

STATE OF WISCONSIN

CLEAN WATER FUND PROGRAM

INTENDED USE PLAN

FOR THE SFY 2026 FUNDING CYCLE



June 5, 2025



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1.0 INTRODUCTION

Section 606(c) of the Federal Water Pollution Control Act (FWPCA), as amended, requires that the State develop an annual Intended Use Plan (IUP) identifying the uses of funds available for its Clean Water state revolving loan program after providing for public comment and review. Assurances and specific proposals for meeting federal requirements identified under Section 606(c)(4) are provided in Attachment 2 (environmental review procedures) and Attachment 8 of the Operating Agreement between the State and the U.S. Environmental Protection Agency (EPA).

This document and attachments, which comprise Wisconsin's state fiscal year (SFY) 2026 Clean Water Fund Program (CWFP) IUP, indicate the intended use of the Clean Water State Revolving Fund (CWSRF) Base, Supplemental, and Emerging Contaminants capitalization grants, required state matching funds, and other monies available in the revolving loan fund. The IUP is a part of Wisconsin's Base and Supplemental capitalization grant agreement package for Federal Fiscal Year (FFY) 2025. In addition, the IUP is part of Wisconsin's Clean Water Emerging Contaminants capitalization grant agreement package for FFY 2024. The Base and Supplemental capitalization grants jointly fund the Regular CWFP. The amount available for SFY 2026 will depend upon the amount of the capitalization grants received from the EPA. The State cannot guarantee funding at the same levels as has been awarded in recent years.

2.0 DESCRIPTION OF THE CLEAN WATER FUND PROGRAM

The State of Wisconsin Clean Water Fund Program operates a financial assistance program consisting of Federal and State Accounts. The Department of Natural Resources (DNR) and the Department of Administration (DOA) jointly administer the program under the Environmental Improvement Fund (EIF). Financial Assistance is provided by purchasing the general obligation or revenue bonds of municipal governments to finance eligible projects; these transactions are referred to as loans throughout this document and in program informational materials.

The Federal Account constitutes the State Revolving Fund (SRF). It had been structured as a direct loan program since its inception, and modifications were made during SFY 2016 to change over to a cash flow leveraging structure. This structure enhances the fund's self-sufficiency and provides additional flexibility for project financial assistance.

For the FFY 2025 capitalization grants, the state match will come from revenue bonds issued under the leveraged structure. No new loans are anticipated to be issued from the State Accounts. All revenue bonds issued under the State Accounts have been defeased.

3.0 GOALS OF THE FEDERAL PROGRAM

The Federal government started providing capitalization grants to states beginning in FFY 1989, as provided in Title VI of the FWPCA, as amended. These grants, along with the required state match, have been used to fund the Federal Account of the CWFP to provide low-interest loans for water pollution control projects.

Certain goals for the SRF have been established by the State. These goals are listed below.

3.1 SHORT-TERM GOALS

- Provide additional economic assistance in the form of principal forgiveness with the highest amounts allocated to those applicants with the greatest financial need.
- Provide additional assistance, in the form of principal forgiveness, to municipalities that qualify under the affordability criteria to help offset the cost of compliance with more protective phosphorus limits.
- Provide additional assistance, in the form of principal forgiveness, to help offset the costs of wastewater treatment plant (WWTP) regionalization projects.
- Provide matching funds in the form of principal forgiveness to municipalities that are working with *Focus on Energy* to upgrade the energy efficiency of their WWTPs.
- Allocate a minimum of 10% of capitalization grant funds to projects or portions of projects that incorporate water or energy efficiency, are considered green infrastructure, or are environmentally innovative.
- Work with internal and external parties to identify options for funding innovative projects that protect and restore water quality, including nonpoint-source pilot projects for meeting phosphorus requirements through water quality trading.
- Conduct public outreach and education regarding program policies, procedures, and participation.
- Evaluate the feasibility, benefit, and public opinion of incentivizing projects that target unsewered areas serving existing homes.

3.2 LONG-TERM GOALS

- Develop strategies and mechanisms to promote regionalization as a viable alternative for small, economically challenged communities with declining populations and aging WWTPs.
- Protect the public health and environmental quality of the state of Wisconsin.
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity.
- Provide economic assistance to municipalities, including those that may not have substantial credit histories, for the purposes of constructing and maintaining water quality related infrastructure.
- Identify and implement innovative programs necessary to fill funding gaps in the state for meeting water quality standards and objectives.
- Implement policy changes that encourage municipalities to make their wastewater treatment systems and stormwater systems more resilient and sustainable.
- Continue to refine strategies, programs, and mechanisms to ensure that municipalities are able to address the highest priority water quality problems.

4.0 SOURCES AND USES OF FUNDS

The table below summarizes the capitalization grant amounts, their respective required state match, and the amount of principal forgiveness that is made available from each grant.

| Sources as of April 2025 | Amount (\$) |
|--|--------------------|
| FFY 2025 Base cap grant | 42,891,000 |
| FFY 2025 Supplemental cap grant | 66,599,000 |
| State match for above grants | 21,898,000 |
| Balances held at trustee | 222,711,863 |
| Cap grant balances from previous years | 52,098,142 |
| Loan repayments | 206,357,461 |
| Bond debt service | (45,084,150) |
| Totals | 567,471,316 |

| Uses as of April 2025 | Amount (\$) |
|--|-------------------------|
| Estimated loan capacity for SFY 2026 | 321,000,000 |
| Projects allocated funding not yet closed | 507,624,600 |
| Disbursements to existing loan commitments | 386,546,783 |
| General and Priority PF | 41,211,710 |
| Technical assistance | <i>To be determined</i> |
| Administrative | 3,656,973 |
| Totals | 1,260,040,066 |

4.1 STATE MATCH

The required 20% state match for the Base and Supplemental capitalization grant is authorized under state law and will be generated from revenue bonds. All state matching funds will be disbursed to loan recipients before the state makes the first draw of federal funds from the capitalization grant. Thereafter, all draws against the grant will be made at a cash draw ratio of 100% federal funds. No state match is required for the Emerging Contaminants capitalization grant.

4.2 PRINCIPAL FORGIVENESS

The DNR is required to award additional subsidy according to two authorities, the Full-Year Continuing Appropriations and Extensions Act, 2025 Public Law (PL) 119-4, and the FWPCA. All additional subsidy will be provided in the form of principal forgiveness (PF), which has shown to be the most efficient method of providing additional subsidy and does not involve imposing additional federal grant requirements on recipients.

The FFY 2025 appropriation requires the CWFP to award 10% of the Base capitalization grant as additional subsidy. Based on a capitalization grant amount of \$42,891,000, \$4,289,100 must be provided as additional subsidy under the appropriations act authority. In addition, the Infrastructure Investment and Jobs Act (IIJA) (PL 117-58, November 15, 2021, 135 Stat 429), amended the FWPCA to require that the CWSRF provide between 10% and up to 30% of the Base capitalization grant (\$4,289,100–12,867,300) as additional subsidy to municipalities that meet the Affordability Criteria as described in Section 10.1. Given the recent demand for funding, the CWFP plans to make \$4,289,100 in PF available under the FWPCA authority.

The IIJA mandates that 49% of funds provided through the CWSRF Supplemental capitalization grant be provided as additional subsidy. Based on a grant amount of \$66,599,000, the CWFP will make

\$32,633,510 in new PF available under the Supplemental capitalization grant.

Project closeouts and budget changes will make additional PF available that will be rolled forward to SFY 2026. The amount of PF rolled forward will vary as more projects close and release additional PF. The final amount will be shown on the funding list.

| PF Authority | Amount (\$) |
|-----------------------------------|-------------------------|
| Consolidated Appropriations Act | 4,289,100 |
| FWPCA | 4,289,100 |
| Supplemental Capitalization Grant | 32,633,510 |
| Rollover from previous grants | <i>To be determined</i> |
| Totals | 41,211,710 |

4.3 TECHNICAL ASSISTANCE

The CWFP may use up to an amount equal to 2% of their annual CWSRF capitalization grants for the purpose of hiring staff, nonprofit organizations, or other entities to assist rural, small, and tribal publicly owned treatment works. The form of that assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance.

The maximum amount of CWSRF money that may be used to provide technical assistance consistent with section 603(k) of the FWPCA is an amount equal to 2% of all grant awards received by a state CWSRF after November 15, 2021. If the CWFP does not utilize the full amount of the technical assistance funds allowed under a capitalization grant, we reserve the right to utilize the unused portion at a later date. See Section 5.0 for more information about unutilized Technical Assistance authority.

The position activities are detailed below. Additionally, \$200,000 of FFY 2023 Base and Supplemental grants is available for grants to small, rural, or tribal publicly owned treatment works (POTW) to develop and implement PFOA and/or PFOS Minimization Plans (PMPs). For more information about PMP grants, go to Section 13.5.

Technical Assistance Amount by Cap Grant

| Cap Grant | Amount |
|-----------------------|--------------------------------|
| Base | <i>To be determined</i> |
| Supplemental | <i>To be determined</i> |
| Emerging Contaminants | \$0 |
| Totals | <i>To be determined</i> |

Resilient Infrastructure Outreach Specialist (1 full-time position)

- Assist rural, small, and tribal POTWs in identifying projects that reduce flows and capacity burden on downstream infrastructure and integrate effects of variable precipitation and temperature patterns into risk assessments for facility planning and sanitary sewer service area amendments.
- Lead outreach efforts to increase awareness among local governments, regional planning agencies, internal and external partners, and other stakeholders about potential uses of the CWFP under the current program for infrastructure projects that apply the best available technology, standards, and projections of future conditions.

- Coordinate internal policy development for expending CWFP funds on integrated resiliency planning for small, rural and/or tribal community municipal treatment plant operations, and storage and conveyance projects.

Watershed Protection Specialist (1 full-time position)

- Provide technical assistance to rural, small, and tribal POTWs that are located in or upstream of healthy watersheds and/or high-quality waters and work with consultants to provide input regarding high quality water protection focused on preliminary facilities plans.
- Facilitate development of POTW and other applicable plans to augment protection of high-quality waters.
- Lead outreach efforts to increase awareness among local governments, regional planning agencies, internal and external partners, and other stakeholders about potential uses of the CWFP under the current program for infrastructure projects that apply the best available technology, standards, in conjunction with healthy waters/high quality water protection priorities.
- Promote and report successful restoration and protection efforts associated with rural, small, and tribal publicly owned treatment works.

