

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.



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Market Rate Unchanged

There is no change in the market rate for assistance agreements approved by a borrower's governing body on or after October 1, 2022. The market rate for loans that have a final maturity of:

- 20 years or less will remain at 3.900%
- 21-30 years will remain at 4.100%

Learn about and view [current market and interest rates](#).



Final BABA Waiver for SRFs

On September 2, 2022, EPA released their final [Build America, Buy America Act Adjustment Period Waiver for State Revolving Funds](#). It covers SRF projects that have initiated design planning prior to May 14, 2022, the statutory effective date of the BABA requirements. "Initiated project design planning" is defined in the waiver.

The DNR is reviewing EPA's final implementation waiver language and conditions to figure out exactly what it means for the Environmental Loans Programs. We will share our determination in the coming weeks.

Read related E-Bulletin articles

- [Volume 11, Issue 06](#) - BABA Updates
- [Volume 11, Issue 05](#) - Federal Equivalency Updates and BABA is New Federal Requirement



Upcoming Deadlines

September 28

SFY 2022 SDWLP final loan closing date.

September 30

- SFY 2023 CWFP Application deadline for Principal Forgiveness projects (reminder: submit plans and specifications to DNR Water Quality as well as with the CWFP application).
- Last recommended date for submitting rate applications to PSC for SFY 2023 SDWLP projects.

October 31

SFY 2024 CWFP & SDWLP notice of Intent to Apply (ITA) deadline.



Submit Water Rate Applications to PSC by September 30

September 30, 2022, is the DNR's last recommended date to submit an application to increase water rates, if necessary, to the [Public Service Commission \(PSC\)](#) for State Fiscal Year 2023 Safe Drinking Water Loan Program projects. PSC's goal is to process an application within 200 days after receipt of a complete application. Required rate increases must be in effect before the project's Financial Assistance Agreement can be executed, per section NR 166.11(7), Wis. Adm. Code. For SFY 2023 SDWLP projects, PSC-approved rate orders are due to the DNR loan project manager by June 15, 2023, and the final loan closing date is September 27, 2023.

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: 608-358-3330 | SDWLP phone: 608-692-4227 | [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 federal regulations or state statutes or administrative rules 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 federal regulations and state 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.

SFY 2022 SDWLP Loan Closings

Wednesday, September 28, 2022, is the final loan closing date for State Fiscal Year (SFY) 2022 Safe Drinking Water Loan Program projects (excludes Private Lead Service Line (LSL) Replacement projects).

Context

The [2021 Wisconsin Act 112](#) repealed s. 281.61(10), Wis. Stats., which set the Safe Drinking Water Loan Program (SDWLP) loan closing deadline to June 30. In March 2022, the Environmental Loans Section officially extended the SDWLP loan closing deadline for SFY 2022 projects (excludes Private LSL Replacement projects) to September 30, 2022.

Going forward, the annual SDWLP [Intended Use Plan \(IUP\)](#) will officially set the loan closing deadline.

Help keep your project on schedule

A municipality must submit all required documentation to the DNR before their loan project manager can prepare the municipality's Financial Assistance Agreement (FAA).

To allow for sufficient review time, DNR loan project managers strongly recommend municipalities promptly submit required documents as they become available and before their due date. Please note that "required documentation" refers to complete and accurate documentation.

Loan closing timeline

To receive its FAA on time, a municipality must submit all required documentation to their DNR project manager *at least six weeks before* its municipal meeting.

The loan closing date will occur approximately two weeks after the municipal meeting and is held on the second or fourth Wednesday of the month. The Department of Administration (DOA) will wire the municipality's first disbursement of loan funds on the loan closing date.

Visual aid for deadlines, due dates, and timelines:

- [SDWLP deadlines during SFY 2023 \(PUB-CF-047\)](#)

SFY 2023 CWFP PF Applications

Friday, September 30, 2022, is the deadline for State Fiscal Year 2023 Clean Water Fund Program financial assistance applications if competing for principal forgiveness (PF). Applications are accepted the entire fiscal year for projects not seeking PF.

Direct questions about the application process to Lisa Bushby, CWFP Coordinator, at 608-358-3330 and Lisa.Bushby@Wisconsin.gov.

We encourage you to submit your application early to ensure it is complete and to be able to contact DNR staff prior to the deadline if there are any questions. If you need to modify your application after submitting it but prior to the application deadline, contact Suzy Hasheider, Database Manager, at Suzan.Hasheider@Wisconsin.gov and 608-438-3055.

Application guidance

The online system has help text built-in to clarify what information and supporting documentation is needed for that question or section. To help applicants through the application process, information, instructions, and guidance documents are on our [Online System webpage](#).

