

Intended Use Plan Webinar

Safe Drinking Water Loan Program
SFY 2024

May 18, 2023

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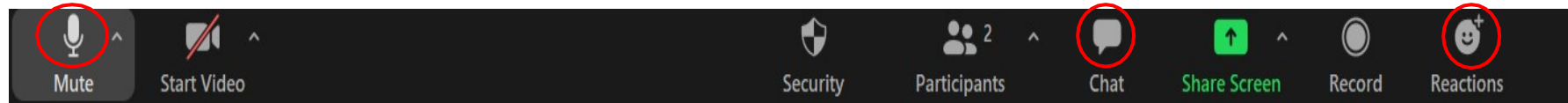
Webinar Purpose

- Highlight changes to the IUP
- Emerging Contaminants Overview
- LSL Replacement Program Overview
- Questions welcome
- Submit comments via email to Casey.Sweeney@wisconsin.gov by June 1, 2023



Zoom Housekeeping

Type your questions into the **“Chat”** feature



“Raise Hand” and your microphone will be unmuted by moderator when called on

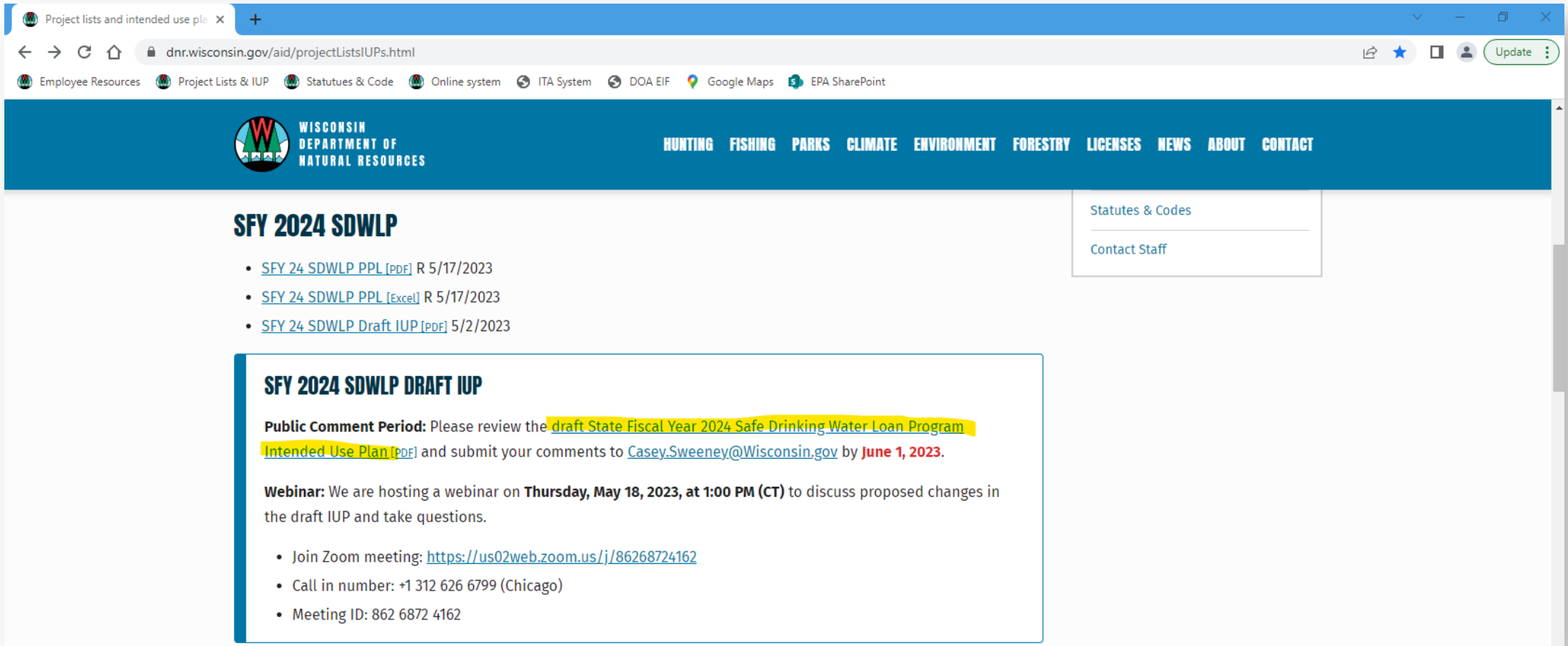
Phone Commands

For those joining by phone, the following commands can be entered using your phone's dial pad:

- ***6** - Toggle mute/unmute
- ***9** - Raise hand



Where do I find the IUPs?



