

STATE OF WISCONSIN
SAFE DRINKING WATER LOAN PROGRAM
INTENDED USE PLAN
FOR THE SFY 2026 FUNDING CYCLE



SEPTEMBER 4, 2025
DRAFT AMENDED DECEMBER 12, 2025



AMENDMENT 1 SUMMARY

IUP AMENDMENT PUBLIC PARTICIPATION PERIOD

The DNR is only accepting comments on the IUP amendments that are summarized below. Written comments on the amended IUP will be taken through Monday, December 29, 2025. Please send comments to Casey Sweeney at Casey.Sweeney@wisconsin.gov. The updated final SFY 2026 SDWLP will be published on the Environmental Loans [Project Lists and IUPs webpage](#).

DECEMBER 2025 IUP AMENDMENT DETAILS

At the time this IUP was initially developed, the Federal Fiscal Year (FFY) 2025 allotment for the Lead Service Line (LSL) capitalization grants had not yet been determined. The Environmental Protection Agency (EPA) was recalculating the LSL allotment methodology based on the inventories submitted to states in October 2024 to meet Lead and Copper Rule Revision requirements. On November 25, 2025, the EPA announced final funding allocations for the FFY 2025 LSL capitalization grant, and the reallocation allocations for the previous FFY 2023 and 2024 LSL capitalization grants.

The State Fiscal Year (SFY) 2026 Safe Drinking Water Loan Program (SDWLP) Intended Use Plan (IUP) has been amended to include the finalized LSL funding amounts and clarifies funding allowed for lines designated as galvanized requiring replacement (GRR). The following sections of the IUP were updated:

- Section 4. Sources and Uses of Funds – The *Sources* table was updated to include FFY 2025 LSL capitalization grant and FFY 2023 and 2024 reallocation amounts. The *Uses* table was updated to include the amount for Lead Service Line loans, principal forgiveness, and set-aside amounts.

Sources	Amount (\$)
FFY 2025 Lead Service Line cap grant	101,423,000
FFY 2023 Lead Service Line reallocation round one	21,348,000
FFY 2024 Lead Service Line reallocation round one	23,202,000

Uses	Amount (\$)
Lead Service Line loans	60,814,198
Lead Service Line PF	72,560,670
LSL set-asides	14,708,132

- The IIJA mandates that 49% of funds provided through the Lead Service Line capitalization grants must be provided as additional subsidy. Based on the grant amount of \$148,083,000, \$72,560,670 will be provided as PF under this authority.
- The *Set-Aside Summary* table was updated to include FFY 2025 LSL Federal Cap Grant Set-Asides amounts.
 - Administrative – \$435,828
 - Small System Technical Assistance – \$1,600,000
 - Wellhead Protection & Other State Programs – \$4,060,150
 - Local Assistance – \$6,000,000
 - State Program Management – \$2,612,154
- Section 5. Reserving Set-Aside Authority – The *Lead Service Line* table was updated to include the reserved set-aside amounts.

Lead Service Line	Administration	Small System Technical Assistance	State Program Management
Previously reserved amounts	\$7,212,169	\$4,338,960	\$17,199,249
Lead Service Line cap grant	\$5,487,492	\$1,361,660	\$12,196,146
Totals	12,699,661	5,700,620	29,395,395

- Section 8.3 Infrastructure Investment and Jobs Act updated the LSL Replacement Annual Estimated Funding from a maximum of \$84 million to \$101 million.
- Section 13.1 IJA Funding for LSL Replacement and Inventories, *Available LSL Funding* subsection was updated to include the LSL allotment amounts and rollover funds from the SFY 2025 funding list.
- Section 31.1 II Funding for LSL Replacement and Inventories, *Project and Cost Eligibility* subsection clarified that all lines designated as galvanized requiring replacement (GRR) are now allowed using funds from any of the LSL capitalization grants.
- Section 13.2 Lead Service Line Grant Set-Aside amounts were defined.

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WISCONSIN DEPARTMENT OF NATURAL RESOURCES
SAFE DRINKING WATER LOAN PROGRAM INTENDED USE PLAN
Covering Funding During State Fiscal Year 2026

1.0 INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and address public health needs.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) that identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the SDWA. This document, along with the State Fiscal Year (SFY) 2026 draft Funding List, comprise the State of Wisconsin (State) Intended Use Plan for Federal Fiscal Year (FFY) 2025 DWSRF capitalization grant funds and other monies available in the DWSRF. The IUP is part of Wisconsin's Base, Supplemental, Emerging Contaminants (EC), and Lead Service Line (LSL) capitalization grant agreement packages for FFY 2025 and covers anticipated activity during SFY 2026. The Base and Supplemental capitalization grants jointly contribute to the funding available in the Regular SDWLP.

Assurances and specific proposals for meeting federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The State agrees to comply with all State statutes and regulations that are applicable to DWSRF program funds including capitalization grant funds, state match, interest earnings, net bond proceeds, repayments, and funds used for set-aside activities, and agrees to comply with the capitalization grant agreement requirements and applicable federal cross-cutting authorities in accordance with 40 CFR 35.3550(a) and (o), and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards pursuant to 2 CFR Part 400.

2.0 DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM (SDWLP)

The SDWLP operates as a leveraged loan program. Proceeds from revenue bonds issued by the State of Wisconsin provide state match for the capitalization grants received from the EPA. The SDWLP is jointly administered by the Wisconsin Department of Natural Resources (DNR) and the Department of Administration (DOA) as a 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.

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., and ch. NR 166, Wis. Adm. Code, the SDWLP may provide the following types of assistance for an eligible project unless the project has been substantially complete for three years or longer or the applicant already has long-term outstanding debt for a completed or substantially completed project:

- 1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project that is located within the State of Wisconsin.

- 2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest costs applicable to the obligation.
- 3) Make loans below the market interest rate.

3.0 SHORT- AND LONG-TERM GOALS

Federal regulations require that short- and long-term goals be developed for the program. Progress in meeting these goals is discussed in each year's Annual Report to the EPA. Goals for the SDWLP are listed below.

3.1 SHORT-TERM GOALS

- Provide financial assistance, including principal forgiveness, to disadvantaged communities for the purpose of installing the necessary infrastructure to provide safe drinking water.
- Continue to develop and improve strategies, programs, and mechanisms to ensure, improve, and evaluate the ability of public water systems to provide safe drinking water.
- Implement the Lead and Copper Rule, the Lead and Copper Rule Revisions, and the Lead and Copper Rule Improvements, including conducting inventories and funding lead service line replacement.
- Incentivize public water systems to implement corrosion control study recommendations, develop and maintain asset management plans, and execute partnership agreements.
- Provide financial assistance, including principal forgiveness, to public water systems for addressing emerging or secondary contaminants exceeding state or federal health advisory levels.
- Protect municipal drinking water supplies by facilitating the development and implementation of wellhead protection plans.

3.2 LONG-TERM GOALS

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements.
- Facilitate distribution system materials inventories and the replacement of all remaining lead service lines, in their entirety, in the State of Wisconsin.
- Protect the public health and environmental quality of the State of Wisconsin.
- Manage the state revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity.
- Monitor the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water.
- Maintain a program for ensuring that all public water systems are constructed, operated, maintained, and monitored properly.
- Protect drinking water supplies by integrating wellhead protection and source water protection efforts with other water and land use programs, as well as other stakeholders, including local communities.
- Develop methods and mechanisms for measuring program effectiveness.

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 made available from each grant. The Base and Supplemental capitalization grants jointly fund the Regular SDWLP.

Sources as of July 2025	Amount (\$)
FFY 2025 Base cap grant	18,674,000
FFY 2021 Base reallocation round three	26,000
FFY 2025 Supplemental cap grant	42,633,000
FFY 2025 Emerging Contaminants cap grant	13,082,000
FFY 2022 Emerging Contaminants reallocation round two	28,000
FFY 2023 Emerging Contaminants reallocation round one	367,000
FFY 2024 Emerging Contaminants transfer from CWFP	5,749,000
FFY 2025 Lead Service Line cap grant*	101,423,000
FFY 2022 Lead Service Line reallocation round two	2,110,000
FFY 2023 Lead Service Line reallocation round one*	21,348,000
FFY 2024 Lead Service Line reallocation round one*	23,202,000
State match for above grants	12,266,000
Balances held at trustee	173,240,230
Cap grant balances from previous years	215,913,339
Loan repayments – principal (May '26)	38,637,753
Loan repayments – interest (Nov. '25 and May '26)	9,632,367
Total	678,331,689

*LSL amounts amended December 2025

Uses as of July 2025*	Amount (\$)
Estimated loan capacity for SFY 2026	232,000,000
Projects allocated funding not yet closed	83,229,567
General PF	38,068,260
Emerging Contaminants PF	18,876,531
Lead Service Line loans*	60,814,198
Lead Service Line PF*	72,560,670
Disbursements to existing loan commitments	174,081,171
Set asides*	30,158,154
Bond debt service (Nov. '25 and May '26)	7,986,200
Total	717,774,751

*LSL amounts amended December 2025

State Match

The required 20% state match for the Base and Supplemental capitalization grants 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 grants. Thereafter, all draws against the grants

will be made at a cash draw ratio of 100% federal funds. No state match is required for the Emerging Contaminants or Lead Service Line capitalization grants.

Principal Forgiveness

The DNR is typically required to award additional subsidy according to two regulatory authorities: annual congressional appropriations and the SDWA, as amended by the Infrastructure Investment and Jobs Act (IIJA) — also known as the Bipartisan Infrastructure Law (BIL) (P.L. 117-58, November 15, 2021, 135 Stat 429). The FFY 2025 appropriation requires the SDWLP to award 14% of the Base capitalization grant as additional subsidy. Based on a capitalization grant amount of \$18,674,000, \$2,614,360 must be provided as additional subsidy. In addition, the SDWA requires that a minimum of 12% and up to 35% of the Base capitalization grant be awarded as additional subsidy to disadvantaged communities through loan principal forgiveness, or grants. To increase the amount of loan funding available, the DNR plans to make the estimated minimum of \$2,240,880 in PF available under SDWA authority. 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 IIJA mandates that 49% of funds provided through the Supplemental capitalization grant and Lead Service Line capitalization grants must be provided as additional subsidy. Based on the grant amounts of \$42,633,000, and \$148,083,000 respectively, \$20,890,170 and \$72,560,670 will be provided as PF under these authorities.

On December 20, 2024, the EPA announced an additional \$6,760 of reallocated PF will be added via an amendment to the FFY 2021 grant and made available for SFY 2025. The DNR expects that project closeouts and budget changes will make available additional PF to be rolled forward into 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 Final Funding List.

General PF Authority	Amount (\$)
Full-Year Continuing Appropriations and Extensions Act, 2025	2,614,360
SDWA	2,240,880
Supplemental Capitalization Grant	20,890,170
FFY 2021 reallocation round three	6,760
Rollover from SFY 2025	12,316,090
Total	38,068,260

The IIJA requires that 100% of the Emerging Contaminants capitalization grant, minus any set-asides, be provided as additional subsidy. Based on an Emerging Contaminants capitalization grant amount of \$13,477,000, minus \$349,469 of set-asides, and the addition of the CWFP-EC program transfer amount of \$5,749,000, a total of \$18,876,531 will be available as principal forgiveness. Per the SDWA, 25% of the capitalization grant amount must be provided as PF to municipalities meeting the state’s disadvantaged criteria or public water systems serving fewer than 25,000 persons. The DNR will meet this requirement by providing a minimum of \$3,369,250 to municipalities that qualify for PF according to Section 11.1 of this IUP.

Set-Aside Summary

The table below summarizes the budgeted amounts from the set-aside authorities under each grant. See Section 5 for a discussion of set-aside banking and Sections 13.2, 14.5, and 15 for planned use of set-asides.

FFY 2025 Federal Cap Grant	Administration	Small System Technical Assistance	Wellhead Protection & Other State Programs	Local Assistance	State Program Management
Base	\$701,875	\$350,000	\$933,700	\$1,867,400	\$1,867,400
Supplemental	\$1,680,860	\$0	\$1,076,937	\$3,028,499	\$3,593,882
Emerging Contaminants	\$0	\$0	\$0	\$0	\$349,469
Lead Service Line	\$435,828	\$1,600,000	\$4,060,150	\$6,000,000	\$2,612,154
Totals	\$2,818,563	\$1,950,000	\$6,070,787	\$10,895,899	\$8,422,905

- **Administrative Set-Aside** – The Water Infrastructure Improvements for the Nation (WIIN) Act (P.L. 114-322) was enacted on December 16, 2016. Subtitle A of WIIN pertains to Safe Drinking Water and includes provisions impacting the DWSRFs.

