

Intended Use Plan Webinar

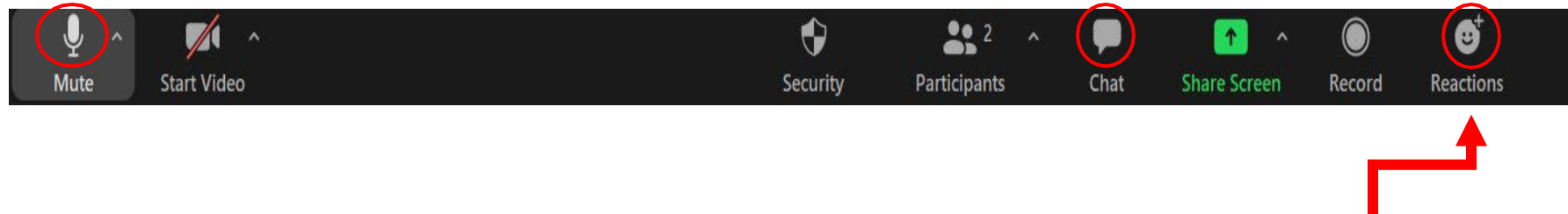
**Safe Drinking Water Loan Program
SFY 2026**

April 23, 2025



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

Presenters

- **Suzy Hasheider**, SDW Federal Liaison
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- **Noah Balgooyen**, SDW Program Coordinator
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- **Kate Leja-Brennan**, Lead Service Line Specialist
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- **Ryan Atkinson**, Emerging Contaminants Specialist
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Program Managers

- **Becky Scott** Rebecca.Scott@wisconsin.gov
- **Matt Marcum** Matt.Marcum@wisconsin.gov



Webinar Purpose

- Highlight changes to the IUP
- Emerging Contaminants Overview
- LSL Replacement Program Overview
- Questions welcome
- Submit comments via email to Suzan.Hasheider@Wisconsin.gov by May 23, 2025



Where do I find the IUPs?



WISCONSIN
DEPARTMENT OF
NATURAL RESOURCES

HUNTING FISHING PARKS CLIMATE ENVIRONMENT FORESTRY LICENSES NEWS ABOUT CONTACT

SFY 2026 SDWLP

SFY 2026 SDWLP DRAFT IUP

Public Comment Period: Please review the [draft Safe Drinking Water Loan Program State Fiscal Year 2026 Intended Use Plan \[PDF\]](#) and submit your comments to Suzan.Hasheider@wisconsin.gov by **May 23, 2025**.

- A webinar discussing the IUP will be held on April 23 at 10 a.m. Join at <https://us02web.zoom.us/j/81516582510>

- [SFY 26 SDWLP Draft IUP \[PDF\]](#) 4/8/2025

[Reference Guide Index](#)

[Requests for Disbursement](#)

[Statutes and Administrative Codes](#)

[Contact Environmental Loans Staff](#)