The screenshot shows a web browser window displaying the page dnr.wisconsin.gov/aid/projectListsIUPs.html. The page header includes the Wisconsin Department of Natural Resources logo and a navigation menu with links for HUNTING, FISHING, PARKS, CLIMATE, ENVIRONMENT, FORESTRY, LICENSES, NEWS, ABOUT, and CONTACT. The main content area is titled "SFY 2024 SDWLP" and lists three links: "SFY 24 SDWLP PPL [PDF] R 5/17/2023", "SFY 24 SDWLP PPL [Excel] R 5/17/2023", and "SFY 24 SDWLP Draft IUP [PDF] 5/2/2023". A sidebar on the right contains links for "Statutes & Codes" and "Contact Staff". A highlighted box contains the following information:

SFY 2024 SDWLP DRAFT IUP

Public Comment Period: Please review the [draft State Fiscal Year 2024 Safe Drinking Water Loan Program Intended Use Plan \[PDF\]](#) and submit your comments to Casey.Sweeney@Wisconsin.gov by **June 1, 2023**.

Webinar: We are hosting a webinar on **Thursday, May 18, 2023, at 1:00 PM (CT)** to discuss proposed changes in the draft IUP and take questions.

- Join Zoom meeting: <https://us02web.zoom.us/j/86268724162>
- Call in number: +1 312 626 6799 (Chicago)
- Meeting ID: 862 6872 4162

<https://dnr.wisconsin.gov/aid/projectListsIUPs.html>

Bipartisan Infrastructure Law

- Infrastructure Investment and Jobs Act of 2021
- Base grant
- Three BIL grants
 - Supplemental
 - Lead Service Line Replacement
 - Emerging Contaminants



<i>FFY 2023 Federal Cap Grant</i>	Total Grant	State Match	Principal Forgiveness
<i>Base</i>	\$8,455,000	\$1,691,000	\$2,198,300
<i>Supplemental</i>	\$36,053,000	\$3,605,300	\$17,665,970
<i>Emerging Contaminants</i>	\$13,082,000	\$0	\$12,878,000
<i>Lead Service Line (FFY 2022)</i>	\$48,319,000	\$0	\$23,676,310
<i>Lead Service Line (FFY 2023)</i>	\$81,203,000	\$0	\$39,789,470
Totals	\$187,112,000	\$5,296,300	\$96,208,050

Federal Equivalency Changes

- SFY 2023: Any municipality with a population of at least 10,000
- SFY 2024: At least 15,000



Principal Forgiveness Resources

- <https://dnr.wisconsin.gov/topic/aid/dataSources.html>
- <https://dnr.wisconsin.gov/aid/documents/EIF/Guide/PF.html>

1	Source: American Community Survey: 2021; ACS 5-year Estimates; Table ID B19013				
2	Municipality	County	MHI	WI MHI = \$67,080	
3	Abbotsford city	Clark	\$ 49,760		
4	Abrams CDP	Oconto	\$ 81,429		
5	Abrams town	Oconto	\$ 83,667		
6	Ackley town	Langlade	\$ 65,114		
7	Adams city	Adams	\$ 34,625		
8	Adams town	Adams	\$ 63,036		
9	Adams town	Green	\$ 87,917		
10	Adams town	Jackson	\$ 68,529		
11	Addison town	Washington	\$ 73,333		
12	Adell village	Sheboygan	\$ 66,667		

