

MASSACHUSETTS WATER RESOURCES AUTHORITY



LOCAL PIPELINE ASSISTANCE PROGRAM

PROGRAM GUIDELINES FOR WATER PROJECTS

Updated December 2008

MASSACHUSETTS WATER RESOURCES AUTHORITY
CHARLESTOWN NAVY YARD
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SECTION 1 - INTRODUCTION

1.1 Establishment of Massachusetts Water Resources Authority's Local Pipeline Assistance Program

The Massachusetts Water Resources Authority (MWRA) Board of Directors, by their vote on November 17, 1999, authorized the development of the MWRA Local Pipeline Assistance Program. Guidelines for the Program were approved by the Board on March 8, 2000 with several subsequent revisions. This loan program is designed to assist member water communities to rehabilitate water pipelines and improve local water quality conditions. The allocation of funds to each community, the review of applications for financial assistance, the determination of eligible projects, and the distribution of funds will be performed in accordance with the provisions of the Local Pipeline Assistance Program, as presented in this "Program Guidelines" document (updated December 2008). The Program has a set of baseline requirements for local system operation and maintenance that all participating communities must meet in order to qualify for on-going project funding.

1.2 Purpose

The purpose of the MWRA Local Pipeline Assistance Program is to provide incentives in the form of interest-free loans to MWRA's water service area communities in order to improve water quality conditions in community-owned distribution systems. In addition to improving water quality, these improvements will help provide more reliable water service and reduce water pipeline leakage. While the Program's major objective is funding local pipeline construction projects, planning and design costs and construction inspection costs required to implement such projects are also eligible for financial assistance. Listings of eligible and ineligible project costs are provided in Sections 2.7 and 2.8, respectively.

1.3 Term of the Program

The MWRA Local Pipeline Assistance Program is set up to provide \$256,723,500 in interest-free loans to communities during the 13-year period FY01 through FY13. In the event that the Program is concluded prior to the end of FY13, all financial assistance commitments made prior to the conclusion of the Program shall be fulfilled under the conditions established in each Financial Assistance and Loan Agreement.

1.4 Definitions and Abbreviations

A listing of relevant definitions and abbreviations are presented as APPENDIX A and APPENDIX B, respectively.

SECTION 2 - FINANCIAL ASSISTANCE APPLICATION AND DISTRIBUTION OF FUNDS

2.1 Overview

Binding commitments to provide financial assistance for local water pipeline projects will be issued by the MWRA's Executive Director or Treasurer in the form of a "Financial Assistance Agreement." An offer for financial assistance will be made by the MWRA following the review of a "Financial Assistance Application" and the determination by the MWRA that the project is eligible for financial assistance. The filing of a Financial Assistance Application by a community will not constitute a binding commitment by the MWRA to provide financial assistance. A Financial Assistance Agreement may be executed at the discretion of the MWRA subject to the availability of Program funds. Financial Assistance Agreements will be executed with communities and project funds will be distributed on quarterly funding distribution dates. **The distribution dates will be on or about February 15, May 15, August 15, and November 15 of each year.** To be eligible to execute a Financial Assistance Agreement on a particular funding distribution date, the community must have a Financial Assistance Application which has been "Approved" by MWRA one month prior to the proposed funding distribution date and must certify that implementation of the project has begun or will begin within ninety (90) calendar days of execution of the agreement. Financial Assistance Applications may be approved by MWRA if the proposed project meets the eligibility criteria in Section 2.7 and 2.8.

2.2 Application for Financial Assistance

Each MWRA water service area community (with a funding allocation set forth in Section 2.4) may apply for funding under the Local Pipeline Assistance Program by submitting one or more "Financial Assistance Applications" to:

Massachusetts Water Resources Authority
Community Support Program
Charlestown Navy Yard
100 First Avenue
Boston, MA 02129
Attn: Planning, Community Support Program

A sample Financial Assistance Application is provided as Attachment 1. An electronic copy (MS Word) of the application is available at www.mwra.com, or from Elaine M. Donahue, Project Manager, at Elaine.Donahue@mwra.state.ma.us or (617) 788-4824. The applicant should provide as complete information as possible on the proposed project. The information provided will be reviewed by MWRA staff to determine if the project is a viable water pipeline

rehabilitation project and assess eligible project costs. Once a proposed project has been approved and an award amount designated, the MWRA and community will cooperatively schedule the execution of a Financial Assistance Agreement on or before one of the quarterly funding distribution dates.

2.3 Initiation Date for Eligible Project Costs

The initial date for determining community project costs that are eligible to receive funding under the MWRA Local Pipeline Assistance Program is April 1, 2000. All costs incurred for water pipeline rehabilitation work performed within MWRA service area communities on or after April 1, 2000, regardless of the beginning date of the project, will be considered for eligibility during review of a community's Financial Assistance Application. If projects were substantially completed before April 1, 2000 they will not be eligible. Eligible and ineligible project costs are outlined in Sections 2.7 and 2.8, respectively.

