

Environmental Loans Overview

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

The Wisconsin Environmental Improvement Fund (EIF) is a state revolving loan fund that combines federal capitalization grants from the U.S. Environmental Protection Agency (EPA) Clean Water and Drinking Water State Revolving Funds (SRFs) with state funding to provide affordable financial assistance to municipalities for publicly-owned drinking water, wastewater, and water-quality-related storm water infrastructure projects that are needed to achieve or maintain compliance with federal and state regulations relating to water supply and wastewater treatment. It includes projects for compliance with a municipality's Wisconsin Pollutant Discharge Elimination System permit.

- Implementation details: ss. 281.58 & 281.59 & 281.61, Wis. Stats., and chs. NR 162 & 166, Wis. Adm. Code.

Environmental Loans Programs

The EIF includes two environmental financing programs (*with subprograms*) for local governments:

- **Clean Water Fund Program (CWFP)** for wastewater and storm water infrastructure projects, since 1991. Common projects: sewer replacement or rehabilitation, and wastewater treatment facility/plant upgrades.
- **Safe Drinking Water Loan Program (SDWLP)** for drinking water infrastructure projects, since 1998. Common projects: new wells, wellhouse rehabilitation, storage facilities, and watermain replacements.

Benefits & program features

- Fixed interest rates on long-term loans.
- Online system for notice of Intent to Apply (ITA) and Application submittals.
- Dedicated DNR loan project manager and construction management engineer.
- Coordination of funds with other funding sources.
- Program subsidy buys down the market rate on loans (**reduced-interest rate loans**).
- Some municipalities may be eligible for further subsidy to reduce its loan size (**principal forgiveness**).

How may the funds be used?

The program funds are for reasonable and necessary costs directly related to the **planning, design, & construction** of eligible projects. Funds may be used to construct, improve, modify, purchase, replace, restore, and upgrade drinking water, wastewater, and storm water systems and infrastructure, such as collection, conveyance, disposal, distribution, sourcing, storage, transmission, and treatment.

Who may apply?

Eligible applicants and funding recipients, also referred to as **municipalities** or **local governments**, include, but aren't limited to: Wisconsin cities, towns, villages, counties, and sanitary districts.

How do we apply? When do we apply?

Application guidance and considerations are available under the How to Apply tab at dnr.wi.gov/aid/eif.html#tabx3.

- **October 31** - CWFP & SDWLP Intent to Apply (ITA) deadline for the *following* state fiscal year funding cycle.
- **June 30** - SDWLP Application deadline for the *upcoming* state fiscal year funding cycle.
- **September 30** - CWFP Application deadline if requesting principal forgiveness for the *current* funding cycle.
- Applications accepted **year-round** for CWFP projects not seeking principal forgiveness (PF).

Submit ITAs by 10/31/2023 deadline if seeking funding in SFY 2025 (07/01/2024 – 06/30/2025).

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What kinds of financial assistance are available?

Under the **Clean Water Fund Program (CWFP)** and the **Safe Drinking Water Loan Program (SDWLP)**, municipalities may receive financial assistance in the form of subsidized loans, additional subsidy to reduce the size of a loan, or a combination of assistance to keep project costs low. The programs can finance construction as it takes place as well as refinance interim debt and reimburse internal funds a municipality temporarily used to pay for project costs before receiving its loan through the CWFP or SDWLP.

Subsidized loans (loans at or below a competitive market rate)

Most eligible project costs are funded at a percentage of the market rate, in accordance with ss. 281.58(12)(a) and 281.61(11), Wis. Stats. **Program subsidy buys down the market rate on loans.** On a quarterly basis, the Wisconsin Department of Administration (DOA) assesses the market rate on which the CWFP and SDWLP subsidies are based. The interest rate applied to the loan is based on the market rate in effect on the day the borrower's governing body approves and signs the assistance agreement.

- **View current rates at** dnr.wi.gov/aid/documents/eif/guide/interest.html

Additional subsidy (principal forgiveness)

Some municipalities may also be eligible for additional subsidy in the form of principal forgiveness (PF). PF is **comparable to a grant** because it reduces the size of the CWFP/SDWLP loan, thus reducing annual principal and interest payments. No municipality can receive principal forgiveness for more than 70% of total eligible project costs. The PF allocation methodology aims to allocate PF funds to the highest priority projects in municipalities with the greatest financial need. Learn about PF at dnr.wi.gov/aid/documents/eif/guide/pf.html.

- The CWFP General PF limit is **\$2,000,000** per municipality, per state fiscal year.
 - Any Priority PF is awarded in addition to General PF but is still subject to the 70% maximum.
- The SDWLP PF limit is **\$1,500,000** per municipality, per state fiscal year.

Interim financing

Sections NR 162.04(3) and NR 166.07(3), Wis. Adm. Code., provide that the DNR may purchase or refinance an eligible municipal applicant's interim financing for an eligible project, subject to applicable requirements and limits established in related statutes and codes. Learn about it at dnr.wi.gov/aid/documents/eif/guide/interim.html.

The Environmental Loans programs can:

- Refinance interim debt (e.g., bank loan) used to design and construct a project.
- Reimburse a municipal account that advanced internal funds to temporarily pay project costs.

Multiple funding sources

The Wisconsin DNR Environmental Loans Section often partners with other funding agencies to ensure that municipalities get the best funding package to meet their needs. The DNR and other funding sources can collaborate to clarify the joint funding process and help with common paperwork challenges.

- View water and wastewater funding sources at dnr.wi.gov/aid/sources.html