One of the WIIN provisions impacting the DWSRFs was a change in how the allowable amounts of administrative funds are calculated, similar to the changes made to the Clean Water State Revolving Fund (CWSRF) when the Water Resources Reform and Development Act (WRRDA) was passed in June 2014. This change allows the State of Wisconsin to use the greatest of: \$400,000; 1/5 percent of the current valuation of the DWSRF; or an amount equal to four percent of all DWSRF capitalization grant awards to the state.

Based on Wisconsin's June 30, 2024, financial statements for the EIF, the total net position of the SDWLP is equal to \$562,884,711, yielding allowable administrative funds of \$1,407,212 under the 1/5 percent option. This amount is less than 4% (\$8,914,680) of the capitalization grants [\$746,960 (Base) + \$1,705,320 (Supplemental) + \$539,080 (Emerging Contaminants) + \$5,923,320 (Lead Service Line)] so the 4% of each capitalization grant option will be utilized. The total administrative set-aside budget is \$2,818,563. See Section 5 for details on banking of unutilized set-aside authority.

Financial Planning and Loan Capacity

Pursuant to a contract with a firm registered with the Municipal Securities Rulemaking Board as a municipal advisor, and assumptions from and discussions with DOA, the SDWLP maintains a capacity model. The model demonstrates that (1) the SDWLP maintains a fund balance above the cumulative capitalization grants plus state match minus principal forgiveness and set-asides and (2) debt service on the SDWLP 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 SDWLP.

The amount of loans and principal forgiveness the SDWLP expects to award in SFY 2026 is likely to exceed the amount of the total FFY 2025 federal grants received by the SDWLP. The SDWLP is part of the State's Environmental Improvement Fund, which provides leveraged financing for the SDWLP. Based on recent modeling making several assumptions, additional bond sales, cap grant awards, and interest rates charged to future borrowers, the SDWLP currently has an estimated capacity of \$232,000,000, and \$59,400,000 of roll-over authorization. The LSL loan capacity from the LSL capitalization grant is not included in this capacity total.

As detailed in Section 12, the SDWLP received Intent to Apply (ITA) submittals in amounts that greatly exceed the Estimated Loans amount shown in the Uses table. Historically, most ITAs did not result in loan applications in the same fiscal year, yet the ITA submissions reflect a funding need that exceeds the amount of loan dollars estimated for this state fiscal year.

Leveraged Funds

Revenue bonds for the SDWLP are issued under the EIF Revenue Bond Program created by the State in 2015. At the time the EIF Revenue Bond Program was created, the State worked extensively with the EPA to ensure the proposed EIF Revenue Bond Program addressed federal requirements for both the SDWLP and the Clean Water Fund Program (CWFP). The Program Resolution for the EIF Revenue Bond Program includes provisions for the issuance of SDWLP revenue bonds and the tracking of those proceeds and repayments.

Revenue bonds are issued for the required state match on the annual capitalization grant for the SDWLP. The State issues additional EIF revenue bonds to fund additional SDWLP projects through the leveraging of loans within the SDWLP, similar to the current structure of the CWFP.

Wisconsin's Drinking Water and Clean Water SRF programs are cross-collateralized, which acts as a security enhancement to the EIF AAA rated revenue bonds. The EIF's program resolution assigns loan repayments to the program from which the original loan was based. Funds in excess of the debt service due on one program's EIF bonds could be used to cover a default in the other program. Funds would be repaid to the original program once they became available. Wisconsin's EIF employs rigorous financial management practices and hasn't experienced a municipal default in the program's history. Cross-collateralization is an additional assurance to the EIF's bond holders.

5.0 RESERVING SET-ASIDE AUTHORITY

Federal regulations allow unutilized authority for some of the drinking water set-asides (Administrative, Small Systems Technical Assistance, and State Program Management) to be designated for future use from future capitalization grants. Given the narrower eligibilities under the Emerging Contaminants and LSL appropriations, future use of authority reserved under those IJJA capitalization grants will be limited to eligible uses under those grants; therefore, three distinct tables track the reserved authority separately. The DNR requests to reserve additional authority in the amounts shown in the tables below.

Regular SDWLP

	Administration	Small System Technical Assistance	State Program Management
Previously reserved amounts	\$2,763,811	\$2,404,807	\$6,804,307
Base cap grant	\$45,085	\$23,480	\$0
Supplemental cap grant	\$24,460	\$852,660	\$669,418
FFY 2021 reallocation (round 3)	\$1,040	\$520	\$2,600
Totals	\$2,834,396	\$3,281,467	\$7,476,325

Emerging Contaminants

	Administration	Small System Technical Assistance	State Program Management
Previously reserved amounts	\$1,565,120	\$782,560	\$3,370,126
Emerging Contaminants cap grant	\$189,611	\$269,540	\$998,231
Totals	\$1,754,731	\$1,052,100	\$4,368,357

Lead Service Line

	Administration	Small System Technical Assistance	State Program Management
Previously reserved amounts	\$7,212,169	\$4,338,960	\$17,199,249
Lead Service Line cap grant	\$5,487,492	\$1,361,660	\$12,196,146
Totals	\$12,699,661	\$5,700,620	\$29,395,395

6.0 TRANSFER OF FUNDS FROM CWSRF TO 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 SDWLP 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.

Historical Transfers

Federal regulations allow a transfer between the State Revolving Funds of up to 33% of the amount of the Drinking Water capitalization grants. The EIF transferred a total of \$23,596,056 in loan funds from the CWFP to the SDWLP prior to FFY 2002. The EIF is not currently considering transferring SFY 2025 Regular capitalization grant funds but reserves the right to do so in the future.

In addition to the transfers described above, the Water Infrastructure Financing Transfer Act (WIFTA), which was passed in October 2019, allowed a one-time transfer of funds, as principal forgiveness, 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 state revolving fund capitalization grants made to the state to be transferred for this purpose. The EIF transferred the full amount allowable of \$63,809,549 on October 1, 2020. The transferred WIFTA funds were allocated to lead service line replacement projects in previous years. The current balance of WIFTA funds is \$4,685,533.

7.0 LOAN TERMS

7.1 INTEREST RATES

The SDWLP offers loans at a subsidized interest rate of 55% of the state's market rate. Municipalities with populations less than 10,000 and median household incomes (MHIs) less than or equal to 80% of the state's MHI qualify for loans at 33% of the state's market rate. All MHI calculations used to determine the subsidized interest rate will be rounded to the third place after the decimal. This policy is truer to language in sections of the CWFP and SDWLP statutes that read XX% or less. (e.g., 80.0001% would be equal to 80.000%; 80.0005% would be equal to 80.001% and considered greater than 80.000%.)

The state's market rate is the effective interest rate, as determined by DOA, that would have been paid if a fixed-rate revenue obligation had been issued on the date financial assistance is awarded. DOA establishes the market rate on a quarterly basis, or more frequently if necessary.

The market rate for first quarter SFY26 projects, starting July 1, 2025, are as follows:

- For loans issued on a tax-exempt basis, the market rate is 4.500% for loans amortized over 20 years, and 4.700% for loans amortized over a period greater than 20 years and up to 30 years.
- For loans issued on a taxable basis, the market rate is 5.357% (tax-exempt rate of 4.500% divided by calendar year 2024's average taxable/tax-exempt ratio of 84%) for a 20-year amortization, and 5.595% (tax-exempt rate of 4.200% divided by 84%) for loans amortized over a period greater than 20 years and up to 30 years.
- This new taxable bond market rate does not apply to lead service line replacement project loan funding that originates from the LSL capitalization grants, which also require taxable bonds. These loans will have an interest rate of 0.25%.

To be clear, the criteria described above only determines the interest rate a municipality qualifies for and is not connected to any additional subsidy a municipality may be eligible to receive. A separate set of criteria are used to determine disadvantaged status for principal forgiveness eligibility. See Section 11.1 for more details.

7.2 LOAN REPAYMENT

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% on SDWLP 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 above. The SDWLP fee balance at the start of SFY 2026 was \$2.6 million and the SDWLP is expected to generate an additional \$1 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.

7.3 LOAN AMORTIZATION

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 term. Such documentation is not required for projects consisting solely of pipe construction, as pipe projects are considered eligible for a 30-year loan due to their tendency to have longer design lives. Under the analysis, costs for each asset or asset system (HVAC, process equipment, tanks, etc.) are multiplied by the design life of that asset, summed, and divided by the total project cost less any non-asset costs. The resulting number, truncated at the integer, provides the maximum loan term, not to exceed 30 years. Loans will mature not later than 30 years from the date of the Financial Assistance Agreement, or the design life of the project, whichever is less.

The cost-weighted-average design life should be documented on the [Design Life Calculation Worksheet](#). Asset design life may not exceed the range provided on the worksheet for the relevant category unless asset-specific documentation supports an exception. The "lifespans" table provides recommended asset design lives, but deviations from these values are allowed. The design life of assets should reflect site-specific conditions. For instance, support systems such as HVAC should not be listed with a design life that exceeds the remaining design life of the structure that they serve. Non-asset costs such as demolition, engineering, land, and administration should not be included in the design life calculations. The effective life of those costs is determined by the assets' lifespan. Loans for demolition-only projects will be evaluated on a case-by-case basis.

The DNR prefers municipalities submit the design life calculation worksheet along with project plans and specifications. The DNR must receive the worksheet no later than nine weeks prior to the anticipated loan closing date. Note that under the state constitution, loans secured by a general obligation pledge cannot exceed 20 years.

8.0 COMPLIANCE WITH FEDERAL REQUIREMENTS

8.1 FULL-YEAR CONTINUING APPROPRIATIONS AND EXTENSIONS ACT, 2025

The Full-Year Continuing Appropriations and Extensions Act, 2025, (P.L. 119-04) contained additional requirements beyond what is included in the federal regulations governing the DWSRF. The requirements for FFY 2025 included the provision that 14% of the amount of the DWSRF Base capitalization grant must be utilized to provide additional subsidization in the form of grants, principal forgiveness, or negative interest rate loans. Projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities are still eligible for funding, but there is no requirement to spend a specific percentage of the capitalization grant funds on green projects.

8.2 DAVIS-BACON AND RELATED ACTS WAGE RATE REQUIREMENTS

Davis-Bacon Act requirements are listed in SDWA §1452(a)(5). Compliance guidance on Davis-Bacon requirements is available on the [program website](#). All projects receiving funding are required to certify their weekly payrolls on their disbursement request forms. Compliance is further verified during field inspections of projects and an additional certification that the requirements were met is required as part of project closeout. However, for LSL projects, compliance will be verified by project managers.

8.3 INFRASTRUCTURE INVESTMENT AND JOBS ACT

The Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58), also known as the Bipartisan Infrastructure Law (BIL), signed on November 15, 2021, included \$50 billion for the EPA to strengthen the nation's drinking water and wastewater systems. The IIJA provides three appropriations for the DWSRF for each federal fiscal year 2022 through 2026 (state fiscal years 2023-2027) (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.

Funds	Annual Estimated Funding
SRF Supplemental	\$30–\$41 million
Emerging Contaminants	\$13 million
LSL Replacement	\$48–\$101 million

- **SRF Supplemental** – All DWSRF-eligible projects may be funded from this appropriation. Forty-nine percent of the appropriation is required to be provided to disadvantaged communities as additional subsidy. DWSRF supplemental grant requirements mirror the base DWSRF grant requirements.
- **Lead Service Line Replacement** – The IIJA provides a separate appropriation for LSL identification and replacement. No state match is required for this grant. Forty-nine percent of the grant is required to be awarded to disadvantaged communities as additional subsidy. The LSL allocation was revised for FFYs 2025 and 2026 based on results of the inventories submitted to meet Lead and Copper Rule Revision requirements. Go to Section 13 for more information about the LSL Replacement Program.
- **Emerging Contaminants** – The IIJA provides a separate appropriation to address emerging contaminants in drinking water 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). Go to Section 14 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 SDWA requirements related to additional subsidization. States are required to use at least 12% (an increase from 6%), but no more than 35%, of the capitalization grant amount for additional subsidy to Disadvantaged Communities.
- **American Iron and Steel (AIS)** – AIS is required for all DWSRF-funded projects. Information on the use of American Iron and Steel has been detailed in the Environmental Loans Newsletter and on the program website. The Financial Assistance Agreements include language describing this requirement. All municipalities must certify that they will meet the requirement before closing on their loan and certify that the requirement was met as part of project closeout. Compliance is also verified during field inspections of projects. The certification form and more information on the requirement are available on our [program website](#).
- **Build America, Buy America** – The IIJA established the Build America, Buy America (BABA) Act which introduces new domestic sourcing requirements for federally-funded infrastructure projects. 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 (federal equivalency projects) 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.

