

**Town of Weymouth
Massachusetts**

Robert L. Hedlund
Mayor

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MEMORANDUM

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TO: TOWN COUNCIL
FROM: MAYOR ROBERT L. HEDLUND *RLH*
**RE: STATE REVOLVING FUND LOAN AUTHORIZATION AND
APPROPRIATION – STORM WATER MANAGEMENT**
DATE: JUNE 10, 2021

2021 JUN 10 PM 4: 28
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CLERK'S OFFICE

I hereby submit the following measure for consideration by Town Council:

“Ordered: that \$591,000 is appropriated for the purpose of financing the cost of services for compliance with the Town’s General Permit for Discharges from the Municipal Separate Stormwater System including, without limitation, all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$591,000 and issue bonds or notes therefore under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws or any other enabling authority; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Clean Water Trust established pursuant to Chapter 29C; and in connection therewith to enter into a financing agreement and/or a security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project. Any premium received upon the sale of any bonds or notes approved by this order, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this order in accordance with M.G.L. c. 44, s.20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.”

This measure requires a legal notice, public hearing, and a two-thirds vote of all the members of the Town Council.

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IMPORTANT DATES AND DEADLINES

Final IUP Publication	April 2021
Town Meeting/City Council Vote Deadline	June 30, 2021
Loan Application to MassDEP	On or Before October 15, 2021
MassDEP is to Issue a PAC	On or Before December 31, 2021
Project Contract Award/Notice to Proceed	<i>Within 6 months of PAC issuance</i>
Project Bidding General Timeframe	Between January 1 and June 30, 2022
Loan Forgiveness, Executed Construction Contracts	June 30, 2022
Loans in Repayment, Payments are Due to the Trust	January 15 th and July 15 th

**CWSRF* for Weymouth Stormwater Compliance
(*Clean Water State Revolving Fund)**

Why should Weymouth utilize CWSRF for Stormwater?

- Since 2003, Weymouth and most communities in Massachusetts must comply with EPA's Small Municipal Stormwater Program. Due to more onerous requirements in the reissued EPA General Permit that took effect in July 2018, town staff have not been able to keep up with necessary annual tasks to ensure compliance.
- **The Town was audited by U.S. EPA in February 2020 and a report with findings of non-compliance was delivered to the Town in April 2020.**
- Due to funding constraints, the Town has fallen further out of compliance. Non-Compliance may result in fines or an Administrative Order. This month the City of Quincy settled a court case with EPA over Clean Water Act violations originating from the stormwater program and will be required to pay a fine of \$115,000 and enter into a Consent Decree mandating over \$100 Million in sewer and stormwater work by 2034.
- In order to avoid further action by EPA and to protect local water bodies the Town should commit to implementation of the Stormwater Management Program . **If Weymouth fails to support the Stormwater Management Program, EPA's enforcement office will intervene, leading to loss of control of the program schedule and costs.** It is in the town's best interest to make every effort to bring the town into compliance while it has control of the process.
- The proposed SRF-funded project will allow us to work with a consultant to advance compliance with the Stormwater Management Program and better understand overall drainage system needs and anticipated costs.

Scope of the Project: The scope of the \$591,000 Stormwater Management Master Plan may include, but is not limited to:

- Outfall investigations and water quality screening
- Catchment investigations
- Culvert and Drainage System Inspections to determine maintenance needs and watershed areas
- Stormwater BMP retrofit assessment and conceptual design of BMPs
- Improved stormwater and sewer system utility mapping
- Develop a Stormwater Asset Management Plan (i.e., risk-based Capital Improvement and O&M Program for infrastructure)
- Sustainable Stormwater Funding Study
- Public education and outreach program development
- Employee Training

By taking advantage of this program, the Town can spread stormwater program compliance and planning costs over a 20-year period, which will allow Weymouth to quickly come into compliance and develop a comprehensive, cost-effective program. Programming and implementing a capital repair and replacement costs over the next several years will be far more cost effective than responding to an Administrative Order issued by EPA. This will enable the Town to identify and prepare for long-term funding needs. Likewise, identifying capital projects (such as culvert replacement) will allow the Town to proactively identify State & Federal funding sources to defray capital costs.

SRF Financing Overview

- Mass Clean Water Trust oversees the financial aspects of SRF funding. They work with the borrower to formulate the loan repayment schedule and terms
- Standard terms are 2% interest for 20 years or less, though 30-year repayment periods are available with interest rates up to 2.4%

LOAN TERMS AND FEES		
	Permanent Financing	Interim Financing
Standard Loan Rate	2% (20 Years) Calculated (30 Years) ¹	0%
Housing Choice Loan Rate	1.5% (20 Years) ²	0%
Nutrient Enrichment Reduction Rate	0%	0%
Maximum Term	30 Years ³	3 Years
Administrative Fee	0.15%	NA
Origination Fee (One Time)	Approx. \$5.00/\$1,000	NA
Effective Loan Rate	2.15% (20 Years)	0%

1. Rate calculated at time of bond sale, estimated between 2.4-2.9%
 2. Communities designated as housing choice communities on the 2019-2021 IUPs are eligible for an interest rate discount up to 0.5% for permanent financing.
 3. Requires useful life certificate certifying useful life will match or exceed the life of the loan

- **Weymouth is designated a Housing Choice Community.¹** Communities with a current Housing Choice designation will receive a **discount on their SRF interest rate of 0.50%** from the standard rate of 2%.
- SRF interest is lower than the normal borrowing rate (assuming 4% interest rate for conventional funding)

Timeline of Next Steps

Local Authorization by Council Approval	(on or before) June 30, 2021
Loan Application: <ul style="list-style-type: none"> • Detailed Scope of Services or Plan of Study • Local Debt Authorization • Required SRF Documentation 	(on or before) October 15, 2021
Project Approval Certificate (PAC)	(on or before) December 31, 2021
Start of Study	Within 6 months of PAC issuance and no later than June 30, 2022. Anticipated January 2022

¹ Weymouth's Housing Choice Designation allows the Town to take advantage of new financial resources, including exclusive access to the Housing Choice Community Capital Grants, and preferential treatment for many state grant and capital funding programs, including State Revolving Fund for Water and Sewer infrastructure. <https://www.mass.gov/info-details/housing-choice-designation>