

SFY2027 Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) & Project Priority List (PPL) Response to Public Comments

The responses in this document were compiled jointly between The Rhode Island Infrastructure Bank (RIIB) and Rhode Island Department of Environmental Management (RIDEM).

City of Newport Public Comments:

1. Request for itemized scoring worksheets and opportunity to supplement the record (RIDEM)

The City requests the itemized Appendix I scoring worksheet for each Newport project on the draft SFY2027 PPL, showing the points awarded under each rating criterion, the points not awarded, and the documentation RIDEM relied upon. Where points were not awarded due to missing or insufficient documentation, the City requests an opportunity to supplement the record before final adoption of the PPL.

This request applies to all six Newport projects:

Dyer Street Pump Station Rehabilitation and System Reliability Improvements — 18 points.

Biosolids Class A Thermal Drying Facility with PFAS Management — 14 points.

Elizabeth Brook Daylighting, Stormwater Management, and Flood Resiliency Project — 12 points.

Newport Harbor Priority Outfall Retrofit and Stormwater Treatment Program — 12 points.

WPC Primary Clarifier Rehabilitation — 10 points.

SSES Phase II and I/I Reduction Program — 10 points.

RIDEM Response: The PPL Project Request Sheets and Appendix I scoring worksheets for each of the above projects will be provided by RIDEM.

DEM relies on the information provided on the PPL Request Sheets, as well as information DEM has on file, including, but not limited to, the 2024 Integrated List Water Quality Report (including the of 303(d) List of Impaired Waters), the Implications of Climate Change for RI Wastewater Collection & Treatment Infrastructure report (March 2017), existing TMDL Water Quality Restoration Studies (aka, "TMDL" / Total Maximum Daily Load studies), DEM Nonpoint Source Pollution (CWA Section 319) Watershed Plans, the Rhode Island Nonpoint Source Management Program Plan (2024); and including other plans such as local comprehensive community plans, onsite wastewater management plans, wastewater facilities plans, etc.

The projects are already listed on the PPL. If the city believes that additional documentation might change the score for any of the projects, it may submit the additional documentation for consideration. Please note that regardless of project score, RIIB has routinely funded eligible projects on the PPL that are ready to proceed.

2. Path from PPL listing to funding, and SFY2027 and SFY2028 readiness (RIIB and RIDEM)

The draft IUP identifies five anticipated SFY2027 borrowers and does not include Newport. The City understands that projects are considered based on PPL ranking, readiness to proceed, financial application status, RIDEM Certificate of Approval status, and related credit and borrowing authorization requirements.

The City requests written confirmation of the specific milestones required to move a Newport project from PPL listing to a funding commitment, including readiness determination, Certificate of Approval, financial application,

local borrowing authorization, loan closing requirements, and whether an IUP amendment would be required to fund a Newport project during SFY2027.

The City intends to advance one or more projects to ready to proceed status and to submit a financial application by the applicable priority date. The City requests confirmation that a complete application by the applicable priority date will allow the project to be considered for available principal forgiveness, subject to eligibility, funding availability, readiness, and loan closing. If the applicable priority date is not met, the City requests confirmation that Newport projects would be considered in the order that complete, ready to proceed applications are received.

RIIB Response: RIIB appreciates the City of Newport's comment and recognizes that the City may have projects that could be considered for CWSRF financing during SFY2027. The projects identified in the draft IUP represent those that are currently anticipated to be ready to proceed based on available information at the time of publication. Newport's anticipated approximately \$20 million clarifiers project was not included in the IUP project list because the timing for receipt of a RIDEM Certificate of Approval (CA) was uncertain at the time the IUP was posted and remains uncertain at this moment. A project's absence from the IUP does not preclude it from receiving CWSRF financing during the fiscal year; an IUP amendment would not be required to fund one or more CWSRF projects from the City of Newport in SFY2027.

RIIB regularly funds eligible projects that are not initially identified in the IUP when they become ready to proceed and satisfy applicable program requirements, including PPL ranking, RIDEM Certificate of Approval status, financial application and credit review requirements, and necessary local borrowing authorizations. RIIB will continue to work with the City of Newport as the clarifiers project advances and as other eligible City projects become ready for financing during SFY2027.

For a project included on the SFY2027 CWSRF Project Priority List (PPL) to be considered for financing, the applicant must submit all required application materials for review by RIIB staff. Required materials include a completed General Application, project cost schedule, project draw schedule, evidence of the applicant's authority to borrow, the applicant's most recently completed financial audit, and a RIDEM Certificate of Approval (CA) for the proposed project(s).