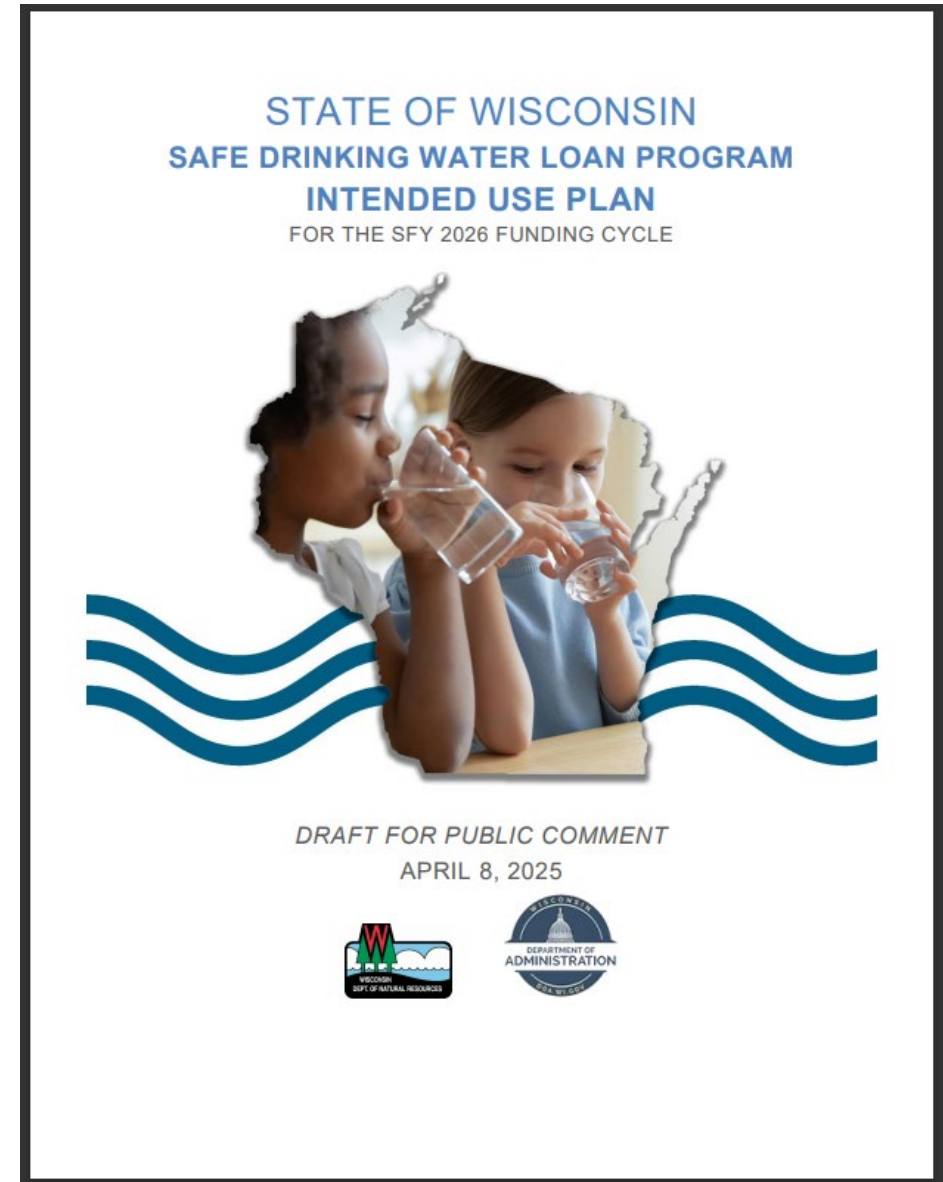
For general information on loan programs, contact:

[Loans staff](#)

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

What is an Intended Use Plan?

- Safe Drinking Water Act requires each state to prepare an IUP
- Provides information on how DNR intends to use the funds available each year in conjunction with governing laws
 - Project eligibility criteria
 - Scoring and ranking system
 - Deadlines



Bipartisan Infrastructure Law (BIL)

