

SFY 2027 Clean Water Fund Program

Responses to Public Comments

The public comment period for the SFY 2027 Clean Water Fund Program (CWFP) Intended Use Plan (IUP) opened on June 4, 2026, and closed on July 19, 2026. The comments and the corresponding responses are listed below. In many cases, the comments have been shortened to highlight their recommendations. We appreciate the engagement we received, and the patience commenters have shown while awaiting responses.

Comment Letter 1

Submitted by:

- Shany Viars, American Rivers
- Caroline Koch, WaterNow Alliance
- Kirsten Shead and Nanis Rodriguez, Milwaukee Water Commons
- Amy Lentz, Lakeshore Natural Resource Partnership

1. Comment: Incentivize Projects that Enhance Affordability and Promote Environmental Justice

We support WDNR's ongoing efforts to improve project scoring and principal forgiveness to better reach historically underfunded communities and recommend strengthening equity criteria to more effectively target water infrastructure investments to those with the greatest need. To this end, we urge the DNR to strengthen CWSRF affordability criteria by updating scoring formulas to reflect cumulative environmental burdens, social determinants of health, and social vulnerability. For example, Michigan's EGLE integrates community vulnerability into project rankings to better direct funds to high-need areas. Tools such as the [Area Deprivation Index \(ADI\)](#), developed by the University of Wisconsin–Madison, can further improve targeting by capturing neighborhood-level socioeconomic disadvantage and its interaction with environmental exposures. And Michigan EGLE's SRF [affordability criteria](#) prioritize disadvantaged communities for drinking water and clean water infrastructure projects. The updated scoring defines “overburdened” and “significantly overburdened” tiers, which qualify projects for enhanced financial assistance, including principal forgiveness, lower interest rates, and extended loan terms.

The CWSRF program could also utilize alternative Clean Water Act authorities to maximize principal forgiveness flexibility and ensure critical investments reach historically disadvantaged communities experiencing financial hardship.

In addition, we recommend the below clarifications to the FY27 IUP that would further improve on affordability and more equitable funding allocations:

- Section 10.2 refers to how WDNR might incorporate new State law provisions that allow WDNR to determine that a service extension area affected by water contamination may be considered small or disadvantaged based on the extension area itself, regardless of whether the existing service area would normally qualify. Additional details on how this State law would be reflected in the IUP would help clarify this issue, and we would welcome discussion on this topic.
- We appreciate that WDNR is proactively noting anticipated reductions in principal forgiveness, improving transparency and planning at Section 10.4. However, we ask DNR to identify ways to maintain principal forgiveness at levels sufficient to meet urgent water infrastructure needs.

Finally, we encourage WDNR to continue engaging local community and environmental organizations to refine program policies and reflect on-the-ground needs. Strengthened community engagement and outreach are particularly important to inform refined affordability measures.

Response: Any principal forgiveness provided by the program hurts the health of the fund. As such we must balance the benefits that principal forgiveness can provide, against the benefit subsidized loan funding can provide to projects in the future. In addition, we expect project costs to continue to grow, and therefore we expect loan capacity demand to continue to be high.

With SFY 2027 being the final year of IJA supplemental funding, we prefer to maintain the existing PF criteria for the final year rather than introduce significant changes. Starting in SFY 2028, the amount of PF available will be significantly less and the DNR will be adjusting PF policies. Lastly, our interest rate criteria are set in state statute, so we are unable to make changes in the IUP.

In the Final IUP, Section 10.2 includes more details on the implementation of s. 281.58(8e), Wis. Stats.

2. **Comment:** Further Incentivize Green Infrastructure Projects

We recommend the following ways WDNR can further incentivize green infrastructure projects:

- Clarify that green infrastructure projects are eligible for the pilot project program and the 0% interest rate, as the recent CWPf loan to Milwaukee Metropolitan Sewerage District for their GSI incentives demonstrates. Expressly highlighting that green infrastructure is eligible for the pilot program, as an example project type, will continue to ensure applicants are aware of the variety of ways the CWPf can fund GSI.
- Add nature-based projects designed to meet Total Maximum Daily Load (TMDL) requirements as a category of projects that can receive the Priority Principal Forgiveness. Municipalities throughout Wisconsin are facing increasing TMDLs requirements and will need additional funding to meet these regulations; nature-based strategies present a cost-effective, multiple benefit approach to achieving compliance. Meeting these regulatory requirements are similar to

the basis WDNR has provided for prioritizing phosphorus-reducing projects for principal forgiveness. For example, WDNR could update the IUP to allocate \$250,000 in principal forgiveness to nature-based projects designed to meet a TMDL wasteload allocation. Communities proposing these projects would not need to meet affordability criteria to receive principal forgiveness because nature-based strategies qualify as a “sustainable” project under Clean Water Act Section 1383(i)(1)(B). Additionally, because water quality scoring is tied to specific parameters based on effluent limits in a facility’s current WPDES permit, this is an opportunity to further prioritize TMDL compliance through green stormwater infrastructure. This approach could also offer a robust way to track and measure investments in pollutant reduction projects.

In addition, we note that the IUP no longer reserves funding for pilot projects and are now only awarded funding from funds remaining after all scored projects are funded. This could create a significant disincentive for nontraditional projects, including green stormwater infrastructure projects. These are precisely the types of innovative projects the pilot program is designed to fund and that communities are requesting funds for. For context, the Fiscal Year 2026 Intended Use Plan set aside \$10.7 million dollars for the Pilot Projects Program and identified 27 eligible projects requesting \$14.7 million dollars, which far exceeded the program budget. In contrast, this year for Fiscal Year 2027, only a single project estimated at \$12 million dollars appears on the Intended Use Plan project list for this program. This illustrates how the absence of a protected set aside is already constraining pilot projects. We urge the WDNR to restore reserved funding for pilot program projects.

We also note that the Green Project Reserve still tends to prioritize energy efficiency over the broader range of green infrastructure options. We encourage WDNR to support integrated project packages that combine green infrastructure solutions to these approaches rather than defaulting to energy upgrades alone. For example, the [Grand Rapids wastewater treatment](#) plant uses a biodigester to reduce energy use alongside a bioswale to capture stormwater onsite, showing how a single facility can advance both goals together.

Response: Depending on the details, if a green infrastructure project is eligible as a storm water project under s. NR 162.22(1), Wis. Adm. Code, then it will be funded under that eligibility. If not, utilizing the Pilot Projects Program may be appropriate.

The amount of requests for the Pilot Projects Program referenced in the comment reflect Intent to Apply submissions over the past few years, rather than applications. The last Pilot Project Program application was submitted in SFY 2024. We did not set aside funding specifically for the Pilot Projects Program in this IUP now that water quality trading projects, which have been the primary use for the Pilot Projects Program, receive a priority score and are ranked with other CWFPP projects. Historically, no funding was reserved specifically for pilot projects and we see this change as a return to past policy.

Given the anticipated limited pot of PF available, we are proposing to sunset phosphorus principal forgiveness and most priority PF categories. Priority PF was created at a time when the program had a surplus of PF. As for the Green Project

Reserve (GPR), CWFPP scoring does not prioritize any type of GPR project; they are simply counted in order to meet the EPA requirement. Green Infrastructure projects are counted as GPR the same as Energy Efficiency; priority scoring is based on the overall project being funded.

3. Comment: Continue Improving Program Clarity and Transparency

WINDR should provide clearer guidance to encourage municipalities to engage with the CWSRF program. This includes:

- Aligning funding pathways so a single stormwater project pipeline can move across grants and CWSRF resources.
- Explicitly recognizing MS4 permits, TMDL reductions, and watershed restoration goals as fundable water quality criteria and highlighting associated opportunities.
- Enabling communities to bundle distributed stormwater practices under a single application and outlining clear pathways for regional, watershed-scale coordination among local partners.

While we acknowledge that WDNR has taken steps to improve program visibility and better highlight investments toward water quality improvements, we reiterate previous request to provide detailed funding allocation data directly within the Project Priority List. To enhance public transparency, the PPL should include the following project details and descriptions:

- **Project Types and Priority Scores:** Clear descriptions specifying the type of infrastructure, with distinct designations for green stormwater infrastructure and emerging contaminant projects along with the project's priority score.
- **Funding and Subsidies:** Identification of projects receiving principal forgiveness, discounted interest, or Green Project Reserve funding, clearly noting if they are funded in whole or in part by the GPR.
- **Community and Climate Impact:** Identification of the populations and communities benefiting from the project, including a brief description of anticipated water quality outcomes and whether the work is located in a climate-vulnerable area.