Go to the [program website](#) for more information about BABA requirements, waivers, and how to comply.

8.4 GREEN PROJECT RESERVE

The Full-Year Continuing Appropriations and Extensions Act, 2025, Public Law (P.L. 119-04), did not reinstate the requirement to fund projects under the Green Project Reserve (GPR). The FFY 2024 appropriation instead stated that DWSRF capitalization grant funds may, at the discretion of the State, be used for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The DNR encourages SDWLP applicants to complete the [GPR form \(8700-357\)](#). Any GPR projects that receive funding will be reported to the EPA in the Annual Report and the Office of Water State Revolving Fund (OWSRF) database.

8.5 CIVIL RIGHTS LAWS

All municipalities must follow all federal statutes and regulations prohibiting discrimination, without limitation, including the following: Age Discrimination Act, Pub. L. 94-135, Equal Employment Opportunity, Executive Order 11246, Section 504 of the Rehabilitation Act, Pub. L 93-112 supplemented by Executive Orders 11914 and 11250, and VI of the Civil Rights Act, Pub. L 88-352. EPA's nondiscrimination regulations prohibit recipients of DWSRF funding from taking actions in their programs or activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, and sex. The Financial Assistance Agreements include language describing this requirement, and the municipality

must incorporate provisions into all project contracts.

8.6 FEDERAL EQUIVALENCY

The EPA requires States to designate projects in an amount equal to each year's capitalization grant (minus the set-asides) to meet some additional federal requirements. These projects are referred to as Federal Equivalency projects.

For SFY 2026, all SDWLP projects in municipalities with a population of 20,000 or greater are designated as federal equivalency. The population threshold has been increased from last SFY, where SDWLP projects in municipalities with a population of 15,000 or greater were designated as federal equivalency. All Emerging Contaminants and Lead Service Line projects, regardless of the municipality's size, will also be designated as federal equivalency. To confirm whether a project has been designated as federal equivalency, refer to the SDWLP [Project Priority List](#).

Federal equivalency projects are required to meet additional requirements, as applicable. These requirements are detailed on our [program website](#).

8.7 DATA REPORTING

All projects funded by the SDWLP will be reported in the 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 annually into the National Information Management System (NIMS) database, which is included in the OWSRF database.

9.0 PROJECT PRIORITY SCORING

This project priority scoring section is for SFY 2027 Intent to Apply (ITA) projects, which are submitted during SFY 2026, due October 31, 2025.

The priority evaluation and ranking system for the Regular SDWLP is detailed in Subchapter III of ch. NR 166, Wis. Adm. Code, with some modifications and additions referenced in Section 10 below. Prior to the opening of the online system for SFY 2027 projects, applicants may consult the [SDWLP ITA Help Text for the Online System document](#) to gain a comprehensive understanding of the Priority Evaluation Ranking and Formula (PERF) questions, scoring criteria, and required documentation. This will enable applicants to take proactive measures to enhance their project's PERF score.

The purpose of the priority evaluation and ranking criteria is to establish a prioritized list of eligible projects to be funded in a manner that is in accordance with the federal requirements of the SDWA. The SDWA requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

The Regular SDWLP's priority evaluation and ranking criteria give priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer-term health risks to consumers, such as organic chemical contamination. The scoring criteria also consider issues related to infrastructure upgrading or replacement, to address those projects that are eligible for funding but not included in the first two sections.

The DNR will determine a project priority score based on information provided to the DNR that is no more than five years old based on the most recent PERF submittal deadline.

Projects that meet the application deadline are listed on the Funding List in priority order. The fundable range is established in priority order, except when ranking projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people are given priority until the 15% funding allocation requirement is met.

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.

ITA and PERF Deadlines

Potential loan applicants must prepare and submit their projects' ITA and PERF for SFY 2027 by October 31, 2025, using the online system. The DNR will evaluate ITAs and PERFs solely for project eligibility, and eligible projects will be listed on the Project Priority List reflecting the self-scores as submitted by potential loan applicants. The DNR will review, verify and/or modify the self-scores of eligible projects, as appropriate, for which complete applications are received by June 30, 2026.

PERF Score Objections and Reevaluations

Applicants may request a priority score reevaluation beginning on the day after the application deadline and extending for a period of 30 days. For the SFY 2026 application cycle, this period will run between July 1, 2025 and July 30, 2025. After the draft Funding List is posted, applicants have 30 days to object to the PERF score determination. Additional information on submitting these two requests is available on our program website.

LSL Projects PERF

For LSL-only projects, the regular SDWLP PERF does not need to be completed in the ITA/PERF online system and will not be available; however, the separate [LSL Replacement Program PERF \(Form 8700-383\)](#) **must** be submitted with the regular application through the online loan application system in order for the application to be considered complete. If the LSL PERF is not submitted with the application the project will receive a priority score of zero.

10.0 CHANGES TO THE REGULAR PERF SCORING CRITERIA

Section NR 166.23(8), Wis. Adm. Code, allows the addition or modification of scoring criteria through the annual Intended Use Plan. The following modifications are in effect:

- **Section I (Risk to Human Health) of the PERF shall have the following addition:**
 - Projects to address perfluoroalkyl and polyfluoroalkyl substances, "PFAS", contamination will receive points based on the EPA's PFAS hazard index (H.I.) and/or Maximum Contaminant Level (MCL) for PFOA and/or PFOS. Previously, scoring was based on Wisconsin's Department of Health Services' (DHS) Cycle 11 H.I.
 - If a project has an MCL exceedance for PFAS, it will receive 300 points.
 - If a project has a PFAS detect as established by Limit of Quantitation (LOQ) up to, but not exceeding, the MCL exceedance, it will receive 100 points.
 - Projects to address manganese contamination will receive points.
 - If a project exceeds *do not drink* levels for manganese (greater than 300 micrograms per liter [µg/L] or 0.3 mg/L), it will receive 300 points.
 - If a project is anticipated to exceed *do not drink* levels for Manganese, it will receive 100 points. Anticipated to exceed is defined as 90% of the *do not drink* level (minimum 0.27 mg/L) and has documentation of trending upwards to *do not drink* levels.

- Any additional updates to the enforceable PFAS or manganese 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 Wisconsin DHS issues a revised health advisory level for any PFAS compound or manganese.
- **Section II (Financial Need) points will be added to the PERF score at the time of application.**
 - Municipalities' financial need priority score will be associated with the PF allocation methodology specified in Section 11.1 of this IUP. Fifteen percent of the sum of a given municipality's score in Tables 1-6 of Section 11.1 will be added to the PERF score for the municipality's project. For example, if a municipality scores a total of 100 points in Tables 1-6, 15 points will be added to the PERF score for each of the municipality's projects. When comparing projects of a similar type, this change will increase the likelihood that projects from disadvantaged communities will be prioritized.
- **Section IV (System and Consolidated System Capacity Points) of the PERF shall have the following addition:**
 - 10 points will be granted if at least 50% of the members of the water utility's governing body have taken all of the online training modules available at the time of application (see Section 16). Training must be completed and certified online by June 30 of each year in conjunction with a SDWLP application.
 - 20 points will be granted for projects implementing the approved recommendations from a corrosion control study. Eligibility will be determined by the DNR's Drinking Water Program.
 - 20 points will be granted for projects where the applicant has submitted a new Asset Management Plan for its drinking water utility. Minimum criteria for the Asset Management Plans is available on the [program website](#). Plans must be submitted by June 30 of each year in conjunction with a SDWLP application, and should be submitted directly to the DNR's Drinking Water Program. The DNR's Drinking Water Program reviews and approves all Asset Management Plans.
 - 15 points will be granted for projects where the applicant has submitted a revised/updated Asset Management Plan for its drinking water utility. Updated plans must be submitted by June 30 of each year in conjunction with a SDWLP application, and should be submitted directly to the DNR's Drinking Water Program. The DNR's Drinking Water Program reviews and approves all Asset Management Plans. Criteria for updated plans is available on the [program website](#). Criteria and approval will be the same as for new Asset Management Plans (above).
 - 10 points will be granted for projects where the applicant has executed a new agreement between two or more water systems to improve technical, managerial, and financial capacity. The municipality must submit required materials by June 30 of each year in conjunction with a SDWLP application, and should be submitted directly to the DNR's Drinking Water Program. The DNR's Drinking Water Program will review these materials to determine point eligibility. Criteria for awarding public water system partnership points is available on our [program website](#).

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 remains, the municipality with the smaller MHI figure will be ranked above the municipality with the larger MHI figure.

Negative Points

Chapter NR 166, Wis. Adm. Code, was updated and became effective November 1, 2023. In the recent code revision, there were some updates to the PERF scoring criteria, beginning with SFY 2026 ITAs, that the DNR would like to make certain applicants are aware of. In the System Capacity section of the PERF, pursuant to s.

NR 166.23(5), Wis. Adm. Code, negative points are now assigned to a project based on an applicant's lack of required technical, financial, and managerial capacity for existing public water systems for each of the following questions:

- Negative 5 points if the public water system does not have a written emergency action plan.
- Negative 5 points if the public water system has not implemented a private well abandonment ordinance.
- Negative 5 points if the public water system does not have a certified operator and provisions for a certified back-up operator.
- Negative 5 points if the public water system does not have a cross-connection control program.

Zero points will be applied to these questions if these requirements are met.

11.0 DISADVANTAGED COMMUNITIES PROGRAM AND PRINCIPAL FORGIVENESS

11.1 DISADVANTAGED COMMUNITIES AND THE METHODOLOGY FOR DISTRIBUTION OF GENERAL PF

The general SDWLP PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need. Wisconsin plans to make general PF available to municipalities that qualify according to the methodology detailed in this section. Applications submitted by June 30, 2025, will be ranked in priority score order, and the PF score will be calculated using the tables below. General SDWLP PF will first be allocated to any disadvantaged communities with Emerging Contaminants projects that do not receive a full allocation of Emerging Contaminants PF (based on the methodology described in Section 14.2) in an amount sufficient to make their Emerging Contaminants PF allocation full. See tables and further descriptions 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 given 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, the population trend is calculated using 2020 population 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.

- **Table 6** – Lowest quintile household income (LQI) points are awarded based on the municipality's LQI as a percent of the state mean 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 cases. 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 Disadvantaged Communities definition.
- **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 established deadline of March 31st 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 the Green Tier Program review before the SDWLP application deadline.
- **Providing Disinfection** – Projects in municipalities that are providing disinfection where it was not provided previously 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. A minimum score of 60 points in Table 7 is required in order to qualify for the additional 10% PF.
- **General PF Cap** – The amount of general PF any municipality can receive in one SFY is capped at \$1,600,000. The cap is the same as the last two years because preliminary indications suggest it will be a competitive year of principal forgiveness allocations. A single 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. Different caps apply for EC and LSL PF.
- **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.

11.2 OTHER POLICIES REGARDING PRINCIPAL FORGIVENESS

- **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, EC PF is calculated first, then general PF. The eligible project costs used to calculate EC PF will be subtracted from the total project costs before calculating general PF.
- **No general PF-only awards** – As a revolving loan program, fiscal prudence dictates that the SDWLP only award PF for projects for which loan funds are also awarded. This results in a continuation of fund integrity while providing some funding in the form of PF, helping disadvantaged municipalities offset some

costs of their infrastructure improvements. This restriction does not apply to lead service line replacement projects.

- **No PF on costs covered by other funding sources** – When calculating project costs that are eligible for PF, only amounts that are financed through the SDWLP will be included in the PF calculation. Internal funds as well as other sources of funding such as loan or grant, will be deducted before calculating PF.
- **Limitation on PF provided to projects receiving an EPA Community Grant** – The amount of PF awarded to any SDWLP applicant that has also been allocated [EPA Community Grant funding, also referred to as Congressionally Directed Spending](#), will be reduced by an amount equal to the amount of the EPA Community Grant award. If the amount of the EPA Community Grant allocation for the project is greater than the amount of SDWLP PF that would have been allocated to the project, then no additional SDWLP PF will be allocated. This policy applies to General, LSL, and Emerging Contaminants PF. SDWLP applicants that have been allocated an EPA Community Grant funding are still eligible for SDWLP loan dollars.

