



Final Clean Water Fund

Financial Assistance Programs Municipal Water Pollution Control Priority List, State Fiscal Years 2024 & 2025

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Section 1: Program Authorization and Objectives

Authorizations:

The purpose of this document is to present the Department of Energy & Environmental Protection's (Department or DEEP) state and federal funding assistance programs for municipal water pollution control projects during State Fiscal Years 2024 (July 1, 2023 - June 30, 2024) and 2025 (July 1, 2024 - June 30, 2025). This document describes the uses of funds available under Sections 22a-478 and 22a-483 of the Connecticut General Statutes (CGS) and federal funds under the Water Quality Act of 1987.

A public hearing on this document (hereafter referred to as “the Priority List”) was held by video conference on February 7, 2024, at 1 pm. The draft Priority List was distributed through a Municipal Wastewater email newsletter to all subscribers and posted on the Department’s website. Public notices of its availability were posted in various newspapers throughout the state. The Department sought public comment on the draft Priority List and all comments were considered in the development of the final Priority List.

The Department has been funding projects in accordance with the FY2022 and FY2023 Priority List. The unallocated balances from that Priority List were considered in the development of the FY2024 and FY2025 Priority List.

The anticipated funding for this Priority List is as follows:

	Anticipated State FY2024 Funds Authorized	Anticipated State FY2025 Funds Authorized
State General Obligation Bonds (1)	\$40,000,000	\$ 65,000,000
State Revenue Bonds (1)	--	--
Federal Capitalization Base Grant (2)	\$ 9,189,000	\$ 8,000,000
Federal SRF BIL Supplemental Grant (3)	\$ 25,535,000	\$ 25,535,000

(1) CONNECTICUT FY 2024 – FY 2025 BIENNIUM GOVERNOR’S BUDGET
https://portal.ct.gov/-/media/OPM/Budget/2024_2025_Biennial_Budget/Budget_WebPage/GovBudget_2024-25_Final-Web-Version.pdf

(2) Amount estimated after earmarks. *Italics indicate the estimated amount.*

(3) BIL = Bipartisan Infrastructure Law; Refer to Section 4 for more information on this BIL grant.

Requirements of the Federal Capitalization Grant:

The requirements for the federal Capitalization Grants are as follows:

- 10% of the grant shall be used for green infrastructure, energy efficiency, or other environmentally innovative projects. The projects that are deemed eligible for funding are identified in Section 3b; and
- 10% to 40% of the Federal Capitalization Grant shall be applied as grant.

Funding Levels Based Upon Project Type:

The Clean Water Fund program is defined by Sections 22a-475 through 22a-483 of the CGS and by regulations adopted on February 19, 1992, pursuant to CGS 22a-482. The State's Clean Water Fund program (Section 3a of the Priority List) provides grants equal to 20% of the eligible project costs and a loan for the remainder of the project costs which are to be repaid over not more than 20 years at 2% interest for water pollution control projects. Exceptions to grant percentage are noted below.

- Combined Sewer Overflow (CSO) projects receive grants equal to 50% of the eligible project costs associated with CSO control.
- Nutrient (Nitrogen or Phosphorus) Removal projects receive grants equal to 30% of the project costs associated with nutrient removal.
- Small Community projects receive grants of 25% of the eligible project cost.
- Collection System improvements receive 100% loan of the eligible project cost and shall not receive a project grant.

Pursuant to CGS sec. 22a-478(c)(4), if supplemental federal grant funds are available for Clean Water Fund projects specifically related to the clean-up of Long Island Sound, a distressed municipality may receive a combination of state and federal grants in an amount not to exceed 50% of the cost of the project associated with nutrient removal.

Management System

As required by Section 22a-482-1(b) of the Regulations of Connecticut State Agencies (RCSA), a Priority List is established for the purpose of determining funding assistance available for sewerage projects. This list is effective upon adoption and shall remain in effect until adoption of the subsequent Priority List. The intended effective period is from the date of adoption through June 30, 2025, or until the next Priority List is adopted.

The Priority List management system (Section 22a-482-1(c)(1) through (5) of the RCSA) includes sections on priority rating criteria, project ranking mechanism, order of priority funding, public hearing, and revisions to the Priority List. The Priority List has been developed in accordance with the requirements referenced above.

This document incorporates the priority ranking systems for grant-eligible priority projects. The loan-only collection system improvement projects will be funded from the reserves on a first-come, first-served basis.

Projects will be removed from the Priority List if they have been fully funded by the Clean Water Fund, if they have been funded by any other means, if they are no longer eligible for funding, or if the municipality withdraws the project from consideration.

Set-Asides and Reserves

In developing the fundable portion of the Priority List and the intended use plan, the State has established a number of set-asides and reserves required or allowed under federal and state regulations.

Reserves have been considered for:

- a) Program administrative costs (set aside)
- b) Water quality management (set aside)
- c) Cost increases
- d) Planning projects
- e) Design projects
- f) Infiltration and inflow rehabilitation projects
- g) Green Components projects
- h) Resiliency projects
- i) Small community projects
- j) Pump station rehabilitation projects
- k) Collection system improvement projects

Program Administrative Costs

The costs of administering the Clean Water Fund are covered by a combination of federal grants and state bonds. Section 35.2020(a) 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) 2023 and FFY2024 a reserve not to exceed 4 percent of Title VI appropriations for the purpose of administration. 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 practices.

