

**STATE OF WISCONSIN
SAFE DRINKING WATER LOAN PROGRAM
INTENDED USE PLAN
FOR FFY 2015 FUNDS
FOR THE SFY 2016 FUNDING CYCLE**



draft June 2015

**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 2016
For Receipt of the EPA Federal Fiscal Year 2015 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) 2015 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 2015 and covers anticipated activity during State Fiscal Year (SFY) 2016. 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 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. Effective July 1, 2015, the current market rate for the EIF will be 3.25%. This rate is subject to change quarterly.

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. SOURCES AND USES OF FUNDS

The FFY 2015 appropriation for the DWSRF once again contained additional requirements including the requirement to allocate between 20% and 30% of the capitalization grant as additional subsidization. The SDWLP will be providing 30% of the grant as additional subsidy in the form of principal forgiveness using an allocation methodology discussed in section VIII. B. below.

Funds available during SFY 2016 and their intended uses include the following:

FFY 2015 Capitalization Grant	\$15,425,000	
State Match	\$3,085,000	
Other Funds Available in the SRF	<u>\$51,072,131</u>	
Total Amount for SFY 2016	\$69,582,131	
Set-aside Amounts:		
Administration	\$817,000	
Wellhead Protection	\$415,876	
Technical Assistance	\$308,500	
Local Assistance	\$1,019,230	
State Program Management	<u>\$1,823,142</u>	
Total Amount of Set-asides	\$4,383,748	
Principal Forgiveness	\$4,878,795	(includes \$251,295 rolled forward from SFY 2015)
Subsidized Loans	\$60,319,588	

All state matching funds for the FFY 2015 capitalization grant will be disbursed to loan recipients before the state makes the first draw of federal funds from the grant. Thereafter, all draws against the FFY 2015 grant will be made at a cash draw ratio of 100% federal funds.

IV. 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 maximum amount of federally required 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; and
- Encourage public water systems to plan for the impacts of climate change, and provide funding through the SDWLP for projects which implement climate change resiliency.

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;
- 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;
- Expand eligibility for financial assistance to include non-municipal systems; and
- Develop methods and mechanisms for measuring program effectiveness.

V. BANKING OF SET-ASIDE FUNDS

The State has previously banked \$3,442,204 in Administrative funds, \$10,346,702 in State Program Management funds, and \$534,580 in Small Systems Technical Assistance for a total of \$14,323,486 of banked set-aside funds. The State is requesting to draw \$280,642 of banked State Program Management funds and \$200,000 of banked Administrative funds under this IUP. This will reduce the total banked funds to \$13,842,844. These banked funds are available for possible designation from a future capitalization grant.

VI. TRANSFER OF FUNDS FROM CWSRF TO DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program (CWFP) to the SDWLP prior to FFY 2002. Federal regulations allow 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 at this time.

VII. 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 and 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 which meet the application deadline 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.

VIII. COMPLIANCE WITH REQUIREMENTS IN FFY 2015 APPROPRIATIONS ACT

A. Introduction

The FFY 2015 Consolidated Appropriations Act (P.L. 113-235) continued requirements from recent years including the new requirement for the use of American iron and steel. The requirements for FFY 2015 include: the provision that not less than 20% but not more than 30% of the amount of the FFY 2015 DWSRF capitalization grant be used to provide additional subsidization in the form of grants, principal forgiveness, or negative interest rate loans; and a requirement for the Use of American Iron and Steel. These requirements are addressed in further detail below. Projects which address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities are still eligible for funding but there is no longer a requirement to spend a specific percentage of the capitalization grant funds on green projects.

B. New Affordability Criteria and Methodology for Distribution of Principal Forgiveness Funds

The Water Resources Reform and Development Act (WRRDA) which was passed on June 10, 2014, amended the Clean Water Act and imposed a number of new requirements on the Clean Water SRF. One of these was a requirement to develop affordability criteria for use in allocating additional subsidy (principal forgiveness). The affordability criteria must include income, unemployment data, and population trends. The existing methodology, which was used over the previous three state fiscal years to allocate principal forgiveness (PF), took income and population into account but did not include unemployment data or population trends. Those criteria have been added to the new methodology which was published for public comment on April 10, 2015. The new methodology will be used to allocate PF in both the Clean Water Fund Program and the SDWLP.

The new PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need, as determined by median household income (MHI), population, population projections over 20 years, and county unemployment rate.

