

STATE OF WISCONSIN
SAFE DRINKING WATER LOAN PROGRAM
INTENDED USE PLAN
FOR FFY 2012 FUNDS
FOR THE SFY 2013 FUNDING CYCLE



July 2012

ADMINISTERED BY
THE DEPARTMENT OF NATURAL RESOURCES
AND
THE DEPARTMENT OF ADMINISTRATION

**WISCONSIN DEPARTMENT OF NATURAL RESOURCES
SAFE DRINKING WATER LOAN PROGRAM INTENDED USE PLAN
Covering Funding During State Fiscal Year 2013
For Receipt of the EPA Federal Fiscal Year 2012 Capitalization Grant**

I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) that identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2012 DWSRF Capitalization Grant funds and other monies available in the revolving loan fund. The IUP is a part of Wisconsin's capitalization grant agreement package for FFY 2012 and covers anticipated activity during State Fiscal Year (SFY) 2013. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5.

II. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

A local governmental unit may receive financial assistance for projects with the following purposes:

- 1) Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
- 2) Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
 - a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
 - b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
 - c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
 - d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- 3) Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
- 4) Purchase a portion of another public water system's capacity if it is the most cost effective solution.
- 5) Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
- 6) Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL (maximum contaminant limit) for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

- 1) Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project that is located within the State and has not been substantially complete for more than three years.
- 2) Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
- 3) Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 4.0%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st. No fees are assessed under the SDWLP.

III. SOURCES AND USES OF FUNDS

The FFY 2010 appropriation for the CWSRF and DWSRF contained several new requirements, one of which was the requirement to use 30% of the DWSRF capitalization grant to provide additional subsidy in the form of principal forgiveness, grants, or negative interest rate loans. This language was mirrored in the FFY 2011 appropriation but in the 2012 appropriation it was modified to require between 20% and 30% of the grant as additional subsidization.

The SDWLP will be providing 30% of the grant as additional subsidy in the form of principal forgiveness using an allocation methodology discussed in section X. C. below.

Funds available during SFY 2013 and their intended uses include the following:

FFY 2012 Capitalization Grant	\$15,474,000
Transferred ERG Funds	\$206,959
State Match	\$3,136,192
Other Funds Available in the SRF	<u>\$45,125,181</u>
Total Amount for SFY 2013	\$63,942,332
Set-aside Amounts:	
Administration	\$618,960
Wellhead Protection	\$54,500
Technical Assistance	\$309,480
Local Assistance	\$848,900
State Program Management	<u>\$1,190,175</u>
Total Amount of Set-asides	\$3,022,015
Principal Forgiveness	\$4,642,200
Subsidized Loans	\$56,278,117

IV. SHORT- AND LONG-TERM GOALS

A. Short-Term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop and improve strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;

- Provide financial assistance, including the maximum amount of federally required principal forgiveness, to communities facing economic hardship for the purposes of installing the necessary infrastructure to provide an adequate supply of safe drinking water;
- Protect municipal drinking water supplies by facilitating the development and implementation of wellhead protection plans;
- Facilitate the use of Clean Water funds where infrastructure projects for water systems support the objectives of the Clean Water Act.

B. Long-Term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Maintain existing partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Monitor the progress of State programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are constructed, operated, maintained, and monitored properly;
- Protect drinking water supplies by integrating wellhead protection and source water protection efforts with other water and land use programs;
- Increase the level of funding available to water systems to more closely match the infrastructure needs;
- Expand eligibility for financial assistance to include non-municipal systems;
- Encourage sustainability of water systems;
- Develop a system for measuring program effectiveness.

V. BANKING OF SET-ASIDE FUNDS

The State has previously banked \$3,442,204 in Administration funds, \$7,634,801 in State Program Management funds, and \$200,720 in Small Systems Technical Assistance for a total of \$11,277,725 of banked set-aside funds. The State is requesting to bank an additional \$357,225 in State Program Management funds bringing the total banked funds to \$11,634,950. These banked funds are available for possible designation from a future capitalization grant.

VI. TRANSFER OF FUNDS FROM CWSRF TO DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allow a transfer of up to 33% of the Drinking Water Capitalization Grants. As of the date of this IUP, all transferred funds have been disbursed. No additional transfers of funds are being proposed.