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

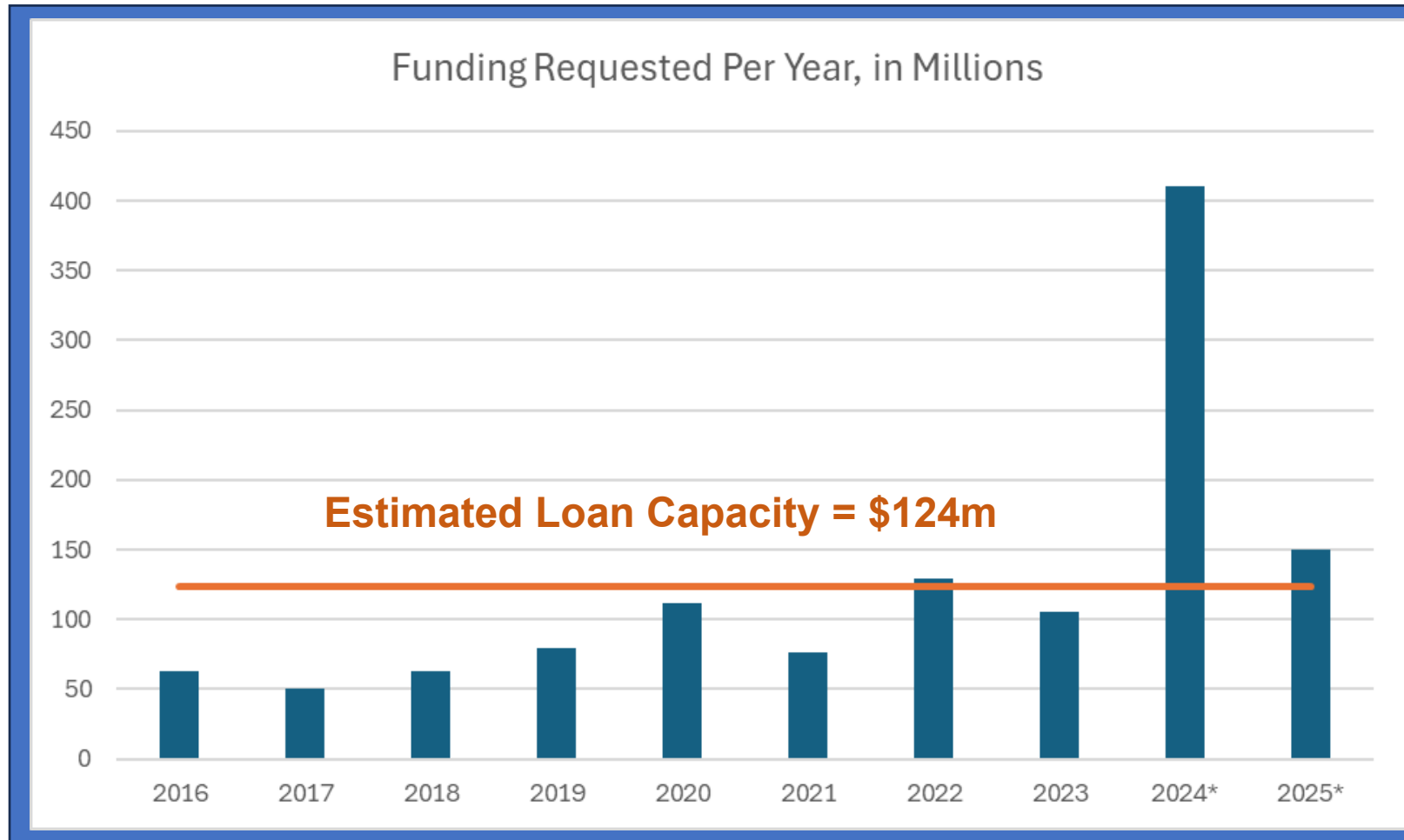


Estimated Sources of Funding

<i>FFY 2025 Federal Cap Grant</i>	Total Grant	State Match	Principal Forgiveness
<i>Base</i>	\$19,051,000	\$3,810,200	\$2,667,140
<i>Supplemental</i>	\$42,633,000	\$8,526,600	\$20,890,170
<i>Emerging Contaminants</i>	\$13,082,000	\$0	\$13,082,000*
<i>Lead Service Line</i>	<i>To be determined</i>	<i>To be determined</i>	<i>To be determined</i>
Totals <i>(final amounts to be determined)</i>	\$74,766,000	\$12,336,800	\$36,639,310

- EC PF – minus any set-asides taken, will be provided as additional subsidy
- REGULAR – Base + Supplemental funding

