Massachusetts’ Asset Management Planning Grants

How Massachusetts is Assisting Communities with Achieving Long-Term Sustainability and Delivering Cost-Efficient Service

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Program Background and History

In June 2017, the Massachusetts Clean Water Trust’s (the Trust) Board of Trustees agreed to pursue a program of helping communities with Asset Management Planning (AMP).

- Program development focused on two factors:
  1. assisting eligible utilities with long-term planning to maintain efficient and cost-effective services; and,
  2. assisting State Revolving Fund (SRF) applicants with developing Fiscal Sustainability Plans as part of Water Resources Reform and Development Act of 2014.

- In January 2018, the Trust issued a Request for Responses for engineering firms to provide information related to asset management activities, costs and provide examples of work product generated by the firm.
  - Responses would inform the program structure and accepted responses would form a prequalified list of firms for the program.

- In June 2018, the Trust’s Board of Trustees authorized the (AMP) Grant Program.

- AMP Grant applications were requested during the 2019, 2020 and 2021 SRF project solicitations.
Program Purpose & Goals

**Asset Management** is a systematic approach to making financial decisions that are most likely to achieve long-term sustainability and deliver consistent service in a cost-efficient manner. By helping a utility manager make better decisions regarding the timing and location for asset repairs, replacements, or rehabilitation, and by developing a long-term funding strategy, the utility can ensure its ability to deliver the required level of service perpetually.

- The program’s purpose is to assist eligible applicants with completing or updating asset management plans for wastewater, drinking water, stormwater utilities or any combination of the three.

- The program’s primary goals are to assist communities with:
  - Establishing an inventory of existing equipment to develop replacement programs.
  - Developing and identifying equipment replacement costs to help establish annual budget line items.
  - Outlining the annual cost effects on a rate charge system.
  - Streamlining existing maintenance practices to ensure regular replacement prior to failure.
  - Providing a plan that ensures the operational continuity of the system(s).
  - Acquire hardware/software tools necessary to maintain sustainable asset management practices.
Program Structure

Annual Funding: $2 million

Funding Source: Unrestricted funds – refunding bond debt service savings originally paid by the state

Project Funding: $150,000 or 60% of project cost – whichever is less

Eligible Applicants: Any city, town, special district, or other existing municipal governmental entity which owns and controls a drinking water, wastewater, stormwater or water re-use treatment or conveyance system.

Application Process: Applications are accepted during the annual SRF solicitation (July – August).
• If the grant ceiling of $2 million is not reached, then all AMP proposals that meet the program requirements are accepted;
• If exceeded – then MassDEP will initiate a ranking process. Awards are announced on the Draft Intended Use Plan (January/February).

Timeline: The AMP Grant Program is intended for projects designed to be completed within one year of the issuance of the Grant Agreement. However, work scopes with longer schedules may be approved by MassDEP on a case-by-case basis.
Grants & Match Requirements

The total award provided by the Trust will be $150,000, or 60% of eligible project cost, whichever is less.

- Eligible applicants are required to provide a matching contribution that covers a minimum of 40% of the total project cost. Of that 40% minimum contribution, 50% may be provided through In-Kind Services (IKS).
- Small systems will be allowed to increase their IKS contribution up to 70% of the total match. (100% with waiver)
- Projects may use Clean Water or Drinking Water SRF loans to finance cash contributions.
  - Loans for this program will be limited to a five-year term at 2% interest.
- Funds are provided on a reimbursement basis, and final disbursement is contingent on finalizing project close out.