- [CWFP Application Process & Contents \(PUB-CF-044\)](#) – detailed checklist of required documentation, including the financial information required by the Department of Administration (DOA).

- [CWFP Application Help Text \(PUB-CF-059\)](#) – explains what information and supporting documentation are required for each section of the application.

Application completeness review

An assigned DNR project manager will review your submitted application for completeness. If the application is complete, DOA will perform a *preliminary* credit review to determine that the municipality has the financial capacity to repay the loan; the DNR loan project manager will email the municipality (and consulting engineer, if applicable) indicating that the application is complete; and the project will be included on the SFY 2023 CWFP Funding List, typically posted by mid-November to the [Project Lists & IUPs webpage](#).

The DNR project manager will then work with the municipality and consulting engineer on closing the loan.

Plans and specifications reminder

Submit approvable, biddable plans and specifications to the DNR Bureau of Water Quality by the September 30 application deadline. An additional, electronic copy of approvable, biddable plans and specifications must be uploaded with the CWFP application for all portions of the project for which funding is being requested. Follow re-

SFY 2023 CWFP PF Applications continued from page 2

requirements as explained on the [Wastewater Plan Submittal Requirements by Project Type webpage](#).

Facility plans

An approved facility plan is a requirement of the application. Any project seeking CWFP funds must be submitted to DNR for plan review and approval, regardless of a "reviewable" or "maintenance" project classification.

For example, an abbreviated form of a facilities plan, or engineering report, is required even for sanitary sewer replacement or rehabilitation projects, if seeking CWFP funding.

Requirements for submitting a facilities plan are explained on the [Municipal Wastewater Facility Planning webpage](#). The facility plan report covers certain federal requirements such as the cost-effectiveness analysis and the environmental analysis.

Facility plans review timeline

Due to workload, DNR staff may be unable to review new facility plan submittals before the September 30 application deadline. If you have a project that is intended to meet that deadline and you have not submitted a facility

plan for it, please contact plan review staff as soon as possible to determine if review is feasible. On the [Wastewater Plan Review webpage](#), see "municipal projects, septage storage facilities, and large POWTS" contacts listed under the "Plan Review Contacts" tab.

PERF score reevaluation requests

You may request a Priority Evaluation & Ranking Formula (PERF) score reevaluation within 30 days of the CWFP application deadline.

Some of the reasons that an applicant may request a reevaluation include not all supporting documentation was uploaded with the original submittal, or the incorrect PERF form was originally submitted. If you would like to pursue a PERF score reevaluation, contact [Lisa Bushby](#), CWFP Coordinator.

- The deadline to submit a PERF score reevaluation is October 30, 2022.



SFY 2024 ITA Online System Available

The online system for submitting a notice of Intent to Apply (ITA) with Priority Evaluation and Ranking Formula (PERF) information is available.

ITAs/PERFs submitted by **October 31, 2022**, are eligible for funding in State Fiscal Year (SFY) 2024.

If you plan to apply for financial assistance for your municipality's water infrastructure project, from either the Clean Water Fund Program (CWFP) or Safe Drinking Water Loan Program (SDWLP), you must complete and submit online an ITA/PERF and required documentation by the **October 31 deadline** for the following state fiscal year funding cycle.

Be certain to upload all required, supporting documentation with the ITA/PERF submittal in order to receive the appropriate priority points.

Authorization Certificate

If you are a consultant, the municipality must authorize you to submit online materials on its behalf by completing an [Online Submittal Authorization Certificate \(Form 8700-377\)](#). Note: The designated consultant's authorization will stay in effect until the municipality cancels it.

Friday, October 21, 2022, is the final date to submit this form before the SFY 2024 ITA deadline. Email the signed, completed certificate (in PDF format) to Suzan.Hasheider@Wisconsin.gov.

Guidance

To help applicants through the ITA/PERF process, information, instructions, and guidance documents are on our [Online System](#) and [ITA & PERF](#) webpages.

The ITA Help Text publications explain what information and supporting documentation are required for each section of the ITA/PERF. You may wish to save or print these guidance documents to view during the online submittal process:

- [CWFP ITA Help Text \(PUB-CF-062\)](#)
- [SDWLP ITA Help Text \(PUB-CF-063\)](#)

The online system also has help text built-in to clarify what information and supporting documentation is needed for that question or section.



Attention LSL and PFAS Project Applicants!

Do you have an upcoming lead service line (LSL) or PFAS-related drinking water project?

Don't forget to submit a notice of Intent to Apply (ITA) through our [online system](#) by the **October 31, 2022** deadline in order to be eligible to submit a financial assistance application for the State Fiscal Year (SFY) 2024 funding cycle.