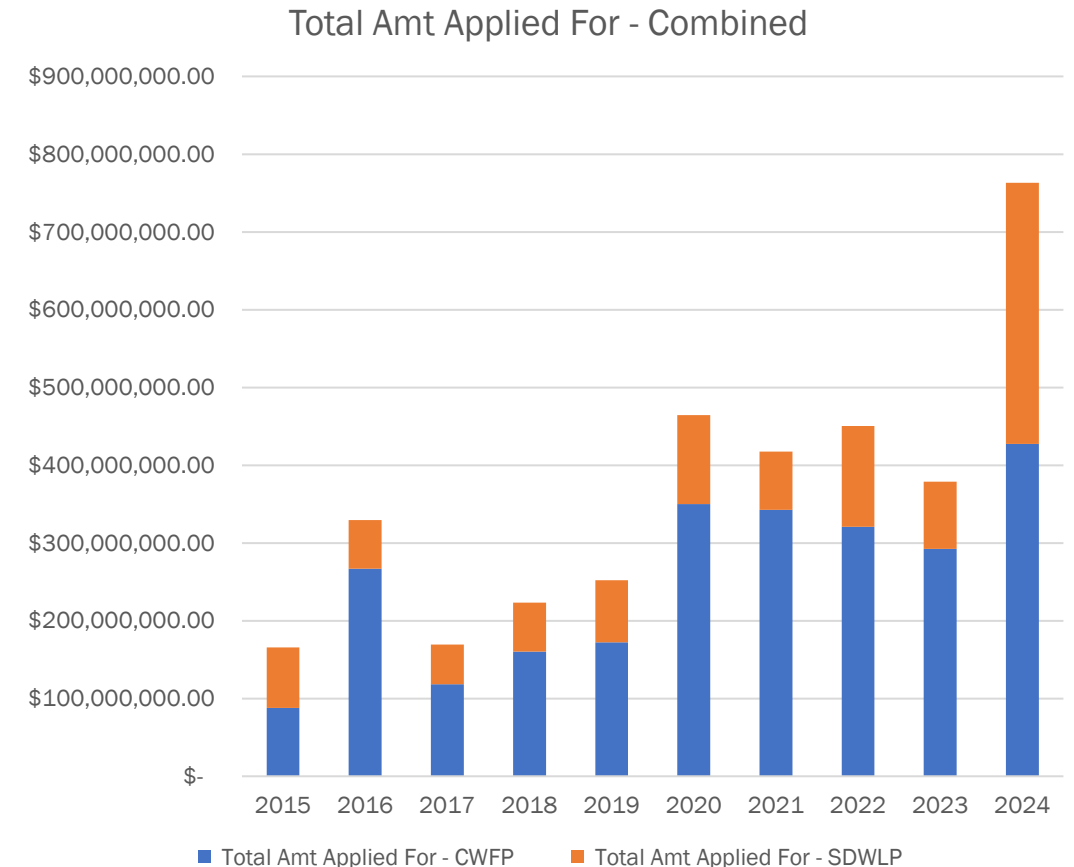
Debt Capacity and SFY26 Funding



* Includes Base & EC funding requested, but not LSL

Loan Capacity—What happened?

- BIL Funding Availability
 - It takes approximately 2 years for a project to move from inception to application
- BABA
 - Adjustment period waiver ends starting in SFY 2025
- Project Backlog
 - Projects were expensive and difficult to complete over the last several years due to Covid, supply chain issues, and inflation



Debt Capacity and SFY26 Funding

- Loan capacity for SFY 2026 is currently estimated at \$124,000,000
 - This is consistent with what our initial loan capacity was for SFY25
 - A final number will be determined closer to the start of the fiscal year (July)
 - An increase to our budget capacity was included in the governor's budget request
- Principal Forgiveness
 - \$25,850,190 is estimated to be available through the base and supplemental cap grants
 - This is in comparison to \$24,724,615 that was available in SFY25
- Recommendation
 - Make sure to apply by the application deadline to compete for funding
 - Do not rely on submitting a supplemental application
 - Understand that funding may be insufficient *if* loan demand is high
 - If necessary, unfunded projects will be kept in a queue