Water Quality Management

Section 604(b) of the 1987 Amendment to the Federal Water Pollution Control Act is applicable to Title VI only. This section is intended to provide a funding source to states for water quality management planning as defined by 205(j) and 303(e) of the Federal Act. Approximately \$351,000 (\$93,000 from Base SRF and \$258,000 from BIL Supplemental will be reserved from the FFY2023 allotment and the FFY2024 allotment for this purpose will be determined in FY2024.

Small Communities

A “small community” means a municipality with a population of 5,000 or less, or highly dispersed sections of large municipalities. The regulations adopted pursuant to CGS Section 22a-482 require that a reserve of funds sufficient to finance the construction of at least one small community project per year be established.

Revisions to the Priority List

The Department reserves the right to evaluate the usage of funds in all of the reserves and the fundable construction projects at any time during the last six months of each fiscal year and to reallocate underutilized funds into any other reserve or construction project as determined by the Commissioner. This shall be done in accordance with the requirements of Section 22a-482-1 (c) (5) (Revisions to the Priority List) of the RCSA.

Revisions of the Priority List may be made at any time during the funding period in accordance with public participation requirements and all other established procedures. A public hearing with appropriate notice may be held on all significant changes to the Priority List and all parties affected by such changes may be notified directly. If the State determines that a change must be made and that such a change is not significant, or the affected municipality has been previously notified, public notice requirements and a public hearing may be waived.

If the passage of a public act or budgetary rescissions results in a reduction in the amount of funding authorized, the final Priority List will be revised without a public notice and public hearing. In order to account for a reduction in funding, the Department will make adjustments to the funding reserves that are underutilized for new projects. Specifically, the Department will revise Section 3b of the *Set-Asides and Reserves* and Section 3c of the *Collection System Improvement Program*. If adjusting those reserves is insufficient to account for the reduction in funding, then the lowest priority point projects listed in the table for *Fundable Construction Projects* will not receive funding. Any changes to the final Priority List will be posted on the DEEP website.

Section 2: Meeting Future Clean Water Fund Demands and Economic Benefits to the State

The FY2024 and FY2025 state capital budget will likely continue a trend of generous financial support for the ongoing improvement of our aging wastewater infrastructure. Current funding authorizations will further stimulate our recovering economy through the creation or retention of jobs for construction contractors, equipment manufacturers, construction materials suppliers, design and management professionals, and supporting businesses and industries. The availability of Clean Water Fund financing will reduce the burden on ratepayers and taxpayers from stable, low-interest financing as well as grant dollars to municipal wastewater treatment authorities.

Consistent with the priority list scoring process (See Section 3a) and in accordance with the RCSA Section 22a-482-1(c), available funding is proposed to address priority water quality areas. The priority needs of the state still remain achieving: CSO abatement as required under Long Term Control Plans and/or Integrated Municipal Stormwater and Wastewater Plans, meeting the nitrogen load allocation required by the Total Maximum Daily Load (TMDL) for the Long Island Sound, and phosphorus reduction to control nutrient enrichment of streams.

Other issues that will likely add to the Clean Water Fund demands, but for which costs cannot be precisely determined at this time include:

- Tighter effluent limits for metals;
- Control of pharmaceuticals and personal care products; and
- Adaptation to address climate change effects of flooding and sea level rise.

Section 3: Municipal Funding Programs

Section 3a: Priority Project Grant-Loan Program

Priority Project Ranking System

Regulations adopted pursuant to CGS 22a-439 and 22a-482 (Section 22a-482-1(c) of the RCSA) and under 40 CFR Part 35 specify the use of a priority system for determining the funding of municipal projects.

The priority system and Priority List include project information and point ratings that become the basis for committing available and anticipated state and federal funds. Projects on the Priority List are rated on several criteria that emphasize the impact of each project on public health, improvement of water quality, and water resource utilization. Both the federal regulations governing the development of this document, 40 CFR 35.2015 and 35.2020, and state law, CGS 22a-439 and 22a-478, stress the need to fund projects that improve "priority water quality areas," i.e., specific stream segments or bodies of water where municipal discharges have resulted in the impairment of a designated use or significant public health risk, and where the reduction of pollution from the municipal discharges will substantially restore surface or groundwater uses. Based on the priority rating system and other specific management criteria, all anticipated eligible sewerage projects as requested by the municipalities or identified by the Department have been ranked for funding purposes and appear on the Priority List.

The Priority List contains the fundable portion, consisting of those projects anticipated to be funded from any unobligated balance of prior year carry-over funds and the anticipated FY2024 and FY2025 allotments. The priority rating score, which is developed from the priority rating system for every project, becomes the prime consideration in the overall Priority List ranking.

The criteria, which establish the priority rating number, are shown below. The application of this rating system to each individual project request that was received is shown in Table 3. Note that the criteria are evaluated against existing conditions, and not against future, 20-year flow projections. In cases where the priority rating number is the same for two or more projects, preference will be given to that project ready to proceed at the earliest date.