In SFY 2024, the Bipartisan Infrastructure Law (BIL) funding for LSLs and emerging contaminants will be combined with the existing, regular Safe Drinking Water

Loan Program (SDWLP), so a valid ITA submitted by the October 31 deadline is required before you can submit an application for your LSL or PFAS-related project (SFY 2024 SDWLP applications are due by June 30, 2023).

Detailed descriptions of changes to the SDWLP relating to the implementation of BIL are provided in the SFY 2023 [Intended Use Plan \(IUP\)](#). Two amendments to this IUP regarding BIL funding for LSLs and emerging contaminants will be published for public comment before the end of the year.

Changes to LSL Replacement Program for SFY 2024

The BIL Lead Service Line (LSL) Replacement funds can be used for the identification and removal of public and private LSLs. The BIL requires 49% of the funding from the LSL capitalization grants to be awarded as principal forgiveness (PF) to municipalities that meet the state's disadvantaged criteria, while the remaining 51% of the funds are to be utilized for loans and set-asides. The 49% required to be awarded as PF cannot be awarded if the other 51% is not utilized.

The expansion of eligibility to the public side and inventory work, along with the funding no longer being provided as 100% PF, as in DNR's current Private LSL Replacement Program, means we need to change the existing program.

The Environmental Loans Section has been working with the DNR Bureau of Drinking Water & Groundwater, the Department of Administration (DOA), and the Public Service Commission (PSC) since July 2022 to restructure the existing LSL program to accommodate the new funding coming from BIL. The LSL team has decided to integrate the BIL LSL funding into the existing, regular Safe Drinking Water Loan Program (SDWLP). We hope this change will simplify the funding process for applicants as well as for Environmental Loans and DOA staff.

More information regarding the changes to the LSL Replacement Program will be published for public comment in an amendment to the State Fiscal Year (SFY) 2023 SDWLP [Intended Use Plan \(IUP\)](#) later this year.

Application deadline

This change means that there will **not** be an application deadline for LSL funding prior to the regular SDWLP financial assistance application deadline of June 30. Plans and specifications, if applicable, are also due to the DNR by the application deadline.

- SFY 2024 SDWLP applications for LSL projects are due by June 30, 2023.

First, submit a SFY 2024 SDWLP notice of Intent to Apply (ITA) through our [online system](#) by October 31, 2022.

Principal Forgiveness

Principal forgiveness (PF) available through the LSL program will only be awarded for **private** LSL replacement costs and must be awarded to municipalities meeting the state's disadvantaged criteria. The LSL PF will be allocated first, utilizing an LSL-specific scoring system, and then, depending on where a project falls in the regular SDWLP scoring and ranking, the remaining project costs may be eligible for general SDWLP PF. Loan funds from the LSL capitalization grant and regular SDWLP funds will be available for any costs not covered by principal forgiveness.

Apply for PSC Approval

Unlike previous years, many municipalities will not receive 100% principal forgiveness for their private LSL replacements due to changes to program funding brought about by the BIL. If a municipality is to receive loan funds for any of their private-side LSL replacement costs, they would first need approval from the PSC to use ratepayer funds to make a revenue pledge to cover the loan funding. Utilities interested in providing financial assistance to their customers who replace customer-side (private) LSLs must submit an application to the PSC for approval, per s. 196.372(3), Wis. Stats.

- View [PSC LSL Application Filing Requirements](#).

PSC approval must be in effect before the municipality's Financial Assistance Agreement (FAA) can be executed. If you are interested in applying for SDWLP funding for a project involving private LSL replacements, we urge you to apply to the PSC for the necessary approval **as soon as possible**.



Emerging Contaminants Funding Update

The draft State Fiscal Year (SFY) 2023 Safe Drinking Water Loan Program (SDWLP) [Intended Use Plan \(IUP\)](#) provided some preliminary information on the Emerging Contaminants (EC) funding for SFY 2024 and beyond. Starting in SFY 2024, EC funding will be integrated with the regular SDWLP. This will allow all applicants to compete for EC principal forgiveness (PF) while applicants that qualify as disadvantaged will also be able to compete for general PF. Regular SDWLP loan funds will be available for project costs not covered by PF.

Applicants interested in applying for EC funding in SFY 2024 should submit a notice of Intent to Apply (ITA) through our [online portal](#) by October 31, 2022. A separate priority scoring form, specific to the EC PF, will be developed and will be required to be submitted along with the application. The application deadline for SFY 2024 is June 30, 2023. Plans and specifications are also due to the DNR by the application deadline.

