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# E-Bulletin Newsletter

## Sept. 30, 2016 Deadline for CWFP Principal Forgiveness Applications

Reminder: September 30, 2016 is the deadline for State Fiscal Year (SFY) 2017 Clean Water Fund Program (CWFP) applications for municipalities seeking Principal Forgiveness (PF) funding between 7/01/16 and 6/30/17.

## Pre-Application Update: SFY 2018 ITA/PERF Submittals

### Oct. 31, 2016 Deadline for Intent to Apply (ITA) & Priority Evaluation and Ranking Formula (PERF)

Reminder: October 31, 2016 is the deadline for SFY 2018 ITA/PERF (pre-application) submittals for a project to be eligible for funding between July 1, 2017 and June 30, 2018.

## ITA/PERF Timeline & Deadline

### Now

- Request WAMS ID and DNR Switchboard access.
- Submit authorization certificate.
- Submit online SFY 2018 ITA/PERF.

### October 21, 2016

- Final submittal date for Switchboard requests, WAMS ID requests, and authorization certificates.

### October 31, 2016

- Deadline for submitting ITA/PERF to be eligible for funding in SFY 2018.

This deadline requirement applies to all types of projects funded under both the Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP), **including projects for replacement of private lead service lines (LSLs)**. NOTE: Variance requests from this ITA/PERF deadline requirement will NOT be routinely approved for SFY 2018 private LSL replacement projects.

### On-Line Submittal System and Process

The on-line system is ready for SFY 2018 ITA/PERF submittals. To access and learn about the on-line submittal system and process, visit <http://dnr.wi.gov/Aid/OnlineSubmissions.html>.

Reminder: October 21, 2016 is the final submittal date for DNR Switchboard access requests and authorization certificates. At the URL listed above, learn how to request a WAMS ID and DNR Switchboard access as well as learn about and download the authorization certificate.

ITA/PERF Submittal Update continued on page 2

## Contact Information for Environmental Loans



Phone 608-266-7555 | Fax 608-267-0496 | Web [dnr.wi.gov/Aid/EIF.html](http://dnr.wi.gov/Aid/EIF.html)  
Staff Directory [dnr.wi.gov/Aid/documents/EIF/Guide/managers.html](http://dnr.wi.gov/Aid/documents/EIF/Guide/managers.html)

### Mailing Address

ENVIRONMENTAL LOANS - CF/2  
DEPT OF NATURAL RESOURCES  
PO BOX 7921  
MADISON WI 53707-7921

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ITA/PERF Submittal Update continued from page 1

After the request for DNR Switchboard access has been approved and access granted, **no email notification** will be sent. It may take up to two (2) business days to process an access request.

### Upload Documents to Get PERF Points

Appropriate, supporting documentation will be required in order to receive PERF points (for both loan programs). If documentation is not uploaded, **zero points** will be given for that question.

To learn how to properly use the on-line system's document upload feature, visit <http://dnr.wi.gov/Aid/OnlineSubmissions.html>.

### Direct on-line system questions to:

Becky Mesdjian  
608-266-5888

[rebecca.mesdjian@wisconsin.gov](mailto:rebecca.mesdjian@wisconsin.gov)

## Private LSL Replacement Funding Update

The Department received 38 applications for private lead service line (LSL) replacement funding for State Fiscal Year (SFY) 2017. Staff are currently working with each municipality as they move forward with program implementation.

Please remember that the department only has funds to offer this program for SFY 2017 and SFY 2018.

Because the LSL program was new last year, the SFY 2017 ITA/PERF deadline of 10/31/15 was waived through variance request letters. However, the SFY 2018 ITA/PERF deadline of 10/31/16 **will not be routinely waived**.

Documents, Questions & Answers, and additional information can be found on our Web page at <http://dnr.wi.gov/Aid/documents/EIF/leadServiceLineFunding.html>.

## October 1<sup>st</sup> Market Rate: 2.8%

The Wisconsin Department of Administration (DOA) assesses the market interest rate on a quarterly basis.

