

E-Bulletin Newsletter



To provide affordable financial assistance to communities within Wisconsin for water infrastructure projects that protect and improve public health and water quality for current and future generations.



Inside this Issue

Submit Now: Application to Increase Water Rates	1
Upcoming Deadlines	1
Private LSL Replacement Program Update	1,2
Draft CWFP IUP for SFY 2021 Posted	2
CME Corner: Pre-Construction Meetings & the CME Role	2
SFY 2021 CWFP PF Applications Due September 30 th	3
Review/Adjust Sewer User Rates Every Two Years	3

Submit Now: Application to Increase Water Rates

Submit your application to increase water rates to the Public Service Commission of Wisconsin (PSC) as soon as possible for your State Fiscal Year (SFY) 2021 Safe Drinking Water Loan Program (SDWLP) projects.

One of the requirements for closing a SDWLP loan is that the municipal utility has water rates in place that are adequate to repay the loan and continue proper operation of its water system. In order to incorporate costs associated with a major construction project into rates, a utility potentially needs to file a Conventional Rate Case (CRC). Direct questions about the rate increase process to PSC at 608-266-3766 or PSCWaterAppMail@wisconsin.gov.

Timeline

The PSC's goal is to process a rate case application within 180-210 days after receipt by the PSC. **September 15, 2020** is the DNR's last recommended date to submit rate case applications to PSC for SFY 2021 SDWLP projects.

Required rate increases *must be in effect before* the project's Financial Assistance Agreement (FAA) can be executed, per s. NR 166.11(7) Wis. Adm. Code. [Learn more](#) about coordinating the SDWLP requirements with the PSC rate case process.

Private LSL Replacement Program Update

Information on the upcoming new private LSL replacement program was initially published in the [draft SDWLP Intended Use Plan \(IUP\)](#) that was posted for public comment in April 2020. Subsequent to that, EPA informed us that federal regulations require that we score and rank LSL replacement projects. We had originally intended to wait until the second year of the program to develop a scoring system as we are confident there will be sufficient funds for all applicants in the first year of the program.

The LSL team has been busy over the past two months developing a scoring and ranking system for private LSL replacement projects since the existing scoring and ranking system for the SDWLP does not adequately address these types of projects. This effort is almost complete. Once the new system

[Private LSL Replacement Program continued on page 2](#)

Upcoming Deadlines

August 14

SFY 21 SDWLP PERF score reevaluation requests deadline (within 45 days of application deadline).

September/October

SFY 21 SDWLP Draft Funding List published.

September 15

Last recommended date to submit rate application to PSC (following SFY 21 SDWLP application submittal).

September 30

SFY 21 CWFP application deadline for Principal Forgiveness projects.

*CWFP applications are accepted year-round for projects not seeking PF.

[View Deadlines PDF](#)

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: 608-267-7475 | SDWLP phone: 608-266-0849 | [staff directory webpage](#)



Program implementation details are outlined in chs. [NR 162](#) and [NR 166](#), Wis. Adm. Code. [Legal notice](#): This document is intended solely as guidance and does not contain any mandatory requirements except where requirements found in statute or administrative rule are referenced. Any regulatory decisions made by the Department of Natural Resources in any matter 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, call 608-267-9481 for more information.

[Private LSL Replacement Program](#) continued from page 1

is ready, we will publish an amended draft SDWLP IUP for an additional 21-day public comment period. We anticipate posting this amended IUP in mid-July.

Our initial plan was to hold several in-person workshops around the state in late summer for applicants interested in applying to the new private LSL replacement program. Due to uncertainties surrounding the COVID-19 pandem-

ic, we have made the decision to hold these workshops as webinars instead. Tentative dates for the two anticipated webinars are August 18th and September 2nd. More information on the webinars will be published in our newsletter and sent to all the water utilities in the state through the DNR's GovDelivery service when plans have been finalized.

Draft CFWP Intended Use Plan for SFY 2021 Posted

The [draft CFWP Intended Use Plan \(IUP\) for SFY 2021](#) has been posted for 21-day public comment. The IUP was posted on July 6, 2020 and comments will be taken through Monday, July 27th.

This draft IUP identifies funds available for SFY 2021, expected program activity, applicable policies, and how federal requirements are being met. It also describes the disadvantaged communities program and allocation of principal forgiveness, including changes to the Phosphorus Reduction Priority Principal Forgiveness criteria and eligibility for Regionalization Priority Principal Forgiveness.

Other new items addressed include information on the design life calculation worksheet that is required in order to request a loan term greater than 20 years, and information on the Pilot Projects Program. The Pilot Projects Program is designed to provide funding for non-traditional projects including Water Quality Trading and Adaptive Management projects for phosphorus reduction.

Comments on this draft IUP should be submitted to Becky Scott at rebecca.scott@wisconsin.gov by the end of the day on Monday, July 27, 2020.

CME Corner: Pre-Construction Meetings & the CME Role

Each project receiving funding from an Environmental Loans program is assigned a DNR [construction management engineer \(CME\)](#). The CME must determine whether construction is proceeding according to DNR-approved plans and specifications, and the terms of the Financial Assistance Agreement (FAA).