For example, a project that (1) has a total eligible cost of \$1,000,000, (2) qualifies for 25% PF from the SDWLP including general PF and Emerging Contaminants PF, and (3) receives an EPA Community Grant of \$50,000, would qualify for \$200,000 of SDWLP 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 SDWLP may 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.
- **Disbursement of PF** – PF funds are disbursed as a percentage of each disbursement request. The disbursement percentage is set at the percentage of PF that the municipality is eligible for per the funding list, up to the cap, if applicable, with a few exceptions. A proportional disbursement of PF is a fairer way to distribute these funds and results in a more accurate payment of PF to each municipality. This policy reduces potential overpayments of PF and ensures that PF funds are distributed as widely as possible to eligible municipalities based on actual costs rather than anticipated costs.
- **No PF “roll-down”** – PF amounts may shift between projects within the fundable range for PF on the Final Funding List. If any PF remains after all projects in the PF fundable range have closed their loans, this PF will be moved forward to the next year's Funding List. Other than as described below, no PF will roll down past the last project identified in the fundable range for PF on the Final SFY 2026 Funding List. 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 new fundable range.
- **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 (14% of the Base capitalization grant), not to any additional PF that is provided under other authorities.

12.0 APPLICATION DEADLINE, LOAN CLOSING DEADLINE, AND FUNDING LIST

The SDWLP received 541 ITAs and PERFs totaling \$1,525,142,508 in estimated project costs by the October 31, 2024, deadline. Of those ITAs, 36 were for Emerging Contaminants projects with an estimated total of \$399,696,185 in estimated costs, and 87 were for Lead Service Line projects with an estimated total of \$242,993,548 in costs. The projects, except for LSL projects, were subsequently scored and placed on the Project Priority List (PPL) in priority score order. LSL projects did not complete the regular SDWLP PERF and will

be listed separately without a score. The LSL-specific PERF is required to be submitted with the loan application and LSL projects will be scored at that time. Projects included on the PPL are eligible to apply for funding during SFY 2026. The PPL may be revised during the year with updated project information or to correct any errors. Revision dates will be noted on the header of the PPL. The SFY 2026 PPL was published on May 15, 2025.

The SFY 2026 application deadline was June 30, 2025, and the SDWLP received 167 SFY 2026 applications totaling \$508,011,581 in estimated project costs. Of those applications, nine were for Emerging Contaminants projects with an estimated total project costs of \$43,973,100, and 47 were for Lead Service Line projects with an estimated total project costs of \$182,233,667. The received applications will be ranked on the Funding List in priority score order for the purpose of allocating loan funds and PF. Lead Service Line projects will be listed on a separate funding list. The DNR will post the draft Funding List to the program website in fall. Loans for SFY 2026 applicants must close by September 23, 2026.

The capacity for the SDWLP to issue loans is set by our state bonding authority. The increase in applications and therefore loan demand that the program has seen in recent years has stretched our capacity to issue loans to all applicants. Due to this year's loan capacity and the applications received by the June 30, 2025, deadline, the program will not be taking any supplemental applications for this state fiscal year.

In the event of insufficient loan funds to cover all applications, some loan funds will be reserved for budget increases for projects that scored high enough to be allocated loan funds on the Funding List. Any loan funding that becomes available after the posting of the Funding List will be made available in priority score order; loan funds released from other projects will roll down past the last project identified in the original fundable range for loan funds on the Funding List. In the event loan funding and PF is not sufficient to pay the costs of a project in full, and the municipality utilizes SDWLP funding, then they must identify the non-DNR funding that will finance the remaining project costs.

12.1 ONLINE APPLICATION SUBMITTAL AND ELIMINATION OF GRACE PERIOD

All SDWLP applications are required to be submitted through the online loan application system. Information on accessing and using the online system is [available on our website](#).

Since the system includes prompts whenever attachments are required, there is no grace period for missing items. **All required information must be included with the application, by the application deadline, for the project to be eligible to receive PF.** 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 PF. Please note that plans and specifications need to be submitted to the Bureau of Drinking Water and Groundwater in addition to being uploaded as part of the SDWLP application.

13.0 LEAD SERVICE LINES

The SDWLP will not provide funding for individual service line replacements that do not result in complete removal of all lead components of water service lines from the watermain to the water meter or other connection point inside each property. Galvanized service lines that are currently or have previously been downstream of lead components (galvanized requiring replacement or GRR), brass service lines, and lead goosenecks are also considered LSLs for the purposes of this policy. This policy reflects the fact that partial lead service line replacements, or watermain replacements where the entire or a portion of the lead service line is left intact, can result in elevated lead levels at the tap for extended periods of time, creating a public health hazard. If a lead service line is discovered during construction of a watermain replacement project, and the complete lead service line is not replaced from the watermain to the meter inside the building, the SDWLP will not provide funding for the public (utility) side of the service line.

When lead service lines are discovered during a watermain replacement project funded by the SDWLP, or a project consists of both public and private side LSL replacements, and the private side of the lead service line is not able to be replaced at the same time as the public side, it is recommended that the private side replacement occur within 45 days of the public side replacement but there should be no more than 90 days between replacements unless unique circumstances make this impossible. Funding disbursements should not be requested until the entire line has been replaced. Given the potential for elevated lead levels, the water utility is also required to provide the customer with point-of-use filtration during the time period between the public and private side replacements, and enough filters for six months of use following the full LSL replacement. Filters should be models that have been tested and certified to NSF/ANSI 53 for the reduction of lead. Pitcher filters with the proper certification qualify as point-of-use filtration.

13.1 IIJA FUNDING FOR LSL REPLACEMENTS AND INVENTORIES

IIJA funding is available for both public and private LSL replacements as well as inventory work. The application process for this funding has been integrated with the Regular SDWLP. **In a change from SFY 2024, LSL projects will not be competing for general PF but will only be eligible for LSL PF.** Please note that the term *private side* can be used interchangeably with *customer side*. It refers to the portion of a service line that is owned by the customer rather than the utility. Similarly, the term *public side* is used interchangeably with *utility side*. It refers to the portion of the service line owned by the utility. In a few Wisconsin municipalities, the customer owns the entire service line.

Intent to Apply Submittal

Applications for LSL Replacement Program funding are submitted through the online application portal like regular SDWLP applications. Submittal of an Intent to Apply (ITA) is also required in order to be eligible to apply. The ITA deadline for SFY 2026 funding was October 31, 2024, but the DNR accepted requests to waive the ITA deadline for SFY 2026. Since LSL projects are not competing for general PF, the regular SDWLP PERF is not required. The ITA deadline for SFY 2027 funding was October 31, 2025.

A separate ITA must have been submitted for all LSL projects, even replacements that will occur as part of a watermain replacement project. **If not submitted as a separate project, the LSL replacement work will not be eligible for LSL PF or for the 0.25% interest rate available for LSL projects.** DNR will not work with municipalities like we did in SFY 2024 to separate LSL costs from watermain replacement applications.

LSL funding will also be awarded in a separate Financial Assistance Agreement from any other SDWLP projects. Projects that involve both private side and public side replacements may require two Financial Assistance Agreements, depending on which pledge option is chosen. Loans must close by September 23, 2026.

Applications for LSL replacement funding should clearly break out the private side construction and filtration costs from public side construction costs in the Project Information section. These breakouts should include contingency. Incorrectly breaking out these costs could result in allocation of PF on the Funding List that does not correspond to the actual needs of a project.

Available LSL Funding

After recalculating the LSL capitalization grant allotment formula using data from the inventories submitted under the Lead and Copper Rule Revisions, EPA released the FFY 2025 capitalization grant allotments and FFY 2023 and 2024 reallocations on November 25, 2025. For FFY 2025, Wisconsin was allotted \$101,423,000. Wisconsin will also receive FFY 2023 and 2024 reallocations which came to \$21,348,000 and \$23,202,000 respectively. In addition, there are \$8,742,198 in principal forgiveness and \$17,821,847 in loan funds that was released from the SFY 2025 LSL funding list that will be allocated on the SFY 2026 LSL funding list.

IIJA requires that 49% of the LSL capitalization grants be awarded as PF, and all the PF is required to be awarded to municipalities meeting the state's disadvantaged criteria or for projects taking place in disadvantaged census tracts. Based on the amounts detailed above, \$81,302,868 in PF is being allocated on the SFY 2026 LSL Funding List.

Due to the shortfall of LSL funds as compared to applications received, the DNR has reserved Base program loan funding for SFY 2026 LSL projects. The DNR project managers will contact applicants to confirm their interest in a Base program loan to support their project, if applicable. These loans will be issued at normal SDWLP interest rates, not the 0.25% rate available for loan funding from the LSL capitalization grants.

Project and Cost Eligibility

The LSL Replacement Program is open to any municipality that is the owner of their community water system, but due to restrictions in the IIJA, PF can only be awarded to municipalities that qualify as disadvantaged according to the state's criteria, or to applicants submitting a project targeting replacements within a disadvantaged census tract or tracts. All other applicants will be eligible for loan funds only. A modified version of the disadvantaged methodology, that removes the population and population trends criteria, will be utilized for allocating private side PF. For projects requesting that the DNR consider data from disadvantaged census tract(s), all scoring criteria will be derived at the census tract level except for county unemployment rate. This option is not available in instances where the census tract is larger than the municipal boundaries.

Unlike the previous WIFTA-funded Private LSL Replacement Program, all necessary project costs can be included for funding; this includes associated engineering and administration costs, the filters required to be provided for six months following LSL replacements, as well as the cost of developing a mandatory replacement ordinance, costs for Cultural Resources Management services, bond counsel costs, and other costs directly related to and necessary for the project. Note that costs for professional services such as engineering and administration may be subject to a reasonableness review as allowed under s. NR 166.11(6), Wis. Adm. Code.

Private side PF will only be allocated on private side construction and filtration costs (pitcher filters or point-of-use devices). Both public and private side replacements are eligible for funding, as well as inventory work. Projects that include inventory work must have a capital component – either LSL replacements or the purchase of a major piece of equipment. Additional assistance for inventory work is being provided through the set-asides (see Section 13.2 below).

In SFY 2024, customer outreach costs were allowed to be included in the private side PF calculation. Since DNR is now offering grants for community-based outreach from set-aside funds (see Section 13.2 below), these costs will no longer be included in the PF calculation but will be eligible for loan funding.

All LSLs are eligible for removal, not just residential LSLs or those serving schools or childcare centers. This includes commercial and business-owned properties. This is a change from the pre- IIJA versions of the LSL Replacement Program.

Federal rules had restricted funding for GRR service lines from the FFY 2024 LSL capitalization grant. Replacement of GRR lines was only allowed when a municipality could document that the GRR line had previously been downstream of lead components. With release of the FFY 2025 allocations, EPA is now allowing states to request an amendment to the FFY 2024 grant to allow all lines designated as GRR to be replaced. Wisconsin has requested this amendment and GRR line replacements will now be allowed using funds from any of the LSL capitalization grants.

In municipalities where the entire LSL is owned by the customer, private side funding will be available for the entire LSL, not just the portion between the curb stop and the home as in pre-IIJA versions of the LSL Replacement Program.

For private LSL replacements, municipalities will still be free to choose whether to develop a list of prequalified plumbers/contractors for property owners to contract with directly, or whether to bid a municipal contract for the work.

In pre-IIJA versions of the LSL Replacement Program, construction had to be completed in one calendar year. This restriction no longer applies, though for any project utilizing a prequalified list, we will not provide more than two years of funding at a time. Project substantial completion will be considered to be December 31st following the second construction season. In subsequent years, when utilizing a prequalified list for private LSL replacements, a new award will not be made unless at least 75% of any previous award has been expended. The two-year restriction does not apply to municipal contracts.

Federal Requirements

As with any federal funding, the LSL funding involves federal requirements. All projects receiving funds from the LSL capitalization grant will be treated as federal equivalency projects and will have to comply with the additional federal requirements detailed on our [website](#), as applicable. All LSL projects will be required to:

- Complete an [environmental review](#).
- Comply with 40 CFR Part 33 [requirements](#).
- Comply with [Davis-Bacon and Related Acts](#) (federal wage rates).
- Comply with [Build America, Buy America \(BABA\) Act](#) procurement requirements unless the total of the Financial Assistance Agreement is less than \$250,000 ([Small Projects Waiver](#)). Any project that is exempt from BABA would instead be required to comply with [American Iron and Steel](#) procurement requirements.
- Comply with [Single Audit Act](#).
- Comply with Debarment and Suspension (Executive Order 12549).
- Comply with [Enhancing Public Awareness of SRF Assistance Agreements](#) (signage requirement).
- Implement best practices for risk mitigation (see below).

