

Intended Use Plan Webinar

**Safe Drinking Water Loan Program
SFY 2025**

June 5, 2024

Matt Marcum

MatthewR.Marcum@wisconsin.gov

Becky Scott

Rebecca.Scott@wisconsin.gov

Noah Balgooyen

Noah.Balgooyen@wisconsin.gov

Ryan Atkinson

Ryan.Atkinson@wisconsin.gov

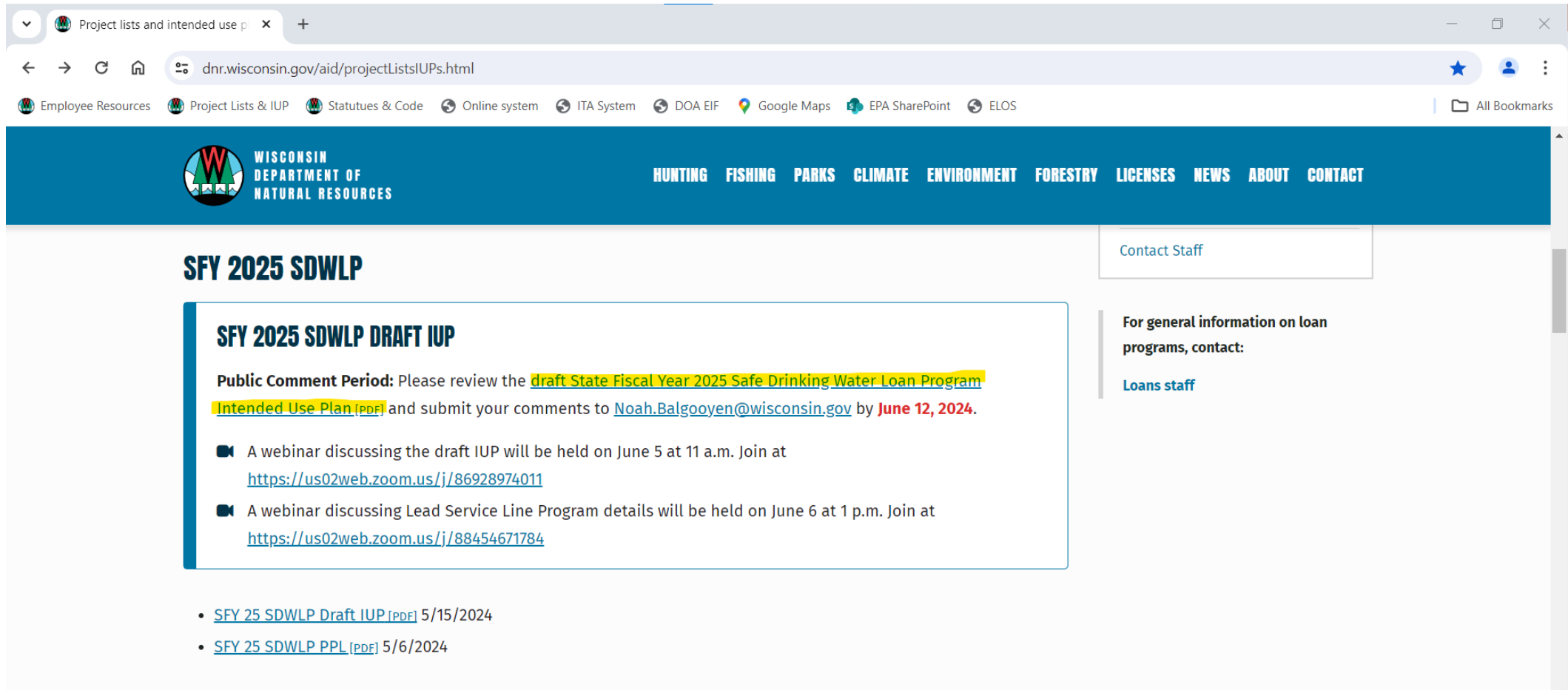


Webinar Purpose

- Highlight changes to the IUP
- Emerging Contaminants Overview
- LSL Replacement Program Overview
- Questions welcome
- Submit comments via email to Noah.Balgooyen@wisconsin.gov by June 12, 2024



Where do I find the IUPs?



The screenshot shows a web browser window with the URL dnr.wisconsin.gov/aid/projectListsIUPs.html. The page header features the Wisconsin Department of Natural Resources logo and a navigation menu with links: HUNTING, FISHING, PARKS, CLIMATE, ENVIRONMENT, FORESTRY, LICENSES, NEWS, ABOUT, and CONTACT. The main content area is titled "SFY 2025 SDWLP" and contains a section for the "SFY 2025 SDWLP DRAFT IUP". This section includes a "Public Comment Period" notice, two webinar announcements with Zoom links, and a list of links for the draft IUP and PPL documents. A sidebar on the right contains a "Contact Staff" button and information about loan programs.