Agricultural Non-Point Source Outreach Specialist (1 full-time position)

- Provide assistance to municipal wastewater treatment facilities that are participating, or that might participate, in the Pilot Projects Program for water quality trading.
- Lead efforts to increase awareness among local governments, internal and external partners, and other stakeholders about potential uses of the CWFP and other assistance opportunities for small, rural communities.
- Integrating CWFP funding into the long-term financial planning process for low-income communities unable to afford wastewater facility upgrades mandated by the 2010 phosphorus rule.
- Provide assistance to small/rural/tribal communities that are in need of phosphorus compliance solutions with a focus on non-point related projects. Coordinate efforts with other IJJA project position staff as well as the EPA and other external technical assistance providers to help identify projects that protect local water quality.

Wastewater Outreach Specialist

This position is currently vacant and there are no plans to refill the position at this time.

Wastewater Plan Review Engineer (2 full-time positions and 2 limited-term positions)

- Provide technical assistance to small communities and working with consultants to provide input on preliminary facilities plans.
- Review facilities plans and plans and specifications to ensure compliance with applicable design administrative codes for sewers, wastewater treatment plants, biosolids processing facilities, and storage structures.
- Conduct outreach to small communities and assist potential CWFP applicants.

Water Resources Engineer Planning Limits Calculator (1 full-time position)

- Calculate facilities planning limits for small facilities seeking funding.
- Provide technical assistance to small communities by helping identify applicable discharge limits for various proposed discharge scenarios.

Water Resources Specialist (1 full-time position)

- Support the increased demand for storm water program services generated by the increased frequency and scope of projects funded by IJJA. As projects increase in frequency and scope,

demand is anticipated to increase significantly for services provided by this position including proactive technical assistance during project development, project permitting support, and project compliance oversight. The position will also provide outreach, compliance and technical assistance, and regulatory oversight.

- Provide support to municipalities, review of the technical and design aspects of permit applications, as well as oversight of project compliance and implementation effectiveness.
- Conduct outreach and technical assistance to small, rural communities to identify projects that they may consider to improve water quality in their community.

Wastewater Specialist (1 full-time position)

- Advise permittees on best practices, approaches, and strategies, for stormwater management and control techniques and systems. Answer permittee and stakeholder questions related to stormwater program development and implementation. Assess and evaluate compliance with permit requirements and provide compliance assistance.
- Support the increased demand for storm water program services generated by the increased frequency and scope of projects funded by IJJA. As projects increase in frequency and scope, demand is anticipated to increase significantly for services provided by this position including proactive technical assistance during project development, project permitting support, and project compliance oversight. The position will also provide outreach, compliance and technical assistance, and regulatory oversight.

Financial Assistance Specialist (0.5 full-time position)

- Provide grants to small, rural, or tribal POTWs to develop and implement PFOA and/or PFOS Minimization Plans. For more information about PMP grants, see Section 13.5.

4.4 PROGRAM ADMINISTRATION

The Water Resources Reform and Development Act of 2014, which amended the FWPCA, changed the way the allowable amount of administrative funds is determined. The FWPCA now states that “...such amounts shall not exceed 4 percent of all grant awards to such fund under this title, \$400,000 per year, or 1/5 percent per year of the current valuation of the fund, whichever amount is greatest...” The 1/5 percent calculation is based on “Total Net Position” from audited CWSRF financial statements.

Based on Wisconsin’s June 30, 2024, financial statements for the EIF, the total net position of the CWFP’s federal portfolio is \$1,828,486,701, yielding allowable administrative funds of \$3,656,973. The DNR plans to utilize \$3,656,973 for CWFP-related work in the DNR Bureaus of Community Financial Assistance and Water Quality.

Financial Planning and Loan Capacity

Pursuant to a contract with PFM, a registered municipal advisor, and assumptions from and discussions with DOA, the CWFP maintains a capacity model. The model demonstrates that (1) the CWFP maintains a fund balance above the cumulative capitalization grants plus state match minus principal forgiveness, administration, and technical assistance, and (2) debt service on the CWFP revenue bonds exceeds 120%. Changing market conditions, funding commitments from the EPA, and other factors have continuous impacts on this model’s balance. The model provides guidance for the long-term financial health of the CWFP.

The amount of loans and principal forgiveness the CWFP expects to award in SFY 2026 will exceed the amount of the total FFY 2025 federal grants received by the CWFP. The CWFP is part of the EIF, which provides leveraged financing for the CWFP. Based on recent modeling making several

assumptions, additional bond sales, cap grant awards, and interest rates charged to future borrowers, the CWFP currently has an estimated annual loan capacity of \$321,000,000. An updated loan capacity number will be provided in the final IUP.

In addition to the capitalization grants and state match funds, projects are funded from principal and interest repayments, interest and investment earnings, and revenue bond proceeds.

On June 6, 2017, the State used \$523.7 million of funds within the CWSRF (\$358.2 million of equity funds and \$165.5 million of revenue bond proceeds) to purchase investments that will provide a total of approximately \$623.3 million in revenue for the CWSRF through May 1, 2033. The investments that were purchased included all of the loans that originated from the State Accounts of the CWFP. These purchased loans mimic the loans that have originated within the CWSRF over time. For the year ending June 30, 2026, the State expects these investments to generate \$37.4 million in revenue that will be used for new loans within the CWSRF and to pay debt service on EIF Revenue Bonds. The annual revenue projected to be received each year decreases as more loans mature.

5.0 RESERVED AUTHORITY

Federal regulations allow unutilized technical assistance authority for the clean water capitalization grants to be designated for future use. Given the narrower eligibility under the Emerging Contaminants appropriation, future use of the authority reserved under that IIJA capitalization grant will be limited to its eligible uses; therefore, a distinct table tracks emerging contaminants reserved authority separately. The State reserves the right to utilize this transfer authority in future years.

Regular CWFP

| | Technical Assistance |
|-----------------------------|--------------------------------|
| Previously Reserved Amounts | \$873,419 |
| Base Cap Grant | <i>To be determined</i> |
| Supplemental Cap Grant | <i>To be determined</i> |
| Subtotal | <i>To be determined</i> |
| Amount Utilized | \$0 |
| Remaining Balance | <i>To be determined</i> |

Emerging Contaminants

| | Technical Assistance |
|-----------------------------|----------------------|
| Previously Reserved Amounts | \$165,520 |
| FFY 2024 | \$116,140 |
| Subtotal | \$281,660 |
| Amount Utilized | \$0 |
| Remaining Balance | \$281,660 |

6.0 TRANSFER OF FUNDS BETWEEN THE CWSRF AND DWSRF

In accordance with 42 U.S.C. 300j-12 and 40 CFR 35.3530(c), the CWFP intends to transfer \$5,749,000 of the FFY 2024 Clean Water Emerging Contaminants grant to the Safe Drinking Water Loan Program due to a lack of demand for Clean Water Emerging Contaminants projects. The

transferred funds will be used for Drinking Water Emerging Contaminants projects where project demand is greater.

Transfers of funds between CWSRF and DWSRF are allowed on a net basis, as long it does not exceed the statutory ceiling of 33% of DWSRF capitalization grants. Once money has been transferred, even if the donor SRF reaches the 33% limit, it may still be transferred back to the donor SRF from the receiving SRF by a subsequent transfer. Based on Drinking Water Emerging Contaminants allotments of \$12,877,000, \$13,082,000, \$13,169,000, and \$13,477,000, 33% of the allotments totals \$17,359,650, which is greater than the proposed transfer amount of \$5,749,000. The CWFP reserves the right to transfer additional funding under this authority. The DNR is not currently considering transferring Base or Supplemental capitalization grant funds.

Historical transfers

The State transferred a total of \$23,596,056 in funds from the CWFP to the Safe Drinking Water Loan Program (SDWLP) prior to FFY 2002.

In addition to the transfers described above, the Water Infrastructure Fund Transfer Act (WIFTA), which was passed in October 2019, allowed a one-time transfer of funds from the CWFP to the SDWLP for the purpose of addressing a threat to public health as a result of heightened exposure to lead in drinking water. WIFTA allowed an amount equal to no more than 5% of the cumulative clean water revolving fund capitalization grants made to the state to be transferred for this purpose.

Wisconsin transferred the maximum amount allowed under WIFTA (\$63,809,549) on October 1, 2020, in order to implement a new private lead service line replacement program. More information on this transfer and the WIFTA-funded lead service line replacement program can be found in the [SDWLP Intended Use Plan for SFY 2022](#) that was published on September 30, 2021 and [amended](#) on November 8, 2021.

7.0 CLASSIFICATION OF PROJECT TYPES

Wisconsin's CWFP is an environmentally prioritized loan financing program for municipal water pollution control projects. The CWFP contains various categories under which projects are classified. Projects receiving SRF funding will be classified as one or more of the following:

- **Compliance Maintenance and New/Changed Limits Projects:** These projects are necessary to maintain compliance with permit requirements or implement new or changed limits required by law. Portions of a project for industrial use and capacity beyond 10 years are funded at market rate.
 - **Water Meter Projects:** These projects are eligible when the municipality requesting funding does not have a public drinking water system, and only where meters will be added or replaced throughout the entire system. In this case, the meter would be used exclusively for wastewater billing.
- **Septage Receiving Facilities:** 2005 Wisconsin Act 347 was enacted in April 2006. This Act pertained to septage receiving facilities and provides a 0% interest rate on projects or portions of projects funded by the CWFP that are for the receiving, storage, and treatment of septage.
- **Urban Stormwater and Urban Nonpoint Source Projects:** These projects must be primarily water quality related. Portions of a project solely for flood control or future growth are funded at market rate.