Once RIIB determines that an application is complete, it will be referred to one of the Bank's financial advisors for a credit review and financial analysis. This process may take several weeks and may require the applicant to provide additional information. If the financial advisor recommends proceeding, RIIB staff will present the application to the Bank's Board of Directors for consideration. Before the Board meeting, RIIB staff will also evaluate the project's eligibility for principal forgiveness. Any principal forgiveness award is subject to the applicable project category, the applicant's ranking under the Bank's Affordability Index, available funding, project readiness, and Board approval.

If approved by the Board, RIIB will issue a loan commitment letter for the borrower's signature. RIIB and its legal counsel will then work with the borrower and its legal counsel to prepare closing documents, establish final loan terms and pricing, and schedule the loan closing.

A City of Newport project that is a part of a complete application and submitted by the applicable priority date may be considered for available principal forgiveness, subject to the criteria described above. Projects that do not meet the applicable priority date may still be considered for financing if principal forgiveness funding remains available, and the level of principal forgiveness will be determined by the same criteria as described above.

RIDEM Response: Once a project is listed on the PPL, a potential borrower may apply simultaneously to RIIB for a general financial application and to RIDEM for a Certificate of Approval (forms for each may be accessed off the

respective agency's website). RIDEM may request additional information to ensure the project is eligible for the CWSRF funding. A potential borrower should first contact both agencies to set up a Borrower Meeting to go over all the requirements of the program and answer any questions.

3. Biosolids Class A Thermal Drying Facility with PFAS Management — Emerging Contaminants pathway (RIIB and RIDEM)

The Newport Biosolids project is listed under Categories 6, 12, and EC at 14 points. The IUP states that Rhode Island may contribute a portion of Emerging Contaminants funding to eligible projects on the SFY2027 PPL, and that the State has deferred application for the FFY2026 Emerging Contaminants Supplemental Grant.

The City requests confirmation whether the Biosolids project, or its planning and design components, is eligible for Emerging Contaminants funding, Emerging Contaminants based principal forgiveness, or future IUP allocation. The City also requests identification of any scope elements RIDEM or RIIB consider ineligible so the City can refine the project scope accordingly.

RIIB Response: RIIB defers to RIDEM on questions regarding project and scope eligibility for CWSRF financing, including the eligibility of individual Biosolids project components for Emerging Contaminants (EC) funding. Because the Newport Biosolids project is identified on the SFY2027 CWSRF PPL as an EC project, the City may apply to RIIB for available EC funding for eligible project costs. Eligibility of specific planning, design, and construction components will be determined by RIDEM through its project review and Certificate of Approval process. RIIB encourages the City to coordinate with RIDEM as the project scope is refined to identify any elements that may not be eligible for EC funding.

RIIB has available FFY2024 and FFY2025 Emerging Contaminants funding that may support eligible projects during SFY2027. EC funding is provided by RIIB in the form of grants and is subject to submission of a complete application, availability of funds, project readiness, receipt of a RIDEM Certificate of Approval, and RIIB Board approval.

RIDEM Response: Emerging Contaminants (EC) funding is limited to a capital project, or portion of a larger project, for the specific purpose of addressing an identified emerging contaminant in a cost-effective manner. The City of Newport's proposed Biosolids Class A Thermal Drying Facility with PFAS Management project is fully eligible for Clean Water State Revolving Funds as a treatment works project. It appears to be partially eligible for the Emerging Contaminants funding due to installation of PFAS monitoring equipment, and therefore the EC category was applied to the project on the PPL. Planning, design, and installation/construction of technology to treat PFAS in the biosolids is eligible for EC funding. RIDEM would need more information in order to determine ultimate eligibility of the project and its components under the EC funding.

4. Elizabeth Brook Daylighting — eligible portion and scoring basis (RIDEM)

The Elizabeth Brook project is listed at 12 points with a GPR designation and a total project cost of \$25,000,000. The City's application characterizes the project as 100 percent eligible and describes watershed scale stormwater treatment, floodplain reconnection, channel and habitat restoration, MS4 consistency, an environmental justice location, and climate resilience benefits within an approximately 586 acre, roughly 50 percent impervious urban watershed discharging to Newport Harbor and Narragansett Bay.

The City recognizes that the PPL reserves final eligibility and eligible assistance amount determinations to project specific review, and that the stormwater application instructions limit eligibility to the portion of a project providing a documented primary or substantial water quality benefit.

The City therefore requests:

- a. Identification of the portion of the project RIDEM considers CWSRF eligible and the basis for that determination.
- b. Confirmation of which scoring criteria were applied.
- c. Identification of what additional documentation would support a water quality primary characterization.
- d. Confirmation whether additional documentation may be submitted before final PPL adoption.