VII. METHOD AND CRITERIA FOR DISTRIBUTION OF LOAN FUNDS

The priority scoring and ranking system for the SDWLP is detailed in Subchapter III of ch. NR 166, Wis. Adm. Code. The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to State affordability criteria.

Wisconsin's priority scoring and ranking criteria give first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer-term health risks to consumers, such as organic chemical contamination. The scoring criteria also consider issues that are related to infrastructure upgrading or replacement, to address those projects (or portions of a project) that are eligible for funding but not included in the first two sections.

Projects are granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income (MHI) less than or equal to 80% of the State's MHI to qualify for any points related to financial need.

Projects which meet the application deadline are listed on the funding list in priority order. The fundable range is established in priority order, except when ranking projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people are given priority until the 15% funding allocation requirement is met.

VIII. APPLICATION DEADLINE & DRAFT FUNDING LIST

The SDWLP received 226 Intent to Apply forms and Priority Evaluation and Ranking forms (for those not submitted previously) totaling \$259,098,621 in estimated project costs by the December 31, 2011 deadline. The projects were subsequently scored and placed on the Project Priority List in priority score order. Projects included on this list are eligible to apply for funding during SFY 2013. The application deadline for SFY 2013 funding was June 30, 2012. Insufficient applications were received by the June 30 deadline to utilize all the available funds so supplemental applications will be accepted on a first-come, first-served basis up. Supplemental applications for SFY 2013 will be accepted through March 31, 2013.

Thirty applications totaling \$38,454,649 in estimated project costs were received by the June 30th deadline. Thirteen of these applications are in the draft fundable range for principal forgiveness. Out of these thirteen applications, six hit the \$500,000 cap and one did not receive the full principal forgiveness amount which could have been allocated to the project. The draft funding list will be finalized after receipt of the FFY 2012 capitalization grant.

IX. PROJECTS NOT YET CLOSED FROM SFY 2011 & 2012 FUNDING LISTS

Projects from the SFY 2011 funding list had until June 30, 2012 to close on their Financial Assistance Agreements. Funding on this list has now been finalized and there are still loan dollars and principal forgiveness remaining to be allocated. There were eight projects below the original fundable range on the SFY 2011 list. Project managers are contacting the affected municipalities to see if they still want to proceed with funding for these projects. If they wish to proceed with funding, the loans are required to close by June 30, 2013. Any loan dollars or principal forgiveness funds which are not allocated to these projects will be rolled forward to the SFY 2013 funding list.

Projects on the SFY 2012 funding list have until June 30, 2013 to close on their Financial Assistance Agreements. Any loan dollars or principal forgiveness which are not utilized on the SFY 2012 list will roll forward onto the SFY 2013 funding list (or onto the SFY 2014 funding list if the funds become available too late for projects on the SFY 2013 list).

X. COMPLIANCE WITH REQUIREMENTS IN FFY 2012 APPROPRIATIONS ACT

A. Introduction

The FFY 2010 Appropriations Act (P.L. 111-88) included several additional requirements affecting both the DWSRF and the CWSRF. The FFY 2011 Full-Year Continuing Appropriations Act (P.L. 112-10) carried these requirements forward for FFY 2011 but the FFY 2012 Consolidated Appropriations Act (P.L. 112-74) made some modifications to these additional requirements. The requirements for FFY 2012 include: the provision that not less than 20% but not more than 30% of the FFY 2012 DWSRF capitalization grant be used to provide additional subsidization in the form of grants, principal forgiveness, or negative interest rate loans; the continuation of Davis-Bacon requirements; and a requirement for quarterly reporting to the DWSRF Project Benefits Reporting (PBR) system. These requirements are addressed in further detail below. The Green Project Reserve

requirement from FFYs 2010 and 2011 was dropped for the DWSRF. Projects which address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities are still eligible for funding but there is no longer a requirement to spend 20% of the capitalization grant funds on GPR projects.

