

# State of Connecticut Department of Energy and Environmental Protection



## Clean Water State Revolving Fund Intended Use Plan

### Federal Fiscal Year 2025 Title VI Capitalization Grant

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## **Section 1: Introduction**

The State of Connecticut's Intended Use Plan (IUP) is part of the process to request the Federal Fiscal Year 2025 Capitalization and Infrastructure Investment and Jobs Act (IIJA) Grants for the Clean Water State Revolving Fund (CWSRF) program. This IUP includes a list of projects from CT's Clean Water Fund Priority List, short- and long-term goals of the program, how the funds will be distributed, information on activities to be supported, and how the program will meet certain specific requirements pertaining to the management and use of the funds for FY2025. This IUP describes the CT Department of Energy and Environmental Protection (DEEP)'s intended uses for all funds available in the CWSRF program state FY2026, utilizing the federal FY 2025 grant, including the projects that DEEP expects to provide financial assistance to and an overview of how the state will comply with federally mandated requirements.

## **Section 2: Background**

DEEP's Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) is prepared in accordance with the provisions of [Title VI of the Clean Water State Revolving Fund Act of 1987 \(CWA\)](#), the 2014 Water Resources Reform and Development Act (WRRDA), America's Water Infrastructure Act (AWIA) of 2018 amended section 221 of the Clean Water Act, the 2021 Infrastructure Investment and Jobs Act (IIJA, formerly known as the Bipartisan Infrastructure Law), and the 2024 Consolidated Appropriations Act, as authorized by Public Law 118-42, and signed into law on March 8, 2024. This act carries over the requirements and conditions provided under the prior Appropriations Acts. The state also complies with all Uniform Guidance, including Federal Acquisition Regulation (FAR) Section Subpart 9.4- Debarment, Suspension, and Ineligibility.

State funds are governed under [Connecticut General Statutes \(CGS\) Chapter 446k](#), Sections 22a-475 through 22a-527, and by regulations adopted on February 19, 1992, pursuant to CGS 22a-482 and Public Law 117-58 Sections 50201-50222. The State's Clean Water Fund program issues loan and grants at percentages dependent upon project type per the priority ranking system and eligible set-asides and reserves.

The CWSRF partners with local governments in building and financing projects that improve water quality and protect public health while sustaining the State's significant natural resources. The CWSRF provides low interest loans consistent with the federal and state Clean Water Act and grants for qualified Clean Water projects. The [DEEP Priority List](#) (PPL) details the uses of funds available under Sections 22a-478 and 22a-483 of the CGS and federal funds under the Water Quality Act of 1987. The State's Clean Water Fund program issues loan and grants at percentages dependent upon project type per the priority ranking system and eligible set-asides and reserves.

Primary sources of funding for the Clean Water Fund (CWF) program are state general obligation and revenue bonds, as managed by the Office of the State Treasurer, and federal capitalization grants through the Clean Water Act with annual appropriations through the U.S. Environmental Protection Agency (EPA), and Non-Clean Water fund grant for Sewer Overflow & Stormwater Reuse Municipal (OSG) Grant. Since the program's authorization in 1987, DEEP has awarded \$4.5 billion in assistance to 120 communities including 18

municipalities that participate in regional districts or authorities. From the FY 2024-2025 Priority List DEEP expects to fund over \$900 million in project commitments in state FY2026 including current year state bonding, carryover funds from previous years and the annual federal appropriation requested through the Capitalization grant, including over \$350 million in new projects.

Every year since the inception of the CWSRF program, the federal government has appropriated funds for the CWSRF. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1987, DEEP has been awarded over \$724 million in federal capitalization grants. In addition, the State of Connecticut has provided matching funds equal to 20% of the capitalization grants as required by the Title IV legislation. From 1987 to 1990, project loan costs were funded directly with the federal grant and the required state match. Since 1991, loans to municipalities have been primarily funded from the proceeds of state revenue bonds. The federal capitalization grants and state matching funds are used to provide leveraged financing for eligible projects in the state. The State uses a revenue bonding program and the federal capitalization grants are held by the Trustee in the form of either cash or permitted investments. State contributions are held by the Trustee in the form of cash, permitted investments, or State general obligation bonds. The State also created a state-funded grant component that has provided over \$2.1 billion for project grants within the CWF.

a. Connecticut State Agency Partnerships

There is significant coordination of efforts among the agencies of the State with CWSRF responsibilities. DEEP, the agency that carries out the environmental policies of the State, manages the CWSRF programs. The Bureau of Water Protection and Land Reuse Water Planning and Management Division's Municipal Wastewater (WPLR) section administers the program with the support of the Bureau of Central Services (BCS). As the primary agency and the recipient of the federal capitalization grants for the CWSRF on behalf of the State, the DEEP BCS executes annual grant agreements with the federal EPA and provides the business and accounting services for the Clean Water Fund, providing management and oversight of financial and project accounting responsibilities within DEEP including contract management and expense monitoring. The DEEP WPLR provides technical assistance to municipalities for the upgrading of municipal wastewater infrastructure and related infrastructure needs, through planning, design and construction oversight as well as the approval of permits for municipal discharges and enforcing the State's operator certification requirements.

Through a Memorandum of Understanding with DEEP, the Office of the State Treasurer (OTT) manages the bond-financing program and the financial management and administration of the loan program. The OTT receives all the money belonging to the State, makes disbursements as directed by statute, and manages, borrows, and invests all CWSRF funds. As authorized by the State Bond Commission, the OTT oversees and administers the State's bond and debt financing program including issuance of state bonds, issuance of bonds which are limited or contingent liabilities of the state, monitoring the bond markets, financing structures and economic trends that affect interest rates in order to realize favorable bond issuances. The OTT also ensures the timely payment of principal and interest and provides information and data to private credit rating agencies.

b. Water Resources Reform and Development Act (WRRDA)

[The Water Resources Reform and Development Act](#) passed on June 10, 2014 (Public Law 113-121) made significant changes to the CWSRF effective October 1, 2014, including fiscal sustainability and cost effectiveness provisions, maximizing projects' potential for energy conservation, efficient water use, and water reuse and recapture.

WRRDA also contains the Water Infrastructure Finance and Innovation Act (WIFIA), an innovative finance program that will offer direct loans and guarantees for large water infrastructure projects along with subsidy reserves.

The purpose of these requirements is to ensure that recipients of CWSRF financial assistance are managing their physical assets in ways that promote long service life, avoid expensive catastrophic failures, and maximize the long-term financial self-sufficiency of the wastewater system.

c. Infrastructure Investment and Jobs Act (IIJA)

The [Infrastructure Investment and Jobs Act \(IIJA\)](#) was signed into law on November 15, 2021, resulting in increased support of wastewater infrastructure needs in alignment with State Revolving Fund (SRF) programs such as the Clean Water State Revolving Fund (CWSRF). The IIJA provided three additional federal grants to the State of Connecticut: CWSRF General Supplemental Grant, Emerging Contaminants Grant, and Non-Clean Water fund grant for Sewer Overflow & Stormwater Reuse Municipal (OSG) Grant. IIJA legislation Public Law 117-58 mandates that 49% of base IIJA supplemental funding be used for additional subsidy to municipalities which meet state affordability criteria, as well as 20% state matching component for the FFY2025 grant. The IIJA Emerging Contaminants Grant requires a 0-20% sliding scale cost share for projects funding rural or financially distressed communities. The IIJA OSG grant requires that 25% of each state grant fund projects in financially distressed and/or rural communities.

IIJA grants will continue to be provided annually through October 2026, with implementation in accordance with applicable implementation guidelines, as published and amended by US EPA and/or the Office of Management and Budget (OMB).

d. Davis-Bacon Wage Act

Required grant conditions per Section 33 USC 1382(b)(6) and the IIJA of 2021 also include that CWSRF projects funded in FY2025-26, regardless of funding source, must pay their workers the federal Davis-Bacon wage rates for their job classification. CT's CWSRF requires all projects to comply with Davis-Bacon wage requirements.

EPA's FY2012 Appropriations bill required the application of Davis-Bacon prevailing wage rates to all treatment works projects funded in whole or in part by the CWSRF. This requirement continues through 2026. Davis-Bacon applies to construction contracts over \$2,000 and their subcontractors (regardless of the subcontract amount). The Davis-Bacon requirements do not apply to decentralized wastewater treatment projects. To ensure compliance with these requirements, DEEP confirms that the correct wage determinations are being included in the bid specifications and/or construction contracts. DEEP also provides guidance to recipients for the specific EPA Davis-Bacon contract language that is to be included

in bid specification and/or contracts. In addition, DEEP collects Certifications of Davis-Bacon compliance from the principal or prime contractor with disbursement requests.

e. American Iron and Steel Provisions

Some projects will also have to ensure that certain aspects of the project are made with American Iron and Steel products. These are defined by EPA guidance “Implementation of American Iron and Steel Provisions of P. L. 113-76, Consolidated Appropriations Act, 2014” dated March 20, 2014, and dependent upon when the plans and specifications for the project were submitted and approved by DEEP.