**Funding Example:**

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>$250,000.00</th>
<th>$150,000.00</th>
<th>$75,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>System Size</strong></td>
<td>Large</td>
<td>Medium</td>
<td>Small System</td>
</tr>
<tr>
<td><strong>Grant Funds</strong></td>
<td>$150,000</td>
<td>$150,000</td>
<td>$90,000</td>
</tr>
<tr>
<td><strong>Required Match</strong></td>
<td>$100,000</td>
<td>$100,000</td>
<td>$60,000</td>
</tr>
<tr>
<td><strong>Match Contribution Limits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maximum IKS</strong></td>
<td>$50,000</td>
<td>$70,000</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Minimum Cash</strong></td>
<td>$50,000</td>
<td>$30,000</td>
<td>$30,000</td>
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</tbody>
</table>
Eligible Asset Management Activities

**Asset Inventory** - All activities that expand the applicant’s asset information and ability to access and organize that information for management purposes. This includes initiating an inventory, verifying available inventory information, expanding the inventory to include previously undocumented assets, expanding the depth of information and attributes assigned to inventoried assets, and mapping.

**Level of Service** - All activities that clarify the applicant’s performance goals and means of measuring performance are eligible. The effort may be defining initial Level of Service Goals or refining existing goals based on changing conditions (such as demand, source water quality, regulatory requirements, etc.).

**Criticality/Risk Analysis** - All activities related to asset characterization and identification of critical assets are eligible.

**Life Cycle Cost (LCC) Analysis** - All activities that apply LCC analysis to inform decisions about capital projects are eligible. This includes asset construction, expansion, rehabilitation, or replacement. This may involve a review of pre-existing utility master plans and capital improvement plans to ascertain if LCC was considered in the planning process and to integrate plans like these in the overall AMP.

**Funding Analysis** - All activities that lead to creating a sustainable financial structure for the utility. This includes determining the full cost of service over the long term and creating a rate structure that is suitable for the community.
Eligible Asset Management Activities (cont.)

Asset Management Software and Training - All activities required to select, purchase, install, integrate, and successfully run asset management software are eligible. This includes associated training.

Asset Management Program Plan (AMPP) - The asset management planning may include provisions for creating a written plan for continuing to operate and/or develop the AMP.

Asset Management Report (AMR) - The asset management planning may include provisions for generating reports of the conclusions of various asset evaluations and prioritizations, level of service goals and performance analysis, LCC analysis, and rate structure review (etc.), as needed to meet the applicant’s objectives for the project.

Public Education - The AMP process may include provisions for sharing the conclusions of the AMP or the status and capabilities of the AMP with the public in any format.

• If a proposal includes additional activities not referenced above, their function in supporting the applicant’s AMP must be clearly described in the proposal
Project Prioritization

The scoring system is designed to favor proposed projects that have the following characteristics:

• A strong likelihood that the applicant will be using (or has recently used) the SRF to finance construction and can use information generated by the project to satisfy SRF planning and Fiscal Sustainability requirements;

• Disadvantaged Communities;

• Address potential loss(es) of institutional system knowledge resulting from retiring or departing personnel;

• Have a high degree of internal participation in the project;

• Have a high probability of resulting in a sustainable AMP that will continue to grow and be applied after the project is completed; and,

• Have a strong potential to advance an applicant’s Asset Management Program.
## Program Outcomes

<table>
<thead>
<tr>
<th>IUP Year</th>
<th>Program</th>
<th>Applications Received</th>
<th>Projects Selected</th>
<th>Total Project Cost</th>
<th>Total Grant Funds</th>
<th>Average Project Cost</th>
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</thead>
<tbody>
<tr>
<td>2019</td>
<td>CW</td>
<td>18</td>
<td>12</td>
<td>$2,304,661</td>
<td>$1,286,545</td>
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<td></td>
<td>DW</td>
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<td>8</td>
<td>$1,215,000</td>
<td>$674,400</td>
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<tr>
<td>2020</td>
<td>CW</td>
<td>11</td>
<td>11</td>
<td>$1,958,120</td>
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<td>$178,010</td>
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<td>9</td>
<td>$986,840</td>
<td>$592,100</td>
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<tr>
<td>Total</td>
<td></td>
<td>54</td>
<td>40</td>
<td>$6,464,621</td>
<td>$3,727,917</td>
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Get In Touch

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