

Economic Stimulus Information

Clean Water Fund Program & Safe Drinking Water Loan Program

Update #8 – September 4, 2009

The following paragraphs contain additional information regarding how Wisconsin intends to use economic stimulus funds provided to the Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP) through the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA implementation plans continue to evolve; we will post new information as it becomes available.

In this Update – First Disbursement Request, Submit Revised Budget by October 1, ARRA Logo for Construction Sites, Revised CWFP Draft Funding List, October 1 Construction Contract Deadline, ARRA-Only Funding, CWFP 55% or 60% of Market Interest Rate, SDWLP Loan Funds, Documenting Green Project Elements.

- **First Disbursement Request** – In order to prepare for the large volume of loan closings happening in October, November and December, we ask that municipalities in the fundable range on the SDWLP and CWFP Draft Funding Lists submit their first disbursement requests **as soon as possible**, even if the only invoices you have at this time are for planning and/or design. Municipalities will be able to submit subsequent disbursement requests prior to loan closing if more invoices become available, and we can disburse funds for multiple disbursement requests on loan closing day. DNR and DOA staff members who process the disbursement requests may not have enough time to get all the disbursements ready for loan closings if municipalities wait until the last minute to submit their requests with accompanying invoices.

Form 8700-215 (Request for Disbursement for Financial Assistance Programs) is available on our Forms and Publications web page (<http://dnr.wi.gov/org/caer/cfa/EL/FORMS/forms.html>), located under both the Clean Water Fund Program and Safe Drinking Water Loan Program subheadings. Please contact your DNR project manager if you have questions about filling out the form.

- **Submit Revised Budget by October 1** – Before we publish the final funding lists, we need each municipality that has a project in the fundable range of the SDWLP and/or CWFP draft funding lists, including those projects that recently moved into the fundable range of the CWFP draft list, to submit for each of its projects a revised budget sheet that is based on the actual bid cost of the project. The authorized representative of the municipality must sign the revised budget sheet. We intend to publish the final SDWLP and CWFP funding lists as soon as possible after the October 1 deadline for submittal of fully executed contracts. Because: 1) all projects will be bid prior to the October 1, 2009 contract deadline; 2) it is important for us to have consistent allocations; and 3) we need to commit all of the ARRA money by February 17, 2010, we are requiring all municipalities to which we are allocating ARRA funds to also submit these revised budgets by the contract deadline of October 1, 2009.

We cannot fund additional items for, or work on, a project unless the items or work fall within the original scope (identified in the ITA and PERF) of the project. All costs included in the revised budget should be justifiable by contract or known/likely costs involved in the project. Do not include costs on the Interim Financing line if there will be no refinancing of an existing loan at the time of the SDWLP or CWFP loan closing. Do not include bond counsel costs if your municipality is not going to take loan funds along with the ARRA funds for your project. Do not include in the Facility Plan Preparation, Plans/Specifications Preparation, or Engineering/Construction Management line items any costs that are outside of the



contracted or otherwise documented engineering costs for the project. Amend the engineering contract if you have or expect to have additional engineering costs than those currently included in your engineering contract, and submit the amendment(s). If there are unnecessary or unjustified costs left in the budget, the DNR project manager will remove those costs from the budget and decrease the total amount of funding to be allocated. Please use 5% of the Construction/Equipment line item as the amount to show on the Contingency line. If you include greater than 5% contingency, your DNR project manager will reduce the amount to 5% of the Construction/Equipment line item before we publish the lists.

Please work with your project manager to make sure you agree on what the budgeted amount should be; we want and need to allocate an amount that is as fair and accurate as possible to each project.

- **ARRA Logo for Construction Sites** – An American Recovery and Reinvestment Act logo must be displayed at the construction site of every project being completely or partially funded with ARRA funds. The “Recovery Emblem Guide”, which includes specifications for the logo, is now available on our News web page (<http://dnr.wi.gov/org/caer/cfa/EL/Section/news.html>). The official logo itself is available in 6 different document formats if you click on the “Click here” link at the bottom of the following web page: <http://www.recovery.gov/?q=node/203>.
- **Revised CWFP Draft Funding List** – We are publishing a Revised CWFP Draft Funding List, dated September 2, 2009, on our News web page (<http://dnr.wi.gov/org/caer/cfa/EL/Section/news.html>). Please be aware that we are not revising the Intended Use Plan that includes the Original CWFP Draft Funding List, so the September 2 version is a separate document on the web.

Within the time period allowed by rule, several municipalities requested that the CWFP re-evaluate their priority scores. As a result of the re-evaluations and additional information provided by the individual municipalities, some project priority scores changed, impacting the CWFP Draft Funding List. Some projects that previously fell outside of the fundable range on the Original Draft Funding List are now included in the fundable range of the September 2 Draft Funding List.

