



May 2008  
Issue No. 154

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# Loan Interests

## Clean Water Fund Program SFY 2009 Funding Policies

*Dan Olson*

Below are the proposed funding policies for administering the Clean Water Fund Program (CWFP) for State Fiscal Year (SFY) 2009. These funding policies will be effective for SFY 2009 (July 1, 2008 through June 30, 2009).

### Population & Priority Scores

The CWFP uses the most recent population estimates published by the Department of Administration (DOA) to calculate priority scores except when:

- a municipality indicates the population served by the project is only a **portion of the entire population** of that municipality or other municipalities involved in the project as well; or
- a municipality indicates the population served by the project covers its entire population as well as some or all of a population within the boundaries of one or more other municipalities; or
- the municipality is a sanitary district and the population served was determined by a survey of residents living in one or more jurisdictional boundaries.

In these above situations, the CWFP defers to the estimate provided on the Notice of Intent to Apply form (ITA) and the Priority Evaluation and Ranking Form (PERF).

If a municipality submits an ITA indicating a previously submitted PERF is still valid for a project, the CWFP does **not** recalculate the priority score unless the municipality provides some justification.

### DBE Solicitation & Federal Funds

When a CWFP applicant is soliciting bids or a prime contractor is hiring a subcontractor for construction work, equipment, raw materials or supplies, they must comply with requirements regarding solicitation of disadvantaged business enterprises (DBEs)--minority- and women-business enterprises (MBEs/WBEs), and small businesses in rural areas (SBRAs).

The objectives for utilization of MBEs/WBEs are as negotiated with the Environmental Protection Agency in January 2007. A CWFP applicant hiring prime contractors, **and** prime contractors hiring subcontractors, must do one or more of the following to meet DBE solicitation requirements:

- include language in bid advertisements to encourage DBEs to submit bid proposals;
- certify that a good faith effort was made to achieve the goals by contacting a minimum of 5 MBEs and 5 WBEs (and 5 SBRAs if receiving federal funds);
- document a lack of DBE firms to contact;
- utilize DBEs for 15% or more of the cost of the project.

If the utilization of DBEs in the project is less than 15% of the total project cost, the municipality and each of the contractors must meet the solicitation requirements.

For more information regarding solicitation requirements, see the following web page: <http://dnr.wi.gov/org/caer/cfa/EL/Guide/MBEproc.html>.

Each year the CWFP must designate a number of projects with total costs equivalent to the amount of the federal capitalization grant for that year to be federally funded projects, also known as "equivalency" projects. These projects are subject to certain additional requirements.

If a municipality's project is designated as an "equivalency" project, the municipality must comply with SBRA solicitation requirements in addition to the MBE/WBE solicitation requirements. An SBRA is a small business that is located in and conducts its primary operation in a non-metropolitan county. Projects listed in bold type on the CWFP SFY 2009 Project Priority List in the appendix are designated to receive federal funding. For more information regarding SBRA's, visit the following web page: <http://dnr.wi.gov/org/caer/cfa/EL/Guide/MBEdef.html>.

If the CWFP designates a municipality's project as an "equivalency" project, the municipality must also comply with the federal Single Audit Act (see OMB Circular A-133), and must complete and submit the Federal Equivalency Projects Assurances and Certification (Form 8700-201).

Every municipality that receives federal funds from the CWFP, whether the project is designated "equivalency" or not, must also submit an EPA Preaward Compliance Review Report (Form 4700-4).

**Hardship Assistance & PV**

Present value subsidy (PV) is the financial control used to limit the amount of CWFP financial assistance in Wisconsin. The total estimated amount of PV expected to be available for the CWFP in the 2007-2009 biennium is \$114,700,000. Fifteen percent of this amount, or \$17,205,000, is set aside for hardship financial assistance. The estimated hardship PV limit for SFY 2009 is \$10,684,305 or 62.1% of the biennial hardship PV amount. This limit is determined by multiplying the biennial hardship PV amount by the percentage of the CWFP biennial needs projected to request funding in SFY 2009.

The CWFP will allocate hardship PV to municipalities in the fundable range based on amounts shown in the applications and current information at the time the hardship financial assistance funding list is published. If a municipality's cost estimates increase between the time the list is published and the time the Financial Assistance Agreement is prepared, and there is insufficient unallocated hardship PV remaining to fund the increase with hardship financial assistance, the municipality may receive funding for the additional costs at the non-hardship interest rate specified for the type of project being constructed.