To ensure these requirements are met as defined by the “[Implementation of American Iron and Steel Provisions of P. L. 113-76, Consolidated Appropriations Act, 2014](#)” dated March 20, 2014, DEEP provides guidance, including a copy of the memo. Beginning in 2014, CT added language to Clean Water Fund contract documents and loan agreements addressing certification requirements and waiver requests. DEEP also reviews all waiver requests and submits them to EPA Headquarters to ensure compliance.

f. Build America, Buy America Act (BABA)

The IIJA expands domestic sourcing requirements of American Iron and Steel passed in 2014 with the inclusion of construction materials and manufactured goods through the Build America, Buy America Act (BABA). Starting on May 14, 2022, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products, glass, lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States. CT DEEP will require BABA compliance for equivalency construction projects funded through this Priority List with federal monies pursuant to EPA requirements, as amended.

The EPA released the [Build America, Buy America Act Implementation Procedures for EPA Office of Water Federal Financial Assistance Programs](#) in November 2022. The memorandum provides important information to support EPA’s grantees, contractors, and manufacturers in complying with BABA. CT DEEP is committed to compliance with all procedures outlined in the memo for all SRF funded programs. Pursuant to Section 70914(c) of the Act, the head of a Federal agency may waive the application of a Buy America preference under an infrastructure program. CT intends to utilize IIJA funding for projects which were substantially designed prior to May 14, 2022 and eligible for a BABA adjustment period waiver.

g. Fund Management Directives

On January 31, 2024, the EPA released the memo entitled “Maximizing Water Quality and Public Health Benefits by Ensuring Expeditious and Timely Use of All State Revolving Fund Resources”, expanding upon policy memos for Fund Management and [Cash Flow Modeling](#). The memos detail initiatives to ensure program implementation, fund commitments, disbursements, cash flow modeling, and oversight measures maximize the use of all available funds to meet the goals of CWF programs and ensure efficient fund management. CT has identified methods of improving implementation of objectives outlined in the guidance, including:

- Contracting with a new vendor to implement a new, more dynamic cashflow model;
- Conducting outreach to community stakeholders via newsletters, in person and virtual meetings, and providing training and technical assistance;

- Collaborating with the EPA and our contracted partners to ensure accurate and timely reporting of CT CWF projects;
- Revamping internal procedures, documenting and training staff;
- Implementing quarterly reviews and reconciliations of data reporting.

#### **h. Community Grants Program**

The [Consolidated Appropriations Act of 2025 \(P.L. 117-42\)](#) identified funding for specifically named community infrastructure projects, administered directly by the EPA with no required state responsibility. Eight CT projects totaling \$10,720,760 were designated as community projects for federal FY2024, which are ongoing. No CT projects were selected for federal FY2025. Implementation guidance was released by the EPA on April 29, 2024. CT staff attend EPA training on Programmatic and Administrative Requirements to ensure familiarity with community grants awards. CT will continue to collaborate with EPA and municipalities on co-funded SRF projects.

### **Section 3: Allocation of Funds**

CT anticipates Federal FY2025 federal capitalization grant allotments for Connecticut as administered by Department of Energy and Environmental Protection (DEEP) as detailed in Table 1 below.

**Table 1**

| FFY2025 Available CWSRF Funding |                           |                         |                            |                               |                                       |                         |
|---------------------------------|---------------------------|-------------------------|----------------------------|-------------------------------|---------------------------------------|-------------------------|
|                                 | Base Capitalization Grant | IIJA Supplemental Grant | Emerging Contaminants (EC) | Reallotted EC Grants FY22& 23 | Overflow and Stormwater Reuse (OSG)** | Totals                  |
| CT Allotment                    | \$ 19,436,000.00          | \$ 30,179,000.00        | \$ 2,605,000.00            | \$ 142,000.00                 | \$ 869,000.00                         | <b>\$ 53,231,000.00</b> |
| State Match %                   | 20%                       | 20%                     | 0%                         | 0%                            | 0%                                    | \$ -                    |
| State Match \$                  | \$ 3,887,200.00           | \$ 6,035,800.00         | \$ -                       | \$ -                          | \$ -                                  | <b>\$ 9,923,000.00</b>  |
| Total Funds Available           | \$ 23,323,200.00          | \$ 36,214,800.00        | \$ 2,605,000.00            | \$ 142,000.00                 | \$ 869,000.00                         | <b>\$ 63,154,000.00</b> |
| Grant Subsidy %                 | 40%                       | 49%                     | 100%                       | 100%                          | 100%                                  | \$ -                    |
| Grant Subsidy \$                | \$ 7,774,400.00           | \$ 14,787,710.00        | \$ 2,344,500.00            | \$ 127,800.00                 | \$ 869,000.00                         | <b>\$ 25,903,410.00</b> |
| 604(b)Grant                     | \$ 196,000.00             |                         |                            |                               | \$ -                                  | \$ -                    |
| Less 4% for Admin               | \$ 777,440.00             | \$ 1,207,160.00         | \$ 104,200.00              | \$ 5,680.00                   | \$ 34,760.00                          | <b>\$ 2,129,240.00</b>  |
| Remaining for Project Grant     | \$ 6,996,960.00           | \$ 13,580,550.00        | \$ 2,240,300.00            | \$ 122,120.00                 | \$ 834,240.00                         | <b>\$ 23,774,170.00</b> |
| Loan %                          | 60%                       | 51%                     | 10%                        | 10%                           | 20%                                   |                         |
| Loan \$                         | \$ 11,661,600.00          | \$ 15,391,290.00        | \$ -                       | \$ -                          | \$ -                                  | \$ -                    |
| Green Projects Set Aside        | \$ 1,943,600.00           | \$ 3,017,900.00         | \$ 260,500.00              | \$ 14,200.00                  | \$ 173,800.00                         | <b>\$ 5,410,000.00</b>  |
| Remaining for Non-Green Loan    | \$ 9,718,000.00           | \$ 12,373,390.00        | \$ -                       | \$ -                          | \$ -                                  | <b>\$ 22,091,390.00</b> |

DEEP will maintain data on the use of the capitalization grant funds in the CWSRF Office of Water State Revolving Funds reporting database (OWSRF) on a quarterly/annual basis and provide information in its Annual Report to the Governor relating to key project characteristics, progress of the projects and environmental protection benefits, as well as compliance with Project Reserve requirements. A copy of the Annual Report will be provided to the EPA administrator.

a. Criteria and Method for Distribution of Funds

The official FY2024/2025 Priority List (found on [DEEP's CWF Website](#)) contains information about the availability of funds, a description of the types of projects to be funded, the priority list system. This includes information on priority rating criteria and project ranking mechanism, order of priority funding, public hearing and revision guidelines. Also included is the distribution of funds and the comprehensive list of all anticipated eligible wastewater improvement projects as requested by municipalities or identified by DEEP and the subset future project list. Projects are rated on several criteria which emphasize the impact of each upon public health, the improvement of water quality and water resource utilization. Some examples include impacts on potable water supply, attainment of State water quality goals, enhancement of specific water resource values – fishery, shellfish, swimming and eutrophication, population served and health related issues. CT DEEP periodically reviews CWSRF affordability criteria and priority point systems and has determined that improvements are not necessary at this time.

CT also continues to fund several funding set-asides and reserves as required or allowed under federal and state regulations. These reserves are accessed on a first-come, first-served basis unless otherwise noted, and do not rely on a priority point score for allocation to qualifying municipalities. All reserves are subject to the availability of funds. Details of projects to be funded in FY2025 can be found in Section 4, Table 4.

DEEP's website contains a "Request to Place Project on Priority List" form for the FY2026/2027 Priority List, as well as a funding application. Applicants must first complete the form to be placed on the priority list and then complete the application to actually receive funding. Applications for all projects are accepted on a rolling basis.

b. Bypass Procedures

As outlined in the Priority List, the DEEP can reallocate funds into any reserve or construction project during the last six months of each fiscal year in accordance with the requirements of RCSA Sec. 22a-482-1(c)(5). Revisions may be made at any other time in accordance with public participation requirements and all other established procedures.

c. Administrative Charges

Section 35.3120(g)(2) of Title 40 of the Code of Federal Regulations (40 CFR) provides that the State may set aside from the federal capitalization grant of Federal Fiscal Year (FFY) 2025 a reserve not to exceed 4 percent of Title VI appropriations for the purpose of administration. Water Resources Reform and Development Act (WRRDA) amendment changes to the CWSRF program allow 1/5 of 1% of the CWSRF's Net Fund Position to be used for Federal program administration. A total of \$2,129,240 (4%) of the total federal allotments will be allocated for the FFY2025 administrative amount.

In addition to these federal dollars, the state may set aside an amount not to exceed 4 percent of the total bonding authorization to cover the reasonable costs of administering the program. These administrative expenses are allowed in accordance with appropriate tax laws and bonding practice.

d. Technical Assistance

IIJA includes the following provision: *(k) Additional Use of Funds.--A State may use an additional 2 percent of the funds annually awarded to each State under this title for nonprofit organizations (as defined in section 104(w)) or State, regional, interstate, or municipal entities to provide technical assistance to rural, small, and tribal publicly owned treatment works (within the meaning of section 104(b)(8)(B)) in the State.*

The State's Clean Water Fund staff already dedicates a significant amount of resources toward technical assistance. DEEP staff have always attended outreach events several times per year, and technical and fiscal staff work closely with any municipality requesting assistance when applying for the CWF. The CWF regulations require review and approval of planning reports and design documents by DEEP, and technical staff follow each project closely by requiring DEEP participation in regular status meetings throughout planning, design, and construction. In the past, DEEP has elected not to use this additional money for technical assistance, preferring to allocate the money toward funding more project costs. However, the recent changes in the federal landscape have caused DEEP to reconsider this policy.