B. Status of Enabling Legislation

Enabling legislation was passed in each of the past three years providing the EIF with the ability to implement provisions contained in ARRA and the FFY 2010 and 2011 appropriations acts. In February 2012, department staff initiated the internal process for obtaining additional enabling legislation in order to implement the provisions of P.L. 112-74 but were informed that due to the shortened legislative session there was not enough time to get the legislation passed. The Wisconsin legislature will reconvene in early 2013 and the necessary enabling legislation will be introduced at that time.

During SFY 2013, prior to passage of the necessary enabling legislation, the department will issue Financial Assistance Agreements with *conditional principal forgiveness*. This conditional principal forgiveness will be converted to *actual* principal forgiveness once the enabling legislation has been passed.

C. Criteria and Methodology for Distribution of Principal Forgiveness Funds

EIF staff decided to change the methodology used to allocate principal forgiveness funds in order to better target the funds to those municipalities with the greatest financial need. Applications will be ranked in priority score order and then the following methodology will apply:

- Total score is calculated by adding the population points and the MHI points. Municipalities could receive principal forgiveness awards of 0%, 15%, 30%, 45% or 60% of total project costs with a cap of \$500,000 and the caveat that no project can receive PF for more than 70% of project costs.
- The formula includes awarding no points to municipalities with an MHI of greater than 140% of the state's MHI (currently at \$51,598) combined with a population of 15,000 or greater.
- Municipalities awarded principal forgiveness funds could be eligible for an additional 10% in principal forgiveness if they are a Green Tier Legacy Community and/or have a SDWLP project that provides disinfection treatment to their system.
- EIF staff will calculate a Total Score that is the sum of population points + MHI points, as follows:

Points	Population
0	15,000+
2	10,000-14,999
5	8,500-9,999
10	5,000-8,499
15	3,000-4,999
20	2,000-2,999
25	1,500-1,999
30	1,000-1,499
35	500-999
40	250-499
50	0-249

Points	MHI Percent
0	141%+
2	126-140%
5	116-125%
10	106-115%
15	101-105%
20	96-100%
25	91-95%
30	86-90%
40	81-85%
50	76-80%
60	71-75%
70	66-70%
85	61-65%
100	<61%

Total Score	PF Percent
0-29	No PF
30-54	15%
55-79	30%
80-99	45%
100-150	60%

D. Cap on Principal Forgiveness Funds

Current SDWLP statutes restrict any one municipality from receiving more than 25% of the funds projected by DOA to be available for the biennium. In addition to this limitation, the department is imposing a cap of \$500,000 on the amount of principal forgiveness funds that may be received by any one municipality.

E. Green Project Reserve

P.L. 112-74 did not carry forward the requirement to fund projects under the Green Project Reserve (GPR). The Appropriations Act instead stated that DWSRF capitalization grant funds may, at the discretion of the state, be used for projects which address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The State is still asking applicants to complete the *GPR Addendum to Financial Assistance Application* form. Any GPR projects which receive funding will be reported to EPA in the Annual Report and as discussed in section X. G. below.

F. Davis-Bacon Act

P.L. 112-74 requires continued compliance with the Davis-Bacon wage rate requirements of section 1450(e) of the SDWA. On November 30, 2009, EPA issued a memorandum interpreting the appropriations bill language as applying Davis-Bacon requirements to all projects funded by the SRFs.

Information has been posted on the program website stating that Davis-Bacon requirements still apply to projects which will receive funding during SFY 2013. Required contract language is also posted on the website. All projects receiving funding will be required to certify their weekly payrolls on their disbursement request forms. Compliance will be further verified during field inspections of projects.

G. Reporting

The State agrees to comply with the reporting requirements contained in the *Procedures for Implementing Certain Provisions of EPA's Fiscal Year 2012 Appropriations Affecting the Clean Water and Drinking Water State Revolving Fund Programs*. Information will be entered into the Drinking Water Project Benefits Reporting system (PBR) no less often than quarterly and will include the use of funds for the GPR and additional subsidization as well as project benefits.

The State has been using PBR for reporting project benefits of all SRF loans issued by the SDWLP starting with activity in SFY 2009.