The department may provide partial hardship funding to the last project in the SFY 2009 fundable range if the CWFP does not have enough hardship PV available to fully fund the project. Any partially funded project can compete in a future fiscal year for additional hardship PV.

If you have questions related to the above policies, contact the appropriate staff person listed below:

*Priority scores* – Dan Olson at (608) 267-7475 or [daniel.olson@wisconsin.gov](mailto:daniel.olson@wisconsin.gov)

*Hardship assistance* – Maureen Hubeler at (608) 266-0849 or [maureen.hubeler@wisconsin.gov](mailto:maureen.hubeler@wisconsin.gov)  
*Federally funded projects* - Becky Scott at (608) 267-7584 or [rebecca.scott@wisconsin.gov](mailto:rebecca.scott@wisconsin.gov)  
*DBE solicitation* - Meja Maka at (608) 266-9193 or [meja.maka@wisconsin.gov](mailto:meja.maka@wisconsin.gov).

## CWFP SFY 2009 Project Priority List

Dan Olson

Attached to this newsletter is the State Fiscal Year (SFY) 2009 Project Priority List for the Clean Water Fund Program (CWFP). The list contains all CWFP projects eligible to submit an application for SFY 2009 funding. The projects are sorted in descending order by priority score. In the case of tie scores, the project serving the higher population is considered the higher priority.

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### Calendar of Events

**June 10, 2008**  
**11:00 am, Rm. 408 GEF 2**  
***Funding Policies Public Hearing***

**June 30, 2008**  
**Postmark Deadline**  
***CWFP Hardship Applications***

**August 1, 2008**  
**Postmark Deadline**  
***LRLP Applications***

**October 1, 2008**  
**Postmark Deadline**  
***LRLP Applications***

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If you have specific questions regarding the CWFP Project Priority List, contact Dan Olson at (608) 267-7475 or [daniel.olson@wisconsin.gov](mailto:daniel.olson@wisconsin.gov). φ

## CWFP Intended Use Plan

*Becky Scott*

Wisconsin’s State Fiscal Year (SFY) 2009 Intended Use Plan (IUP) is included in the Appendix of this newsletter. The IUP indicates the intended use of the Federal Fiscal Year (FFY) 2008 Clean Water State Revolving Fund (SRF) capitalization grant and required state matching funds, as well as the undisbursed funds remaining from previous grants and other monies available in the revolving loan fund. The IUP is a part of Wisconsin's capitalization grant agreement package for FFY 2008 SRF funds and covers anticipated activity during SFY 2009. If you have any questions or comments regarding the Clean Water Fund Program Intended Use Plan, contact Becky Scott at 608-267-7584 or [rebecca.scott@wisconsin.gov](mailto:rebecca.scott@wisconsin.gov). φ

## CWFP Hardship Applications Due

*Maureen Hubeler*

**Application Deadline:** Clean Water Fund Program (CWFP) hardship financial assistance applications for State Fiscal Year 2009 must be postmarked by June 30, 2008.

This deadline applies to your municipality if you submitted a Notice of Intent to Apply (ITA) by December 31, 2007, and you want to receive hardship financial assistance in SFY 2009 (July 1, 2008-June 30, 2009).

You can obtain a copy of the Hardship Financial Assistance Preliminary Calculation Request (Form 8700-282) and CWFP Financial Assistance Application (Form 8700-203) from our forms web page (<http://dnr.wi.gov/org/caer/cfa/EL/FORMS/forms.html>), or by contacting Deb Olson at (608) 266-5889 or [debra.olson@wisconsin.gov](mailto:debra.olson@wisconsin.gov).

For more information: read “CWFP Hardship Financial Assistance Applications Due” in the March 2008 issue of Loan Interests (<http://dnr.wi.gov/org/caer/cfa/EL/Section/Newsletters/newsletters.html>); contact Maureen Hubeler at 608-266-0849 or [maureen.hubeler@wisconsin.gov](mailto:maureen.hubeler@wisconsin.gov); or see our hardship financial assistance web pages (<http://dnr.wi.gov/org/caer/cfa/EL/Section/hardship.html>). φ

## Public Hearing Scheduled

*Dan Olson*

The Department will hold a public hearing on Tuesday, June 10, 2008, to receive comments regarding funding policies and project priority lists for State Fiscal Year (SFY) 2009. This public hearing is for both the Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP).