We also encourage DNR to develop an interactive, web-based dashboard to strengthen transparency and accountability. This tool could be modeled after Michigan EGLE's State Revolving Fund Dashboard, which maps project locations and details specific principal forgiveness allocations, as well as Ohio's H2Ohio and Water Pollution Control Loan Fund tracking systems, which highlight regional nutrient reduction metrics and cumulative infrastructure investments.

Response: In the Urban Nonpoint Source & Storm Water Management Grant Program application, users can check a box to submit an Intent to Apply for the CWFPP. Stormwater projects wishing to pursue CWFPP funding would need to submit a separate CWFPP application. Any city, town, village, county, county utility district, town sanitary district, public inland lake protection and rehabilitation district, metropolitan sewerage district, joint local water authority created under s. 66.0823, Wis. Stats., or

federally recognized American Indian tribe or band in Wisconsin is eligible to apply for financial assistance from the Clean Water Fund Program.

The CWFP publishes both a Project Priority List (PPL) based on Intent to Apply submissions and a Funding List, based on eligible applications. Emerging Contaminants projects can be found on the PPL with the (EC1), (EC2), or (EC3) code in the project description. Some of the details requested are available with the funding list and could not be made available at the time of the PPL. Funding is allocated on the funding list, and not on the PPL. In both lists, however, we have tried to limit the number of columns so that users may more easily view the main information.

We are committed to transparency and data sharing. To ensure data quality and efficiency, we encourage users to make use of EPA's new [SRF Public Portal](#). There is a wealth of information that can be pulled from the Assistance Agreement Report. We regularly work on the data that is entered into the system, so it is the best way to access high-quality SRF data.

4. Comment: Provide Express Technical Assistance for Small, Rural, and Tribal Communities to Implement Green Infrastructure and Other Priority Projects

We urge the agency to continue prioritizing technical assistance and funding for small, rural, and tribal communities in addressing emerging contaminants, implementing green infrastructure, and successfully completing projects.

We recommend that the Intended Use Plan explicitly specify the total amount of technical assistance estimated to be available to communities in Section 4.0 Sources and Uses of Funds. Furthermore, we encourage the DNR to provide clarifying language in the Intended Use Plan stating that small, rural, and tribal communities do not have to operate a Publicly Owned Treatment Works facility to receive technical assistance (Section 4.3 Technical Assistance). This clarification should also specify that the Water Resources Specialist and Wastewater Specialist roles can provide support for stormwater projects and systems, and that their descriptions explicitly identify green infrastructure as a primary project type eligible for technical assistance. In addition, we encourage DNR to include information in the Project Priority List that clearly identifies the specific communities receiving support through these programs.

Response: EPA has been clear that technical assistance must be directed to "rural, small, and tribal publicly owned treatment works." For more information, refer to the [IIJA Questions and Answers](#), number 1.3. Section 4.0 in the Final IUP specifies the amount of planned technical assistance funding.

5. Comment: Consider Additional Innovative Ways to Maximize Funding Availability

As federal funding is expected to decline, we welcome discussion of innovative funding mechanisms and encourage outreach on future cycles and program adjustments under more limited funding conditions.

One option is for the state to pursue funding from the State Infrastructure Financing Authority (SWIFIA) program, which can help leverage and extend CWSRF resources by providing low- cost, long-term financing that frees up additional SRF capacity for principal forgiveness, green infrastructure, and small-system support. SWIFIA loans

complement the Clean Water State Revolving Fund by co-financing large-scale projects, allowing the revolving fund to cover the remaining costs with highly flexible repayment schedules and extended terms. By securing these low-cost federal loans, states can significantly expand their overall lending capacity to modernize aging infrastructure. For example, New Jersey's \$500 million SWIFIA loan helped the state fund an additional 90 projects, including in 36 small communities and 39 disadvantaged communities.

As another option, EPA's Environmental Finance Advisory Board suggests leveraging SRF net cash flow to seed local revolving loan funds that help communities finance SRF-eligible green stormwater infrastructure projects and expand access to communities that might not otherwise receive state-level SRF funding directly. Another model to consider is Ohio's Water Resources Restoration Sponsor Program, which pairs CWSRF loans with natural infrastructure projects at a discounted interest rate.