Navigation: MHI | Family_Poverty | LQI | Unemployment Data | Pop Trend

Table 7	
Total Score	PF Percent
0-59	No PF
60-69	10%
70-79	15%
80-94	20%
95-109	25%
110-124	30%
125-139	35%
140-154	40%
155-169	45%
170-184	50%
185-199	55%
200-249	60%
250-360	65%



Table 1	
Points	Population
0	≥10,000
10	8,500–9,999
20	5,000–8,499
30	3,000–4,999
40	2,000–2,999
50	1,500–1,999
60	1,000–1,499
70	500–999
80	250–499
100	0-249

Table 2	
Points	Percent of State MHI
0	≥126%
5	116% to <126%
10	106% to <116%
15	101% to <106%
20	96% to <101%
25	91% to <96%
30	86% to <91%
40	81% to <86%
50	76% to <81%
60	71% to <76%
70	66% to <71%
85	61% to <66%
100	<61%



Table 3	
Points	Percentage of Families with Income Below 200% of the Federal Poverty Level
0	<8%
5	8% to <12%
10	12% to <16%
20	16% to <20%
30	20% to <24%
40	24% to <28%
50	28% to <32%
65	32% to <36%
80	36% to <40%
100	40%+

Table 4	
Points	Population Trend
5	Projected to lose 5% to less than 10% of population over 20 years
10	Projected to lose 10% to less than 15% of population over 20 years
15	Projected to lose 15% or greater of population over 20 years