Come to the public hearing to submit oral comments. You may also submit written comments prior to or at the hearing. See the attached “Notice of Public Hearing” for further information.

The CWFP funding policies and project priority list are included in this issue of Loan Interests. The SDWLP funding policies for SFY 2009 are also included in this newsletter. See the March 2008 issue of Loan Interests if you want a

copy of the SDWLP SFY 2009 Project Priority List.

Loan Interests issues are available on our website at (<http://www.dnr.wi.gov/org/caer/cfa/EL/Section/Newsletters/newsletters.html>) or contact Deb Olson at 608-266-5889 or [debra.olson@wisconsin.gov](mailto:debra.olson@wisconsin.gov). φ

## SDWLP SFY 09 Funding Policies

*Jeanne Cargill*

### Available Funding

Wisconsin expects to receive a Drinking Water State Revolving Fund (DWSRF) federal capitalization grant for approximately \$15,770,000 from the United States Environmental Protection Agency (U.S. EPA) for State Fiscal Year 2009 (SFY 2008 starts July 1, 2008 and ends June 30, 2009). After adding the state match and loan repayments from previous projects, and subtracting funds for set-asides, the Safe Drinking Water Loan Program (SDWLP) has approximately **\$34,989,961** available for loans to local governmental units for SFY 2009.

### 20% State Match

Wisconsin must provide a state match of 20% of the federal capitalization grant, or \$3,154,000.

### Funds for Set-Asides

The DWSRF allows states to set aside up to 31% of the federal capitalization grant to fund DWSRF administrative expenses, state program management, small systems technical assistance, local assistance and other state programs.

For SFY 2009, the Department of Natural Resources (DNR) plans to use \$2,678,675 on the following activities:

- \$1,577,000 for state program management;
- \$155,475 for wellhead protection; and

- \$315,400 for small systems technical assistance.

**Population, MHI & Priority Scoring**

In determining appropriate points for a project in the Needs section of a Priority Evaluation and Ranking Form (PERF), DNR uses: 1) the most current population estimate for the city, town or village published by the Wisconsin Department of Administration (DOA), or, if a sanitary district, the population provided by the district; and 2) the municipality’s adjusted median household income (MHI). DNR adjusts the 2000 MHI by applying the increase in per capita income since the census for the county in which the municipality is located. The U.S. Department of Commerce is the source of the per capita income data.

In order to rank all of the projects on a funding list using the most recent data available, Safe Drinking Water Loan Program staff update the Needs section of in-house PERFs for active projects each year when preparing the Project Priority List. Therefore, even if a municipality doesn’t submit a new PERF in a fiscal year, DNR may adjust the project score based on current population and/or MHI and per capita income data.

**Funding List**

After Wisconsin receives its DWSRF federal capitalization grant for SFY 2009, DNR will determine which applications fall within the fundable range and publish the SFY 2009 SDWLP funding list. The fundable range is the range of projects on the funding list that the SDWLP can fully or partially fund with the available loan monies, in accordance with s. NR 166.25, Wis. Adm. Code.

DOA will allocate the appropriate amount of present value subsidy to each project in the fundable range. If a project is allocated funds on the final funding list, and the list is published in Calendar Year 2008, the applicant must

close on a loan for that project by April 30, 2009.

**Unused Funds – SFY 2009**

If a project in the SFY 2009 fundable range:

- 1) does not use all of the funds allocated to it,
- 2) fails to execute a loan on or before April 30, 2009, or
- 3) is allocated funds that are later reduced in accordance with ss. NR 166.25(3)(b) to (h), Wis. Adm. Code,

then DNR and DOA will reallocate the unused funds to the highest ranked, eligible project(s) on the funding list that is not yet allocated enough funds to fully fund its project. If DNR and DOA allocate SFY 2009 funds to a project in Calendar Year 2009, the applicant must execute a loan on or before April 30, 2010; if any of these reallocated funds are unused, DNR and DOA will add them to the SFY 2011 available funding. If there are no other eligible projects to allocate any available or unused SFY 2009 funding to as of April 30, 2009, DNR and DOA will add any unused or unallocated funds to the SFY 2010 available funding.