XI. SET-ASIDES

1) Wellhead/Source Water Protection

The SDWA provides that a state may request up to 15% of the capitalization grant for Local Assistance and Other State Programs, with the stipulation that not more than 10% of the capitalization grant can be used for any one activity. One of the eligible uses is to support the establishment and implementation of wellhead protection (WHP) programs under section 1428 of the SDWA. Since the beginning of the SDWLP, the department has requested a total of \$2,345,943 for WHP activities, including \$416,714 which was transferred from source water assessment program (SWAP) funds.

The department estimates that there will be approximately \$295,000 of SFY 2012 carryover funds available for WHP work in SFY 2013. These carryover funds are available due to reduced spending in the following SFY 2012 IUP activities: 1) Data Management and GIS support (~\$135,000), and 2) the incentivized watershed intervention project (~\$160,000). An additional \$54,500 is being requested from the FFY 2012 capitalization grant to fund the following WHP activities:

- Sponsorship of three workshops to provide training to teachers on use of the groundwater sand tank model and associated outreach to promote source water protection based on increased local awareness. The DNR will work with the UW-Stevens Point Center for Watershed Science and Education and Wisconsin Geological and Natural History Survey to provide these educational tools and the training to use them.
- One wellhead protection project will be funded through the State's joint solicitation process: *Subsurface Fate and Transport of Cryptosporidium in Soils of Wisconsin's Carbonate Aquifer Region* by the University of Wisconsin Madison.

- Maintenance of data management and mapping applications used to track contaminant sources, public wells, wellhead protection planning and implementation, other high-capacity wells, well construction reports, and groundwater quality.
- Implementation of an incentivized watershed intervention approach to protecting drinking water systems in priority geographic areas. Groundwater quality data from public water systems indicates an increasing trend of nitrate levels in public wells in portions of the state. Nitrate contamination has spread and increased in intensity despite broad offerings of education on wellhead protection and cost-sharing for best management practices. Continued increases in the nitrate levels will ultimately result in installation of water treatment equipment by water system owners in order to meet the SDWA standard for nitrate. This project will evaluate the potential for changing practices of the point and non-point contributors of nitrogen to groundwater in order to avoid the need for installation of water treatment equipment. The project will focus on a small geographic area and include the use of advanced modeling, incentives, innovative institutional arrangements and intensive monitoring to achieve nitrogen input reduction targets that avoid violations of the nitrate standard. It will also evaluate the impacts of changing point and non-point practices targeted to nitrate reduction on microbial and pesticides levels in groundwater and surface water. Finally, the project will document technology and procedures in a form suitable and accessible for adaptation in other geographic priority areas.

The total cost of these activities is itemized below:

Groundwater teacher workshops	\$21,000
Contract for Transport of Cryptosporidium in Soils of Wisconsin's Carbonate Aquifer Region	\$57,500
Data management and GIS support	\$6,000
Incentivized Watershed Intervention Approach to Protecting Drinking Water systems	<u>\$265,000</u>
Total Cost	\$349,500
Estimated Carry-over from SFY 2012	<u>\$295,000</u>
Total set-aside request	\$54,500

2) Local Assistance to Water Systems as Part of a State Capacity Development Strategy

A state may provide assistance to a public water system as part of a capacity development strategy under section 1420(c) of the SDWA. Fifteen percent of total capitalization grant funds may be requested for Local Assistance and Other State Programs as long as no more than 10% is used for any one activity. Funds for this set-aside were first requested for SFY 2010 and a total of \$2,481,390 was requested prior to SFY 2013.

In accordance with Wisconsin's capacity development strategy to direct efforts towards systems that face the risk of being out of compliance, the department is proposing to utilize local assistance set-aside funding to contract with county and local health agencies for transient non-community system inspection services. These services will include 1) conducting annual site visits, 2) collecting drinking water quality samples, and 3) conducting inspections (sanitary surveys) at least once every five years.

There are over 9,500 transient non-community systems in Wisconsin (typically commercial establishments, restaurants, campgrounds, churches, etc. that serve more than 25 persons per day at least 60 days out of the year). These systems are generally small and are not required to have certified operators. By having county health employees conduct yearly site visits and collect drinking water quality samples, monitoring and reporting violations are greatly reduced and systems are more likely to meet SDWA requirements.