For SFY 2023, since the regular SDWLP application deadline is already past, it is not possible to integrate the program this year. Instead, there will be a separate application deadline, which will be announced later this fall. Applicants meeting that deadline will be allocated a portion of their project as EC PF with the remainder as regular SDWLP loan funds.

In addition to the EC PF, the BIL also appropriated grant funding under section 1459A of the Safe Drinking Water Act for the Small, Underserved, and Disadvantaged Communities program (WIIN grants) for emerging contaminants projects. This additional grant funding will be available to municipalities meeting the state's disadvantaged criteria, but we do not anticipate that this funding will be available in time for SFY 2023 applicants. EPA will be releasing guidance on this additional grant funding sometime this fall. In SFY 2024 and beyond, this grant funding will be integrated with funding available through the SDWLP.

Eligible Projects & Costs

We plan to establish an eligibility threshold for projects based on any exceedance of US EPA's recently announced revised [Health Advisory Levels](#) (note: any detections of PFOA or PFOS would exceed the EPA's Health Advisory Levels (HAL) for those compounds) or when levels of PFAS in drinking water result in a 0.25 or higher Hazard Index based on [WI DHS guidance](#). Please note, at this point, DNR is not requiring corrective actions in relation to PFAS detects or HAL exceedances. Any project or corrective action you may choose to pursue is voluntary.

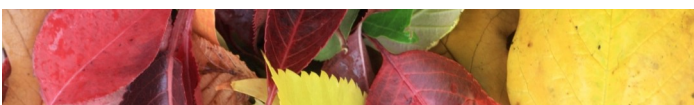
Eligible project types include all of the following:

- Construction of a new treatment facility or upgrade to an existing treatment facility.
 - Costs associated with interim solutions/temporary/portable PFAS treatment systems might only be eligible if included with a funding request for a long-term solution. Rental or lease costs are eligible.
- Development of a new source (i.e., new/replacement well or intake for a public water system).
- Consolidation with another water system that does not have emerging contaminants present or has removal capability.
- Creation of a new community water system or extension of a distribution system to address unsafe drinking water provided by individual (i.e., privately-owned) wells or surface water sources.
- Costs for planning, design and associated pre-project costs.
 - Eligible costs can include an alternatives analysis and non-routine sampling associated with project planning.
 - Costs are eligible as part of a funding request for a project that provides a long-term solution, not as stand-alone costs.
- Infrastructure related to pilot testing for treatment alternatives.
 - Costs are eligible as part of a funding request for a project that provides a long-term solution, not as stand-alone costs.
- INELIGIBLE - Bottled water or point of use devices are not an eligible expense per federal program rules.

Federal Requirements

As with any federal funding, the EC funding involves additional federal requirements. All applicants receiving EC PF funds will be treated as federal equivalency projects and will have to comply with the additional federal requirements detailed on our [website](#). In addition to these requirements, all EC projects will be required to:

- Solicit for [disadvantaged businesses](#);
- Comply with [Davis-Bacon and Related Acts](#) (federal wage rates);
- Comply with [American Iron and Steel](#) procurement requirements;
- Comply with new [Build America, Buy America \(BABA\) Act](#) procurement requirements (see [Adjustment Period Waiver for State Revolving Funds](#)).



Emerging Contaminants Funding Update continued from page 5

Next Steps

The DNR's emerging contaminants team has almost completed work on designing the scoring system for the EC PF. Once that system is fully developed, the amendment to the SFY 2023 SDWLP Intended Use Plan (IUP)

will be published for public comment. The IUP amendment will include information on the application deadline for SFY 2023 EC funding. We anticipate publishing the IUP amendment in October, so stay tuned!

Collection System Projects, Human Health Points, and PERF (Priority) Scores

Each municipality that plans to apply for financial assistance from the Clean Water Fund Program must submit a notice of Intent to Apply (ITA) with Priority Evaluation and Ranking Formula (PERF) information and required documentation through the [online system](#) by the October 31 deadline.

PERF

The information provided in the ITA's PERF section reflects the human health and environmental impacts the project will address and helps to determine its priority score. The [CWFP ITA Help Text \(PUB-CF-062\)](#) lists the PERF sections and questions with guidance to clarify what information and supporting documentation is needed for each question.

Upload documents for PERF points

The DNR reviews each applicant's PERF score to verify whether the points being claimed are applicable and valid. Applicants may only claim points when they provide (upload) documentation that supports their answer to the question. If pertinent documentation is not provided for the question, the department may reduce the applicant's self-score for that question down to zero points.

Collection system projects and Human Health score

For collection system projects, there are essentially three ways to generate points in the Human Health section of the CWFP PERF: failing septic systems, overflow/bypass events, and basement backup events.