I. Project impacts potable water supply – (10 points maximum).

- | | |
|---|------------|
| A. Impaired water supply affecting less than 25 people – | 2 points. |
| B. Impaired water supply affecting 26 to 100 people – | 4 points. |
| C. Impaired water supply affecting 101 to 1,000 people – | 6 points. |
| D. Impaired water supply affecting 1,001 to 5,000 people – | 8 points. |
| E. Impaired water supply affecting more than 5,000 people – | 10 points. |

II. Project is necessary for attainment of State water quality goals – (28 points maximum)

- A. Project is necessary for attainment of water quality standards where the

impacted water resource is:

1. Smaller than main stem of a sub-regional drainage basin or groundwater goals will be attained – 5 points.
 2. Main stem of sub-regional drainage basin – 10 points.
 3. Main stem of regional drainage basin – 15 points.
 4. Main stem of major drainage basin – 20 points.
 5. Projects that impact coastal areas are considered the equivalent of a regional drainage basin and assigned – 15 points.
- B. Project will enable the water body to meet minimum dissolved oxygen standards – 8 points.

III. Project will enhance specific water resource values – (24 points maximum)

- A. Fishery resources - (6 points maximum).
1. Project will improve recreational fisheries – 3 points.
 2. Project will improve anadromous fisheries – 6 points.
 3. Project will open new streams for fish stocking programs – 6 points.
- B. Shellfish resources – (6 points maximum)
1. Project will lower coliform bacterial levels in the waters of shellfish beds – 3 points
 2. Project will open new areas for shell fishing – 6 points.
- C. Swimming – (6 points maximum)
1. Project will enhance existing swimming opportunities – 3 points.
 2. Project will allow for new swimming opportunities – 6 points.
- D. Eutrophication – (6 points maximum)
1. Project will reduce eutrophication of a lake or impoundment by diverting septic system discharges out of a drainage basin – 3 points.
 2. Project will reduce eutrophication of a lake or impoundment by providing nutrient removal in a municipal treatment plant or by relocating an existing treatment plant discharge – 6 points.

IV. Sewered Population initially served by the project – (12 points maximum)

- A. Less than 5,000 - 2 points.
- B. 5,000 but less than 10,000 - 4 points.
- C. 10,000 but less than 20,000 - 6 points.
- D. 20,000 but less than 40,000- 8 points.
- E. 40,000 but less than 75,000 - 10 points.
- F. 75,000 or greater - 12 points.

*For any project that is not listed as a “WPCF Upgrade” project type, 25% of the sewered population of the municipality was used during scoring.

V. Health Related Issues - (6 points).

Project will eliminate ponding of sewage from failing septic systems, backup of sewage into basements, or overflow of sewage in streets (CSO correction projects are not eligible for points for this criterion).

VI. Miscellaneous – (20 points maximum).

- A. Project involves the upgrading of an existing primary facility in order to comply with secondary treatment standards – 5 points.
- B. Project will result in the DEEP rescinding an Order concerning a sewer connection moratorium – 5 points.
- C. Project will eliminate nuisance odors associated with treatment processes or pump stations but exclusive of large-scale expansion or upgrading of treatment facilities – 5 points.
- D. Remedial action will improve treatment plant operations where treatment standards are already being achieved - 5 points.

(Note that projects receiving points under this category cannot also claim points under category VIII)

VII. Connecticut Housing Partnership Program – Development Designation

Community has received development designation - 0 points.

Public Act No. 88-305 established a Connecticut housing partnership program, and amended CGS 22a-478, requiring the Commissioner of DEEP to consider the formation of a housing partnership program with a development designation as a factor in making grants and loans. However, the Department of Housing (DOH) has discontinued the housing partnership program and is no longer maintaining a list of qualifying communities. Therefore, the priority points for such a program have been revised from 3 (on prior lists) to zero at this time.

VIII. Implementation of Long Island Sound TMDL

All projects that are designed to meet interim or final goals for nitrogen reduction per the Long Island Sound TMDL continue to receive points under this criterion. In order to prioritize the projects based on net impacts to Long Island Sound, a range of 15 to 32 points, rounded to the nearest whole number, based on their equalized baseline load, was established. This is in lieu of assigning each such project the full 32 points from Categories II.A.5 (15 pts), II.B (8 pts), III.A.1 (3 pts), and III.D.2 (6 pts). The actual formula for determining the points for each facility under this criterion is:

$$\text{Priority Points} = 14 + (\text{equalized baseline load, in lbs/day})^{0.368}$$

Once a facility has been constructed that is designed to or has demonstrated the ability to achieve the final nitrogen permit limit, it is no longer eligible for priority points under this criterion. This criterion constitutes a deviation from the existing regulations and has been approved

by an action of the Commissioner dated February 2, 2002, with a goal of being consistently applied since its inception.

Projects incorporating both phosphorus and nitrogen removal components shall only receive credit for one type of nutrient removal. These types of projects shall be rated two separate ways: the first score shall include points for phosphorus removal and no points under category VIII for nitrogen removal; the second score shall include points for nitrogen removal under category VIII, with no credit for phosphorus removal. The greater of the two scores shall carry forward.

Category I, II, and III Projects

The priority rating system also includes a project ranking mechanism as permitted by federal and state regulations. The ranking system allows the State to put certain **lower priority** projects in a favorable position for funding for certain specific reasons. Any project listed in Category I, II, or III will be funded first without regard to priority points prior to funding other construction projects in order of priority points. In general, the rank of the project depends on its priority number, but the Commissioner **may**, in accordance with Clean Water Fund regulations, choose to assign a higher rank for projects which fall into one of the following categories:

Category I - Consists of projects for which:

- A complete financing application for construction was submitted to the Department for review during the previous funding period,
- The project was on the fundable portion of the previous priority list, and
- A Clean Water Fund agreement has not been executed for the project.

