

E-Bulletin Newsletter

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Funding

Drinking Water



Wastewater



Storm Water



Visit our funding table at the

[Wisconsin Rural Water Association Annual Technical Conference](#)

March 26-29, 2018

La Crosse Center

Market Rate Change to 3.400%

The Department of Administration (DOA) has set the market rate at **3.400%** for loans with municipal meetings (*at which the Financial Assistance Agreement (FAA) is signed*) on or after **April 1, 2018** through **June 30, 2018**. This is an increase from the current market rate of 3.200%.

On a quarterly basis, the Wisconsin DOA assesses the market rate on which the Environmental Loans program subsidies are based. The Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP) provide loans at or below the market interest rate.

- View [Current Market Rate and Loan Interest Rates](#)

DOA tips:

- [Being Fiscally Conservative Can Help in the Long Run](#)
- [Market Rate Interest – Being Nimble in a Changing Marketplace](#)

Customer Survey Deadline

Please help assess the customer service provided by the Environmental Loans programs as well as identify topics of interest for these programs by completing our brief survey that will be available through 4:00 PM on **Tuesday, March 20, 2018**: www.surveymonkey.com/r/XJJYCJX

Please note any personal information you provide (optional) will be used for administration purposes, and may be provided to requesters to the extent required by Wisconsin's Open Records Law (ss. 19.31 – 19.39, Wis. Stats.).

Municipal Elections April 3rd

Remember to update contact information

We need to have the correct contact information on file for the people in your municipality involved with a CWFP/SDWLP project, regardless of what stage you're at in the process of obtaining your funding:

- name
- municipal title
- street address
- phone number
- email address



Please inform your [DNR project manager](#) with any new contact information for newly elected officials.

This is very important for new village presidents and city mayors. We recommend that the municipality authorize a representative by "title" rather than by "name" so a newly elected official would already be authorized to act on behalf of the municipality. An [authorized representative resolution](#) should accompany the financial assistance application submittal.

DNR Environmental Loans Section—CF/2, 101 S Webster Street, PO Box 7921, Madison, WI 53707-7921
dnr.wi.gov/Aid/EIF.html | CWFP phone: 608-264-8986 | SDWLP phone: 608-266-0849 | [Staff directory webpage](#)



Legal notice: This document is intended solely as guidance and does not include any mandatory requirements except where requirements found in statute or administrative rule are referenced. This guidance does not establish or affect legal rights or obligations and is not finally determinative of any of the issues addressed. This guidance does not create any rights enforceable by any party in litigation with the State of Wisconsin or the Department of Natural Resources. Any regulatory decisions made by the Department of Natural Resources in any manner addressed by this guidance will be made by applying the governing statutes and administrative rules to the relevant facts. The Wisconsin Department of Natural Resources provides equal opportunity in its employment, programs, services, and functions under an Affirmative Action Plan. If you have any questions, please write to Equal Opportunity Office, Department of Interior, Washington, D.C. 20240. This publication is available in alternative format upon request. Please call 608-267-7490 for more information.

PSC LSL Replacement

Submitted by: Denise Schmidt, Water Policy Advisor
Public Service Commission of Wisconsin (PSC)



Leading on Lead Act 137

On February 21, 2018, Governor Scott Walker signed into law Act 137, also known as the Leading on Lead Act. The Act created a process to provide Wisconsin communities with an option for funding replacement of lead service lines (LSLs).

This process allows a public water utility to use rate revenue to provide a grant or loan to a property owner to assist with the replacement of a customer-side lead service line. While replacement of most utility-owned infrastructure containing lead, including mains, goosenecks, and service lines generally does not require approval from the Wisconsin Public Service Commission (PSC), the provision of financial assistance to help customers replace their side of lead service lines *does require Commission approval*.