Applications submitted by June 30, 2015 will be ranked in priority score order and then the following PF methodology will apply:

- Population points ranging from 0 to 50 are awarded under table 1 with the highest points going to the smallest populations.
- MHI points ranging from 0 to 100 are awarded under table 2 based on the municipality's MHI's percentage of the state's MHI with the highest points going to the lowest MHI percentages.
- Additional points for population trends and unemployment are awarded under table 3.
- Scores from tables 1 through 3 are added together and then used to determine the eligible PF percentage in table 4. (See tables below).
- Projects in municipalities which are Green Tier Legacy Communities or which are providing disinfection where it was not provided previously are eligible for an additional 10% PF on top of the percentage determined by table 4, with the caveat

that no municipality can receive PF for more than 70% of total project costs.

- The amount of PF any municipality can receive in a SFY is capped at \$500,000. Additionally, a single project cannot receive more than one full PF allocation (based on the eligible PF percentage and/or the cap) even if that project is funded from two or more SFYs.

Table 1	
Points	Population
0	15,000+
2	10,000–14,999
5	8,500–9,999
10	5,000–8,499
15	3,000–4,999
20	2,000–2,999
25	1,500–1,999
30	1,000–1,499
35	500–999
40	250–499
50	0-249

Table 2	
Points	MHI Percent
0	141%+
2	126-140%
5	116-125%
10	106-115%
15	101-105%
20	96-100%
25	91-95%
30	86-90%
40	81-85%
50	76-80%
60	71-75%
70	66-70%
85	61-65%
100	<61%

Table 3	
Points	Additional Criteria
5	Projected to lose 10% or more of population over 20 years
5	County unemployment rate is > state's unemployment rate by less than one percentage point
10	County unemployment rate is > state's unemployment rate by one percentage point or more

Table 4	
Total Score	PF Percent
0-29	No PF
30-54	15%
55-79	30%
80-99	45%
100-165	60%

Principal forgiveness amounts may shift within the fundable range on the final funding list. If any principal forgiveness remains after all projects in the fundable range have closed on loans, this principal forgiveness will be moved forward to the next year's funding list. No principal forgiveness will roll down past the last project identified in the fundable range for principal forgiveness on the Final SFY 2016 Funding List.

Please Note: In previous years, the SDWLP has allowed applicants to be awarded only the PF portion of their financial assistance without taking the remaining costs as a loan. Starting with SFY 2016 this will no longer be allowed. In order to be awarded PF, all applicants will also be required to accept a loan from the SDWLP for additional project costs. The only exception to this policy will be in instances where the PF is being incorporated into a larger funding package with other governmental agencies such as Rural Development.

Also note that due to restrictions contained in the FFY 2015 appropriations act (P.L. 113-235), principal forgiveness cannot be used to refinance costs paid by interim financing which was incurred prior to December 16, 2014, the date the appropriations act was enacted.

C. Use of American Iron and Steel

P.L. 113-235 continued the new requirement for the Use of American Iron and Steel. This requires DWSRF assistance recipients to use iron and steel products which are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system if the project is funded through an assistance agreement executed beginning December 16, 2014 through the end of the federal fiscal year (September 30, 2015). The requirement only applies to projects where the plans and specifications for the project were approved on or after December 16, 2014, the date that the appropriations act was enacted. It is assumed that the Use of American Iron and Steel requirement for the DWSRF will be continued in future appropriations, potentially without another resetting of the plans and specifications approval date which triggers compliance. Guidance will be provided in the program newsletter after passage of the FFY 2016 Appropriations Act.

Information on this requirement has been detailed in the program newsletter and on the program website. Language has been

added to the Financial Assistance Agreements and all municipalities with projects subject to the American iron and steel provisions will be required to certify that they have met the requirements before closing on their loan and also at project closeout.

D. Green Project Reserve

P.L. 113-235 did not reinstate the requirement to fund projects under the Green Project Reserve (GPR). The Appropriations Act instead stated that DWSRF capitalization grant funds may, at the discretion of the state, be used for projects which address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The State is still asking applicants to complete the Green Project Reserve form (8700-357). Any GPR projects which receive funding will be reported to EPA in the Annual Report and as discussed in section IX. B. below.

IX. COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS

A. Davis-Bacon Act

P.L. 112-74 (the FFY 2012 Appropriation Act) extended the requirement for compliance with the Davis-Bacon wage rate requirements of section 1450(e) of the SDWA for each fiscal year thereafter. On November 30, 2009, EPA issued a memorandum interpreting the appropriations bill language as applying Davis-Bacon requirements to all projects funded by the SRFs.

Information has been posted on the program website stating that Davis-Bacon requirements apply. Required contract language is also posted on the website. All projects receiving funding are required to certify their weekly payrolls on their disbursement request forms. Compliance is further verified during field inspections of projects.