Although CT intends to direct the 2% Technical Assistance funds to project funding in the current year, the CWSRF reserves the ability to use prior and current year Technical Assistance funds under future Intended Use Plans. Amounts of banked Technical Assistance funds are as follows:

| <b>Technical Assistance Funds Directed to Projects</b> |                   |                   |                   |                     |
|--|-------------------|-------------------|-------------------|---------------------|
| <b>Grant Year</b>                                      | <b>2022</b>       | <b>2023</b>       | <b>2024</b>       | <b>2025</b>         |
| Base   | \$ 283,500        | \$ 183,780        | \$ 200,020        | \$ 388,720          |
| IIJA Supplemental                                      | \$ 436,080        | \$ 510,700        | \$ 557,200        | \$ 603,580          |
| Emerging Contaminants                                  | \$ 23,380         | \$ 52,100         | \$ 52,100         | \$ 54,940           |
| <b>Totals</b>  | <b>\$ 742,960</b> | <b>\$ 746,580</b> | <b>\$ 809,320</b> | <b>\$ 1,047,240</b> |

e. Types of Projects to be Funded and Financing Rates

Projects that qualify for the funding from the CWSRF under Clean Water Act will have an annual interest rate of 2.0 percent as defined by CGS Chapter 446k, Section 22a-477 (g). The repayment period of a loan cannot exceed 20 years. At this time there are no provisions for applying other interest rates or terms. Loan eligibilities include all the normal cost of planning, design and construction. Distribution within project type is determined by state statute.

f. Additional Subsidy

Section 603(i) of the Clean Water Appropriations Act describes additional subsidy eligibility. The 2022 Consolidated Appropriations Act (Public Law 117-103) required that a minimum of 10 percent to 30 percent of the national CWSRF base appropriation be provided as additional subsidy, plus an additional 10% required by CWF grant terms and conditions.

The State of Connecticut encourages the regionalization of water pollution control authorities. Connecticut General Statute (CGS) Sec. 22a-517 allows DEEP to provide a 25% grant for the initial Clean Water Fund project undertaken by a new regional water pollution control authority. If the initial project

is related to the removal of combined sewer overflows, a 55% grant is allowed to be awarded. This incentive for regionalization represents a 5% increase in the standard grant of 20% for non-nutrient related projects and the 50% CSO grant.

Additionally, as required by IIJA legislation PL. 117-58, DEEP will provide 49% of the IIJA Supplemental Grant as subsidy. All EPA grants must comply with certain Federal laws, Executive Orders, and OMB Circulars. They include regulations at 40 CFR Part 35.31 that apply to grants and cooperative agreements awarded to State and local (including tribal) governments.

DEEP anticipates funding in FFY2025 the amounts in Table 2 as additional subsidy.

**Table 2**

| FFY2025 Available CWSRF Funding |                           |                         |                            |                               |                                       |                  |
|---------------------------------|---------------------------|-------------------------|----------------------------|-------------------------------|---------------------------------------|------------------|
|                                 | Base Capitalization Grant | IIJA Supplemental Grant | Emerging Contaminants (EC) | Reallotted EC Grants FY22& 23 | Overflow and Stormwater Reuse (OSG)** | Totals           |
| CT Allotment                    | \$ 19,436,000.00          | \$ 30,179,000.00        | \$ 2,605,000.00            | \$ 142,000.00                 | \$ 869,000.00                         | \$ 53,231,000.00 |
| Total Funds Available           | \$ 23,323,200.00          | \$ 36,214,800.00        | \$ 2,605,000.00            | \$ 142,000.00                 | \$ 869,000.00                         | \$ 63,154,000.00 |
| Grant Subsidy %                 | 40%                       | 49%                     | 100%                       | 100%                          | 100%                                  | \$ -             |
| Grant Subsidy \$                | \$ 7,774,400.00           | \$ 14,787,710.00        | \$ 2,344,500.00            | \$ 127,800.00                 | \$ 869,000.00                         | \$ 25,903,410.00 |
| Less 4% for Admin               | \$ 777,440.00             | \$ 1,207,160.00         | \$ 104,200.00              | \$ 5,680.00                   | \$ 34,760.00                          | \$ 2,129,240.00  |
| Remaining for Project Grant     | \$ 6,996,960.00           | \$ 13,580,550.00        | \$ 2,240,300.00            | \$ 122,120.00                 | \$ 834,240.00                         | \$ 23,774,170.00 |

g. Distressed (Disadvantaged) Communities

Municipalities anticipated to receive subsidy from the FFY2025 capitalization grant and additional 49% subsidy per IIJA include distressed communities per CGS Sec. 32-9p(b), equivalent to the federal designation of “Disadvantaged” communities as defined by the IIJA . IIJA prioritizes funding for distressed communities, which CT anticipates meeting via selection of fundable construction projects from the FY2024/2025 and 2026/2027 priority list which meet the criteria for disadvantaged communities. Municipalities anticipated to receive subsidy from the FFY2025 capitalization grants include distressed communities as defined by the [State of Connecticut Department of Economic and Community Development](#).

Distressed municipalities are defined by to C.G.S. Section 32-9p. The 25 CT towns with the highest total scores based on the following criteria are designated distressed:

1. Per capita income 2022 from the American Community Survey, US Census, weight 1.
2. Percent of population in poverty, 2022, from the American Community Survey, US Census, weight 1.
3. Average unemployment rate 2023, from CT Dept. of Labor, weight 2.
4. Percent change in population from 2010 to 2020, from the Decennial Census, weight 1.
5. Percent change in employment from 2013 to 2023, from CT Dept. of Labor, weight 1.
6. Percent change in per capita income from 2012 to 2022, from the American Community Survey, US Census, weight 1.
7. Percent of house stock built before 1939 in 2022, from the American Community Survey, US Census, weight 1/3.
8. Percent of population with high school degree or higher in 2022, from the American Community Survey, US Census, weight 1.
9. Per Capita Adjusted Equalized Net Grand List for 2025-2026, CT Dept. of Education, weight 1.

Effective October 1, 2024 a municipality that was deemed to be a distressed municipality and has a population greater than 100,000 shall be deemed to be a distressed municipality for a period of ten years subsequent to the date of such distressed determination per [Public Act No. 24-81 Section 56](#)

The DEEP Priority List point system, which is prescribed by state regulations (RCSA Sec. 22a-482-1(c)), does not provide additional priority points or funding for distressed or disadvantaged communities. However, the majority of funding goes to disadvantaged communities by virtue of water quality impacts. Table 4 in Section 4 provides details of eligible projects funded in distressed communities.

h. Small Community Projects

State regulations require that each CWF Priority List include a dedicated funding reserve for at least one small community project. Small communities are defined as communities with populations of less than 5,000. The FY24-25 Project Priority List includes a reserve of \$76,000,000 for small community projects that will mitigate existing documented community pollution problems. Table 4 in Section 4 provides details of eligible small community projects CT anticipates funding in FY26.

i. IIJA Emerging Contaminants

The majority of the FY2022, 2023, and 2024 IIJA EC funds (\$6,355,000) are expected to be directed to implement the pilot study described in the sections below. The total project cost is \$6,166,699.00 and the remaining \$188,301.00 will go towards administrative cost. Any leftover grant allotments from reallocated FY22 and 23 funds, as well as FY25 funds are anticipated to go towards subsequent design and/or construction phases of a permanent PFAS treatment solution.

Project Specifics:

- o Location: Hartford Landfill, located in a CT Distressed municipality
- o Pilot technologies to be evaluated may include but are not limited to:  
Surface-Active Foam Fractionation (SAFF), advanced oxidation; and ion exchange resin

Project Partner:

- o CT plans to enter into a funding agreement with NEIWPCC (a regional commission that helps the states of the Northeast preserve and advance water quality) to manage this workplan.
- o Although standard state CWF regulatory framework restricts non-municipal funding recipients, pursuant to CGS Sections 22a-478(g) and 22a-451 and consistent with federal State Revolving Fund requirements, agreements can be reached with an interstate organization in cases of an emergency (resulting from the maintenance, discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solid, liquid or gaseous products or hazardous wastes or which owns any hazardous wastes deemed by the commissioner to be a potential threat to human health or the environment).

IIJA Eligibility requirements:

- o Only capital costs are eligible
- o Can include planning and design (including monitoring) that is integral to the development of an eligible capital project
- o Eligible recipients: [Section 603\(c\) of the Water Pollution Control Act](#) may include:  
Municipalities, intermunicipal, interstate\*, or state agencies.

**IIJA EC key priorities:**

- o ensure that disadvantaged communities benefit equitably
- o reduce people's exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants through their drinking water and to help address discharges through wastewater and, potentially, nonpoint sources.

**Project Goals:**

- o Project focus on PFAS in landfill discharges in a distressed (disadvantaged) CT community.
- o Investigate the feasibility, performance, efficacy, and costs of various PFAS treatment system options
- o The scope of the project shall include the following objectives to be managed by NEIWPCC:
  - Managing project to ensure compliance with primary goals, time schedules, and budget and periodically monitoring pilot project activities at the landfill site.
  - Overseeing subcontractor (TRC) regarding the characterization of potential sources of PFAS [e.g., landfill leachate and groundwater] to inform an engineering report including 1) treatment system planning, alternatives analysis, and identification of preferred technologies for pilot testing, 2) preliminary engineering, procurement and installation of select pilot treatment technologies, alternatives and associated structures/appurtenances, and 3) identification and comparison of pilot treatment system costs (capital and operation/maintenance cost during the pilot project period).
  - Installing one or more select treatment systems as a pilot project.
  - Testing of water samples employing EPA's method 1633A.
  - Evaluating pilot treatment technologies for functionality, treatment efficacy, and cost effectiveness and recommending a permanent solution or combination of solutions for implementation.