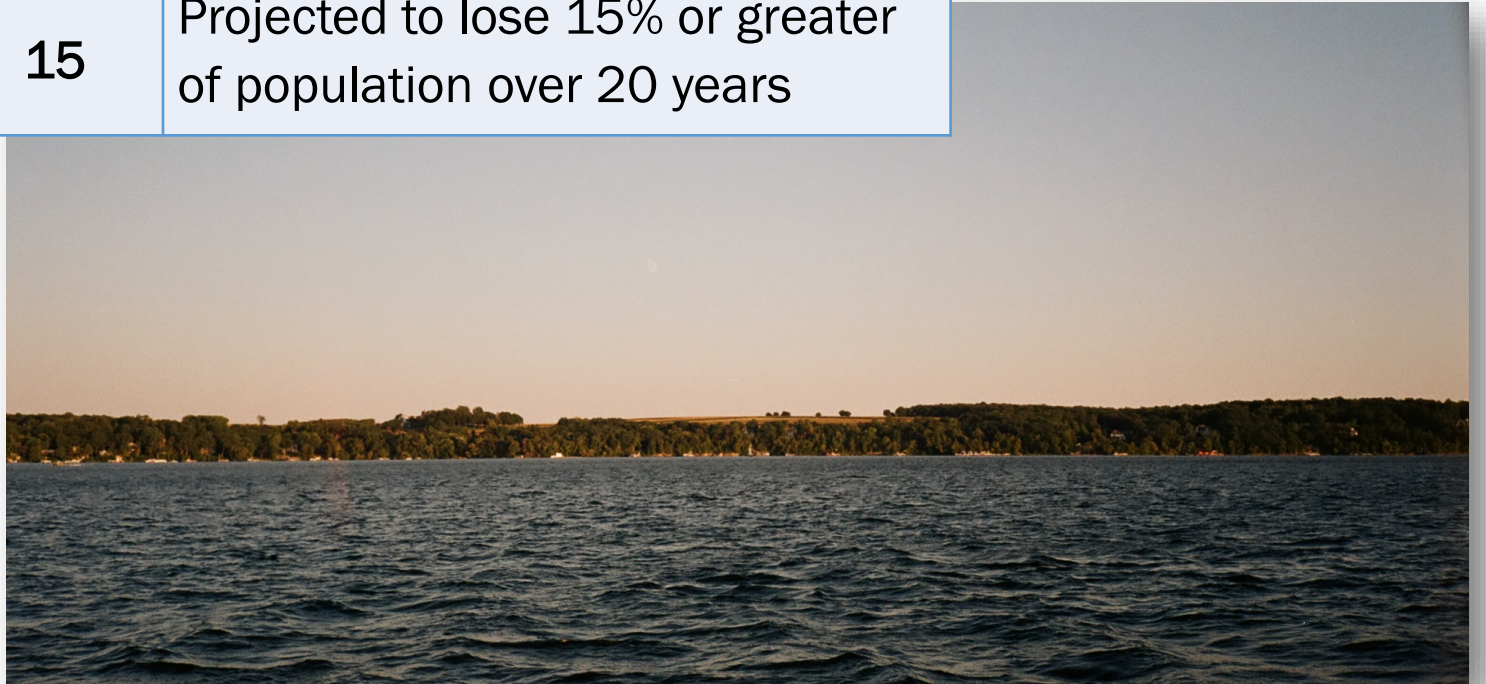




Table 6

Points	Lowest Quintile Household Income Upper Limit (LQI)
10	Municipal LQI 70% to less than 80% of Wisconsin LQI
15	Municipal LQI 60% to less than 70% of Wisconsin LQI
20	Municipal LQI less than 60% of Wisconsin LQI

Table 5

Points	County Unemployment
10	County unemployment rate is greater than the state's rate by less than one percentage point
20	County unemployment rate is greater than the state's rate by one to less than two percentage points
25	County unemployment rate is greater than the state's rate by two percentage points or greater

Regionalization:					
13.	Is this project needed because of an increased flow or increased loadings (greater than 10%) from one or more new subscribing municipality?	No	0.00	No	0.00
13a.	If yes, list the other municipalities :				
14.	Is this project resulting in the construction of a new joint regional WWTP that will serve two or more municipalities?	No	0.00	No	0.00
14a.	If yes, list the other municipalities :				
Regionalization Total Points :			0.00		0.00
Financial Need Score :					
Total Project Priority Score :			85		79

Priority Score			Municipality	Project Number	Project Description
Total Score	Financial Need Points	Project Points			
152.0	2.0	150	BURNETT SD #1	4237-03	Construct New Lift Station & Force Main to Beaver Dam
106.1	1.1	105	NEW GLARUS, VILLAGE OF ^{1,4}	4092-04	WWTP upgrade - Phosphorus Removal Improvements (disk filter)
101.1	2.1	99	WATERLOO, CITY OF ^{1,2}	4682-04	Upgrade WWTP

Increase in Annual PF Cap



- SFY 2023: \$1,500,000 annual cap per municipality
- SFY 2024: \$1,600,000 annual cap per municipality

PERF Scoring Changes

- PERF Points derived from Principal Forgiveness Score (15% of PF points converted into PERF points)
- PERF Points will be offered for projects which address PFAS contamination, based off the Dept. of Health Services' Hazard Index



Build America, Buy America (BABA)

- Expansion of existing American Iron & Steel (AIS) requirements.
 - Will cover all construction materials and manufactured goods
- Effective Date: May 14, 2022
- Applies to all federal infrastructure funding
- May result in cost increases and additional supply chain delays
- EPA's BABA Adjustment Period Waiver for SRFs
 - <https://www.epa.gov/cwsrf/build-america-buy-america-baba-waivers-open-public-comment>
 - BABA comments should be directed to BABA-OW@epa.gov



Questions?



Drinking Water Emerging Contaminants (EC) BIL Funding

- Intended to address municipal drinking water for PFAS
 - Other contaminants are eligible at the federal level
- SFY 24 allotment of EC Principal Forgiveness (PF)
\$12,878,000



Emerging Contaminants – Small and Disadvantaged Communities (EC-SDC)

- Grant funding for DW Emerging Contaminants projects
- Must be awarded to communities with a population less than 10,000 or that meet the state’s disadvantaged criteria
- Municipal reporting requirements for systems that receive EC-SDC funding
- Estimated \$12.6 Million/year for 5 years
- SFY24 allotment includes first two years
 - Total of \$25,267,000

Municipalities that meet disadvantaged criteria & <10,000 population	Other than Municipal (OTM)/ Non-transient Non-community (NTNC) systems
\$21,267,000	\$4,000,000

Project Eligibilities – Emerging Contaminants

- Construct or upgrade a treatment facility
- Develop a new source
- Consolidate with another system
- Create a new public water system

