

State Fiscal Year 2012 Update #2

News Update #2012-02 ~ Wednesday, June 8, 2011

PLEASE READ ENTIRE UPDATE. It contains important information for Clean Water Fund Program (CWFP) and Safe Drinking Water Loan Program (SDWLP) applicants.

In this Update: Green Project Reserve Addendum Form, State Fiscal Year (SFY) 2012 Principal Forgiveness

CWFP SFY 2012 HARDSHIP FINANCIAL ASSISTANCE APPLICATION DEADLINE:
JUNE 30, 2011.

SDWLP SFY 2012 FINANCIAL ASSISTANCE APPLICATION DEADLINE:
JUNE 30, 2011.

CWFP SFY 2012 PRINCIPAL FORGIVENESS FINANCIAL ASSISTANCE APPLICATION DEADLINE: SEPTEMBER 30, 2011.

Green Project Reserve Addendum Form Required With Financial Assistance Application

All Financial Assistance Applications submitted for funding through the CWFP and SDWLP **must include** the form titled *Environmental Improvement Fund Green Project Reserve Addendum to Financial Assistance Application*.

Federal regulations require each state to reserve 20% of their capitalization grants for financing projects that address green infrastructure, water efficiency, energy efficiency, or other environmentally innovative activities. EPA calls this 20% of a capitalization grant the Green Project Reserve (GPR). Wisconsin may lose federal funding for our state revolving funds if we are unable to meet the GPR requirement.

If you previously submitted an application for SFY 2012 funding that did not include the GPR Addendum, or you are currently working on an application, you will need to download this form, complete it as applicable, and submit it to the Bureau of Community Financial Assistance. You must submit this form even if your project contains no GPR elements.

When completing the *GPR Addendum to Financial Assistance Application* form, you need to reference EPA's document, *Green Project Reserve: Guidance for Determining Project Eligibility*.



The guidance document and the form are available on DNR's website at <http://dnr.wi.gov/org/caer/cfa/EL/Section/news.html> under the Green Project Reserve Information subheading.

Contact Becky Scott at rebecca.scott@wisconsin.gov or 608-267-7584 or Navin Jarugumilli at navin.jarugumilli@wisconsin.gov or 608-267-0490 if you have questions regarding the GPR or the Addendum form.

SFY 2012 Principal Forgiveness

Wisconsin's Clean Water Fund Program (CWFP) and Safe Drinking Water Loan Program (SDWLP) are again required to provide additional subsidization (in the form of grants, principal forgiveness or negative interest rate loans) out of the capitalization grants DNR receives from EPA for the next round of loans (SFY 2012). The amounts of federal funding Wisconsin will receive and the associated amounts we expect to provide in principal forgiveness are as follows:

SDWLP SFY 2012 capitalization grant = \$15,978,000
Total principal forgiveness amount = \$4,793,400

CWFP SFY 2012 capitalization grant = \$39,921,000
Total principal forgiveness amount = \$3,699,315

To compete for principal forgiveness dollars, municipalities must submit **complete** applications by June 30, 2011 for SDWLP projects and September 30, 2011 for CWFP projects.

The department will use the same methodology for distributing the principal forgiveness in SFY 2012 as was used in SFY 2011. The basic policy is as follows:

- ◆ Determine principal forgiveness amount for applicants in rank order based on population and median household income (MHI) criteria. See attached flow chart and "Explanation of Flow Chart" below.
- ◆ Offer loan funding at regular subsidized rates for that portion of a project that will not be covered by principal forgiveness funds.
- ◆ Provide no more than 10% of the total principal forgiveness amount available to any one community (i.e., no more than \$479,340 to any one SDWLP applicant or \$369,931 to any one CWFP applicant).
- ◆ If DNR does not receive enough applications by the application deadline to fully utilize all available principal forgiveness funds, allocate the balance of principal forgiveness funds on a first-come/first-served basis to municipalities that submit eligible applications after the deadline date.



Explanation of Flow Chart

- If a municipality's population is greater than or equal to 10,000, or its Median Household Income (MHI) is greater than the state's MHI (\$51,569), the SRF will provide principal forgiveness for 10% of the project costs eligible for SRF assistance.
- If a municipality's population is less than 10,000 and its MHI is less than or equal to the state's MHI, Loans staff would calculate an Assistance Level Score that is the sum of Population Points + MHI Points, as follows:

Population	Population Points	Median Household Income (MHI)	MHI 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