B. Reporting

The State agrees to comply with the reporting requirements contained in the *Procedures for Implementing Certain Provisions of EPA's Fiscal Year 2012 Appropriations Affecting the Clean Water and Drinking Water State Revolving Fund Programs* or any modified version of this guidance issued for FFY 2015. 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. APPLICATION DEADLINE & DRAFT FUNDING LIST

The SDWLP received 219 Intent to Apply forms and Priority Evaluation and Ranking forms (for those not submitted previously) totaling \$348,553,185 in estimated project costs by the December 31, 2014 deadline. The projects were subsequently scored and placed on the Project Priority List in priority score order. Projects included on this list are eligible to apply for funding during SFY 2016. The application deadline for SFY 2016 funding is June 30, 2015. The draft Funding List should be posted in early August.

XI. PRINCIPAL FORGIVENESS FROM PREVIOUS YEARS

All principal forgiveness from the FFY 2010 through 2013 grants has been awarded. All projects allocated principal forgiveness on the SFY 2015 funding list (from the FFY 2014 grant) have either closed on loans or will by the end of June. Due to budget changes and one application being withdrawn, \$251,295 in principal forgiveness from the FFY 2014 grant will be rolled forward to the SFY 2016 funding list.

XII. 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 \$2,877,609 for WHP activities, including \$416,714 which was transferred from source water assessment program (SWAP) funds.

The department is requesting an additional \$415,876 from the FFY 2015 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 and associated outreach to promote source water protection based on increased local awareness. 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 (\$23,000).
- The Ounce of Prevention video and Buried Treasure magazine are basic informational tools about groundwater and groundwater protection. Both are long-standing tools, heavily used by agency staff, teachers, local governments, and university and water industry partners. While the substantive content about how groundwater works is unchanged, the contact information, format, and layout are badly outdated and compromise the value of reprints or distribution efforts. Wisconsin Department of Natural Resources magazine and video production staff can edit existing content to make both of these important informational tools useful for several more decades. (\$38,183)
- One wellhead protection project will be funded through the State's joint solicitation process: *Describing connected fracture flow with pressure waves – oscillating flow interference testing* by the University of Wisconsin-Madison (\$63,670)
- Maintenance and redesign of data management and mapping applications used to track contaminant sources, public wells, wellhead protection planning and implementation, other high-capacity wells, well construction reports, and groundwater quality.

DG Map Exporter Redesign:	\$25,600
DG Updater (Data Load maintenance):	\$16,000
DG Viewer Maintenance:	\$12,000
Groundwater Retrieval Network (tabular maintenance):	\$13,600
Groundwater Retrieval Network (spatial maintenance):	<u>\$16,000</u>
Total data management and mapping request for SFY 2016	\$83,200

- Implementation of an incentivized community watershed intervention approach to protecting drinking water systems in priority geographic areas. Groundwater quality data from public water systems indicates an increasing trend of nitrate levels in public wells across the state. Nitrate contamination has spread and increased in intensity despite broad offerings of education on wellhead protection and cost-sharing for best management practices. Continued increases in the nitrate levels will ultimately result in installation of water treatment equipment by water system owners in order to meet the SDWA standard for nitrate. This project is evaluating the potential for changing the practices of the point and non-point contributors of nitrogen to groundwater in order to avoid the need for installation of water treatment equipment. The project focuses on a small geographic area and includes the use of advanced modeling, incentives, innovative institutional arrangements, and intensive monitoring to achieve nitrogen input reduction targets that avoid violations of the nitrate standard. It also evaluates the impacts of changing point and non-point practices targeted to nitrate reduction on microbial and pesticides levels in groundwater and surface water. Finally, the project will document technology and procedures in a form suitable and accessible for adaptation in other geographic priority areas (\$207,823).

The total cost of these activities is itemized below:

Groundwater teacher workshops and video production	\$23,000
Ounce of Prevention video & Buried Treasure magazine	\$38,183
Contract for research and monitoring project (above)	\$63,670
Data management and mapping applications	\$83,200
Incentivized Watershed Intervention Approach	<u>\$207,823</u>
Total set-aside request	\$415,876

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. Fifteen percent of total capitalization grant funds may be requested for Local Assistance and Other State Programs as long as no more than 10% is used for any one activity. Funds for this set-aside were first requested for SFY 2010 and a total of \$4,805,830 has been requested prior to SFY 2016.