**Project Timeline:**

- o DEEP executed a funding agreement with NEIWPCC on July 31, 2025.
- o The pilot project is expected to begin in July 2025 and end in September 2027.

**j. Sewer Overflow & Stormwater Reuse Municipal (OSG) Grant**

Independent of the CWSRF Program, the Sewer Overflow and Stormwater Reuse Municipal Grants Program (OSG Program) was reauthorized by America's Water Infrastructure Act (AWIA) of 2018 and again by the 2021 IIJA. The IIJA reauthorized the program through state FY2026 to further support clean water needs. The OSG grant provides funding for critical stormwater infrastructure projects to eligible entities with projects that address infrastructure needs related to mitigation and/or removal of untreated sewage overflows and to improve stormwater management. Eligible projects can be located on private or public property and include planning, design, and construction of treatment works to intercept, transport, control, treat, or reuse municipal combined sewer overflows, sanitary sewer overflows, or stormwater and any other measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water. Priority will be given to funding projects in communities in distressed areas that have a long-term combined sewer overflow (CSO) or sanitary sewer overflow (SSO) control plan and are listed on this Priority List as construction-ready or eligible under a reserve category.

For State FY2026 and Federal FY2025, the State will use the OSG grants to fund work on private properties in North Hartford, as part of a new pilot project that started in June 2023. North Hartford is an economically distressed area with a combined sewer system which often causes frequent and recurrent sewer backups into homes. Traditionally, work on private property has been excluded from the CWSRF. However, considering the ongoing public health and environmental crisis, DEEP has determined that the OSG program is well-suited to provide additional funding for North Hartford projects funded under the FY2024/FY2025 Priority List. The OSG grants will target to remove private inflow connections and install new storm sewer connections at residential properties in North Hartford. Designated North Hartford projects to be funded in FY2025 can be found in Section 4, Table 4.

k. Green Project Reserve

Under Public Law 117-103, Congress mandated that at least 10 percent of federal CWSRF grant amounts, be put towards projects that qualify under the Green Project Reserve (GPR). These projects address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities as specified by the [EPA Green Project Reserve Crosswalk Table](#). These projects adopt practices to reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to changing climatic conditions, enhance water and energy conservation, adopt more sustainable solutions to wet weather flows, and promote innovative approaches to water management problems. Qualifying projects include those defined as section 212, 319, or 320 by the EPA. DEEP anticipates meeting or exceeding this requirement. DEEP continues to provide a green project funding reserve.

**Table 3**

| FY2025 Available CWSRF Funding |                           |                         |                            |                                |                                       |                  |
|--------------------------------|---------------------------|-------------------------|----------------------------|--------------------------------|---------------------------------------|------------------|
|                                | Base Capitalization Grant | IIJA Supplemental Grant | Emerging Contaminants (EC) | Reallotted EC Grants FY22 & 23 | Overflow and Stormwater Reuse (OSG)** | Totals           |
| CT Allotment                   | \$ 19,436,000.00          | \$ 30,179,000.00        | \$ 2,605,000.00            | \$ 142,000.00                  | \$ 869,000.00                         | \$ 53,231,000.00 |
| Total Funds Available          | \$ 23,323,200.00          | \$ 36,214,800.00        | \$ 2,605,000.00            | \$ 142,000.00                  | \$ 869,000.00                         | \$ 63,154,000.00 |
| Loan %                         | 60%                       | 51%                     | 10%                        | 10%                            | 20%                                   |                  |
| Loan \$                        | \$ 11,661,600.00          | \$ 15,391,290.00        | \$ -                       | \$ -                           | \$ -                                  | \$ -             |
| Green Projects Set Aside       | \$ 1,943,600.00           | \$ 3,017,900.00         | \$ 260,500.00              | \$ 14,200.00                   | \$ 173,800.00                         | \$ 5,410,000.00  |
| Remaining for Non-Green Loan   | \$ 9,718,000.00           | \$ 12,373,390.00        | \$ -                       | \$ -                           | \$ -                                  | \$ 22,091,390.00 |

**I. Sustainability and Resiliency:**

The CWSRF program supports planning processes that consider public health, water quality, changing climatic conditions, resiliency, pump station rehabilitation, collection system improvement, conservation of natural resources, cybersecurity, alternative approaches such as decentralized solutions in areas with community pollution problems from overdevelopment, and the full life-cycle cost evaluations of infrastructure investments. CT's CWSRF supports infrastructure projects that make water systems more resilient to all threats – whether it is natural disasters, changing climatic conditions, or threats such as bioterrorism and cyber-attacks. The FY2024/FY2025 Project Priority List includes a reserve of \$20,000,000 for the construction of resiliency projects, and the State intends to continue funding a Resiliency Reserve in FY2026/2027.

## Section 4: **Federal Fiscal Year 2025 Project Funding**

DEEP is currently operating under the fiscal year 2024 and 2025 Priority List. DEEP anticipates the fiscal year 2026/2027 Priority List to fund additional carry forward and new projects. Based on the fiscal year 2024/2025 priority list DEEP expects to finance approximately \$360M in new projects in state FY2026 of the following types of planning, design, and construction projects:

- Combined sewer overflow reduction and removal projects;
- Infiltration and inflow (I/I) rehabilitation work to reduce and remove sanitary sewer overflows (SSOs);
- Pump station rehabilitation projects;
- Nitrogen and phosphorus removal projects;
- Green and resiliency improvement projects; and
- Projects targeted specifically in reserve for small communities.

The FY2024/FY2025 priority list was signed by the DEEP Commissioner on July 8, 2024. The CWSRF program identifies projects to draw down the FFY2025 capitalization grant and state grant and loan funds below:

**Table 4**

| Municipality                          | CWF Number | Project Description                                  | Points | Priority List Designation                   | Project Priority List Cost (\$M) | Estimated Actual Cost   | Federal Funding Source | NPDES Permit # | Project Code |
|---------------------------------------|------------|--|--------|---|----------------------------------|-------------------------|------------------------|----------------|--------------|
| <b>Active/ Carry Forward Projects</b> |            |  |        |   |                                  |                         |                        |                |              |
| New Haven                             | 664-DC     | CSO Project (Orchard St., Yale/Trumbull St.)         |        | FY22/23 Fundable Construction               | \$32,400,000.00                  | \$32,881,371.00         |                        | CT0100366      | D            |
| MDC                                   | 692-C      | Change Order #24 for SHCST Contract #2               |        | Cost Increase Reserve                       | \$20,000,000.00                  | \$51,100,000.00         |                        | CT0100251      | D            |
| MDC                                   | 698-C      | East Hartford WPCF Upgrade (2 Phases)*               |        | Category I                                  | \$24,000,000.00                  | \$17,447,260.03         |                        | CT0100170      | D            |
| Ridgefield                            | 702-C1     | Route 7 Pump Station, Force Main, WPCF               |        | Category I                                  | \$10,000,000.00                  | \$10,963,091.04         |                        | CT0101451      |              |
| Meriden                               | 710-DC     | WPCF UPGRADE WITH PHOSPHORUS                         |        | Carry Forward FY 20/21                      | \$50,800,000.00                  | \$55,650,000.00         | IJA 22                 | CT0100315      | A, D         |
| New Haven                             | 727-C      | East Shore WPAF: Air Compressor                      |        | Category I                                  | \$19,500,000.00                  | \$19,255,019.00         |                        | CT0100366      | D            |
| MDC                                   | 728-C      | Contract #3 & 4 SHCST                                |        | FY22/23 Category II                         | \$138,500,000.00                 | \$138,498,820.25        | Base 22, 23            | CT0100251      | F, D, A      |
| South Windsor                         | 738-DC     | Upgrades- Clark St, Benedict, and Pleasant           |        | Pump Station Reserve and Resiliency Reserve | N/A                              | \$11,251,992.90         |                        | CT0100510      |              |
| Norwich                               | 743-C      | WPCF Upgrade   |        | FY22/23 Category I                          | \$191,000,000.00                 | \$186,133,363.10        | IJA 22, 23, 24, 25     | CT0100412      | F, D, A, G   |
| MDC                                   | 746-C      | MDC Large Diameter Rehab                             |        | Reserve for Green and Cost Increase         | \$14,200,000.00                  | \$14,296,841.30         | Base 23; IJA 23        | CT0100251      | G, D         |
| Plainfield North                      | 752-DC     | North Plant - Emergency Generator & Final Clarifiers |        | Green Reserve                               | N/A                              | \$5,000,000.00          |                        | CT0100447      |              |
| Plainville                            | 755-CSL    | Plainville Pump Station                              |        | Pump Station or Resiliency Reserve          | N/A                              | \$3,278,071.00          |                        | CT0100455      |              |
| West Haven                            | 761-DC     | West Haven Dawson Area Contract #5                   |        | Non-CSO I/I Reserve                         | N/A                              | \$1,693,403.00          |                        | CT0101079      | D            |
| New Haven                             | 763-C      | CSO Project (East St. Pump Station)                  |        | Category I                                  | \$50,000,000.00                  | \$72,739,482.00         |                        | CT0100366      | D            |
| MDC                                   | 764-C      | Rocky Hill WPCF upgrade (2 Phases)                   |        | Category I                                  | \$16,000,000.00                  | \$15,012,400.01         |                        | CT0100480      |              |
| MDC                                   | 765-C      | West Hartford SSES Contract 2012-59                  |        | Non-CSO I/I Reserve                         | N/A                              | \$32,505,010.00         |                        | CT0100251      |              |
| MDC                                   | 766-C      | Large Diameter Sewer Rehab -Phase 3A, Part 1         |        | CSO / I/I Reserve                           | N/A                              | \$3,449,705.76          |                        | CT0100251      | D            |
| West Haven                            | 773-C      | High Priority Areas Sewer Rehab Contract 2           |        | Non-CSO I/I Reserve                         | N/A                              | \$530,818.50            |                        | CT0101079      | D            |
| <b>Active/Carry Forward Total</b>     |            |  |        |   | <b>\$566,400,000.00</b>          | <b>\$671,686,648.89</b> |                        |                |              |