SFY 2025 SDWLP

SFY 2025 SDWLP DRAFT IUP

Public Comment Period: Please review the [draft State Fiscal Year 2025 Safe Drinking Water Loan Program Intended Use Plan \[PDF\]](#) and submit your comments to Noah.Balgooyen@wisconsin.gov by **June 12, 2024**.

- 📺 A webinar discussing the draft IUP will be held on June 5 at 11 a.m. Join at <https://us02web.zoom.us/j/86928974011>
- 📺 A webinar discussing Lead Service Line Program details will be held on June 6 at 1 p.m. Join at <https://us02web.zoom.us/j/88454671784>

- [SFY 25 SDWLP Draft IUP \[PDF\]](#) 5/15/2024
- [SFY 25 SDWLP PPL \[PDF\]](#) 5/6/2024

Contact Staff

For general information on loan programs, contact:

[Loans staff](#)

<https://dnr.wisconsin.gov/aid/projectListsIUPs.html>

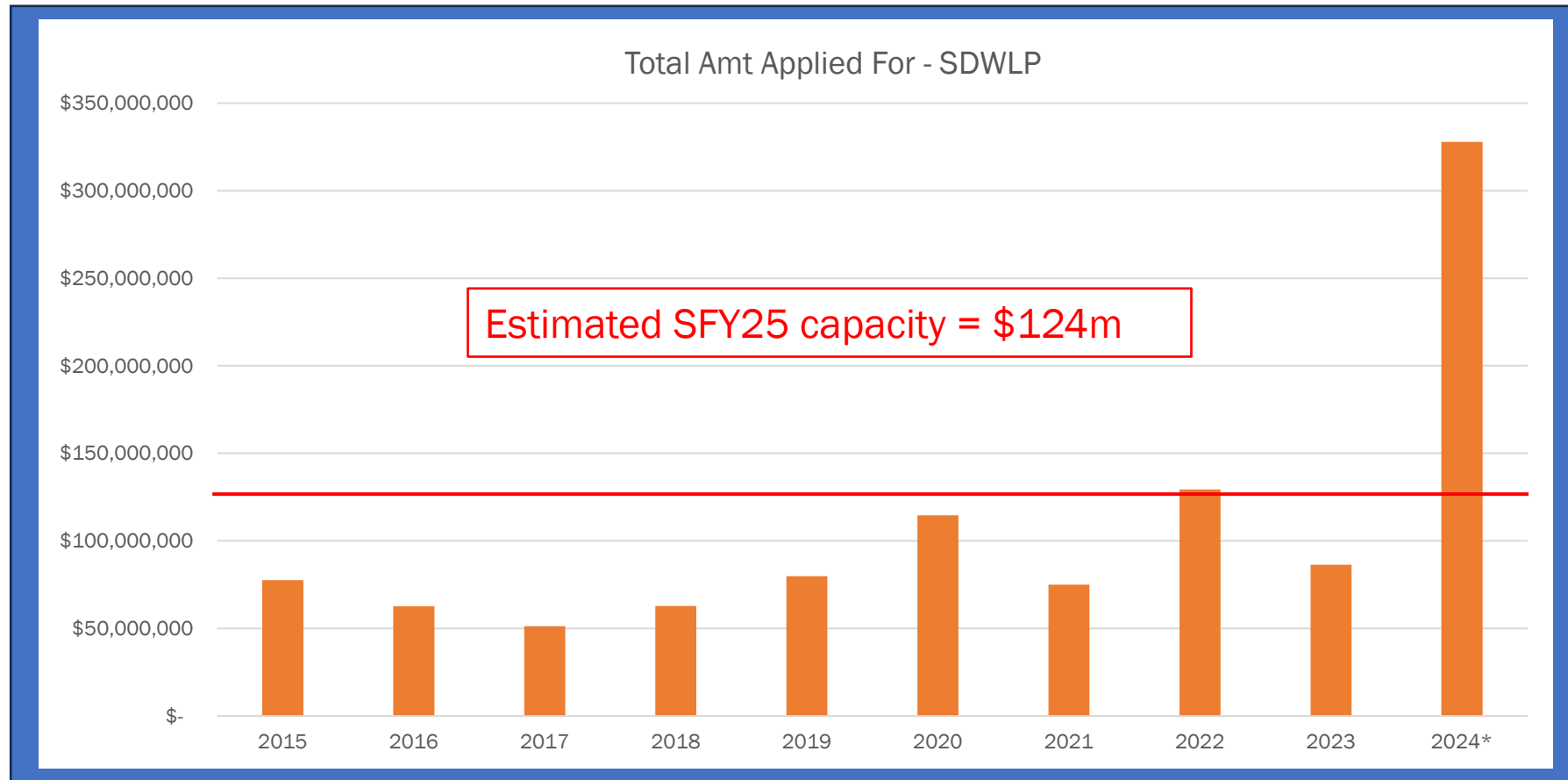
Bipartisan Infrastructure Law

- Infrastructure Investment and Jobs Act of 2021
- Base grant
- Three BIL grants
 - Supplemental
 - Lead Service Line Replacement
 - Emerging Contaminants