Response: We continue to monitor SWIFIA as a possible option, but so far it hasn't been advantageous for us. The rates available through SWIFIA are comparable to taxable bond rates, which are higher than the tax-exempt rates we're able to utilize. The higher SWIFIA rates would increase the debt service on the bonds that we issue to support the CWSRF and SDWLP which would decrease overall loan capacity, even if it was set up as a separate bucket of funding. Another obstacle we'd have to work through is that SWIFIA would only provide funding for 49% of project costs, meaning the state or a municipality would have to find some other way of financing the remaining 51%.

We share the goal to maximize the impact of the SRF resources. Thank you for suggesting those models used by other SRFs. We are aware of them, but do not intend to build a pipeline for those models this year.

Comment Letter 2

Submitted by:

- Pete Hill, Environmental Policy Innovation Center
- Janet Pritchard, Environmental Policy Innovation Center
- Cheryl Nenn, Milwaukee Riverkeeper

1. **Comment:** We urge WDNR to consider adopting a sponsorship program within the CWSRF as a way of funding projects that are typically not supported by CWSRF loans. A sponsorship program could fund a portfolio of projects that could yield important water quality improvements. Many of these projects would not otherwise be implemented without the full subsidization that sponsorship offers, given that the implementers have no ongoing source of revenue to repay a loan. The benefits of a sustained program can be significant; Ohio for example has implemented over 100 projects over the 20 years of its program, each of which have made significant contributions to meeting water quality standards.

At EPIC, we have analyzed several states' efforts with sponsorship programs. To consolidate our learnings we produced a whitepaper that discusses key questions that a state should address in developing such a program. We recommend that WDNR explore the potential for a sponsorship program. This could involve conducting a financial analysis to assess the level of interest rate forfeiture that could be accommodated within the bounds of the overall financial stability of the CWSRF. Another step that could lay the groundwork for a sponsorship program would be to engage with municipalities, utilities and nonprofits and explain the benefits of such a program. This could prompt relevant partners to begin identifying projects that could be realized through sponsorship. Criteria for prioritizing projects to be sponsored could incorporate the MS4 permit incentive approach described in the section below.

While the development of a sponsorship program is pending, we ask WDNR to invite applicants to submit paired projects (point source loans and nonpoint/GSI projects) through the pilot program. This authority allows WDNR to offer 0% interest rates. As in a sponsorship program, the interest rate savings generated by offering 0% rather than the interest rate that otherwise would have been offered for the point source project would be applied to the paired GSI project. Using this pilot program authority would allow WDNR to test this approach and learn from the experience.

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

2. **Comment:** The CWSRF program has the potential to be an important tool to assist municipalities in meeting TMDLs on a timely basis. Following a national trend, reduction of the urban stormwater component of many TMDLs in Wisconsin (regulated through NPDES MS4 permits) has not kept pace with the reductions from point sources. Concrete timelines for meeting TMDLs have been scarce which perpetuates a sense that the regulatory framework does not have adequate strength to address this growing source of pollution.

As you know, MS4 permits are issued every five years with the hope that increasing permit requirements will ultimately lead to a delisting of waterbodies. Currently, MS4 permittees often feel they do not have sufficient financial resources to address TMDLs on a timely basis and as such, WDNR is often reluctant to require medium-term timelines due to the permittees' financial constraints. Without specific timelines, progress cannot be assured. Environmental NGOs and concerned citizens often feel frustrated by TMDLs that seem to have no firm timeline for removal and are guided by "best efforts."

This fiscal challenge does not mean that it is not possible to reach agreed upon timelines for TMDL implementation. By incentivizing a voluntary adoption of binding implementation timelines with significant principal forgiveness, WDNR can use the flexibility and financial strength of the CWSRF program to advance TMDL implementation. This approach has the benefit of working with willing municipalities in a partnership arrangement where proactive permittees are rewarded for their commitments.

