisitions for construction costs will not be approved until the DWSRF requirements listed in Section 5 are met.

7B. Financial Terms of Loans

All loans for the financing of projects and non-project activities using 15% set-aside funds (the purchase of land and conservation easements for source water protection) will be at an interest rate at or below the municipal tax-exempt market rate with a minimum interest rate of 1% for all loans (exclusive of the Lead Service Line Replacement Capital Funds).

Project loans where the amount borrowed is \$250,000 or more may have a maximum repayment period of up to 20 years from the date of construction or the life expectancy of the asset being financed, whichever is less. Amounts borrowed for less than \$250,000 may be limited to a ten-year repayment term. Loans for land acquisition, conservation easements and Source Water Protection will usually have a repayment term limit of 10 years. Borrowers may request approval by the MMBB for an increase in their payment term above these limits up to a maximum allowable term of 20 years. The request must be in writing and state the need for a greater term. In all cases the loan repayment term will be limited to the life expectancy of the asset to be financed. Loans will have an initial payment due no more than one year from the date of substantial completion of construction for Standard Projects, or the date of the final loan agreement for Other Non-Project Activity funds.

The Program will make the determination of which projects will receive bond blend proceeds. All other projects will be financed by straight loans of repayment funds, Federal Grant, and State Match monies.

Loans for planning and engineering studies, reports and design work that are sought separate from a project loan, but are associated with future DWSRF eligible projects, will have a maximum loan repayment period of the same as the facility would qualify for, but no more than 20 years unless rolled into a construction loan funded through a subsequent IUP with a longer repayment period. Short-term design loans can be rolled into the long-term loan for the construction of the planned or engineered project if it becomes eligible for DWSRF funding.

The financial terms for loans to PWSs that qualify for Disadvantaged Community PWS Assistance is addressed in Section 8.

7C. The Public Utilities Commission (PUC) Requirements

All PUC regulated PWSs must acquire approval for Issuance of Securities from the PUC before they can enter into a long-term loan agreement. If a PWS needs water rates increased to finance a DWSRF loan that includes bond blend monies, the rate increase must be approved prior to the time of the bond sale. Interim financing is discussed in Sections 7G and 7H.

7D. MMBB & DWP Administrative Fees

An Administrative Fee is charged to cover administrative costs as well as establishing an account for certain limited scope water quality projects. Fees obtained through federally capitalized loan funds

will be used for personnel and administrative costs incurred when managing the DWSRF program. Fees obtained through non-federalized repayments may be used for administrative costs as well as to fund certain limited scope, water quality projects that address immediate health and safety issues. Potential uses may include small-scale water quality improvements, short-term corrective actions, emergency response measures, or other targeted assistance intended to address urgent system needs when implementing Cross-Cutting requirements are impractical. Eligibility of such assistance will be determined by the Program based on need, available resources, and protection of public health and system reliability.

The administrative fee will not exceed 6.5% of the periodic loan payment and will be assessed on each payment date of the DWSRF long-term loan. The 6.5% fee is applied to the amount due at each payment date and not on all outstanding amounts as of each payment date. Therefore, this fee will increase the effective interest rate on a 20-year loan by approximately 75 basis points or .75%. For a repayment term greater than 20 years, the impact of the fee on the effective rate would be slightly less and for a repayment term of less than 20 years, the impact on the effective rate would be slightly more. For example, if the interest rate on a 20-year DWSRF loan was 1%, the impact of the MMBB Administrative Fee on the interest rate of the loan would be to increase the effective rate (i.e., the APR) of the loan to approximately 1.75%. The amount of money collected from this Administrative Fee will be placed in a Fee account that will be used to cover costs detailed above (i.e., reimbursing administrative costs and funding certain projects). This Administrative Fee applies to all construction loans and is not waived for disadvantaged community PWSs.