| Municipality   | CWF Number | Project Description   | Points | Priority List Designation   | Project Priority List Cost (\$M) | Estimated Actual Cost   | Federal Funding Source  | NPDES Permit # | Project Code |
|--|------------|---|--------|-----------------------------|----------------------------------|-------------------------|-------------------------|----------------|--------------|
| <b>Reserve for Small Community Projects</b>                    |            |   |        |                             |                                  |                         |                         |                |              |
| Marlborough  | TBD        | Town Center/Lake Terramuggus Phase IV                           |        | Reserve for Small Community | \$8,000,000.00                   | \$8,000,000.00          |                         | none           |              |
| New Hartford   | TBD        | Pine Meadow Sewer Extension                                     |        | Reserve for Small Community | \$5,000,000.00                   | \$5,000,000.00          |                         | none           |              |
| Old Lyme   | 660-C      | Sound View Town Area  |        | Reserve for Small Community | \$10,000,000.00                  | \$10,000,000.00         |                         | CT0100382      |              |
| Old Lyme   | 720-C      | Miami, Old Colony and Old Lyme Shores Beach Association Sewers  |        | Reserve for Small Community | \$54,000,000.00                  | \$54,000,000.00         |                         | CT0100382      |              |
| <b>Reserve for Small Community Total</b>                       |            |   |        |                             | <b>\$77,000,000.00</b>           | <b>\$77,000,000.00</b>  |                         |                |              |
| <b>Fundable FY24 Projects: Construction</b>                    |            |   |        |                             |                                  |                         |                         |                |              |
| MDC  | 4001-C     | Expedited CSO Sewer Rehab: Durham, Woodstock, Branford St.      | 26     | FY24 Construction           | \$28,000,000.00                  | \$3,194,664.83          | OSG 22, Base 24         | CT0100251      | P, D, G      |
| Norwich  | 758-CSL    | South Thames Street Force Main                                  | 27     | FY24 Construction           | \$2,500,000.00                   | \$5,507,091.45          |                         | CT0100412      | D            |
| Plymouth   | TBD        | WPCF Phosphorus   | 30     | FY24 Construction           | \$14,000,000.00                  | \$14,000,000.00         |                         | CT0100463      | D            |
| <b>Fundable FY24 Projects: Construction Total</b>              |            |   |        |                             | <b>\$44,500,000.00</b>           | <b>\$22,701,756.28</b>  |                         |                |              |
| <b>Fundable FY25 Projects: Construction</b>                    |            |   |        |                             |                                  |                         |                         |                |              |
| Bridgeport   | 734-D1     | West Side WPCF Upgrade  | 44     | FY25 Construction           | \$30,000,000.00                  | \$30,000,000.00         |                         | CT0100056      | D            |
| Bridgeport   | TBD        | Ash Creek CSO Conveyance Project                                | 42     | FY25 Construction           | \$21,000,000.00                  | \$21,000,000.00         |                         | CT0100056      | D            |
| New Haven  | TBD        | Fair Haven CSO Improvements Phase 2                             | 37     | FY25 Construction           | \$3,300,000.00                   | \$3,300,000.00          |                         | CT0100366      | D            |
| Sprague  | TBD        |   | 19     | FY25 Construction           | \$1,000,000.00                   |                         |                         | CT0100978      | D            |
| <b>Fundable FY25 Projects: Construction Total</b>              |            |   |        |                             | <b>\$55,300,000.00</b>           | <b>\$54,300,000.00</b>  |                         |                |              |
| <b>FY24/25 CSO I/I Reserve - North Hartford Pilot Projects</b> |            |   |        |                             |                                  |                         |                         |                |              |
| MDC  | 4002-C     | Expedited CSO Sewer Rehab: Gully Brook, North Branch Park River |        | CSO I/I Reserve             | \$125,000,000.00                 | \$54,181,954.50         | OSG 22, 23, Base 24, 25 | CT0100252      | P, D, G      |
| MDC  | 4003-C     | Expedited Sewer Rehab: Westland, Garden, Risley                 |        | CSO I/I Reserve             |                                  | \$14,700,000.00         | OSG 24, 25              |                | P, D, G      |
| MDC  | 4004-C     | Expedited CSO Sewer Rehab: North Meadows                        |        | CSO I/I Reserve             |                                  | \$18,000,000.00         |                         | CT0100252      | P, D, G      |
| <b>Fundable FY24/25 CSO I/I Reserve Total</b>                  |            |   |        |                             | <b>\$125,000,000.00</b>          | <b>\$86,881,954.50</b>  |                         |                |              |
| <b>FY24/25 Emerging Contaminants</b>                           |            |   |        |                             |                                  |                         |                         |                |              |
| NEIWPCC  | TBD        | Hartford Landfill Pilot   |        |                             |                                  | \$6,166,699.00          | EC 22, 23, 24           |                | D, G         |
| <b>Fundable FY24/25 Projects: Emerging Contaminants Total</b>  |            |   |        |                             | <b>\$0.00</b>                    | <b>\$6,166,699.00</b>   |                         |                |              |
| <b>FY25 Total Ongoing/Anticipated Projects</b>                 |            |   |        |                             | <b>\$868,200,000.00</b>          | <b>\$918,737,058.67</b> |                         |                |              |



#### Product Code Key

- TBD= CWF number to be determined at time of agreement execution
- WPCF = Water Pollution Control Facility;
- WPAF = Water Pollution Abatement Facility.
- P = Projects that are part of the North Hartford Pilot Project.
- F = FFATA Equivalency Project.
- G = Green Project
- A = Additional Subsidy
- D = Distressed Municipality per CT DECD

## Section 5: Statement of Short Term and Long-Term Goals

Consistent with Section 606(c)(2) of the Federal Clean Water Act (CWA), DEEP submits the long- and short-term objectives of its water pollution control revolving fund, including its coordination with other financial assistance programs and how the CWSRF assists communities to attain and maintain compliance with the CWA and other provisions in the State Clean Water Strategy. The program activities and initiatives for the CWF and the CWSRF for FFY2025/state FY2026 include:

## **CWSRF Program Short-term 2025 Program Activities and Initiatives**

- o Continue to utilize the strength of the CWSRF to enhance the Drinking Water State Revolving Fund (DWSRF) by cross collateralizing the programs in accordance with state and federal law.
- o Sign 8 new grant and/or loan commitments.
- o Attend EPA, state, regional, and national trainings and conferences to stay abreast of emerging issues, legislation, regulations, related to water programs including BABA, financial and technical programmatic best practices, emerging contaminants, and alternate financing options.
- o Update CWF agreement templates to include new federal and state requirements.
- o Update DEEP CWF website for clarity of information presented to the borrowers and public.
- o Continue to develop checklists of required information and fillable forms of applications, FFATA, and other CWF required submissions.
- o Anticipate maintaining the green infrastructure funding of \$20 Million in the draft FY2026/2027 Priority List to incentivize green infrastructure, water and energy efficiency and environmentally innovative projects in an amount that is at least 10 percent of the capitalization grant; and providing timely reporting of GPR information in OWSRF (CBR) on an ongoing basis.
- o Participate in outreach through trade association meetings, municipal market forums, state and regional conferences to provide information on CWSRF funding opportunities, best practices, as well as CWSRF revenue bonding program.
- o Network with our state and national partners for innovate outreach and marketing programs to CT communities through participation in EPA workgroups.
- o Manage legislative capital budgeting process for Connecticut Clean Water Fund general obligation and revenue bond authorizations in order to optimize financing for Clean Water Fund projects.
- o Partner with Northbridge Environmental Consulting to automate quarterly reporting in federal OWSRF (CBR) system through LGTS (Loan and Grant Tracking System) upgrade.
- o Submit Financial Status Reports to complete close-out of previous capitalization grants to bring CT in line with EPA goals of only 2 grant years open or less.
- o Execute awards for IJIA Emerging Contaminants and Overflow Sewer Grants.
- o In conjunction with the Department of Administrative Services and the Office of Policy and Management, evaluate the need for additional staff to maintain the high technical and fiscal standards of the program. Backfill and add staff as necessary within the constraints of funding.
- o Implement procedural guidance and develop standard operating procedures to ensure GPR, additional subsidy commitments, project disbursements, and FFATA requirements are accurately identified and reported in OWSRF and annual reports on an ongoing basis.
- o Document best practices for data reporting on the IUP, Annual Report, and OWSRF to meet EPA checklist requirements.
- o Continue collaboration between OTT/DEEP to strategize expediting projects in the pipeline to move executed agreements and improve pace, uncommitted funds, and ratio of undisbursed funds ratios.

