SFY 2026 Clean Water Fund Program Responses to Public Comments

The public comment period for the SFY 2026 Clean Water Fund Program (CWFP) Intended Use Plan (IUP) opened on June 5, 2025, and closed on July 21, 2025. The comments and the corresponding responses are listed below. In many cases, the comments have been shortened to highlight their recommendations. We appreciate the engagement we received, and the patience commenters have shown while awaiting responses.

Comment letter 1

Submitted by:

- Shanyn Viars, American Rivers
- Caroline Koch, WaterNow Alliance

1. **Comment:** Prioritize green infrastructure and stormwater solutions
    a. Increase principal forgiveness for nature-based and green infrastructure projects to build long-term climate and water resilience statewide—similar to support for energy efficiency projects under the Clean Water authority 33 USC § 1383(i)(1)(B).
    b. Clarify eligibility for green infrastructure under the Pilot Project Program and create more pathways, such as public-private partnerships and incentive programs, to fund green solutions on private properties when these result in verified water quality improvements.
    c. Prioritize green infrastructure projects within the Sewer Overflow and Stormwater Reuse Municipal Grants Program.
    d. Formally recognize GSI eligibility throughout CWSRF programs, including the CWFP Pilot Projects Program, given their co-benefits of improved energy efficiency, operational savings, and resilience to flooding.
    e. Dedicate a specific portion of GPR funding to stormwater-reducing projects that utilize green infrastructure (such as infiltration, capture, and reuse), directly addressing river and lake pollution.

    Response: Thank you for your comments. Green infrastructure projects are eligible for general principal forgiveness, up to a cap of $2,100,000, and loan funding from the base program. We are evaluating potential revisions to the priority ranking points for green infrastructure projects, and preliminary indications suggest that it will not be easy to create a system that fits the myriad formats that green infrastructure projects take. Certain green infrastructure projects are eligible for the green project reserve (GPR). For more specifics about eligibilities, refer to the GPR guidance.

    For green infrastructure projects on public or private property, Section 7.0 of the IUP notes that those are eligible. We recognize the value of GI projects. Standing up new pathways, however, will take more collaboration and planning to achieve outside of the scope of this IUP.

Per the OSG Program guidelines, at least 20% of a state's grant must go towards projects that use green infrastructure, water and energy efficiency improvements, or other environmentally innovative activities. Wisconsin has prioritized green infrastructure in the two OSG workplans submitted to EPA thus far. The FFY 2023 workplan included three projects, all of which were for green infrastructure projects (100% of the funding for subawards), and the FFY 2025 workplan included six projects, four of which were for green infrastructure projects (77% of the funding for subawards). The state must also meet a requirement for allocating a portion of the OSG funds to rural communities and not all the green infrastructure projects were in rural communities.

Phosphorus water quality trading projects will be ranked in the base Clean Water Fund Program and no longer in the Pilot Projects Program. We will be updating the Pilot Projects Program fact sheet to clarify eligibility for green infrastructure and other non-traditional water quality projects. Watch our website for that updated document in 2026.

2. **Comment:** Prioritizing affordability and advancing environmental justice
We reiterate our previous recommendations that the WDNR strengthen the affordability criteria within the CWSRF IUP by incorporating considerations of environmental burdens, social determinants of health (SDOH), and social vulnerability. If the state chooses not to revise its affordability criteria at this time, we strongly encourage the use of additional Clean Water Act authorities to allow for more flexible principal forgiveness awards, ensuring support for disadvantaged communities and residents experiencing financial hardship.

   We urge the WDNR to apply lessons learned from recent lead service line replacement efforts by refining principal forgiveness (PF) scoring—specifically, moving toward a census tract or neighborhood-based approach for eligible projects, especially those like green infrastructure that provide localized benefits in vulnerable communities.

   When demand for loan funding exceeds available resources, we agree that funding should be prioritized using clear and transparent Affordability Criteria. However, these criteria should be regularly updated to ensure equitable distribution of PF, with particular attention to supporting green infrastructure investments.

   Informed by stakeholder feedback, we recommend:

   - Using social vulnerability index scores and other indicators such as poverty, unemployment, and local population trends (rather than just population size)
   - Evaluating the impacts of projects at the neighborhood or census tract level
   - Considering public health implications, especially for communities affected by downstream pollution
   - Moving beyond municipality-wide metrics to more granular, project-specific data will result in fairer, more effective PF allocations.