- This includes Green Infrastructure projects on public or private property. Contact Environmental Loans with questions about project eligibility.
- Unsewered Projects: These projects are only eligible for market rate financing unless 2/3 or more of the initial wastewater flow will come from homes that were in existence for at least 20 years prior to the date of the application.
- Violator Projects and those portions of projects that Provide Capacity for Industrial Users or Reserve Capacity beyond 10 years: Eligible projects or portions of projects in these categories receive market rate funds.
- Pilot Projects: Non-traditional CWFP projects (such as water quality trading) as part of the CWFP Pilot Projects Program are eligible for loans with an interest rate as low as 0%.
- Sewer Laterals: Projects or portions of projects that replace sewer laterals from the sanitary sewer cleanout to the structure's outside foundation wall must reduce infiltration and inflow. If the project will not be replacing sewer laterals in conjunction with sanitary sewer main repair or replacements, relevant infiltration and inflow reduction documentation must be provided to the DNR. Sump pumps will need to be disconnected from the sewer lateral if encountered. Projects will receive 50 priority points for being necessary to prevent a municipality from significantly exceeding an effluent limitation (Section NR 162.49(1)(a)1 Wis. Adm. Code).

8.0 LOAN TERMS

8.1 INTEREST RATES

Wisconsin statutes set the interest rate at a percentage of the market rate, other than for septage receiving facilities that receive 0% interest rate loans or pilot projects that may receive loans between 0% and the normal subsidized rate, or for projects or portions of projects that are ineligible for interest rate subsidy and thus receive market rate funding. For tax-exempt loans amortized over 20 years the market rate in effect is 4.000% and 4.200% for loans with a term greater than 20 years. For loans issued on a taxable basis, the market rate in effect is 4.762% (tax-exempt rate of 4.000% divided by calendar year 2024's average taxable/tax-exempt ratio of 84%) for a 20-year amortization, and 5.000% (tax-exempt rate of 4.200% divided by 84%) for loans amortized over a period greater than 20 years and up to 30 years.

These rates are subject to change on a quarterly basis, but emergency changes may be made outside of this schedule. The market rate is defined as the State's estimated cost of borrowing, determined by DOA, based upon market comparables and market indices. The current 20-year market rate is based off the 20-year AAA rate from the Municipal Market Advisors (MMA) Municipal High Grade G.O. Index along with a spread based on current market conditions.

Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st. The EIF collects a loan service fee of 0.25% of the outstanding loan balance on CWFP loans. This service fee is a component of the interest rate and does not result in an interest rate that is higher than what is described below (the service fee is waived on loans issued at 0%). The CWFP fee balance at the start of SFY 2026 was \$1.6 million and the CWFP is expected to generate about \$3 million in fees during SFY 2026. The EIF plans to use the funds collected from the loan service fee on administrative costs not covered by the capitalization grants. Uses include, but are not limited to, reimbursement for administrative costs (salaries, fringe benefits, rent, IT costs, etc.), fees associated with trustee services from US Bank, arbitrage rebate calculation, and the EIF annual financial audit.

The interest rates a municipality may qualify for are described in the list below.

- Eligible projects in municipalities with a population less than 10,000 and a median household income (MHI) of 80% or less of the MHI of the state, qualify for an interest rate that is 33% of market rate.
- Eligible projects in municipalities with a population less than 1,000 and an MHI of 65% or less of the MHI of the State, qualify for a 0% interest rate.
- Septage receiving facilities and some pilot projects qualify for a 0% interest rate.
- Projects that are eligible for interest rate subsidy according to Section 7.0 and do not meet one of the three options above, qualify for 55% of the market rate.
- Projects that are ineligible for the interest rate subsidy according to Section 7.0 will receive the market rate.
- When determining interest rate subsidy, MHI calculations will be rounded to the third place after the decimal. This policy is true to language in sections of the CWFP and SDWLP statutes that read XX% or less. For example, 80.0001 would be equal to 80.000%; 80.0005 would be equal to 80.001% and considered greater than 80.000%.

To be clear, the criteria described above only determine the interest rate a municipality qualifies for and is not connected to any additional subsidy a municipality may be eligible for. A separate set of criteria are used to determine Principal Forgiveness eligibility. See Section 10.1 for more details.

8.2 LOAN AMORTIZATION

Loans will mature not later than 30 years after the original date of the Financial Assistance Agreement, or the project's design life, whichever is less. Projects with requested loan terms exceeding 20 years and not exceeding 30 years will be reviewed on a case-by case basis by DOA and engineers in the DNR's Wastewater program.

All loans must be supported by an asset cost-weighted analysis to demonstrate that the mean anticipated design life of work funded under the loan equals or exceeds the loan duration. Projects consisting solely of pipeline construction do not require such documentation and are eligible for a 30-year loan. Information on the required Design Life Calculation worksheet can be found [here](#).

The DNR encourages municipalities to submit the design life calculation worksheet along with project plans and specifications but requires that the spreadsheet be submitted no later than 9 weeks prior to the anticipated loan closing date. Please note that under the state constitution, loans secured by a general obligation pledge cannot exceed 20 years.

9.0 COMPLIANCE WITH FEDERAL REQUIREMENTS

9.1 FULL-YEAR CONTINUING APPROPRIATIONS AND EXTENSIONS ACT, 2025

The Full-Year Continuing Appropriations and Extensions Act, 2025 Public Law (PL 119-4), contained additional requirements beyond what is included in the federal regulations governing the CWSRF. The requirements for FFY 2025 include: a provision that not less than 10% of the amount of the CWSRF Base capitalization grant be used to provide additional subsidization in the form of grants, principal

forgiveness, or negative interest rate loans; and a requirement that not less than 10% of the capitalization grants be used for projects or portions of projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These requirements, as well as additional federal requirements, are discussed below.

9.2 FISCAL SUSTAINABILITY PLANS - NO LONGER REQUIRED

Section 603(d)(1)(E) of the FWPCA, as amended by the Water Resources Reform and Development Act (WRRDA), requires any recipient of a loan, for which the application was submitted on or after October 1, 2014, that involves the repair, replacement, or expansion of a publicly owned treatment works, to develop and implement a Fiscal Sustainability Plan (FSP). FSP development and implementation was required by the CWFP from SFY 2016 through SFY 2021.

As mentioned in Section 2.0, the CWFP does not technically issue loans, but rather purchases the general obligation or revenue bonds of municipal governments. To reduce the burden of obtaining CWFP funding, developing and implementing an FSP is no longer required. Development of FSPs or asset management plans is still encouraged and will be considered an eligible project cost.

9.3 AMERICAN IRON AND STEEL

WRRDA made permanent the use of American Iron and Steel requirement that was first introduced by the FFY 2014 Appropriations Act. This required SRF assistance recipients to use iron and steel products that are produced in the United States in projects for the construction, alteration, maintenance, or repair of a public water system or treatment works. The use of American Iron and Steel requirements apply to all funding recipients.

Information about this requirement is in the program newsletter and on the program website. Language is included in the Financial Assistance Agreements and all applicants are required to certify that they will meet the requirements before closing their loans. Construction Management Engineers review product-specific certifications from manufacturers prior to signing off on a final inspection of a project that included iron and/or steel products, and an additional certification that the requirements were met is required as part of the loan closeout process. For more information on the requirement and the certification form, see the [AIS webpage](#).

9.4 DAVIS-BACON ACT

Section 602(b)(6) of the FWPCA, as amended by WRRDA, made permanent the requirement for compliance with the prevailing wage rate requirements of section 513 of the FWPCA. Compliance guidance on Davis-Bacon requirements is available on the [program website](#). All treatment works projects receiving funding are required to certify their weekly payrolls on their disbursement request forms as well as completing an additional certification at project closeout. Compliance is further verified during field inspections of projects.

9.5 COST AND EFFECTIVENESS CERTIFICATION

For financial assistance applications submitted starting October 1, 2015, section 602(b)(13) of the FWPCA, as amended by WRRDA, requires assistance recipients to certify that they: a) have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project, and b) have selected, to the maximum extent practicable, a project

that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account the cost of constructing, operating and maintaining, and replacing the project.

The Cost and Effectiveness Certification [Form 8700-375](#) is available on the DNR website. This form must be signed by the project's design engineer and the municipality's authorized representative and must be submitted along with the Financial Assistance Application. Information on the requirement can be found on the DNR's [website](#).

9.6 INFRASTRUCTURE INVESTMENT AND JOBS ACT

The Infrastructure Investment and Jobs Act of 2021 (IIJA) (P.L. 117-58) included \$50 billion for the EPA to strengthen the nation's drinking water and wastewater systems.

The IIJA provides two appropriations for the CWSRF for each federal fiscal year 2022 through 2026 (see the table below). The Base capitalization grant amount is set through the annual congressional appropriations process and is therefore not included in the table.

| Clean Water Capitalization Grant | Wisconsin Estimated Annual Funding |
|----------------------------------|------------------------------------|
| Supplemental | \$48.1–\$66.2 million |
| Emerging Contaminants | \$2.5–\$5.7 million |

- **SRF Supplemental** – All CWSRF-eligible projects may be funded from this appropriation. Forty-nine percent of the appropriation is required to be provided as additional subsidy to municipalities that meet the Affordability Criteria in Section 10.1. CWSRF supplemental programmatic requirements mirror the base CWSRF grant requirements.
- **Emerging Contaminants** – The IIJA provides a separate appropriation for CWSRF-eligible projects to address emerging contaminants with a focus on perfluoroalkyl and polyfluoroalkyl substances. There is no state match requirement, and all funding is required to be awarded as additional subsidy (principal forgiveness). See Section 13.0 for more information about the Emerging Contaminants Program, including how funding from the IIJA will be allocated to emerging contaminants projects.
- **Base Capitalization Grant Additional Subsidy Amendment** – The IIJA amended the Clean Water Act to require states to use at least 10%, but no more than 30%, of the Base capitalization grant for additional subsidy to municipalities that meet the Affordability Criteria as described in Section 10.1.
- **Build America, Buy America** – The IIJA established the Build America, Buy America (BABA) Act which introduces new domestic sourcing requirements for federally-funded infrastructure programs. Pursuant to Section 70914(c) of the BABA Act, the EPA may waive the Buy America preference in cases where the EPA finds that applying the domestic content procurement preference would be inconsistent with the public interest.

The BABA Act requires that infrastructure projects that receive federal funding be built with iron, steel, construction materials, and manufactured products that are produced in America, which is defined as:

- Iron and Steel: all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- Construction Materials: all manufacturing processes for the construction material occurred in the United States.
- Manufactured Products: the manufactured product is manufactured in the United States and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product.

BABA applies to projects that are designated as federal equivalency; this includes emerging contaminants projects. Go to the [program website](#) for more information about BABA requirements, waivers, and how to comply.