2.4 Financial Assistance Allocation Per Community

The \$256,723,500 Program budget is allocated among the forty-two Metro Boston water service area communities based upon their percent of the total unlined miles in the combined community systems in 1998. Partially-supplied communities receive pro-rated shares based on their percentage use of MWRA water over the four-year period CY95 through CY98. Distribution of Program funds is restricted based on each community's maximum annual allocation. The use of community maximum annual allocations is intended to limit distributions under this Program to about \$25 million per year. Each community's total financial assistance allocation and maximum annual allocation are listed on the FUNDING SUMMARY table on the following page. Note that the FUNDING SUMMARY table is updated after each quarter funding distribution and is posted on the Community Support page on MWRA's web site www.mwra.com.

2.5 Maximum Financial Assistance Award Amount Per Project

All project information submitted as part of the Financial Assistance Application shall be used by the MWRA to determine the portion of the total project cost eligible under the MWRA Local Pipeline Assistance Program. Based on the determined eligible project cost, an "Award Amount" will be established for each project. The financial assistance Award Amount for each community project shall, in no case, exceed the lesser of:

- (1) the total cost of the project determined by the MWRA to be eligible for financial assistance, or;
- (2) the total Community Financial Assistance Allocation established in Section 2.4.

2.6 Financial Assistance Loan Apportionment

For MWRA Local Pipeline Assistance Program funding, one hundred percent (100%) of the total Award Amount will be provided as an interest-free loan. The interest-free loan will be repaid to the MWRA in ten equal payments, over a ten-year period, beginning one year from the original quarterly funding distribution date (as established in Section 2.9). For example, if a community receives \$1,000,000 from the Local Pipeline Assistance Program on February 15, 2001, then the community would repay a total of \$1,000,000 in ten equal payments of \$100,000 each. The ten repayments would be made on February 15 in the years 2002 through 2011. The loan can be repaid over a shorter period, if the community so desires. Loan repayment details are presented in Section 4.

**MWRA LOCAL PIPELINE ASSISTANCE PROGRAM
FUNDED SUMMARY THROUGH NOVEMBER 2008**

Note that this FUNDING SUMMARY Table is updated after each quarter funding distribution
and is posted on the Community Support page on MWRA's website www.mwra.com

Community	Initial Unlined Miles (estimated 1998)	Community Total Allocation for 10 years	Community Maximum Annual Allocation	Funds Distributed Through November 2008	Total Remaining Funds
Arlington	84.0	\$9,723,620	\$972,362	\$2,293,000	\$7,430,620
Bedford*	12.5	\$1,018,610	\$500,000	\$1,018,610	\$0
Belmont	36.4	\$4,213,570	\$500,000	\$1,364,000	\$2,849,570
Boston	531.9	\$61,571,330	\$6,157,133	\$50,555,556	\$11,015,774
Brookline	5.4	\$625,090	\$500,000	\$0	\$625,090
Canton*	33.9	\$2,080,380	\$500,000	\$0	\$2,080,380
Chelsea	43.4	\$5,023,870	\$502,387	\$1,642,754	\$3,381,117
Dedham/Westwood* ^{##}	6.0	\$7,500	\$7,500	\$0	\$7,500
Everett	46.9	\$5,429,020	\$542,902	\$2,999,101	\$2,429,919
Frammingham	75.0	\$8,681,800	\$868,180	\$5,184,460	\$3,497,340
Lexington	13.3	\$1,539,570	\$500,000	\$153,957	\$1,385,613
Lynnfield Water District	2.8	\$320,000	\$320,000	\$320,000	\$0
Malden	88.5	\$10,244,520	\$1,024,452	\$7,620,210	\$2,624,310
Marblehead	54.6	\$6,320,350	\$632,035	\$0	\$6,320,350
Marlborough*	16.8	\$1,166,200	\$500,000	\$450,000	\$716,200
Medford	84.0	\$9,723,620	\$972,362	\$3,889,448	\$5,834,172
Melrose	56.9	\$6,586,590	\$658,659	\$4,921,613	\$1,664,977
Milton	58.5	\$6,771,800	\$677,180	\$5,269,860	\$1,501,940
Nahant	11.5	\$1,331,210	\$500,000	\$936,242	\$394,968
Needham*	55.6	\$1,286,520	\$500,000	\$257,304	\$1,029,216
Newton	223.4	\$25,860,190	\$2,586,019	\$18,102,133	\$7,758,057
Northborough*	4.6	\$97,180	\$97,180	\$0	\$97,180
Norwood	44.4	\$5,139,630	\$513,963	\$4,625,667	\$513,963
Peabody*	119.0	\$838,030	\$500,000	\$838,030	\$0
Quincy	136.8	\$15,835,600	\$1,583,560	\$13,034,920	\$2,800,680
Reading ^{###}	47.0	\$1,916,000	\$544,000	\$0	\$1,916,000
Revere	46.4	\$5,371,140	\$537,114	\$1,000,000	\$4,371,140
Saugus	78.0	\$9,029,070	\$902,907	\$8,118,070	\$911,000
Somerville	81.9	\$9,480,530	\$948,053	\$7,584,424	\$1,896,106
Southborough	0.7	\$81,030	\$81,030	\$0	\$81,030
Stoneham	15.0	\$1,736,360	\$500,000	\$1,360,800	\$375,560
Stoughton* [#]	99.4	\$4,480,000	\$560,000	\$0	\$4,480,000
Swampscott	48.4	\$5,602,660	\$560,266	\$4,481,596	\$1,121,064
Wakefield*	28.2	\$2,524,950	\$500,000	\$0	\$2,524,950
Waltham	117.8	\$13,636,210	\$1,363,621	\$0	\$13,636,210
Watertown	15.0	\$1,736,360	\$500,000	\$0	\$1,736,360
Wellesley*	74.8	\$1,279,280	\$500,000	\$1,002,437	\$276,843
Weston	1.1	\$127,330	\$127,330	\$127,330	\$0
Winchester*	11.6	\$665,190	\$500,000	\$665,190	\$0
Winthrop	36.0	\$4,167,260	\$500,000	\$0	\$4,167,260
Woburn*	92.8	\$3,454,330	\$500,000	\$2,300,000	\$1,154,330
TOTAL	2,640	\$256,723,500		\$152,116,712	\$104,606,789

