

# SFY 2023 Clean Water Fund Program Intended Use Plan Responses to Public Comments

*A 30-day public comment period for the SFY 2023 Clean Water Fund Loan Program (CWFP) Intended Use Plan (IUP) opened on July 29, 2022 and closed on August 29, 2022. The comments and the corresponding responses are listed below. In many cases, the comments have been shorted to highlight their recommendations.*

## Comment 1

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Submitted by Randall R Kerkman, Village of Bristol

- 1. Comment:** All tables generally refer to the municipality as a whole, rather than assessing the demographics of the utility service area. For example, in Bristol, the Utility Service area is a much smaller population than the overall community (approximately 50% or less). This affects both our population score and our median household income score, and other scores as well. This orientation assumes that a high income household on a rural estate with private water and sewer systems can somehow help to pay for water utility infrastructure within the utility service area, presumably through taxes. This assumption is in contrast to Public Service Commission rules which generally do not allow residents or tax payers that do not receive services from the utility to pay for the utility. Therefore, the DNR should make an option to evaluate our eligibility based on the demographics of the service area rather than the demographics of the municipality as a whole.

**Response:** Data for Tables 2, 3, and 6 come from the American Community Survey, and generally, the data the DNR will use for those tables is at the Census Place level. Data for Tables 3 and 6 are available to the Census Tract level and data for Table 2 is available down to the Census Block Group level. In most cases, neither the tract nor combination of block groups will align with the service area boundary. In the case where a municipality would like Census data to be more reflective of its water service area, requesting a custom tabulation from the Census Bureau as described in NR 162 Wis. Adm. Code is appropriate.

Tables 1 and 4 use municipal data from DOA's Demographic Service Center, which does not provide data at a more granular level. Table 6 uses county-level data from the Wisconsin Department of Workforce Development, which does not provide data at a more granular level in a way that could be used for the whole state.

- 2. Comment:** Table 3 - Family Poverty Percentage is weighted with a total possible score of 100. This overall weighting is the same as Table 1 - Population (with the lowest population receiving the highest points) which also has a total possible score of 100 points. Under State Statute 2861.61(11), population has always been one of two pillars of the SDWL and Principal

Forgiveness eligibility. This pillar is now having its significance diminished by weighting Family Poverty Percentage equally. This significance of population is also diminished each time a new criteria is added. What role did the State Legislature or a committee of elected officials have in this revision? One possible solution would be to lower the weighting of Table 3 or increase the weighting of Table 1.

**Response:** We believe the commenter is referring to s. 281.58(12), Wis. Statutes. If so, that section speaks to interest rate subsidy, not principal forgiveness. No changes are being made to the criteria that establish subsidized interest rates.

Regarding diminishing significance of the population criterion in the principal forgiveness scoring methodology, the commenter is correct that population represents a smaller percentage of total possible points, but the difference is not significant. In the proposed methodology, population represents 100 of the possible 360 points, or 28%. Previously, the maximum population score was 50 points of a possible 165 points or 30%.

3. **Comment:** The current criteria tables need to be balanced out with additional criteria of the affordability of water. A new table should be added that evaluates the expected water rates for the applicant after project implementation relative to the ranking of all water utilities in the state with the highest quintile receiving the highest points. This should be weighted, at minimum, evenly with Table 3 - Family Poverty Percentage.

**Response:** Low water rates do not necessarily correlate to affordability. Any affordability measure would not be able to simply compare rates for all utilities because that does not take into consideration rate payers' ability to pay those water bills.

Principal forgiveness is not intended to address affordability. Rather it is intended to reduce project costs in disadvantaged communities with the highest priority projects. Truly assessing affordability for applicants presents challenges as municipalities may structure sewer rates differently which can lead to a high degree of variability and would make rate comparisons impractical.

4. **Comment:** The overall criteria seem to work together to overwhelmingly support poor rate payers by prioritizing lead service line removal, low median household income, lowest quintile household income, high poverty, and low unemployment. As a result, it is likely that the largest utilities will qualify for most of the principal forgiveness. Large utilities do not require the same increment of infrastructure as small utilities and a routine project at a large utility will not have nearly the same financial impact to the average customer compared to the same project in a small utility. Therefore, this criteria seemingly over-emphasizes poor rate payers and diminishes the significance of the issue of water rate affordability. How will the DNR revise the criteria to account for water rate affordability.

**Response:** 100 of the possible 360 points (28%) in the PF scoring methodology are for municipal population size. No population points are awarded to municipalities with population sizes 10,000 or greater so larger municipalities must score higher under the remaining criteria to receive a high score in the methodology. No points are given for lead service line removal.

The amount of PF any municipality can receive in one state fiscal year is capped at \$2,000,000. This policy is based on the idea that larger utilities can achieve economies of scale not feasible for smaller utilities. The economy of scale advantage is why smaller municipalities receive higher points under the population criterion. In addition, the PF cap helps to distribute PF to a larger number of applicants and prevents all of the PF from going to a few high-cost projects in a given year.

Another benefit available to small utilities is the subsidized interest rate. Municipalities with a population less than 10,000 and MHI less than or equal to 80% of Wisconsin's MHI are eligible for a greater subsidized interest rate, which go as low as 0% for those with an MHI below 60% of the state's MHI.

## Comment 2

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Submitted by:

- Richard Diaz, Coalition on Lead Emergency
- Janet Pritchard, Environmental Policy Innovation Center

1. **Comment:** We support expanding the point scale for awarding PF points for population trends to include more tiers, as well as doubling point values compared to past IUPs, to reflect and retain the criterion's significance in the methodology. We contend, however, that WDNR should award points based on significant population loss over recent as well as future decades.

It makes sense to consider population decline in this context because communities with a declining population have a declining base of ratepayers to pay for maintaining and upgrading water infrastructure. The proposed methodology awards points to communities for which a population decline of at least 5% is anticipated over the next 20 years. Using the current year as the baseline for awarding PF points for population decline presents an incomplete picture of the relationship between population decline and community capacity to pay for water infrastructure needs, however.

In addition to awarding PF points to communities anticipating a future decline in population, the methodology should award points where the number of residents and businesses served by water systems have significantly declined over recent decades.

**Response:** The future population trend criterion provides more PF points to municipalities that will lose population over time. Providing PF to municipalities with a declining population should help address challenges they may have with loan repayments for the project being financed. Using past population trends relates to the overall affordability of the water system as a whole and is beyond the scope of what project-based principal forgiveness is intended to address.