In accordance with Wisconsin's capacity development strategy to direct efforts towards systems that face the risk of being out of compliance, the DNR is utilizing local assistance set-aside funding to contract with county and local health agencies for transient non-community (TNC) system inspection services. These services include 1) conducting annual site visits, 2) collecting drinking water quality samples, and 3) conducting inspections (sanitary surveys) at least once every five years.

There are approximately 9,500 TNC systems in Wisconsin (typically commercial establishments, restaurants, campgrounds, churches, etc. that serves at least 25 people at least 60 days 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 2015, the DNR contracted with 53 counties covering approximately 6,885 TNC systems. For calendar year 2016, the DNR is hoping to expand the program with the addition of two to four counties covering approximately 7,111 TNC systems. The DNR is requesting \$1,019,230 for this sampling and inspection program bringing total funds requested under this set-aside to \$5,825,060.

3) Small Systems Technical Assistance

The SDWA allows up to 2% of the capitalization grant to be requested every year for small systems technical assistance. From the beginning of the program through SFY 2015 Wisconsin has requested \$5,166,272 in set-aside funds for this purpose. The DNR is requesting an additional \$308,500 from the FFY 2015 capitalization grant to fund its technical assistance program.

The DNR contracts for delivery of a technical assistance program for other-than-municipal (OTM) community and non-transient non-community (NTNC) public water systems. Wisconsin has more than 1,300 of these small systems; many are not served by full-time operators and need help complying with regulatory requirements. Two types of technical assistance are delivered under this contract:

- (1) The contractor conducts 500 site visits per year at OTM and NTNC water systems around Wisconsin and provides on-site technical assistance on various subjects, including: monitoring requirements and schedules; sample collection protocols; reporting and public notice requirements; violation follow-up; contaminant exceedances; operation and maintenance problems; and regulatory compliance.
- (2) The contractor delivers quarterly monitoring reminders to all the OTM and NTNC water systems in Wisconsin, for a total of 5560-5680 contacts per year. The contacts provide information about monitoring, sampling and reporting requirements, monitoring deadlines, sample collection protocols, sampling locations, public notice and notification requirements, and violation follow-up.

The objectives of this technical assistance program are to protect public health and safety by ensuring that OTM and NTNC public water systems in the state are operated and maintained properly, sampled in the appropriate manner and frequency, and provide drinking water that meets water quality standards, and to reduce historic rates of monitoring and reporting violations.

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 DNR is requesting an additional \$1,823,142 from the FFY 2015 capitalization grant for State Program Management. The amount requested includes \$280,642 of State Program Management funds that were banked under previous grants. 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 are 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 and a half positions are assigned to these tasks which are described in more detail below. The State Program Management set-aside is being utilized to fund these activities.

- Engineering position (5) (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.
- 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.
- Natural Resources Regional Program Manager (1) (Currently staffed): This position is one of five Drinking Water and Groundwater supervisors responsible for field management of the Safe Drinking Water Act program. This includes the supervision of field staff including: Water Supply Engineers, Water Supply Specialists, and Environmental Program Associates.
- IS Business Automation Specialist (1) (Currently staffed): Responsible for analyzing the Public Water Supply Section's business needs in-depth and the use of appropriate Business Automation Technology to support them. Recommend to the Public Water Supply Section Chief changes to existing or evolution to upgraded IT systems based on an interpretation of State and Federal rules affecting public water supply systems. Evaluate the business needs of end users including department staff, regulated public water systems, US EPA, partner government agencies, and the general public when developing automated systems. Facilitate and support the development, enhancement, and use of automated business systems to meet the objectives of the Public Water Supply Section. Negotiate timelines for meeting new federal data reporting requirements with US EPA data coordinators. Develop and implement end user acceptance tests. Develop and provide training and documentation on Public Water Supply Section automated business systems.
- Safe Drinking Water Act Monitoring Coordinator (1) (Currently Staffed): Responsible for coordinating the monitoring of public water systems statewide including work on monitoring schedules, monitoring plans, monitoring locations, frequency of monitoring, sample collection practices, and appropriate follow up monitoring. The position will routinely review the sample results and follow-up of field staff to ensure that the SDWA requirements are consistently applied statewide. The position will develop and implement process improvements to maintain and improve the public water supply program compliance with SDWA monitoring requirements.
- Environmental Program Associate (0.5) (Currently staffed): This position manages real-time public drinking water supply monitoring data, providing professional and programmatic support services for the Drinking Water and Groundwater Program in the implementation of the SDWA. This includes providing first-line public contact for health and safety related activities and enforcement with public water systems, laboratories, local government officials and other state agencies. This position also provides technical guidance, assistance, and training for drinking water and groundwater program staff and county contract agents.