* Partially Served Communities - Funding to partially served communities is proportioned to the percentage of the community's total water consumption for the MWRA system.

For example, a community that receives 70% of its water from MWRA would receive 70% of the funding for which it would otherwise be eligible.

[#] Stoughton's total allocation is for eight years; the Town was not an MWRA member water community for the first two years of the Program.

^{##} Dedham-Westwood's total allocation is for five years; the Towns were not MWRA member water communities for the first five years of the Program.

^{###} Reading's total allocation is for five years; FY06 and FY07 as a partially supplied MWRA water community at \$142,000/year, and FY08, FY09 and FY10 as a fully supplied MWRA water community at \$544,000/year.

2.7 Eligible Project Costs

Financial assistance awarded by MWRA under this program shall be solely for the purpose of rehabilitating community water pipelines. Costs that are necessary for the effective rehabilitation of local water distribution systems and are eligible under the MWRA Local Pipeline Assistance Program include, but are not limited to:

(a) Construction, reconstruction, rehabilitation, alteration, remodeling or other improvements to water distribution facilities, including but not limited to:

- Replacement of unlined pipeline;
- Sliplining of unlined pipeline;
- Cleaning and lining of unlined pipeline;
- Abandonment of unlined pipeline;
- Lead service connection identification, inspection, and replacement;
- Looping of dead end mains to improve water quality conditions (only as part of a pipeline project); and,
- Valve replacement (only as part of a pipeline project).

(b) Engineering services in connection with the inspection of eligible construction/rehabilitation to ensure that the work is accomplished in accordance with the design drawings and specifications and applicable State laws and activities incidental thereto, including but not limited to:

- Resident inspection; and,
- Contract/construction administration.

(c) Engineering services in connection with the preparation of plans, specifications, public bidding documents and other materials for which the subsequent construction/rehabilitation will affect water system improvements incidental thereto, including but not limited to:

- Engineering design services;
- Surveying; and,
- Subsurface exploration.

(d) Post rehabilitation certification and activities incidental thereto;

(e) Direct labor and approved overhead costs for force account work associated with planning, design, or construction of water pipeline improvements;

f) Police details associated with eligible project work;

- (g) Establishment of a Massachusetts Municipal Depository Trust (MMDT) account used solely for the deposit/withdrawal/tracking of financial assistance funds;
- (h) Bond counsel services, or other legal services, in connection with review of the Loan Agreement.

2.8 Ineligible Project Costs

Costs which are ineligible under the Local Pipeline Assistance Program shall include, but are not limited to:

- (a) Costs in excess of the approved financial assistance Award Amount, except as modified by an executed Financial Assistance Increase Amendment (see Section 2.11);
- (b) Costs for services outside the scope of the approved project, except as modified by an approval letter from MWRA noting a revised project scope of services;
- (c) Ordinary operating expenses of public works departments, water departments, water commissions and boards, or local government;
- (d) Any and all costs associated with the disposal of hazardous materials;
- (e) Costs incurred under third party agreements, absent specific contract language which conveys the applicable terms and conditions of the Financial Assistance Agreement to the third party;
- (f) Costs for which payment has been or will be received under any other state or federal grant or loan funding assistance program;
- (g) Costs for the preparation of an MWRA Financial Assistance Application or preparation of funding applications for any other agency;
- (h) Costs for the development or printing of operation and maintenance manuals;
- (i) Costs for development of, or revisions to, water use ordinances, water use rules and regulations, or water user charge systems;
- (j) Costs for sewer system maintenance or rehabilitation (except sewer system work directly related to eliminating cross connections to the water distribution system as part of a pipeline project);
- (k) Costs for the purchase of water pipeline cleaning and/or internal/external inspection

equipment;

- (l) Charges for the use of vehicles or equipment owned by the applicant;
- (m) Costs for obtaining permits or licenses;
- (n) Bonus payments to contractors for completion of construction earlier than contracted completion date;
- (o) Personal injury compensation, claims related to wrongful deaths, or property damages arising out of the project, however determined;
- (p) Costs of equipment or material procured in violation of state or federal law;
- (q) Fines and penalties;
- (r) Costs of the purchase of real property;
- (s) Costs for improving existing or developing new local water supplies or providing treatment to existing supplies; and
- (t) Purchase and/or installation costs for water meter rehabilitation programs.