2. **Comment:** Allowing PF points for communities with an MHI up to 126% of the state MHI or poverty rates as low as 8% of families with income below 200% of the federal poverty level may result in a set of “disadvantaged communities” which is overly broad and inconsistent with US EPA suggestions in its recent memorandum. Whether or not Wisconsin’s distribution of PF using these scales would be overbroad, however, will depend on the scales defined in Table 7 as well as on how communities are ranked for the distribution of PF and any annual caps imposed on how much PF each community can receive. We strongly support scaled eligibility for PF as indicated in Table 7.

To ensure the equitable distribution of PF, WDNR should strictly adhere to Table 7 when allocating PF, without the imposition of flat caps.

**Response:** The mentioned “overly broad” point tiers represent a small percentage of the total PF points available. An applicant would need to score high in other criteria to qualify for PF.

The CWFPP is a statewide program that needs to consider statewide needs. The program has a limited amount of PF, and at the time of writing the IUP, DNR cannot anticipate the amount of requested funds for the year. The amount of PF any municipality can receive in one state fiscal year is capped at \$2,000,000. This policy is based on the idea that larger utilities can achieve economies of scale not feasible by smaller utilities. In addition, the PF cap prevents a few high-cost projects from accessing the majority of PF available in a given year.

3. **Comment:** Wisconsin has typically considered the entire area served by a water system when applying affordability criteria. Instead, WDNR should consider assessing economic indicators (i.e., Tables 2, 3, and 5 in the Draft IUP), as well as any environmental risk and burden, social determinants of health, or social vulnerability indicators added to the affordability criteria per our recommendation in section 2d, for the census tracts most directly served by the proposed project. Affordability criteria should be assessed on a census-block scale, particularly for green stormwater infrastructure (GI) and other climate resiliency projects, as these types of projects can have very localized impacts, as well as providing generalized benefits for the watershed as a whole by reducing stormwater runoff into local waterways.
- **Section 2d:** Particularly for projects with substantial place-based benefits, WDNR should consider expanding affordability criteria to include environmental risks, environmental burdens, social determinants of health, and social vulnerability indicators. New tools for identifying communities impacted by such factors, including US EPA’s EJ and CEJST Screening Tools and the Wisconsin Environmental Equity Tool (WEET) make the incorporation of such factors into program policies and delivery feasible.

**Response:** Given that many projects’ benefits are not specific to an area or a particular neighborhood, incorporating more granular data into the PF scoring criteria would have to be limited to a few types of projects. For example, NR 162.50 Wis. Adm. Code provides additional points for basement backups.

Even awarding PF using more granular data would not directly result in those project savings being passed onto financially burdened rate payers. Wisconsin Administrative Code, Wisconsin State Statute, and U.S. Code, all include requirements that the “system of charges to assure that each recipient of waste treatment services within the applicant's jurisdiction...will pay its proportionate share of the costs. (33 USC §1284(b))”. Because systems must keep rates equal, providing principal forgiveness based on the demographics of the project area would benefit the whole wastewater system, not just the rate payers in the project area.

DNR is considering applying a census tract-based approach to certain project types with place-based benefits when occurring in more disadvantaged areas, such as the aforementioned green infrastructure projects. We understand that there are benefits to these types of projects beyond the financial benefit of receiving principal forgiveness. Most of the data used in the affordability criteria is not available for a smaller geographic area than the census tract level. This will be considered more fully after we have experience with scoring lead service line removal projects at the census-tract level which will first occur in SFY 2024.

4. **Comment:** Regardless of whether federal law requires such projects to meet affordability criteria to receive PF, however, WDNR should still require “priority PF” projects to meet the state’s affordability criteria (i.e., at least 60 PF points, per Tables 1-6 in the Draft IUP). The long-term financial benefits of regionalization and energy efficiency projects should be sufficient to motivate water systems that do not meet the affordability criteria to pursue these projects. Moreover, because WDNR proposes to distribute regionalization and energy efficiency PF before any general PF awarded on the basis of financial need, there is a risk that relatively affluent communities could gobble up available PF if priority PF projects are not required to meet the affordability criteria. Requiring all priority PF projects to also meet affordability criteria is essential to reconcile the CWFPP goal to “provide additional economic assistance in the form of principal forgiveness with the highest amounts allocated to those applicants with the greatest financial need.”

**Response:** Per the Clean Water Act section 603(i)(1), additional subsidy may be provided to any CWSRF-eligible entity to implement a process, material, technique, or technology to address water-efficiency goals; to address energy-efficiency goals; to mitigate stormwater runoff; or to encourage sustainable project planning, design, and construction. The Department has priorities, including regionalization, that are separate from whether the community meets the affordability criteria. Regionalization can reduce the number of wastewater treatment plants out of compliance, save residents money, and provide benefits beyond just the communities that receive regionalization PF.

Although a project that qualifies for Priority PF does not need to meet the affordability criteria, it would give the project priority. Assuming all other aspects of the projects are equal, in the

scenario where multiple communities qualified for Priority PF, the community with the highest Financial Need score in the PERF would receive priority.

Energy efficiency projects also have benefits beyond just affordability; promoting these types of projects benefits everyone. In addition, the amount of PF being awarded for energy efficiency is an extremely small amount of the overall PF available.

- 5. Comment:** Per Table 7 of WDNR's proposed methodology, some communities would receive a fairly small percentage of project costs as general PF. WDNR should assess whether small PF awards influence the applicant's ability and willingness to proceed with needed water infrastructure projects. The agency should also assess whether projects that are eligible for relatively large amounts of PF per Tables 1-7, but do not receive the level of PF for which they are eligible due to their ranking on the Project Priority List or flat caps imposed on PF, are unable to proceed with needed water infrastructure projects.

To assess whether the levels of PF awarded per the tiers laid out in Table 7 are appropriately set to fulfill CWSRF objectives of enabling communities to install needed water infrastructure, WDNR should systematically assess the real-world impacts of its policies for PF eligibility, ranking for the distribution of PF, and PF caps, and adjust policies proposed in future IUPs as needed.

**Response:** The CWFPP is a statewide program that needs to consider statewide needs. The program has a limited amount of PF, and at the time of writing the IUP, DNR cannot anticipate the amount of requested funds for the year.

In recognition that communities are complex, and that the demographic data used in the affordability criteria reflects a spectrum rather than defined groups, we added additional PF percentage tiers in Table 7. It is important that we allocate PF equitably, which may result in PF being felt less by rate payers in certain communities than it otherwise would. To better demonstrate the PF allocation results, we will aim to include more data in the Annual Report.