For calendar year 2012, the department contracted with 45 counties covering approximately 6,200 transient non-community systems. For calendar year 2013, the department is hoping to expand the program to include 47 counties covering approximately 6,500 transient non-community systems. The department is requesting \$848,900 for this sampling and inspection program bringing total funds requested under this set-aside to \$3,330,290.

3) Small Systems Technical Assistance

The SDWA allows up to 2% of the capitalization grant to be requested every year for small systems technical assistance. From the beginning of the program through SFY 2012 Wisconsin has requested \$4,591,792 in set-aside funds for this purpose.

The department is requesting an additional \$309,480 from the FFY 2012 capitalization grant for the One-on-One Assistance contract described below.

- A contract for One-on-One Assistance to Other-Than-Municipal Community (OTM) systems and Non-transient Non-community (NTNC) systems was awarded through competitive bidding to the Wisconsin Rural Water Association (WRWA) in March 2007. The contract was for one year with two possible renewals. The third year of the contract ended March 21, 2010. The Department conducted a request for bid to continue this project for another three years. The contract was again awarded to WRWA for one year with two possible renewals. During the initial year and first renewal year of the renewed contract, 920 on-site technical assistance visits were conducted each year.

Under the One-on-One Assistance to OTM and NTNC Water Systems project, the contractor is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Topics being covered include: Training on Access to DNR Website and Navigation, Self Inspection, Water System Handbook, Vulnerability Assessment Letters, Plan Review, Certified Operators, Monitoring Assistance, Violation Follow-up, Monitoring Site Plans, and Follow-up on Water Quality Problems (e.g., preparation of water quality studies after exceeding lead/copper action limits.).

Discussions are aimed at producing the following outputs: Protection of public health and safety by ensuring public water systems are properly operated and maintained, fewer monitoring and reporting violations, fewer MCL violations, fewer public notice violations, protection of public health and safety by ensuring that all public water systems are sampled at the appropriate frequency, assuring that all systems have approved monitoring site plans, and greater knowledge of regulations.

4) State Program Management

The SDWA provides that a state may request up to 10% of the capitalization grant for State Program Management activities. The department is requesting an additional \$1,190,175 from the FFY 2012 capitalization grant for State Program Management. Another \$357,225 is requested to be banked for possible use in future years. This set-aside contains a dollar-for-dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision grant.

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff are necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every 5 years for some system types). Seven positions are assigned to these tasks. The activities are similar to existing staff positions for Water Supply Specialists and engineers. The State Program Management set-aside is being utilized to fund these activities.

- Engineering position (1) (Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position corresponds with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The breakdown of activities is as follows:

80%	Engineering surveillance of municipal, OTM, and NTNC water systems.
10%	Enforcement activities for municipal, OTM, and NTNC water systems.
10%	Provision of training and information to public water system owners/operators, DNR staff and other agencies.

- Engineering position (1) (Currently staffed): Responsible for review of plans and specifications for community water systems for compliance with construction requirements of Chapter NR 811, Wisc. Adm. Code, review of sanitary survey

inspections conducted at municipal water systems, coordinating regional engineering review of water system improvements, and coordinating regional review of existing water supply facilities. The breakdown of activities is as follows:

- 55% Review plans and specifications for improvements to community water systems.
- 10% Review sanitary surveys conducted by regional inspectors for consistency and completeness.
- 15% Coordinate regional review of water system improvements.
- 20% Support water systems efforts to assure safe drinking water.

- Water supply/program specialist positions (4) (Currently staffed): Responsible for implementing the SDWA program for community, OTM, NTNC, and Transient Non-community (TNC) systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The breakdown of activities is as follows:

- 80% Surveillance of OTM, NTNC, and TNC water systems.
- 10% Enforcement activities for OTM, NTNC, and TNC water systems.
- 10% Provision of training and information to public water system owners/operators, DNR staff and other agencies.

- Capacity Development/Operator Certification Water Supply Specialist position (1) (Currently staffed): Responsible for directing the capacity development and operator certification portions of the state safe drinking water program. This includes development and implementation of capacity development objectives, administration of the water system and waterworks operator certification program, preparation of program plan and progress reports, and interpretation of federal regulations. The breakdown of activities is as follows:

- 40% Capacity Development Program implementation and coordination.
- 40% Administer the Water System and Waterworks Operator Certification Program.
- 15% Technical Assistance to Public Water Supply Systems.
- 5% Other Duties as assigned.

