STATE OF WISCONSIN

SAFE DRINKING WATER LOAN PROGRAM
INTENDED USE PLAN

FOR FFY 2010 FUNDS

FOR THE SFY 2011 FUNDING CYCLE

October 2010

ADMINISTERED BY

THE DEPARTMENT OF NATURAL RESOURCES

AND

THE DEPARTMENT OF ADMINISTRATION

WISCONSIN DEPARTMENT OF NATURAL RESOURCES
SAFE DRINKING WATER LOAN PROGRAM INTENDED USE PLAN
Covering Funding During State Fiscal Year 2011
For Receipt of the EPA Federal Fiscal Year 2010 Capitalization Grant

I. INTRODUCTION

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

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) that identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2010 DWSRF Capitalization Grant funds and other monies available in the revolving loan fund. The IUP is a part of Wisconsin's capitalization grant agreement package for FFY 2010 and covers anticipated activity during SFY 2011. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5.

II. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

A local governmental unit may receive financial assistance for projects with the following purposes:

1) Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
2) Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
    a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
    b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
    c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
    d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
3) Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
4) Purchase a portion of another public water system's capacity if it is the most cost effective solution.
5) Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
6) Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL (maximum contaminant limit) for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the base SDWLP may provide the following types of assistance:

1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project that is located within the State and has not been substantially complete for more than three years.
2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
3) Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 4.0%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st. No fees are assessed under the SDWLP.

III. CHANGES TO SDWLP APPLICATION DEADLINE

The statutory application deadline for the SDWLP has been set at April 30 since the beginning of the program with a deadline of April 30 the following year to execute loan agreements. Staff in the EIF tried unsuccessfully for several years to have a statutory change passed to shift the application deadline to June 30 with a corresponding shift to June 30 in the following year for execution of loan agreements. This statutory change was signed into law on April 29, 2010 as Wisconsin Act 217.

Enabling legislation for the new provisions contained in the FFY 2010 appropriation allowed the SDWLP to set a different application deadline for SFY 2011. As the EIF had not yet received approval for the proposed methodology for distribution of principal forgiveness funds as of the end of June a decision was made to move the application deadline for SFY 2011 to August 31, 2010. All SDWLP funding agreements are still required to be executed by June 30, 2011.

IV. SOURCES AND USES OF FUNDS

The FFY 2010 appropriation for the CWSRF and DWSRF contained several new requirements, one of which was the requirement to use 30% of the DWSRF capitalization grant to provide additional subsidy in the form of principal forgiveness, grants, or negative interest rate loans. The SDWLP will be providing this additional subsidy in the form of principal forgiveness using an allocation methodology discussed in section IX. C. below.

Funds available during SFY 2011 and their intended uses include the following:

FFY 2010 Capitalization Grant	$23,399,000		
State Match	$0		*Overmatched previously
Other Funds Available in the SRF	$24,270,375		
Total Amount for SFY 2011	$47,669,375		
Set-aside Amounts:			
Administration		$935,960	
Wellhead Protection		$182,342	
Technical Assistance		$267,260	
Local Assistance		$768,000	
State Program Management		$1,164,501	
Total Amount of Set-asides		$3,318,063	
Principal Forgiveness	$7,019,700		
Subsidized Loans	$37,331,612		

V. SHORT- AND LONG-TERM GOALS

A. Short-Term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop and improve strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Provide financial assistance, including the federally required minimum of principal forgiveness, to communities facing economic hardship for the purposes of installing the necessary infrastructure to provide an adequate supply of safe drinking water;
- Protect municipal drinking water supplies by facilitating the development and implementation of wellhead protection plans;
- Facilitate the use of Clean Water funds where infrastructure projects for water systems support the objectives of the Clean Water Act;
- Direct a minimum of 20% of each annual capitalization grant to projects which incorporate water or energy efficiency, green infrastructure, or are environmentally innovative.

B. Long-Term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Maintain existing partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Monitor the progress of State programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are constructed, operated, maintained, and monitored properly;
- Protect drinking water supplies by integrating wellhead protection and source water protection efforts with other water and land use programs;
- Increase the level of funding available to water systems to more closely match the infrastructure needs;
- Expand eligibility for financial assistance to include non-municipal systems;
- Encourage sustainability of water systems;
- Develop a system for measuring program effectiveness.