The City is prepared to supplement the record with additional engineering, watershed, water quality, MS4, flood resilience, and habitat restoration documentation as needed.

RIDEM Response:

- a. RIDEM does not have enough information from the PPL request form to determine the percentage of the project that is eligible for CWSRF funding. The project appears to be for the purposes of addressing three existing conditions including frequent urban drainage and flooding problems, untreated stormwater runoff, and a stream currently acting as a closed drainage channel with limited habitat and poor hydraulic function. The PPL request form states that the project will reduce flooding; provide measurable water quality improvements targeting bacteria, sediment, and nutrients; reduce pollutant transport and loading; reduce runoff volume; and daylight Elizabeth Brook and restore channel and floodplain connectivity. The elements of the project that are eligible for CWSRF funding include: those elements that capture and meaningfully treat stormwater runoff and those that restore the stream and its floodplain. The elements that are not clearly eligible involve infrastructure improvements to address drainage and flood control. These elements of the project must demonstrate a substantial water quality benefit to be eligible. The project received the Green Project Reserve (GPR) notation due to the proposed daylighting Elizabeth Brook and restoring channel and floodplain connectivity portion of the project because restoration of natural hydrology and riparian features is green infrastructure.
- b. Please refer to the scoring worksheet for the project to see the scoring criteria that were applied.
- c. Documentation that supports a primarily water quality purpose may be in the form of a TMDL Implementation Plan or a Preliminary Engineering Report for a documented water quality problem. A project that is primarily for water quality has a documented water quality problem for which a project has been designed to specifically address in a cost-effective manner.
- d. The project is already listed on the PPL. If the city believes that additional documentation might change the score for the project, it may submit the additional documentation for consideration.

5. Newport Harbor Priority Outfall Retrofit and Stormwater Treatment Program — GPR determination (RIDEM)

The Harbor Outfall project is listed at 12 points and is not marked GPR eligible. The project targets three large diameter outfalls discharging untreated runoff directly to Newport Harbor and includes hydrodynamic separators, filtration, energy dissipation, outfall stabilization, and measurable pollutant reduction.

The City requests that RIDEM confirm the basis for the GPR determination and identify whether any project component qualifies as green infrastructure, such as vegetated or bioengineered outfall stabilization or treatment elements, environmentally innovative stormwater treatment, or another GPR eligible element. The City does not contest that the primary treatment components are structural. The City seeks confirmation of how the GPR criteria were applied and whether partial GPR characterization is available for eligible project components.

RIDEM Response: End of pipe treatment for floatables and sediment in stormwater runoff is not an environmentally innovative stormwater management project. Structural treatment components are not green stormwater infrastructure. End of pipe treatment and structural treatment are considered traditional gray infrastructure. There were no environmentally innovative or green infrastructure BMP's mentioned in the project description on the PPL Request Form. Green stormwater infrastructure seeks to maintain, mimic, or restore natural hydrology via use of soils and/or plants to treat the runoff close to where the stormwater falls.

6. Dyer Street Pump Station and SSES Phase II — scoring confirmation (RIDEM)

The Dyer Street Pump Station Rehabilitation project protects against sanitary sewer overflows and untreated discharge to Newport Harbor and Narragansett Bay by improving conveyance reliability, redundancy, controls, and system resilience.

The SSES Phase II and I/I Reduction Programs reduce peak wet weather flows, restore conveyance capacity, reduce treatment burden, and reduce overflow risk.

The City requests confirmation that all applicable criteria were applied to these projects, including collection system and pump station deficiencies, I/I correction, operational reliability, climate resilience, water quality protection, consistency with applicable wastewater planning documents, and readiness to proceed.

RIDEM Response: Please refer to the scoring worksheets for the projects to see the scoring criteria that were applied. RIDEM reviewed the scoring worksheets to ensure that all applicable criteria were applied to these projects.

The Dyer Street Pump Station project received points for collection system/pump station, operational reliability, climate resiliency measures, consistency with Implications for Climate Change for RI Wastewater plan, population, and readiness to proceed for local funding commitment. No points were received for water quality improvement criteria, which is reserved for projects that significantly and directly affect a waterbody. This is a project for an existing pump station, as such, the project does not change the pollutant loadings.

The SSES Phase II project received points for collection system/pump station, operational reliability, population, consistency with wastewater facility plan, and readiness to proceed for local funding commitment. Considering the SSES and Inflow and Infiltration Reduction project addresses excessive flows, points for existing conditions will be changes to reflect this (adds 2 points). Points will also be added for the proposed pilot initiative to address inflow and infiltration from private sewer laterals (2 points), and for sustainable measures that reduce demand for POTW capacity via elimination of excess water (5 points). The score for this project will be changed from 10 to 19.