The approximate staff budget for the 7 positions is \$686,398 per year.

- Computer replacement and upgrades: Total cost \$25,000.
- Review of plans and specifications for non-complex water facilities including water mains, review of monitoring plans for compliance with administrative codes, record keeping related to plan and specification reviews, conducting inspections at TNC systems and administer the operator certification program (7 LTEs) (6 Currently staffed, 1 currently vacant): Total cost per year \$195,827.
- Contractual activities:
 - Continuing education for OTM and NTNC water system operators - The continuing education requirement for OTM and NTNC system operators is six hours per three year renewal cycle. The DNR contracts to deliver approximately 55 three-hour courses annually that cover regulatory topics identified as critical to maintaining compliance with drinking water regulations. These courses are designed specifically for OTM and NTNC systems. Annual Cost \$79,750
 - OTM & NTNC Exam Preparation and Review Courses - The DNR contracts to deliver 12 exam preparation courses annually to prepare individuals for the Wisconsin non-municipal (OTM and NTNC) water system operator certification exam. The exam preparation training sessions are three hours long and are offered in March and September each year, approximately two months prior to the biannual certification exam sessions, which are held every May and November. The course is designed around the Wisconsin "Small Water System Operator Certification Manual." Annual Cost \$18,000
 - Technical School Education Program – Moraine Park Technical College (MPTC) is under contract to deliver courses designed for operators of municipal waterworks. These courses provide municipal waterworks operators the opportunity to earn continuing education credits while working towards an associate degree in the Water Quality program at technical colleges throughout Wisconsin. The MPTC schedule also includes courses to help operators, and individuals seeking to become operators, prepare for certification subclass exams. Annual Cost \$87,000
 - Data system programming associated with the Drinking Water System. Annual Cost \$93,200
 - Record storage costs for plan approval decisions. Annual Cost \$5,000

The total cost for all activities funded under this set-aside will be \$1,190,175. These funds will be expended across the year following expenditure of the FFY 2011 set-aside funds.

XII. DISADVANTAGED COMMUNITIES

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate. Local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's MHI must be 80% or less of the State's MHI.

In addition, the methodology used to allocate principal forgiveness during SFY 2013 is based on population and MHI and gives the highest percentage of principal forgiveness to those local governmental units that have the greatest financial need.

XIII. PUBLIC PARTICIPATION PROCESS

The methodology chosen to allocate principal forgiveness for SFY 2013 was published on the Bureau of Community Financial Assistance web pages on the Wisconsin DNR's website on April 10, 2012. This Intended Use Plan was published on Friday, July 27, 2012 along with the draft funding list for SFY 2013. An e-mail notification was sent to a distribution list of approximately 950 recipients. Written comments on the IUP and draft funding list will be taken via mail, fax, or e-mail and should be postmarked, faxed, or received by Friday, August 10, 2012. E-mail comments are encouraged. E-mailed comments on the IUP should be sent to rebecca.scott@wisconsin.gov. E-mailed comments on the draft funding list should be sent to maryewagner@wisconsin.gov. Mailed comments should be sent to Becky Scott or Mary Wagner at CF/2, WDNR, PO Box 7921, Madison, WI 53707-7921. Faxed comments should be sent to the attention of Becky Scott or Mary Wagner at 608-267-0496.