Because we are publishing the Revised CWFP Draft Funding List, we also revised some of the language in the policy regarding the October 1 Construction Contract Deadline. Please read the following article to make sure you know what you need to submit by October 1 in order to stay eligible for ARRA funds.

- **October 1 Construction Contract Deadline** (Please read entire article carefully.)

If your municipality has a project that:

1. **is near but outside of** the fundable range identified on the Safe Drinking Water Loan Program (SDWLP) Draft Funding List; or
2. **is near but outside of** the fundable range identified on the **Revised** Clean Water Fund Program (CWFP) Draft Funding List—dated September 2, 2009; or
3. **was outside of** the fundable range of the **Original** CWFP Draft Funding List--published with the CWFP Intended Use Plan--**but moved into** the fundable range with the September 2 List,

and you want to continue to be eligible for ARRA funds, you need to **submit bidding documents--** postmarked, shipped or received by the Bureau of Community Financial Assistance--**by October 1, 2009**. By the deadline, you must submit all of the following bidding documents for each contract awarded or to be awarded for the project:



- ⇒ proposal of the bidder to which you intend to award the contract;
- ⇒ bid tabulation;
- ⇒ engineer's recommendation based on bid evaluation;
- ⇒ legal opinion of statutory compliance, if contract is to be awarded to other than the low bidder;
- ⇒ any addenda to plans and specifications;
- ⇒ evidence of bid advertisement;
- ⇒ a copy of the bid bond; and
- ⇒ a revised project budget sheet based on bids.

For **projects in the fundable range** of either the **SDWLP** Draft Funding List or the **Original CWFP** Draft Funding List—the lists published with the Intended Use Plans--municipalities must submit (postmark, ship, or hand-deliver to the Bureau of Community Financial Assistance) **all of the above** bidding documents **plus** the following **by October 1, 2009**:

- ⇒ a copy of each fully executed construction contract for the project, including the notice of award; and
- ⇒ the construction start date and expected substantial and final completion dates for each contract.

If your project meets the description in either #1 or #2 above, you must submit these additional documents **within two weeks of funds being allocated** to your project.

If your project falls into the group described in #3 above, you must submit these additional documents **within two weeks of the October 1 deadline** (by October 15, 2009).

If you have any questions regarding the date by which you must have your fully executed construction contract(s) submitted, please contact Jeanne Cargill (608-267-7587 or jeanne.cargill@wisconsin.gov) or your DNR project manager as soon as possible. We want to help municipalities meet the readiness-to-proceed criterion.

- **ARRA-Only Funding** - If your municipality intends to accept only ARRA funds and not take a loan from the SDWLP or CWFP, please let your project manager know as soon as possible. The process and documents needed for an ARRA-only project are different than those for loan closings, and it will help us with our work planning to know ahead of time what your municipality's plan is.
- **CWFP 55% or 60% of Market Interest Rate** – The subsidized interest rate for CWFP compliance maintenance and new/changed limits projects was revised with the signing of the 2009-11 State Budget. For all projects for which an Intent to Apply was submitted after December 31, 2007, the subsidized interest rate is 60% of the CWFP market rate. If by December 31, 2007, you submitted an Intent to Apply form for a project that is now included on the Revised CWFP Draft Funding List, your project is still eligible to receive the 55% of market interest rate on your CWFP loan. Currently, the CWFP market interest rate is 4.85%, meaning the 60% rate is 2.910% and the 55% rate is 2.668%.

If you submitted an Intent to Apply form by December 31, 2007 for your project that is included on the Revised CWFP Draft Funding List, and you would like to receive CWFP funding whether you receive ARRA money or not, please contact your CWFP project manager as soon as possible. In order to provide you a loan at 55% of market rate, we need to allocate funds to your project by the end of Calendar Year 2009. Allocating funds, however, starts an 8-month clock within which we would have to close a loan on your project. Because we don't know the plans for or timing of each project, we will not allocate funds to a project by the end of 2009 unless the municipality contacts the CWFP to let us know that they want to close on a loan by August 2009.



- **SDWLP Loan Funds** - If your project is in the fundable range of the Draft SDWLP Funding List and you are certain your municipality cannot meet the October 1, 2009 submittal deadline for executed construction contracts, please contact Jeanne Cargill at 608-267-7587 or jeanne.cargill@wisconsin.gov. We will allocate loan dollars for the entire project if you are interested in closing on a loan without ARRA funds prior to April 30, 2010. Once the list is published as final, we likely will not be able to provide additional loan dollars to a project if we have to reallocate that project's ARRA funds.
- **Documenting Green Project Elements** – DNR project managers are contacting municipalities and/or their consulting engineers to request specific information needed for each project in the fundable range on the CWF and SDWLP Draft Funding Lists for which a green project reserve amount is shown. Because Wisconsin must be able to show that we're using a minimum of 20% of ARRA funds in each program to finance green projects or project elements, it is very important for us to obtain documentation of **how the claimed dollar amounts were calculated** and **what makes the projects green**. This information must be submitted to the DNR project manager before Financial Assistance Agreement preparation.

