

Economic Stimulus Information

Clean Water Fund Program & Safe Drinking Water Loan Program

Update #4

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 (ARRA). This plan must go through some additional approval processes yet, but we believe the decisions outlined below will likely not change.

- We have received about 111 applications for SDWLP funds totaling over \$177 million. We expect to fund about \$75,500,000 in projects with 50% ARRA funds and 50% regular SDWLP funds. We hope to have a draft funding list available in about 3 weeks.
- Clean Water Fund projects that do not have a current Intent To Apply (ITA) form and Priority Evaluation and Ranking Form (PERF) should submit these forms as soon as possible. If at all possible, do not wait until the June 30 application deadline to submit ITAs and PERFs. Submitting these forms earlier will allow us to score your project sooner and will help us to make funds available at an earlier date.
- Applicants for storm water projects should submit the Stormwater/Urban Runoff Projects Financial Assistance Application Form 8700-313. One copy of the Storm Water Management Plan should be submitted to the DNR regional storm water specialist; one copy of the plan should be submitted to the Bureau of Watershed Management in Madison. If the project seeking funding is part of a broader plan, be certain to highlight the relevant portions of the plan. The plan should address the need for the project and include a cost-effective alternative analysis. Two copies of the Plans and Specifications should be submitted to the Bureau of Watershed Management; one copy of the plans should be submitted to the regional storm water specialist. You do not need to have Chapter 30 permits in hand to apply for ARRA funding.

Storm water projects would be funded with ARRA principal forgiveness for 50% of the project and a CWFP subsidized loan (at 65% of the market interest rate) for the remainder of the project.

EPA recently indicated that detention ponds would not qualify under the 20% green reserve requirement. A pond would have to be designed to infiltrate stormwater in order to qualify for the green reserve.

Additional information on storm water project funding can be found in our Reference Guide at <http://dnr.wi.gov/org/caer/cfa/EL/Guide/stormwater.html>.

- Clean Water Fund projects applying under the Small Loan Program will also be eligible for ARRA funds. Drinking Water projects are not eligible for the Small Loan Program.



Applicants should use the standard Interest Rate Subsidy Application (Form 8700-249). In addition, applicants should submit copies of engineering agreements, construction contracts, the CWFP Requirements Checklist, the CWFP Addendum to Financial Assistance Application, and any intermunicipal agreements. Small Loan projects applying for ARRA funding will need to comply with the Davis-Bacon and Buy American provisions of ARRA along with the Disadvantaged Business Enterprise requirements and other federal cross-cutting legislation.

- Under part of the recent federal stimulus legislation (Build America Bonds), the federal government will reimburse municipalities for 35% of their interest payments on certain eligible debts. It appears that the loans/debts with the Board of Commissioners of Public Lands (BCPL) may be eligible for this federal interest rate subsidy. If your municipality is interested in pursuing this option, you should contact your financial advisor and bond counsel for details. There may be some up-front costs associated with meeting the requirements to obtain the federal subsidy. The federal authorization for this subsidy program expires at the end of 2010 so the debt transaction must be finalized by then, although the subsidies will continue for the life of the loan.

Note that the above federal subsidy would be provided directly to the municipality by the U.S. Department of the Treasury and that the State will not be involved in that process. The State, however, plans to continue offering its regular BCPL interest rate subsidies under its Clean Water Fund Small Loan Program regardless of whether the municipality also applies for, and receives, a federal subsidy through Build America Bonds for the same BCPL loan.

- Municipalities should be aware that ARRA funds are subject to the Single Audit Act. Any funds received under ARRA would be considered part of the \$500,000 of federal funds that would trigger the Single Audit requirement. Smaller municipalities that do not typically conduct annual financial audits may need to plan for additional audit costs after receiving ARRA funds.
- EPA is continuing to provide guidance on the Buy American requirement. It appears that this provision may be troublesome for many projects. We are finding that a common misunderstanding is that the prohibition of foreign materials in ARRA projects applies only to certain countries. This is not correct. For the purposes of the CWFP and the SDWLP, the prohibition of foreign materials applies to **all** countries.

EPA recently conducted a nationwide webcast on the process for obtaining a waiver to the Buy American provision. EPA strongly suggested that any requests for waivers be submitted **before** signing construction contracts. Our staff can provide limited guidance on the waiver process and requirements. EPS has also recently issued two nationwide waivers to the Buy American requirement: one allows a *de minimis* portion of a project to be foreign made; the other exempts projects that were bid between October 1, 2008 and February 17, 2009. These waivers are posted on our website at <http://dnr.wi.gov/org/caer/cfa/EL/Section/news.html>

- ARRA requires all recipients of ARRA funds to register in the Central Contractor Registry (ccr.gov). Despite the name, this system is not solely for contractors. All municipalities receiving ARRA funds will need to register with CCR. You will need a DUNS number to



do so. EL staff can assist you with obtaining a DUNS number and registering with CCR.

Watch for Update #5. Please let us know if you have questions about any information we provide in the Economic Stimulus Updates.