Financial assistance for lead-containing customer-side water service lines

[S. 196.372, Wis. Stats.](#), outlines requirements for utilities seeking approval for their customer-side replacement program. These requirements include:

1. The municipal government in which the utility provides financial assistance must enact an ordinance that:
 - a. permits the utility to provide financial assistance to private property owners; and
 - b. requires that customers replace their service lines that contain lead.
2. When utilities replace a customer-side LSL, the utility must ensure that the utility-side service line and the main either do not currently contain lead or are replaced at the same time as the portion owned by the property owner.
3. The utility must submit an application and obtain approval for its replacement program from the PSC.

How to apply for PSC approval of customer-owned LSL replacement programs

Utilities interested in applying for PSC approval of customer-owned lead service line replacement programs should visit PSC's new LSL Replacement page at psc.wi.gov/Pages/ForUtilities/Water/Lead-Service-Line.aspx

Here, utilities will find specific information about the law, as well as a checklist for utilities who are interested in applying for PSC approval.

It is recommended that utilities seeking the use of ratepayer dollars for customer-side LSL replacement schedule a pre-application meeting with PSC and DNR to help ensure their programs incorporate sound industry practices for minimizing lead and copper in drinking water in a manner that is equitable to ratepayers and reasonable in cost.

Direct questions and comments to Denise Schmidt, PSC, at 608-266-1282 or denise.schmidt@wisconsin.gov

Upcoming Deadlines

March 15

PSC approved rate order due to DNR project manager prior to execution of FAA.

March 31

Executed construction contracts due for SFY 18 SDWLP projects.

April 30

Last recommended date for opening bids on SFY 18 CWFP projects.

May 2

Absolute latest date to submit ALL required documentation due for SFY 18 SDWLP projects.

May 23

*SFY 17 CWFP final loan closing date.

June 30

- SFY 19 SDWLP application deadline.
- Executed construction contracts due for SFY 18 CWFP PF projects.
- SFY 18 CWFP application deadline for non-PF projects.
- Last date for DNR to accept SFY 18 CWFP applications & notify applicants.

*Final loan closing date for CWFP SFY 17 projects must occur within eight (8) months of the 2017-2019 biennial budget being enacted.

[View Statutory Deadlines](#)

Project Priority Lists (PPLs), Intended Use Plans (IUPs), & Funding Lists are online at dnr.wi.gov/Aid/projectListsIUPs.html

Disbursements Visual-Aid Calendar

Download the disbursement schedule visual aid for the Environmental Loans programs:

[2018 Disbursement Schedule and 12-Month Calendar](#)

Clarifying Fiscal Sustainability Plan (FSP) Eligible Costs

For State Fiscal Year (SFY) 2017 and 2018 Clean Water Fund Program (CWFP) applications, costs that are necessary for the development of a Fiscal Sustainability Plan (FSP) are eligible to be covered with FSP Principal Forgiveness (PF). These include the cost of identifying assets and conducting the required condition assessment of those assets, as well as the cost of preparing the plan. Depending on the needs of the individual system, it can also include the cost of computer hardware and/or software necessary for maintaining the FSP.

- Project-specific costs — such as a facilities plan — **are not** considered eligible FSP-related costs. Facilities planning costs are eligible to be funded along with the applicable project.

- In contrast, a Needs Assessment for a facility **would be** considered an eligible FSP-related cost as the purpose is to assess the needs of the entire facility.

Examples of potentially eligible activities are included in [Form 8700-341A CWFP FSP Development PF Application](#).

Applicants are asked to identify the activities for which they are requesting FSP PF and explain how those activities will help them meet the Fiscal Sustainability Plan requirements. The DNR project manager will approve or deny requested FSP activities after consultation with the DNR construction management engineer (CME).

FSP Forms Available Online

Revised Clean Water Fund Program (CWFP) Fiscal Sustainability Plan (FSP) forms are available online for SFY 2017 and 2018 applicants:

- CWFP FSP Development Principal Forgiveness Application [Form 8700-341A](#)
- CWFP FSP Certification [Form 8700-341](#)



Submit Facilities Plans for SFY 2019 CWFP Principal Forgiveness Projects Early

See [detailed article](#) in previous E-Bulletin.