- Costs for planning, design & associated pre-project costs
 - Must be with a funding request for a project that provides a solution, not as stand-alone costs

Bottled water is *NOT* eligible, per federal regulations

Split Projects

- For projects that address other contaminants, only the PFAS-specific portion of the project will be eligible for BIL EC Principal Forgiveness
 - Portions of a project whose primary purpose is something other than treating for PFAS will not be PF eligible.
- Similar to Phosphorus Priority PF → PFAS Parallel Cost Percentage
- DNR will request a breakout of major components, and associated costs, with the application
- DNR will review on a case-by-case basis



Funding Approach – Emerging Contaminants

Total SDW SFY 24 EC PF	\$34,145,000
BIL EC PF	\$12,878,000
EC-SDC	\$21,267,000

- 50% of project costs up to \$3.5M per water system may be awarded as EC PF
- Disadvantaged communities will be eligible for general PF
- Projects that qualify for general PF that are not fully funded by the EC PF allocation methodology will receive priority when allocating general PF

EC PF Allocation: Two-pass process in priority score order

Pass 1	Pass 2
50% of total project costs as EC PF, up to \$500,000	EC PF allocated for 50% of remaining eligible project costs, up to total EC PF cap of \$3.5M
Non-disadvantaged communities have same EC PF caps; eligible to receive 25% of total project costs as EC PF instead of 50%	

Project Scoring – Emerging Contaminants

- DNR has developed a project scoring system that will consider the following criteria:
 - Risk to Human Health
 - Max 250
 - Financial Need
 - Max 180
 - System Capacity Affected
 - Max 40



Application Process– Emerging Contaminants



SFY24

- ITA/PERF deadline was October 31, 2022
 - Interested applicants can submit variance request through May 31, 2023
- Applications due June 30, 2023
 - SDWLP EC PERF: form 8700-399
- Expect to make awards as early as October 2023

- Municipalities that were allocated EC PF in SFY 2023, that have also applied for SFY 2024, will have the opportunity to use their SFY 2024 EC PF allocation instead of their SFY 2023 EC PF allocation.
- Applicants utilizing this option must choose which allocation they will use prior to the final SFY24 funding list being published.

Federal Requirements

- American Iron & Steel / **Build America, Buy America (BABA)**
- Davis-Bacon Wages
- Disadvantaged Business Enterprises solicitation
- Environmental Reviews
- **BIL Signage**
- Other federal cross cutting requirements based on project specifics



Questions?



BIL LSL Funding Overview

- FFY 2022 cap grant \$48,319,000
- FFY 2023 cap grant \$81,203,000
- 49% of LSL cap grants must be awarded as principal forgiveness (PF) to disadvantaged municipalities or projects in disadv. census tracts
- Remainder of LSL cap grant must be used for set-asides and loans
- PF cannot be awarded if the loan/set-aside funds are not utilized

Funds Available from FFY 2022 & 2023 LSL Capitalization Grants

Principal Forgiveness	Loans	Administration	State Program Management	Local Assistance & Other Progs
\$23,676,310	\$18,061,492	\$428,389	\$1,320,909	\$4,831,900
\$39,789,470	\$27,269,377	\$553,912	\$1,409,791	\$12,180,450

Key Differences Between WIFTA LSL Program & BIL LSL Program

WIFTA-Funded LSL Program	BIL-Funded LSL Program
Private LSL replacements only	Both public & private LSL replacements & inventory work
Only residences, schools & daycares eligible	All property types are eligible
100% principal forgiveness (PF)	Funds will be a mix of PF & loans
All municipalities eligible for PF	Only disadvantaged municipalities or projects in disadvantaged census tracts eligible for PF
Work must be completed in one construction season	Funding can be provided for up to 2 years for Prequalified List; contracted projects are not restricted to one construction season
Up to \$5,000 for engineering &/or administration if under 3,300 population; not eligible if 3,300+ population	All project related costs are eligible, regardless of population

