To provide affordable financial assistance to communities within Wisconsin for water infrastructure projects that protect and improve public health and water quality for current and future generations.

Program implementation details are outlined in chs. NR 162 and NR 166, Wis. Adm. Code.

Legal notice: This document is intended solely as guidance and does not contain any mandatory requirements except where requirements found in statute or administrative rule are referenced. Any regulatory decisions made by the Department of Natural Resources in any matter addressed by this guidance will be made by applying the governing statutes and administrative rules to the relevant facts. The Wisconsin Department of Natural Resources provides equal opportunity in its employment, programs, services, and functions under an Affirmative Action Plan. If you have any questions, please write to Equal Opportunity Office, Department of Interior, Washington, D.C. 20240. This publication is available in alternative format upon request, call 608-267-9481 for more information.

DNR, Environmental Loans Section—CF/2, 101 S. Webster Street, PO Box 7921, Madison, WI 53707-7921
dnr.wi.gov/aid/elf.html | CWFP phone: 608-267-7475 | SDWLP phone: 608-266-0849 | staff directory webpage

Update Newly Elected Officials’ Contact Information

Remember to update contact info
Please inform your DNR project manager with any new contact information for newly elected officials: name, municipal title, street address, phone number, and email address.

We need to have the correct contact information on file for the people in your municipality involved with a CWFP or SDWLP project, regardless of what stage you are at in the process of obtaining your funding.

An authorized representative resolution is a resolution authorizing a municipal official (or an individual employed by the municipality) to act as the applicant’s representative in connection with the application and other documentation required for obtaining funding.

An authorized representative resolution is required so DNR knows the applicant has the authority from the municipality to seek funding for the program. This resolution should accompany the application submittal.

Draft SDWLP SFY 2021 IUP

The DNR is currently seeking public comments on the draft SDWLP Intended Use Plan (IUP) for State Fiscal Year 2021. Comments will be taken through Monday, April 27th. Please direct questions or comments to Becky Scott at Rebecca.Scott@Wisconsin.gov.

The draft CWFP IUP is anticipated to be posted in May for public comments.

The draft SDWLP IUP identifies funds available for SFY 2021, expected program activity, set-aside funding, applicable policies, and how federal requirements are being met. It also describes the disadvantaged communities program and allocation of principal forgiveness as well as the proposed new Private Lead Service Line (LSL) Replacement Program that is under development and will be run as a sub-program of the SDWLP. The private LSL replacement program is described in another article in this newsletter.

Policy changes detailed in this IUP include the creation of a new online training program intended for government bodies and other utility governing boards, and some changes to priority scoring criteria. Please see the draft SDWLP SFY 2021 IUP for more information.

View Deadlines PDF

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New Private LSL Replacement Program Coming This Fall

Setting Interest Rates

SDWLP Applications Due 6/30/20

CWFP Non-PF & SLP Applications

Intermunicipal Agreements

Map of Loan Recipients Updated

Upcoming Deadlines

April 30
Last recommended date for opening bids on SFY 20 CWFP projects receiving PF.

May 2
ALL required documentation due for SFY 20 SDWLP projects.

May 25
DNR & DOA office holiday closure.

June 24
SFY 20 SDWLP final loan closing date.

June 30
• SFY 21 SDWLP application deadline. Submit P&S to DNR DG and EL.
• ALL required documentation (includes executed construction contracts) due for SFY 20 CWFP PF projects.
• SFY 20 CWFP application deadline for non-PF projects.

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Policy changes detailed in this IUP include the creation of a new online training program intended for government bodies and other utility governing boards, and some changes to priority scoring criteria. Please see the draft SDWLP SFY 2021 IUP for more information.
New Private LSL Replacement Program Coming This Fall

Staff from DNR’s SDWLP and Drinking & Groundwater Program, along with the Department of Administration and the Public Service Commission (PSC), have spent the past several months developing the framework for a new private lead service line (LSL) replacement program. This new program is detailed in the draft SDWLP SFY 2021 Intended Use Plan that is currently posted for public comment. Comments will be taken through Monday, April 27, 2020 and should be directed to Becky Scott at Rebecca.Scott@Wisconsin.gov.

Unlike the previous two-year private LSL replacement program, funding under the new program is available to any municipality that reported private LSLs to the PSC; it is not restricted to municipalities that qualify under the SDWLP’s disadvantaged methodology. All funding will be provided as principal forgiveness, so no debt is incurred by the municipality in order to be awarded funding. At least $61 million in funding will be available through this program. Awards under this new private LSL replacement program will be made for one construction season at a time.

Private LSLs eligible for replacement under this program include:
- Residential LSLs (including multi-family buildings and buildings that contain both business and residential occupants);
- LSLs serving pre-K-12 schools;
- LSLs serving child daycares; and
- Galvanized service lines that are currently or have previously been downstream of lead components are also considered LSLs for eligibility under this program.