Best Practices for Risk Mitigation

- Notice and Public Education: Provide notice to the owner of the affected service line as well as non-owner resident(s) served by the affected service line within 24 hours of completion of the replacement. The notice must include all the following information, in accordance with §141.85(a) of the Lead and Copper Rule Revisions (LCRR).
 - Explain that consumers may experience a temporary increase of lead levels in their drinking water due to the replacement.
 - Provide information about the health effects of lead.
 - Provide information about actions consumers can take to minimize their exposure to lead in drinking water.
- Flushing Information: Provide information about service line flushing before the replaced service line is returned to service.
- Filters: Provide the consumer(s) with a pitcher filter or point-of-use device certified by an American National Standards Institute accredited certifier to NSF/ANSI 53 for the reduction of lead, six months of replacement cartridges, and instructions for use before the replaced service line is returned to service. Filtration must also be supplied during any gap between replacement of the public side and the private side of the service line.

- **Replacement Timing:** if the public and private sides of a lead service line cannot be replaced at the same time, it is recommended that the replacements occur within 45 days of each other. Full replacement should not take more than 90 days.

Federal Income Tax Implications

Pursuant to the Internal Revenue Service's [Announcement 2024-10, Replacement of Lead Service Lines Under Certain Governmental Programs](#), when a state DWSRF program subsidizes replacement of the customer-owned portion of an LSL, it does not result in income to the residential property owner. Accordingly, municipalities receiving LSL funding for private side LSL replacements are not required to file information returns or furnish payee statements. In other words, residential customer-owned LSL replacement funded by the SDWLP is exempt from income taxation.

LSL Priority Scoring

LSL projects are subject to two types of scoring:

- LSL-specific priority scoring (form 8700-383, submitted as part of the SDWLP application and described immediately below).
- Modified disadvantaged criteria scoring (as described in the Allocation of Funds section below).

Note that LSL projects are not required to complete the regular SDWLP PERF when they submit their ITA. Instead, LSL projects are required to complete the LSL-specific PERF (form 8700-383) and submit it with their application. Scoring and ranking of LSL projects for the purpose of allocating IJJA LSL funding will be based on the criteria described below. The LSL-specific PERF ([form 8700-383](#)) **must** be submitted with the application. Failure to submit the LSL-specific PERF with the application will result in a priority score of zero and the project will be placed at the bottom of the funding list. If multiple projects receive a score of zero, projects will be ranked at the bottom of the list by the number of known LSLs located in the municipality, with the highest number ranked first.

When submitting a targeted project taking place in more than one census tract, weighting of the census tract level data may be done utilizing the number of LSLs to be replaced in each tract or by the tract population. Applicants will be allowed to choose the method that is most advantageous to them. In order to be weighted by the number of LSLs in a census tract, locations and numbers of the LSLs to be replaced in each census tract must be known at the time of application and included in the PERF.

- **Percentage of Lead Service Lines in System:** Using data from the inventories required by the Lead and Copper Rule Revisions (LCRR), the percentage of service lines that are lead or galvanized-requiring-replacement (GRR) in a municipality's water system, will generate points as follows:
 - 40% or greater lead or GRR service lines = 40 points
 - 30% to less than 40% lead or GRR service lines = 30 points
 - 20% to less than 30% lead or GRR service lines = 20 points
 - 10% to less than 20% lead or GRR service lines = 10 points
 - Less than 10% lead or GRR service lines = 5 points
- **Family Poverty Percentage:** Using data from the American Community Survey (ACS), the percentage of families in a municipality with incomes below 200% of the federal poverty level will generate points equal

to the percentage, adjusted to the nearest whole number. This criterion uses 5-year estimates from the American Community Survey, table ID S1702 from data.census.gov.

- **Lowest Quintile Income:** Lowest quintile household income (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 ACS, table ID B19080 from data.census.gov.
 - Less than 60% of Wisconsin LQI = 20 points
 - 60% to less than 70% of Wisconsin LQI = 15 points
 - 70% to less than 80% of Wisconsin LQI = 10 points
 - 80% to less than 90% of Wisconsin LQI = 5 points
- **Percent of Population Under Age 5:** Using data from the ACS, table ID DP05 from data.census.gov, the percent of a municipality's population under the age of five will generate points as follows:
 - 10% or greater = 30 points
 - 7.5% to less than 10% = 25 points
 - 5% to less than 7.5% = 20 points
 - 2.5% to less than 5% = 15 points
 - Less than 2.5% = 10 points
- **Lead Sampling Results or Large System Optimization:** There are two ways to receive points in this category. If an applicant scores in more than one of the subcategories described below, the applicant will receive points for the highest scoring subcategory, not additive points for each subcategory they score in. The most that one applicant may score in this category is 50 points.
 - **90th Percentile Lead Levels:** Water systems whose 90th percentile result is 5 µg/L or greater are eligible for points in this category. Data for the last ten years will be provided by the DNR's Drinking and Groundwater Program. This report will be provided at the application submittal deadline. The breakdowns are as follows:
 - Greater than 15 µg/L = 50 points (Greater than 15 µg/L is a lead action level exceedance.)
 - Greater than 10 µg/L up to 15 µg/L = 35 points
 - 5 µg/L up to 10 µg/L = 20 points
 - **Systems with Large Service Populations:** Water systems that serve a population of greater than 50,000 individuals are eligible for 35 points. Service population data will be provided by the DNR's Drinking and Groundwater Program.
- **Whether all remaining LSLs can be removed by the submitted project:** Municipalities that are positioned to remove all their remaining LSLs with the submitted project will be awarded 20 points. These points can only be claimed once. This metric will be evaluated using the following criteria:
 - Whether a mandatory LSL replacement ordinance has been adopted (the ordinance must be uploaded with the application to receive the points).
 - The status of inventory efforts and reporting of inventory under the LCRR.
 - The municipality's detailed plan for removing all LSLs (the plan must be uploaded with the application or sufficient details included in the project scope to receive the points).
- **Municipal Population:** This will be used as a tiebreaker only, with the lower population receiving priority.

Allocation of Funds

Due to the high amount of existing need in the state for LSL replacements, and the limited amount of funding available, the LSL Replacement Program has a primary focus on private side construction and filtration costs. This may result in engineering and administration costs being determined to be ineligible if they are deemed to be excessive. These costs may be subject to a reasonableness review as allowed under s. NR 166.11(6), Wis. Adm. Code.

The LSL capitalization grant requires exactly 49% of the funding to be awarded as PF with the remaining 51% of the funds to be utilized for set-asides and loans. This ratio of PF to loan and set-asides is for the program as a whole; it does not apply to individual awards. Due to this need to balance the PF and loan/set-aside funding, an exact percentage of PF that will be awarded cannot be guaranteed until the Funding List is published.

Since the majority of the LSL PF will be utilized for private side LSL replacements, and these are costs that are generally not borne by all the ratepayers in a municipality, a modified version of our disadvantaged criteria that removes population and population trends is being utilized to allocate private side PF in the LSL Replacement Program. Based on the total points a municipality or census tract(s) receives in Tables 2, 3, 5, and 6 of the PF allocation methodology described in Section 11.1 of this IUP, the following tiers specify the maximum private side LSL PF an applicant qualifies for. Points will be calculated either for the entire municipality or for designated census tracts in the case of targeted projects.

- Municipalities/projects that receive 135–245 points will be eligible to receive up to 100% PF for private side replacements.
- Municipalities/projects that receive 105–134 points will be eligible to receive up to 75% PF for private side replacements.
- Municipalities/projects that receive 65–104 points will be eligible to receive up to 50% PF for private side replacements.
- Municipalities/projects that receive 40–64 points will be eligible to receive up to 25% PF for private side replacements.

Due to increased competition for LSL funding, allocating LSL PF is being updated to a two-pass process for allocating the private side PF. Funding will be allocated utilizing the following steps:

- Projects will be ranked in the LSL-specific priority score order (detailed in the scoring section above).
- Starting at the top of the ranked list, PF for private side replacements will be allocated first, utilizing the percentages calculated above, but will be capped on the first pass at no more than 25% of the total PF available, per municipality, unless the municipality's water system contains more than 25% of the statewide LSL/GRR total.
- If a municipality's water system contains more than 25% of the statewide LSL/GRR total, based on DNR-approved water system inventories at the time of the application submittal deadline, then the cap will be equal to that water system's percentage of the statewide total.
- If any PF remains after the first pass, we will go back to the top of the list and continue allocating private side PF up to the qualifying percentage (determined above), along with any corresponding loan funds.
- If any LSL PF remains after the initial two-pass allocation, and depending on the ratio of PF to loan, we will go back to the top of the ranked LSL list and allocate additional PF and loan funds for the remaining costs (public side replacements, inventory, engineering, administration, bond counsel, etc.).

When allocating PF for the remaining costs, the percentage of PF that a municipality qualifies for under Table 7 (with all six criteria included) in Section 11.1 of this IUP will be utilized.

LSL projects are not eligible for general PF. This is a change from SFY 2024. The LSL PF is not subject to, or included in, the general SDWLP PF cap. Once all LSL PF is allocated, any remaining LSL loan funds will be allocated for costs not covered by PF using the LSL score ranking. If there are not enough LSL loan funds to allocate to all remaining requested costs, applicants will be given the option to receive loan funding from the regular SDWLP at regular subsidized interest rates (55% or 33% of market) for those costs if sufficient loan funding is available from the base program.

Loan Funding and Pledge Options for LSL Replacements

Unlike the pre- IJJA versions of the LSL Replacement Program, many applicants will not receive 100% PF for their private side replacements. This means applicants should be prepared to cover some portion of private side replacement costs with loan funding. The only instance in which a 100% PF award will be made is if the award consists entirely of private side replacements and 100% PF has been allocated for those replacements.

LSL loans can be prepaid, but any prepayments will only be accepted by DOA on the normal payment dates of May 1st and November 1st.

All loan funding from the LSL capitalization grant will be made available at 0.25% interest for all eligible project costs. If loan funds beyond what is available from the LSL capitalization grants are needed, these funds will come from the regular SDWLP and the interest rate on those funds will be the normal SDWLP subsidized interest rate (either 55% or 33% of the market rate).

Municipalities receiving LSL awards have three pledge options for repayment of the loan portion: a water revenue pledge; a general obligation note pledge; or an alternative revenue pledge. Awards that consist of 100% PF (private side only) do not need a loan repayment pledge. Under all these scenarios, when private LSL replacements are included, the bonds are considered taxable due to the private activity. Advantages of this are that an initial disbursement is not required at loan closing, reimbursement resolutions are not needed, and the [18-month rule](#) for reimbursements does not apply. Note that if a separate Financial Assistance Agreement is made for remaining costs, and 5% or less of those costs are related to private side replacements, then a tax-exempt bond can be utilized. In that situation, a reimbursement resolution will be needed, an initial disbursement will be required, and the 18-month rule would apply.

Water Revenue Pledge – a water revenue pledge is primarily an option for Financial Assistance Agreements that are solely covering public side LSL replacements. In this situation, a tax-exempt bond can be issued. Note that if a Financial Assistance Agreement includes more than 5% of costs that are attributable to the private side, a taxable bond would still be required.

Loan funds for public side replacements, inventory work, and related project costs such as engineering can be repaid with utility ratepayer funds without being subject to the restrictions of Wis. Stat. §196.372. These loans can be amortized over a maximum of 20 years.

The Public Service Commission (PSC) considers the DNR's private LSL replacement funding to be a municipal program. If utility staff administer the program, those costs cannot be recovered in a subsequent rate case.

General Obligation Note Pledge – a general obligation pledge can be used for public or private side replacements. These loans are normally for up to 10 years but can be amortized over 20 years, if requested. A shorter amortization period may also be requested.

Alternative Revenue Pledge – this option can only be used to cover private side replacement costs. Wis. Stat. §66.0627(8)(ag) permits a municipality to establish a loan program for property owners to replace private LSLs.

Repayments of property owner loans are secured by placing a special charge on the property owner's tax bill. This option requires adoption of two municipal ordinances – an ordinance establishing the loan program and a mandatory replacement ordinance. Revenues from this property owner loan program are then pledged as security for the SDWLP loan. Property owner loans can be made for a maximum of 10 years with an interest rate of up to 4%. The SDWLP loan can be amortized over a maximum of 12 years with an interest rate of 0.25%.