LSL Program Basics

- Applications for SFY 2024 funding due June 30, 2023
- For SFY 2025 funding - Intent to Apply due October 31, 2023
- Applications for LSL replacement and/or inventory work submitted separately from watermain projects, even if related
- Any municipality can apply, but PF can only be awarded to disadvantaged municipalities or projects in disadvantaged census tracts
- Galvanized lines that are, or have been, downstream of lead, brass service lines, & lead goosenecks all considered LSLs
- PSC approval must be obtained in order to pledge revenue for any private side loan funding



Federal Requirements

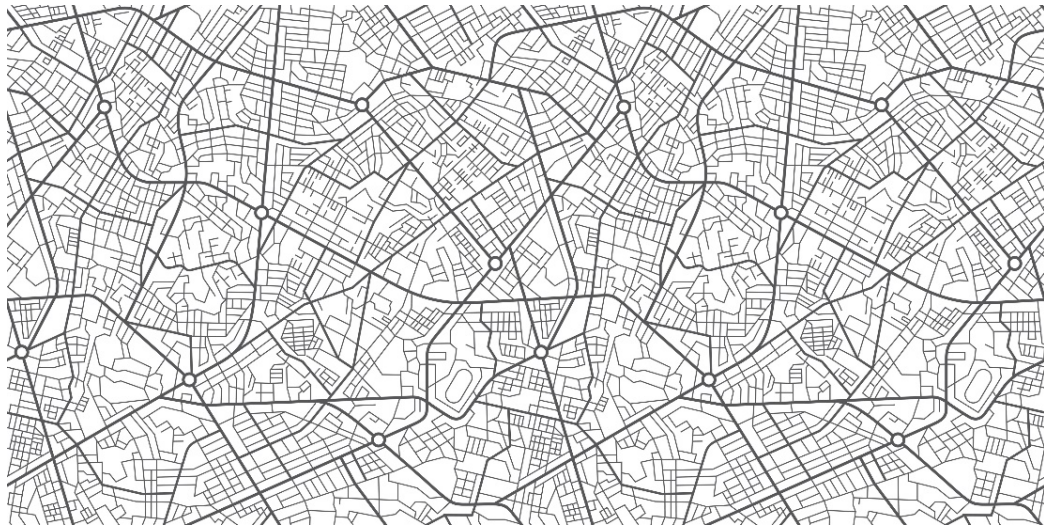


All projects must:

- Pass environmental review screening for all locations
- Solicit for disadvantaged businesses at all levels of contracting or when advertising RFQs
- Erect BIL Signage
- Comply with Davis-Bacon & Related Acts
 - Required for all municipal contracts
 - If using a prequalified list, only required for business-owned properties
- Comply with Build America, Buy America (BABA) procurement requirements
 - Individual private replacements done via a prequalified list are exempt under Small Projects Waiver
 - Private replacements that do not involve any utility funding may not be considered infrastructure subject to BABA (waiting for clarification from EPA)
- Comply with any applicable Federal Equivalency requirements
 - Complete list of equivalency requirements available on our website

LSL Project Scoring

- Projects scored under three systems:
 - Disadvantaged criteria scoring to determine eligible PF %
 - LSL specific scoring – ranks projects for allocating PF & loan funds from LSL cap grant
 - Regular SDWLP scoring – ranks projects for allocating regular SDWLP PF
- LSL-Specific PERF must be submitted with application (form 8700-383)



- Weighting of data for projects in disadvantaged census tracts may be done by census tract population or by number of LSLs to be replaced (if by number of LSLs, locations & number of LSLs must be known at time of application)
- **Census tract** is smallest unit that can be scored

LSL-Specific Scoring

Scores based on:

- Project Type (replacement or inventory)
- Family Poverty Percentage
- Lowest Quintile Income
- Percent of Population Under Age 5
- Mandatory Replacement Ordinance
- Lead Sampling Results or Large System Optimization
- Whether all remaining LSL will be removed by project
- Matching Grants for Residential Replacements
- Municipal Population (tie-breaker only)

LSL PERF – form 8700-383 – submit with application



Allocation of Funds

- LSL principal forgiveness allocated using Table 7 score from SDWLP disadvantaged criteria & PF methodology (see pgs 15-16 of draft SDWLP IUP)