   Response: Thank you for your comments. Last summer, we met with 10 engineering firms that regularly consult on CWFP projects to identify areas of improvement for the program. One unexpected message that came up in many of the meetings was that small communities are in need of the most assistance. The current PF scoring prioritizes small, economically

disadvantaged communities. This is in part because larger communities can achieve economies of scale not feasible for smaller communities.

Given that many projects' benefits are not specific to an area or a particular neighborhood, calculating the PF scores based on census tract data would have to be limited to a few types of projects. For example, NR 162.49 Wis. Adm. Code provides additional points for basement backups. Additionally, any scoring system needs to serve the entire state. When we shrink the census data scale, the data accuracy is also reduced to a point in which there could be wild swings from one year to a next.

Unlike census tract priority scoring for lead service line (LSL) replacement projects, the property owners in a census tract are not bearing the burden of the GI project on their own; it's a cost borne by all the ratepayers. For LSLs, we are only using census tract scoring for private side replacements where the property owner is responsible for the cost of the replacement.

Comment letter 2

Submitted by Pete Hill, Environmental Policy Innovation Center

1. **Comment:** We have chosen to focus our comments on one type of project–Green Stormwater Infrastructure (GSI)- and direct our suggestions towards a particular approach that we believe could expand the numbers of GSI projects funded through the CWFP. In our interactions with municipal leaders in Wisconsin, we have found that many are keenly interested in implementing GSI projects. They understand the benefits of these projects and are thinking about uniquely integrated projects where GSI can serve multiple purposes. The main barrier to implementing such projects is cost and, under the current CWFP funding process, municipalities must expect to take loans out for these types of projects.

   Given other pressing municipal budget demands, mid- and small-sized cities cannot afford to take out loans to finance these projects. Therefore, the Clean Water State Revolving Fund (CWSRF), as currently structured, has not been a viable source of funding to support these projects. The opportunity to fund green infrastructure projects by pairing them with conventional CWSRF projects, as done through the Sponsorship Programs that several states (most notably Ohio) have employed, is of great interest.

   We ask the WDNR to consider creating such a sponsorship program in Wisconsin that would be focused on supporting GSI projects. Although WDNR makes some funding available through its Urban NonPoint Source and Stormwater Grants, this pot of funding is not sufficient to meet the needs of all municipalities in Wisconsin. Moreover, continued federal funding for Sewer Overflow and Stormwater Reuse Municipal Grants (OSG), which has partially funded Wisconsin's Stormwater Grants program, is very uncertain in the current political climate.

   Response: Thank you for your comment. Developing a sponsorship model is something we will explore after the workload from the Infrastructure Investment and Jobs Act subsides. Some concerns at the outset would be how this would limit repayments coming back to the CWFP and the growth of the fund. In addition, we wonder whether uptake would be rather limited given

that it would typically require some coordination amongst multiple entities and syncing up the timing of at least two separate projects before an application could be submitted. Before developing a sponsorship program, we would be looking for information indicating that there is a demand for these types of projects.

Comment letter 3

Submitted by Toni Herkert, League of Wisconsin Municipalities

1. **Comment:** Alternative compliance measures such as water quality trading may also be utilized to achieve the same desired environmental outcomes with less capital investment, and thus, lower taxpayer impacts. Water quality trading not only allows for lower cost, flexible regulatory compliance, but often provides for greater water quality outcomes due to the ratios necessary to account for uncertainties in landscape or other on-farm or non-point source practices.

   We appreciate the DNR's initiative to integrate water quality trading projects into the regular CWFP and preserve the option to access financing to implement these projects in the WWTF's watershed. Given the desire of municipalities to use water quality trading projects as a tool for compliance, as demonstrated by 27 notices of intent to apply submitted for SFY 2026, we would ask the DNR to continue incentivizing these alternative compliance measures by awarding more than 25 points for the project type score. We believe awarding more points – starting at 50, to the extent allowable under federal law and regulations – will create more water quality trading projects and limit the impact of capital investments on Wisconsin's taxpayers.