13.2 LEAD SERVICE LINE GRANT SET-ASIDES

Administration

The Safe Drinking Water Act allows up to 4% of the capitalization grant to be used for administration. The DNR is requesting \$435,828 from the FFY 2025 LSL capitalization grant to support at least 3.0 FTE. This figure includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support. The remaining \$5,487,492 of administrative authority is being reserved for future use as described in Section 5.

Small System Technical Assistance to Water Systems

The Safe Drinking Water Act allows up to 2% of the capitalization grant to be used for Small System Technical Assistance. The DNR is requesting a total of \$1,600,000 to fund the technical assistance activities described below. The remaining \$1,361,660 of small system technical assistance authority is being reserved for future use as described in Section 5.

Contracted Activities

Expected Accomplishments:

- Provide small system technical assistance to systems that receive an LSL inventory treatment technique violation for failing to come into compliance with effective federal lead and copper rule requirements. Provide small system technical assistance to systems in the development of baseline service line inventories for public water systems consistent with federal Lead and Copper Rule requirements, including field investigations.
- Provide small system technical assistance to systems in the development of their lead service line replacement plans consistent with federal lead and copper rule requirements, as applicable. Provide small system technical assistance to water systems in the development of updated monitoring site plans in accordance with federal Lead and Copper Rule requirements and timelines, as applicable, and using the findings of their initial and baseline inventories.
- Provide small system technical assistance to water systems in the development of plans for monitoring in schools and childcare facilities, in accordance with federal Lead and Copper Rule requirements and timelines, as applicable.
- Develop outreach informational materials pertaining to the topics above for different target audiences.

General schedule: July 2025 – June 2029

Local Assistance and Other State Programs to Water Systems

A state may provide assistance to a public water system as part of a capacity development strategy under Section 1420(c) of the SDWA. Fifteen percent of total capitalization grant funds may be requested for Local Assistance and Other State Programs as long as no more than 10% is used for any one activity. The DNR is requesting \$10,060,150 from the FFY 2025 LSL capitalization grant.

Contracted Activities

Local Assistance: Lead Service Line Inventory (Jacob's Technical Assistance Contract)

Expected Accomplishments:

- Provide technical assistance to medium and large systems that receive an LSL inventory treatment technique violation for failing to come into compliance with federal Lead and Copper Rule initial inventory requirements.
- Provide technical assistance to medium and large systems in the development of baseline service line inventories for public water systems consistent with federal Lead and Copper Rule requirements, including field investigations.
- Provide technical assistance to medium and large systems in the development of their lead service line replacement plans consistent with federal Lead and Copper Rule requirements.
- Provide technical assistance to medium and large water systems in the development of updated monitoring site plans in accordance with federal Lead and Copper Rule requirements and timelines, using the findings of their initial and baseline inventories.
- Provide technical assistance to medium and large water systems in the development of plans for monitoring in schools and childcare facilities, in accordance with federal Lead and Copper Rule requirements and timelines.
- Develop outreach informational materials pertaining to the topics above for different target audiences.

General schedule: July 2025 – June 2029

Amount: \$6,000,000

Other State Programs to Water Systems: Community-based Outreach Grant

- Expected Accomplishments: Community-based Outreach grant program for municipal community public water systems to carry out on the ground community outreach in support of lead service line replacements. Work can be performed by municipal employees or by contracting with a local community-based organization that provides managerial technical assistance to the public water system and acts as a third-party liaison with its customers and provides needed outreach.

General schedule: July 2025 – June 2029

Amount: \$4,060,150

State Program Management

The SDWA provides that a state may request up to 10% of the capitalization grants for State Program Management activities. The DNR is requesting \$2,612,154 from the FFY 2025 LSL capitalization grant for State Program Management (SPM). The remaining \$12,196,146 of state program management authority is being reserved for future use as described in Section 5.

DNR Staff

In SFY 2026 at least 15.0 FTE and 1.5 LTE positions will be supported from SPM funds. The requested \$2,256,348 includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support.

Work activities include:

- Coordinating and assisting in implementation of portions of the state Safe Drinking Water program, specifically the Lead and Copper Rule under the SDWA.
- Evaluating public water system materials for sources of lead and copper; proper monitoring site types, location, and monitoring frequency; monitoring data; water quality parameters; treatment efficacy.
- Corrective actions to maintain compliance with the applicable statutes and administrative rules; interpretation of federal regulations and direct translation of federal rules into state codes; and statewide and interdepartmental coordination of program activities.
- Oversee state rulemaking needed to update Wisconsin Administrative Code to be consistent with federal Lead and Copper Rule requirements, and to establish and maintain state primacy under the new federal regulations.
- Administering new Tier 1 Lead Action Level Exceedance (ALE) requirements.
- Administering the federal Lead and Copper Rule requirements including the following: temporary health protection measures for systems with multiple ALEs; monitoring in schools and childcare facilities; accelerated lead service line replacement; distribution site assessments; and small system corrosion control treatment compliance options.

General schedule: One year of performance.

Contracted Activities

Data System Programming

Expected Accomplishments:

- Data system programming associated with the database enhancements.

General schedule: July 2025 – June 2026

Amount: \$354,000

14.0 EMERGING CONTAMINANTS PROGRAM

The IIJA includes a capitalization grant for the treatment of emerging contaminants. Emerging Contaminants (EC) are defined by the EPA as perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants. The SDWLP will be targeting all the municipal EC funding towards PFAS and manganese projects. Manganese projects will become eligible beginning with the SFY 2027 funding cycle.

The IIJA requires that 100% of the EC capitalization grant, minus any set-asides taken, be provided as additional subsidy. Based on the EC capitalization grant amount of \$13,477,000, minus \$349,469 of set-asides, and the addition of the CWFP-EC program transfer amount of \$5,749,000, a total of \$18,876,531 will be available as principal forgiveness. In addition, \$13,662,506 of IIJA EC PF and \$10,264,946 of EC-SDC PF will be rolled over from previous years. Per the SDWA, 25% of the capitalization grant amount must be provided as PF to municipalities meeting the state's disadvantaged criteria or public water systems serving fewer than 25,000 persons. The DNR will meet this requirement by providing a minimum of \$3,369,250 to municipalities that qualify for PF according to Section 11.1 of this IUP.

In addition to the EC principal forgiveness, the IIJA also appropriated grant funding under section 1459A of the SDWA for the Emerging Contaminants in Small and Disadvantaged Communities (EC-SDC) grant program. Approximately \$10 million of FFY 2022 and FFY 2023 EC-SDC principal forgiveness remains available for

municipal projects and approximately \$6 million remains for financial assistance in the form of subawards for other-than-municipal (OTM) and non-transient non-community (NTNC) water systems. The FFY 2024 EC-SDC allotment is \$13,224,000. It will be allocated between the SDWLP EC Program, the OTM/NTNC projects program, and a private-well grant program, which is still being developed. The total amount is \$29,358,126.

There is no separate application for municipal EC-SDC funding; however, there are municipal reporting and signage requirements for systems that receive EC-SDC grant funding. The DNR will allocate the municipal EC-SDC funding to the largest eligible applicants in order to reduce the administrative burden on smaller communities. Information on the OTM and nonprofit NTNC program can be found by visiting <https://dnr.wisconsin.gov/aid/EC-SDC.html>.

Grant Breakdowns

Emerging Contaminants Cap Grant	
Budgeted set-asides	\$349,469
PF for disadvantaged communities	At least \$3,369,250
Unrestricted PF	Up to \$15,507,281
Rollover from SFY 2025	\$13,662,506
Total	\$32,888,506

Emerging Contaminants in Small and Disadvantaged Communities (EC-SDC)	Uncommitted (FFY 2022 & 2023)	FFY 2024
Administration	\$0	\$461,285
Grants available to OTM & NTNC systems/private-well program	\$5,869,180	\$2,449,763
PF for municipal projects in disadvantaged communities or less than 10,000 population	\$10,264,946	\$10,312,952
Total: \$29,358,126	\$16,134,126	\$13,224,000

The EC PF and EC-SDC funding is integrated into the Regular SDWLP since the PF funding for EC projects is not sufficient to cover the anticipated needs. This allows applicants to compete for general SDWLP PF, the EC PF, and the EC-SDC grant funding mentioned above, with the remainder of a project being covered by Regular SDWLP loan funding.

Project Eligibility

The SDWLP will be targeting all the municipal EC funding towards PFAS and manganese projects.

Manganese projects will become eligible beginning with the SFY 2027 funding cycle. Manganese as a contaminant is eligible for EC funding when it exceeds *do not drink* levels (greater than 300 micrograms per liter [µg/L] or 0.3 mg/L) or when it is anticipated to exceed *do not drink* levels in the future. Manganese projects anticipated to exceed *do not drink* levels must have a minimum sample result of 0.27 mg/L and be trending up to *do not drink* levels in the water system to be considered eligible for funding through the Regular SDWLP and IJJA EC program.

In April 2024, the EPA announced new enforceable federal standards for PFAS in drinking water. Municipal water system projects that will reduce or eliminate any detectable levels as established by Limit of Quantitation (LOQ) of

any PFAS compound included in EPA's legally enforceable PFAS levels (PFOA, PFOS, or Hazard Index) in the water system would be considered eligible for funding through the Regular SDWLP and IJA EC programs.

14.1 PRIORITY SCORING FOR EMERGING CONTAMINANTS PROJECTS

Points for PFAS and manganese projects have been added to the Regular SDWLP PERF (see Section 10 of this IUP for more information). The score from the Regular SDWLP PERF will be used to rank EC projects on the Funding List and for the purpose of allocating general PF and loan funding. A separate EC PERF ([form 8700-399](#)) has been developed with a priority scoring system for ranking EC projects, and this ranking will be used for allocating EC PF. The methodology to determine EC project priority score sums three components: Risk to Human Health, Financial Need, and System Capacity Affected. Manganese projects will become eligible for Emerging Contaminants funding beginning with the SFY 2027 funding cycle.

Starting with SFY 2026 projects, the Risk to Human Health scoring will utilize the [EPA's PFAS hazard index \(H.I.\)](#) and/or Maximum Contaminant Level (MCL) for PFOA and/or PFOS. Previously, scoring was based on Wisconsin's Department of Health Services' (DHS) Cycle 11 PFAS H.I.

The EPA PFAS Hazard Index calculation can be found here: https://www.epa.gov/system/files/documents/2024-04/pfas-npdwr_fact-sheet_hazard-index_4.8.24.pdf

The EC project priority scoring is as follows:

- **Risk to Human Health (maximum points 300):**

PFAS project scoring is determined based on the following:

- Maximum Contaminant Level (MCL) exceedance – 300 points
 - If the project has a MCL exceedance for PFOA, PFOS, or the H.I. is greater than 1.
- Detect but no exceedance – 100 points
 - A detect is established by Limit of Quantitation (LOQ) up to either the MCL or a H.I. of 1.

Manganese project scoring is determined based on the following:

- *Do not drink* level exceedance – 300 points
 - If the project exceeds *do not drink* levels (greater than 300 micrograms per liter [µg/L] or 0.3 mg/L) .
- Anticipated exceedance of *do not drink* level – 100 points
 - If the project has a sample result of at least 90% of the *do not drink level* (minimum 0.27 mg/L) and has documentation of trending upwards to *do not drink* levels.
- **Financial Need (maximum points 180):** the sum of the points from Tables 1–6 in Section 11.1 of this IUP multiplied by 0.5.
- **System Capacity Affected (maximum points 40):** 40 points multiplied by the percentage of the system affected. Newly created water system or expansion of an existing water system to serve private wells would be considered 100% system capacity affected. Firm system capacity would be utilized to determine percentage of the system in lieu of system specific information.
- The tiebreaking procedure for two or more applicants with the same priority score will first prioritize the system with the most users and then will continue in descending order to the system with the least users.

- Any additional updates to the enforceable PFAS or manganese 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 Wisconsin DHS issues a revised health advisory level for any PFAS compound or manganese.

14.2 EMERGING CONTAMINANTS PRINCIPAL FORGIVENESS ALLOCATION FOR SFY 2026

The sources and amounts of available EC PF include, \$18,876,531 of EC PF (capitalization grant amount minus set-asides, plus CWFP-EC program transfer), \$10,312,952 from the FFY 2024 EC-SDC grant, \$13,662,506 of IIJA EC PF rollover from previous years, and \$10,264,946 of EC-SDC PF rollover from previous years. The final PF amount will be shown on the Funding List. 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 priority scoring, EC PF will be allocated using a two-pass process, starting at the top of the scored list.