Federal Equivalency Requirements

Applies to the following project types:

- All projects from municipalities with a population of 20,000 or over
 - This is a change from SFY 2025, from 15,000
- Emerging contaminants projects
- Lead Service Line Removal projects
- Note: BIL Signage no longer required, but there is still a signage/public awareness requirement

<https://dnr.wisconsin.gov/aid/FederalEquivalency>
<https://dnr.wisconsin.gov/aid/BilSignage.html>



Build America, Buy America (BABA)

- Went into effect May 14, 2022
- Expansion of existing American Iron & Steel (AIS) requirements.
- Covers all construction materials and manufactured goods
- Adjustment period waiver ended by SFY25



<https://www.epa.gov/baba>

Applies to:

- Lead service line replacements projects
- Emerging contaminants/PFAS projects
- Federal equivalency projects:
 - Both Drinking Water and Clean Water SRF projects in municipalities with population over 20,000

Annual Principal Forgiveness (PF) Cap



- SFY 2026: \$1,600,000 annual cap per municipality
- **IUP UPDATE** Green Tier additional PF eligibility requirement: Now based on Legacy Communities annual reporting

EPA Community Grant – PF Adjustment

- Also know as “Congressionally directed spending,” or “Earmarked awards”
- The amount of PF awarded to any SDWLP applicant that has also been allocated EPA Community Grant funding will be reduced by an amount equal to the amount of the EPA Community Grant award.
- If the amount of the EPA Community Grant allocation for the project is greater than the amount of SDWLP PF that would have been allocated to the project, then no additional SDWLP PF will be allocated.



Reminder: Application Process Updates as of SFY25

- Legal Statement of Land Ownership
 - New Certification form in lieu of legal statement in most cases
- Intermunicipal Agreements
 - No longer required for SDWLP
- Design Life Worksheet
 - Required for all projects except for those solely involved with the replacement or lining of watermain

Important SDWLP Deadlines

- **June 30, 2025**

- Deadline to submit full applications for SDWLP SFY 2026
 - SFY26 Project Priority List was released on April 18, 2025

- **October 31, 2025**

- Deadline to submit an ITA for SFY 2027



Questions?



Drinking Water Emerging Contaminants (EC) IIJA/BIL Funding

- Intended to address municipal drinking water for PFAS
 - Considering adding Manganese in SFY27



Total SDW SFY 26 EC PF	\$49,119,220
SFY 26 IIJA/BIL EC PF	\$13,082,000
FFY 24 EC-SDC	\$10,200,000
Estimated EC PF & EC-SDC rollover from previous years	\$25,837,220

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

- FFY24 (SFY26) Allotment: \$13,224,000
 - \$10,200,000 allocated to SDWLP
 - Portion of EC-SDC allocated for non-municipal entity programs
- Grant awarded to communities:
 - Population less than 10,000, or
 - Meet the state's disadvantaged criteria
- Municipal reporting and signage requirements for systems that receive EC-SDC funding

Emerging Contaminants Project Eligibilities

PFAS Compounds

- PFOA
- PFOS
- PFHxS
- PFNA
- HFPO-DA (GenX)
- Mixtures containing two or more of PFHxs, PFNA, HFPO-DA, and PFBS

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

Bottled water is *NOT* eligible, per federal regulations

Split Projects – Emerging Contaminants

- Only PFAS-specific portion of the project is eligible for EC Principal Forgiveness
 - Portions of a project whose primary purpose is something other than treating for PFAS can be awarded as loan
- PFAS Cost Percentage
 - Similar to Phosphorus Priority PF
- Breakout of major components and associated costs with the application
- DNR will review on a case-by-case basis