   Response: Thank you for your comment. The 25-point project type score was proposed for a couple of reasons. First, water quality trading as a phosphorus compliance approach comes with more uncertainties than a traditional treatment facility upgrade and therefore is not prioritized to the same extent as those projects in the CWFP. Secondly, there was a desire to rank treatment plant upgrades, street projects with I/I or overflow issues, and failing systems, higher than water quality trading projects based on the health and water quality implications of those projects. Finally, water quality trading is already generally a much lower-cost alternative than a treatment plant upgrade. Further incentivizing WQT projects would potentially disadvantage municipalities that do not have the option of WQT and are faced with a much more expensive treatment plant upgrade. We will evaluate the proposed approach to ranking water quality trading projects alongside treatment plant and other clean water projects after we implement that change for the first time in SFY 2027.

Comment letter 4

Submitted by Brenda Coley and Joe Fitzgerald, Milwaukee Water Commons

1. **Comment:** The Wisconsin Department of Natural Resources should consider pursuing changes to s. NR 162.03(4)(e), Wis. Adm. Code, to allow projects focused on managing drainage and flood control. The breadth of infrastructure upgrades that are necessary across the state of

Wisconsin to prepare water management systems to be resilient in the face of a changing climate will require an infusion of state and federal funding. Though the CWFP has funded many important projects that have bolstered the resiliency of stormwater and wastewater systems, these projects have been required to focus first on water quality improvements to be eligible for principal forgiveness or subsidies beyond the market rate. With a significant need for investments in upgraded stormwater infrastructure to prevent flooding during major storms, we recommend that the WDNR pursues changes that will allow applicants to prioritize these critical projects around Wisconsin.

Response: Thank you for your comments. Changes to administrative code are not feasible during this public comment period. In addition, this section of administrative code is supported by EPA guidance. See the Overview of CWSRF Eligibilities, "Stormwater projects must have a water quality benefit" (pg 13).

2. **Comment:** The Wisconsin DNR should consider adding criterion to Wisconsin's Priority Evaluation Ranking Formula that further prioritize projects with intersectional co-benefits to environmental and public health and incentivize projects that foster community resilience to climate change.

   Wisconsin's Priority Evaluation Ranking Formula (PERF) already provides additional points to water course, stormwater and wastewater projects with marked impacts on improvements to public health. The prompts that are currently included in Wisconsin's PERF indicate that it is a clear priority to finance projects that are addressing the negative public health impacts of failing infrastructure systems, such as by preventing basement backups, failing septic systems, and sewerage overflows. Assigning points to these priorities ensures that CWFP dollars are being prioritized to benefit the health of communities across Wisconsin and encourages applicants to also prioritize these projects in their community. We recommend that alongside these critical components of the PERF, that the WDNR should consider adding additional prompts that drive applicants to incorporate innovative project components that will benefit public health and/or improve community climate resiliency. This approach to project scoring maintains the state's programmatic focus on improved water quality, while also incentivizing that critical co-benefits are incorporated into public infrastructure projects.

   Nature based green stormwater infrastructure (GSI) is one project type that has been used to deliver these kinds of co-benefits. GSI is increasingly being recognized for its intersectional impacts on water quality, stormwater management, and improved public health outcomes. We commend the WDNR for continuing to incentivize the utilization of green infrastructure and nature-based solutions through the Green Project Reserve, Pilot Project Program, and by making these projects eligible for general principal forgiveness. Across the City of Milwaukee, we have seen the positive impacts of GSI for adding system capacity to prevent sewerage overflows and preventing runoff from entering our waterways. However, adding bioswales, rain gardens and trees around the city has had other critical impacts on communities around Milwaukee, reducing the instances of neighborhood flooding, preventing flooding in basements, reducing temperatures and improving air quality, and increasing habitat for native species while also producing beautiful nature spaces that community members can enjoy.

   Response: Thank you for your comments. Green infrastructure projects are eligible for general principal forgiveness, up to a cap of $2,100,000. We are evaluating potential revisions to the

priority ranking points for green infrastructure projects, and preliminary indications suggest that it will not be easy to create a system that fits the myriad formats that green infrastructure projects take. We will keep this suggestion in mind while evaluating priority scoring for green infrastructure projects.

3. **Comment:** Consider innovative approaches to increasing the funding available to support green infrastructure adoption such as a sponsorship model for GSI projects. The sponsorship model has been utilized in other states such as Ohio to make green stormwater infrastructure projects more appealing for medium to small sized public water utilities who may otherwise have a hard time prioritizing the costs of GSI projects. This approach makes funding available by pairing a larger traditional CWSRF loan project with a green infrastructure project, and through an interest rate discount, makes the construction of the GSI project cost neutral. While the city bears responsibility for the long-term maintenance of these projects, this is manageable if there is no cost to the city for the construction component.