## **Long-Term Goals/Projections**

- o Provide financial, administrative, technical oversight for the construction of wastewater treatment plant upgrades designed to update and improve the overall treatment quality and resiliency of plants.
- o The City of Bridgeport is preparing to advertise Phase 1 of a multi-phase upgrade of both its wastewater treatment plants, which will provide enhanced nitrogen removal and add wet weather flow capacity to decrease CSO and sanitary sewer overflow (SSO) discharges as required by the City's Long Term Control Plan and/or in compliance with state and federal enforcement actions.
- o Provide financial, administrative, and technical oversight for wastewater collection system improvements that will decrease CSO and SSO discharges as required under Long Term Control Plans and/or Integrated Municipal Stormwater and Wastewater Plans to comply with state and federal enforcement actions.
  - o The MDC continues work on several sewer separation and rehabilitation contracts in North Hartford as part of a multi-year pilot project that was initiated in June 2023 to reduce sewer overflows to the Park River and alleviate street flooding and residential basement backups.
  - o The Greater New Haven WPCA is beginning the rehabilitation of the East Street Pump Station to reduce CSOs to the East River.
- o Continue to provide rigorous technical oversight to ensure that all projects lead to achievement of water quality standards; part of the technical oversight requires that each project design adds increased storm resiliency.
- o Continue to expedite project development and construction by providing planning and design funding. Planning projects will continue to be funded by state grant. Design funds will be made available for those projects that expect to be ready to proceed to construction within three years.
- o Explore revising PPL reserve amounts to meet changing water needs in state of CT and emerging issues such as cybersecurity, cost increases, and resiliency.
- o Collaboration between OTT, DPH, and DEEP to ensure long term sustainability of CT's Clean and Drinking Water Programs,
  - o develop strategies to improve PACE and uncommitted funds ratios,
  - o share best practices.
- o Continue identifying projects to comply with FFATA equivalency requirements in an amount equivalent to federal cap grant funds awarded on an ongoing basis.
- o Provide financial and administrative management and technical oversight for the EPA's State and Tribal Assistance Grants (STAG) program.
- o Build a robust pipeline of projects and ensure funds are disbursed in a timely and expeditious manner.
- o Develop strategies to improve internal and external outreach and communications about CWSRF programs and funding.
- o Provide sufficient and affordable project funding which supports EPA's Sustainability Policy by evaluating the economic and environmental needs of the community as well as the use and perpetuity of the CWSRF.
- o Continue to bring Publicly-Owned Treatment Works (POTW) into compliance with federal requirements.
- o Determine how to manage emerging issues such as:
  - o Tighter effluent limits for metals

- Control of pharmaceuticals and personal care products
- Continued adaptation to provide increased flood resiliency to wastewater facilities.
- As the programs of the Clean Water Fund meet their goals, DEEP will update and revise cost estimations for critical water quality work. DEEP estimates the overall need for water quality improvement at \$2.2 billion through 2028, with treatment plant construction costs and combined sewer overflow correction program needs of over \$1.1 billion.
- The State also will continue to develop additional financing alternatives. The long-term goals and objectives for the CWSRF are to:
  - Maintain the fiscal integrity of the CWSRF in perpetuity through cash flow analysis, monitoring, and optimization of cash management strategies including leveraging and debt service reduction or present value savings or through the refunding or cash defeasance of bonds.
  - Continuously improve efficiency and effectiveness of the program administration.
  - Analyze and manage long term viability of the CWSRF to enhance the ability of the fund to provide low-cost financing for critical projects in perpetuity.
  - Continue to blend federal CWSRF grant funds, state grant aid funds, with Tax-exempt revenue bond sale proceeds and/or equity to provide long term low interest financing to CWSRF for eligible projects.
  - OTT will continue to leverage bonds by issuing tax-exempt municipal bonds secured by the CWSRF to enable funding for a greater number of projects than would otherwise be possible through a direct grant/loan program.

## Section 6: Financial Management

### a. Funding Summary:

The CWSRF provides assistance in the form of loans and state funded grants. Applications are accepted on a rolling basis; there is no deadline for application. The State has begun to contemplate the development of programs to provide guarantees and insurance. The CWSRF policies on setting terms for the various types of loan assistance provided by the fund e.g., interest rate, guarantee fees, repayment schedules are implemented in conjunction with the Office of the State Treasurer. The state agrees to accept grant funds that will be released by EPA utilizing the ASAP payment method. Access to grant funds will be in accordance with the following schedule:

**Table 5**

| Payment Quarter   | Payment Amount          | Federal Grant Award  |
|-------------------|-------------------------|----------------------|
| FFY2026/Quarter 1 | \$ 18,658,560.00        | Base                 |
| 10/1/2025         | \$ 28,971,840.00        | IIJA                 |
| FFY2026/Quarter 2 | \$ 777,440.00           | Base                 |
| 1/1/2026          | \$ 1,207,160.00         | IIJA                 |
| FFY2027/Quarter 1 | \$ 2,637,120.00         | EC FY25 & Reallotted |
| 10/1/2026         | \$ 834,240.00           | OSG                  |
| FFY2027/Quarter 2 | \$ 109,880.00           | EC FY25 & Reallotted |
| 1/1/2027          | \$ 34,760.00            | OSG                  |
| <b>Total</b>      | <b>\$ 53,231,000.00</b> |                      |

Since inception, the following funding has been provided:

- Federal Title VI capitalization grants awarded through SFY2024 cumulative total of \$724,618,448.
- State General Obligation (GO) bond authorizations total \$2,105,125,976 <sup>(1)</sup>.
- State Revenue bond authorizations total \$4,486,080,000 <sup>(2)</sup>.

- 1) Includes bonds allocated to the drinking water program managed by the [State Department of Public Health](#). \$44 Million of the revenue bonding authorized for the Clean Water Program has been allocated to the Drinking Water program.
- 2) Includes bonds allocated to the drinking water program. \$493 Million of the revenue bonding authorized for the Clean Water Program has been allocated to the Drinking Water program.

Funding available for state FY2026 is as follows:

Unallocated state revenue bond authorizations: \$739,000,000 <sup>(3)</sup>  
Unallocated state general obligation bond authorizations: \$272,350,000 <sup>(4)</sup>

**Table 6**

| <b>Funding Source</b>                         | <b>SFY2025 Funds</b>    |  | <b>SFY2026 Funds</b>     |  |
|---|-------------------------|--|--------------------------|--|
|   | <u>Authorized</u>       |  | <u>Authorized</u>        |  |
| State General Obligation Bonds <sup>(1)</sup> | \$ 40,000,000.00        |  | \$ 133,000,000.00        |  |
| State Revenue Bonds <sup>(1)</sup>            | \$ -                    |  | \$ 50,000,000.00         |  |
| Federal Cap Grant <sup>(2)</sup>              | \$ 40,446,000.00        |  | \$ 49,615,000.00         |  |
| <b>Total</b>                                  | <b>\$ 40,000,000.00</b> |  | <b>\$ 183,000,000.00</b> |  |

(3) State FY2025 General Obligation and Revenue bonds were authorized by [Public Act 23-205](#). FY2026 bonds were authorized by [Public Act 25-168](#).

(4) CWF Allotment for Base, IIJA, and EC grants authorized by EPA FY25 Allotments memo dated 5/15/25. FFY2026 OSG estimated award.

**b. State Match:**

The State of Connecticut has provided its required match by funding loans for eligible project costs and issuing State bonds since 1991. The State will continue to provide state bond authorizations for match and designate projects to demonstrate the expenditure of the match in a section of the fund specially identified for this purpose. The bonds are deposited into the state revolving fund (SRF) and the proceeds used to support revenue bonds as part of the State's leveraging strategy. The principal and interest for these bonds are to be paid by the State outside of the SRF.

The [CT Bond Commission](#) approves funds for CWF bonding, CT DEEP submits a B107 allotment request, and funds are then posted by the Office of the State Comptroller for DEEP to expend. In state SFY25, the Bond Commission met on April 11, 2025 and approved agenda item #41 for DEEP's full allotment of \$50,000,000 in CWF General Obligation (GO) bonds. DEEP has requested an additional \$10,000,000 of state matching GO funds, anticipated to be approved by the Bond Commission in state FY26/federal FY25. Once state matching funds are approved by the state Bond Commission and allotted to DEEP, state match is immediately transferred into a separate account with an identifying special ID (SID) in the State's accounting system. State match funds are then assigned to an eligible project and disbursed prior to federal funds disbursement.