VI. BANKING OF SET-ASIDE FUNDS

The State has previously banked $3,442,204 in Administration funds and $4,915,274 in State Program Management funds for a total of $8,357,478 of banked set-aside funds. The State is requesting to bank an additional $1,175,399 in State Program Management Funds as well as $200,720 in Small System Technical Assistance funds bringing the total banked funds to $9,733,597. These banked funds are available for possible designation from a future capitalization grant.

VII. TRANSFER OF FUNDS FROM CWSRF TO DWSRF

The State transferred a total of $23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to 33% of the Drinking Water Capitalization Grants. As of the date of this IUP, all transferred funds have been disbursed. No additional transfers of funds are being proposed.

VIII. METHOD AND CRITERIA FOR DISTRIBUTION OF LOAN FUNDS

The priority scoring and ranking system for the SDWLP is detailed in Subchapter III of ch. NR 166, Wis. Adm. Code. The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to State affordability criteria.

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

Projects are granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 <u>and</u> a median household income (MHI) less than or equal to 80% of the State's MHI to qualify for any points related to financial need.

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

The FFY 2010 appropriation which funds the SRFs included a requirement that no less than 20% of this year's capitalization grant be used to fund projects or portions of projects which qualify under the Green Project Reserve (GPR). In order to meet this requirement the same bypassing system used above to meet the small systems requirement will be used for GPR projects. If the fundable range established strictly by priority order does not result in 20% of the capitalization grant funds ($4,679,800) being allocated to GPR projects or project components then GPR projects will be given priority until the 20% requirement is met. See section IX. E. below for further information on the GPR requirements.

IX. COMPLIANCE WITH NEW REQUIREMENTS IN FFY 2010 APPROPRIATIONS BILL

A. Introduction

The FFY 2010 Appropriations law (P.L. 111-88) included several additional requirements affecting both the DWSRF and the CWSRF. These requirements include: the provision that a minimum of 30% of the FFY 2010 DWSRF capitalization grant be used to provide additional subsidization in the form of grants, principal forgiveness, or negative interest rate loans; a requirement that to the extent there are sufficient eligible project applications that not less than 20% of the grant be used to fund projects or portions of projects meeting GPR requirements; the continuation of Davis-Bacon requirements; and a requirement for quarterly reporting to the DWSRF Project Benefits Reporting (PBR) system. These requirements are addressed in further detail below.

B. Status of Enabling Legislation

Enabling legislation under Senate Bill 664 was passed by the State of Wisconsin Legislature and signed into law on May 18, 2010. Senate Bill 664 became 2009 Wisconsin Act 384 with an effective date of June 2, 2010. This legislation granted the department the necessary changes for implementing provisions contained in P.L. 111-88. Act 384 allows the department to do the following:

- Provide financial assistance in the form of forgiveness of part of the principal of a loan;
- Set a percentage limit on the amount of principal forgiveness any eligible applicant may receive;
- Establish a different deadline for submitting applications for financial assistance;
- Consider the following in determining which projects receive funding:
    1) The population of the local governmental unit in which a project would be located;
    2) The median household income of the local governmental unit in which a project would be located;
    3) The extent to which a project promotes water efficiency or energy efficiency; is environmentally innovative;

C. Criteria and Methodology for Distribution of Principal Forgiveness Funds

After much discussion EIF staff decided to allocate principal forgiveness funds based primarily on financial need, though any applicant with a priority score in the fundable range could receive principal forgiveness for 10% of eligible project costs (subject to the cap discussed below). Applications will be ranked in priority score order and then the following methodology will apply:

- If a municipality's population is 10,000 or more, the SDWLP will provide principal forgiveness for 10% of eligible project costs.
- If a municipality's MHI is greater than the state's MHI ($55,527) the SDWLP will provide principal forgiveness for 10% of eligible project costs.
- If a municipality's population is less than 10,000 and its MHI is less than or equal to the state's MHI, EIF staff will calculate an Assistance Level Score that is the sum of population points + MHI points, as follows:

Population	Points	Median Household Income	Points
0 – 499	30	81% - 100%	0
500 – 999	25	75% - 80%	5
1000 – 1999	20	70% - 74%	10
2000 – 2999	15	65% - 69%	15
3000 – 4999	10	60% - 64%	20
5000 - 9999	5	< 60%	25

- If the Assistance Level Score is at least 5 points but no more than 30 points, the SDWLP will provide principal forgiveness for 30% of eligible project costs.
- If the Assistance Level Score is greater than or equal to 35 points, the SDWLP will provide principal forgiveness for 50% of eligible project costs.
- The above percentages of principal forgiveness are subject to the cap described below.