9.7 FEDERAL EQUIVALENCY

The EPA requires States to designate projects in an amount equal to each year's capitalization grants to meet some additional federal requirements. These projects are referred to as Federal Equivalency projects. Federal equivalency projects are required to meet several additional requirements, as applicable. These requirements are detailed on our [program website](#).

CWFP projects in municipalities with a population of 20,000 or greater, other than pilot projects, are designated as federal equivalency. All Emerging Contaminants projects, regardless of the municipality's size, will be designated as federal equivalency. To confirm whether your project has been designated as federal equivalency, refer to the CWFP [Project Priority List](#) (PPL).

9.8 QUALIFICATIONS-BASED PROCUREMENT OF A/E SERVICES

Section 602(b)(14) of the FWPCA, as amended by WRRDA, states that for projects designated as federal equivalency, all architectural and engineering (A/E) contracts must comply with the qualifications-based procurement processes for A/E services as identified in 40 U.S.C. 1101 *et seq.*, or an equivalent state requirement.

This only applies to projects designated as federal equivalency. The DNR recognizes that some CWFP projects designated as equivalency may be unable to meet this requirement as A/E contracts have already been established. In these instances, applicants should contact the DNR to explore alternative options that may be available depending on the circumstances.

The requirements of 40 U.S.C. 1101 *et seq.* are:

- Public announcement of the solicitation (e.g., a Request for Qualifications).
- Evaluation and ranking of the submitted qualifications statements based on established, publicly available criteria (e.g., identified in the solicitation).
- Evaluation criteria should be based on demonstrated competence and qualification for the type of professional services required (e.g., past performance, specialized experience, and technical competence in the type of work required).
- Discussion with at least three firms to consider anticipated concepts and compare alternative methods for furnishing services.
- Selection of at least three firms considered to be the most highly qualified to provide the services required.
- Contract negotiation with the most highly qualified firm to determine compensation that is fair

and reasonable based on a clear understanding of the project scope, complexity, professional nature, and the estimated value of the services to be rendered.

- In the event that a contract cannot be negotiated with the most highly qualified firm, negotiation continues in order of qualification.

9.9 GREEN PROJECT RESERVE

The Full-Year Continuing Appropriations and Extensions Act, 2025 Public Law (PL 119-4) continued the Green Project Reserve (GPR) requirements from recent years that the CWFP, to the extent there are sufficient eligible project applications, must award not less than 10% of the capitalization grants to fund projects or portions of projects meeting GPR requirements.

| Clean Water Capitalization Grant | Minimum GPR Requirements |
|----------------------------------|--------------------------|
| Base | \$4,289,100 |
| Supplemental | \$6,659,900 |
| Emerging Contaminants | \$574,900 |

The CWFP Project Priority List includes numerous projects with components that meet GPR requirements, most of them related to energy efficiency such as blower and pump upgrades, improvements to aeration systems, and infiltration and inflow reduction. Green infrastructure storm water costs meet the GPR requirements.

In addition, the EIF partnered with *Focus on Energy* in order to facilitate the funding of energy efficient processes and upgrades at Wisconsin's WWTPs and municipal drinking water systems. Section 196.374, Wis. Stats., requires energy utilities to collectively establish and fund statewide energy efficiency and renewable resource programs. Using funds collected for this purpose, *Focus on Energy* provides grants of up to \$200,000 per project and \$400,000 per municipality per calendar year under the Business Incentives Program, the Large Energy Users Program, and the Agriculture, Schools and Government Facilities Program to fund energy efficiency projects. The EIF works with *Focus on Energy* to implement a process for facilitating the incorporation of energy efficiency into projects that are being funded through the CWFP and SDWLP. That effort was expanded to incorporate a Priority PF program that matches funds received as a *Focus on Energy* incentive for projects receiving CWFP loans. See Section 10.5 below for more information on this energy efficiency incentive program. Though portions of projects that are funded by *Focus on Energy* grants cannot be counted towards Wisconsin's GPR requirements, this is still expected to help increase GPR funding by the CWFP.

All projects or portions of projects that meet GPR requirements will be identified in the SFY 2026 Annual Report.

9.10 DATA REPORTING

All projects funded by the CWFP will be reported in the Office of Water State Revolving Fund (OWSRF) database on a quarterly basis, as required by the EPA. In addition, Wisconsin will meet the reporting requirements set forth by the Federal Funding Accountability and Transparency Act (FFATA) and will report annual summary data (formerly NIMS) in the OWSRF database.

10.0 AFFORDABILITY CRITERIA AND PRINCIPAL FORGIVENESS

The CWFPP plans to make available at least \$41,211,710 of PF in SFY 2026. Of this amount, \$40,711,710 will be for General PF, Phosphorus Reduction PF, and Regionalization PF. \$250,000 will be reserved for Energy Efficiency PF and \$250,000 will be reserved for any necessary PF adjustments after the funding list is published. It is possible for a project to be allocated PF from more than one type of PF. Priority PF collectively refers to Phosphorus Reduction PF, Regionalization PF, and Energy Efficiency PF, and is the DNR's effort to incentivize projects in these areas and offset the expected elevated project costs. Regionalization PF will be allocated to all qualifying applicants first, Phosphorus PF to all qualifying applicants second, and the remainder of General PF to all qualifying applicants third, all in priority score order.

10.1 AFFORDABILITY CRITERIA AND GENERAL PRINCIPAL FORGIVENESS ELIGIBILITY

The PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need. **To qualify for General PF or Phosphorus Reduction Priority PF, an applicant must meet the Affordability Criteria described below by receiving a total of at least 60 points in Tables 1–6.** See the tables and further description below.

| 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 |
| 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 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% |

- **Table 1** – Population points are awarded with the highest points assigned to the smallest populations. Data for this criterion comes from the DOA's Demographic Service Center.
- **Table 2** – Median Household Income (MHI) points are awarded based on the municipality's MHI as a percent of the state mean MHI with the highest points assigned to the lowest MHI percentages. This criterion uses 5-year estimates from the American Community Survey, table ID B19013 from data.census.gov.
- **Table 3** – Family poverty percentage points are awarded based on the percentage of families in a municipality with incomes below 200% of the federal poverty level. This criterion uses 5-year estimates from the American Community Survey, table ID S1702 from data.census.gov.
- **Table 4** – Population trend points are awarded to municipalities that are projected to lose 5% or greater of their population over 20 years. Data for this criterion comes from the DOA's Demographic Service Center. Currently, DOA's Demographic Service Center only has municipal population projections available as far as 2040; therefore, population trend is calculated using 2020 population estimates in comparison to 2040 projections.
- **Table 5** – Unemployment points are awarded based on county unemployment rates in relation to the average state unemployment rate. Data for this criterion comes from the [Wisconsin Department of Workforce Development](#). County unemployment rates are calculated by averaging not seasonally adjusted, final unemployment rates from the most recent 12 months of data available around the start of the SFY.
- **Table 6** – Lowest quintile household income upper limits (LQI) points are awarded based on the municipality's LQI as a percent of the state LQI with the highest points assigned to the lowest LQI percentages. This criterion uses 5-year estimates from the American Community Survey, table ID B19080 from data.census.gov.

To calculate the LQI in B19080, the ACS groups all household incomes for a given place into five equal parts. The first quintile upper limit (or lowest quintile) is the value that defines the upper limit of the lowest one-fifth of the incomes. For example, if there are a total of 10 households sampled in a community, the lowest two household incomes make up the lowest quintile. Of those two households, if one has an income of \$20,000 and the other has an income of \$25,000, then upper limit of the lowest quintile would be \$25,000.

- **Table 7** – To calculate a value in Table 7, a municipality's scores from Tables 1 through 6 are summed. The summed value determines the percentage of PF the municipality qualifies for in Table 7. Municipalities that qualify for PF meet the state's Affordability Criteria.
- **Green Tier** – Projects in municipalities that are [Green Tier Legacy Communities](#) and qualify for PF are eligible for an additional 10% PF on top of the percentage determined by Table 7, with the caveat that no municipality can receive PF for more than 70% of total project costs. To be eligible for the additional 10% PF, members of Legacy Communities must have submitted their annual report to the DNR Green Tier Program by the March 31st established deadline, and that report must have passed the Green Tier Program review. For new members of Legacy Communities, the annual report must be submitted and must have passed Green Tier Program review before the CWFP application deadline.
- **Data Sources** – All tables will use the most recent data available around the start of the SFY. Go to the [program website](#) for more details and to access a spreadsheet containing the data used for the PF scores. Alternatively, a municipality may choose to pursue a custom tabulation as described in ch. NR 162, Wis. Adm. Code.

10.2 ALLOCATION OF GENERAL PF

The following criteria apply to General PF:

- The General PF cap is \$2,100,000 per municipality, per SFY.
- A single scored project cannot receive more than one full PF allocation (based on the eligible PF percentage and/or the cap) even if that project is funded from two or more SFYs. The maximum lifetime PF allocation for a single scored project funded over multiple state fiscal years will be based on the PF cap of the earliest SFY for which the project was allocated funding. Section NR 162.003(67), Wis. Adm. Code defines a scored project as: a project for which the DNR reviewed the scope provided by the applicant and assigned a priority score based on the scope determined by the DNR to be eligible for financial assistance under a single CWFP project number.
- General PF will be allocated in priority score order to applications received by the September 30, 2025, Principal Forgiveness application deadline. Applicants must meet the Affordability Criteria by receiving a total of at least 60 points in Tables 1–6 to qualify for General PF.
- General PF funds may be reallocated within the fundable range for General PF on the final funding list. If any General PF remains after all projects in the General PF fundable range have closed on loans, this PF will be moved forward to the next year's funding list. No General PF will roll down past the last project identified in the fundable range for General PF on the CWFP SFY 2026 Funding List. This restriction does not apply to the three types of Priority PF discussed below (Regionalization PF, Phosphorus Reduction PF, and Energy Efficiency PF). If a project does not receive PF because there is insufficient loan funding to fund the project and loan funding later becomes available in the SFY, PF and loan funding will be allocated if the project is in the fundable range.

10.3 REGIONALIZATION PF

Regionalization PF will be available for projects where at least one wastewater treatment plant's (WWTP's) discharges are being eliminated and the sewage is being redirected to a WWTP in a neighboring municipality. **Applicants for Regionalization projects are not required to meet the**

affordability criteria as federal regulations allow the use of additional subsidy under WRRDA for projects that promote sustainability. Applicants wishing to apply for Regionalization PF must submit their application by the September 30th deadline for applying for PF.