7E. Refinancing of Existing Facilities

DWSRF funds can be used to buy or refinance debt obligations for DWSRF eligible projects for PWSs that are owned and operated by a municipal, inter-municipal or interstate agency. Based on an EPA policy established in the spring of 1999, reimbursing project construction costs incurred prior to the date that the Project Lists are finalized, the last day of public review of the IUP, for a PWS with a DWSRF eligible project on a Project List is considered refinancing debt. The refinancing of debt for privately owned PWSs is not a reimbursable expense for DWSRF financial assistance. Additionally, DWSRF money cannot be used to refinance loans for the purchase of land. Publicly owned PWSs can receive reimbursement of refinanced debt in their DWSRF loans. However, their initial debt and the start of construction of the project must have occurred after July 1, 1993, to be eligible for reimbursement.

The Program will only consider projects that meet all eligibility criteria. Projects that are eligible for refinancing will score priority points as if it were a new project. However, since the DWSRF Program gives a higher priority to projects to address existing health risks or compliance issues, the total score will be reduced by thirty (30) percent. The project will then be ranked against all other projects to determine its placement on the Primary or Backup Project List.

7F. Refinancing of Facilities Currently Being Constructed

As stated in Section 7E above, the reimbursement of project construction costs incurred prior to the completion of public review of an IUP for which the project is included on a Project List will be considered the refinancing of debt. The Program is limited in how it can disburse funds for refinancing debt. Each year EPA allows Programs to only use \$2 million of their initial Grant funds for this

purpose. Further, EPA only allows the disbursement of all costs for refinancing debt above the \$2 million limit to occur when disbursed over an eight-quarter period (two years). The eight-quarter period begins with the quarter the Program receives its Grant. Pre-construction costs (cost for design, planning, legal, etc.) are not subject to this eight-quarter rule and can be reimbursed any time after a PWS enters into a loan agreement.

7G. Projects That Secure Non-Bond Bank Interim Financing for Facility Construction

A PWS may elect to secure interim financing for the construction of a known DWSRF eligible project from a lending institute other than the MMBB. The PWS must abide by all DWSRF requirements (plan review/approval, Environmental Review, Cross-cutting Authority requirements, etc.) to be eligible for DWSRF financial assistance. Also, the PWS must not complete construction of the project before the Grant is awarded to the Program to be eligible. It is preferable that PWSs not even begin construction of the project until the Project List that includes them has been finalized with the completion of its public review. As stated above, all costs incurred prior to the completion of public review will be considered refinanced debt. It will be priority ranked the same as the entire project. These costs will be disbursed as described in Section 7F with the exception that preconstruction costs can be reimbursed any time after the PWS enters into a DWSRF loan agreement.

7H. Projects That Secure Bond Bank Interim Financing for Facility Construction

A PWS may obtain interim financing through the MMBB for a project included on a PPL after the Program has been awarded its Grant. With an interim loan in place, a PWS will be eligible to receive reimbursement of pre-construction project costs (administrative, legal, design, etc.) upon approval by the Program (exception: PWSs in receipt of disadvantaged assistance – see Section 8B). Reimbursement of construction costs will only be allowed when the entire project meets the requirements of Sections 5B through 5F with all required approvals by the DWP. The interest rate for all borrowers electing to obtain interim financing through the MMBB will be equal to two thirds of the 1-year AAA municipal tax-exempt rate then available or 1%, whichever is higher. Fees will not be charged for interim loans.

8. Disadvantaged Community PWS Assistance

8A. Definition of Disadvantaged Community PWS

A Financially Disadvantaged Community PWS is defined as any PWS that serves a community and can demonstrate that its year-round residential water consumers have a median household income (MHI) of \$74,733 per year or less or when the ratio of average annual water bill to median household income is 0.8% or greater.

An Environmentally Disadvantaged Community Public Water System is a non-transient or community PWS that is: affected by environmental pollution, naturally occurring contaminant(s) and/or has lead contamination in the water supply or lead materials in the service line materials; and is at risk for negative health effects due to contamination and/or there is water supply or lead service lines containing lead. DWSRF Disadvantaged Community PWS Assistance will only be allowed where the disadvantaged water consumers will directly benefit from the assistance.