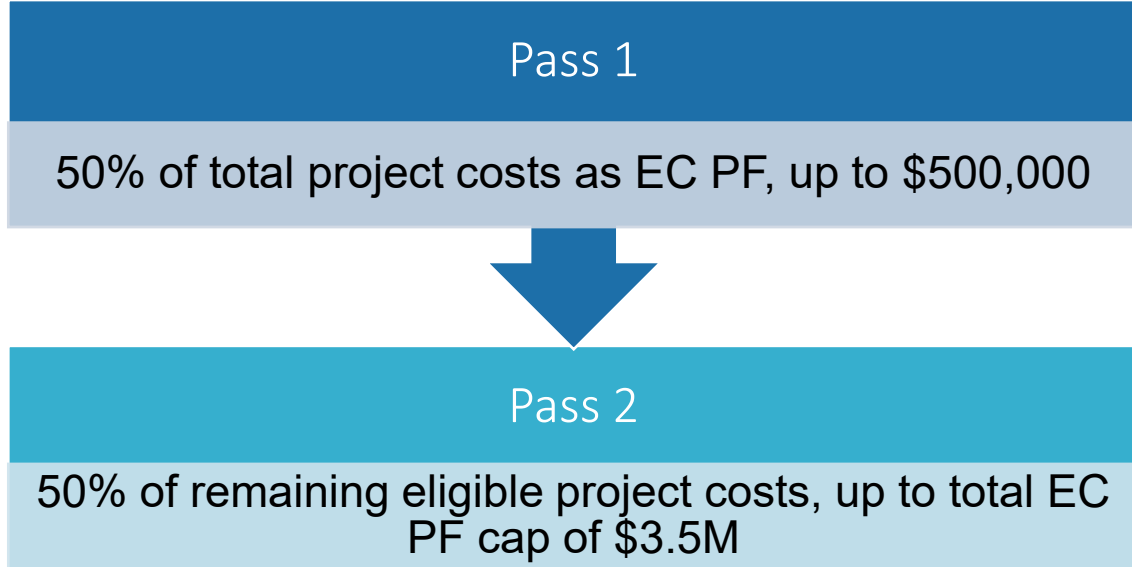
Project Scoring – Emerging Contaminants

- DNR has developed a project scoring system that will consider the following criteria:
 - Risk to Human Health
 - **Based on federal MCLs**
 - Max 300
 - Financial Need
 - Max 180
 - System Capacity Affected
 - Max 40



Funding Approach – Emerging Contaminants

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



- Disadvantaged communities will be eligible for additional 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
- For systems that qualify for >50% general PF, general PF% will be used during EC PF allocation

Exception to single project cap for projects that meet s. [NR 166.06\(1\)\(f\)](#), Wis. Adm. Code, (i.e. creation of a new community water system or expansion an existing community water system to serve individual wells)

Application Process – Emerging Contaminants

State of Wisconsin
Department of Natural Resources
Bureau of Community Financial Assistance, CF/2
101 S. Webster St., PO Box 7921
Madison, WI 53707-7921
dnr.wi.gov

**Safe Drinking Water Loan Program (SDWLP)
Priority Evaluation and Ranking Form (PERF) for
Emerging Contaminants Project Funding**
Form 8700-399 (R 05/23)

Please submit completed PERF and supporting documents online with the Application.

Notice: This form is authorized by the Infrastructure Investment & Jobs Act, Public Law 117-58, and s. 281.61(2r)(e), Wis. Stats., which allows SDWLP assistance to be used to finance emerging contaminants projects in a manner that is consistent with the federal program for state drinking water revolving loan funds under 42 USC 300j to 12 or any other federal law relating to that program. Submitting a completed PERF to the Department is mandatory for all applicants seeking Emerging Contaminants funding from the SDWLP. Failure to submit a complete PERF and supporting documentation to the Department may be grounds for denial of the application by the SDWLP. Personal information collected will be used for administrative purposes and may be provided to requesters to the extent required by Wisconsin's Public Records law [ss. 19.31-19.39, Wis. Stats.].