2.9 Baseline Requirements for Community System Maintenance & Improvement Programs

The Local Pipeline Assistance Program requires that participating communities develop distribution system maintenance and improvement programs including:

- a. Unidirectional Flushing Program:** Participating communities must develop a Unidirectional Flushing Program. Unidirectional flushing will help to restore and maintain chlorine residual, eliminate taste and odor, dislodge biofilm, reduce bacteria counts, remove colored water and reduce turbidity.
- b. Distribution System Improvements:** Participating communities must identify and compile physical information (pipe size, age, material, etc.) on the local distribution system, develop a base map of the distribution system, and prioritize water quality and hydraulic trouble spots for correction (i.e. system improvement plan, master plan, capital improvement plan, etc.).
- c. Water Quality Testing:** Participating communities must conform to MA Drinking Water Regulations 310 CMR 22.05 that require local sampling based on a DEP approved written sample site plan.
- d. Cross Connection Control Program Development:** Participating communities must conform to MA Drinking Water Regulations 310 CMR 22.20 that require a legally-enforceable cross connection control program with certified cross connection control

inspectors on staff.

Participating communities must document their efforts on these four maintenance practices in the Financial Assistance Application. The requirements are intended to make sure that communities are implementing programs to maintain/improve water quality and to prioritize system improvements. Combined with the long-term pipeline rehabilitation projects, these best maintenance practices will help bring about optimal water quality in the distribution systems and at the customer's tap.

2.10 Commitment and Distribution of Funds

Throughout the term of the Program, Financial Assistance and Loan Agreements will be executed on (or about) the following quarterly funding distribution dates: February 15, May 15, August 15, and November 15. Financial Assistance and Loan Agreements will be executed by the MWRA's Executive Director or Treasurer on behalf of the MWRA and an appropriate representative of the community who has been authorized to act as the municipality's agent. Documentation of this authorization will be made part of the executed Financial Assistance Agreement. The Loan Agreement will incorporate an opinion from the community's legal counsel stating that the loan portion of the financial assistance is a valid general obligation of the municipality. The community must also certify that all actions required by the municipality to expend the financial assistance funds have been obtained; that all permits, easements, and all other project requirements and approvals have been obtained; and that implementation of the project has begun or will begin within ninety (90) calendar days of execution of the agreement.

The Financial Assistance Agreement will contain a number of additional project specific terms and conditions that the municipality will agree to upon execution of the agreement. Following execution of the Financial Assistance and Loan Agreements, the MWRA will have the entire financial assistance award amount transferred into a Massachusetts Municipal Depository Trust (MMDT) account designated and arranged by the community. **All financial assistance funds, together with the earnings (interest) from the MMDT account, shall be applied to the cost of approved community water pipeline rehabilitation projects.**

2.11 Increase to an Existing Financial Assistance Award Amount

For each financial assistance award, the Award Amount shall only be increased through execution of a "Financial Assistance Increase Amendment." If a community seeks additional MWRA funding for unanticipated additional costs to an ongoing project, a second Financial Assistance Application must be submitted to the MWRA. The second Financial Assistance Application must include additional project information that details the estimated additional project costs. The second Financial Assistance Application will be reviewed and, if the additional project costs are determined to be eligible, additional funding will be committed to the community through execution of a Financial Assistance Increase Amendment on one of the quarterly funding

distribution dates identified in Section 2.10, above. A Financial Assistance Increase Amendment shall, in no case, increase funding above the total Program Financial Assistance Allocation established in Section 2.4. The execution of a Financial Assistance Increase Amendment will not change the original repayment schedule. The repayment portion of the increase amount will be spread evenly over the remaining repayments as established under the original Financial Assistance Agreement.

2.12 Multiple Financial Assistance Distributions

If a community seeks additional MWRA funding for additional eligible project costs on a previously funded project, a separate Financial Assistance Application may be submitted to the MWRA. Financial assistance for additional community projects will be provided through execution of a separate Financial Assistance Agreement rather than a Financial Assistance Increase Amendment. Communities may receive financial assistance through the execution of multiple Financial Assistance Agreements as long as the total Financial Assistance Allocation (established in Section 2.4) is not exceeded. The repayment amount and schedule established in an initial Financial Assistance Agreement shall not be modified due to the execution of a second (or multiple) Financial Assistance Agreement. The repayment amount and schedule for each Financial Assistance Agreement shall be established independently.

2.13 Limitation on Financial Assistance Award

The award of financial assistance by the MWRA shall not constitute a commitment for approval of financial assistance for a subsequent project or additional work under the initial project. If a project is initiated prior to execution of a Financial Assistance Agreement, or if the project's Award Amount is exceeded prior to execution of a Financial Assistance Increase Amendment, the applicant proceeds at its own risk. However, all costs incurred for community water pipeline rehabilitation projects on or after April 1, 2000 will be considered for eligibility under the Local Pipeline Assistance Program, even if the project is underway prior to submittal of the Financial Assistance Application.