- 6. Comment:** To ensure that the integrity of the proposed methodology for distributing PF is retained while also recognizing that there may not be enough PF available to award PF to every community to the level indicated in Table 7, we offer two alternative methods for PF distribution.

Alternative 1: Equitably distribute PF through several rounds until PF is exhausted. Available PF could be distributed to eligible applicants over 2 to 4 rounds of PF distribution. The amounts of PF distributed to communities per round should be scaled with reference to Table 7 and not dictated by flat caps. For example, if PF were distributed over the course of 3 rounds, each community could be awarded an amount equal to 1/3 of the percentage of project costs for which the community is eligible per Table 7. So, if Table 7 determined that a community is

eligible for up to 30% of its project costs as PF, it would be awarded PF in the amount of 10% of project costs in round 1, another 10% of project costs in round 2, and the final 10% of project costs in round 3 (if PF is still available).

Alternative 2: Waive the cap on PF in the event of unaffordable water rates or if taking on SRF loans would cause the applicant to exceed its debt limit. Where water rates charged by the applicant water system already exceed the affordability threshold proposed by US EPA (greater than 2% of the 20th percentile household income), WDNR should waive the flat cap on PF and instead award PF to the level determined in Table 7. In addition, an applicant water system should be able to anticipate where the rate increase needed to pay for the proposed water project would require water rates to be increased above the affordable water rate burden threshold. Where the water system can demonstrate that this would be the case, the flat cap on PF should likewise be waived.

The cap should also be waived where the difference between the amount of PF the applicant would be eligible for under the Table 7 and the amount it would receive under the flat cap would require the applicant to borrow funds in excess of its debt limit.

Alternative 3: Reserve a portion of general PF for small communities, with the remainder of general PF available to large and small communities alike. The flat cap proposed by WDNR is likely motivated by the concern that, in the absence of the cap, all of the available general PF could be gobbled up by just a few large projects, leaving no general PF remaining for small communities that struggle to pay for needed water infrastructure projects. To address this concern without systematically undermining an equitable allocation of general PF to larger water systems that qualify for a substantial amount of general PF per WDNR's proposed methodology set out in Tables 1-7, WDNR could reserve a portion of General PF for small, rural systems – up to as much as 70% of available general PF – with the remainder available to large and small systems alike without the imposition of a flat cap.

**Response:** The IUP detailed a revision to the PERF score that will provide a boost on the funding list for projects in disadvantaged communities. Although the percentage of overall points awarded through financial need is relatively small, it appears the points were effective at elevating projects of similar types from disadvantaged communities.

Adopting one of the alternatives would introduce greater complexity into the PF scoring methodology. We have heard from customers that being able to determine what percentage PF a community qualifies for is important, and any additional complexity could make that process more difficult for applicants.

- 7. Comment:** As discussed further in section 7, we urge WDNR to set aside additional funds from Wisconsin's FY2022 Supplemental CWSRF grant appropriated through the IJA for technical assistance. We further urge WDNR to use a portion of these funds to develop and offer technical

assistance related to the new workforce and affordability goals. Technical assistance such as guidance and workshops can help public water system administrators understand and emulate best practices for using water infrastructure investments to build a local, equitable workforce.

**Response:** Although DNR requested only a portion of the set aside authority in SFY 2023, the remaining amount was reserved for future years. This will allow the DNR to be more thoughtful and deliberative with the use of the set asides. At the current time, workload constraints are preventing development of additional technical assistance programs. Technical assistance can be requested through EPA's [technical assistance portal](#).

- 8. Comment:** In the Draft IUP proposed by WDNR for the SFY2023 Safe Drinking Water Loan Program, WDNR proposes awarding PERF points to applicant water systems that have taken steps to implement the SDWLP goal of “incentiviz[ing] public water systems to implement corrosion control study recommendations, develop and maintain asset management plans, and execute partnership agreements.” In future CWLP IUPs, WDNR should consider introducing similar measures to incentivize and reward applicants that have taken meaningful steps to implement workforce development and affordability goals.

**Response:** Our team must first better understand the workforce development and affordability goals that would be impactful and how they would fit into construction projects we fund. Additionally, any potential workforce development policy would need to be developed with municipal bidding in mind. We are continuing efforts to learn more about this area.

- 9. Comment:** Another tool WDNR has deployed to reward certain desired practices in the SDWLP Draft IUP is the award of additional PF eligibility, over and above the amount that would be awarded in accordance with Tables 1-7. WDNR should award bonus PF to applicants that have implemented significant workforce equity and affordability measures, as these goals relate directly to equity issues which are at the heart of PF eligibility as determined by Tables 1-7. Awarding bonus PF to applicants who take significant strides to employ a local, equitable workforce and address water affordability concerns for its low-income customers would further the CWLP goal to examine program policies through an equity and environmental justice lens and make improvement where possible.

**Response:** Assessing workforce equity and affordability measures against some standard in order to determine whether the project would be eligible for additional PF would be challenging, especially given that many projects have not been bid by the time we determine their eligible PF percentage. We are interested in learning about workforce equity and affordability measures that may fit well with the CWFP and within the framework of municipal bidding laws.

- 10. Comment:** Greater implementation of green infrastructure (GI) for stormwater management and other nature-based solutions to address water quality challenges is important to build the



resilience of communities and water systems in the face of the risks posed by climate change. Therefore, providing more support and incentives for GI and other nature-based solutions should be included in the CWLP IUP as a short-term goal in furtherance of the CWLP's goal to implement policy changes that encourage municipalities to make their wastewater treatment systems and stormwater systems more resilient, sustainable, and adaptive to climate change impacts.

**Response:** DNR recognizes the value of GI projects. GI projects are eligible for funding through the CWFP, and we will continue to explore ways to promote the CWFP for funding GI projects.

**11. Comment:** To further drive innovative nature-based solutions as well as the broader take-up of green infrastructure solutions for stormwater management, WDNR should adopt the following policies:

- Reserve an additional 10% of Wisconsin's base and supplement federal CWSRF capitalization grants for green infrastructure projects, on top of the 10% Green Project reserve mandated by federal law.
- Add another category of "priority PF" for GI projects situated in neighborhoods that meet the affordability criteria. Incentivizing GI in such neighborhoods would help to implement CWFP's equity and environmental justice goals as well as its climate resilience goals by ensuring that these communities share in the substantial co-benefits of GI including reduced risk of flooding, reduced urban heat-island effect, and increased health benefits.
- Designate GI projects proposed by CWFP applicants that have not previously implemented GI projects for stormwater management as pilot projects eligible for 0% interest to incentivize municipalities that may be behind the curve in relation to the stormwater management potential, cost-effectiveness, and multiple co-benefits of GI to consider and implement GI solutions.
- Expand the CWLP's pilot program to provide 0% SRF loans as matching funds for GI and other nature-based projects developed and partially funded by nonprofits or other private entities and sponsored by CWLP-eligible applicants for matching funds from the CWLP to leverage the private funding secured and enable these projects to be implemented. Under a nature-based project sponsorship program, eligible public entities are paired with a non-traditional partner organization bringing private or philanthropic funds to the table, allowing for the development of GI projects that would not otherwise be possible to finance with SRF funds to be prioritized. A good example is Ohio's Water Resource Restoration Sponsor Program which allows applicants to sponsor a watershed protection or restoration project through a third-party like a land trust or park district.