   Response: Thank you for your comment. Developing a sponsorship model is something we will explore after the workload from the Infrastructure Investment and Jobs Act subsides. Some concerns at the outset would be how this would limit repayments coming back to the CWFP and the growth of the fund. In addition, we wonder whether uptake would be rather limited given that it would typically require some coordination amongst multiple entities and syncing up the timing of at least two separate projects before an application could be submitted. Before developing a sponsorship program, we would be looking for information indicating that there is a demand for these types of projects.

4. **Comment:** Establish a set aside fund that could support municipality partnerships with community-based organizations around long-term maintenance of green stormwater infrastructure. Though there is increasingly funding to support the adoption of Green Infrastructure, these dollars are not always matched by funding to maintain this critical infrastructure. Many types of green infrastructure require long term maintenance to fully function. Further, undermaintained green infrastructure such as clogged bioswales and an undermaintained tree canopy can be aesthetically displeasing and even create safety hazards. The funding required for long term maintenance of green infrastructure can pose a barrier to public utilities, however there are many instances where partnerships with community-based organizations around the maintenance of green infrastructure have resulted in cross sectional benefits in addition to improved stormwater management. These partnerships help utilities maintain critical infrastructure, while reducing the demands for municipal staffing. Further these partnerships support the programming of community-based organizations who may incorporate community programming, workforce development opportunities, etc. into their management of that infrastructure.

   Response: Thank you for your comments. Maintaining green infrastructure is vital to the success of the investment. However, the program exists to fund capital improvements and according to NR 162.23(2)(p) Wis. Admin. Code, operations and maintenance expenses are ineligible for funding.

Comment letter 5

Submitted by Ryan Sorenson, Great Lakes and St. Lawrence Cities Initiative

1. **Comment:** On behalf of the Great Lakes and St. Lawrence Cities Initiative, I am writing to request that the Wisconsin Department of Natural Resources consider establishing a Sponsorship Program as part of the Clean Water State Revolving Fund (CWSRF) to better support green stormwater infrastructure (GSI) implementation in the City of Sheboygan and communities like it.

   Due to the myriad of pressing budgetary demands faced by Wisconsin municipalities, loans like that of the CWSRF are typically not a viable financing option for GSI, making it difficult to implement projects at a large-enough scale to significantly protect our community from flooding and extreme weather and to demonstrate the benefits of further investments in GSI to the community. The opportunity to fund GSI projects through an interest-rate discount on a larger, conventional CWSRF project would create a steady and reliable avenue for municipalities like Sheboygan to significantly increase the rate and scale of GSI implementation.

   Response: Thank you for your comment. Developing a sponsorship model is something we will explore after the workload from the Infrastructure Investment and Jobs Act subsides. Some concerns at the outset would be how this would limit repayments coming back to the CWFP and the growth of the fund. In addition, we wonder whether uptake would be rather limited given that it would typically require some coordination amongst multiple entities and syncing up the timing of at least two separate projects before an application could be submitted. Before developing a sponsorship program, we would be looking for information indicating that there is a demand for these types of projects.

Comment letter 6

Submitted by Vanessa D. Wishart, Stafford Rosenbaum LLP on behalf of Municipal Environmental Group—Wastewater Division

1. **Comment:** The 2026 IUP proposes a transfer of $5,749,000 in emerging contaminants grant funding from the CWF to the Safe Drinking Water Loan Program ("SDWLP"). MEG Wastewater generally agrees with the premise underlying this transfer of funds, which is that there is currently more demand in the SDWLP for funding for PFAS-related projects than in the CWF. However, MEG Wastewater is aware of a growing demand for funding for PFAS-related projects for wastewater utilities. Our understanding is that if there is a more significant demand than anticipated for these types of projects from wastewater utilities, that funding could be transferred back to the CWF. MEG Wastewater requests that the department continue to review demand for PFAS-related projects to ensure there is sufficient funding available in the CWF for those types of projects in the 2026 IUP.

   Response: Thank you for your comment. Your understanding is correct that CW EC funding may be transferred back if there is sufficient demand. We will continue to review demand for PFAS-related projects to ensure there is sufficient funding available in the CWFP.