<i>FFY 2024 Federal Cap Grant</i>	Total Grant	State Match	Principal Forgiveness
<i>Base</i>	\$7,980,000	\$1,596,000	\$2,074,800
<i>Supplemental</i>	\$39,358,000	\$7,871,600	\$19,285,420
<i>Emerging Contaminants</i>	\$13,082,000	\$0	\$12,820,326
<i>Lead Service Line</i>	\$83,278,000	\$0	\$40,806,220
<i>Lead Service Line (FFY 22 reallocated funds)</i>	\$4,148,000	\$0	\$2,032,520
Totals	\$147,846,000	\$9,467,600	\$77,019,286

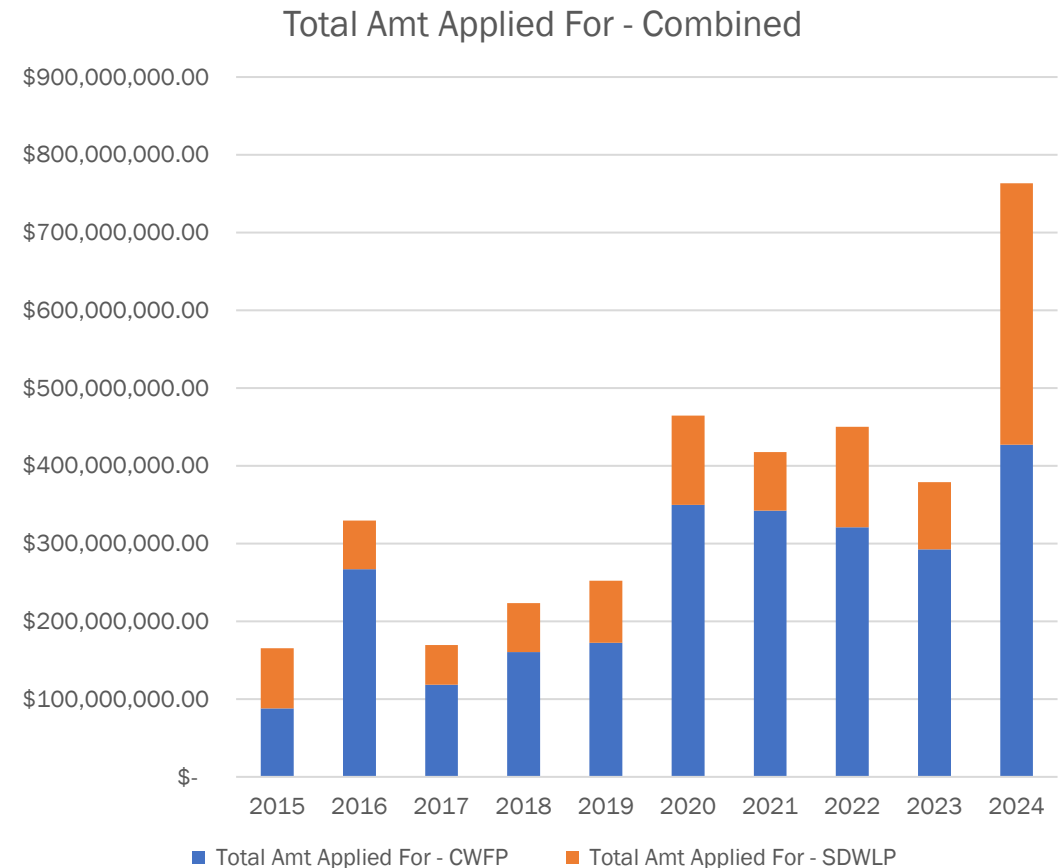
SFY 2024 Total Loan Demand: *Current*



* Includes Base & EC funding requested, but not LSL

Why is loan demand so high?