There is precedent for this approach with point sources. WDNR is currently offering up to 70% principal forgiveness (up to 50% for priority Phosphorus PF, up to 70% total including General affordability PF) on loans for qualifying utilities for projects that help the utility meet the state's phosphorus standard. This generous policy provides ample incentive for utilities that face financial constraints. Stormwater projects however are only eligible for General affordability PF. Yet due to a weak regulatory framework, in practice, there are very few applications for stormwater projects that aim to address TMDLs. Consequently, stormwater projects receive a very small portion of the General PF. Without financial assistance, MS4 permittees cannot be expected to undertake aggressive implementation to meet their portion of TMDLs. Stormwater projects need to be similarly incentivized if we are serious about meeting the urban component of TMDLs.

The CWSRF program has sufficient flexibility to assist municipalities in this regard. Similar to how WDNR is preferentially subsidizing utilities in their efforts to meet the new phosphorus standards, WDNR could subsidize municipalities that agree to address TMDLs within two permit cycles. This would involve creating a new category of principal forgiveness (PF) eligibility. Given that many municipalities don't currently have dedicated revenue to address stormwater, it could be argued that this subsidy is even more needed for MS4 permit implementation than utilities' implementation of plant upgrades to meet the new phosphorus standards.

The approach could involve offering a similar PF percentage to municipalities for stormwater projects that address TMDLs, provided that the applicant has agreed, in their permit, to implement projects and measures that will meet 50% of the needed TMDL reductions within the permit cycle. Projects that comply with these criteria would be eligible to receive 30% of project costs as MS4 permit PF. Projects that utilize GSI would be eligible for an additional 20% of costs as PF. Projects that are also eligible for General PF based upon affordability criteria could receive both types of PF, not to exceed 70% of project costs. The offer would be extended to the subsequent permit cycle with an agreement to implement measures that would address the remaining 50% of reductions. This approach would accomplish several important goals.

- WDNR would align financial incentives with TMDLs that have the potential to be removed over two permit cycles. It makes sense to address TMDLs that have the greatest potential for removal first, given that successful removal of TMDLs is an important litmus test for the efficacy of state and federal pollution control regulatory and funding programs.

- With a limited pool of MS4 PF available each year, there would be positive competition amongst municipalities to commit to these timelines, and following this commitment, to identify and complete projects that have the greatest potential load reductions. There would be strong incentive to prioritize the most cost-effective implementation approaches. These are sensible and beneficial drivers.
- This approach would encourage municipalities to budget for necessary stormwater projects (or adopt new funding sources such as stormwater utilities) in order to take advantage of this opportunity of significant subsidization. Subsidizing municipalities in this manner would help them develop both the financial and staff resources needed to address this newer and sometimes unfamiliar obligation.
- By offering this subsidy with specific time constraints, WDNR would be incentivizing more robust investments in the near term while also helping municipalities with low-cost financing that would lower overall financial burdens on residents. As a result, Wisconsin residents could enjoy unimpaired water resources sooner.
- With this new subsidization and the eventual removal of the TMDLs, a track record of success would form and, with it, a more positive dynamic of municipal and state collaboration to meet stormwater driven impairments.
- By offering the maximum MS4 permit PF (50%) to municipalities that utilize GSI, this approach would expand the use of GSI in appropriate areas.
- By offering up to the maximum total PF (70%) to municipalities that meet affordability criteria and use GSI for projects eligible for MS4 permit PF, this approach would expand the use of GSI to cities where affordability was a key barrier to its use.

We realize that in awarding funds from its Urban Nonpoint Source & Storm Water (UNPS&SW) Management Grant Program, WDNR prioritizes projects that implement performance standards and prohibitions that address waterbodies in an EPA-approved TMDL. Although this creates some incentive, it does not tie implementation timelines to the awarding of funds. Furthermore, the amount of money available is generally not sufficient to fully address the MS4 loadings in waterbodies with TMDLs. One solution might be to combine the grant funding available through the UNPS&SW, EPA's Sewer Overflow and Stormwater Reuse Municipal Grant (OSG) Program, and the proposed class of MS4 PF to create a unified pot of funding to support the approach laid out in these comments. We encourage WDNR to find ways to streamline the funding sources and offer the most advantageous terms to those municipalities willing to commit to binding implementation timelines.