- **Submit facilities plan to DNR for review before March 31, 2018.**
- Submit CWFP PF application by 09/30/2018 deadline.

Interim Financing 101

When you are working with your DNR Project Manager to secure funding for a Clean Water Fund Program (CWFP) or Safe Drinking Water Loan Program (SDWLP) project, you will be asked questions about “interim financing”. Let’s look at what that means and what to keep in mind.

What is interim financing?

Interim financing is a short-term debt or loan taken out to cover costs while going through the process of obtaining a CWFP or SDWLP loan through the DNR. The debt is usually a general obligation promissory note or general obligation line of credit and is obtained through a local bank. See our [Interim Financing webpage](#).

What to keep in mind?

Financing is subject to many rules and regulations, at both the state and federal levels. Here are three things to keep in mind when you are thinking about taking out an interim loan:

1. You cannot have two debts outstanding at the same time for the same costs. Your interim financing needs to be paid off in full with your first DNR disbursement. As a result, choose an interim financing structure that allows for prepayments or has a call option

that corresponds with the loan closing date of the DNR loan.

2. Taking out a debt in the *interim* to finance costs before you receive your loan through DNR can cost money. Some of those costs — including issuance costs, legal costs, and net interest costs — can also be included in your Financial Assistance Agreement (FAA). Issuance costs are limited to \$15,000 plus 0.5% of the amount of the *interim* financing (not the DNR loan amount).
3. If possible, try to ensure that your interim financing allows you to defer repayment until your DNR loan closing date. Any principal and/or interest payments which are made from any funds other than disbursements from the CWFP or SDWLP loan will be ineligible for financing through the DNR along with any interest that was generated on those amounts.

Additional resources

- [IRS Private Activity Bond Regulations](#)
- [Debt Types](#)
- [Requests for Disbursement](#)
- [FAA and Loan Closing Process](#)

American Iron and Steel (AIS) Training In Person or Via Webcast on Tuesday, May 15, 2018

EPA Headquarters will provide training on the American Iron and Steel (AIS) requirement while they're visiting Wisconsin sites for AIS compliance this spring. The Wisconsin DNR Environmental Loans Section will host the in-person training and live webcast that will be recorded and posted online as a webinar to view later.

Note: The Environmental Loans Program calls it Use of American Iron and Steel (UAIS) to limit confusion with the department's acronym for Aquatic Invasive Species.

AIS training information

Who: Interested participants may include municipal staff and officials, consultants, and contractors.

Date: Tuesday, May 15, 2018

Time: 1:00 PM – 4:00 PM CDT (Central Daylight Time)

Format: PowerPoint presentation followed by Q & A session with presenters from EPA Office of Water and WDNR Environmental Loans Section.

View live webcast at: <https://dnrmedia.wi.gov/main/Play/06377c1d906f40449088e20a684938a91d>

Attend in-person training at:

[Wisconsin DNR Central Office](#)

Room G27

101 South Webster Street

Madison, WI 53703

Training will be held in Room G27 of the State Natural Resources Building, also known as General Executive

Facility (GEF) 2 State Office Building, located in downtown Madison near the State Capitol.

- For guidance on driving and parking near the building, refer to the [Madison Parking Utility website](#).
- Please check in at the visitor desk. You'll then need to take an elevator going *down* — press button "G".
- Please note, your appearance may be shown and/or recorded during the live webcast.

Registration

If you plan on attending the training in person, please register by May 8th because seating is limited. Register at www.surveymonkey.com/r/9JXCPH7

Stay tuned for more; we are working with EPA Headquarters staff to confirm the details.