8B. Total Amount of Funds Available for Disadvantaged Community PWS Assistance

The 2026 DWSRF budget appropriation requires a minimum of 14% of the 2026 Base Capitalization Grant and exactly 49% of the Supplemental Capitalization Grant to be available for Disadvantaged Community PWS projects as principal forgiveness assistance. Loan subsidies are defined as funds given out either as principal forgiveness (grant) or as negative interest rates. Maine's DWSRF Program plans to give out subsidies to Disadvantaged Community PWSs only in the form of principal forgiveness.

Principal forgiveness will be made available to the highest-ranking projects first. A PWS must meet all the requirements of Section 5 of this IUP (capacity development, plans and specifications, and environmental review and approval) to enter into a loan agreement.

PWSs receiving loans with principal forgiveness as a "Disadvantaged Community" will be required to finance their project with a DWSRF Interim Loan or local Bond Anticipation Note. Financing with a DWSRF Long Term Loan will be made available after satisfactory determination of final project cost.

When the binding commitment amount and/or principal forgiveness (i.e., additional subsidy) amount does not meet the DWSRF required amounts for a particular IUP/PPL year, the DWP will select projects from subsequent years' IUP/PPL to meet the earlier year's requirement.

8C. Loan Fees and Costs

The 6.5% Administrative Fee will not be waived for PWSs that receive Disadvantaged Community Assistance.

8D. Affordability Criteria

The Affordability Criteria will be based on the Median Household Income (MHI) of the PWS's year-round residential customers or the PWS's calculated Average Annual Water Bill to MHI Ratio.

Criteria I (MHI):

System wide Residential customers of a PWS must have an MHI of \$74,733 per year or less to qualify for receipt of Disadvantaged Community PWS assistance. This figure represents the average MHI for non-metropolitan Maine from the American Community Survey 5-Year Estimate (2020-2024) prepared by the US Census Bureau. The income data used to determine MHI should be that which

most accurately reflects the income of the year-round residential customers in a PWS’s service area. This data can come from either the American Community Survey 5-Year Estimates most current as of time of application, or from a more current independent PWS income survey. All income surveys must be submitted to the Program for review and approval before the results can be used to determine the amount of DWSRF disadvantaged assistance to which a PWS is entitled. An independent Income Survey must be completed prior to and included with the SRF funding application. Income surveys must be conducted by an independent third-party using a methodology approved by the Program. Income surveys shall not be valid for more than three years.

Criteria II (Average Annual Water Bill to MHI Ratio):

The Ratio is Calculated as follows:

$$(\text{Cost of 2,000 cubic feet of water per quarterly billing cycle} \times 4 \text{ quarters}) / \text{MHI}$$

*A basis of 2,000cf. of water per quarter is used for average water consumption.

8E. Limitations/Terms of Disadvantaged Community Assistance

Disadvantaged Community Assistance subsidies in the form of principal forgiveness will be available to Community Water PWSs at maximum levels of 20, 35, 50, 65, 85 percent of the requested DWSRF loan amount based upon the following:

Water Rates as a Percentage of Median Household Income PF (%)

MHI > \$74,733 & Ratio < 0.80	0%
\$74,733 & Ratio > 0.80 or MHI < \$74,733 & Ratio < 0.80	20%
MHI < \$74,733 & Ratio 0.80 – 1.29	35%
MHI < \$74,733 & Ratio 1.30 – 1.49	50%
MHI < \$74,733 & Ratio 1.50 – 1.99	65%
MHI < \$74,733 & Ratio >= 2.00	85%

Note that in certain cases such as when there is very limited customer base and/or an extremely disadvantaged population, the DWSRF Program Manager may increase the amount of principal forgiveness to make the resultant terms of the offer affordable.

DWSRF Base and Supplemental Grants: For PWSs with water rates as a percentage of MHI below 0.8%, the loan will be loaned for a 20-year repayment period. PWSs which qualify for Principal Forgiveness of 20% or more will be allowed for a 30-year repayment period. All Loans will have a minimum a one percent interest rate. Loans for PWSs that qualify for this assistance will have a calculated repayment period of up to 30 years after the completion of the project but may never exceed the expected life of the project being financed. The terms of financial assistance to Disadvantaged Community PWSs will vary depending upon the Water Rates to MHI Ratio (see Section 8D) for each PWS. Subsidy will be determined at the time of application review; terms will be determined at the time a PWS applies to the MMBB, accompanied by all supporting documentation necessary for the MMBB to make these determinations.