D. Cap on Principal Forgiveness Funds

Current SDWLP statutes restrict any one municipality from receiving more than 25% of the present value subsidy available in any biennium. In addition to this limitation, the department is imposing a cap on the amount of principal forgiveness funds that may be received by any one municipality. This cap will be 10% of the available principal forgiveness funds ($701,970).

E. Green Project Reserve

P.L. 111-88 requires that, to the extent that there are sufficient eligible project applications, not less than 20% of the capitalization grant funds must be used for projects or portions of projects that include improved water or energy efficiency, green infrastructure, or other environmentally innovative activities. The attached draft funding list shows qualifying green projects or portions of projects that exceed the required 20% of the capitalization grant funds. The department will fund green projects in order of their priority until it meets the 20% requirement. If necessary, this could involve bypassing other projects with a higher priority score in order to meet the goal.

F. Davis-Bacon Act

P.L. 111-88 requires compliance with the Davis-Bacon wage rate requirements of section 1450(e) of the SDWA. On November 30, 2009, EPA issued a memorandum interpreting the appropriations bill language as applying Davis-Bacon requirements to <u>all</u> projects funded by the SRFs starting October 30, 2009 and continuing throughout FFY 2010. On September 30, 2010, EPA issued a further memorandum continuing the Davis-Bacon wage rate requirements for the duration of the "Continuing

Resolution" just signed by the President which continues funding as provided in the applicable appropriations acts until a new appropriations bill is signed or December 3, 2010.

Information has been posted on the program website stating that Davis-Bacon requirements still apply to projects which will receive funding during SFY 2011. Required contract language is also posted on the website. All projects receiving funding will be required to certify compliance with the Davis-Bacon requirements before execution of their funding agreements and certify their weekly payrolls on their disbursement request forms. Compliance will be further verified during field inspections of projects.

G. Reporting

The State agrees to comply with the revised reporting requirements contained in the Procedures for the FFY 2010 Appropriation (dated April 21, 2010). Information will be entered into the Drinking Water Project Benefits Reporting system (PBR) no less often than quarterly and will include the use of funds for the GPR and additional subsidization as well as project benefits.

The State has been using PBR for reporting project benefits of all SRF loans issued by the SDWLP starting with activity in SFY 2009.

X. SET-ASIDES

1) Wellhead/Source Water Protection

The SDWA provides that a state may request up to 15% of the capitalization grant for Local Assistance and Other State Programs, with the stipulation that not more than 10% of the capitalization grant can be used for any one activity. One of the eligible uses is to support the establishment and implementation of wellhead protection (WHP) programs under section 1428 of the SDWA. Since the beginning of the SDWLP, the department has requested a total of $2,056,572 for WHP activities, including $416,714 which was transferred from source water assessment program (SWAP) funds.

The department estimates that there will be approximately $120,000 available from previously requested funds for WHP work in SFY 2011. An additional $182,342 is being requested from the FFY 2010 capitalization grant to fund the following WHP activities:

- Sponsorship of three workshops to provide training to teachers on use of the groundwater sand tank model. The DNR will work with the UW-Stevens Point Center for Watershed Science and Education and Wisconsin Geological and Natural History Survey to provide these educational tools and the training to use them.
- Establish a Comprehensive Wisconsin K-12 Water Education Program to enhance, develop, and sustain water education efforts in Wisconsin K-12 schools so as to increase the water literacy of our citizens and engage them in sustainable water resource practices.
- Maintenance of data management and mapping applications used to track contaminant sources, public wells, other high-capacity wells, well construction reports, and groundwater quality. Data capture equipment will also be needed to keep the data current.
- Development and scoping of an incentivized watershed intervention approach to protecting drinking water systems. Groundwater quality data from public water systems indicates an increasing trend of nitrate levels in public wells in portions of the state. Continued increases in the nitrate levels will ultimately result in installation of water treatment equipment by the water system owner in order to meet the SDWA standard for nitrate. This project will evaluate the potential for changing practices of the point and non-point contributors of nitrate to both surface and groundwater in order to avoid the need for installation of water treatment equipment. The project will include the potential use of incentives where incentive programs already exist (such as CRP and CERP). It will also evaluate the impacts of changing point and non-point practices targeted to nitrate reduction on microbial and pesticides levels in groundwater and surface water.