Contact information

Frank Fuja

Construction Management Engineer (CME)

DNR Environmental Loans Section

Cell: 414-303-1711

Francis.Fuja@Wisconsin.gov

Jim Ritchie

Field and Technical Support Supervisor

DNR Environmental Loans Section

Cell: 608-215-6235

Jim.Ritchie@Wisconsin.gov

CME Corner: CME Hiring Status

The DNR Bureau of Community Financial Assistance (CFA) is in the process of hiring a Construction Management Engineer (CME) in the Environmental Loans Section for the Northern Region vacancy. Interviews will be held in late March. We hope to have the position filled in April. Until then, other CMEs will help with the Northern Region projects. If you have questions about CME recruitment, please reach out to Jim Ritchie at 608-215-6235 or Jim.Ritchie@Wisconsin.gov

Focus on Energy Services & Incentives

Focus on Energy's [Agriculture, Schools & Government \(AgSG\) Program](#) provides services and incentives to customers to make all aspects of production and operation more energy efficient and cost-effective. It includes [Water & Wastewater Facilities](#) and [Government Facilities](#).

Water & wastewater bonus on all projects

Focus on Energy will be providing a special 20% incentive bonus on all prescriptive projects and a 10% incentive bonus on all custom projects to municipal water and wastewater customers in 2018. View the [Prescriptive vs. Custom Incentives Infographic](#).

For more information, contact your local Energy Advisor or call 888-947-7828 to speak with an AgSG Representative.

Save energy & money with Focus on Energy, visit focusonenergy.com

Online Application Reminders

State Fiscal Year (SFY) 2019 Financial Assistance Applications must be submitted online.

- SFY 2019 Safe Drinking Water Loan Program (SDWLP) applications are due by the June 30, 2018 statutory deadline.
 - Incomplete SDWLP applications will be considered ineligible for funding (unless supplemental funds are available and the application is made complete).
- SFY 2019 Clean Water Fund Program (CWFP) applications may be submitted starting July 1, 2018 and must be submitted by September 30, 2018 to compete for principal forgiveness.
 - Any additional SFY 2018 CWFP applications should use the existing [paper application](#) and be mailed to DNR. The postmark deadline for these is June 30, 2018.

Applicant responsibilities

Municipalities and their designated, authorized consultants will be held accountable for filling out all required fields and uploading all required documents in the online application system. For an application to be considered complete, **all required fields and documentation will have to be submitted online prior to the expiration of the application deadline.**

The online system will tag any incomplete applications that are missing required fields and notify the applicant

prior to submission; however, ensuring the correct documentation is attached and the correct information is filled out will be the responsibility of the applicant.

No grace period

The online system does not allow additional information to be submitted after the application deadline; *however*, no required fields or documentation have significantly changed. Therefore, **there is no "grace period" (as has been allowed in the past) for required information and documentation to be submitted after the deadline.**

Required fields and documents

The online application system will indicate what fields and documentation are required. It has a document upload feature to attach supporting documentation. To reduce the chance of accidental omissions, the online system will automatically track your progress and will notify you prior to submission if there are missing components.

Please review the following as there are some minor changes to what will be required for SFY 19 applications:

- [Required Documents for Complete Online Application](#)
- [CWFP Application Process & Contents](#)
- [Next Steps for Wastewater Applicants of the CWFP](#)
- [SDWLP Application Process & Contents](#)
- [Next Steps for Applicants of the SDWLP](#)

Lead Action Level Exceedance (ALE)

Context: The information provided in the [Priority Evaluation and Ranking Formula \(PERF\)](#) determines a project's priority score. The loan funding allocation methodology is structured to provide loan funds to projects with the highest priority scores.

SDWLP priority scoring of water main replacement projects including LSL replacements

Communities that experience a lead action level exceedance (ALE) *and* are required to replace lead service lines (LSLs) under the Lead & Copper Rule may qualify for "Risk to Human Health" (RHH) priority score points (*section HH1d in the Safe Drinking Water Loan Program (SDWLP) PERF*) for water main replacement projects.