2.14 Interaction With Other MWRA Funding Programs, the State Revolving Fund, and Other Programs of Assistance

All costs for which payment has been or will be received under MWRA's CSO Program (including the SOP funding program), the MWRA I/I Local Financial Assistance Program, and the State Revolving Fund (SRF) or any other state, federal, or other program of assistance shall not be considered an "eligible" cost under the MWRA Local Pipeline Assistance Program. However, a community's acquisition of other grant or loan funds which are not requested for eligibility under the MWRA Assistance Program, shall not adversely influence the award of MWRA financial assistance.

2.15 Massachusetts Municipal Depository Trust (MMDT) Account and Use of Earned Interest

The applicant is required to establish a Massachusetts Municipal Depository Trust (MMDT) account for the program. The MWRA will deposit the financial assistance funds into the MMDT account. The financial assistance funds must remain separated from other community funds and accounts. No other community funds may be deposited to this account. **Funds must be drawn from the MMDT account to pay project expenses, or to reimburse other municipal accounts that have been used to pay project expenses. The MMDT account must be drawn down in parallel with project expenses throughout the life of the project. Investment reports from the account shall be furnished to MWRA on a regular basis. All interest earned on the financial assistance funds shall be used by the community to cover eligible project costs or additional phases of the community's water pipeline rehabilitation program, as approved by MWRA.**

SECTION 3 - FINANCIAL ASSISTANCE AGREEMENT

3.1 Overview

Following review of a community's Financial Assistance Application, the MWRA will determine the eligible project cost and establish the project Award Amount. Once the Award Amount is determined, the MWRA will draft a Financial Assistance Agreement. Prior to the distribution of funds to any community under the Program, both the MWRA and the community will be required to execute a Financial Assistance Agreement. The Financial Assistance Agreement will stipulate all applicable terms and conditions of the loan funding provided by the MWRA for the community's water pipeline rehabilitation project, including, but not limited to: project scope of work (Attachment A); project schedule (Attachment B); documentation that the community representative who executes the agreement is authorized to act as the municipality's agent (Attachment C); project inspection, reporting, audit, and closeout provisions; and project specific special conditions. The applicant shall signify its acceptance of the terms and conditions through execution of the Financial Assistance Agreement.

Appended to the Financial Assistance Agreement will be a separate Loan Agreement. The Loan Agreement shall include: (1) the loan repayment amount and schedule; (2) an opinion from the community's legal counsel stating that the loan is a valid general obligation of the municipality; and (3) a Water Bond prepared by the community's legal counsel.

The Financial Assistance and Loan Agreements will not be executed or distributed by the MWRA until such time as the above are provided.

3.2 Assignment of Agreement Requirements to a Third Party

For cost efficiencies, some portion of local projects may be performed under an agreement with a separate agency (third party). Examples of this type of arrangement include water pipeline rehabilitation work contained in contracts performed by Massachusetts DPW, DCR, MBTA, BRA, Boston Public Works, etc. Absent specific contract language, the third party would not generally be subject to the terms and conditions of the Financial Assistance Agreement. If the applicant demonstrates to the MWRA that an agreement exists between the local community and the third party which conveys the applicable terms and conditions of the Financial Assistance Agreement to the third party, then the costs for the water pipeline work will be considered for eligibility. If no such agreement exists, then project costs incurred under third party agreements will be considered ineligible.

SECTION 4 - LOAN REPAYMENT REQUIREMENTS

4.1 Repayment of Interest-Free Loan

For each funding award under the MWRA Local Pipeline Assistance Program, one hundred percent (100%) of the total Award Amount will be provided as an interest-free loan. The interest-free loan will be repaid to the MWRA, in ten equal payments, over a ten-year period, beginning one year from the original quarterly funding distribution date (as established in Section 2.10). Each loan repayment will be due to the MWRA annually on the quarterly distribution date.

Forty-five (45) days prior to each annual loan repayment date, the MWRA will send the community an invoice that will include the following:

- (1) the terms that will be 45 days from the invoice date;
- (2) the loan repayment due date;
- (3) the annual loan repayment amount;
- (4) a description of the charge;
- (5) the remit address for checks and wires; and,
- (6) the phone number of the MWRA Treasury Office and contact person to call with questions on repayment procedures.

The loan may be repaid early, in less than ten years, if the community so desires. Payments should continue to be made on the anniversary date of the loan, but the amount can be increased if the community wishes to pay off the loan early. If a community wishes to pay an amount in advance of the anniversary date and prior to receiving an invoice, identifying correspondence should accompany the payment in order for the MWRA Treasury Department to properly credit the remaining balance due the proper account. All payments should be clearly identified on the remittance copy of the invoice, especially if the amount paid differs from the amount of the invoice.