**Response:** Currently the CWFP has plenty of loan funding available, so there is no need to reserve loan funding for a particular purpose. Depending on how the GI program is structured at

the municipal level, GI projects are eligible under the CWF. We encourage interested applicants to reach out to further discuss their project. We will consider ways to incentivize GI projects in future IUPs.

- 12. Comment:** In many cases where a small community's WWTP is failing, redirecting the plant's discharges to a WWTP in a neighboring municipality may be the best option. In some cases, however, it may be worthwhile to consider distributed wastewater systems as a more flexible, cost-effective, and climate resilient alternative. To facilitate the consideration of such alternatives and enable their implementation, where appropriate, WDNR should consider, on a case-by-case basis, funding projects to explore and implement distributed wastewater treatment systems within the CWLP's pilot program.

**Response:** DNR runs a cost-effective analysis during the facility planning process. No regionalization project would proceed if it was not the most cost-effective alternative. Environmental Loans does not review or approve the design of the project. How the problem is addressed is a municipal decision based on state regulations. These types of projects are eligible for funding if they have a WPDES permit.

- 13. Comment:** We also urge WDNR to set aside the maximum allowed for technical assistance from both the base and supplemental CWSRF grants. WDNR should also reconsider plans proposed in the Draft IUP for the expenditure of set aside funds for technical assistance.

**Response:** Although DNR requested only a portion of the set aside authority in SFY 2023, the remaining amount was reserved for future years. This will allow the DNR to be more thoughtful and deliberative with the use of the set asides. Currently, workload constraints are preventing us from developing additional technical assistance programs.

- 14. Comment:** WDNR should ensure that the use of set-aside funds for technical assistance is guided by the following principles and objectives:

- The assistance helps Wisconsin meet the goal established in President Biden's Executive Order 14008 of directing 40 percent of the benefits of federal funding to disadvantaged communities.
- The assistance accounts for and meets the needs of the residents of underserved, disadvantaged, and overburdened communities where they are, and ensures an opportunity for robust and open communication with community members.
- The assistance lowers barriers to accessing funding, thereby substantially and measurably increasing the number of communities with access to the resources they need to provide safe, affordable water and protect their water sources.
- The assistance enables small, rural, disadvantaged, and overburdened communities to implement high-quality projects providing cost-efficient, sustainable solutions to

pressing water infrastructure needs that would otherwise either remain unaddressed or impose costs that would add to the rate burden of low-income households.

- The assistance provides wastewater and stormwater operators with the information they need to mitigate and adapt to climate change and natural hazards, especially in underserved, disadvantaged, and environmental justice (EJ) communities.
- The assistance catalyzes long-term shifts in SRF practices to ensure more equitable distribution of SRF funds.

**Response:** The technical assistance set aside authority comes from Section 603(k) of the Clean Water Act, which says, "...entities to provide technical assistance to rural, small, and tribal publicly owned treatment works..." DNR must provide the Technical Assistance to rural, small, and tribal publicly owned treatment works. In contrast, a community meeting the affordability criteria does not need to be a small community. DNR continues to evaluate the most beneficial and effective means of utilizing the technical assistance set aside funding.

- 15. Comment:** States can set aside a proportion of their supplemental CWSRF grants appropriated through the IIJA in the same manner allowed under the Clean Water Act for the state's annual federal CWSRF capitalization grants. WDNR should ensure that these funds are used to enable disadvantaged communities to access SRF funds, and clarify a plan, in coordination with community stakeholders, to meet these goals.

The TA plan should, among other things, identify how set-aside funds will be used to provide technical training and education, and community education and engagement in the identification, development, and prioritization of projects. The plan should explain how planning grants for things like engineering plans and other technical studies can be used to enable disadvantaged communities to identify and develop shovel-worthy projects. While it is possible to reimburse such costs from SRF awards after the project has been completed, financially disadvantaged communities lack the cash flow or other capacities to undertake these planning activities without up-front grant funds, and thus they are less able to access SRF funding.

**Response:** The Technical Assistance funds will hopefully build a pipeline of projects, especially for communities who historically do not access the SRF for funding. It will take time to ramp up DNR's capacity to manage and identify plans for the Technical Assistance funds.

It is not uncommon for applicants to obtain interim financing from a local bank prior to closing a CWFP agreement to cover engineering costs. Those costs are then reimbursed by the CWFP agreement.

- 16. Comment:** WDNR should limit the number of new staff positions supported by TA set asides and instead use set-aside funds to engage non-profits and other third parties to provide technical assistance to disadvantaged communities.

With growing interest in addressing long-standing water infrastructure needs, SRFs, and their equitable distribution, there is a growing cohort of organizations developing expertise in these issues. Any contractor engaged to develop a technical assistance plan should have a demonstrated capacity to effectively engage residents in disadvantaged communities and Wisconsin's TA plan should be developed with resident participation and input. The TA plan should also, in turn, clarify how technical assistance providers will be selected and vetted and community residents engaged in these determinations to ensure that workforce development and Justice40 concerns are adequately taken into consideration and implemented.

**Response:** The Technical Assistance funds are a new authority starting for SFY 2023. DNR plans to bring on additional capacity and to build upon that going forward. The positions funded with technical assistance funds will directly engage with communities to support them in applying for BIL CWF monies (Wastewater Outreach Specialist), evaluate alternatives and refine project proposals (Wastewater Plan Review Engineers), evaluate the feasibility of funding projects that address non-point source pollution and climate resiliency. Additional technical assistance will be developed in the future and will focus on rural, small, and tribal publicly owned treatment works.

- 17. Comment:** Readiness-to-proceed standards ensure that key planning components have been addressed prior to awarding CWLP assistance, and provide guidance and assistance to applicants regarding these requirements where needed. Further clarification should be provided in the Draft IUP regarding what the readiness-to-proceed requirements are and how they are assessed by WDNR.