These applications have undergone preliminary review and represent the good faith efforts of the municipality to comply with program requirements. Funding for planning and design, initially funded by the municipality, may be recouped in the future if the construction of the project is awarded Clean Water Fund assistance. It should be stressed that any project placed in this category must come from the fundable portion of the previous Priority List.

Category II - Consists of projects where previously funded segments of pollution abatement facilities have been built and are not usable or are severely restricted in use until the remainder of the project is fully constructed and operational.

Category III - Consists of projects that remedy documented pollution of potable water supplies.

Fundable Projects: Category I

<u>CWF #</u>	<u>Municipality</u>	<u>NPDES Permit #</u>	<u>Project Description</u>	<u>Cost (\$M)</u>
698-C	MDC	CT0100170	East Hartford WPCF Upgrade (2 phases)*	\$24
741-C	Ridgefield	CT0101451	Route 7 Pump Station, Force Main, WPCF Decommission*	\$10
743-C	Norwich	CT0100412	WPCF Upgrade*	\$191
TBD	New Haven	CT0100366	East Shore WPAF: Air Compressor Improvements*	\$19.5
TBD	New Haven	CT0100366	East Street Pump Station*	\$50
TBD	MDC	CT0100480	Rocky Hill WPCF Upgrade (2 phases)*	\$16
				\$310.5

Fundable FY24 Projects: Construction
(In Order of Priority Points)

<u>Pts</u>	<u>CWF #</u>	<u>Municipality</u>	<u>NPDES Permit #</u>	<u>Project Description</u>	<u>Cost (\$M)</u>
30	TBD	Plymouth	CT0100463	WPCF Phosphorus Reduction Improvements	\$14
27	TBD	Norwich	CT0100412	South Thames Street Force Main*	\$2.5
26	TBD	MDC	CT0100251	Expedited CSO Sewer Separation Contracts (ROW)	\$28
					\$44.5

Fundable FY25 Projects: Construction
(In Order of Priority Points)

<u>Pts</u>	<u>CWF #</u>	<u>Municipality</u>	<u>NPDES Permit #</u>	<u>Project Description</u>	<u>Cost (\$M)</u>
44	TBD	Bridgeport	CT0100056	West Side WPCF Upgrade	\$30
42	TBD	Bridgeport	CT0100056	Ash Creek CSO Conveyance Project	\$21
37	TBD	New Haven	CT0100366	Fair Haven CSO Improvements Phase 2	\$3.3
30	TBD	MDC	CT0100994	Poquonock WPCF Trickling Filter & BNR Upgrades	\$23
26	TBD	MDC	CT0100251	Granby 7/8/9 CSO Sewer Separation	\$54
19	TBD	Sprague	CT0100978	WPCF Denitrification Upgrade	\$1
					\$132.3

- (1) TBD – Clean Water Fund number to be determined at time of agreement execution.
- (2) Projects listed with * were listed on the FY22 and FY23 Priority List for construction funding and are delayed until FY24 and FY25.
- (3) WPCF = Water Pollution Control Facility; WPAF = Water Pollution Abatement Facility
- (4) *Italicized projects are part of the North Hartford Pilot Project.*

Section 3b: Set-Asides and Reserves

As previously noted, in developing the fundable portion of the Priority List and the intended use plan, the State has established a number of set-asides and reserves 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. Projects seeking funding through Reserve categories must submit a complete Clean Water Fund application to be considered; projects will be funded on a first-come, first-served basis subject to the availability of funds.**

Reserve for Cost Increases
(Grant percentage varies)

FY24/25 \$20M

This reserve is intended for construction cost increases on currently funded projects (i.e. design or construction projects with executed Clean Water Fund agreements).

Reserve for Planning Projects (55% grant)

FY24/25 \$11M

Planning funds will be distributed on a first-come, first served basis as complete applications are filed. In order for a planning project to be eligible, Qualifications Based Selection (QBS) must be used to choose an engineering consultant for that specific project.

After the planning reserve funds are depleted, municipalities may proceed with planning by utilizing local funds, and retain eligibility for future reimbursement of eligible costs provided the municipality has received prior written approval of the fees and scope of work from the Department. Municipalities that expend funds for eligible planning efforts without receiving prior written approval from the Department will not be eligible for reimbursement at a later date.

Reserve for Design Projects

FY24/25 \$20M

(Non-CSO: 20% grant/80% loan; CSO: 50% grant/50% loan)

Design funds will be made available only for those projects that can be expected to be reached on the Priority List for construction funding within three years. The QBS process must be followed in the

selection of the design engineer. If the design engineer was selected by the town through a QBS process during the planning phase, the town may continue to use the same engineering consultant.

For design costs associated with collection system improvements in Section 3c of the Priority List, the Department will not process separate design agreements. Rather, the Department will require the municipalities to seek prior written approval on the design fees and to then complete design with local financing. The municipality may then recoup the design cost (as loan) by including them in the construction application for Clean Water Fund financing. This process is permitted by RCSA Section 22a-482-2(d)(3) of the Clean Water Fund Regulations.

Design funds will be awarded on a first-come, first-served basis as complete applications are filed. If the design reserve funds are depleted, municipalities may proceed with design by utilizing local funds and retain eligibility for future reimbursement of eligible costs provided the municipality has received prior written approval of the fees and scope of work from the department. In such cases, funding for design may be recouped at the time the construction of the project is awarded Clean Water Fund assistance. Municipalities that expend funds for eligible design efforts without receiving prior written approval from the Department will not be eligible for reimbursement at a later date.