SECTION 5 - EXPENDITURE VERIFICATION REQUIREMENTS, PROJECT INSPECTION, PROJECT CLOSEOUT, AND AUDIT PROVISIONS

5.1 Expenditure Verification Requirements

The community shall submit progress reports to the MWRA that outline the overall progress of the project, the progress of key project tasks, and the financial status of the project relative to the initial project budget. The MWRA will provide standardized forms for progress reporting. Progress reports will be submitted to a designated MWRA Project Manager who will be the key MWRA contact person for all community inquiries regarding the MWRA Local Pipeline Assistance Program. To enable the MWRA to track project expenditures, the community shall append to each progress report appropriate backup information that will document the costs specific to the funded project. Appropriate cost backup information shall include, but not be limited to, consultant and/or contractor invoices, purchase orders, force account time sheets, etc. The frequency of progress reporting will depend on the project cost, duration, and schedule. Most progress reports are expected to be semi-annual.

5.2 Project Inspection

A community receiving funding under the MWRA Local Pipeline Assistance Program shall make the project site and all project records available to MWRA staff for review during the course of the project. MWRA staff will periodically monitor the progress of work for which MWRA financial assistance has been provided. The intent of these periodic inspections will be to insure that the project is: (1) proceeding substantially as defined in the Scope of Work section (Attachment A) and Project Schedule (Attachment B) of the executed Financial Assistance Agreement; and (2) proceeding in a manner which will produce the water pipeline improvements which the community estimated would be achieved in the Financial Assistance Application. Appropriate wording which will allow MWRA staff access to the project site and project records shall be included in the Financial Assistance Agreement and project contracts related to performance of work for which the community is receiving financial assistance funding.

5.3 Project Closeout Provisions

Upon completion of the project, the community shall notify the MWRA that the project is complete and shall certify that all work included in the Scope of Work section (Attachment A) of the executed Financial Assistance Agreement has been completed and performed in accordance with said Agreement. The community shall submit to the MWRA a project closeout package

that includes a summary of all project expenditures and identifies the final project cost. Prior to project closeout, the MWRA will work cooperatively with the community to make every effort to expend the total project financial assistance Award Amount on project related (or other approved water pipeline projects) expenditures. To ensure that the total project financial assistance Award Amount is expended, the MWRA will consider allowing: (1) an increase in the quantity of existing eligible items in the project Scope of Work, (2) additions to the project Scope of Work, or (3) the transfer of unused funding to a second funded project which has additional eligible project costs which were not already funded under a separate Financial Assistance Agreement.

5.4 Project Audit Provisions

The community, the community's engineer(s), and the community's contractor(s) shall maintain books, records, documents, and other evidence directly related to the performance on all work receiving funding under the Financial Assistance Agreement in accordance with generally accepted professional practice and appropriate accounting procedures and practices. The community, the community's engineer(s), and the community's contractor(s) shall also maintain the financial information and data used by the engineer(s) and contractor(s) in the preparation or support of the cost submission and a copy of the cost summary submitted to the community. The MWRA shall have access to such books, records, documents, and other evidence for inspection, audit, and copying during normal business hours, upon ten (10) days notice and at the MWRA's expense. The community, the community's engineers, and the community's contractors shall provide proper facilities for such access and inspection. All of the documents shall be kept for at least seven (7) years after the final payment to the engineer or contractor, or at least seven (7) years after closeout of the project, whichever is later.

The community shall agree to include the wording of the above paragraph in all contracts and subcontracts related to performance of work for which the community is receiving MWRA financial assistance funding.

Audits conducted by the MWRA, or its duly authorized representatives, shall be in accordance with generally accepted auditing standards and established procedures and guidelines of the MWRA. Such audits shall be conducted at the expense of the MWRA upon ten (10) days notice to the community.

The community agrees to provide the MWRA with a copy of the community's annual audited financial statements within a reasonable time after the issuance thereof, together with a certificate of the community stating that the community is in compliance with its obligations under this agreement.

SECTION 6 - EQUAL EMPLOYMENT OPPORTUNITY, ANTIDISCRIMINATION, AND AFFIRMATIVE ACTION GOALS

6.1 Overview

The community shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, handicap status or national origin. The community, the community's engineer(s), and the community's contractor(s) shall comply with all applicable laws and regulations pertaining to nondiscrimination, equal opportunity and affirmative action, including without limitation, executive orders and rules and regulations of federal and state agencies of competent jurisdiction. As detailed below, the community shall make positive efforts to use minority-owned business enterprises (MBE) and woman-owned business enterprises (WBE) for professional services, non-professional services and construction related work that has received funding under the MWRA Local Pipeline Assistance Program. The community shall also require all construction contractors and subcontractors to make positive efforts to meet the percentage goal for minority employee work force hours and woman employee work force hours, as detailed below. Minority and women-owned businesses (MBEs and WBEs) who participate as part of this Program should be certified as such by the State Office of Minority and Women Business Assistance (SOMWBA).

For the purpose of establishing MBE/WBE participation goals and minority/woman employee work force hour goals for projects receiving funding under the MWRA Local Pipeline Assistance Program, all eligible project costs should be designated to one of the following four categories of work:

- (a) Professional Services (see Section 6.2);
- (b) Non-professional Services (see Section 6.3);
- (c) Construction (see Section 6.4); and,
- (d) Force Account Work (see Section 6.5).