We are particularly interested in how WDNR assesses public participation in the development and vetting of proposed projects. The inclusion of public participation requirements within WDNR's readiness-to-proceed criteria provide an important lever to ensure that community based organizations, impacted residents, and other stakeholders have had appropriate opportunities to learn about, understand, vet, and influence water infrastructure projects funded by the CWLP. For this to be impactful, however, it is essential that community groups and residents are sufficiently notified and understand public participation opportunities. A thorough public vetting of projects, and opportunities to address concerns raised by community members, can be especially important for projects that can raise important governance issues, such as regionalization projects.

WDNR should provide further information to the public, through its website and in the Draft IUP, on the nature and extent of public participation requirements for various types of projects that might be funded by the CWLP. WDNR should also provide clear information on how readiness-to-proceed requirements for public participation are assessed by WDNR. The agency should also provide mechanisms whereby impacted residents or other stakeholders could provide information to WDNR, relevant to its assessment of whether public participation criteria has been satisfied.

**Response:** Design decisions are made at the municipal level. Public opportunities to comment on a project’s approach include the facility plan process. Details regarding the facility planning process can be found at, <https://dnr.wisconsin.gov/topic/Wastewater/MunicipalPlanning.html> (see Public Involvement).

- 18. Comment:** WDNR should extend the comment period between the publication of the Draft IUP and comment deadline to 60 days to allow stakeholders to formulate and vet comments within the comment period. In addition to written comments, we urge the WDNR to convene an on-line public hearing on future Draft IUPs. While the explanatory webinar is useful for helping stakeholders understand the Draft IUP and WDNR’s rationale for its policy proposals, a formal public hearing would allow stakeholders to publicly respond to the Draft IUP, and to hear other stakeholder views as well.

**Response:** It was our intention to extend the public comment period to 30 days this year, but the additional work presented by the Bipartisan Infrastructure Law made that unattainable. We were able to post the Lead Service Line and Drinking Water Emerging Contaminants Amendments to the IUP for 30 days. Extending the public comment period to 60 days would severely constrict the time the DNR has to finish all our work before submitting capitalization grant applications to EPA.

After the publication of the IUP, DNR held a webinar to discuss the IUP. This provides another opportunity for the DNR to answer questions and to engage with interested parties.

## Comment 3

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Submitted by Mary Wagner, P.E., MSA Professional Services, Inc.

- 1. Comment:** RE: 2023 IUP State short-term goal: “Evaluate the feasibility, benefit, and public opinion of incentivizing projects that target unsewered areas serving existing homes in SFY 2024.” In addition to 0% interest rate to incentivize septage receiving, consider awarding Priority PF for ‘effective’ regionalization of the septic systems for areas where a built collection system to connect remote septic systems to a POTW is not a sustainable option. This is especially evidenced in areas where there are homes distributed around lakes or other remote, sensitive, or accessibility-limited areas.

In NR 162, installing collection system connections to existing septic systems receives regionalization points. Conversely, some type of purposeful voluntary regionalization for receiving septage from haulers could work beneficially and address some of the land-spreading concerns and availability. To succeed, the dumping rates must be as affordable as possible and be competitive with/ comparable to other rates in the area. That is a critical aspect of stabilizing

the loads on the particular POTWs designed to receive septage, reducing/ controlling the environmental nutrient and pollutant loadings.

**Response:** The 0% interest rate represents a meaningful incentive for septage receiving, and any septage receiving project would be eligible to receive General PF if the municipality is eligible. Given that septage rates are a municipal decision, it would be difficult to expect that PF would directly result in lower septage rates.

**2. Comment:** Regarding staff requests/increases:

- a. Concern that the additional staff will not be able to continue once federal funding expires or is re-directed;
- b. Concern about the potential foray into creating applications for communities (if that is what the descriptions mean) and duplicating work being done by Regional Planning Commissions (RPCs), consultants, and others;
- c. Concern about department staff experience in wastewater collection system and POTW operation, and the need for an ongoing fiduciary-type relationship with client communities;
- d. Concern that all applications be afforded ability to reasonably correct or revise items equally. If there are differing 'de facto' standards currently for applicants with assistance versus those without professional assistance, it is important to maintain fairness of application evaluations and standards across all applicants.
- e. "Wastewater Outreach Specialist" – 1 FTE - Please define what it means to 'Assist facilities with funding applications'. If it is having more availability to answer questions quickly and troubleshoot situations prior to deadlines, that would be welcome. If the staff position is duplicating what is done by the RPCs and consultants, then it appears that could be a conflict of interest internally within the department regarding fund awards and administration or externally by competing with the RPCs and others who assist with applications. If it involves actually 'doing' (or re-doing) some applications, please consider instead providing additional funding to applicants to do feasibility studies or facilities planning. Those loan/grants could be for separate, non-construction studies.
- f. "Wastewater Plan Review Engineer" (2 FTE): Please define what is proposed regarding "Provide technical assistance to small and disadvantaged communities [...] working with consultants to provide input on preliminary facilities plans." Is this a circuit-rider job similar to assistance provided to water utilities through Wisconsin Rural Water Association? Or technical assistance provided through Wisconsin Wastewater Operators Association? If so, please consider providing those funds to existing operator organizations to allow greater assistance, education, and support between wastewater operator professionals. Also, what is the anticipated scope of involvement in preliminary facilities plans? Additional Plan Review personnel are needed to help deal with the backlog in the Wastewater Plan Review Section and be able to meet the funding time frames especially with additional funded projects.

- g. “Non-Point Source Planning and Outreach Specialist” (1 FTE), and other positions: – I encourage the person(s) working with ag, stormwater, etc. to reach out to consultants, farmers, ag higher education, and farming organizations (in addition to the agencies identified) to help inform the most effective, affordable and sustainable policies and programs. Those partnerships will help the NP specialist reach the goals set forth for beneficial integration of ag/non-point projects and CWF funding.
- h. “Wastewater Regulator and Zoning Engineer/Specialist” (2 LTE): – same concern with ‘assist potential small and disadvantaged CWF applicants’ statement here that was also discussed above in ‘Wastewater Outreach Specialist’.

**Response:** All positions budgeted to the BIL Supplemental Capitalization grant are four-year project positions. Priority score continues to relate to the details of the project, not the details of the application. Applications are evaluated for completeness and eligibility consistently. When posed with application questions from applicants or their representatives, we respond with the goal of resolving the specific issue. The technical assistance work is not meant to duplicate existing efforts, but instead to address an unmet need.