The DNR Construction Management Engineers who review the CWFP ITAs/PERFs provide the following information on what they are looking for in supporting documentation:

Septic system failures

What is the percentage of documented failing private septic systems out of the total number of systems included in the project?

Upload documentation such as a failed 3-year inspection, county health report, sanitary survey, or other documentation that proves a failed system. Septic system failures may be documented by county zoning offices/sanitarian, septic system inspectors, health department officers, or even a community's engineer when onsite surveys are carried out to assess conditions.

Other acceptable documentation includes private well sample results showing coliform bacteria, Escherichia coli (E. coli) a.k.a. fecal coliform bacteria, or nitrate contamination.

Overflow and bypass events

Does the project eliminate or prevent bypasses and overflows that have occurred in the past five years, as defined in ch. NR 210.21, Wis. Adm. Code, from a municipal sewerage system? If the bypasses occurred more than five years ago, is the project part of an approved enforcement action plan for system improvements?

Upload a map as documentation that illustrates the sewers, which way they drain, and where the bypass(es) is located. If more than five years have passed since the most recent bypass or overflow, the project must be part of a larger, phased collection system improvement plan required by: a court-stipulated action, a consent order, a compliance schedule in a permit, or another type of legal document (s. NR 162.50(1)(b)(2), Wis. Adm. Code). Upload additional supporting documentation that demonstrates how the project eliminates bypasses or overflows.

Wisconsin Pollutant Discharge Elimination System (WPDES) permittees must report each overflow (bypass) to DNR using the [Sanitary Sewage Overflow Notification Summary Report Form 3400-184](#). A scanned copy of the written report form would also be satisfactory documentation as long as it includes the date of the overflow (bypass) event and identifies where the wastewater was

Collection System Projects, Human Health Points, and PERF (Priority) Scores continued on page 7



Collection System Projects, Human Health Points, and PERF (Priority) Scores continued from page 6

released directly to a water of the state or land surface from the sewage collection system or sewage treatment facility, other than a permitted outfall structure. Note: The permittee must also report the overflow (bypass) event in their [Compliance Maintenance Annual Report \(CMAR\)](#).

Basement backup events

If this project is necessary to eliminate documented municipal collection system-related backups, what are the numbers of residential connections with basement backups expected to be reduced by this project?

Raw sewage must flow into basements, so the well-known slow-flushing toilet does not qualify as a backup. Do not include basement backups resulting from malfunctions caused by improper maintenance of any private systems.

Documentation must prove the cause of the basement backup so the department can verify whether the event was caused by failure on the public side (i.e., collection system) or the private side (i.e., sewer lateral). The address (location) and date of the basement backup must have been documented at the time of the backup because the department only allows points for events that have occurred in the project area within the last five years of the ITA/PERF submittal deadline.

Upload documentation such as a letter from the municipality to the homeowner stating that the backup was

caused by the system; meeting minutes from a discussion of the issue and resolution; and a map of the project location, flow direction, and backup location.

Third party documentation is acceptable as long as it includes the date and address (location) of the basement backup event. This type of documentation usually takes the form of an insurance claim, pictures, invoice from a cleaning service company, or written documentation provided to the DNR wastewater program (i.e., email or CMAR).

Televising records are another good source of documentation since they may show the condition of the system in the project area as well as the location of failing features.

Summary

In short, appropriate supporting documentation is required in order to receive PERF points. Do not submit your ITA/PERF until you have uploaded all your relevant documents.

- The more detailed and time appropriate the documentation is, the better it will support the points you are claiming.
- Providing incomplete information will result in **zero points** for that question.
- If you do not upload any documentation, you will receive **zero points** for that question.

Wausau Drinking Water Treatment Plant Tour

Over 20 staff members representing the DOA Capital Finance Office and the DNR Bureau of Community Financial Assistance traveled to Wausau on July 12, 2022, for

a tour of its new drinking water treatment plant, which is funded by the Wisconsin Environmental Improvement Fund via the Safe Drinking Water Loan Program.

In back, from left: Frank Fuja, Aaron Heintz, Katherine Miller, Casey Sweeney, Suzy Hasheider, Blythe Cassidy, Dave Andruczyk, Bob Hannes, Brent Binder, Jim Ritchie, Dave Calhoon, and Noah Balgooyen. Middle row, from left: Les and Maureen Hubeler, Dee Surillo, Michelle Brietzman, Ben Aerts, Becky Scott, Meja Maka, and Matt Marcum. Kneeling, from left: Ryan Atkinson, Kay Christensen, Erika Mills, & Jessica Fandrich.