The goals for MBE/WBE participation and minority/woman employee work force hour

percentage are specific to the category of work being performed. The goals for each category of work are detailed below.

6.2 Goals for Professional Services

A community that receives MWRA Local Pipeline Assistance Program funds for a project under the Professional Services category of work should make positive efforts to achieve a goal of 7.18 percent participation of Minority-owned Business Enterprise(s) and 5.77 percent participation of Woman-owned Business Enterprise(s) within the project contracts. At a minimum, the community should allow MBEs and WBEs the maximum feasible opportunity to compete for subagreements to be performed under the project. The community will not be required to include the MWRA's MBE/WBE Compliance Forms or the MWRA's Requirements for Minority and Woman Business Enterprise and Equal Employment Opportunity Consultant Services Forms within its professional services contracts.

6.3 Goals for Non-Professional Services

A community that receives MWRA Local Pipeline Assistance Program funds for a project under the Non-Professional Services category of work should make positive efforts to achieve a goal of 5.61 percent participation of Minority-owned Business Enterprise(s) and a goal of 4.88 percent participation of Woman-owned Business Enterprise(s) within project contracts. At a minimum, the community should allow MBEs and WBEs the maximum feasible opportunity to compete for subagreements to be performed under the project. The community will not be required to include the MWRA's Supplemental Provisions for Equal Employment Opportunity, Antidiscrimination and Affirmative Action Forms within its construction contracts/specifications or non-professional services contracts.

The community shall agree to include the wording of the above paragraph in all contracts and subcontracts related to performance of work for which the community is receiving MWRA financial assistance funding.

6.4 Goals for Construction

A community which receives MWRA Local Pipeline Assistance Program funds for a project under the Construction category of work should make positive efforts to achieve: (1) a minority employee work force hour goal of 10.00 percent, (2) a woman employee work force hour goal of 6.90 percent, (3) a goal of 7.24 percent participation of Minority-owned Business Enterprise(s), and (4) a goal of 3.60 percent participation of Woman-owned Business Enterprise(s) within project contracts. At a minimum, the community should allow MBEs and WBEs the maximum feasible opportunity to compete for subagreements to be performed under the project. The community will not be required to include the MWRA's Supplemental Provisions for Equal Employment Opportunity, Antidiscrimination and Affirmative Action Forms within its construction contracts/specifications or non-professional services contracts.

The community shall agree to include the wording of the above paragraph in all contracts and subcontracts related to performance of work for which the community is receiving MWRA financial assistance funding.

6.5 Force Account Work

For the MWRA Local Pipeline Assistance Program, no specific work force goal is established for the Force Account category of work. Each community should make positive efforts to achieve significant minority employee work force hours and woman employee work force hours.

SECTION 7 - INSTRUCTIONS FOR COMPLETING FINANCIAL ASSISTANCE APPLICATION

7.1 Application Instructions

Each MWRA water service area community meeting the funding eligibility set forth in Section 2.4 may apply to the MWRA for funding under the MWRA Local Pipeline Assistance Program by completing and filing the required application form. The MWRA shall review each submitted application to determine the adequacy, accuracy and completeness of the information contained therein. The MWRA may request the applicant provide additional project information and/or request the applicant attend a meeting to review details of the proposed project.

The MWRA Local Pipeline Assistance Program Financial Assistance Application is presented as Attachment 1. All questions within the application must be answered completely and accurately. The application and all supporting documentation should be submitted to:

Massachusetts Water Resources Authority
Community Support Program
Charlestown Navy Yard
100 First Avenue
Boston, MA 02129
Attn: Planning, Community Support Program

An electronic copy (MS Word) is available at www.mwra.com, or from Elaine M. Donahue, Project Manager, at Elaine.Donahue@mwra.state.ma.us or (617) 788-4824. A discussion of each section of the Financial Assistance Application is presented below.

Section 1 - Financial Assistance Requested

This section is self-explanatory.

Section 2 - Meeting Baseline Requirements

Each community participating in the Local Pipeline Assistance Program must meet certain baseline requirements (detailed in Section 2.9) for system maintenance practices. The applicant should provide as complete and detailed information as possible on each of the four baseline requirement categories. Provide attachments if necessary.

Section 3 - Project Description

The applicant should provide as complete and detailed information as possible on the proposed project. The information provided will be reviewed by MWRA staff to determine if the project is a viable water pipeline rehabilitation project and assess the eligible project costs. It is

important that the project proponent state the estimated water system improvements anticipated from completion of the project construction phase.

Section 4 - Documentation of Project Need

Identify records that document the project's need, including, but not limited to: report recommendations (Facility Plans, leak reports, water quality reports, Water System Evaluation Surveys, local water source protection studies); physical surveys and internal inspections; and other pertinent DPW/Water Department maintenance records.

Section 5 - Project Schedule

The application must contain a realistic schedule outlining important milestones in the planning, design, or construction phases of the project. The estimated project start date must be included.