As highlighted in WDNR's Draft State Fiscal Year Principal Forgiveness Policy, the amount of principal forgiveness available for CWSRF applicants is expected to drop sharply in SFY28, with the expiration of supplemental funding from the Infrastructure Investment and Jobs Act. In such circumstances, it is particularly important to direct the limited available PF to where it is needed most. Broadly speaking, stormwater is the sector within the water portfolio that has the weakest regulatory framework and receives the least financial support while also being the source that, in general, is increasing in its impacts upon Wisconsin's waterbodies. Strategic use of WDNR's

discretionary PF to address TMDLs and delist impaired waters would fill a crucial gap. Creation of a sponsorship program holds even greater promise to address this need by directing much-needed funding to priority stormwater projects without straining limited PF resources.

Response: As the comment notes, availability of principal forgiveness is expected to drop sharply in SFY 2028 and the coming years. Depending on the amount of principal forgiveness available and the size of the projects funded, only a few projects may be allocated principal forgiveness. The limited PF in the coming years would likely be a significant barrier to the success of this proposed policy.

Comment letter 3

Submitted by Joe Fitzgerald, Nanis Rodriguez, and Kirsten Shead, Milwaukee Water Commons

- 1. Comment:** Last August, during what has been called a 1000 year flood, approximately 46,000 households in the Milwaukee area registered for federal FEMA assistance. Of those, 23,520 households who registered for assistance were considered to be uninhabitable. Across the greater Milwaukee area, in many instances, critical infrastructure was overwhelmed or damaged including closed roads, washed out bridges, washed out railroad crossings, and power shutoffs for roughly 50,000 We Energies customers. Across southeastern Wisconsin, communities experienced roughly \$43 Million in damages, with Milwaukee County alone experiencing \$34 Million worth of damage to public infrastructure. Last August's storms, and the storms that followed again this April, emphasize the critical importance of leveraging the critical co-benefits of stormwater and wastewater infrastructure projects through the CWFPP, that those projects help to accelerate forward facing planning for building climate resilient infrastructure systems, and that those funds are leveraged to ensure that critical future facing projects are affordable for communities ahead of major disasters.

Moving into SFY 2028, the WDNR has forecasted that there will be changes to the states criteria for designating disadvantaged communities, to caps for principal forgiveness allocations, and a significant change in the amount of principal forgiveness that is available through the Clean Water Fund Program overall. As the WDNR considers these changes, Wisconsin must consider opportunities outside of federal funding to maximize the amount of principal forgiveness that is available for water infrastructure projects, and the importance of how that funding is distributed to support critical infrastructure upgrades in disadvantaged communities. We urge the WDNR to maintain its commitment to the equitable distribution of SRF funding through the utilization of robust criteria for the assessment of disadvantaged communities that target funding and assistance for municipalities with overwhelming infrastructure needs, and without the financial capacity to mobilize water infrastructure projects without that assistance. To this end we encourage that the Wisconsin Department of Natural Resources should:

- Bring together municipalities, advocacy organizations, technical assistance providers, and program staff to discuss changes to the states Clean Water Fund Program. Wisconsin communities should have an early opportunity to learn about, and to speak into, the planning for changes to such a critical program. As the WDNR navigates changes to the federal SRF program, it is important that these partners in the implementation of those funds are engaged to discuss how to manage the program moving forward to support water projects around Wisconsin, prioritizing disadvantaged communities and water affordability.
- Continue to build out investments in pre-application technical assistance to support small and disadvantaged municipalities navigating project planning and development ahead of and during the application process. These actions will help address barriers in pre application planning and project administration that limit small and disadvantaged communities' ability to leverage funding from the CWFP. We encourage the WDNR to consider opportunities through programmatic changes, technical assistance, and even set aside grant funding to assist utilities in small and disadvantaged communities as they manage the upfront costs of project planning and application development.
- Include an assessment of household water rate burden as one criterion for designating disadvantaged communities in Wisconsin. Many communities already weigh the affordability of water rates against the costs of delaying water infrastructure projects. This will be increasingly true as the proportion of supplemental funding and support for providing principal forgiveness decreases through the federal SRF program. Including water rate burden within the CWFP will help to ensure that both state and local programs monitor the household costs of necessary water infrastructure projects, and will add additional context to ensure that SRF funding is distributed equitably to help accelerate water infrastructure projects around the state.
- Look at opportunities to leverage state authorized funding to increase the amount of principal forgiveness made available through the Clean Water Fund Program. Over the last few years of supplemental funding Wisconsin has seen drastically increased demand for project requests through the CWFP, in large part driven by the availability of increased access to principal forgiveness helping to alleviate the localized cost of water infrastructure projects. Following storms like our city experienced this past August, our organization believes that this funding is especially critical now to support communities building momentum to develop more climate resilient infrastructure systems. Recognizing that the WDNR has a fiscal responsibility to ensure the sustainability of the CWFP as a revolving loan program, we encourage the WDNR to increase the states contributions to ensure that there is robust availability of principal forgiveness in Wisconsin to help meet the demand for water infrastructure projects around our state.

