

State Fiscal Year 2012 Update #9

News Update #2012-09 ~ Wednesday, January 25, 2012

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:

- **Principal Forgiveness Will Be Available For SFY 2013**
 - **Green Project Reserve Requirements Have Changed**
-

Principal Forgiveness Will Be Available For SFY 2013

The federal budget for Federal Fiscal Year (FFY) 2012 was passed recently, and the appropriation again includes a requirement to provide a portion of capitalization grant funds as additional subsidization for our customers. The Environmental Improvement Fund will provide this additional subsidization in the form of principal forgiveness to municipalities applying for State Fiscal Year (SFY) 2013 funding for CWFP and/or SDWLP projects.

We don't yet know the exact dollar amounts of principal forgiveness we will provide, but we wanted to let our customers know right away that some principal forgiveness will be awarded for SFY 2013 projects.

EL staff are considering changing the methodology used for allocating the principal forgiveness funds to primarily target the funds to municipalities with median household incomes below the state median. We may also offer principal forgiveness incentives for projects which are primarily green, to municipalities which are part of the Legacy Communities Green Tier Charter, and to drinking water systems adding disinfection.

We will issue another update in the future describing proposed changes to our principal forgiveness allocation methodology and will solicit comments from our customers on the proposed changes.

If you have questions regarding Principal Forgiveness funding, please contact Becky Scott at rebecca.scott@wisconsin.gov or (608) 267-7584.



Green Project Reserve Requirements Have Changed

In addition to requiring states to again provide additional subsidization, the FFY 2012 appropriation reduced the required percentage of green projects to be funded by the CWFPP to 10% of our capitalization grant amount (previously 20% was required) and eliminated the requirement that a certain percentage of SDWLP projects be green. We will continue to encourage our customers to identify drinking water projects with a high percentage of green components (and there may be additional principal forgiveness available for green projects).

Federal regulations require each state to reserve a certain percentage of their capitalization grants for financing projects that address green infrastructure, water efficiency, energy efficiency, or other environmentally innovative activities. EPA calls this portion of a capitalization grant the Green Project Reserve.

CWFPP applicants must submit the form titled *Environmental Improvement Fund Green Project Reserve Addendum to Financial Assistance Application* along with their complete CWFPP Applications. We encourage SDWLP applicants to submit the form as well. When completing this 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.

If you have questions regarding the Green Project Reserve, please contact Becky Scott at rebecca.scott@wisconsin.gov or (608) 267-7584.

If you have questions regarding the SDWLP, please contact
Jeanne Cargill at 608-267-7587 or jeanne.cargill@wisconsin.gov.

If you have questions regarding the CWFPP, contact
Candice Sovinski at 608-264-8986 or candice.sovinski@wisconsin.gov.