**Small Systems**

Small Systems are those public drinking water systems that serve less than 10,000 persons. For a city, town or village whose system serves only users within its boundaries, the SDWLP obtains the municipality’s most recent population estimate from DOA’s Demographic Services Center to determine whether the municipality operates a small system. If the municipality’s population is close to 10,000 or the local governmental unit is not a city, town or village, the SDWLP obtains the number of persons served by the system from DNR’s Bureau of Drinking Water and Groundwater. DNR completes the determination of which systems meet the small systems criterion prior to publishing the Draft SDWLP Funding List. In accordance with s. 281.61(8)(a)1, Wis. Stats., DOA

allocates a minimum of 15% of available funds to small systems, unless a lesser amount will fully fund the small system projects on the list. If a project is designated as a small system and is needed to meet the 15% small systems requirement, the SDWLP will provide the local governmental unit full loan assistance, subject to the 25% present value subsidy limitation and available funding.

**33% of Market Interest Rate Loans**

A local governmental unit with a population less than 10,000 **and** an adjusted median household income (MHI) of 80% or less of the state’s adjusted MHI is eligible to receive an interest rate that is 33% of the current market interest rate for loans, in accordance with s. NR 166.13(1), Wis. Adm. Code. Local governmental units that do not meet both criteria will receive an interest rate that is 55% of the current market interest rate for loans.

The interest rate for a loan is determined with population and MHI data available at the time of the Financial Assistance Agreement.

For more information regarding the SDWLP, contact Jeanne Cargill at (608) 267-7587 or [jeanne.cargill@wisconsin.gov](mailto:jeanne.cargill@wisconsin.gov). There is also information available on our website at <http://www.dnr.wi.gov/org/caer/cfa/EL/Section/drinkingwater.html>.



# PSC Rate Increase Applications

*Jeanne Cargill*

**Important:**  
If your municipality submitted a Safe Drinking Water Loan Program (SDWLP) Financial Assistance Application for State Fiscal Year (SFY) 2009 funds, and you need a rate increase to support your new loan/bond (and generate the required debt coverage), we encourage you to get started on your Public Service Commission (PSC) rate increase application as soon as possible.

SDWLP loans for SFY 2009 must close by April 30, 2009. If you need a rate increase to support your loan, you must receive your rate order from PSC authorizing a rate increase before we close your SDWLP loan. Be sure you allow PSC enough time to process your rate application. PSC’s goal is to process a rate case application within 90 days after they receive it, but the process can take up to 6 months. In past years, loan closings were delayed because of municipalities not submitting their rate requests to PSC early enough to get approval prior to desired loan closing dates. Applicants can lose their funding allocations if their rate increases aren’t approved early enough to close by the April 30 deadline for loan closings.

Please don’t put off submitting your rate increase application. This process is an important step in obtaining an SDWLP loan. For more information, visit PSC’s website at <http://psc.wi.gov/apps/waterrate/ratecase/requestapp.aspx>. φ

# EL Back in GEF 2

*Jeanne Cargill*

On May 22, 2008, the Environmental Loans Section (EL) is moving back to GEF 2 at 101 South Webster Street in Madison. Offices of the program managers, project managers and support staff that administer the Clean Water Fund Program, Safe Drinking Water Loan Program and Land Recycling Loan Program will be located on the 2<sup>nd</sup> floor of GEF 2. We had temporarily been housed at 345 West Washington Avenue to allow building renovations at GEF 2.

The mailing address for the Section will not change—Department of Natural Resources – CF/2, PO Box 7921, Madison, WI 53707-7921. In addition, all staff phone numbers and electronic mail addresses remain the same.

If you need to meet with any of our staff, please contact a staff person ahead of time, so we can arrange to meet in a conference room. You are welcome to visit us anytime in our new office space, but please be aware that there are new security measures in GEF 2 that may delay you a few minutes when entering the building.

If you have questions regarding our move or new location, contact Linda Miller at 608-267-0801 or [lindam.miller@wisconsin.gov](mailto:lindam.miller@wisconsin.gov). φ