Effective October 1, 2016, DOA has lowered the market rate for which Safe Drinking Water Loan Program (SDWLP) & Clean Water Fund Program (CWFP) subsidies are based. **The new market rate will be 2.80%.**

DOA has confirmed that the market rate will change to 2.80% for the next quarter beginning October 1, 2016 through December 31, 2016.

For loans closing during said quarter (**determined by the date of the municipal meeting**), the loan interest rate will be determined based on the market interest rate of 2.80%:

- CWFP loans, subsidized at 70% of the market rate, will be awarded with an interest rate of 1.96%
- SDWLP loans, subsidized at 33% of the market rate, will be awarded with an interest rate of 0.924%
- SDWLP loans, subsidized at 55% of the market rate, will be awarded with an interest rate of 1.54%

Project Type	Percent of Market Rate	Interest Rate
Clean Water Fund Program wastewater & storm water projects	70%	1.96%
Clean Water Fund Program pilot projects & septage portion of projects	0%	0%
Safe Drinking Water Loan Program projects of municipalities with populations < 10,000 and MHIs ≤ 80% of state MHI	33%	0.924%
Safe Drinking Water Loan Program projects of municipalities with populations ≥ 10,000 or MHIs > 80% of state MHI	55%	1.54%
<b>Market Rate</b>	<b>100%</b>	<b>2.80%</b>

## SDWLP Environmental Review Determination Form

The new Environmental Review Determination Form (8700-365) for the Safe Drinking Water Loan Program (SDWLP) is now available online at <http://dnr.wi.gov/files/PDF/forms/8700/8700-365.pdf>.

This form should be completed and submitted for all Safe Drinking Water Projects, preferably prior to the start of construction to ensure compliance with EPA federal requirements. For projects that have already begun construction, the review should be completed as soon as possible.

Direct questions about the new form and process to our Environmental Review Specialist, Samantha Jordt, at 608-267-2450 or [samantha.jordt@wisconsin.gov](mailto:samantha.jordt@wisconsin.gov).

## Municipality Hires Bond Counsel

A municipality **must** hire a bond counsel when borrowing money from the Clean Water Fund Program (CWFP) or the Safe Drinking Water Loan Program (SDWLP). A bond counsel experienced in Wisconsin municipal debt issuance is required to prepare the bond documents and bond transcript for the loan. Evidence of qualifications, experience, and liability insurance coverage may be required by the Environmental Loans Program to demonstrate the acceptability of the counsel.

### Hire in advance

Before submitting a CWFP/SDWLP financial assistance application, the municipality should contact and hire a municipal bond counsel for the anticipated loan closing.

Hiring a bond counsel early on during the funding process may help avoid loan closing delays, such as needing to request and wait for a variance from the Secretary of the Department of Administration (DOA) if it is found that the municipality must issue taxable rather than tax-exempt bonds.

Asking the bond counsel right away whether there are any municipal documents the counsel would like to review ahead of the loan closing may allow the bond counsel to spot private activity issues in any agreements or contracts the municipality may have with non-residential users of their wastewater treatment or drinking water systems.

When completing a CWFP/SDWLP financial assistance application, the municipality should include contact information for the bond counsel and costs for their services in the budget.

In addition, the municipality should provide to DNR, as soon as it is available, a copy of any executed agreement or contract they have with a specific non-residential user of their wastewater or drinking water utilities. If in negotiations with a user, the municipality needs to inform the DNR project manager about the pending contract.

Once hired, a bond counsel can work directly with staff at DNR and the Department of Administration (DOA) in the stead of the municipality.

### A Municipal Bond Counsel May...

- Help the municipality avoid private activity that would trigger taxable bond requirements.
- Review the final, fully executed copy of any utility/system user contracts prior to the DNR project manager preparing a Financial Assistance Agreement (FAA).
- Prepare and submit the municipality's draft legal documents related to the authorization and issuance of bonds.
- Assist the municipality throughout the bond issuance/loan closing process to make sure the transactions go smoothly.

## Request for Disbursement

Please help us process your Request for Disbursement as efficiently as possible. Remember that all requests must include appropriate, supporting documentation and corresponding invoices.