Cumulative state match provided with state funded bonds is anticipated to total \$149 million in state FY26. The charts below summarize the source of the state match that has been provided:

**Table 7**

| State Match Provided              | Grant Per Year               | State Match Amount    | Source  |
|-----------------------------------|------------------------------|-----------------------|---|
| <b>Federal Base</b>               | <b>Capitalization Grants</b> |                       |   |
| FY 1987-2019                      | 563,628,148.00               | 112,725,630.00        | Gen. Obligation bonds associated with projects and privately placed bonds     |
| FY 2020                           | 19,467,000.00                | 3,893,400.00          | Project 692-C state match was provided by the 3/24/2016 state bond commission |
| FY 2021                           | 19,465,000.00                | 3,893,000.00          | Project 692-C state match was provided by the 3/24/2016 state bond commission |
| FY 2022                           | 14,175,000.00                | 2,835,000.00          | Project 728-C state match was provided by the state bond commission           |
| FY 2023                           | 9,189,000.00                 | 1,837,800.00          | Project 728-C state match was provided by the state bond commission           |
| FY 2024                           | 10,001,000.00                | 2,000,200.00          | Project 4002-C State match was provided by the state bond commission          |
| FY 2025                           | 19,436,000.00                | 3,887,200.00          | Anticipated FY25 State Match  |
| <b>Totals Base</b>                | <b>655,361,148.00</b>        | <b>131,072,230.00</b> |   |
| <b>Federal IIJA</b>               | <b>Supplemental Grants</b>   |                       |   |
| IIJA FY22                         | 21,804,000.00                | 2,180,400.00          | Project 743-C state match of 10% was provided by the state bond commission    |
| IIJA FY23                         | 25,535,000.00                | 2,553,500.00          | Project 743-C state match of 10% was provided by the state bond commission    |
| IIJA FY24                         | 27,860,000.00                | 5,572,000.00          | Project 743-C state match of 20% was provided by the state bond commission    |
| IIJA FY25                         | 30,179,000.00                | 6,035,800.00          | Anticipated FY25 State Match of 20%   |
| <b>Totals IIJA Supplemental</b>   | <b>105,378,000.00</b>        | <b>16,341,700.00</b>  |   |
| <b>Totals All Federal Grants*</b> | <b>760,739,148.00</b>        | <b>147,413,930.00</b> |   |

\* Total includes above includes Federal Base, IIJA Supplemental grants, and EPA Adjustments. It does not include Emerging Contaminants (EC), Overflow Sewer (OSG) grants at 0% match.

**Table 8**

| State Fiscal Year | State Overmatch: Additional State Match Available | State Match Provided  |
|-------------------|---|-----------------------|
| 1987-2019         | Provided by State Bonds                           | \$ 110,079,721        |
| 2020              | 6/26/2019   | \$ 7,000,000          |
| 2022              | 12/18/2019  | \$ 5,000,000          |
| 2023              | 12/21/2021  | \$ 5,000,000          |
| 2024              | 12/21/2021  | \$ 5,000,000          |
| 2025              | 6/7/2024  | \$ 6,978,000          |
| 2026              | Anticipated State Match (10/31/2025)              | \$ 10,000,000         |
|                   |   |                       |
|                   | <b>Anticipated Total State Match Available</b>    | <b>\$ 149,057,721</b> |
|                   |   |                       |
|                   | <b>Anticipated State Overmatch</b>                | <b>\$ 1,643,791</b>   |

The \$139 million of state match provided by State of Connecticut general obligation bonds plus the additional \$10 million anticipated will be paid by the State. The state match bonds are not repaid by the CWSRF. The terms of the bonds match the terms of the CWSRF bonds.

In accordance with 40 CFR, Section 35.3135(b)(4) the excess match may be banked toward subsequent match requirements. The State of Connecticut has expended match in excess of the minimum 20% requirement through SFY 2026.

c. Proportionality:

The State of Connecticut expended match in excess of the minimum 20% requirement according to the projects identified in Table 7, allowing 100% federal disbursements. Overmatch is available per Table 8. The state intends to continue demonstrating expenditure of the required amount of state match prior to drawing federal funds. State FY 2022 and 2023 base capitalization grant state match was disbursed to the Metropolitan District Commission's (MDC) Project 728-C, and FY2024 base capitalization match was disbursed to the Metropolitan District Commission's (MDC) Project 4002-C. Both projects are being completed as part of the MDC CSO Long-Term Control Plan.

FY2022, 2023, and 2024 IIJA Supplemental state match was provided to the City of Norwich Public Utilities Project 743-C for expanding and upgrading their existing Water Pollution Control Facility (WPCF). This Publicly Owned Treatment Works (POTW) was constructed circa 1955 and is overdue for facility wide improvements. Improvements will increase the facility peak capacity to 20 MGD which will be a critical component in their CSO Long Term Control Plan. The upgraded facility will also be more resilient and able

to pump out against a flooded river condition. The overall project will improve capacity, reliability and operational flexibility while adding Nitrogen removal and treating more water to higher treatment standards.

Federal FY25 state match will be provided to these or similar eligible construction projects which advance CT's clean water priorities as outlined in the FY24/25 Project Priority List.

d. Fee Income:

Currently, there are no other charges to the municipalities for the services provided as part of the program.

e. Program Administration:

DEEP is currently using 4 percent of the Federal Capitalization Grant for administrative purposes. Federal administrative grant funding for FY2025 grants as shown in Table 2, pursuant to the Clean Water Act. DEEP has \$3 million in undrawn administrative funds as of May 30, 2025. State funded administrative charges are not specified as they are paid outside of the CWSRF.

f. Travel:

EPA approves the use of Federal funds for travel budgeted in capitalization grants for implementing the CWSRF program. The State agrees to use Federal funds to participate in training and professional development activities integral to the effective implementation and management of the CWSRF program.

g. Office of Water State Revolving Funds Information Management System (OWSRF)

The State agrees to input data, as required by EPA to OWSRF, which replaced the previous data reporting system Clean Water National Information Management System (CWNIMS). EPA agrees to provide technical assistance to the State in its use of the OWSRF as a management information system.

h. Loan Repayment Funds:

Monthly repayments may be in the form of level debt or level principal at the discretion of the municipality. Repayment of outstanding loans are deposited into the Revolving Fund Account and used for eligible program purposes consistent with the Clean Water Fund's leveraged funding strategy including bond debt service, and any reserve funds necessary to maintain the credit ratings.

i. Anticipated Cash Draw Ratio:

Currently Connecticut draws federal reimbursement at 100% because state match from prior years has been expended in excess of the 20% match requirement. The State anticipates that the state match will continue to be drawn and expended in advance of the federal reimbursement.

j. Transfer of Funds from the Drinking Water State Revolving Fund:

DEEP reserves the authority to transfer additional funds as appropriate, at some time in the future, between the CWSRF and DWSRF program. To date there have been no transfers of federal funds between

the programs and DEEP does not currently plan on transferring funds to or from the DWSRF in federal FY2025.

k. Estimated Sources and Uses:

The Sources and Uses table below identify the sources and the uses of available funds in the CWSRF in FY2025. Sources of funds include federal capitalization grants and state matching funds, as well as leveraged bond proceeds, investment earnings and repayments. The majority of available funds are used to pay for water quality projects. Any remaining funds are rolled forward into the available balance for future project funding, consistent with approved uses detailed in CT DEEP's priority list. Funds are also used to pay for administration. The State also provides funds for administration and for debt service on leveraged and state match bonds. Public Act 20-1 provided the state general obligation and revenue bond authority necessary to proceed with the Priority List process. The fundable projects list is determined from this authorization amount. The State Bond Commission then approves the allocation of bonds that allows DEEP to enter into project agreements with the Municipalities. The list of projects in Table 4 of wastewater treatment projects funded by the Connecticut Clean Water SRF shows historical project commitments by municipality and the amounts of state and federal funding assigned as of June 30, 2025. The state's FY24/25 priority list includes a robust pipeline of projects which sufficiently cover all carry forward funds identified in the below Sources and Uses Table into state FY26/27.

Table 9

| Sources and Uses Table FY2025                                    |                      |  |                      |
|--|----------------------|--|----------------------|
| SOURCES OF FUNDS   |                      | USES OF FUNDS  |                      |
| Carry Forward Funds  | Amount               | FY 2025 Projects Estimates*  | Amount               |
| Beginning Cash Balance State SRF Funds                           | \$414,157,531        | FY2025 PPL Estimated CWSRF Reserves  | \$121,124,766        |
| One Time State Loan Forgiveness                                  | \$63,100,000         | Existing Loan Commitments  | \$153,785,462        |
| Carry Forward Capitalization Grant Funds                         | \$58,651,748         | Existing Grant Commitments   | \$95,457,334         |
| Carry Forward State Match Funds                                  | \$2,000,200          | Pending Loan Commitments (includes FY2025 PPL Fundable Projects)   | \$164,615,331        |
| <b>Total Carry Forward Funds</b>                                 | <b>\$537,909,479</b> | Additional Subsidy (Principal Forgiveness, State & Federal Grants)   | \$100,446,310        |
|  |                      | State Match Applied to Projects  | \$11,923,200         |
| <b>FY2025 Proposed EPA Grant Funds</b>                           |                      | <b>Total Project Disbursements Estimate</b>  | <b>\$647,352,404</b> |
| FFY 2025 Base Capitalization Grant                               | \$19,436,000         |  |                      |
| FFY 2025 Base State Match (20%)                                  | \$3,887,200          | <b>Administrative Uses Estimates</b>   |                      |
| <b>Total Base Capitalization Grant Funds</b>                     | <b>\$23,323,200</b>  | CWSRF Administration (4%)  | \$2,129,240          |
| FFY 2025 IIJA Supplemental Capitalization Grant                  | \$30,179,000         | FY 24 Bond Debt Service  | \$69,491,350         |
| FFY 2025 IIJA State Match (20%)                                  | \$6,035,800          | <b>Total Administrative Estimates</b>  | <b>\$71,620,590</b>  |
| <b>Total IIJA Grant Funds</b>                                    | <b>\$36,214,800</b>  |  |                      |
| FFY 2025 Overflow and Stormwater Reuse (OSG) Grant               | \$869,000            |  |                      |
| FFY 2025 OSG State Match (20%)                                   | \$-                  |  |                      |
| <b>Total Overflow and Stormwater Reuse</b>                       | <b>\$869,000</b>     |  |                      |
| FFY 2025 Emerging Contaminants (EC) Capitalization Grant Funds   | \$2,605,000          | * Project Estimates include all set asides, reserves, fundable construction projects, and technical assistance activities for state FY25 only. |                      |
| FFY 2025 EC State Match (0%)                                     | \$-                  |  |                      |
| FFY 2022 & 2023 Reallocation EC Grant Funds                      | \$142,000            |  |                      |
| <b>Total Emerging Contaminants Available</b>                     | <b>\$2,747,000</b>   |  |                      |
| <b>Total All Federal Grant FY2025</b>                            | <b>\$63,154,000</b>  |  |                      |
| <b>Other Estimated Funds</b>                                     |                      |  |                      |
| Loan Repayment Funds (Principal & Interest State Revolving Fund) | \$97,458,636         |  |                      |
| Investment Earnings  | \$25,578,079         |  |                      |
| <b>Estimated Other Funds</b>                                     | <b>\$123,036,715</b> |  |                      |
| <b>Total Estimated Sources of Funds</b>                          | <b>\$724,100,194</b> | <b>Total Estimated Uses of Available Funds</b>   | <b>\$718,972,994</b> |
| <b>Balance of Available Funds</b>                                |                      |  | <b>\$5,127,200</b>   |