EPA reviewed a summary we put together from the information municipalities provided to us in application addendum forms. The main comments we received from EPA had to do with getting better documentation as follows:

1. Energy Efficiency – Provide information regarding what piece of equipment or change to the water system is providing energy savings. Documentation should include: a calculation that shows a reduction of kilowatts per day, week, month or year, including the percentage reduction from previous energy use or from selected equipment or change vs. another alternative; and a spreadsheet, table, list or narrative explanation that shows how the dollar amount related to the new equipment or change to the system was determined.
2. Water Efficiency - Provide detailed information regarding what piece of equipment or change to the water system is providing water savings. Documentation should include: a calculation that shows water savings in gallons per day, week, month or year, including the percentage reduction from previous pumpage or from selected equipment or change vs. another alternative; and a spreadsheet, table, list or narrative explanation that shows how the dollar amount related to the new equipment or change to the system was determined.
3. Green Infrastructure - At this time, we do not need to collect further documentation on projects that qualify for the green infrastructure category of the green project reserve. Please note that storm water detention ponds do not qualify as green. Retention ponds with infiltration do qualify.
4. Environmentally Innovative – This seems to be a catch-all category. We will need documentation for most projects or project elements that fall into the environmentally innovative category. Please describe the project or project elements, explain what makes them “green,” and quantify anything for which quantification is appropriate. Also, provide the total cost (design, equipment and construction/installation costs) for the “green” project elements. Some things that fall into the environmentally innovative category may be things that you have in your project but didn't think of as “green” at the time of application. Some examples of these project elements are:
 - a. concrete that contains fly-ash (document percentage fly-ash and the total cost involved in the concrete portion of the project),
 - b. steel roofing that contains recycled steel (document percentage recycled material and entire cost of steel roofing),



- c. asphalt that contains recycled materials (document percentage recycled material and cost of asphalt),
 - d. construction or rehabilitation of a building if Leadership in Energy and Environmental Design (LEED) principles were used in the design phase of the project (document all costs associated with the project or portions of the project that are designed and constructed using LEED principles),
 - e. horizontal directional drilling for main installation (compare this method to the alternative method(s) and provide the total cost of the main installation)
 - f. treatment methods that are more environmentally friendly than alternatives (provide explanation of treatment method selected and the total cost of this method, and compare the selected method to alternatives including what makes this method more green).
5. Categorically Green Projects and Elements – The following are categorically eligible to be counted toward Wisconsin’s green project reserve and likely will not require documentation other than a description of the green project or element and the associated costs:
- a. leak detection equipment;
 - b. distribution pipes associated with water reuse;
 - c. installation of water meters in an area with previously unmetered connections, as long as the water system will bill a metered rate based on consumption;
 - d. wastewater pump system improvements or replacements if the changes will achieve 20% net energy reduction;
 - e. wastewater aeration system improvements or replacements if the changes will achieve 20% net energy reduction;
 - f. variable frequency drives if adequate training for proper operation will be provided, current-limiting and auto-restart features will be integrated into the drive, and the drive controls are intuitive;
 - g. energy efficiency improvements in solids treatment (i.e. sludge dryers and incinerators, or anaerobic digestion systems) or handling (i.e. chemicals like lime, fly ash, or other alkaline materials) if the changes will achieve 20% net energy reduction;
 - h. projects to generate energy from biosolids;
 - i. wastewater recycling and groundwater recharge projects;
 - j. installation of turbines/hydrogenerators in pipelines to produce clean energy;
 - k. construction of green roofs and any associated structural changes necessary; and
 - l. infrastructure/practices that infiltrate, evapotranspire and/or harvest and use storm water.

EPA gave us a draft document from which we can provide some additional guidance on green documentation of specific types of equipment or system modifications. There are also some guidance documents posted on our News web page under the Guidance and Waivers subheading at <http://dnr.wi.gov/org/caer/cfa/EL/Section/news.html>. Please contact your DNR project manager if you have questions as you work on green documentation, or contact Jeanne Cargill at 608-267-7587 or jeanne.cargill@wisconsin.gov for more information regarding SDWLP green documentation. We do already have acceptable levels of documentation on a few projects, but we need more information on most.

Watch for Update #9. Please let us know if you have questions about any information we provide in the Economic Stimulus Updates.