Regionalization PF will be allocated at 70% of project costs, up to a cap of \$3,000,000 for elimination of the first WWTP's discharges, with an additional \$1,500,000 cap for each additional WWTP that is eliminating their discharges. This amount is in addition to any General PF or other Priority PF that the project is allocated but is subject to the caveat that no municipality can receive PF for more than 70% of total project costs. Regionalization PF will be allocated to qualifying applicants before allocating General PF or other Priority PF on the Funding List. Regionalization PF will be allocated proportionally to the municipalities involved based on the costs of the regionalization project attributed to each municipality.

10.4 PHOSPHORUS REDUCTION PF

Phosphorus Reduction PF will be allocated to applicants meeting all the following criteria:

- Submit a complete application by the September 30th deadline.
- Receive at least 60 points in Table 7 of Section 10.1.
- Discharge less than 150 pounds of phosphorus per month (based on average loads from the past five years) or have an alternate phosphorus limit (pursuant to s. NR 217.04(2), Wis. Adm. Code), or serve a population of less than 10,000.
 - For applicants with an alternative phosphorus limit per s. NR 217.04(2), Wis. Adm. Code, the phosphorus-related project must increase wastewater user charges to greater than 2% of the applicant's MHI to qualify.
- Have a final water quality-based effluent limit for phosphorus less than or equal to 0.3 mg/L as a monthly average limit (or 0.1 mg/L as a 6-month average limit), involve a new installation of filtration or a similar phosphorus removal process which is necessitated by a stringent phosphorus limitation, or be located in an implemented TMDL area for phosphorus.
- Must involve phosphorus reduction-related upgrades to the WWTP. The Phosphorus Reduction PF is only calculated on the phosphorus reduction-related WWTP upgrade costs.
- Must involve upgrades to the WWTP that are necessary because of the final or interim phosphorus limit. This includes upgrades that will allow treatment to lower levels of phosphorus in a surface water discharge or construction of groundwater discharge facilities to eliminate or reduce discharge of phosphorus to a surface water.

The above criteria are subject to change in the future, as determined by the DNR.

The phosphorus reduction incentive will be available at two levels:

- For applicants where the project covered by the application is necessary in order to meet the final water quality-based effluent limit for phosphorus, the PF incentive will be equal to 50% of the phosphorus reduction-related project costs, as determined by the DNR, up to a cap of \$1,000,000.
- For applicants where the project covered by the application is necessary in order to meet an interim limit for phosphorus that is less stringent than the final limit, the PF incentive will be equal to 25% of the phosphorus reduction-related project costs, as determined by the DNR, up to a cap of \$500,000.
- There is a lifetime cap of \$1,000,000 in Phosphorus Reduction PF for any one municipality,

regardless of how many phosphorus reduction-related projects are needed to meet final limits.

- The Phosphorus Reduction PF is only calculated on the phosphorus reduction-related WWTP upgrade costs. The overall phosphorus-related capital costs will be calculated by totaling the difference in capital costs of the cost-effective alternative with new phosphorus limits versus capital costs of the cost-effective alternative without new phosphorus limits.

This PF incentive is in addition to any other Priority PF that the project is allocated. Priority PF amounts are calculated and deducted before any General PF is allocated. All PF is subject to the caveat that no project can receive PF for more than 70% of total project costs.

10.5 ENERGY EFFICIENCY PF

Matching funds in the form of PF will be allocated for projects or project components that are receiving an incentive through *Focus on Energy*. This applies to both custom and prescriptive incentives. The CWFP will not match funds for trade ally bonuses. Applicants are not required to qualify under the affordability criteria in order to be eligible. For projects receiving incentives, this will be a one-to-one match of the Focus on Energy funds up to a cap of \$50,000 per scored project depending on the type of incentive. A single scored project, as defined in Section 10.2 above, cannot receive more than \$50,000 total in Energy Efficiency PF. A total of \$250,000 will be available in SFY 2026 for Energy Efficiency PF. Funds will be available on a first-come, first-served basis. An incentive agreement or other documentation from *Focus on Energy* that indicates reserved incentives will be required for these funds to be awarded. Pre-approval of projects in order to obtain the necessary documentation can be requested from *Focus on Energy*. This documentation is not required at the time of application submittal; therefore, the allocation of these funds may not yet be determined at the time the CWFP SFY 2026 Funding List is published. An application that is submitted after the September 30th deadline for PF applications can still be considered for the Energy Efficiency matching funds if funds are still available.

10.6 OTHER POLICIES REGARDING PRINCIPAL FORGIVENESS

- **Disbursement of PF** – PF funds are disbursed as a percentage of each disbursement request, after the minimum loan proceeds disbursement of 5% or \$50,000 that is required by IRS regulations. In general, the percentage used is the percentage of PF for which the municipality is eligible, increased for the inclusion of any priority PF, up to the cap, if applicable. Adjustments will also be made if market rate costs are included in the loan. When Energy Efficiency PF is the only type of PF included in an award, that PF will be disbursed in full after the minimum loan disbursement at loan closing of 5% or \$50,000 is met. If a municipality does not request all budgeted loan costs, the municipality may not receive all the PF allocated to the project.
- **Calculation order for more than one type of PF** – When calculating PF amounts for a project that will be allocated more than one type of PF, Priority PF is calculated first, then General PF.
- **PF cannot exceed 70% of project costs** – Due to statutory restrictions (s. 281.58(8)(g), Wis. Stats.), no project can receive PF that results in the municipality paying less than 30% of the cost of the project. This includes Priority PF as well as General PF.
- **No PF on market rate costs** – PF will not be calculated on project costs that are eligible only for market rate financing. Market rate costs will be subtracted from the project total before calculating the PF award for a project.
- **No PF on costs that are not included in the total CWFP award amount** – When calculating project costs that are eligible for PF, only amounts that are financed through the CWFP will be

included in the PF calculation (as mentioned above, market rate costs are deducted before calculating PF amounts, even if they are included in the award). Internal funds, as well as other sources of funding such as loan or grant, will be deducted before the CWFP calculates PF.

- **Limitation on PF Provided to Projects Receiving an EPA Community Grant** – The amount of PF awarded to any CWFP 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 CWFP PF that would have been allocated to the project, then no additional CWFP PF will be allocated. This policy applies to General, Priority and Emerging Contaminants CWFP PF. CWFP applicants that have been allocated EPA Community Grant funding are still eligible for CWFP loan dollars.

For example, a project that (1) has a total eligible cost of \$1,000,000, (2) qualifies for 25% PF from the CWFP including Priority PF and Emerging Contaminants PF, and (3) receives an EPA Community Grant of \$50,000, would qualify for \$200,000 of CWFP PF under this policy. Although the project would have been eligible for a total of \$250,000 PF, the other \$50,000 is funded by the EPA Community Grant.

- **Jointly-funded Financial Hardship Scenarios** – If a municipality is in dire financial hardship and cannot fund a project while complying with the policies above, the CWFP will collaborate with other long-term, affordable funding sources on a case-by-case basis to consider available options to meet the financial needs of the municipality's project.
- **Readiness-to-proceed deadline** – In an effort to award PF to projects that are ready to proceed to construction, the CWFP has imposed a readiness-to-proceed deadline for projects that are allocated PF on the Funding List. All required bid documentation (including an executed construction contract) is required to be uploaded to the online system or submitted electronically to the assigned project manager **no later than June 30, 2026**, the end of the state fiscal year. If the required bid documentation is not received by this date, the PF for the project will be released and rolled forward to the SFY 2027 funding list. The municipality may then choose to close an SFY 2026 loan without PF when ready or reapply for financial assistance for the project in a future fiscal year to compete again for PF. Limited exceptions may be made to this policy, based on extenuating circumstances, on a case-by-case basis. In addition, as stated in Section 11.2, applications for projects that have been allocated PF on the funding list must be accepted by the DNR no later than June 30, 2026. Loans must be closed within 8 months of application acceptance.
- **PF restrictions on refinancing** – Due to restrictions contained in the Full-Year Continuing Appropriations and Extensions Act, 2025, PF authorized by the Appropriations Act is not allowed to be used to refinance costs paid by debt incurred prior to March 15, 2025, the date the Appropriations Act was enacted. This restriction only applies to the PF required by the Appropriations Act (10% of the Base capitalization grant), not to any additional PF that is provided under other authorities.
- **Allocations on two Funding Lists not allowed** – If a project has been allocated funding on a Funding List and an agreement has not been executed by the time a subsequent application for the same project is submitted, the previous application must be withdrawn in order for funding to be allocated to the second application. Application withdrawal may occur after submittal of the second application but **must occur before publication of the Funding List**. Affected applicants should contact the CWFP Coordinator to discuss.

11.0 FUNDING DEADLINES, PROJECT PRIORITY LIST, AND FUNDING LIST

The CWFP received 662 Intent to Apply (ITA) and Priority Evaluation and Ranking Form (PERF) submittals totaling \$3,232,596,802 in anticipated project costs by the October 31, 2024, deadline. The projects were subsequently scored and placed on the [project priority list](#) in priority score order. Municipalities are eligible to submit SFY 2026 financial assistance applications for projects included on the project priority list.

| ITA and PERF Submittals by Program | Anticipated Project Costs (\$) | Number of Submittals |
|------------------------------------|--------------------------------|----------------------|
| Regular CWFP | 3,207,886,802 | 631 |
| Emerging Contaminants | 10,000,000 | 4 |
| Pilot Projects | 14,710,000 | 27 |
| Totals | 3,232,596,802 | 662 |

Applications may be submitted at any time, however, a complete application must be submitted by September 30, 2025, to be ranked on the funding list in priority score order for the purpose of allocating loan funds and PF. Applications received after this will only be eligible for loan funding and Energy Efficiency PF, if available.

In the event of insufficient loan funds to cover all applications, some loan funds will be reserved for budget increases for projects that score high enough to be allocated loan funds on the funding list. Any loan funding that becomes available after the posting of a funding list will be made available in priority score order; loan funds released from other projects can roll down past the last project identified in the fundable range for loan funds on the funding list. If all applications submitted by September 30, 2025, receive their full loan allocation and funds remain available, loan funds will then be allocated to any supplemental applications received after the application deadline in order of application submittal date. In the event loan funding and PF is not sufficient to pay the costs of the project in full, and the municipality utilizes CWFP funding, they must identify the non-DNR funding that will finance the remaining project costs.