- Pass 1 - Water systems receive 50% of total project costs as EC PF up to a cap of \$500,000 per water system. 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 50% of total project costs in Pass 1.
- Pass 2 - EC PF allocated for 50% of remaining eligible project costs (total project costs minus \$1,000,000 used for the Pass 1 principal forgiveness calculation), up to a total EC PF cap per water system of \$3,500,000. A single project cannot receive more than one full PF allocation even if that project is funded from two or more SFYs. Interim and final treatment projects are considered to be separate projects for the purposes of this policy.
 - Exception: For any water systems that qualify for more than 50% of general PF, the general PF percentage will be used during passes 1 and 2.
- Projects eligible under s. NR 166.06(1)(f), Wis. Adm. Code, (i.e., creation of a new community water system or expansion an existing community water system to serve individual wells), are not subject to the single project cap and may receive additional PF allocations if funded over multiple SFYs.
- A lifetime EC PF cap may be imposed later.

Split projects

If a project removes other contaminants in addition to PFAS and/or manganese contamination, then only the PFAS/manganese-related portions of the project would be eligible for EC PF (i.e., pro-rated). The overall PFAS/manganese contamination removal-related costs will be calculated by totaling the difference in capital costs with the PFAS/manganese removal components included versus the capital costs of the project without the PFAS/manganese removal components. Remaining project costs can be covered through loan funding as long as the costs would be considered eligible under the general SDWLP.

14.3 ELIGIBLE PROJECT TYPES

Eligible project types include all of the following:

- Construction of a new treatment facility or upgrade to an existing treatment facility.
 - Costs associated with interim solutions/temporary/portable PFAS or manganese treatment systems might only be eligible if included with a funding request for a long-term solution. Rental or lease costs are eligible.
- Development of a new source (i.e., new/replacement well or intake for a public water system).

- Consolidation with another water system that does not have emerging contaminants present or has removal capability.
- Creation of a new community water system or extension of a distribution system to address unsafe drinking water provided by individual (i.e., privately-owned) wells or surface water sources.
- Costs for planning, design, and associated pre-project costs.
 - Eligible costs can include an alternatives analysis and non-routine sampling associated with project planning.
 - Costs are eligible as part of a funding request for a project that provides a long-term solution, not as stand-alone costs.
- Infrastructure related to pilot testing for treatment alternatives.
 - Costs are eligible as part of a funding request for a project that provides a long-term solution, not as stand-alone costs.
- Rental Costs will be determined on a case-by-case basis.
- Bottled water is not an eligible expense per federal program rules. Point-of-use treatment devices (i.e., filters) are only eligible if the device is the compliance treatment technology and the devices are owned and maintained by the public water system.

14.4 APPLICATION PROCESS

Applicants interested in applying for EC funding in SFY 2026 must have submitted a notice of Intent to Apply (ITA) through our online system by the October 31, 2024 deadline. The application deadline for SFY 2026 was June 30, 2025. An EC-specific PERF ([form 8700-399](#)) is required to be submitted along with the application. Biddable and approvable plans and specifications must also have been submitted to the Bureau of Drinking Water and Groundwater by the application deadline. The loan closing deadline for SFY 2026 applicants is September 23, 2026.

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](#), as applicable. All EC projects will be required to:

- Complete an [environmental review](#).
- Comply with 40 CFR Part 33 [requirements](#).
- Comply with [Davis-Bacon and Related Acts](#) (federal wage rates).
- Comply with [Build America, Buy America \(BABA\) Act](#) procurement requirements unless the total of the Financial Assistance Agreement is less than \$250,000 (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.
- Comply with [Enhancing Public Awareness of SRF Assistance Agreements](#) (signage requirement).
 - Projects allocated EC-SDW funding are required to erect physical signage.

14.5 EMERGING CONTAMINANTS GRANT SET-ASIDES

State Program Management

The SDWA provides that a state may request up to 10% of the capitalization grants for State Program Management (SPM) activities. The DNR is requesting \$349,469 for State Program Management.

DNR Staff

In SFY 2026 at least 2.0 FTE positions will be supported from SPM funds. The requested \$349,469 includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support.

Expected accomplishments:

- Complex policy development and implementation for the DNR's Environmental Management Division.
- Emerging contaminants policy formulation, development, and implementation and monitoring of program initiatives that have significant impact on the agency and state's resources.
- Policy issues may include, but are not limited to, state and/or federal legislation and rulemaking, special projects assigned by the Division Administrator or Deputy Division Administrators and other emerging issues.
- Development of risk communication and outreach plans for emerging contaminants.

General schedule: One year of performance.

15.0 BASE AND SUPPLEMENTAL GRANT SET-ASIDES

15.1 SMALL SYSTEMS TECHNICAL ASSISTANCE

The SDWA allows up to 2% of the capitalization grants to be requested every year for small systems technical assistance. The DNR is requesting a total of \$350,000 to fund the technical assistance activities described below. The \$350,000 is budgeted to the Base capitalization grant.

Expected accomplishments: The DNR will contract for delivery of a technical assistance program for other-than-municipal (OTM) community and non-transient non-community (NTNC) public water systems. The two types of technical assistance are delivered under this contract: are onsite and monitoring reminders.

The contractor will:

- Conduct approximately 700 site visits per year at OTM and NTNC water systems around Wisconsin and provide on-site technical assistance.
- Deliver quarterly monitoring reminders to all the OTM and NTNC water systems in Wisconsin, for a total of approximately 5,300 contacts per year.
- Provide water loss and audit assistance to small water systems.
- Provide certified operator training and assistance and support operators in complying with the DNR's operator certification requirements.
- Support the technical, managerial, and financial capacity of Wisconsin's small water systems.
- Provide grant and funding assistance and guidance to improve water system technical, managerial, and financial capacity.

General schedule: October 2025 – September 2026

The total cost of the activities is:

Technical assistance contract for OTM and NTNC systems	\$350,000
Total	\$350,000

15.2 WELLHEAD PROTECTION AND OTHER STATE PROGRAMS

The SDWA allows up to 15% of the capitalization grants to be requested for Local Assistance and Other State Programs, with the stipulation that not more than 10% of the capitalization grant can be used for any one activity. One of the eligible uses is to support the establishment and implementation of wellhead protection (WHP) programs under Section 1428 of the SDWA.

The DNR is requesting \$2,010,637 from the FFY 2025 capitalization grants to fund the following WHP activities. Of that, \$933,700 is budgeted to the Base capitalization grant and \$1,076,937 is budgeted to the Supplemental capitalization grant.

DNR Staff

In SFY 2026 at least 6.5 FTE and 1.5 LTE positions will be supported from WHP funds. The requested \$1,034,937 includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support.

Expected Accomplishments:

- Contract implementation of community watershed decision support tools for source water protection.
- Prevention of maximum contaminant levels (MCLs) to protect drinking water systems in priority geographic areas.

General Schedule: One year of performance.

Contracted Activities

- Groundwater Teacher Workshop
 - Expected accomplishments: Sponsorship of two in-person workshops to provide training to teachers on use of the groundwater sand tank model and associated outreach to promote source water protection based on increased local awareness.
 - General schedule: July 2025 – June 2026
 - Amount: \$40,000
- Data management and mapping applications
 - Expected accomplishments: Maintenance and redesign of data management and mapping applications used to track contaminant sources, public wells, wellhead protection planning and implementation, other high-capacity wells, well construction reports, and groundwater quality.
 - General schedule: July 2025 – June 2026
 - Amount: \$430,000
- Decision Support Tools for Source Water Protection / Prevention of Nitrate Maximum Contaminant Levels (MCL)
 - Expected accomplishments: Development of new groundwater source water assessment tools and nitrogen fertilizer decision support tools to implement new source water protection approaches and reduce the frequency of violations of the drinking water standard for nitrate

at public wells.

- General schedule: July 2025 – June 2026
- Amount: \$100,000
- Comprehensive Source Water Protection – Enhancement of Source Water Protection (SWP) capacity through program development, updating source water assessments, leveraging groundwater spatial datasets and models, cross-program integration, coordination of state and federal partners, outreach to municipal and county partners, leveraging of partner funding sources and capabilities, and piloting SWP interventions and methods where public water systems need technical and financial assistance.
 - Expected accomplishments: Wisconsin Geological and Natural History Survey (WGNHS) Manitowoc project: Project in collaboration with the WGNHS to gather hydrological data for developing high-resolution water table maps and delineating source water protection areas for multiple municipal wells in Manitowoc County.
 - General schedule: August 2025 – December 2026
 - Amount: \$50,000
- Source Water Protection Research Project Allotment – The intent of these research studies is to identify appropriate management practices to reduce the risk from potential sources of contamination.
 - Expected accomplishments: This allocation is solely for research relating to issues affecting public water supplies and source water protection projects to develop source water protection, water use management tools, and identify emerging contaminants of concern to public water systems.
 - General schedule: Two years
 - Amount: \$350,000
- Nitrate project
 - Expected accomplishments: Estimated analysis of 60 (28 for Athens, 20 for Abbotsford, 12 statewide) water samples at the UW-Stevens Point Water & Environmental Analysis Laboratory, including travel for sample collection. The samples are associated with various source water protection projects in Athens, and Abbotsford, as well as a Statewide project. The analysis aims to identify potential sources of contamination with a goal of improving source water protection.
 - General schedule: July 2025 – June 2026
 - Amount: \$5,700

The total cost of the activities is:

6.5 FTE positions and 1.5 LTE positions	\$1,034,937
Groundwater teacher workshops	\$40,000
Data management and mapping applications	\$430,000
Groundwater Nitrate Decision Support Tool	\$100,000
Comprehensive Public Water Source Protection	\$50,000
Source Water Protection Research Project Allotment	\$350,000
Nitrate Project	\$5,700
Total	\$2,010,637

15.3 LOCAL ASSISTANCE TO WATER SYSTEMS AS PART OF A STATE CAPACITY DEVELOPMENT STRATEGY

A state may provide assistance to a public water system as part of a capacity development strategy under Section 1420(c) of the SDWA. Fifteen percent of total capitalization grant funds may be requested for local assistance (LA) and other state programs as long as no more than 10% is used for any one activity. The DNR is requesting an additional \$895,899 from the FFY 2025 capitalization grants to fund the local assistance activities described below. The requested \$1,867,400 is budgeted to the Base capitalization grant and \$3,028,499 is budgeted to the Supplemental capitalization grant.

DNR Staff

In SFY 2026 at least 5.0 FTE and 3.5 LTE positions will be supported from LA funds. The requested \$895,899 includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support.

Expected accomplishments:

- Communication with local governments regarding technical assistance, reports, and public water system corrections.
- Reviewing local government inspections, sanitary surveys, level 2 assessments, and annual site visits.
- Monitoring needs to track coliform bacteria and nitrate samples.
- Assistance with annual reviews, quarterly updates, and regional trainings.
- Work with local health agencies on Transient Non-Community (TNC) system inspection services.

General schedule: One year of performance.

Contracted Activities

- Transient Non-Community County Contracts: Funding contracts with county and local health agencies for TNC system inspection services. These services include: conducting annual site visits, collecting drinking water quality samples, and conducting inspections (sanitary surveys) at least once every five years.
 - Expected outcomes: There are approximately 9,140 TNC systems in Wisconsin. By having county health employees conduct yearly site visits and collect drinking water quality samples, monitoring and reporting violations are greatly reduced and systems are more likely to meet SDWA requirements.
 - General schedule: January 2026 – December 2026
 - Amount: \$4,000,000

The total cost of the activities is:

5.0 FTE positions and 3.5 LTE positions	\$895,899
County and local health department contracts	\$4,000,000
Total	\$4,895,899

15.4 STATE PROGRAM MANAGEMENT

The SDWA provides that a state may request up to 10% of the capitalization grants for State Program Management (SPM) activities. The DNR is requesting a total of \$5,461,283 for SPM. Of that, \$1,867,400 is budgeted to the Base capitalization grant and \$3,593,882 is budgeted to the Supplemental capitalization grant.

DNR Staff

In SFY 2026 at least 29.75 FTE and 4.5 LTE positions will be supported from SPM funds. The requested \$4,628,808 includes salary, fringe benefits, travel costs incurred to perform work tasks, professional development, supplies, materials, information technology, and support.