7. Affordability methodology for coastal service communities (RIIB)

The IUP designates Newport as a Tier 3 community at 96 percent of the statewide Affordability Index, with Newport WWTF at 99 percent. This places Newport in the lowest funding-priority tier, where affordability-based principal forgiveness is available only if no ready-to-proceed Tier 1 or Tier 2 projects remain. The Affordability Index is calculated as Median Household Income multiplied by Employment Rate multiplied by Population Ratio.

The City does not ask RIIB to discard or override the established criteria. The City requests that RIIB consider whether reliance on median household income adequately reflects concentrated household hardship in communities with highly skewed income distributions. Newport illustrates the concern. Census data (ACS 2024 5-Year, Newport city) show a median household income of \$86,313 but a mean of \$123,641, a gap of approximately 43 percent that reflects a bifurcated income distribution. Newport's income distribution includes both a substantial

low-income population and a high-income segment, which makes a municipal median-based affordability index less representative of household-level utility burden. Approximately 20.9 percent of households earn under \$35,000, the person poverty rate is 16.5 percent (plus or minus 2.7 percent) against 11.2 percent statewide, and child poverty is an estimated 31.7 percent. A median-based index does not capture this concentration.

The divergence between the index and actual hardship is measurable. As summarized in Attachment A, Newport's person poverty rate (16.5 percent) exceeds that of Pawtucket (13.3 percent), a Tier 2 community ranked one priority tier higher, because Newport's higher median income places it in Tier 3 despite comparable or greater poverty. Newport also shows a substantial mean-to-median income gap, consistent with the conclusion that the median is least representative where the income distribution is most skewed.

This concentrated hardship carries directly into utility affordability. The City's Financial Capability Assessment shows that combined water and wastewater costs equal approximately 2.23 percent of median household income but approximately 6.10 percent of Lowest Quintile Income, nearly three times the median burden. The municipal median-based index does not reflect this distributional difference.

The City therefore requests that RIIB consider supplementing the Affordability Index methodology with poverty and Lowest Quintile Income measures, and consider a project-level disadvantaged-area review where a capital project's service area falls within qualifying low-income or high-poverty census tracts, for application in future affordability criteria updates. The objective is improved targeting precision within the existing tier structure, not preferential treatment for any single community.

RIIB Response: The Bank recognizes the challenges associated with developing an affordability methodology that accurately reflects the financial circumstances of all Rhode Island communities and acknowledges that any statewide methodology necessarily involves balancing multiple indicators of economic need while maintaining consistency and transparency across all applicants.

The current Affordability Index was developed to provide a standardized, objective, and statewide framework for evaluating community affordability using publicly available data applied consistently across all eligible borrowers. While RIIB acknowledges the City's observations regarding income distribution, poverty, and household-level affordability, the Bank believes the existing methodology remains an appropriate and equitable basis for determining overall community capacity and establishing affordability eligibility under the SFY27 & SFY28 CWSRF.

RIIB appreciates the City's recommendations and will consider them, along with feedback received from other stakeholders, during future evaluations of the Affordability Index methodology and affordability policies.

8. Administrative corrections to the IUP (RIIB)

The City requests correction or clarification of the following items before final IUP adoption.

First, the Projected Funding List in Section VII lists Town of West Warwick at \$4,000,000 and Town of North Smithfield at \$4,000,000. With the other three listed borrowers, the line items total \$114,600,000, which does not equal the stated total of \$115,600,000. The corresponding table in Section V lists Town of West Warwick at \$5,000,000. The City requests reconciliation of the line items to the stated total and reconciliation of the West Warwick amount between the two sections.

Second, the Sources and Uses table in Attachment D labels a line "Anticipated Loan Commitments SFY26" within the SFY2027 IUP. The City flags this as an apparent labeling error rather than a substantive objection.

The City appreciates RIDEM's and RIIB's consideration of these comments. Newport looks forward to working with both agencies to advance projects that protect Newport Harbor, Narragansett Bay, public health, wastewater system reliability, stormwater quality, coastal resilience, and long term affordability.

The City requests that this letter and the agencies' responses be included in the administrative record for the SFY2027 PPL and IUP. The City requests a staff level meeting with RIDEM and RIIB, if feasible before final adoption, to review Newport's scoring, eligibility, readiness requirements, and available funding pathways.

RIIB Response: The Town of West Warwick funding amount in *Section VII Projected Funding List* will be updated to \$5,000,000 to match the figures in *Section V Projects To Be Funded With FFY 2026 CWSRF Funds*. The total project funding amount in the IUP for FFY2026 is \$115,600,000.

RIIB will update the Sources and Uses Table in Attachment D to reflect the SFY2027 IUP period.