WI MHI = \$51,598

Total Available = \$4,642,200 \$56,278,117

Note: PF = Principal Forgiveness																
SFY 2013 Score	Municipality	Project No.	Project Description	DNR Project Manager	CME	MHI	% of WI's MHI	Population for Needs	33% of Mkt?	App Amt Requested	PF Pts	% PF	PF Amount	Estimated Loan Amount	Balance of PF \$ Available	Balance of Loan \$ Available
556	Greenwood, C. ³	5246-02	Repair/Remodel Reservoir, Replace Wells	Maka	Hayducsko	\$42,330	82%	1,024	N	\$1,717,835	70	30%	\$500,000	\$1,217,835	\$4,142,200	\$55,060,282
397	Morrisonville SD #1 ³	5341-02	Construct Well/House, Treatment, Telemetry Conn Main	Maka	Robertson	\$29,591	57%	400	Y	\$954,500	140	60%	\$500,000	\$454,500	\$3,642,200	\$54,605,782
338	Friesland, V.	4808-04	Replace 6" Main on CTH EF, Construct Richland St. Loop	Maka	Robertson	\$52,917	103%	356	N	\$334,743	55	30%	\$100,423	\$234,320	\$3,541,777	\$54,371,462
107	Randolph, V.	4888-01	Constr Well/House w/Pump/Treat/Main/SCADA, Abandon 1	Maka	Robertson	\$43,000	83%	1,804	N	\$996,022	65	30%	\$298,807	\$697,215	\$3,242,971	\$53,674,247
105	Webster, V. ³	5517-01	Replace Transite Mains, Loop Mains, Install Hydrants	Sovinski	Hayducsko	\$31,959	62%	653	Y	\$1,450,789	120	60%	\$500,000	\$950,789	\$2,742,971	\$52,723,458
97	Bayfield, C. ²	5385-02	Replace Aging/Undersized Mains - Freq Breaks/H2O Loss	Cargill	Ohm	\$29,167	57%	488	Y	\$272,000	140	70%	\$190,400	\$81,600	\$2,552,571	\$52,641,858
97	Hawkins, V.	5507-01	Reconstruct Water Main & Services	Calhoon	Ohm	\$25,865	50%	303	Y	\$250,860	140	60%	\$150,516	\$100,344	\$2,402,055	\$52,541,514
96	Fairchild, V. ³	5053-02	Replace 3" & Deteriorating/Shallow 6" Mains, Loop System	Calhoon	Hayducsko	\$22,917	44%	549	Y	\$1,531,654	135	60%	\$500,000	\$1,031,654	\$1,902,055	\$51,509,860
92	Luck, V. ³	5486-02	Loop Mains to Eliminate Dead Ends, Replace 2" Main w/ 8"	Wagner	Hayducsko	\$33,250	64%	1,110	Y	\$1,375,511	115	60%	\$500,000	\$875,511	\$1,402,055	\$50,634,349
87	Hillsboro, C. ³	5492-01	Construct Well/House 3, Bkup Pwr, Distr Impr & Treat, Abdn 1	Hubeler	Hayducsko	\$34,306	66%	1,420	Y	\$1,409,334	100	60%	\$500,000	\$909,334	\$902,055	\$49,725,015
84	Merrillan, V.	5445-02	Replace/Lower Main on STH 95/ USH 12	Hubeler	Hayducsko	\$26,250	51%	541	Y	\$340,517	135	60%	\$204,310	\$136,207	\$697,744	\$49,588,808
83	Pepin, V.	5495-01	Construct Well/House/Conn Main, w/ Electric/Telem/SCADA	Cargill	Hayducsko	\$31,346	61%	828	Y	\$580,000	120	60%	\$348,000	\$232,000	\$349,744	\$49,356,808
81	Junction City, V.	4989-02	Replace Undersized Mains/ Looping	Sovinski	Hayducsko	\$40,500	78%	439	Y	\$1,115,488	90	45%	\$349,744	\$765,744	\$0	\$48,591,064
79	Webster, V.	5517-02	Rehabilitate Well #3	Sovinski	Hayducsko	\$31,959	62%	653	Y	\$66,068	120	60%	\$0	\$66,068	\$0	\$48,524,996
78	Withee, V.	4940-05	Replace Undersized Mains, Constr New Mains/Looping	Miller	Hayducsko	\$38,000	74%	487	Y	\$548,811	100	60%	\$0	\$548,811	\$0	\$47,976,185
77	Junction City, V.	4989-03	Install VFD Pumps	Sovinski	Hayducsko	\$40,500	78%	439	Y	\$24,000	90	45%	\$0	\$24,000	\$0	\$47,952,185