Comment letter 7

Submitted by:

- David Hagenbucher, Marathon County Solid Waste Department
- Amanda Haffele, Portage County Solid Waste
- Keith Cohrs, Lincoln County Solid Waste
- Gregory Parins, Outagamie County Recycling and Solid Waste
- Meleesa Johnson, Wisconsin's Green Fire
- Paul Klose, Mar-Oco Waste Facilities
- Allison Birr, Waupaca County Recycling and Wisconsin Counties Solid Waste Management Association
- Chad Doverspike, Brown County Port & Resource Recovery

1. **Comment:** The WDNR has not recognized in the IUP that municipally owned landfills are distinct from privately owned landfills. Privately owned, for-profit landfills have funding sources at their disposal that are not available to publicly owned and operated landfills. Public landfills operated by local governments do not generate profit. The fees collected by municipally owned landfills are most often used to cover costs of operation, closure, long term care, cell construction, and rate stabilization for the community. Services are offered as a means of public safety, protecting human health and the environment for an entire community. In rare circumstances, a surplus could be allocated to a general fund and then redistributed across various departments and essential services, such as public works, infrastructure maintenance, parks and recreation, and social services. This redistribution offsets costs in these areas, ultimately reducing the tax burden for local residents by supporting essential community programs beyond landfill operations.

   We respectfully disagree with the WDNR's proposed point allocation for municipal landfill projects, as the IUP fails to acknowledge this fundamental distinction. Unlike private operators, municipally owned landfills serve broader community needs and support essential public services where profit is not a primary driving factor. This critical difference should be reflected in the IUP's evaluation and scoring criteria by considering municipal landfill projects for awarding up to the maximum 180 points in the Financial Need category to ensure their fair and accurate treatment.

   Regarding the WDNR's comments about difficulty specifying the service area of landfills, NR 514.06(2) of the Wisconsin Administrative Code (Wis. Adm. Code) stipulates that a landfill's Plan of Operation (POO)—the governing operations manual and design report for all new landfills and landfill expansions—must identify the anticipated geographic service area of a landfill. Service areas are defined in the Plan of Operation in compliance with this code requirement. Finally, per Section 13 of the IUP, the WDNR proposes to award up to 200 points in the "Project Type" category for Emerging Contaminant projects to "POTWs, sewer projects, biosolids projects, and treatment of construction dewatering on public sites," but only 100 points to landfill projects. It is important to recognize that many landfills are co-located with biosolids projects. Furthermore, waste from these projects, including filter media and other materials from PFAS cleanup efforts, ultimately ends up in landfills, sequestering PFAS in the waste mass and making landfills accountable for the constituents within that waste. If municipally owned

landfills are expected to support PFAS disposal efforts, then we strongly encourage an equal opportunity to establish funding mechanisms.

We respectfully disagree with the WDNR's proposed maximum point allocation for municipal landfill projects in the "Project Type" category, as it does not fully acknowledge the critical role municipal landfills have in managing waste associated with these projects. Given that landfills receive and are responsible for these constituents, it is both reasonable and necessary to ensure they receive equal consideration in scoring, awarding them up to the maximum 200 points to effectively address emerging contaminant concerns.

Response: Thank you for your comments. The distinction between municipally owned landfills and privately owned, for-profit landfills was not previously made in the emerging contaminants scoring. The fee structure for municipally owned landfills is like municipal wastewater utilities and should be treated as such. In response to these comments, municipal landfills are now eligible for the full financial need and project type points in Section 13.1.

Comment letter 8

Submitted by John Robinson, Marathon County Board of Supervisors

1. **Comment:** While the Marathon County Solid Waste Department is operated as an enterprise, it is no different than the Wausau Water Works with both relying on user fees to cover the cost of operations while providing a public service to the residents of the service area. Landfills accept waste from areas covered in the plan area while POTW's accept influent and septage from haulers serving an area outside of the boundaries. They need to be treated the same and I support allowing municipal landfills to be eligible for up to 200 points under the 13.1 Emerging Contaminant area versus the proposed 100 points in the proposed Project Type category.

   Response: Thank you for your comment. The distinction between municipally owned landfills and privately owned, for-profit landfills was not previously made in the emerging contaminants scoring. The fee structure for municipally owned landfills is like municipal wastewater utilities and should be treated as such. In response to these comments, municipal landfills are now eligible for the full financial need and project type points in Section 13.1.