

Pilot Projects Program

Learn about the Environmental Loans programs and find guidance at dnr.wi.gov/aid/eif.html

Funding for Non-Traditional Projects

The Pilot Projects Program, a subprogram of the Clean Water Fund Program (CWFP), provides a subsidy to municipalities seeking to fund water quality trading (WQT) projects and other non-traditional projects (i.e. projects *not* related to a wastewater treatment plant upgrade). Pilot projects generally are for reducing nutrient (e.g., phosphorus) outputs to the watershed. The program includes projects for compliance with a municipality's Wisconsin Pollution Discharge Elimination System (WPDES) permit. Other non-traditional water quality projects and projects utilizing innovative financing mechanisms will be considered on a case-by-case basis. The program is authorized under ss. 281.58 and 281.59, Wis. Stats.

Benefits and Program Features

- Interest rate as low as 0%.
- Fixed interest rate on 20-year loan term.
- Online system for notice of Intent to Apply (ITA). Application submittals may be sent electronically as PDFs.
- Dedicated DNR project manager and construction management engineer.
- Coordination with other federal and state funding sources.

Attention: Water Quality Trading Projects

Effective with State Fiscal Year (SFY) 2027 financing, water quality trading (WQT) projects will be incorporated into the regular CWFP. If in doubt about which SFY your loan will be funded from, contact your DNR loan project manager. For more information, refer to the CWFP SFY 2026 Intended Use Plan, which is available on the DNR's [Project Lists and Intended Use Plans webpage](#). Consider reading about the notice of intent to apply process for WQT projects in the Aug. 14, 2025, "[State Fiscal Year 2027 ITA/PERF Online System Available](#)" article.

Eligible Projects

Pilot projects generally are for reducing nutrient (e.g., phosphorus) outputs to the watershed. Pilot projects and cost eligibility will be considered on a case-by-case basis. A municipality may want to consider partnering with local land and water conservation experts (e.g., county land conservation staff, Natural Resources Conservation Service or UW-Extension) to fully implement a water quality trading or other non-traditional project.

In order to be eligible for funding from the Pilot Projects Program, pilot projects must:

- be eligible for CWFP funding,
- achieve or maintain compliance with regulations under the Clean Water Act,
- be eligible under federal regulations for the Clean Water State Revolving Fund program, and
- include practices identified in a DNR-approved plan, and the plan must include the activities and costs for reducing pollutant outputs to the watershed.

Ineligible Projects

A non-traditional project is *not* related to a wastewater treatment facility/plant upgrade.

Although previous publicity included adaptive management projects among the types of projects that may be eligible for pilot project funding, due to issues surrounding adaptive management plan review and approval and how those relate to CWFP funding policies, the DNR has suspended the eligibility of adaptive management projects.

Available Funding

Under the CWFP, municipalities may receive financial assistance in the form of subsidized loans. Program subsidy buys down the market rate on loans. View current rates on the DNR's [Interest Rates webpage](#).

- **Eligible pilot projects may be awarded loans with an interest rate as low as 0%.**

- The Pilot Projects Program does *not* offer principal forgiveness.

Pilot projects are subject to different requirements than typical CWFP projects. Municipal borrowers will secure pilot project loans by issuing taxable bonds to the CWFP, and exemptions to this will be dealt with on a case-by-case basis.

Eligible Applicants

Eligible applicants are Wisconsin cities, towns, villages, counties, sanitary districts and other qualifying municipalities.

How to Apply

Municipalities will need to follow the DNR permit process for water quality trading or other activities, including obtaining DNR approval of required plans. Reminder: Plans must include the activities and costs for reducing pollutant outputs to the watershed.

Municipalities with DNR-approved plans will follow a financial assistance application process that is similar to the regular Clean Water Fund Program process in the early stages. Notice of intent to apply (ITA) guidance and considerations are available on the How to Apply tab on the DNR's [Environmental Loans webpage](#).

- Submit a CWFP ITA through the [Environmental Loans Online System](#).
- Pilot Projects Application ([Form 8700-378](#)) submittals may be sent electronically as PDFs.
 - For assistance with fillable forms, see the DNR's [PDF Help webpage](#).

Deadlines

Deadlines are set in the CWFP's annual intended use plan for the upcoming fiscal years, which is available on the [Project Lists and Intended Use Plans webpage](#). The state fiscal year runs from July 1 of one calendar year through June 30 of the next and is designated by the calendar year in which it ends.

- **Oct. 31** – CWFP ITA deadline for the *following* state fiscal year funding cycle.
 - Submit ITAs by Nov. 2, 2026* if seeking funding in SFY 2028. *When a deadline falls on a weekend or legal holiday, that deadline is extended to the next business day.
- **Year-round** – Pilot Projects Applications are received anytime during the state fiscal year.

DNR Resources

- [Wisconsin Pollutant Discharge Elimination System \(WPDES\) Permits](#)
- [Wisconsin's Phosphorus Rule](#)
- [Wisconsin's Water Quality Trading](#)

Contact Information

- Direct questions about WQT or phosphorus rule implementation to DNRPhosphorus@Wisconsin.gov.
- Direct Pilot Projects Program questions to:
 - Dave Calhoon at David.Calhoon@Wisconsin.gov or 608-234-0845, or
 - Sarah Bolitho at Sarah.Bolitho@Wisconsin.gov or 608-960-2927.