The easier you make it for us to link the invoices with the payment requests, the faster we can process your request. The fastest reviews occur when the Request for Disbursement includes the invoices needed for that disbursement request and not other documentation unrelated to that particular disbursement request.

### Federal Program Reviews

The U.S. Environmental Protection Agency (EPA) Region V staff conduct an annual review of our program, which includes disbursement transaction testing from projects funded during the previous year. Any improper payments noted during their review are reported back to EPA headquarters.

Because our disbursement specialists do not disburse funds until after the appropriate documentation has been received from the loan recipient, we have never been cited by EPA for an improper payment.

### Thank You!

Thank you for helping us maintain the highest standing with respect to disbursement of funds.



## Documentation & Invoice Tips

All eligible Clean Water Fund Program (CWFP) and Safe Drinking Water Loan Program (SDWLP) project expenses should have supporting documents. The easier you make it for us to link the invoices with the payment requests, the faster we can process your request for disbursement.

All entries in an accounting system should be supported by appropriate source documentation. Examples of source documentation include payroll registers, time records, and invoices.

The files of supporting documentation should contain all information necessary to explain every transaction. It should also be cross-referenced so the transaction can be tracked from any documentation dealing with the transaction.

This requires a filing system based on reference codes for each entry and related documents. Sequential numerical codes are usually best, not only for ease of referencing but also for internal control.

The coding system used should allow one to trace any transaction recorded on the books directly to the supporting source documentation and vice-versa.

### Read more about documentation and invoices at our following Web pages:

#### Financial Management and Accounting

<http://dnr.wi.gov/Aid/documents/EIF/Guide/accounting.html>

#### Request for Disbursement

<http://dnr.wi.gov/Aid/documents/EIF/Guide/pay.html#invoice>

## Fiscal Sustainability Plans (FSP): Certification, Funding, & Disbursements

### Certification Requirements

For systems that **already have** the minimum required components of an FSP in place, municipalities must certify that the FSP requirement has been met prior to the loan closing.

For systems that **do not already have** the minimum required components of an FSP in place, completing the FSP will be a condition of the municipality's Financial Assistance Agreement (FAA). A municipality must sign a certification agreeing to this condition prior to loan closing and an additional certification that the FSP has been completed is required prior to the final loan disbursement and project closeout.

### Download the FSP certification

[http://dnr.wi.gov/Aid/documents/EIF/Forms/FSP\\_Certificate.pdf](http://dnr.wi.gov/Aid/documents/EIF/Forms/FSP_Certificate.pdf).

- This certification also includes an application for PF funding to pay for costs of FSP development.

### Funding

The CWFP will provide limited Principal Forgiveness (PF) funding for costs of FSP development to municipalities that qualify under the Affordability Criteria and Principal Forgiveness Methodology (see <http://dnr.wi.gov/Aid/documents/EIF/Guide/PF.html>).

The FSP development costs are also considered eligible costs for inclusion in a municipality's loan.

### Applying for FSP Funding

The FSP Certification Form also serves as the application for FSP Funding and should be included with a municipality's CWFP application.

**You can help** us expedite the FSP funding process by breaking out the FSP development costs you are requesting and submitting separate contracts for the FSP costs along with your application materials.

The DNR project manager will assign budget categories for eligible costs on the application, including FSP costs. The requested FSP costs will be reviewed for eligibility and your project manager will communicate with you as they finalize the budget for your project and develop the FAA.

### Requesting Funds

You can expedite the disbursement process, for which you are seeking cost reimbursement, by:

- breaking out the FSP development costs; and
- submitting separate invoices for the FSP costs.

Please identify FSP costs on the Request for Disbursement Form 8700-215. On the budget line item (row), FSP costs should be identified and include the contract number in the Payee column.

4. Date of Invoice	5. Payee	6. Invoice Amount
06/01/2013	Sample	250,000.00

Remember to include all relevant invoices, including invoices for requested FSP costs, when submitting your Request for Disbursement form.

Funding for eligible FSP costs will be disbursed by DNR for the amount designated in the FAA as part of the CWFP loan. The PF-eligible FSP costs will be forgiven at the time of loan disbursement for that Disbursement Request. ■