In order to receive RHH points in water main replacement projects, or portions of a project, at least 40% of the service lines being replaced must be lead. Also, project funding will require [full LSL replacement](#) (from water main to water meter).

SDWLP PERF reevaluation requests

If your community experienced a lead ALE after October 31, 2017, please submit a PERF reevaluation request with supporting documentation of the ALE as well as evidence of at least 40% lead service lines along your water main replacement project in order to receive the additional RHH points for your project. Reevaluation requests are due within 45 days of the application deadline of June 30, 2018 and can be submitted to Nicole Mathews, SDWLP Coordinator, at Nicole.Mathews@Wisconsin.gov

Visit the Wisconsin DNR Bureau of Drinking Water and Groundwater [Drinking Water & Lead webpage](#).

Contact information

Jim Witthuhn, DNR Water Supply Engineer, at 608-267-9659 or James.Witthuhn@Wisconsin.gov

Cathrine Wunderlich, DNR Public Water Engineering Section Chief, at 608-266-0857 or Cathrine.Wunderlich@Wisconsin.gov

Ask EL: What is needed on the miscellaneous costs budget line?

Q: To expedite my request for disbursement, what is needed on the miscellaneous costs budget line?

A: Avoid disbursement delays by being specific in breaking down the miscellaneous costs of the budget.

Break it down!

Be specific in breaking down the miscellaneous costs in the budget section of your online financial assistance application. This will help avoid delays in receiving disbursement of funds and potential issues related to determining eligibility of an item after you've already received a CWFPP or SDWLP loan.

The miscellaneous costs budget line in the application and in the Financial Assistance Agreement (FAA) is, by nature, a very broad category, which can cause uncertainty for loans staff in determining eligibility of assorted items for which funding is requested.

Provide contracts prior to FAA

Many applicants include a large amount or a very specific amount of money under administrative expenses. To be certain the costs you are including are eligible under the loan programs, we need more specific information regarding what is included in the amount specified.

Sometimes a very specific amount is listed if the municipality has a contract for some work done for the project. The DNR project manager needs to know that a contract exists prior to preparing the FAA so our disbursement specialist can later pay requested costs on that contract.

Provide specific cost details

Miscellaneous costs may include many diverse types of costs, but those costs need to be identified in a somewhat detailed way rather than lumped into one or two large sums of money.

The DNR project managers cannot include costs in the FAA budget if they don't know what those costs are. If you have details at the time of application, it will save time and potential issues later if you include them with the application.

Examples of eligible costs

Some examples of eligible project-specific miscellaneous costs are:

- wire fees incurred for receiving loan disbursements;
- permit fees;
- legal fees;
- service fees;
- administrative expenses (advertisement of bids, postage, printing, other low-cost administrative expenses);
- materials purchases made directly by municipality;
- mapping of the project area;
- expenses related to environmental review;
- soil borings; and
- **other non-contracted project-specific expenses.**

Got Something to Ask?

Inquiring minds want to know...

If you have a question you would like answered in a future Ask Environmental Loans (EL) column, please send your questions to Kay.Christensen@Wisconsin.gov

Kay will keep track of the questions and EL staff will prioritize and answer them as time allows.

USDA–Rural Development Retirements

Special thanks and congratulations to **Brian Deaner**, Wisconsin Community Program Director; and **Jay Jones**, Program Specialist, at USDA-Rural Development on your upcoming retirements! We appreciate the leadership you have brought to the water infrastructure funding table and your collaboration in working with our program to best meet the needs of rural communities.

Happy retirement to you both!

Pictured from left: League member & Brian Deaner, Program Director for USDA RD Community Programs. League of Wisconsin Municipalities 117th Annual Conference, Hyatt Regency Exhibit Hall, Milwaukee WI, October 2015. Photo credit: LWM Staff