Expected accomplishments:

- Implementation of additional SDWA requirements such as the Lead and Copper Rule Revisions, Revised Total Coliform rule, Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides.
- Development and implementation of public water supply program objectives, preparation of annual program plans and progress reports, interpretation of federal regulations and direct translation of federal rules into state codes, statewide coordination of Safe Drinking Water Program monitoring requirements, and review of Safe Drinking Water Program required water quality data.
- Administration of capacity development objectives, coordination of the water system and waterworks operator certification program, administration of the small system technical assistance program, preparation of program plan and progress reports, and interpretation of federal regulations.
- Coordinating the review of technical documents, developing informational material, developing roll out plans, coordinating media responses, and assisting the program in proactively conveying new policy initiatives, data, reports, and other messaging to the public, regulated community, and other interested parties.
- Implementing the SDWA program for community, OTM, NTNC, and TNC systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers.
- Performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consulting with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities.
- Providing first-line public contact for health and safety related activities and enforcement with public water systems, laboratories, local government officials and other state agencies.
- Ensuring funding metrics are met and preparing annual funding budgets and workplans utilizing programmatic and technical expertise.

General schedule: One year of performance.

Contracted Activities

- Large volume source water assessment monitoring under the Revised Total Coliform Rule

- Expected accomplishments: The DNR will contract with the Wisconsin State Laboratory of Hygiene (WSLH) for two years to implement a 100-liter microbial analysis for use with the Revised Total Coliform Rule unsafe follow-up assessments.
 - General schedule: July 2025 – June 2026
 - Amount: \$80,000
- Public Water Supply Data Management and Customer Support
 - Expected accomplishments: The DNR is contracting with the WSLH to coordinate monitoring data exchange - including facility names, locations, monitoring requirements, and monitoring results - between the DNR and WSLH relative to Public Water Systems. The WSLH will also provide customer service to public water systems related to SDWA-required monitoring.
 - General schedule: July 2025 – June 2026
 - Amount: \$20,000
- Continuing education for OTM and NTNC water system operators
 - Expected accomplishments: Certified operators of OTM and NTNC public water systems are required to obtain six hours of continuing education credits per three-year renewal cycle. The DNR contracts for delivery of approximately 55 three-hour courses annually that are targeted and designed specifically for OTM and NTNC water systems, and that cover regulatory and operational topics identified as critical for maintaining compliance with drinking water regulations.
 - General schedule: September 2025 – August 2026
 - Amount: \$68,712
- OTM & NTNC Exam Preparation and Review Courses
 - Expected accomplishments: The DNR contracts for delivery of six exam preparation courses annually that are designed to help individuals prepare for taking the Wisconsin Non-Municipal Water System Operator Certification Exam. The exam preparation training sessions are four hours long and are offered throughout the year as preparation for certification exams. The course is designed around the Wisconsin Small Water System Operator Certification Manual.
 - General schedule: January 2026 – December 2026
 - Amount: \$8,763
- Technical School Education Program – The DNR contracts with Moraine Park Technical College (MPTC) for delivery of courses designed for certified Municipal Waterworks operators (at municipal water systems).
 - Expected accomplishments: These courses provide opportunities for Municipal Waterworks operators to earn continuing education credits and work towards an Associate Degree in Water Quality Technology. MPTC also provides courses to help operators and individuals seeking to become operators, prepare for certification exams.
 - General schedule: School Year Fall 2025 – Spring 2026
 - Amount: \$50,000
- Online Training in Utility Management, Asset Management, and Financial Management for Utility Governing Bodies – The DNR is currently contracting with MPTC for three online training courses comprised of four unique learning modules.
 - Expected accomplishments: These online modules are management trainings intended for government bodies (city councils and village/town boards) as well as other utility governing

boards (utility commissions) and professionals with decision making authority as it pertains to drinking water utilities (see Section 16). Annual cost of continued webhosting.

- General schedule: January 2026 – December 2026
- Amount: \$5,000
- Data system programming
 - Expected accomplishments: Data system programming associated with the Drinking Water System, the Lab Data Entry System, the Environmental Licensing and Certification Database, and digitization document management.
 - General schedule: July 2025 – June 2026
 - Amount: \$600,000

The total cost of the activities is:

29.75 FTE positions and 4.5 LTE positions	\$4,628,808
Large volume water assessments WSL	\$80,000
Data management and customer support WSLH	\$20,000
Continuing education for OTM and NTNC operators	\$68,712
OTM & NTNC exam preparation and review courses	\$8,763
Technical school education program	\$50,000
Online training for drinking water utilities	\$5,000
Data system management	\$600,000
Total	\$5,461,283

16.0 ONLINE TRAINING COURSES

The DNR's Bureau of Drinking Water and Groundwater contracted for the creation of three [online training courses](#), comprised of four learning modules. These online modules are management trainings intended for government bodies (village/town boards and city councils) as well as other utility governing boards (utility commissions) and professionals with decision-making authority as it pertains to drinking water utilities. All four learning modules are available online at the DNR's [Capacity Development webpage](#). These training modules are titled *Utility Management – Part A*; *Utility Management – Part B*; *Asset Management*; and *Financial Management*, respectively.

The overarching theme of all four learning modules is to aid governing bodies in developing and maintaining technical, managerial, and financial (TMF) capacity of a water utility - Capacity Development. The purpose of the training is to educate the governing bodies of water utilities on how to effectively manage their utility, their utility's assets, and their utility's finances. Although these trainings are specifically intended for governing bodies and other professionals with decision-making authority, the content of all four modules is highly relevant to waterworks operators certified by the DNR. Therefore, certified waterworks (municipal) operators are eligible to enroll in all four modules and earn one continuing-education credit for each successfully completed module. This is also beneficial, as operators play a vital role in informing utility managers and boards of utility needs, budgets, repairs, and improvements.

There is no cost to take the learning modules, and they are available on-demand virtually. Each module takes approximately one hour to complete.

For SDWLP applicants, as stated in Section 10, ten priority points will be granted if at least 50% of the members of the water utility's governing body have completed all four training modules prior to submitting an application. Training must be completed and certified online by June 30 of each year in conjunction with a SDWLP application.

17.0 PUBLIC PARTICIPATION PROCESS

A public comment period for the SFY 2026 Safe Drinking Water Loan Program (SDWLP) Intended Use Plan (IUP) opened on April 8, 2024, and closed on May 23, 2025. The DNR hosted a webinar on April 23, 2025, to discuss the changes in this IUP and respond to questions. An additional webinar focused on the LSL Replacement Program was held on May 8, 2025. The response to comments and the webinar recordings and slides are available on the Environmental Loans [Project Lists and IUPs webpage](#).

In an effort to provide the draft IUP earlier than in recent years, the draft document included estimated budget amounts, except where final allocations may have already been known. Releasing the draft IUP on this schedule communicated the proposed policies earlier, in anticipation of the Safe Drinking Water Loan Program (SDWLP) application period, addressing past concerns about late availability impacting project planning. However, the challenge with an earlier release was the lack of finalized congressional budget allocations during the writing of this IUP. As a result, estimated budget amounts were included where applicable, with the understanding that final figures would be included in the final IUP once the EPA provided states their allocations based off Congress's "Full-Year Continuing Appropriations and Extensions Act, 2025," (Public Law (P.L.) 119-04 signed March 15, 2025, that establishes the funding for the DWSRF program.

APPENDIX 1: SUMMARY OF CHANGES FROM PREVIOUS STATE FISCAL YEAR

- Updated document section numbering from Roman numerals to Arabic numerals.
- Section 1. In the draft IUP posted for public comment, the introduction explained how estimated budget amounts and narrative were included in the draft. This is now explained in Section 17 Public Participation Process. The final IUP includes final budget numbers from the EPA's final state allocations based off Congress's March 2025 Continuing Resolution.
- Section 3. Removed two short-term goals; one goal was about exploring avenues to support apprenticeship and youth training programs, and the other goal was about encouraging public water systems to plan for the impacts of extreme weather events and provide funding for projects that implemented sustainability and resiliency. Results of the work was described in the SFY 2024 SDWLP Annual Report.
- Section 4. Updated Sources and Uses tables with estimates.
 - The Water Infrastructure Improvements for the Nation (WIIN) Act language was also moved to Section 4 explaining how the Administrative set-aside budget can be calculated.
- Section 6. Updated Transfer of Funds from CWSRF to DWSRF to include the transfer of CWFP-EC funds to the SDWLP-EC program.
- Section 7. Created a new Loan Terms section. Language about interest rates, loan amortization, and loan repayment was moved here from Section 2, to better align with the Clean Water Fund Program IUP.
- Section 7. Updated anticipated market rates.
- Section 8.5. Updated the municipal population amount from 15,000 or greater in SFY 2025 to 20,000 or greater for SFY 2026 for designating federal equivalency, which now also matches the Clean Water Fund program.
- Former Section VIII. Policy Changes Implemented During SFY 2019 was removed, and language was reorganized into appropriate existing locations. Section VIII.A. Online Application Submittal and Elimination of Grace Period was moved to Section 12 Application Deadline, Loan Closing Deadline, and Funding List. Section VIII.C. Median Household Income (MHI) Cutoff Clarification was moved to new Section 7 Loans Terms section. Section VIII.D. Priority Evaluation and Ranking Formula (PERF) was moved to Section 9 Project Priority Scoring.
 - Section VIII.B. Elimination of Non-Core Costs was removed as it no longer is applicable pursuant to revised Chapter NR 166, Wis. Adm. Code, effective November 2023.
- Section 9. Added reference to the ITA Help Text.
- Section 10. Updated to reflect any changes that were incorporated into the new version of NR 166, Wis. Adm. Code, and added explanation of negative points.
- Section 11.1. Updated the Green Tier additional PF eligibility requirement to be based on Legacy Communities annual reporting, where previously eligibility was based on having a signed charter.
- Removed references to BIL Signage from the document (former Sections VII.D.(now Section 8.4), XIII.A. (now Section 13.1), and XIV.D. (now Section 14.4)). On Dec. 5, 2024, the Environmental Protection Agency's Office of Grants and Debarment rescinded the Bipartisan Infrastructure Law (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.
- Section 13. Updates relating to the Lead Service Line program.

- Explained that new national LSL capitalization grant allocations are being calculated by the EPA using the recently submitted LCRR inventory data.
- Clarified that due to an overall shortage of LSL funding, professional services costs may be subject to a reasonableness review as allowed under s. NR 166.11(6), Wis. Adm. Code.
- Removed BIL signage from federal requirements.
- Changes were made to the LSL priority scoring, specifically:
 - Points for project type were removed.
 - Points for mandatory ordinances were removed.
 - Points for matching grants were removed.
 - Points for the percentage of LSLs in a municipality's water system were added.
- Added a two-pass allocation process to the allocation of private side PF, which caps the PF to 25% of the available PF during the first pass, unless the municipality's water system contains more than 25% of the statewide LSL/GRR total.
- Added further information and some clarification on using a water revenue pledge for the loan portion of private side LSL replacement funding, and for water utilities administering the LSL replacement program.
- Added clarifying language throughout.
- Section 13.2, 14.5, and 15. Updated set-aside plans.
- Section 14. Updates relating to the Emerging Contaminants program.
 - The DNR added Manganese as a contaminant eligible for EC funding when it exceeds *do not drink* levels (greater than 300 micrograms per liter [µg/L] or 0.3 mg/L) or when it is anticipated to exceed *do not drink* levels.
 - Priority Scoring for Emerging Contaminants Projects has been updated to use EPA's PFAS hazard index (H.I.) and/or EPA's Maximum Contaminant Level (MCL) for PFOA and/or PFOS. Previously, scoring was based on Wisconsin's Department of Health Services' (DHS) Cycle 11 PFAS H.I.
 - Emerging Contaminants Principal Forgiveness Allocation now specifies that projects eligible under s. NR 166.06(1)(f), Wis. Adm. Code, (i.e., creation of a new community water system or expansion an existing community water system to serve individual wells), are not subject to the single project cap and may receive additional PF allocations if funded over multiple SFYs.

Additional edits resulting from EPA review:

- Section 1.1. Added text agreeing to comply with Drinking Water SRF regulations, general grant regulations, and capitalization grant conditions.
- Section 4. Added a description of the cross-collateralization process to Leveraged Funds paragraph.
- Section 6. Added the current balance of WIFTA funds.
- Section 8.5. Added a new Civil Rights Laws subsection under Section 8 Compliance with Federal Requirements.