Response: The amount of principal forgiveness available is directly related to the size of the capitalization grants we receive from EPA. As managers of the CWFP, we must balance the benefits that principal forgiveness provides, with the benefit subsidized loan funding can provide for projects in the future. Any principal forgiveness provided is money that will not come back to the fund for future infrastructure projects. To most effectively meet our mission, we must prioritize subsidized loan funding for water infrastructure projects first.

We agree that it is important to communicate with our stakeholders often and early. Changes to the SFY 2028 principal forgiveness criteria were proposed in the [SFY 2028 Principal Forgiveness Policy Paper](#) to provide advance notice of the policy changes and a first opportunity for public comments. The final policy will also be incorporated into the SFY 2026 draft intended use plans, which will provide another opportunity for public comment before being finalized.

The DNR is considering developing an optional planning and design loan program to assist applicants with getting projects started. Funding would be offered through a subsidized loan for a maximum loan term of five years. The application would be available year-round; therefore, no application deadline would be established.

We agree that affordability is important. However, we have found that municipal water rates vary widely based on local factors, making it nearly impossible to make a fair comparison between different communities. We have also found there is no publicly available water rate data, making it difficult for the DNR to consistently assess rate burdens across all applicants. Past experience with the state-funded CWF Hardship Grant Program demonstrated that including water rates in the affordability calculation is problematic.

2. Comment: We also encourage the WDNR to go further to support the expansion of the Department of Transportation's DBE list by incentivizing municipalities to be partners in building opportunities for disadvantaged businesses and increasing supplier diversity within the Water Sector across Wisconsin.

- Incentivize municipalities to partner in connecting businesses to the process for becoming certified as a Disadvantaged Business Enterprise. Following changes to the Department of Transportation's DBE classification criteria, the states list of DBEs went from around 2000 certified businesses to only 200 businesses who have recertified. For the DBE certification program to function effectively for the state SRF program and for businesses across Wisconsin, the DOT's program needs assistance connecting with and recertifying businesses from across the state who could benefit from access to these public contracting opportunities.
- Incentivize municipalities to implement and maintain procurement practices that encourage or require the participation of disadvantaged businesses beyond good faith solicitation. The designation of policies for ensuring that public spending encourages the participation of DBE's are rooted in victories from the American Civil Rights Movement. These policies attempt to address the known gap in access to credit and capital that exist for women and people of color and begin to account for the distinct ways that racism and sexism foster discrimination that continues to marginalize these businesses from participating in public contracting opportunities. Nationally and in Wisconsin, women owned and minority owned businesses are less likely to receive loans and more likely to have higher interest rates on the loans that they do receive, putting those businesses at a distinct competitive disadvantage during the

public bidding process. To ensure that DBE's have access to economic opportunities connected to the implementation of SDWLP funding, we encourage that the WDNR should incentivize municipalities showing a commitment to the participation of DBE's through set goals and requirements for the participation of DBE's on publicly funded water projects. the Wisconsin DNR should consider adding criterion to Wisconsin's Priority Evaluation Ranking Formula that further prioritize projects with intersectional co-benefits to environmental and public health and incentivize projects that foster community resilience to climate change.

Response: Procurement incentives would be difficult to implement in the CWF. At the time we are developing the funding list, which includes scoring projects and allocating PF, it is likely that the construction contract is not bid. Providing an incentive at that point would leave no assurances that a municipality would follow through on a plan to solicit DBEs.

We recognized the challenges the DOT's recertification process inadvertently caused CWF applicants trying to comply with ch. NR 162, Wis. Adm. Code, requirements. Through our newsletter we've shared DBE updates as well as best practices. In June, we offered DBE-specific office hours.