<u>Reserve for Construction of non-CSO I/I Rehabilitation Projects</u> <u>(20% grant/80% loan)</u>	FY24/25	\$60M
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Infiltration and Inflow (I/I) rehabilitation projects are designed to reduce the volume and frequency of extraneous flow (storm and surface water inflow and groundwater infiltration) entering sanitary sewer systems. Since climate change continues to cause more frequent flooding, the Department has decided to continue providing a partial grant for I/I projects under this Priority List. Projects funded under this reserve minimize sewage overflows resulting from system surcharge, reduce hydraulic overloading and energy consumption, improve treatment efficiency, and reserve capacity for future wastewater needs.

<u>Reserve for Construction of CSO I/I Rehabilitation Projects</u> <u>(50% grant/50% loan)</u>	FY24/25	\$125M
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Flooding causes more complex issues in CSO communities including chronic sewer backups. Therefore, I/I rehabilitation projects specifically located in CSO communities are critical to protecting public health. On a limited basis and subject to availability of state funding, I/I projects documented to result in combined sewer overflow volume reduction or elimination in the four (4) CSO communities with active CSO Long-Term Control Plans: Bridgeport, Hartford, New Haven, and Norwich, will have availability of up to 50% grant.

Reserve for Construction of Green Components

(Non-CSO: 20% grant/80% loan; CSO: 50% grant/50% loan)

FY24/25

\$20M

Green Components are components of “green projects” as specified by the EPA [Green Project Reserve Crosswalk Table \(epa.gov\)](#) that adopt practices to reduce the environmental footprint of water and wastewater treatment, collection, and distribution, help utilities adapt to climate change, enhance water and energy conservation, adopt more sustainable solutions to wet weather flows, and promote innovative approaches to water management problems.

This reserve includes, but is not limited to, the following types of construction projects:

- Green Infrastructure, including demonstration projects of green infrastructure technologies to promote infiltration of stormwater and mitigate combined sewer overflows. (50% grant/50%loan)
- Energy Management planning (20% grant/80% loan)
- Pump Station Consolidation and/or Elimination (not otherwise funded in the pump station reserve in Section 3c) (20% grant/80% loan)
- I/I Rehabilitation Projects (not otherwise funded in the reserves listed above in this section)
- Energy efficiency projects as defined by EPA. Examples include cost-effective renewable energy components at treatment plants and projects that achieve a 20% reduction in energy consumption at treatment plants. (20% grant/80% loan)
- Publicly Owned Treatment Works (POTW) Process & Equipment Upgrades (20% grant/80% loan)
- Collection System Equipment Upgrades (20% grant/80% loan)
- Renewable energy projects such as wind, solar, geothermal, micro-hydroelectric, and biogas combined heat and power systems that provide power to a POTW (20% grant/80% loan)

Projects that DO NOT meet the EPA criteria of energy efficiency include:

- Renewable energy generation that is privately owned or the portion of a publicly owned renewable energy facility that does not provide power to a POTW
- Simply replacing a piece of equipment, because it is at the end of its useful life, with something of average efficiency
- Facultative lagoons, even if integral to an innovative treatment process.

Reserve for Construction of Resiliency Projects

(20% grant/80% loan)

FY24/25

\$20M

This reserve is for projects that allow wastewater infrastructure to better withstand the effects of severe weather events and expected climate change impacts such as an increase in frequency and severity of precipitation events, flooding, storm surge, wave action, and sea level rise. Projects that

fall under the resiliency category may also contain green components as well. A portion of this reserve may be prioritized for projects in municipalities, especially distressed municipalities, that have established a Municipal Stormwater Authority pursuant to Section 22a-498 of the general statutes. In addition to the rolling application period associated with all reserve categories in the Priority List, this reserve may be administered by a specific call for projects, on a first come, first served basis, or both.

<u>Reserve for Small Community Projects</u> <u>(25% grant/75% loan)</u>	FY24/25	\$76M
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This reserve allows for the funding of small community projects that will mitigate an existing documented community pollution problem. Small community projects include, but are not limited to, the following:

New Hartford, Pine Meadow sewer extension -	\$5M
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Marlborough Town Center/Lake Terramuggus Phase IV -	\$8M
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Old Lyme Project Areas:

Sound View Town Area -	\$10M
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Miami Beach Association, Old Colony Beach Association, and , Old Lyme Shores Beach Association Sewers -	\$54M
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Section 3c: Collection System Improvement Program

In accordance with Section 22a-478(c)(8) of the CGS, the funding of collection system improvement projects is permissive (“sewer collection system improvements may receive a loan for one hundred percent of the eligible cost...”). This is different from the priority project grant-loan program which is obligatory if funding is available. This funding is a 2% interest rate loan payable over 20 years.

It is important to note that this program is a subset of the Clean Water Fund and the only changes to the Clean Water Fund program are the funding level and the requirement for a separate priority system. All other aspects of the Clean Water Fund program, including the statutes and regulations, cost-effectiveness of projects, and environmental review apply to the collection system improvement program. Qualifications Based Selection must be used to choose an engineering consultant for that specific project. All administrative procedures applicable to the Clean Water Fund program apply to the collection system improvement program as well.