We anticipate that the funding list will be posted on the program website in December. All projects that receive funding during SFY 2026 will be detailed in the SFY 2026 Annual Report. Potential loan applicants must submit their projects' ITA and PERF for SFY 2027 by October 31, 2025, using the online system.

11.1 ONLINE APPLICATION SUBMITTAL AND ELIMINATION OF GRACE PERIOD

All CWFP applications, other than those for the Pilot Projects Program, are required to be submitted through the online application system. Information on accessing and using the online application system is [available on the DNR website](#).

Since the system includes prompts whenever attachments are required, there is no longer a grace period for missing items. **All required information must be included with the application, by the application deadline, in order for the project to be included on the funding list.** Any application that is incomplete as of the application deadline will be added to the list as a supplemental application once the missing information is received and will not be eligible to receive principal forgiveness.

11.2 APPLICATION ACCEPTANCE DEADLINES

Acceptance of a CWFPP application triggers an 8-month deadline for closing on the loan in addition to being the point in time when funding is officially allocated to the project. In accordance with the policy that projects receiving PF should be ready to proceed, all applications for projects that are allocated PF will be accepted by no later than June 30, 2026. If an application has not met the conditions for application acceptance by this date, the PF for the project will be released and rolled forward to the SFY 2027 funding list. The municipality may then choose to close an SFY 2026 loan without PF when ready, or reapply for financial assistance for the project in a future fiscal year to compete again for PF.

For projects that were not allocated PF, the application acceptance deadline is the December 31 following the end of the SFY in which the application was submitted (for SFY 2026 this date would be December 31, 2026). Requirements that must be met in order for an application to be accepted and funding allocated, are detailed in s. 281.58(9m), Wis. Stats.

In the event of a disaster, as declared by the state or federal government, project priorities may be adjusted to ensure protection of public health and the environment.

12.0 PROJECT PRIORITY SCORING

As established in s. NR 162.49 Wis. Adm. Code, projects are scored under one of three categories: sewage collection systems, wastewater treatment plants, or storm water projects. Scoring criteria for pilot projects has not been established.

Collection system projects are given three scores:

- project type,
- human health, and
- regionalization.

Wastewater treatment plant projects are given four scores:

- project type,
- human health,
- regionalization, and
- water quality.

Storm water projects are given three scores:

- project type,
- human health, and
- water quality.

Section NR 162.51, Wis. Adm. Code, describes the procedure for reevaluating the project priority score. For SFY 2026 projects, if the applicant objects to the department's determination of the priority score, applicants may request a reevaluation of the priority score within 30 days after the September 30th application deadline. Only new information that did not exist at the time of the original ITA/PERF submittal will be considered in a reevaluation request. In addition, if a new permit is issued between submittal of the ITA/PERF and the application, a reevaluation can be requested. If a project is being constructed for the purpose of meeting new limits contained in a compliance schedule, a reevaluation can be requested at the time of application submittal in order to incorporate the points applicable to those new limits. In this case, the new limits must take effect during the next permit term.

Section NR 162.49(5), Wis. Adm. Code, also states that “The department may add additional or modify existing scoring criteria in the annual intended use plan.”

For SFY 2026, the DNR will not add the population score to the funding list as described in s. NR 162.49(4) Wis. Adm. Code. Instead, the DNR will add two percent of a municipality’s score in Table 7 of Section 10.1 to the PERF score for each of the municipality’s projects. For example, if a municipality scores 125 points in Table 7, 2.5 points will be added to the PERF score for each of the municipality’s projects. By making this scoring change, the DNR anticipates that projects from communities meeting the affordability criteria will be prioritized above other similarly scoring projects. In the event of a tie on the funding list, the municipality with the smaller population will be ranked above the municipality with the larger population. If a tie still remains, the municipality with the smaller MHI figure will be ranked above the municipality with the larger MHI figure.

For SFY 2027, the DNR is proposing to integrate Water Quality Trading (WQT) projects into the regular CWFP. WQT projects necessary to meet water-quality effluent limits will be awarded 25 points for the project type score. Additionally, the DNR will award points for water quality parameters based on the effluent limits in the facility’s current WPDES permit according to Section NR 162.49(2)(c) Wis. Adm. Code.

For phosphorus limits, the most restrictive limit associated with the end of the WPDES permit term will be used. For permits with mass limits that take effect by the end of the permit term, a concentration limit equivalent will be used for scoring, if that limit is more restrictive than a concentration limit included in the permit. Mass limits are typically associated with permits when the WWTP is located in an implemented TMDL. Water Quality Trading (WQT) Computed Compliance limits will not be used for scoring wastewater treatment plant projects.

13.0 EMERGING CONTAMINANTS PROGRAM

Emerging contaminants (EC) are defined by the EPA as perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants. The IIJA requires that 100% of the Emerging Contaminants capitalization grant, net of any set-asides taken, be provided as additional subsidy. The details on how that principal forgiveness will be allocated can be found in Section 13.2.

EC PF will be integrated into the Regular CWFP. This will allow applicants to compete for general CWFP PF and the EC PF. Loan funding will come from the CWFP, not the EC capitalization grant.

General CWFP PF will not be provided to revenue-generating facilities other than POTWs and publicly owned sewage collection systems. Revenue generating facilities excluded from general CWFP PF are facilities such as airports and landfills. Stormwater lining projects and BMPs that are not located at an airport or landfill would be considered eligible for general CWFP PF. These projects will be evaluated on a case-by-case basis.

Based on the direction given by federal authorities and the limited available funds, the program will focus funding on projects related to PFAS contamination. DNR staff from the Environmental Loans program and Bureau of Water Quality worked together to develop this funding program.

Project Eligibility

Emerging contaminants are defined in detail in Attachment 1 — Appendix B of the EPA’s March 8, 2022 [memo](#) on implementation of the Clean Water Fund provisions of the Bipartisan Infrastructure Law.

Water quality projects that will reduce/eliminate any detectable levels of any PFAS contaminant compound for which a surface water quality standard or recommended Wisconsin DHS groundwater standard exists would be considered eligible for funding through the IIJA EC program. Specific project eligibility is described in Section 13.3 below.

13.1 SCORING FOR EMERGING CONTAMINANTS PROJECTS

A separate scoring system has been developed for ranking EC projects, and this ranking will be used for allocating EC PF. The points awarded for EC PF scoring will be based on the permittee's current effluent or biosolids concentrations relative to standards or recommended levels.

The methodology to determine the IIJA EC project priority score sums three components: PFAS concentrations in effluent, biosolids, or groundwater (for groundwater dewatering and sewer relining/rehabilitation projects) relative to standards or recommended levels + Financial Need + Project Type.

- **PFAS concentrations relative to standards or recommended levels** (maximum points 200; [XXXX] indicates the effluent, groundwater, or biosolids concentration of the given compound "XXXX" in ng/L or parts per trillion):

- For discharges to surface waters not used as public water supplies, use the following formula:

$$\frac{100}{15} \times \left(\frac{[PFOS]}{8 \text{ ng/L}} + \frac{[PFOA]}{95 \text{ ng/L}} + \frac{[FOSA + NEtFOSA + NEtFOSAA + NetFOSE]}{20 \text{ ng/L}} + \frac{[PFNA]}{10 \text{ ng/L}} + \frac{[PFHxS]}{10 \text{ ng/L}} + \frac{[GenX]}{10 \text{ ng/L}} + \frac{[PFDA]}{300 \text{ ng/L}} + \frac{[PFDoA]}{500 \text{ ng/L}} + \frac{[DONA]}{3000 \text{ ng/L}} + \frac{[PFUnA]}{3000 \text{ ng/L}} + \frac{[PFBA]}{10,000 \text{ ng/L}} + \frac{[PFTeA]}{10,000 \text{ ng/L}} + \frac{[PFHxA]}{150,000 \text{ ng/L}} + \frac{[PFODA]}{400,000 \text{ ng/L}} + \frac{[PFBS]}{2,000 \text{ ng/L}} \right)$$

- For discharges to surface waters used as public water supplies (Lake Michigan, Lake Superior, or Lake Winnebago), use the following formula:

$$\frac{100}{15} \times \left(\frac{[PFOS]}{8 \text{ ng/L}} + \frac{[PFOA]}{20 \text{ ng/L}} + \frac{[FOSA + NEtFOSA + NEtFOSAA + NetFOSE]}{20 \text{ ng/L}} + \frac{[PFNA]}{10 \text{ ng/L}} + \frac{[PFHxS]}{10 \text{ ng/L}} + \frac{[GenX]}{10 \text{ ng/L}} + \frac{[PFDA]}{300 \text{ ng/L}} + \frac{[PFDoA]}{500 \text{ ng/L}} + \frac{[DONA]}{3000 \text{ ng/L}} + \frac{[PFUnA]}{3000 \text{ ng/L}} + \frac{[PFBA]}{10,000 \text{ ng/L}} + \frac{[PFTeA]}{10,000 \text{ ng/L}} + \frac{[PFHxA]}{150,000 \text{ ng/L}} + \frac{[PFODA]}{400,000 \text{ ng/L}} + \frac{[PFBS]}{2,000 \text{ ng/L}} \right)$$

- For discharges to groundwater, the score is based on the following:
 - For levels exceeding the EPA's Maximum Contaminant Level (MCL) for PFOA or PFOS, or a [Hazard Index](#) value greater than 1 – 200 points
 - For levels up to either the EPA's MCL for PFOA or PFOS, or a [Hazard Index](#) value of 1 – 100 points

The EPA's [Hazard Index](#) calculation can be found on this [Fact Sheet](#). Any updates to the enforceable PFAS standards may result in changes to the

eligibility and scoring metrics of the program, or this scoring may be modified if the EPA or the DHS issues a revised health advisory level for any PFAS compound.