72	Ashland, C.	4759-07	Retrofit Trtment Facility; Recon Surface Water Intake Pipe	Miller	Ohm	\$35,597	69%	8,150	Y	\$7,414,400	80	45%	\$0	\$7,414,400	\$0	\$40,537,785
72	Viroqua, C.	5168-05	Construct Well 6 to Replace 3, Install Chem Feed, SCADA	Wagner	Hayducsko	\$31,706	61%	4,362	Y	\$1,658,746	100	60%	\$0	\$1,658,746	\$0	\$38,879,039
72	Dorchester, V.	5066-03	Loop, Remove 2" Main & Hydrants, Investigate Water Loss	Scott	Hayducsko	\$38,625	75%	876	Y	\$407,885	95	45%	\$0	\$407,885	\$0	\$38,471,154
60	Biron, V.	5395-02	Replace Main & Looping	Calhoon	Hayducsko	\$54,271	105%	838	N	\$1,679,956	50	15%	\$0	\$1,679,956	\$0	\$36,791,198
53	Antigo, C.	4754-03	Replace Cast Iron Mains & Lead Services-Reduce Water Loss	Wagner	Ohm	\$36,597	71%	8,176	Y	\$1,562,238	70	30%	\$0	\$1,562,238	\$0	\$35,228,960
51	Menasha, C. ¹	4845-09	Abandon Mani St Tank, Mod Hi-Lift Pump Sta/Constr River Xng	Maka	Hannes	\$45,897	89%	17,381	N	\$1,418,312	55	30%	\$0	\$0	\$0	\$35,228,960
46	Wrightstown, V. ⁴	4942-03	Replace 6" Transit Mains w/10" PVC & 1" HDPE Services	Jarugumilli	Hannes	\$67,773	131%	2,229	N	\$1,354,140	22	0%	\$0	\$1,354,140	\$0	\$33,874,820
42	Stratford, V.	5290-03	Replace/Upgrade WM w/Appurtenances & Looping	Miller	Hayducsko	\$46,184	90%	1,580	N	\$506,374	55	30%	\$0	\$506,374	\$0	\$33,368,446
38	Cottage Grove, V.	5515-01	Constr 400 K Tank; Modify Pumps @ Well #4, Demo Old Tank	Jarugumilli	Robertson	\$75,833	147%	6,209	N	\$2,164,870	10	0%	\$0	\$2,164,870	\$0	\$31,203,576
38	Friesland, V.	4808-05	Replace 6" Mains on E. Winnebago w/ 10"	Maka	Robertson	\$52,917	103%	356	N	\$212,458	55	30%	\$0	\$212,458	\$0	\$30,991,118
34	Stevens Point, C.	4915-04	Replace Aged Mains on 4th & Michigan Ave	Jarugumilli	Hayducsko	\$40,115	78%	26,892	N	\$635,072	50	15%	\$0	\$635,072	\$0	\$30,356,046
33	Belgium, V.	4765-04	Replace Mains & Services Along Main St.	Calhoon	Fuja	\$71,844	139%	2,252	N	\$1,253,115	22	0%	\$0	\$1,253,115	\$0	\$29,102,931
29	Menasha, C. ¹	4845-05	Replace Mains on Arthur, Ida, Grove & 8th St, Freq Breaks	Maka	Hannes	\$45,897	89%	17,381	N	\$683,451	55	30%	\$0	\$0	\$0	\$29,102,931
28	Greendale, V.	5491-01	Construct 1.25M Gallon Elevated Tank, Improve SCADA	Maka	Fuja	\$59,233	115%	14,027	N	\$4,535,500	12	0%	\$0	\$4,535,500	\$0	\$24,567,431
										\$38,454,649		\$4,642,200	\$31,710,686			

¹ Each of these projects is receiving SFY 2012 funds for the entire project cost; therefore at this time, we are not planning to allocate SFY 2013 funds to the projects.

² Bayfield received an additional 10% of principal forgiveness since they are a Green Tier Legacy Community

³ These municipalities will likely be allocated the maximum amount of PF allowed for any one municipality in SFY 2013. The maximum principal forgiveness is \$500,000 per municipality.

⁴ Wrightstown, V. indicated the entire project meets "Green" criteria.

** The SDWLP must allocate at least 15% of the amount received in the capitalization grant to municipalities of < 10,000 population.

\$31,182,314	Estimated amount of assistance to go to small systems
81%	**Percent of total estimated financial assistance to go to small systems