3. **Comment:** In general, anything that helps to get potential projects evaluated/ scored at the ITA/PERF stage and determines clear eligibilities will help to streamline the program and avoid issues/ conflicting information as the project develops. Suggestion: Make the base project ITA/PERF scores effective for up to 5 years, permitting true eligibility review of projects while allowing for the annual MHI/ population adjustments, etc.

**Response:** DNR is currently working on streamlining the loan programs. Thank you for your suggestion, and we will look for more external feedback once we have specific proposals with changes to the programs.

4. **Comment:** (p 6, 11) Emerging contaminants -transfer of funds to SDWLP for PFAs—Generally positive because initial concern is with consumption and providing treatment for drinking wells, however there are some short and long term concerns:
  - a. If PFAs are treated at the source, what becomes of the PFAs removed from the drinking water? What systems need to be in place to address the products from treatment.
  - b. Some POTWs are already experiencing PFAs in sludge. In general there is public concern for land-spreading and how that will eventually play out on regulatory and environmental levels. It may be beneficial to help POTWs address this pollutant to keep solids-disposal options more available.

**Response:** Currently DNR does not intend to transfer the SFY 2022 Clean Water Emerging Contaminants Capitalization Grant to the Safe Drinking Water Loan Program (SDWLP). Instead, a new CWF Emerging Contaminants program is being developed to utilize the funding. If there is insufficient demand to utilize the first year of CWF Emerging Contaminant funding, DNR may opt to transfer the funds to the SDWLP Emerging Contaminant program until sufficient demand

is present at which time the funds would be transferred back and the CWFP Emerging Contaminant program would be made whole.

5. **Comment:** (p 21) Thank you for working on the development of the OSG program and coordination with the UNPS & SW Program. Will this program be able to be used in conjunction with several FEMA programs dealing with readiness, mitigation, disaster assistance and/or climate change resilience? Will this be able to coordinate with Wisconsin Emergency Management or local programs?

**Response:** OSG will continue to focus on UNPS & SW although that may expand in the future. We are not aware of the FEMA program eligibilities, but if there is overlap, it is possible that projects could be co-funded by FEMA/WI Emergency Management and OSG.

6. **Comment:** (p 22) Thank you for considering new limits in a WPDES compliance schedule as an eligible re-score for a project designed to meet those requirements when the new permit is issued after ITA/PERF submittal. Does this also incorporate limits that are scheduled over more than one permit?

**Response:** When considering reevaluating points for new limits that the project is being constructed to address, the new limits must take effect during the next permit term. Below is draft language that we are considering for the next IUP:

“The department shall use the current facility permit limit for calculating the points assigned to the water quality criteria category.’ If a new permit is issued between submittal of the ITA/PERF and the application, a re-evaluation can be requested. In addition, if a project is being constructed for the purpose of meeting new limits contained in a compliance schedule, a reevaluation can be requested at the time of application submittal in order to incorporate the points applicable to those new limits. In this case, the new limits must take effect during the next permit term.”

## Comment 4

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Submitted by:

- Drake Daily, Village of New Glarus
- Michael J. Bell, New Glarus Village Board
- Roger Truttman, Village of New Glarus
- Bekah Stauffacher, New Glarus Chamber of Commerce
- Mary Thomson
- Laci Brainbridge
- Kristi Schultz
- Eileen Bell
- Laci Brainbridge



- Kristi Schultz
- Eileen Bell
- Jennifer Thayer, Ph.D., New Glarus School District
- Duane Bell
- Kaylee Walters, New Glarus Village Board
- Debra A Saunders
- Beth and Bruce Berger
- Stephanie Ganshert
- Jeff Klassy
- Tammy Newberry, New Glarus Village Board
- Will Oemichen, Green County

**Comment:** The Village recommends that Wisconsin Department of Natural Resources (WDNR) allow Clean Water Fund Program applicants to use the principal forgiveness (PF) scoring criteria from the SFY 2022 IUP for projects that have submitted planning documents to WDNR prior to finalization of the SFY 2023 IUP. Under the draft affordability criteria, the Village is no longer eligible for PF, even though the Village population and economic characteristics are consistent with previous years. The Village has been using the previous criteria during our planning stage of the project. Being ineligible for PF has a major negative financial impact for small communities such as New Glarus.

The Village has awarded a \$5.3 million construction contract for new filtration facilities in accordance with the Village’s compliance schedule for new phosphorus limits. The Village was previously eligible for \$1.75 million in PF (\$1 million in phosphorus reduction PF and \$0.75 million in general PF) based on the SFY 2022 IUP. The Village has already raised its sewer rates by approximately 13 percent in 2022 in preparation for the phosphorus project. An additional approximately 14 percent sewer rate increase will be required if the Village receives no PF (based on current interest rates and the project bid cost). Any PF the Village receives has the potential to significantly reduce the required sewer rate increase to the community. For example, if \$1.75 million in PF is provided, a sewer rate increase of only 3 to 4 percent may be necessary, depending on interest rates.

**Response:** In response to this comment, the Final IUP includes the following section, “To qualify for General PF or Phosphorus Reduction Priority PF, an applicant must meet the Affordability Criteria described below by receiving a total of at least 60 points in Tables 1–6 with one exception. For projects funded by the CWFP, the budget and planning process may take a year or longer. In recognition of the potential burdens placed on municipalities that would suddenly no longer be eligible for PF in SFY 2023, any applicant that meets the Affordability Criteria described in the SFY 2022 Final CWFP IUP but does not meet the Affordability Criteria described in the SFY 2023 CWFP IUP, will be eligible for 10% PF in SFY 2023. This grandfathering will only apply to SFY 2023 projects and will not carry forward to SFY 2024. To determine whether an applicant would have qualified under the Affordability Criteria in the SFY 2022 Final CWFP IUP, DNR will use the same data that will be used for SFY 2023 applicants.”

## Comment 5

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Submitted by Travis Anderson, P.E., Strand Associates, Inc.

**Comment:** We recommend that Wisconsin Department of Natural Resources (WDNR) allow Clean Water Fund Program applicants to use the principal forgiveness (PF) scoring criteria from the SFY 2022 IUP for projects that have submitted planning documents to WDNR prior to finalization of the SFY 2023 IUP. Under the draft affordability criteria, several communities are no longer eligible for PF, even though their population and economic characteristics are consistent with previous years. There is a wide range of population sizes that are no longer eligible for PF showing that this concern is not limited to a specific size community.

We request that the WDNR allow use of the SFY 2022 IUP for PF scoring such that municipalities can move forward with planned projects based on the level of principal forgiveness on which they had reasonably relied while planning and budgeting for projects.