- Capacity Development/Operator Certification Water Supply Specialist position (1) (Currently staffed): Responsible for directing the capacity development, operator certification and technical assistance portions of the state safe drinking water program. This includes development and implementation of capacity development objectives, administration of the water system and waterworks operator certification program, administration of the small system technical assistance program, preparation of program plan and progress reports, and interpretation of federal regulations.

The approximate staff budget for the 10.5 positions is \$1,336,292 per year. Other program expenses are as follows:

- Computer replacement and upgrades: Total cost \$10,000.
- Review of plans and specifications, record keeping related to plans and specifications, administer the operator certification program, and manage the review and revision of operator certification exams (4 LTEs) (Currently staffed): Total cost per year \$128,799.
- Contractual activities:
 - Pilot Project for Meeting the Source Water Assessment Requirement under the Revised Total Coliform Rule (RTCR) – The DNR will contract with the Wisconsin State Laboratory of Hygiene (WSLH) to develop an alternative RTCR unsafe follow-up assessment program. The goal of this project is to develop, test and deploy a scientifically-based well assessment protocol. To accomplish the goal, the WSLH will: train and coordinate with DNR staff to develop hollow fiber ultrafiltration (HFUF) sampling hardware and capabilities; integrate a sanitary survey component to unsafe sample follow-up activities; conduct bi-weekly analysis of RTCR positive samples (unsafes) using HFUF concentrates for the full-suite of analytes; and perform a critical analysis of sanitary surveys, monitoring data and success of remedial designs. Total cost for the second year of this two-year project \$61,052.
 - Research project titled: Evaluation of Quantitative Real Time PCR (qPCR) for the Measurement of E. coli in Well Water Samples. Total cost for this one year project \$31,548.
 - Public Water Supply Data Management and Customer Support – The DNR is contracting with the WSLH to coordinate monitoring data exchange, including facility names, locations, monitoring requirements, and monitoring results, between the DNR and WSLH relative to Public Water Systems. The WSLH will also provide customer service to public water systems related to SDWA required monitoring. Annual Cost \$20,000.
 - Continuing education for OTM and NTNC water system operators - Certified operators of OTM and NTNC public water systems need to obtain six hours of continuing education credit per three-year renewal cycle. The DNR contracts for delivery of approximately 55 three-hour courses annually that are targeted and designed specifically for OTM and NTNC water systems and that cover regulatory and operational topics identified as critical for maintaining compliance with drinking water regulations. Annual Cost \$79,750.
 - OTM & NTNC Exam Preparation and Review Courses - The DNR contracts for delivery of 12 exam preparation courses annually that are designed to help individuals prepare for taking the Wisconsin non-municipal water system operator certification exam. The exam preparation training sessions are three hours long and are offered in spring and fall each year in advance of the certification exam sessions. The course is designed around the Wisconsin “Small Water System Operator Certification Manual.” Annual Cost \$15,300.
 - Technical School Education Program – The DNR contracts with Moraine Park Technical College (MPTC) for delivery of courses designed for certified waterworks operators (at municipal water systems). These courses provide opportunities for municipal waterworks operators to earn continuing education credits and also work towards an associate degree in Water Quality Technology. MPTC also provides courses to help operators, and individuals seeking to become operators, prepare for certification exams. Annual Cost \$50,000.
 - Data system programming associated with the Drinking Water System. Annual Cost \$85,400.
 - Record storage costs for plan approval decisions. Annual Cost \$5,000.

The total cost for all activities funded under this set-aside will be \$ \$1,823,142. These funds will be expended across the year following expenditure of the FFY 2014 set-aside funds.

XIII. 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 is based on population, MHI, and unemployment, and gives the highest percentage of principal forgiveness to those local governmental units that have the greatest financial need.

XIV. PUBLIC PARTICIPATION PROCESS

This draft Intended Use Plan is being posted on the Bureau of Community Financial Assistance web pages on the Wisconsin DNR's website on June 17, 2015. An e-mail notification is sent to a distribution list of approximately 950 recipients. Written comments on the draft IUP will be taken via mail, fax, or e-mail, and should be postmarked, faxed, or received by Friday, July 3, 2015. E-mail comments are encouraged. E-mailed comments on the IUP should be sent to rebecca.scott@wisconsin.gov. Mailed comments should be sent to Becky Scott - CF/2, WDNR, P.O. Box 7921, Madison, WI 53707-7921. Faxed comments should be sent to the attention of Becky Scott at 608-267-0496.