Table 1	
Points	Population
0	≥10,000
10	8,500-9,999
20	5,000-8,499
30	3,000-4,999
40	2,000-2,999
50	1,500-1,999
60	1,000-1,499
70	500-999
80	250-499
100	0-249

Table 2	
Points	MHI Percent
0	126%+
5	116% to <126%
10	106% to <116%
15	101% to <106%
20	96% to <101%
25	91% to <96%
30	86% to <91%
40	81% to <86%
50	76% to <81%
60	71% to <76%
70	66% to <71%
85	61% to <66%
100	<61%

Table 3	
Points	Family Poverty Percentage
0	<8%
5	8% to <12%
10	12% to <16%
20	16% to <20%
30	20% to <24%
40	24% to <28%
50	28% to <32%
65	32% to <36%
80	36% to <40%
100	40%+

Table 4	
Points	Population Trend
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Table 5	
Points	County Unemployment Rate
10	County unemployment rate is greater than the state's rate by less than one percentage point
20	County unemployment rate is greater than the state's rate by one to less than two percentage points
25	County unemployment rate is greater than the state's rate by two percentage points or greater

Table 6	
Points	Lowest Quintile Household Income Upper Limit (LQI)
10	Municipal LQI 70% to less than 80% of Wisconsin LQI
15	Municipal LQI 60% to less than 70% of Wisconsin LQI
20	Municipal LQI less than 60% of Wisconsin LQI

Table 7	
Points Received in Tables 1-6	Qualified PF Percentage
0-59	No PF
60-69	10%
70-79	15%
80-94	20%
95-109	25%
110-124	30%
125-139	35%
140-154	40%
155-169	45%
170-184	50%
185-199	55%
200-249	60%
250-360	65%

Allocation of Funds (continued)

- Due to BIL requiring exactly 49% of LSL cap grants to be awarded as PF, an exact % cannot be determined until all applications are received.
- Utilizing the score from Table 7 of the SDWLP Intended Use Plan:
 - Municipalities/projects that receive 200-360 points are eligible to receive **up to 100%** LSL PF for **private** side replacements.
 - Municipalities/projects that receive 155-199 points are eligible to receive **up to 75%** LSL PF for **private** side replacements.
 - Municipalities/projects that receive 95-154 points are eligible to receive **up to 50%** LSL PF for **private** side replacements.
 - Municipalities/projects that receive 60-94 points are eligible to receive **up to 25%** LSL PF for **private** side replacements.



Allocation of Funds (continued)

- LSL PF for private side replacements allocated first, in order of LSL-specific priority score (construction costs only)
- If any LSL PF remains after previous step, allocation will move to public side replacements, in order of LSL-specific priority score
 - Public side PF % allocated at regular SDWLP % from Table 7
- After LSL PF is allocated, projects ranked in SDWLP priority score order to allocate general PF at regular SDWLP % (from Table 7)
 - Competing with all SDWLP applications for PF - \$1.6M cap per municipality
- After all PF allocated, LSL loan funds will be allocated in LSL priority score order
 - Loan funds from the LSL cap grant - 0.25% interest rate
 - Any loan funding beyond the LSL cap grant at regular SDWLP rates



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Set-Asides

- \$982,301 will be utilized for LSL program administration
- \$2,730,700 will be utilized under State Program Management set-aside to fund lead-related positions in the Bureau of Drinking Water & Groundwater
- \$12,952,200 will be utilized under the Local Assistance set-aside to contract with consultants to provide technical assistance to systems to develop service line inventories
- \$4,060,150 will be utilized under the Other State Programs set-aside for a grant program to local community-based organizations to help water utilities with community outreach



LSL-Specific Webinar

- We will be holding an additional webinar on Wednesday, May 31st which will be specific to the LSL Replacement Program.
- This webinar will focus on more detailed aspects of the LSL program such as:
 - completing the environmental review;
 - how to determine data for a project targeted to a specific census tract;
 - completing the LSL PERF;
 - filling out a request for disbursement;
 - choosing between a municipal contract or a prequalified list for private side replacements;
 - set-aside usage;
 - etc.



Questions?



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