#### I. Financial Management Strategies:

The Revenue Bond program has been in place since 1991. Since the Program's inception interest subsidy support provided by the State has been as high \$19.0 million in 1991 and as low as \$3.6 million in 2001. No state-funded subsidy has been necessary since the 2001 revenue bond issue. This means that more

state bond authorizations are now freed up for project purposes. Program capacity was increased in FY2021/2022 through receipt of \$289.5 million of loan prepayments. Given this inflow of funds to be recycled, new projects will be funded through program equity for the coming fiscal year, and future bond issuance will be delayed beyond 2025. The last bond sale was in July 2019.

The program capacity projections continue to show that the program can sustain funding levels of \$150 million per year without further State-funded interest subsidy through 2039. Depending on the needs of the program, the State may provide additional support for higher levels of revenue bond issuance in the future. Through effective management of the CWSRF, prudent leveraged bond financing and continued legislative support through authorizations, the State's program will be available to ensure compliance with the Water Quality Act of 1987. The State continually strives to ensure that the fund is a self-sustaining program now and into the future.

To assist communities with financial sustainability, DEEP has published the document entitled "*Methods of Capital Cost Recovery on Water Pollution Control Projects*" and has published and continues to update the document entitled "*The Cost of Clean Water, A Sewer User Charge Rate Survey and Guidance Manual*". The planning process must demonstrate appropriate rate structures to ensure that capital cost debt service and ongoing operation and maintenance costs can be met.

## **Section 7: Program Management**

### **a. Assurances and Specific Proposals**

The authority for this agreement is under the Clean Water Act, Title VI, Sections 601-607 and 40 CFR 35.3130(b) and 40 CFR 35.3150(b). In accordance with 40 CFR 35.3130(b), at the option of the State, the organizational and administrative framework and those procedures of the CWSRF program that are not expected to change annually may be described in the Operating Agreement. EPA will incorporate this agreement by reference in the annual capitalization grant agreement between EPA and the State of Connecticut (DEEP and OTT), and DEEP will incorporate this agreement by reference in the State's IUP. DEEP has provided the necessary assurances and certifications as part of the Operating Agreement between DEEP and EPA. The Operating Agreement (OA) describes the mutual obligations between EPA and DEEP, and through a Memorandum of Understanding, with OTT. The purpose of the OA is to provide a framework of procedures to be followed in the management and administration of the CWSRF. The OA was last updated in 2020/2021 timeframe.

The OA addresses our commitment to key CWSRF requirements, including:

- 1) 602(a): Environmental Reviews - The CWSRF will conduct environmental reviews according to the State Environmental Review Process developed for the SRF.
- 2) 602(b)(3): Binding Commitments - The State of Connecticut certifies that it will enter into binding commitments equal to at least 120% of each quarterly grant payment within one year from receipt.
- 3) 602(b)(4): Timely expenditure - The State of Connecticut certifies that it will expend all funds in the SRF in a timely manner.

b. Federal Requirements

Connecticut will strive to meet or exceed compliance in an amount equivalent to the amount of the capitalization grant for the following requirements:

- o Clean Water Act, Section 508
- o Clean Air Act Section 306
- o The Davis-Bacon Act (40 U.S.C. 276a to a-7)
- o American Iron and Steel (AIS) (2 CFR 180, Subpart C)
- o Single Audit Act (OMB A-133)
- o Federal environmental and super crosscutters
- o Federal Funding Accountability and Transparency Act (FFATA) reporting
- o Telecommunications Prohibition (2 CFR § 200.216)
- o Federal signage requirements
- o The Build America, Buy America Act BABA
- o Uniform Relocation and Real Property Acquisition Policies Act

All CTWSRF funded contracts contain standard language requiring funding recipients to comply with the above federal requirements. Assistance recipients identified will:

- o Submit Single Audit reports in all years when disbursements of federal funds (both CWSRF and non-CWSRF federal funds) meet or exceed federal limits. Federal single audit requirements are included as standard language in CTSRF agreements.
- o Prohibiting contract awards to disbarred/suspended contractors.
- o Demonstrate compliance with the federal environmental crosscutting authorities during the environmental review and project planning stage.
- o Report on executive compensation as outlined in the Federal Funding Accountability and Transparency Act.

d. Audits and Reporting

DEEP is committed to transparency and accountability. Program information, the Priority List and other Clean Water Fund related materials are posted on the DEEP website. The Annual Report published by the Office of State Treasurer is posted at: [Office of State Treasurer](#). An independent audit is conducted by an outside CPA firm annually.

e. Geospatial Data Standards

All geospatial data created will be consistent with Federal Geographic Data Committee endorsed standards as required by EPA.

f. PER Action Items Report

The EPA provides CT with a report of action items (PER) at the conclusion of the annual review. Status of all outstanding items requested by the EPA's 2023 and 2024 PERs is below.

22) The 2022 IIJA Supplemental additional subsidy commitment amount is less than the disbursed amount. Please review the commitment and disbursement amounts, make any necessary corrections, and notify the project officer.

Deadline: April 4th, 2025

State Response: Disbursement information is updated quarterly in OWSRF by Northbridge. CT DEEP has verified disbursements for FY2022 IIJA grant in CORE-CT, CT's accounting system. CT has provided EPA with backup detailing both project and administrative disbursements for FY2022 IIJA funds, and IIJA Supplemental additional subsidy commitment amounts shown in Appendix IV of CT's Annual Report reflect project commitments only. Administrative commitments by grant/year are detailed in Appendix III of the Annual Report. CT will continue to update Appendix IV on the FY25 Annual Report to reflect changes in additional subsidy commitments for all grant years. Conversations between the state, EPA, and Northbridge on proper use and reporting of additional subsidy are ongoing.

## **Section 8: Public Review and Comment**

This IUP along with The State's Priority List provides the basis for negotiation of the capitalization grant agreement and the schedule of grant payments (see Section 6a) as required by Section 601(b) of Title VI. As a result, public notice of the contents of this IUP and the State's Priority List have been provided for comment and review as required per Section 605(c)(1) of Title VI.

In conformance with federal regulations governing the capitalization grant that the DEEP receives from the federal Environmental Protection Agency and the CWF Regulations, the DEEP issued a notice of public hearing for the FY2024/2025 Priority List on December 21, 2023. Public notice appeared in major CT regional newspapers on December 21, 2023 which provided notification on the time, date and location of the public hearing; location of the draft list and date written comments were due February 23, 2024 to the Department. On December 21, 2023 the Department notified subscribers of the Municipal Wastewater Listserv of the availability of the Draft FY2024/2025 Priority List, and associated Table 1 and the public notice. In addition, the Department placed the Hearing Examiner's report for the FY2024/2025 Priority List on the Department's Municipal Wastewater webpage.

The "Request to Place Project on Priority List" form and an instructional "Call for Projects" Memorandum dated November 20, 2024 were sent out to municipal officials subscribed to the [DEEP Municipal Wastewater Updates Newsletter](#) for the FY2026/2027 Priority List. The public is able to subscribe to the newsletter via a link at the bottom of the main DEEP [Municipal Wastewater](#) webpage. The deadline to submit the project forms for the FY2026/2027 Priority List was January 17, 2025. DEEP also reminded municipalities and consultants about the "Call for Projects" at outreach events hosted by the [New England Water Environment Association \(NEWEA\)](#) on January 27, 2025; and by the [Connecticut Water Environment Association \(CT WEA\)](#) on February 14, 2025. Municipalities were permitted to submit revised project forms for the FY2026/2027 Priority List until the end of February 2025.

Since then, DEEP has completed its evaluation of the project proposals for construction readiness and scored the projects with priority points as prescribed in the Regulations of Connecticut State Agencies (RCSA) Sec. 22a-482-1(c). Once the State budget is finalized, CT DEEP will finalize its draft FY2026/2027 Priority List. The draft FY2026/2027 Priority List is targeted to be public noticed for comments by 2025 calendar year end.