The total cost of these activities is itemized below:

Groundwater teacher workshops	$17,500
Comprehensive Wisconsin K-12 Water Education Program	$100,000
Data management and GIS support	$100,000

Incentivized Watershed Intervention Approach to Protecting Drinking Water systems	$85,229
Total Cost	$302,729
Carry-over from SFY 2010	$120,387
Total cost minus carry-over	$182,342

2) Local Assistance to Water Systems as Part of a State Capacity Development Strategy

A state may provide assistance to a public water system as part of a capacity development strategy under section 1420(c) of the SDWA as part of the 15% of total capitalization grant funds which may be requested for Local Assistance and Other State Programs as long as no more than 10% is used for any one activity.

In accordance with Wisconsin's capacity development strategy to direct efforts towards systems that face the risk of being out of compliance, the department is proposing to utilize local assistance set-aside funding to contract with county and local health agencies for transient non-community system (TNC) inspection services. These services will include:

- conducting annual site visits,
- collection of drinking water quality samples, and
- conducting inspections (sanitary surveys) at least once every five years.

There are over 9,500 TNC systems in Wisconsin (typically commercial establishments, restaurants, campgrounds, churches, etc. that serve more than 25 persons per day at least 60 days out of the year). These systems are generally small and are not required to have certified operators. By having county health employees conduct yearly site visits and collect drinking water quality samples, monitoring and reporting violations are greatly reduced and systems are more likely to meet SDWA requirements.

For calendar year 2011, the department plans to contract for services covering 47 counties and approximately 6,400 TNC systems. The estimated cost of these contractual services is $120 per system. Therefore the department is requesting $768,000 for this sampling and inspection program.

3) Small System Technical Assistance

Up to 2% of the capitalization grant every year can be requested for small system technical assistance. From the beginning of the program through SFY 2010, Wisconsin has requested $3,999,792 in set-aside funds for this purpose.

The department is requesting an additional $267,260 from the FFY 2010 capitalization grant for the One-on-One Assistance contract described below. Another $200,720 is requested to be banked for possible use in future years.

A contract for One-on-One Assistance to Other-Than-Municipal Community (OTM) Systems and Non-transient Non-community (NTNC) Systems was awarded through competitive bidding to the Wisconsin Rural Water Association in March 2007. The contract was for one year with two possible renewals. The third year of the contract ended March 21, 2010. During the final year of the contract 920 on-site technical assistance visits were conducted. The Department conducted a request for bid to continue this project for another three years.

Under the One-on-One Assistance to OTM and NTNC Water Systems project the contractor is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Topics being covered include:

- Training on Access to DNR Website and Navigation;
- Self Inspection;
- Water System Handbook;
- Vulnerability Assessment Letters;
- Plan Review;
- Certified Operators;
- Monitoring Assistance;
- Violation Follow-up;
- Monitoring Site Plans; and

- Follow-up on Water Quality Problems (e.g., preparation of water quality studies after exceeding lead/copper action limits).

Discussions for 2010-2011 will be aimed at producing the following outputs:

- protection of public health and safety by ensuring public water systems are properly operated and maintained;
- protection of public health and safety by ensuring that all public water systems are sampled at the appropriate frequency;
- fewer monitoring and reporting violations;
- fewer maximum contaminant level violations;
- fewer public notice violations;
- assuring that all systems have approved monitoring site plans; and
- greater knowledge of regulations.

4) State Program Management

The SDWA provides that a state may request up to 10% of the capitalization grant for State Program Management activities. The department is requesting an additional $1,164,501 from the FFY 2010 capitalization grant for State Program Management. Another $1,175,399 is requested to be banked for possible use in future years. This set-aside contains a dollar-for-dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision grant.

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every 5 years for some system types). Ten positions will be assigned to these tasks. The activities are similar to existing staff positions for Water Supply Specialists and engineers. The State Program Management set-aside is being utilized to fund these activities.

