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Loan Interests

CWFP Hardship Applications Due

Maureen Hubeler

Application Deadline: June 30, 2007 is the postmark deadline for Clean Water Fund Program (CWFP) hardship financial assistance applications for State Fiscal Year 2008.

Prior to submitting an application, your municipality must receive facilities plan approval from the Department. If your facilities plan is not yet approved, please work with your DNR plan reviewer to be sure the plan can be approved prior to June 30.

The application must contain approvable plans and specifications and other required documents in order to be considered complete. For a list of the required items, see our application contents web page at <http://dnr.wi.gov/org/caer/cfa/EL/Guide/appcwf.htm> or the checklist on page 1 of the application form.

Need a copy of the CWFP Financial Assistance Application (Form 8700-203)? You can either print an application from our forms web page at <http://dnr.wi.gov/org/caer/cfa/EL/FORMS/forms.html> or request a copy from Deb Olson at (608) 266-5889 or debra.olson@wisconsin.gov.

For more information, contact Maureen Hubeler at (608) 266-0849 or maureen.hubeler@wisconsin.gov, or Jeanne Cargill at (608) 267-7587 or jeanne.cargill@wisconsin.gov. You can also check our hardship financial

assistance web pages (<http://dnr.wi.gov/org/caer/cfa/EL/Section/hardship.html>). ☐

SDWLP SFY 08 Funding Policies

Jeanne Cargill

Available Funding

Wisconsin expects to receive a Drinking Water State Revolving Fund (DWSRF) federal capitalization grant for approximately \$15,931,000 from the United States Environmental Protection Agency (U.S. EPA) for State Fiscal Year 2008 (SFY 2008 starts July 1, 2007 and ends June 30, 2008). 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 **\$51,084,684** available for loans to local governmental units for SFY 2008.

20% State Match

Wisconsin must provide a state match of at least 20% of the federal capitalization grant, or \$3,186,000.

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, and local assistance and other state programs.

For SFY 2008, the Department of Natural Resources (DNR) plans to use \$1,749,097 on the following activities:

- \$1,430,477 for state program management of the Public Water System Supervision program; and
- \$318,620 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 municipality published by the Wisconsin Department of Administration (DOA); 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 2008 and the governor signs the state budget, DNR will determine which applications fall within the fundable range and publish the SFY 2008 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 166.26, Wis. Adm. Code.

DOA will allocate the appropriate amount of present value subsidy to each project in the fundable range.

Unused Funds - SFY 2008

If a project in the SFY 2008 fundable range:

1) does not use all of the funds allocated to it,

- 2) fails to execute a loan on or before April 30, 2008, or
- 3) is allocated funds that are later reduced in accordance with ss. NR 166.26(3)(b) to (h), Wis. Adm. Code,

then DNR and DOA will reallocate the unused funds to the next highest ranked, eligible project(s) on the funding list, in accordance with s. NR 166.26, Wis. Adm. Code. If the next highest ranked eligible project(s) is unable to execute a loan on or before April 30, 2009, DNR and DOA will add any unused funds to the SFY 2010 available funding. If there are no other eligible projects to allocate any available or unused SFY 2008 funding to as of April 30, 2008, DNR and DOA will add any unused or unallocated funds to the SFY 2009 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 166.14(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@wi.gov. There is also information available on our website at <http://www.dnr.wi.gov/org/caer/cfa/EL/Section/drinkingwater.html>. ☐



CWFP Funding Restored

Bob Ramharter

The Legislature's Joint Finance Committee acted on the Environmental Improvement Fund's biennial budget in late April. The Committee took several significant actions affecting the Clean Water Fund Program (CWFP). First, the Committee specified that the interest rates for CWFP loans would not change. You may recall that, under the

Governor's budget, rates for most of the CWFPL loans would be increased from 55% of the market rate to 70% of market. The Committee eliminated that rate increase. Secondly, the Committee specified that a 5% future interest rate should be assumed when calculating available funds. Finally, the Committee provided an additional \$10.4 million in General Obligation borrowing authority.

What does this all mean for you? It means that, if the budget bill language remains as proposed by the Committee, the CWFPL would have sufficient funds to meet all of the expected demand for the upcoming biennium and the interest rate would remain at 55% of the market rate.

Although this language was passed 16-0 by the Committee, it is still possible that the full Legislature might change it. We won't know for certain what the next biennium will bring until the budget process concludes, probably sometime this fall. φ

CWFPL Intended Use Plan

Becky Scott

Wisconsin's State Fiscal Year (SFY) 2008 Intended Use Plan (IUP) is included as an attachment to this newsletter. The IUP indicates the intended use of the Federal Fiscal Year (FFY) 2007 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 2007 SRF funds and covers anticipated activity during SFY 2008.

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. φ

Get PSC Approval Process Started

Jeanne Cargill

Important: If your municipality submitted a Safe Drinking Water Loan Program (SDWLP) Financial Assistance Application for State Fiscal Year (SFY) 2008 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.

All SDWLP loans for SFY 2008 must close by April 30, 2008. 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 longer. 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



SDWLP IUP for SFY 2008

Becky Scott

The Safe Drinking Water Loan Program Intended Use Plan (IUP) for State Fiscal Year (SFY) 2008 is included in the Appendix of this newsletter. Section 1452(b) of the Safe Drinking Water Act requires that each state prepare an annual IUP. The IUP identifies the uses of the funds in the Drinking Water State Revolving Fund and describes how those funds support the goals of the Act.

Calendar of Events

June 30, 2007
Postmark Deadline
CWFPL Hardship Applications

August 1, 2007
Postmark Deadline
LRLP Applications

October 1, 2007
Postmark Deadline
LRLP Applications

The IUP is part of Wisconsin's capitalization grant application package for Federal Fiscal Year 2007 funds. After EPA awards Wisconsin's capitalization grant and the governor signs Wisconsin's state budget, we will use the grant and state matching funds, as well as other money available in the state revolving fund, to provide financial assistance for drinking water projects and fund programmatic set-asides during SFY 2008.

June 2007

If you have any questions or comments regarding this IUP, please contact Becky Scott at (608) 267-7584 or rebecca.scott@wisconsin.gov. φ

New Bureau Director

Jeanne Cargill

The staff members of the Environmental Loans Section welcome our new Bureau of Community Financial Assistance director. Meet Debra Martinelli!

Debra comes to us from the department's Bureau of Human Resources where she also served as bureau director. She has been with the Department of Natural Resources for 22 years and has 31 years of state government experience.

As bureau director, Debra is responsible for signing Financial Assistance Agreements (FAAs) for the Clean Water Fund Program, Safe Drinking Water Loan Program, and Land Recycling Loan Program, so many of you will see her name associated with FAAs and other program documents.

Debra is eager to learn more about our financial programs and to meet our community partners. She will be visiting some wastewater and drinking water facilities around the state to become more familiar with the types of projects we finance.

We're happy to have Debra here to help us continue the success of our loan programs. Her fresh perspective already has us thinking in new ways. Welcome aboard, Debra! φ