**Response:** Please see the response to comment 4.

## Comment 6

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Submitted by:

- State Senator Jon Erphenbach
- State Representative Dianne Hesselbein
- State Representative Sindy Pope

**Comment:** We are writing to seek the department's support for New Glarus's application for continued participation in the Clean Water Fund. In addition, we ask for strong consideration of the village's request regarding treatment of program applications that were prepared ahead of the draft Intended Use Plan. As they have noted, the Village has planned for support of its vital clean water efforts needed to comply with phosphorous removal requirements based on eligibility for principle forgiveness under the criteria in effect at the time.

As the department moves forward, we ask for continued strong support of New Glarus' good faith efforts to ensure safe and clean water while acting responsibly on behalf of ratepayers.

**Response:** Please see the response to comment 4.

## Comment 7

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Submitted by Municipal Environmental Group–Wastewater Division; Vanessa D Wishart and Paul G Kent

**Comment:** The IUP revises the criteria a municipality must meet to be eligible for levels of principal forgiveness. We understand that with these revisions, the department is attempting to allocate principal forgiveness funds to the highest priority projects in municipalities with the greatest financial need. We do not object to that prioritization as a general matter. However, a number of our MEG members have planned projects under the SFY 2022 criteria for principal forgiveness. Changing the criteria for them at this point in the process would significantly decrease the anticipated amount of principal forgiveness for a number of our members. This would have a major financial impact on these municipalities, particularly because many have already undertaken major steps for planned projects.

To avoid pulling the rug out from under some municipalities, we request that the department allow municipalities who have already planned projects in reliance on a certain amount of principal forgiveness based on the SFY 2022 criteria to receive that level of principal forgiveness for those projects. This will ensure that those municipalities can move forward with planned projects based on the level of principal forgiveness on which they had reasonably relied while planning and budgeting for those projects.

**Response:** Please see the response to comment 4.

## Comment 8

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Submitted by League of Wisconsin Municipalities; Toni R Herkert

**Comment:** We request that the department allow 2023 applicants to use the principal forgiveness criteria from the SFY 2022 IUP to ensure that municipalities can move forward with planned projects based on the level of principal forgiveness on which they had reasonably relied while planning and budgeting for projects. The 2023 IUP would then highlight the modified principal forgiveness structure moving forward for projects awarded during 2024. Our request reflects the need for the criteria to be phased into the planning phase and not just the application/award phase of these large infrastructure projects.

**Response:** Please see the response to comment 4.

## Comment 9

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Submitted by Tricia Davi, City of Fond du Lac

**Comment:** The City intends to submit project plans and specifications for Biosolids Drying Improvements to WDNR for review and approval before the September 30, 2022 deadline for projects requesting PF in SFY 2023. The project has a current cost estimate of \$16.9 million. The City was previously eligible for 15 percent PF based on the SFY 2022 IUP, which would be maximized at \$750,000.

The City requests use of the SFY 2022 IUP for PF scoring and qualify to receive general PF as the City's Biosolids Drying Improvements project has completed planning and is preparing a design submittal prior to the proposed affordability criteria changes made in the draft SFY 2023 Clean Water Fund Program IUP.

**Response:** Based on our calculations, the City of Fond du Lac qualifies for 15% PF for SFY 2023.

## Comment 10

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Submitted by Thomas W Sigmund, P.E., NEW Water

- 1. Comment:** The draft Intended Use Plan, Section IX.H. states that for federal equivalency projects, the A/E contracts must comply with the qualifications-based procurement processes for A/E services as identified in 40 U.S.C. 1101 et seq., or an equivalent state requirement. NEW Water is not aware that the state has established their own procurement requirements. We encourage the DNR to waive the federal equivalency designation and/or consider a utility's existing practices acceptable when these practices deviate from the requirements in a minor way.

**Response:** DNR receives funds in the form of an annual capitalization grant which is used to provide loans for a wide range of wastewater infrastructure projects. Each year, the state is required to report compliance with all grant conditions for a select group of loans (called "equivalency" projects) equal to the amount of the grant. For example, if the capitalization grant is for \$30,000,000, DNR must award an equal amount of equivalency projects. As an alternative to waiving the federal equivalency requirements, DNR is working on an A/E Financial Assistance Agreement that would be executed separately from the rest of the project costs and not subject to equivalency requirements.

- 2. Comment:** We encourage the DNR to work with stakeholders to develop a principal forgiveness approach that will enable more targeted financial support for projects performed in the most disadvantaged sub-areas of a community (neighborhoods) rather than across the entire

community. A principal forgiveness scoring approach would need to be developed to recognize these sub-areas of a community, and not use the scores resulting for the community as a whole.

**Response:** Given that many projects' benefits are not specific to an area or a particular neighborhood, incorporating more granular data into the PF scoring criteria would have to be limited to a few types of projects. For example, NR 162.50 Wis. Adm. Code provides additional points for basement backups.

Even awarding PF using more granular data would not directly result in those project savings being passed onto financially burdened rate payers in those areas. Wisconsin Administrative Code, Wisconsin State Statute, and U.S. Code, all include requirements that the "system of charges to assure that each recipient of waste treatment services within the applicant's jurisdiction...will pay its proportionate share of the costs. (33 USC §1284(b))". Because systems must keep rates equal, providing principal forgiveness based on the demographics of the project area would benefit the whole wastewater system, not just the rate payers in the project area.

DNR is considering applying a census tract-based approach to certain project types with place-based benefits when occurring in more disadvantaged areas, such as green infrastructure projects. We understand that there are benefits to these types of projects beyond the financial benefit of receiving principal forgiveness. Most of the data used in the affordability criteria is not available for a smaller geographic area than the census tract level. Currently, the SDWLP is piloting the practice of scoring lead service line removal projects at the census-tract level in SFY 2024.

## Comment 11

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Submitted by Susan Wojtkiewicz, P.E., Donohue & Associates, Inc.

- 1. Comment:** Page 16 of 24 "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."

Please indicate the period to be evaluated. Current projections from DOA extend only to 2040, so is the intent that the 20 year period is from 2020 to 2040?

**Response:** The Final IUP was revised to say, "Data for this criterion comes from the DOA's Demographic Service Center. Currently, DOA's Demographic Service Center only has municipal population projections available as far as 2040; therefore, population trend is calculated using 2020 population estimates in comparison to 2040 projections." The most recent data around the start of the State Fiscal Year will be used for this criterion.

- 2. Comment:** Page 16 of 24 “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 unemployment rates from 12 months of data available around the start of the SFY.”