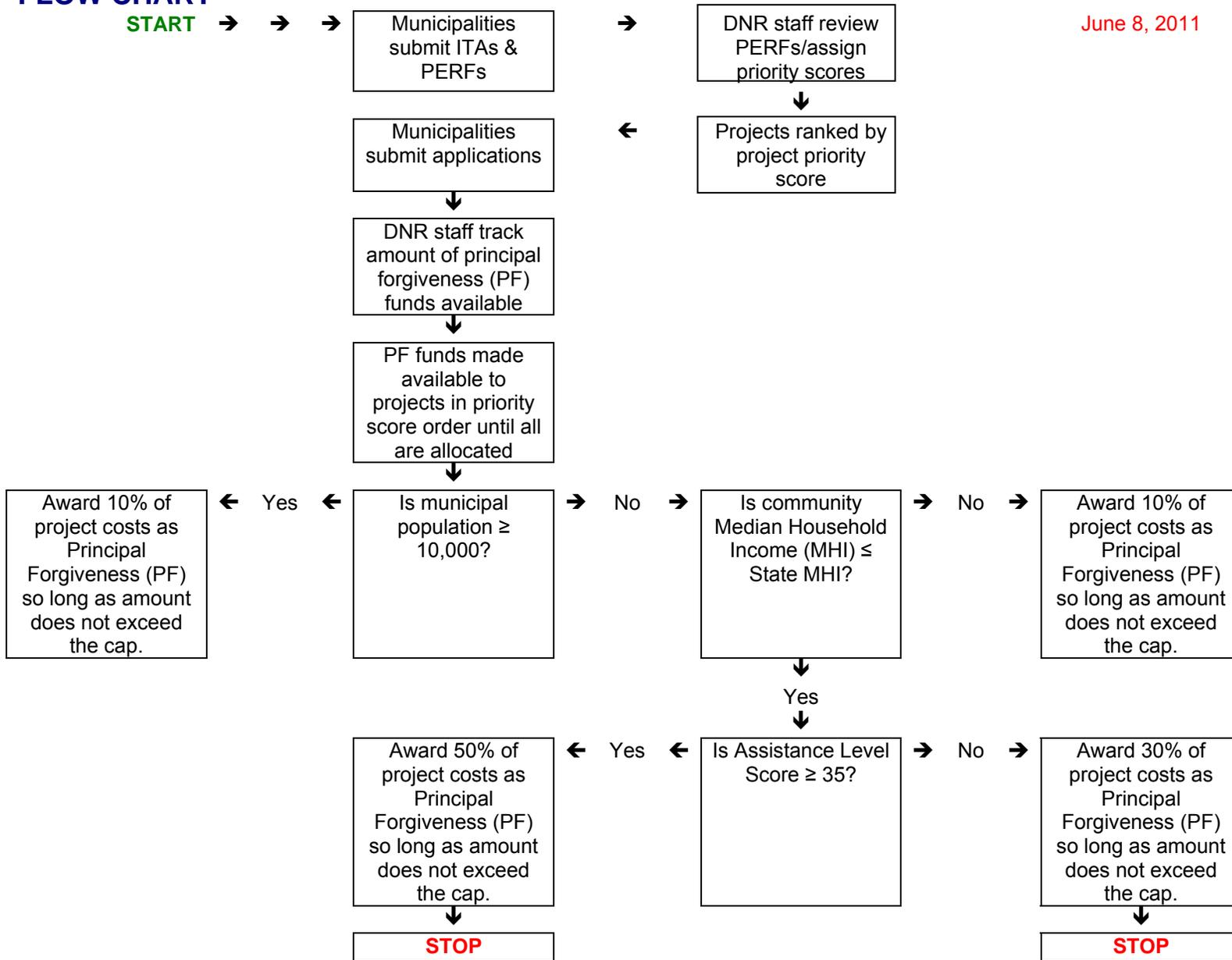
- If the Assistance Level Score is 30 points or less, the SRF will provide principal forgiveness for 30% of the project costs eligible for SRF assistance.
- If the Assistance Level Score is greater than or equal to 35 points, the SRF will provide principal forgiveness for 50% of the project costs eligible for assistance.
- The above percentages of principal forgiveness are subject to the 10% cap that limits the maximum amount of principal forgiveness subsidy any one municipality may receive.

If you have questions regarding SFY 2012 funding, please contact Jeanne Cargill (for SDWLP information) at 608-267-7587 or jeanne.cargill@wisconsin.gov, or Becky Scott (for CWFP information) at 608-267-7584 or rebecca.scott@wisconsin.gov.



FLOW CHART

LAST REVISED:
June 8, 2011



For CWFPP projects, total principal forgiveness available = \$3,699,315 x 10% = \$369,931 cap
 For SDWLP projects, total principal forgiveness available = \$4,793,400 x 10% = \$479,340 cap