- For biosolids projects, use the following formula:

$$67 \times \left(\frac{PFOA + PFOS \text{ biosolids concentration (ug/kg)}}{50 \text{ ug/kg}} \right)$$

- For pretreatment discharges such as landfill leachate treatment discharges to sanitary sewers or POTW headworks, use the POTW's effluent or biosolids concentration and one of the four preceding bullets, as applicable based on which type of discharge the project is intended to address.
- For sewer rehabilitation projects to prevent inflow/infiltration of PFAS-contaminated water, calculate a score using the groundwater concentrations and one of the first three bullets, as applicable based on which type of discharge the project is intended to address.
- **Financial Need** (maximum points 180): The financial need points shall be the sum of the points from Tables 1–6 in Section 10.1 of this IUP, multiplied by 0.5, except that, for projects located at airports or landfills, the financial need points shall be zero.
- **Project Type** (maximum points 200): For POTWs, sewer projects, biosolids projects, and treatment of construction dewatering on public sites, the project type points shall be 200. For landfill leachate, BMP projects, and remediation projects at airports, the project type points shall be 100. For other remediation projects, the project type points shall be zero.

13.2 EMERGING CONTAMINANTS LOAN AND PRINCIPAL FORGIVENESS ALLOCATION

The sources and amounts of available EC PF include, \$8,276,000 of rollover from previous years. The FFY 2024 Clean Water EC grant will be transferred to the SDWLP. See Section 6.0 for more information. Any unallocated or unused EC PF from SFY 2026 will be rolled over into SFY 2027.

Once all projects eligible for EC funding are scored and ranked utilizing the EC-specific scoring, EC PF will be allocated using a two-pass process, starting at the top of the scoring list.

- Pass 1 – Permitted municipalities receive 70% of the total eligible project costs as EC PF up to a cap of \$350,000, per permitted municipality. Once all eligible projects are awarded the first-round allocation, additional EC funding will be allocated in Pass 2, in EC priority score order, to all projects that did not reach 70% of total project costs in Pass 1.
- Pass 2 - EC PF allocated for 70% of remaining eligible project costs (total eligible project costs minus \$500,000 used for the Pass 1 PF calculation), up to a total EC PF cap per permitted municipality of \$3,500,000 or 70% of total EC project costs. A single project cannot receive more than one full PF allocation even if that project is funded from two or more SFYs.
- For example, a project with \$6,000,000 of eligible costs would receive a total of \$3,500,000 of EC PF. Pass 1: \$4,000,000 x 70% results in the project hitting the \$350,000 pass 1 cap. Pass 2: \$6,000,000 - \$500,000 (the costs used in the pass 1 calculation) x 70% results in an additional \$3,150,000 for a total of \$3,500,000 of EC PF.
- A lifetime EC PF cap may be imposed later.

Having calculated the amount of eligible PF, the amount of eligible loan funding will be calculated next. Loan funding will be provided for 30% of EC project costs, up to \$1,500,000. Projects are eligible for additional loan funding and general PF and this additional funding will be allocated in regular priority score order. In the event loan funding and PF is not sufficient to pay the costs of the project in full, and the municipality utilizes CWFP funding, they must identify the non-DNR funding that will finance the remaining project costs.

If a project removes PFAS contamination in addition to other contaminants, the entire project may be considered eligible for EC PF. This determination will be made by the DNR. If the entirety of a project is not related to PFAS contamination removal, then only PFAS-related portions of the project would be eligible for EC PF. The IJJA EC PF is only calculated on the CWFP-eligible PFAS contamination removal-related costs of the project.

13.3 ELIGIBLE PROJECT TYPES

Eligible project types include all the following:

1. Treatment to remove PFAS from groundwater dewatering discharges associated with publicly owned projects.
 - Examples include:
 - Sanitary sewer or storm sewer construction necessitating groundwater dewatering in areas with contaminated groundwater that has reasonable potential to exceed Wisconsin's water quality standards for PFOS or PFOA.
 - Building construction (for buildings eligible for CWFP funding) necessitating groundwater dewatering in areas with contaminated groundwater that has reasonable potential to exceed Wisconsin's water quality standards for PFOS or PFOA.
 - In order for rental of PFAS treatment equipment to be eligible, the capital project that is necessitating dewatering (e.g., sewer reconstruction) must itself be funded under the CWFP, and this EC PF money will apply to the portion of the project costs relating to PFAS removal. Purchase of PFAS treatment equipment would typically be eligible, depending on design life of the equipment, if purchase of equipment is expected to be more cost effective than rental.

Note: Purchase of treatment equipment may be cost effective in communities expected to have recurrent need for PFAS treatment on dewatering projects, such as communities with widespread PFAS contamination in groundwater. In communities with widespread groundwater contamination, facility plans should discuss whether rental or purchase of treatment equipment is most cost effective. Any purchase of equipment would need to comply with the requirements of BABA.

Note: As an example, if a \$1,000,000 sewer rehabilitation necessitates dewatering, and rental of PFAS treatment for the dewatering discharge costs \$250,000, if the entire \$1,250,000 project will be funded under the CWFP, the project would be eligible for EC PF in an amount equal to 70% of the emerging contaminant-related costs (in this case, up to \$175,000 EC PF).
2. Biosolids sampling and storage, processing, and/or disposal expenses incurred by facilities seeking to investigate or address PFAS in biosolids in accordance with Wisconsin's [Interim Strategy for Land Application of Biosolids Containing PFAS](#).

- Such projects shall only be eligible for funding under the CWFP EC program where a privately-owned responsible party able to pay does not exist or has not yet been identified. In cases where a responsible party is later identified, the state may seek to recoup funds.
 - Operation and maintenance costs, such as ongoing biosolids hauling expenses and landfill tipping fees, are not eligible for funding.
 - Costs for biosolids sampling as required under a WPDES permit are not eligible for funding.
3. Public sanitary or storm sewer reconstruction or lining projects to reduce inflow and infiltration of groundwater or stormwater contaminated with PFAS at concentrations that exceed either the applicable surface water standard for POTWs with a surface water discharge or the [recommended groundwater PFAS standards](#) published by the Wisconsin Department of Health Services for POTWs with a groundwater discharge.
 - The applicant shall provide PFAS concentration data in groundwater at the project site as part of the facility plan to confirm eligibility for EC PF funds. Groundwater sample locations should be spaced no more than 500 feet apart along the project footprint, with a minimum of 2 samples collected, unless otherwise approved by the DNR plan review engineer in writing. Only portions of the reconstruction or relining project that are in areas with PFAS exceeding DHS-proposed groundwater standards or surface water standards (as applicable) will be eligible for funding.
 - For combined projects (sewer and water main reconstruction), costs would be pro-rated between water and sewer, and only the sewer-related costs would be eligible for EC PF funding. Costs, such as excavation, that are shared amongst both water and sewer would be split proportionally such that only those costs applied to sewer are eligible for the EC PF funds.
 4. Landfill Leachate treatment to remove PFAS at publicly owned landfills prior to discharge to a sanitary sewer or waters of the state.
 - An approved engineering report will be required as part of the application for these types of projects. The report shall address environmental impacts of the project as required by WEPA and NEPA, analysis of available alternatives, and a demonstration that the selected alternative is most cost-effective on a net-present value as calculated over the system's design life. Applicants should reach out to the DNR Wastewater Plan Review staff to discuss the required contents of this report.
 5. Development and implementation of best management practices to reduce PFAS concentrations in storm water at publicly owned, PFAS-contaminated sites.
 - Example sites include MS4s, publicly owned airports, or other publicly owned sites where aqueous film-forming foam has been deployed for firefighting, etc.
 - The site must be covered under an approved Wisconsin Pollutant Discharge Elimination System (WPDES) storm water permit in order to be eligible for this EC PF funding.
 - Such projects shall only be eligible for funding under the CWFP EC PF program when a privately-owned responsible party able to pay does not exist or has not yet been identified. In cases where a responsible party is later identified, the state may seek to recoup funds.
 6. Treatment to remove PFAS at POTWs is only eligible when the applicant demonstrates in its facility plan that all practicable source reduction efforts have been exhausted.

- Applicants must consult with the DNR plan review engineer to identify which PFAS concentration data is representative for use in the calculation of eligibility and the project priority score.
 - The overall PFAS contamination removal-related costs will be calculated by totaling the difference in capital costs with the PFAS removal components included vs. the capital costs of the project without the PFAS removal components.
7. Groundwater remediation projects on publicly owned sites where PFAS impact or have a potential to impact water quality.
- Such projects shall only be eligible for funding under the CWFP EC program when a privately owned responsible party able to pay does not exist or has not yet been identified. In cases where a responsible party is later identified, the state may seek to recoup funds.
 - The site must be covered under an approved non-point source management plan in order to be eligible for this EC PF funding.
 - These projects are not eligible for General PF. The subsidized interest rate will be based on the median household income and population size of the entity applying for the loan.

Ineligible projects and costs include:

- Privately owned projects
- Projects where a privately owned responsible party exists and is able to pay to address the contamination
- Sampling and analysis of effluent that is required by a WPDES permit

13.4 APPLICATION PROCESS

Applicants interested in applying for EC funding in SFY 2026 must have submitted an ITA through the DNR's online system by the October 31, 2024, deadline. While there is no separate application for EC funding, additional EC-specific documentation will be required to be submitted along with the application. The application deadline for SFY 2026 is September 30, 2025. Biddable and approvable plans and specifications are also due to the DNR by the application deadline.

Federal Requirements

As with any federal funding, the EC funding involves additional federal requirements. All applicants receiving EC PF funds will be treated as federal equivalency projects and will have to comply with the additional federal requirements detailed on our [website](#). In addition to these requirements, all EC projects will be required to:

- Comply with 40 CFR Part 33 [requirements](#)
- Comply with [Davis-Bacon and Related Acts](#) (federal wage rates)
- Comply with the [Build America, Buy America \(BABA\) Act](#) procurement requirements (see [Small Projects Waiver](#)). Note that any project that is exempt from BABA under the Small Projects waiver would instead be required to comply with [American Iron and Steel](#) procurement requirements

13.5 PFAS MINIMIZATION PLAN GRANTS

With Technical Assistance funds from previous years' capitalization grants, the DNR will make available a total of \$200,000 for grants to small, rural, or tribal POTWs to develop and implement PFOA and/or PFOS Minimization Plans (PMPs). Under a PMP, POTWs would create and implement a plan for source identification, conduct ongoing source monitoring of identified or probable sources, and reduce or eliminate PFAS in those sources by substituting products, and providing education and outreach to operators/owners of probable PFAS sources, and/or installation of treatment at industrial users. Additional eligible activities may be considered on a case-by-case basis, if they align with the program's goals. Eligible grant costs include consultant costs and plan development, implementation, and sampling costs. Eligible entities include:

- POTWs that are required by a WPDES permit to develop and implement a PMP.
- POTWs undertaking source identification and reduction efforts in response to elevated PFOA or PFOS found in municipal biosolids.
- POTWs voluntarily undertaking source identification and reduction efforts.

