




Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager 

FROM: Conor Baldwin, Chief Financial Officer

CC: Steve Duchesne, Executive Director, Lowell Regional Water Utility
Ted Panagiotopoulos, City Treasurer/ Collector

DATE: January 17, 2023

SUBJECT: Informational – Loan Forgiveness & the Massachusetts Clean Water Trust

I am pleased to inform you that Lowell has been awarded loan forgiveness for a portion of its recent loan with the Massachusetts Clean Water Trust (“MCWT”). The loan (DWP-21-14) has further qualified for a subsidy in the amount of \$1,512,499, equal to 29.8% of the original project costs. Enclosed with this memorandum is a letter from the Executive Director of the Clean Water Trust, which outlines how the Trust is using funding from the Commonwealth’s allocation of funding from the American Rescue Plan Act (“ARPA”) funds to assist communities, like Lowell, with critical infrastructure projects.

In June, the MCWT board voted to approve an application filed by the City of Lowell for a project to upgrade Lowell’s water distribution system in the Pawtucketville neighborhood, to be borrowed at a reduced interest rate of 1.5%. By way of illustration, the potential savings from using the Trust to finance a \$6.3 million project is approximately \$3 million over the term of the outstanding bond¹. The additional savings achieved through the loan forgiveness will give even greater relief to the water ratepayers.

The City of Lowell’s Transmission Main Connection project (DWP-21-14) involves installation of approximately 4,000 linear feet of transmission main as an extension to a previously installed water main needed to provide redundancy from the Water Treatment Facility to the existing distribution system. The project area is along Pawtucket Boulevard and the scope includes redundant transmission main installation, new cement-lined ductile iron (“CLDI”) main construction, existing distribution system connections, existing water mains interconnections, culvert crossings, and existing small diameter water main modifications adjacent to the project area. The Work for replacement of the 24-inch water main has been bid and awarded, is under construction, and is scheduled to be substantially complete by June 30, 2023

¹ Assumes a 4% interest rate (GO Bonds)/ 30 year term vs. 1.5% interest rate (MCWT)/ 30 year term.



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This loan forgiveness underscores the important partnership between the City and the State Treasurer's Office, as well as the importance of the advocacy and diligence of our State Delegation. The Trust, in collaboration with the Massachusetts Department of Environmental Protection (MassDEP), helps communities build or replace water infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health and develops resilient communities. It accomplishes these objectives by providing low-interest loans and grants to cities, towns and water utilities through the Massachusetts State Revolving Funds ('SRF's').

The SRF programs are partnerships between the United States Environmental Protection Agency (EPA) and the Commonwealth. SRFs function like an environmental infrastructure bank by financing water infrastructure projects. The Trust administers two SRF programs, the Clean Water and Drinking Water SRFs. The Clean Water SRF (CWSRF) was established in 1987 with amendments to the Clean Water Act. The Drinking Water SRF (DWSRF) was established in 1996 under the amended Safe Drinking Water Act. MassDEP manages project development and oversight while the Trust manages the flow of funds to borrowers. SRFs receive funding from the EPA in the form of annual capitalization grants, supplemented by state matching funds and the repayment of loans. When loans to local governments are paid back, the funds are then loaned out again, which is how the fund "revolves."

These opportunities involve significant administrative effort by the Lowell Regional Water Utility and the Finance Department, but the savings passed along to the rate payers in Lowell and the other regional communities have great value. With interest rates typically around 2%, or lower, these programs are invaluable financing opportunities for gateway communities like Lowell. Because Lowell is a Housing Choice Community and submitted a competitive application, the interest rate on the approved project will be 1.5%. With current municipal bonds generating interest rates of 3-4% in the market, the low financing through the Trust is ever more important for the City of Lowell.

Please let me know if you have any questions on this matter.



MASSACHUSETTS
CLEAN WATER TRUST

December 16, 2022

The Honorable Sokhary Chau
Mayor of Lowell
375 Merrimack Street
Lowell, MA 01852

Dear Mayor Chau:

On behalf of the Massachusetts Clean Water Trust and the State Treasurer and Receiver General, Deborah Goldberg, I am pleased to inform you that the City of Lowell's "Transmission Main Connection" project has been awarded loan forgiveness for a portion of its loan with the Massachusetts Clean Water Trust. Your loan, DWP-21-14, for \$5,075,500, will qualify for a subsidy in the amount of \$1,512,499 equal to 29.8% of the original project costs.

This year, the Trust is awarding loan forgiveness for your project with American Rescue Plan Act (ARPA) funding. Loan forgiveness from ARPA funding is determined by project category to make all of this year's projects more affordable with the most assistance going towards projects with high priorities like combined sewer overflow remediation, small drinking water systems, and PFAS remediation.

Additionally, communities that qualify as Disadvantaged Communities, determined by an affordability metric that ranks each community in the Commonwealth, will receive additional loan forgiveness funds to target the subsidy to communities that need it the most. We know that certain communities face exceptional environmental and financial challenges and the Trust uses loan forgiveness to help minimize the financial impact of these vital water infrastructure projects.

We here at the Trust are proud to assist Lowell and other communities throughout the Commonwealth by providing accessible, low interest loans to improve our state's clean water and drinking water infrastructure. If you have any questions on this subsidy or any aspect of the loan itself, please feel free to contact me at

Very truly yours,

Susan E. Perez
Executive Director

cc: Representative Rady Mom
Representative Vanna Howard
Senator Edward Kennedy
Conor Baldwin, Chief Financial Officer