Please indicate whether “Not Seasonally Adjusted” or “Seasonally Adjusted” value should be used or if it does not matter which is selected because a 12-month period is evaluated. Also, it would be more clear to indicate the 12-month period to be evaluated. For example, the 12 months of the preceding SFY.

**Response:** We use “Not Seasonally Adjusted” data. In response, we added this detail to the IUP.

## Comment 12

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Submitted by Chuck Anderas, Michael Fields Agricultural Institute

- 1. Comment:** Address Agricultural Non-Point Pollution through Perennial Agriculture. Unlike other neighboring states, Wisconsin has not historically used its SRF funds to address agriculture nonpoint source pollution. The new funding under BIL brings significant new opportunities for the DNR to build innovative water quality thinking and strategy into the environmental loan program, meet with stakeholders, and explore new ways the DNR can use SRF loan programs to better address agricultural non-point pollution.

In particular, we recommend the department set a laser focus on advancing programs and strategies that expand perennial agriculture and reduce the loss of grasslands. Grasslands are superb agents of water infiltration and provide other vital ecosystem services for society, but they are also among the most endangered ecosystems in the world. The loss of their deep roots and soil holding qualities has enormous impacts not only on water quality but on climate, soil health, pollination, wildlife and more.

**Response:** DNR is working to expand the reach of the CWFP further into the non-point arena. We’re initially focusing on funding projects that are part of a DNR-approved plan (lake management, water quality trading plan, etc.)

- 2. Comment:** Strategically Invest in Land. The IUP states that the “purchase of land is considered a capital cost” and is allowable under the program. Purchasing land could be a highly effective use of funds to address NPS pollution from agriculture. Below are two approaches for loans from the CWFP to focus on land use and ownership’s systemic role in NPS pollution.
  - a. Finance easement purchases. The DNR should build off the success of the Stream Bank Protection Program that purchases easements to manage stream banks and allow

access for anglers. Other states use the state revolving loan fund to finance conservation easement purchases. Minnesota finances local governments to purchase conservation easements in strategic places to establish grass buffers. Expanding on this, the CWFP should collaborate with local government agencies to explore purchasing conservation easements to address specific resource concerns.

- b. Develop and implement a land ownership transfer plan as a NPS reduction strategy. The DNR should explore funding local governments, tribal governments, and community partners like land trusts to buy land in strategic watersheds, establish conservation easements for agricultural use that protects water quality, and sell the land through low-interest loans to beginning farmers from disadvantaged communities. This use of the funds would contribute to revitalizing rural communities and economies, make farming accessible to the next generation, and protect critical watersheds in our state. In Oregon, the Oregon Agriculture Heritage Program creates Working Lands Conservation Easements in perpetuity alongside Working Lands Conservation Covenants that last between 20 and 50 years. This strategy combines the goals of agricultural easements that keep land in agricultural use with conservation goals including watershed enhancement. The DNR should use the CWFP to address some of the systemic issues that contribute to water quality issues, including those centered on land access.

**Response:** Under Wisconsin state statutes, we are only able to make loans to municipalities—land trusts and community partners likely would not qualify. Land purchases to maintain existing habitat/ecosystems are uncertain due to a lack of direct water quality improvements. Land purchases of this nature would be easier for us to fund if they were part of a DNR-approved plan.

**3. Comment: Increase DNR Staff Capacity Through Additional Technical Assistance (TA) Positions.**

The EPA recommends that states use the full 2% of TA funds. In addition to the staff positions in the IUP, we recommend that DNR adds a second non-point source planning and outreach specialist, a second climate resilience specialist, a tribal liaison position to support tribal grazing and other water quality efforts, and a position that works to expand the department's public grazing and grassland restoration efforts. This suite of positions would strengthen programs, maximize proactive outreach, and support innovative water quality solutions.

Additional suggestions for technical staff activities and outcomes:

- a. Prepare a report on how other state CWSRF programs have devised innovative alternative financing mechanisms to support NPS and climate adaptation projects and recommend suggestions for Wisconsin.
- b. Work with municipalities on source water protection projects that encourage land use conversion to perennial agriculture and grasslands. Fund the coordination and development of a grassland conservation action plan in cooperation with internal and external partners. Although grasslands are essential to the achievement of water quality

goals, and while all states have Wildlife Action Plans and Forest Action Plans, they do not have Grassland Action Plans. A framework for action could be modeled after Wisconsin's Wildlife Action Plan and Forest Action Plan.

- c. Develop a spatially explicit register of grazing and grasslands in Wisconsin. Such a database is essential in tracking their conversion, understanding the factors leading to their loss, and the conservation strategies needed to ensure their protection.
- d. Update language on the DNR's Environmental Loans webpage to explain nonpoint source pollution opportunities. In 2022, effective and economically efficient water management requires watershed planning, feasibility and capital funding of both physical and natural infrastructure. EPA encourages states to use the significant increase in SRF funding for infrastructure projects that make water systems more resilient to all threats. The CWSRF may be used to fund a wide variety of eligible recipients, (e.g. Tribal, municipal, state, inter- state, inter-municipal, qualified non-profit, etc.) activities and projects that improve water quality and public health and safety. We recommend modifying language on the environmental loans section of the DNR website to update the full range of eligible recipients and eligible activities for SRF funds. We also recommend that the DNR design outreach that explains the full range of eligible activities to the public.

**Response:** The technical assistance set aside authority comes from Section 603(k) of the Clean Water Act, which says, "...entities to provide technical assistance to rural, small, and tribal publicly owned treatment works..." DNR must provide the Technical Assistance to rural, small, and tribal publicly owned treatment works.

For funding, we only issue loans, with a portion as principal forgiveness in some cases. We have encountered limited demand for loan funding for NPS projects. Staffing numbers may be revisited in future years if/as demand changes.

4. Build Strong Mechanisms for Community Accountability. We recommend that CWFP establish an advisory committee for the agricultural uses of the SRF program and create a related process to make participation in the advisory committee accessible for low-income community leaders. Many community members (including farmers) from disadvantaged communities also work off-farm jobs and may need special accommodations to participate fully in committees, e.g. honoraria, mileage reimbursement, interpretation services, and others. Other accommodations should be made to ensure participation, for example meeting outside of normal work hours. Setting up a public process to formally engage community stakeholders will ensure that the program is accountable to the disadvantaged communities that EPA and DNR are committed to serve.

**Response:** Although there is no formal advisory council in place, members from our team are regularly involved with various stakeholders related to nonpoint. We will continue to engage stakeholders as we explore approaches to fund NPS projects