- Engineering position (1) (Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position corresponds with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The breakdown of activities is as follows:

  80% Engineering surveillance of municipal, OTM, and NTNC water systems.
  10% Enforcement activities for municipal, OTM, and NTNC water systems.
  10% Provision of training and information to public water system owners/operators, DNR staff and other agencies.

- Engineering position (1) (Currently staffed): Responsible for review of plans and specifications for community water systems for compliance with construction requirements of Chapter NR 811, Wisc. Adm. Code, review of sanitary survey inspections conducted at municipal water systems, coordinating regional engineering review of water system improvements, and coordinating regional review of existing water supply facilities. The breakdown of activities is as follows:

  55% Review plans and specifications for improvements to community water systems.
  10% Review sanitary surveys conducted by regional inspectors for consistency and completeness.
  15% Coordinate regional review of water system improvements.
  20% Support water systems efforts to assure safe drinking water.

- Water supply/program specialist positions (7) (4 Currently staffed & 3 New): Responsible for implementing the SDWA program for community, OTM, NTNC, and TNC systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The breakdown of activities is as follows:

80% Surveillance of OTM, NTNC, and TNC water systems.
10% Enforcement activities for OTM, NTNC, and TNC water systems.
10% Provision of training and information to public water system owners/operators, DNR staff and other agencies.

- Capacity Development Water Supply Specialist position (1) (Currently staffed): Responsible for directing the capacity development portion of the state safe drinking water program. This includes development and implementation of capacity development objectives, preparation of program plan and progress reports, interpretation of federal regulations, statewide coordination of capacity development activities, and review of water system capacity evaluations. Additionally this position is responsible for review of sanitary surveys of public water systems and coordinating the electronic sanitary survey efforts. The breakdown of activities is as follows:

  30% Capacity Development Program implementation and coordination.
  30% Coordination of regional inspection of community water system improvements.
  25% Evaluation of inspection of public water systems.
  10% Evaluation of existing facilities and operational procedures to assure safe and adequate water systems.
  5% Other Duties as assigned.

The approximate staff budget for the 10 positions is $923,553 per year. The funds will be utilized following expenditures of the FFY 2009 set-aside funds.

- Computer replacement and upgrades: Total cost $25,000.

- Review of plans and specifications and plan review record keeping (2 LTEs) (Currently staffed): Total cost per year $59,448. All of the plan review activities are related to the review of plans and specifications for water main extensions.

- Contractual program management activities: In addition to the realignment of positions, other budgetary shifts will be necessary to continue core program activities. These include funding a contract with the DNR's Bureau of Integrated Science Services for support to administer the water system operator certification program and funding the record storage for plan approval decisions, data entry, data system programming, and funding of a limited term employee to complete reviews of non-complex water facilities including water mains. The annual costs for these activities are anticipated to be:

Administer Operator Certification Program	$52,500
Record storage	$8,000
Data system programming	$96,000

The total cost for all activities funded under this set-aside will be $1,164,501. These funds will be expended across the year following expenditure of the FFY 2009 set-aside funds.

XI. DISADVANTAGED COMMUNITIES

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate. Local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

1) the local governmental unit's population must be less than 10,000; and
2) the local governmental unit's MHI must be 80% or less of the State's MHI.

In addition, the methodology used to allocate principal forgiveness during SFY 2011 is based primarily on population and MHI and gives the highest percentage of principal forgiveness to those local governmental units that have the highest financial need.

XII. PUBLIC PARTICIPATION PROCESS

This Intended Use Plan was posted on the Bureau of Community Financial Assistance web pages on the Wisconsin DNR's website on October 28, 2010. An e-mail notification was sent to a distribution list of approximately 950 recipients. Written comments on the IUP and attached draft funding list will be taken via mail, fax, or e-mail, and should be postmarked, faxed, or

received by Friday, November 12, 2010. E-mail comments are encouraged. E-mailed comments on the IUP should be sent to Rebecca.Scott@Wisconsin.Gov. E-mailed comments on the draft funding list should be sent to Jeanne.Cargill@Wisconsin.Gov. Mailed comments should be sent to Becky Scott or Jeanne Cargill at CF/2, WDNR, P.O. Box 7921, Madison, WI 53707-7921. Faxed comments should be sent to the attention of Becky Scott or Jeanne Cargill at 608-267-0496.