Section 6 - Map of Project

The application should be accompanied by a project map, denoting the water distribution system and/or general plan of the proposed project site. If no map or plan is submitted with the application, an appropriate explanation must be provided.

Section 7 - Project Funding

The applicant must identify if 100 percent of the proposed project funding will come from the MWRA Local Pipeline Assistance Program or if a portion of the project funds will come from other funding sources. If additional funds are required to perform the project, the applicant must identify them in this section of the application. Documentation of the availability of the additional funds should be included with the application or, if the additional funding is anticipated through a future action, the anticipated availability date of the additional funds should be provided.

Section 8 - Summary of Costs

In the space provided (or as an attachment) list each project phase (i.e. Planning, Design, Construction, Construction Services, etc.). Under each phase list the major tasks of work required to complete the project. For each major task provide an estimate of the total cost and eligible cost under the appropriate heading. Major tasks may include those listed as eligible project costs in Section 2.7 of the Program Guidelines or other costs that may or may not be eligible for financial assistance funding. At the bottom of the Summary of Costs section, provide the date of the cost estimate, the appropriate Engineering News Record (ENR) Construction Cost Index, and the name of the person or firm who developed the cost estimate. Engineering costs should be broken down into the major engineering tasks as outlined in a standard engineering agreement. The following information should be provided for each engineering task: staff labor category, staff hours, hourly rates, direct labor costs, indirect labor costs, other direct costs and/or expenses, etc. For ease of preparation, an EPA 5700-41 cost form

or similar cost spreadsheet form may be submitted. Construction costs should be documented through an engineering cost estimate or a bid tabulation, if available.

Section 9 - Interdependent Projects

The application must note whether financing has been received or is being requested for this project, or a separate phase of the project, from a state grant, the State Revolving Fund (SRF) program, or any other federal, state or other funding program. The applicant must specify interdependent projects or portions of projects. For example, if the applicant is performing the design phase of a project under State grant or SRF funding, and MWRA financial assistance is being requested for the construction phase, then the construction phase is dependent on completion of the design.

Section 10 - Intermunicipal Projects

If the project will serve two or more municipalities, or one community's project extends into another community, the applicant must explain the circumstances. State whether the municipalities have, or propose to have, an intermunicipal agreement or another legally binding document covering financing, construction, and/or operation of the proposed improvements. If not, detail historic cooperative service relationships between the parties.

Section 11 - Project Permits and Certificates

The applicant should specify permits and/or certificates that have been obtained or may be required prior to initiation of the proposed project. A list of permits and certificates, which may be applicable, is provided in the application. Additional permits and/or certificates may be required which are not shown on the list provided.

Section 12 - Construction Plans, Specifications, and Bidding Documents

For proposed construction projects and equipment/material purchases, the applicant should outline the status of the plan, specification, and bidding document preparation, and the time schedule for completion. If these documents are not required for the project, an explanation must be included in this section.

Section 13 - Engineering Agreement

For proposed planning and design projects, the applicant should outline the status of an engineering agreement and time schedule for its completion. If no engineering agreement is required for the project, an explanation must be included in this section.

Section 14 - Force Account Work

If the applicant proposes to perform any funding eligible portion of the project (planning, design, construction services, or construction activities) using its own staff (City, Town, or Commission employees), a description of the proposed activities must be provided. The use of the applicant's own employees is defined as "force account work".

Overhead costs associated with force account work may be approved if documentation of the overhead calculation is provided to the MWRA. Charges for the use of vehicles or equipment owned by the applicant and staff time to obtaining permits or licenses are ineligible.

Section 15 - Other Project Information

The applicant is encouraged to provide any other additional information that may enable the MWRA to determine that the project is a viable water pipeline rehabilitation project and assess the eligible project costs.

APPENDIX A - DEFINITION OF TERMS

Authority - The Massachusetts Water Resources Authority.

Board of Directors - The Board of Directors of the Massachusetts Water Resources Authority.

Executive Director - The Executive Director of the Massachusetts Water Resources Authority.

Financial Assistance - Monies provided to public entities.

Grants - Monies provided to public entities that do not require repayment.

Loan - Monies provided to public entities that are required to be repaid over a specified time period.

Service Area Communities - All municipalities, water districts and commissions served by the MWRA's Waterworks System.

Treasurer - The Treasurer of the Massachusetts Water Resources Authority.

APPENDIX B - ABBREVIATIONS

BRA -	Boston Redevelopment Authority
DCR -	Department of Conservation and Recreation
DEP -	Massachusetts Department of Environmental Protection
EIR -	Environmental Impact Report
ENF -	Environmental Notification Form
ENR -	Engineering News Record
EPA -	United States Environmental Protection Agency
gpd -	gallons per day
I/I -	Infiltration/Inflow
MBE -	Minority-owned Business Enterprise
mgd -	million gallons per day
MMDT -	Massachusetts Municipal Depository Trust
MWRA -	Massachusetts Water Resources Authority
MBTA -	Massachusetts Bay Transit Authority
O&M -	Operation and Maintenance
SOP -	System Optimization Plan (under MWRA's CSO Program)
SRF -	State Revolving Fund
WBE -	Woman-owned Business Enterprise