Awards will be based on the following:
- The estimated number of private LSLs that the municipality can replace in one construction season;
- An assumed average cost per private LSL replacement, based on data from the previous two-year LSL replacement program and other local data;
- Whether the municipality is participating in the PSC-approved program using ratepayer funds to cover up to 50% of the cost of private LSL replacements;
- Whether any cost-sharing from homeowners will be required.

Awards will only cover construction costs, with the following exceptions:
- Up to $5,000 for engineering and administrative support will be available for small systems (population under 3,300);
- Up to $5,000 for costs related to developing a mandatory replacement ordinance will be available to all applicants.

Federal requirements
Federal requirements must be met (environmental review, use of American Iron and Steel, Disadvantaged Business Solicitation, and Davis-Bacon wage rates, when applicable), and all replacements must result in the complete removal of all lead components from the watermain to the connection point inside the structure.

Ordinances
A mandatory replacement ordinance is not required for the private LSL replacement program (unless a municipality is also participating in the PSC-approved program to use ratepayer funds), but it is strongly encouraged. The previous two-year program has shown that even when 100% of the costs are being covered, many homeowners still choose not to have their LSL replaced.

Contract types
As in the previous two-year LSL replacement program, municipalities will be free to choose whether to develop a list of prequalified plumbers/contractors for homeowners to contract with directly, or whether to bid a municipal contract for the work. Whether 100% of the private LSL replacement cost is covered through the private LSL replacement program, or cost-sharing is required, is also a municipal decision.

Workshops
We have been planning to hold several workshops for interested applicants later this summer at various locations around the state. This is still the tentative plan, but this plan may have to be adjusted due to the COVID-19 pandemic and the Governor’s Safer at Home order.

Applications
The SDWLP will not be ready to accept applications to the new private LSL replacement program by the normal SDWLP application deadline of June 30th. We anticipate starting to accept applications in September.

A new, two-page application specifically for private LSL replacement projects is being developed. This application will satisfy the Intent to Apply requirement as well. Applications will be prioritized in order of receipt, but we do not expect there to be a shortage of funds in the first year of the program. We anticipate accepting applications for two to three years, depending on availability of funds.
Setting Interest Rates

The Clean Water Fund Program (CWFP) and Safe Drinking Water Loan Program (SDWLP) offer interest rates that average less than half of the market rate, allowing municipalities to keep taxes and user rates low and ensuring that disadvantaged communities have affordable access to clean and safe water.

Interest rate determination

The CWFP and SDWLP provide subsidy to buy down the market rate on loans resulting in reduced-interest rate loans. Most eligible project costs are funded at a percentage of the market interest rate, in accordance with ss. 281.58(12) and 281.61(11), Wis. Stats., and ss. NR 162.11 and 166.13, Wis. Adm. Code.

CWFP only

For a municipality that has a population of less than 1,000, and in which the median household income is 65 percent or less of the median household income in this state, zero percent of market interest rate.

CWFP and SDWLP

For a municipality that has a population of less than 10,000, and in which the median household income is 80 percent or less of the median household income in this state, 33 percent of market interest rate.

For a municipality that does not meet the specified requirements, 55 percent of market interest rate.

Market rate determination

On a quarterly basis, the Wisconsin Department of Administration (DOA) assesses the market rate on which the program subsidies are based. The State determines the market rate using various indices and factors; the market rate adheres to market conditions and the current market rate of 3.200% is an increase from the 3.000% rate that was effective March 31, 2020.

The rate applied to the loan is the market rate in effect at the time of the municipal meeting (at which resolutions approving municipal obligations and Financial Assistance Agreements (FAAs) are signed/executed).

Current market rate

The DOA has set the market rate at 3.200% for loans with municipal bond meetings on or after April 1, 2020, through June 30, 2020, and with a final maturity of twenty years or less. View current interest rates.

The DOA will continue to monitor the market and make recommendations in early June for the authorization period commencing July 1, 2020.

SDWLP Applications Due 6/30/20

On April 13th, our online application system will be updated to a more streamlined application. At that time, you may start or continue a draft application.

Deadline


PERF score reevaluation requests

If you submit an eligible application for a project, you may request a PERF score reevaluation within 45 days of the application deadline.

Submit PERF score reevaluation requests with supporting documentation to the SDWLP coordinator by August 14, 2020.

CWFP Non-PF & SLP Applications

On April 13th, our online application system will be updated to a more streamlined application. At that time, you may start or continue a draft application.