Community PWSs not regulated by the Maine Public Utility Commission that do not have water user rates in place may also be considered for Disadvantaged Community assistance. An applicant can propose an alternative methodology for review and consideration by the Program to determine the individual water user cost for 2,000 cubic feet of water consumed per calendar year quarter.

Nonprofit, non-Community Water PWSs may receive principal forgiveness if there is an excess of Disadvantaged Community PWS assistance dollars after all qualifying Disadvantaged Community PWS projects submitted have been financed. The amount of Principal Forgiveness given will be at the discretion of the Program.

The purchase of land or conservation easements by Disadvantaged Community PWSs using set-aside funds can only be accomplished with a loan for a maximum term of 20 years at an interest rate at or below the Standard Project Rate, but no lower than one percent.

The Program reserves the right to increase the maximum percentage of principal forgiveness if the loan subsidy requirement designated by the federal legislation is not met.

8F. PWSs/Projects to Receive Assistance

Subsidies to all Projects and PWSs to receive Disadvantaged Community PWS assistance will be based on the priority ranking system stated in Section 6 and their eligibility for this assistance, as described in this Section. The projects and PWSs to receive this assistance are listed with non-Disadvantaged Community PWS projects in Attachments F and G.

8G. Effects on Long-Term Funding Level of DWSRF

The maximum net long-term effect of the allocation of funds for financial assistance to Disadvantaged Community PWSs as proposed in this Section will be to reduce the future amount of funds available to the DWSRF by the amount of principal forgiveness, plus the lost interest earnings.

9. Public Review and Participation

Each year the IUP will be made available for public review and comment. Copies of the draft IUP will be made available upon request or by viewing the Program’s web site. Informal public review meetings will be scheduled after the release of the Draft IUP. All DWSRF eligible PWSs, drinking water agencies and associations with a direct interest in drinking water matters, other organizations that are known to have an interest in public drinking water issues, and the public will be notified of the availability of the draft IUP. They will also be notified of the time and location of the public meetings where comments and questions related to the draft IUP will be accepted.

A public informational meeting will be held on March 11, 2026. Record of attendance and comments received during the meeting will be noted in Appendix J.

The public review and participation activities for the draft 2026 IUP are as follows:

- September 3, 2025 - Mailing to all PWSs eligible for DWSRF assistance, providing information on the Program and requesting applications for 2026 DWSRF funding. Information also placed on DWP web site.
- October 6, 2025 - Last day for PWSs submitting 2026 DWSRF project applications.
- March 2, 2026 – Draft IUP posted to website and emailed to all PWSs who applied for 2026 funding.
- March 13, 2026 - Public informational meeting on draft IUP held virtually at 2:00PM.
- April 2, 2026 - End of public comment period.
- April 17, 2026 –Project Loan Offers to PWSs with projects on the 2026 DWSRF Primary List.
- May 2026; Grant Pre-Submittal Review and Approval by DHHS Grant Review Committee.
- June 2026, DWSRF Grant Application prepared and submitted to EPA Region 1.
- August 2026, Expected Grant Award by EPA Region 1 (contingent on acquisition of State Match by June 30, 2026).

10. Funding Schedule

Table 10-1: Estimated Forecasted Cash Needs Percentages for FY2026

Grant Program	Capitalization Grant	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total Annual Need
Federal	Base	\$2,000,000	\$614,000	\$614,000	\$614,000	\$3,842,000
	Supplemental	\$12,500,000	\$4,129,333	\$4,129,333	\$4,129,334	\$24,888,000
	Emerging Contaminants	0%	0%	0%	\$7,640,000	\$7,640,000
Non-Federal (State Match)	Base	\$768,400	0%	0%	0%	\$768,400
	Supplemental	\$4,977,600	0%	0%	0%	\$4,977,600
Total		\$20,246,000	\$4,743,333	\$4,743,333	\$12,383,334	\$42,116,000