Section I – Contact Information

Municipality Name:

SDWLP Project #:

Person Completing Form

Name	Affiliation		
Address	City	State	ZIP Code
Phone Number (include area code)	Email		

Section II – Project Description

Is this an interim or final project?

☐ Interim

☐ Final

Section III – Water System Information

Is this project to address contamination in:

☐ an existing municipal water system or

☐ individual private wells?

This form should be submitted online with the Application, along with any supporting documents.

SFY26

- ITA/PERF deadline was:
 - October 31, 2024
- Applications due:
 - June 30, 2025
 - SDWLP EC PERF:
 - Form 8700-399

Federal Requirements – Emerging Contaminants

- **All EC projects are designated as Federal Equivalency**
- American Iron & Steel / **Build America, Buy America (BABA)**
- ~~BL Signage~~ / Enhancing Public Awareness (Signage Requirement)
- Davis-Bacon & Related Acts
- Disadvantaged Business Enterprises solicitation
- Environmental Reviews
- Other federal cross cutting requirements based on project specifics



Questions?





BIL LSL Funding Overview

????

- The amount of LSL funding that will be available for SFY 2026 is currently unknown.
- New LSL allocations are being developed based on the LCRR required inventories that were submitted last October.
- EPA anticipates sharing the new allocations sometime in May. We will include them in the final SDWLP IUP
- General principles of LSL funding include:
 - 49% of LSL cap grants must be awarded as principal forgiveness (PF) to disadvantaged municipalities or projects in disadvantaged 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

LSL Program Basics

- Applications for SFY 2026 funding due June 30, 2025
- For SFY 2027 funding - Intent to Apply due October 31, 2025
- Applications for LSL replacement and/or inventory work submitted separately from watermain projects, even if related
- Any municipality can apply (must be a community water system), but PF can only be awarded to disadvantaged municipalities or projects in disadvantaged census tracts
- Galvanized lines that are, or have been, confirmed downstream of lead, brass service lines, & lead goosenecks all considered LSLs
- All property types eligible - possible tax implications for non-residential properties



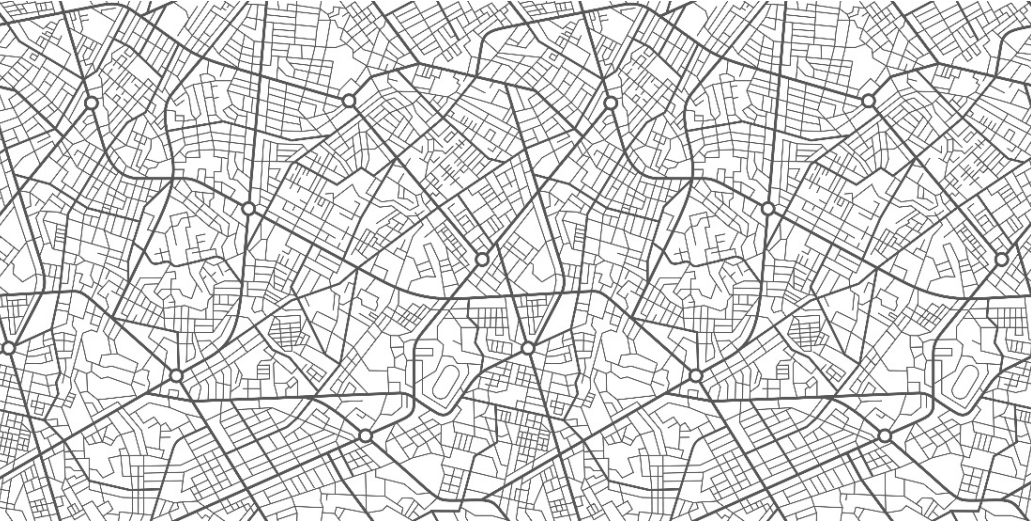
Federal Requirements



All projects must:

- Pass **environmental review** screening for all locations
- Solicit for **disadvantaged businesses** at all levels of contracting or when advertising RFQs
- Comply with enhancing Public Awareness of SRF Assistance Agreements (signage requirement)
- Comply with **Davis-Bacon** & Related Acts
 - Required for all municipal contracts – Heavy Wage Determination applies
- Comply with Build America, Buy America (**BABA**) procurement requirements
 - Projects funded by Financial Assistance Agreements under \$250,000 are exempt under Small Projects Waiver
- Comply with any applicable **Federal Equivalency** requirements
 - Complete list of equivalency requirements available on our website
 - Includes Single Audit Act & Debarment requirements

LSL Project Scoring

- Projects scored under two systems:
 - Disadvantaged criteria scoring to determine eligible PF %
 - LSL specific scoring – ranks projects for allocating PF & loan funds from LSL cap grant
 - This is a change from SFY 24 when LSL projects could compete for general 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:

- Percentage of LSLs in System
 - Using data from the LCRR inventories
- Family Poverty Percentage
- Lowest Quintile Income
- Percent of Population Under Age 5
- Lead Sampling Results or Large System Optimization
- Whether all remaining LSL will be removed by project
- Municipal Population (tie-breaker only)



LSL PERF – form 8700-383 – submit with application

Disadvantaged Score & Eligible PF Percentage

- Private side PF percent determined using tables 2, 3, 5, & 6 of disadvantaged criteria (No population or population trends)

Points from Tables 2, 3, 5, 6	Qualified PF %
0-39	No PF
40-64	25%
65-104	50%
105-134	75%
135-245	100%

- PF for remaining costs uses municipality's disadvantaged score from tables 1-6
- 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.

Points from Tables 1-6	Qualified PF %
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

- LSL PF for private side replacements allocated first, in order of LSL-specific priority score (construction & filter costs only) with a cap of 25% of total PF available. **This is a change.**
 - If any PF remains after the first pass, a second pass will be made, without a cap, in LSL-specific priority order to continue to allocate private side PF
- If any LSL PF remains after two passes, allocation will move to remaining costs, in order of LSL-specific priority score
- 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



Available Pledge Options for LSL Loans

	Water Revenue Pledge	General Obligation Note Pledge	Alternative Revenue Pledge
	Public Replacements	Public & Private Replacements	Private Replacements Only
PSC Approval	Not Required for Public Replacements, Required for <u>any</u> private costs	Not Required	Not Required
Municipal Bond	Non-Taxable if only public costs included	Taxable	Taxable
Reimbursement Resolution	Required if non-taxable	Not Required	Not Required
Disbursement at Loan Closing	Required if non-taxable	Not Required	Not Required
18-month Rule for Reimbursements	Does Apply if non-taxable	Does Not Apply	Does Not Apply
Loan Term	20 years	10 years but can go up to 20 if requested	12 years
Mandatory Replacement Ordinance	Not Required	Not Required**	Required*

* Alternative Revenue Pledge also requires an ordinance creating the loan program

** Ordinance may be required in some circumstances

LSL Set-Asides

- **Inventory Technical Assistance** – DNR has a contract with Jacobs Engineering to provide inventory technical assistance to water systems.

- Prioritizing small water systems but will be expanding to larger systems
- Information can be found on this website:

<https://dnr.wisconsin.gov/topic/DrinkingWater/LSLTechAssistance.html>



- **Community Outreach Grants** – DNR is offering grants to municipal water systems with planned or on-going LSL replacements to partner with local community-based organizations to conduct outreach in support of LSL replacements.

- Application period currently closed but will open again soon
- Information can be found on this website:

<https://dnr.wisconsin.gov/topic/DrinkingWater/LSLROutreachGrant.html>

LSL-Specific Webinar

- We will be holding an additional webinar scheduled for Thursday, May 8 at 1:00. The link will be available on our website.
- 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;
 - pledge options for LSL loans;
 - 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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