As indicated in Section 3b, the Department will not process separate design agreements for collection system improvements. Rather, the Department will require the municipalities to seek prior

written approval on the design fees and then complete design with local financing rather than a Clean Water Fund loan. The municipality may then recoup the design cost by including them in the construction application for Clean Water Fund financing. This process is permitted by RCSA Section 22a-482-2(d)(3) of the Clean Water Fund Regulations.

Fundable FY2024/2025 Construction Projects (Collection System Improvement Program)

<u>Reserve for Construction of Collection System Improvement Projects (Loan Only)</u>	FY24/25	\$20M
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This reserve will be available for the following types of sanitary sewer projects:

- Rehabilitation and/or replacement of sanitary sewers that cannot be adequately repaired through lining alone;
- Construction of relief sewers in separated sewer systems to address hydraulic overloading of existing sewers;
- Construction of sewers to cost-effectively eliminate sanitary sewer pump stations; and
- Extension of sanitary sewers to solve an existing community pollution problem.

<u>Reserve for Construction of Pump Station Rehabilitation Projects (Loan Only)</u>	FY24/25	\$20M
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Projects funded under this reserve are for pump station improvement projects located in the collection system that result in a reduction in energy consumption, increase resiliency during extreme wet weather events, upgrade the ability to provide emergency power, or replace equipment that is beyond its design life.

Section 4: Bipartisan Infrastructure Law (BIL)

The Bipartisan Infrastructure Law (BIL) was signed into law on November 15, 2021, by President Biden, 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, aka Connecticut's Clean Water Fund). This section discusses changes to the CWSRF base program requirements, as well as the three additional federal grants that BIL has provided to the State of Connecticut. The BIL grants will continue to be provided annually through October 2026, with implementation by the Department in accordance with applicable implementation guidelines, as published and amended by US EPA and/or the Office of Management and Budget (OMB).

Section 4a: CWSRF Amendments from BIL

For the CWSRF Base Program, some of the key provisions of BIL include the following amendments:

Annual CWSRF Capitalization Grant Requirements – BIL establishes an additional subsidy range of 10% to 30% for the annual CWSRF capitalization grant. Congress has previously required that states use 10% of the annual CWSRF capitalization grant for additional subsidy. For projects funded through the Base SRF grant, this requirement can be met without changing the existing grant and loan ratios for state clean water projects.

American Iron and Steel – The American Iron and Steel procurement requirement is permanent for *all* CWSRF construction projects going forward.

Build America, Buy America Act (BABAA) – BIL also expands domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABAA). Starting on May 14, 2022, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States. US EPA has approved various waivers which can be found at: [Build America, Buy America \(BABA\) Approved Waivers | US EPA](#).

The Adjustment Period Waiver of Section 70914(a) of P.L. 117-58, Build America, Buy America Act, 2021 for SRF Projects that have Initiated Design Planning applies to projects that initiated planning and/or design prior to May 14, 2022 has sunset. As a result, the Adjustment Period Waiver will only be applicable to equivalency projects on the FY23 or earlier priority lists, which were planned and designed prior to May 12, 2022. This project specific planning and design waiver will carry forward so long as there are no changes in the scope of work during the construction period.

Section 4b:

1. BIL CWSRF General Supplemental Grant

In addition to the annual capitalization grant, BIL has authorized an annual CWSRF General Supplemental Grant through 2026 to further support the Clean Water Fund program. In State FY2024, the Supplemental CWSRF grant award to Connecticut will be \$25,535,000, and it is expected to remain the same in State FY2025.

A key priority of BIL is to ensure that disadvantaged communities benefit equitably from this historic investment in water infrastructure. Congress required 49% of BIL CWSRF General Supplemental funding be provided as grants and/or forgivable loans to communities that meet a state's affordability criteria or certain project types, consistent with the Clean Water Act, and EPA encourages states to use these funds to support projects in disadvantaged communities. In Connecticut, BIL CWSRF General Supplemental Grant recipients will be a municipality(ies) listed as a [distressed community](#) by the Department of Community and Economic Development.

Per Section 22a-478(c)(4) of Connecticut General Statutes, if supplemental federal grants are available for projects targeted to the clean-up of Long Island Sound, those project components may receive up to 50% grant. CT DEEP has targeted the removal of sanitary sewer overflows (i.e. untreated discharges of sewage) as a priority to address the health and environmental impacts of such overflows to Long Island Sound, which occur either directly or indirectly through inland waters.

2. BIL Emerging Contaminants Grant:

This grant seeks to address emerging contaminants (including but not limited to per- and polyfluoroalkyl substances known as PFAS) through any project eligible per Section 603(c) of the Clean Water Act. In accordance with the Department's water quality goals and the state PFAS Action Plan, dated November 1, 2019, the Department is proposing to focus on PFAS contamination and treatment and is coordinating with EPA to develop an implementation plan consistent with EPA requirements.

In State FY2024, the Emerging Contaminant grant award to Connecticut will be \$2,605,000, and it is expected to remain the same in State FY2025.

Section 4c: Non-Clean Water Fund Grant

Sewer Overflow & Stormwater Reuse Municipal (OSG) Grant – Separate from 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 BIL. The BIL reauthorized the program through 2026 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 CSOs and SSOs 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 municipal CSO or SSO control plan and are listed on this Priority List as construction-ready or eligible under a reserve category. For State FY2024 and FY2025, the removal of private inflow connections and the installation of new storm sewer connections from residences in North Hartford (as part of a new pilot program to address the impacts of CSOs) is proposed. North Hartford is an economically distressed area with a combined sewer system which often causes sewer backups into homes. Traditionally, work on private property has been excluded from the CWSRF. However, in light of the ongoing public health and environmental equity crisis, the Department has determined that the OSG program is well-suited to provide additional funding for projects funded under this Priority List in the North Hartford area.