Deadlines

- SFY 2020 non-principal forgiveness applications – June 30, 2020

- SFY 2020 Small Loans Program applications – June 30, 2020
  - Submitted via a paper application form: Form 8700-249

- SFY 2021 applications for principal forgiveness – September 30, 2020
  - SFY 2021 applications can be submitted online beginning July 1, 2020

WARNING

DUE DATES ARE CLOSER THAN THEY APPEAR
Intermunicipal Agreements

The CWFP and SDWLP require municipalities that are party to a regional wastewater or drinking water system to sign an intermunicipal agreement. The agreement must be clear in its language in order to protect the owner of a regional facility and any subscribers to the facility. Most importantly, it must be clear regarding intent, ownership, responsibilities, and finances.

Specific requirements for intermunicipal agreements are established in ss. NR 162.06(2)(h) and NR 166.10(2)(h), Wis. Adm. Code. This article provides a bit more information regarding what is expected for each requirement.

An intermunicipal agreement must: Identify ownership of each individual portion of a system. Include information regarding exactly where beginning and end points of ownership are and who is responsible for maintaining and/or replacing each portion of the facilities identified. Is your municipality responsible for maintaining only what’s inside of your borders or are you also responsible for facilities outside of your borders?

For wastewater facilities, identify who owns the WWTP. Is it shared ownership in which each contributor to the flow owns the portion attributable to the WWTP capacity needed for its flow? Does one municipality own the WWTP with others being subscribers to the WWTP? If shared ownership, what percentage of the total capacity of the plant is attributable to each municipality? If you are a subscriber, make sure the agreement clearly states that an appropriate amount of capacity is reserved for your municipality. Identify who owns interceptors, lift stations, monitoring stations, etc.

For drinking water facilities, identify who owns each well, treatment facility, storage facility, transmission pipe, pumping station, etc. Is the ownership of any of the facilities that don’t fall within your municipality’s borders shared, or are you responsible only for facilities (such as a pumping station and your distribution system) that are within your own municipal borders? You may want to identify how many gallons per day of water each municipality needs and how you will make sure each municipality is assured they will be able to reliably receive that amount of water.

Establish the term of the agreement. For CWFP projects, the term of the intermunicipal agreement must be at least for the life of the loan. In both the CWFP and the SDWLP, long-term agreements are preferred. Short-term agreements make a critical service unreliable for the future. It is important for each municipality to know that for the long term: they will have enough safe drinking water for their residents’ needs, enough water use of the water coming from their wells that will keep appropriate pumping and storage levels for the system to run efficiently, and proper maintenance of transmission lines; they will have enough wastewater flowing into the WWTP to keep it running efficiently and proper maintenance of interceptors; and their wastewater will continue to be treated.

Demonstrate the basis for generating revenue for OM&R costs based on actual usage, and state who is responsible for payment. Will each municipality collect payments from each of their residents for operation, maintenance, and replacement costs? How frequently must each municipality bill their residents? Are all the homes in the regional facility’s service area metered? If not, how will charges be determined? If shared ownership, is there a commission that oversees finances?

Indicate the method for generating revenue for capital costs and indicate who is responsible for payment. How will decisions be made regarding when to take on a capital improvement project for the regional facilities? Which municipality(ies) will carry debt for capital improvements? If shared ownership, will one municipality carry the debt with the others contributing toward each payment through user charges? Will the cost of the capital improvement be divided by a percentage of use and/or capacity reserved for each municipality?

Require each municipality to set and maintain user rates and obtain construction approvals as required by DNR (wastewater or storm water) or PSC (drinking water). This requirement protects owners and subscribers to regional facilities. It provides assurance that each municipality will maintain their ability to collect enough revenues to pay their proportionate share of expenses and that the facility will be built as approved by the applicable government agency, helping the municipalities maintain compliance with environmental laws.

Indicate that the owner of the regional facility shall treat the wastewater and/or runoff from subscribing municipalities or shall supply water to the identified users. This is a key statement to include in any intermunicipal agreement even though it may seem obvious. Stating the obvious benefits all parties to the agreement by making the overall intent of the agreement very clear. It also gives added comfort to any potential lenders for future construction projects, making borrowing more accessible for municipalities.

Contact: Jeanne.Cargill@Wisconsin.gov
Map of Loan Recipients Updated

The Environmental Loans (EL) program has updated the interactive map which shows CWFP and SDWLP project locations as well as other associated program activities.

Selecting any project on the map will display its information, including:
- municipal name,
- funding year and source,
- general description, and
- EL project number.

The map is customizable by clicking on the Layer List icon in the upper, right corner.

Click the expand arrows to see more lists. Choose which combination of layers you want to view, for example:
- All years or one specific year; and
- All EL program projects or only SDWLP projects, CWFP projects, lead service line (LSL) projects, or principal forgiveness (PF) projects.

Direct questions about this map to Kevin Olson at 608-266-9955 or Kevin.Olson@wisconsin.gov.