To help ensure all financial transactions are legal, appropriate, and consistent with the terms of the FAA, the CME keeps the DNR project manager informed of all change order approvals and amendment requests.

Contact your CME *prior to your pre-construction meeting*

Communicate frequently with your CME and project manager. Invite them **at least a week in advance** to the pre-construction meeting to provide an understanding of the project plan and timing.

Ensure your CME has all the conformed construction documents (also called issued for construction documents) *prior to* the pre-construction meeting. Read more in the article "[Contract Documents](#)" in May 2020 E-Bulletin.

The CME and project manager can provide insights as well as answer questions throughout the project.

Invite your CME to:

- pre-construction meeting
- any construction progress meetings
- [pre-award meeting](#)
- PSC/DNR pre-application consultation, if applicable (to coordinate [construction authorization](#) and project review and approval times).

Construction management roles

To aid in the success of any project, it's important for the municipality, engineering consultant, construction contractor, and DNR staff to coordinate efforts throughout construction.

- The municipality has the ultimate responsibility for getting its project constructed properly.
- The department's role in construction management includes conducting interim and final inspections.

In addition to the CME's involvement during construction, the DNR Environmental Loans staff may review requests for disbursement to make sure all costs are properly invoiced, eligible, and within the project budget.

Learn more at [construction management roles](#).

SFY 2021 CWFP PF Applications Due September 30th

As of July 1st, you can submit online Clean Water Fund Program (CWFP) applications requesting SFY 2021 financial assistance. You may wish to review the guidance document, [CWFP Application Process & Contents](#).

For assistance accessing the online system, entering information, and submitting an application, review the [CWFP Online Application Help Text](#). All SFY 2021 CWFP applications must be submitted via the [online system](#).

- CWFP applications are accepted year-round for projects not seeking principal forgiveness (PF).
- Applications are due **September 30, 2020** to compete for SFY 2021 CWFP principal forgiveness.

Exceptions

Any applications to the [Small Loans Program \(SLP\)](#) must be submitted in hard copy or by email using the Interest Rate Subsidy Application ([Form 8700-249](#)).

- Submit SFY 2021 SLP applications anytime during the state fiscal year.
- SLP projects are *not* eligible for principal forgiveness.

Any Applications to the Pilot Projects Program must be submitted in hard copy or by email using the Pilot Projects Financial Assistance Application ([Form 8700-378](#)).

- Submit SFY 2021 pilot project applications anytime during the state fiscal year.
- Pilot projects are *not* eligible for principal forgiveness.

Plans and specifications reminder

Submit **required copies** of approvable, biddable plans and specifications to the DNR Bureau of Water Quality for approval by the September 30th application deadline.

- Follow requirements as explained in the DNR's [Plan Submittal Requirements for Sewerage Systems](#).

An **additional, electronic copy** of approvable, biddable construction plans and specifications must be submitted by the September 30th application deadline to the Bureau of Community Financial Assistance for all portions of the project for which funding is being requested.

Review/Adjust Sewer User Rates Every Two Years

Every municipality that receives a loan through the Clean Water Fund Program (CWFP) pledges, by signing a Financial Assistance Agreement (FAA), to review their wastewater and/or storm water rates every two years, including the equipment replacement fund. This is an important covenant of the FAA.

Benefits of reviewing and appropriately adjusting rates every two years include:

Proper management of the operations and maintenance budget. This ensures adequate revenues from your user charges, allowing you to keep your facilities properly maintained and your plant complying with your WPDES permit.

No big surprises for customers when you raise rates. Frequent small increases are much easier on your residents' household budgets than a very large increase when it comes time to construct a new utility project. It is never easy for a municipality to get community support of a project when rates jump 50% 100%, or even 200% in order to get a new project done.

Maintaining access to CWFP financial assistance for future projects. Each Clean Water Fund Program FAA requires the borrower to meet debt coverage requirements, maintain an equipment replacement fund, and review and adjust (if necessary) user charge systems every two years. If these covenants made when

the municipality signed a previous FAA are not being met, the CWFP cannot provide financial assistance for a new project in that municipality until the situation is remedied.

Funds are available for needed replacements and repairs. Your municipality can quickly respond to an emergency situation in which a significant piece of equipment breaks down if you maintain an appropriate balance in your equipment replacement fund (ERF). The ERF is a savings account to insure you have funds immediately available to replace a piece of equipment in your wastewater or storm water utility when it fails unexpectedly or is at the end of its useful life. Mechanical equipment wears out and is expensive to replace. The ERF is meant to provide utility operators a source of funds that is quick and easy to access when equipment needs replacing. Major repair/replacement of a critical piece of treatment equipment cannot be put off until the village board or city council can meet and agree to borrow or move funds to take care of the problem. Without immediate action, some equipment breakdowns can jeopardize your residents' health and the local environment, including groundwater and private wells.

Reviewing and adjusting your rates every two years is a very good idea, and taking that action biennially is something you promised to do when you received financial assistance from the CWFP.