In State FY2024, the OSG grant award to Connecticut will be \$1,054,000, and it is expected to remain the same in State FY2025.

TABLE 1 – BIL Summary

Connecticut’s expected allocations and state match requirements for the next two years are as follows:

BIL Grant	State FY 24 (Federal FY23) Allocation	State FY 25 (Federal FY24) Allocation	State Match
Supplemental Clean Water State Revolving Fund Grant	\$25,535,000	<i>\$25,535,000</i>	<p>1. Match of 10% in FFY23 (state FY24). Match increases to 20% in FFY24 (state FY25).</p> <p>2. 49% of grant funds must be additional subsidy (i.e. grants).</p> <p>Note: Projects on this Priority List and/or the FY24/FY25 intended use plan will be eligible to receive additional subsidy, as funds are available and provided a project meets CT’s existing affordability criteria as used by the Department of Economic and Community Development (DECD) to develop a list of <u>Connecticut’s distressed municipalities</u>.</p> <p>Refer to Table 2 below for additional eligibility information and the order of priority for additional subsidy.</p>
Sewer Overflow & Stormwater Reuse Municipal Grants (OSG)	\$1,054,000	<i>\$1,054,000</i>	1. Match of 20% in FY24/FY25
Emerging Contaminants Grant	\$2,605,000	<i>\$2,605,000</i>	<p>1. Match not required.</p> <p>2. 100% of EPA’s capitalization grant to be provided as an add. Subsidy (i.e. grant)</p>

Italics indicate an estimated value.

TABLE 2 – Supplemental Clean Water SRF Grant Priority

	Order of Priority	
FY24: Additional subsidy of \$25,535,000	#1	<p>90% to Sanitary Sewer Overflow (SSO) removal projects which meet CT’s existing affordability criteria as used by the DECD to develop a list of distressed municipalities in Connecticut.</p> <p>10% to innovative green infrastructure, energy efficiency, and/or water/energy conservation projects.</p>
	#2	<p>If eligible SSO projects do not utilize the full FY24 subsidy, the remaining funds will be distributed across all construction projects which appear on this PL and meet CT’s existing affordability criteria as used by the DECD to develop a list of distressed municipalities in Connecticut.</p>
FY25: Additional subsidy of \$25,535,000	#1	<p>90% to SSO removal projects which meet CT’s existing affordability criteria as used by the DECD to develop a list of distressed municipalities in Connecticut.</p> <p>10% to innovative green infrastructure, energy efficiency, and/or water/energy conservation projects</p>
	#2	<p>If eligible SSO projects do not utilize the full FY25 subsidy, the remaining funds will be distributed across all construction projects which appear on this PL and meet CT’s existing affordability criteria as used by the DECD to develop a list of distressed municipalities in Connecticut.</p>

Italics indicate an estimated value.

TABLE 3 – FY24/25 Project Requests

Town	Project Type	Description	I	IIA	IIB	3A1	3A2	3A3	3B1	3B2	3C1	3C2	3D1	3D2	IV	V	VIA	VIB	VIC	VID	VII	VIII	Priority Points	Public Project Cost (\$M)
Bridgeport	CSO	Ash Creek CSO Conveyance Project		20	8				3		3				8								42	\$21.0
Bridgeport	WPCF Upgrade	West Side WWTP Upgrade													12							32	44	\$30.0
Brookfield	Sewers	Sewer Extension - Dean/Pocono													2								2	\$3.3
Cheshire	I/I	SSES and Associated Improvements													2								2	\$2.0
Cheshire	Pump Station	Elmwood Pump Station Comprehensive Upgrade													2								2	\$3.5
Coventry	I/I	Coventry Lake Pipe Lining													2								2	\$0.2
Coventry	WPCF Upgrade	Treatment Plant Upgrade and/or Regionalization													4								4	\$12.0
Danbury	Green	WWTP Solar Power													6								6	\$10.0
Danbury	I/I	Sheridan Street Project													6	6							12	\$0.6
Danbury	Pump Station	Beaver Brook Pump Station Upgrade													6								6	\$4.9
Danbury	Pump Station	Turner Rd Pump Station Upgrade													6								6	\$0.3
Danbury	Pump Station	Triangle St Pump Station Upgrade													6								6	\$0.3
Danbury	Resiliency	WWTP Generator Upgrade													6								11	\$1.0
Danbury	Resiliency	WWTP Switchgear Relocation													6								11	\$1.0
Danbury	Resiliency	Sewer Pump Station Emergency Generators													6								6	\$0.6
Danbury	Sewers	West Side Sewer Phase II													6								6	\$17.6
Danbury	Sewers	East Side Sewer													6								6	\$5.4