Funding of source reduction, such as PFAS removal technology, at privately-owned entities such as industrial users is not eligible for this funding.

14.0 PILOT PROJECTS PROGRAM

The CWFP's Pilot Projects Program is exploring ways to fund non-traditional projects. The initial focus of the program has been on funding water quality trading (WQT) projects for phosphorus reduction. Other DNR-approved approaches to meeting WPDES (Wisconsin Pollution Discharge Elimination System) permit requirements, as well as other non-traditional projects or funding mechanisms, are being considered on a case-by-case basis.

Pilot projects will be funded at an interest rate as low as 0% and are not eligible for principal forgiveness. Loan terms may vary up to thirty years. The loan term will be evaluated on an individual project basis depending on the useful life of the project, the length of the agreement with any involved landowners, and/or the permit term. For SFY 2026, \$10,700,000 of loan funding will be reserved for pilot projects that apply by the September 30, 2025, application deadline. If there are requests for more loan funding than is available, funding priority will be based on the Affordability Criteria described in Section 10.1, with the applicant with the highest affordability criteria score receiving priority. If there are requests for less loan funding than is available, unallocated loan funding will be released and utilized for other CWFP applicants. Applications will be accepted after September 30, 2025, and funding will be allocated in order of application submittal date, contingent on the availability of funds after prioritizing applications submitted by September 30, 2025.

In order to be eligible, pilot projects must include construction or a capital cost ("hard practices"). Projects that consist solely of cropping practices ("soft practices") are ineligible. The purchase of land is considered a capital cost. Projects that are considered maintenance are ineligible. Purchasing pollutant trading credits and fees associated with trades are ineligible, although an underlying project that generates credits may be eligible.

Pilot projects must meet the state statutory requirement that the CWFP may only fund a project that has been determined to be the most cost-effective alternative [s. 281.58(8)(e), Wis. Stats.] as well as the

federal requirement regarding studying the cost and effectiveness of the project and selecting the alternative that, to the maximum extent practicable, maximizes the potential for efficient water use, reuse, recapture and conservation, and energy conservation [FWPCA s. 602(b)(13)]. A certification form to capture both the state and federal requirements has been developed and is available on our [website](#).

Pilot projects are subject to different requirements than typical CWFP projects. These differences include:

- Depending on the specific project being funded, many pilot projects will not require an environmental review.
- For agricultural runoff projects, submittal of plans and specifications shall be in accordance with the requirements of the WQT program. DNR review and approval of the WQT plan and agreement shall constitute approval of the plans and specifications. (For agricultural runoff projects, many Best Management Practices (BMPs) will be designed and constructed according to Natural Resources Conservation Service (NRCS) technical standards.)
- If a pilot project includes an urban storm water practice, submittal of plans and specifications may be required. This submittal would be done in the same manner as for a regular CWFP storm water project.
- The applicability of 40 CFR Part 33 [requirements](#) depends on who the contracting parties are. If a municipality contracts directly for construction work, 40 CFR Part 33 requirements apply. If a landowner is doing the contracting, 40 CFR Part 33 requirements do not apply.
- The use of American Iron and Steel requirement does not apply.
- Under most circumstances, Davis-Bacon wage rate requirements do not apply.
- Pilot projects are not currently being scored. The DNR is considering integrating WQT pilot projects into the regular CWFP. This would include scoring and ranking the projects. The projects would then receive normal subsidized interest rates and be eligible to compete for PF. See Section 12.0 for the proposed WQT project scoring method, which would go into effect for SFY 2027.
- Borrowers will secure pilot project loans by issuing taxable bonds to the CWFP. Exemptions to this will be dealt with on a case-by-case basis.

The Pilot Projects [application form](#) is available on our website. This application will not be submitted through the online application system but rather should be completed, printed and signed, then scanned and submitted by email to DNRCFELPilot@wisconsin.gov. The Pilot Projects Program may evolve as we gain experience working on projects. Note that under s. 281.58(2), Wis. Stats., the EIF is not required to promulgate rules for the Pilot Projects Program.

15.0 SEWER OVERFLOW AND STORMWATER REUSE MUNICIPAL GRANTS PROGRAM

The America's Water Infrastructure Act of 2018 amended Section 221 of the FWPCA to reauthorize the Sewer Overflow and Stormwater Reuse Municipal Grants Program (OSG). The OSG Program is intended to address local governments' infrastructure needs for combined sewer overflows (CSO), sanitary sewer overflows (SSO), water reuse, and stormwater management. In September 2024, the DNR received the FFY 2022–2024 funding allocations in a separate grant agreement from the EPA for a total of \$2,390,000.

Project eligibilities for OSG funding fall under three general categories: 1) combined sewer overflow correction, 2) sanitary sewer overflow correction, and 3) stormwater and subsurface drainage water. Under FWPCA Section 221(a)(1), assistance may be provided to municipalities for planning, design, and construction of treatment works to intercept, transport, control, treat, or reuse municipal combined sewer overflows, municipal sanitary sewer overflows, or stormwater, and for any other measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water eligible for assistance under FWPCA section 603(c).

The DNR will continue to meet the OSG funding requirements by selecting projects also funded by the [Urban Nonpoint Source and Storm Water Management \(UNPS & SW\) Construction Grant Program](#). The UNPS & SW Construction Grant Program is a cost-share reimbursement grant program and offers competitive grants to local governments for the control of pollution from diffuse urban sources that is carried by storm water runoff. UNPS & SW Construction Grants are awarded at the start of odd-numbered calendar years.

The next OSG project list will include OSG-eligible projects from the 2027 UNPS & SW Construction Grant Program application list. UNPS & SW applications will be prioritized using Affordability Criteria scores from Table 7 of Section 10.1, and final project selection will be guided by OSG minimum allocation requirements for green infrastructure, rural communities, and financially distressed communities.

The DNR's Program will continue to include the combined UNPS & SW/OSG grant application process and program administration for calendar year 2027 grant awards. Project consideration in future years may be extended to eligible projects on the CWFP's Project Priority List.

16.0 ASSURANCES

State assurances concerning the requirements of Sec. 602(b) of the FWPCA are contained in the Operating Agreement.

17.0 PUBLIC REVIEW AND COMMENT

The draft IUP is being posted for a public comment period on June 5, 2025. The draft IUP is available on the Environmental Loans [Project Lists and IUPs](#) webpage.

DNR is hosting a webinar on June 27, 2025, at 11 a.m. to discuss changes in this IUP and respond to questions from attendees. Further information about the webinar is available on the [Project Lists and IUPs](#) webpage. Written comments on the draft IUP will be taken through July 21, 2025. Please send comments to Casey Sweeney at casey.sweeney@wisconsin.gov. The final SFY 2026 CWFP IUP will be published on the Environmental Loans [Project Lists and IUPs webpage](#).

APPENDIX 1: SUMMARY OF CHANGES

- Reworked the section headings.
- Section 2: Removed references to a new version of Chapter NR 162, Wis. Adm. Code becoming effective. The rules have been effective since November 1, 2023.
- Section 3: Removed a goal about exploring avenues to support apprenticeship and youth training programs. Results of that work were described in the SFY 2024 CWFP Annual Report.
- Section 4: Removed the Wastewater Outreach Specialist from the list of positions funded by Technical Assistance dollars, given that the DNR does not have plans to refill the vacant position.
- Section 6: Proposed transferring \$5,749,000 of clean water emerging contaminants funding to the Safe Drinking Water Loan Program.
- Section 7: Added sewer laterals to the list of project types. 2023 Wisconsin Act 106 amended Chapter 281.58 Wis. Stats. to make sewer lateral projects eligible for CWFP financing.
- Section 9.7: Removed text that described how jointly funded equivalency projects would be handled when a project met the equivalency threshold for SDWLP but not CWFP because the federal equivalency population threshold of 20,000 is the same for the CWFP and the SDWLP.
- Section 10:
 - General PF, Phosphorus Reduction PF, and Regionalization PF will come from one allotment, rather than reserving a specific amount of PF for Phosphorus PF. We anticipate this change allowing the DNR to award more PF. Regionalization PF will be allocated to all qualifying applicants first, next Phosphorus PF to all qualifying applicants, and then the remainder in General PF to all qualifying applicants, all in priority score order.
 - Created a PF reserve of \$250,000 for any necessary PF adjustments after the funding list is published.
 - Added additional requirements regarding Green Tier PF.
 - Clarified in Section 10.5 that the CWFP will not match funds for trade ally bonuses.
- Section 12: Added priority scoring for WQT projects that were previously unscored. Clarified scoring for phosphorus limits.
- Section 13:
 - Increased the total EC PF cap per municipality to \$3,500,000 from \$2,000,000 and added an example EC PF calculation.
 - Modified the scoring for projects that discharge to groundwater because the Wisconsin DHS HI no longer includes PFOA and PFOS recommendations and contains PFAS compounds not included in EPA's legally enforceable PFAS list.
 - Clarified the EC PF calculation for Pass 2 in Section 13.2

- Moved the following sentence from Section 13.2 to Section 13.3 under the Treatment to remove PFAS at POTWs project type, “The overall PFAS contamination removal-related costs will be calculated by totaling the difference in capital costs with the PFAS removal components included vs. the capital costs of the project without the PFAS removal components.”
- Section 14:
 - Reduced the pot of loan funding reserved for Pilot Project from \$12,300,000 to \$10,700,000 in line with estimates from the EIF Biennial Finance Plan.
 - Specified that applications submitted after September 30, 2025, will be prioritized in order of application submittal.
 - Proposed scoring Water Quality Trading projects and integrating those projects into the regular CWFP.
- Removed the BIL Signage requirement. On Dec. 5, 2024, the Environmental Protection Agency's Office of Grants and Debarment rescinded the BIL Signage Requirement that applied to construction projects funded in whole or in part by the BIL. Therefore, the BIL Signage Requirement is no longer in effect.