Danbury	Sewers	Mill Plain Sewer Extension & PS Elimination													6									6	\$2.8
Danbury	Sewers	Osborne St Sewer													6									6	\$1.6
Danbury	Sewers	Triangle Street Sewer Rehabilitation													6									6	\$0.6
Danbury	Sewers	Valley View Sewer Replacement													6									6	\$0.5
Danbury	Sewers	Hillside Sewer Pump Station Abandonment													6									6	\$0.4
Derby	WPCF Upgrade	Wastewater Treatment Plant Upgrade													6									6	\$57.0
Fairfield	Resiliency	Center Street Pump Station Upgrade and Force Main													4									4	\$5.0
Fairfield	Resiliency	Fairfield Beach Pump Station Upgrade and Force Main													4									4	\$5.0
Fairfield	Resiliency	Pine Creek Pump Station Upgrade and Force Main													4									4	\$4.5
Fairfield	Sewers	Kings Highway East Trunk Replacement													4									4	\$10.0
Glastonbury	Green	WPCF Aeration Tank Jockey Blower													4									4	\$0.5
Glastonbury	Pump Station	Parker Terrace Pump Station Upgrade													4									4	\$4.2
Groton	WPCF Upgrade	Biosolids Handling Upgrade													8									8	\$6.0
Litchfield	WPCF Upgrade	Secondary Treatment Improvements													2									2	\$7.5
Litchfield	WPCF Upgrade	Solids Handling Improvements													2									2	\$5.0

Marlborough	Small Community	Marlborough Town Center/Lake Terrammuggus Sewer Project Phase IV		10										2							12	\$7.6
MDC	CSO	Granby 7 Sewer Separation - NBPR		10	8									8							26	\$18.0
MDC	CSO	Granby 8 Sewer Separation - NBPR		10	8									8							26	\$18.0
MDC	CSO	Granby 9 Sewer Separation - NBPR		10	8									8							26	\$18.0
MDC	CSO	Expedited CSO Sewer Separation Contracts (ROW)		10	8									8							26	\$28.0
MDC	CSO & I/I	NBPR Area CMOM & Lateral Rehabilitation - Hartford												8							8	\$16.0
MDC	CSO & I/I	Gully Brook Area CMOM & Lateral Rehabilitation - Hartford												8							8	\$10.0
MDC	CSO & I/I	North Meadows 5/6/7 Area CMOM & Lateral Rehabilitation - Hartford												8							8	\$5.0
MDC	CSO & I/I	Tower Avenue Area Sewer Rehabilitation (NM 2/3/4) - Hartford												8							8	\$2.0
MDC	I/I	West Hartford SSES Implementation Contract 2012-59												6							6	\$27.4
MDC	I/I	18-in to 21-in Brick Rehabilitation & I/I Reduction (L-D Phase 3A-2) - Hartford												8							8	\$12.4

Miami Beach Association	Small Community	MBA Collection System Sewers		20																	22	\$16.0	
Montville	WPCF Upgrade	Influent Distribution Box Replacement												6								6	\$3.1
Naugatuck	I/I	Phase 2 I/I Removal												4								4	\$0.8
New Hartford	Small Community	Pine Meadow Sewer Extension		15										2								17	\$4.5
New Haven	CSO	East St. Pump Station Improvements for CSO Reduction		15	8				3		3			8								37	\$50.0
New Haven	CSO	Fair Haven CSO Improvements Phase 2		15	8				3		3			8								37	\$3.3
New Haven	I/I	Construction of I/I Improvements Woodbridge Areas 2 & 2A and East Haven Areas 15, 18, 23												8								8	\$6.1
New Haven	WPCF Upgrade	Construction of Process Air Compressor Improvements for Low-Level Nitrogen Reduction												12								12	\$19.5
New Haven	WPCF Upgrade	Solids Management Improvements at East Shore WPAF												12								12	\$17.5
Norwalk	I/I	Catch Basin Disconnection Program												6								6	\$5.0
Norwalk	Resiliency	Keeler Brook Pump Station Upgrade												6								6	\$5.0
Norwalk	Sewers	Hubbells Lane Relief Sewer												6	6							12	\$5.4
Norwalk	WPCF Upgrade	Norwalk WPCF Wet Weather Treatment Improvements												10								10	\$38.0
Norwalk	WPCF Upgrade	Norwalk WPCF Aeration System Upgrades												10								10	\$35.0

Oxford	Pump Station	E-Commerce Drive Sewer Pump Station. Construction of new pump station.													2									2	\$0.8
Oxford	Pump Station	Update Towner Lane Pump Station													2									2	\$0.5
Oxford	Resiliency	Increase capacity at Oxford Road Pump Station													2									2	\$0.1
Oxford	Sewers	Replace Towner Lane Force Main													2									2	\$3.3
Plainfield	Resiliency	North Treatment Plant Generator Replacement Project													2								5	7	\$0.4
Plainfield	WPCF Upgrade	North Treatment Plant Secondary Clarifier (Design)													4									4	\$3.6
Plainville	Pump Station	Shuttle Meadow Pump Station Upgrade													4									4	\$2.6
Plymouth	WPCF Upgrade - Phosphorous	Phosphorous Reduction Improvements at Plymouth WPCF		10	8									6	6									30	\$14.0
Ridgefield	Pump Station	Quail Ridge Pump Station Relocation													2									2	\$4.3
Ridgefield	Pump Station	Ramapoo Road Pump Station Upgrade													2									2	\$2.5
Ridgefield	WPCF Upgrade	Route 7 Pump Station, Force Main, and WWTF Decommissioning													4									4	\$10.0
South Windsor	Pump Station	Clark St, Benedict Dr, Pleasant Valley Pump Station Upgrade													4									4	\$9.0
Southington	WPCF Upgrade	Final Phase of PCB remediation													8									8	\$3.0