- BIL Funding Availability
 - It takes approximately 2 years for a project to move from inception to application
- BABA
 - Adjustment period waiver ends starting in SFY 2025
- Project Backlog
 - Projects were expensive and difficult to complete over the last several years due to Covid, supply chain issues, and inflation





SFY 2025 Impacts

- The SFY 2025 application cycle will proceed as normal
- Loan capacity for SFY 2025 is currently estimated at \$124,000,000.
 - A final number will be determined closer to the start of the fiscal year (July).
 - Anticipated to be sufficient to meet *historical* (pre-SFY24) loan demand.
- Principal Forgiveness
 - At least \$21,360,220 will be available through the base and supplemental cap grants
 - This is in comparison to \$27,069,463 that was available in SFY24
- Recommendation
 - Make sure to apply by the application deadline to compete for funding.
 - Do not rely on submitting a supplemental application
 - Understand that funding may be insufficient *if* loan demand is high
 - Putting projects in a queue

Federal Equivalency Requirements

Applies to the following project types:

- All projects from municipalities with a population of 15,000 or over
 - Exception for when a municipality is jointly funding a project through the SDWLP and the CWFP; if this is the case, then a population of 20,000 is used
- Emerging contaminants/PFAS projects
- Lead Service Line Removal projects



Build America, Buy America (BABA)

- Went into effect May 14, 2022
- Expansion of existing American Iron & Steel (AIS) requirements.
- Covers all construction materials and manufactured goods
- Adjustment period waiver ending by SFY25



Applies to *some* SRF funded projects:

- Lead service line replacements
- Emerging contaminants/PFAS projects
- Federal equivalency projects:
 - Clean Water SRF projects in municipalities with population over 20,000
 - Drinking Water SRF projects in municipalities with population over 15,000

Annual PF Cap



- SFY 2025: \$1,600,000
annual cap per municipality

EPA Community Grant – PF Adjustment

- Also know as “Congressionally directed spending,” or “Earmarked awards”
- The amount of PF awarded to any SDWLP applicant that has also been allocated EPA Community Grant funding will be reduced by an amount equal to the amount of the EPA Community Grant award.
- If the amount of the EPA Community Grant allocation for the project is greater than the amount of SDWLP PF that would have been allocated to the project, then no additional SDWLP PF will be allocated.



SFY25 Application Process Updates



- Legal Statement of Land Ownership
 - New Certification form in lieu of legal statement in most cases
- Intermunicipal Agreements
 - No longer required for SDWLP
- Design Life Worksheet
 - Required for all projects except for those solely involved with the replacement or lining of watermain

Important Deadlines

- July 1, 2024

- Deadline to submit full applications for SDWLP SFY2025
 - Must have previously submitted an eligible ITA by October 2023

- October 31st, 2024

- Deadline to submit an ITA for SFY2026



Questions?



Drinking Water Emerging Contaminants (EC) BIL Funding

- Intended to address municipal drinking water for PFAS
- SFY 25 allotment of EC Principal Forgiveness (PF)
\$12,820,326



Emerging Contaminants – Small and Disadvantaged Communities (EC-SDC)

- FFY24 (SFY25) Allotment: \$13,224,000
 - Anticipate similar allotments in remaining years of BIL funding
- Awarded to communities:
 - Population less than 10,000, or
 - Meet the state's disadvantaged criteria
- Grant funding for DW Emerging Contaminants projects
- Municipal reporting requirements for systems that receive EC-SDC funding
- Portion of EC-SDC may be used for other non-municipal entities
 - Still in preliminary discussions, will be noted in final IUP

Project Eligibilities – Emerging Contaminants

- Construct or upgrade a treatment facility
- Develop a new source
- Consolidate with another system
- Create a new public water system

- Costs for planning, design & associated pre-project costs*
- Infrastructure related to pilot testing for treatment alternatives*

*Costs eligible as part of a funding request for a project that provides a long-term solution, not as stand-alone costs

Bottled water is *NOT* eligible, per federal regulations

Split Projects – Emerging Contaminants

- For projects that address other contaminants, only the PFAS-specific portion of the project will be eligible for BIL EC Principal Forgiveness
 - Portions of a project whose primary purpose is something other than treating for PFAS will not be PF eligible.
- Similar to Phosphorus Priority PF → PFAS Cost Percentage
- DNR requests a breakout of major components, and associated costs, with the application
- DNR will review on a case-by-case basis



Funding Approach – Emerging Contaminants

Total SDW SFY 25 EC PF	\$41,043,245
SFY25 BIL EC PF	\$12,820,326
FFY24 EC-SDC	\$13,224,000
Estimated EC PF & EC-SDC rollover from previous years	\$14,998,919

- 50% of project costs up to \$3.5M per water system may be awarded as EC PF
- Disadvantaged communities will be eligible for general PF
- Projects that qualify for general PF that are not fully funded by the EC PF allocation methodology will receive priority when allocating general PF

EC PF Allocation: Two-pass process in priority score order

Pass 1	Pass 2
50% of total project costs as EC PF, up to \$500,000	EC PF allocated for 50% of remaining eligible project costs, up to total EC PF cap of \$3.5M
• Non-disadvantaged communities have same EC PF caps • For systems that qualify for >50% general PF, general PF % will be used during EC PF allocation	

Project Scoring – Emerging Contaminants

- DNR has developed a project scoring system that will consider the following criteria:
 - Risk to Human Health
 - Max 250
 - Financial Need
 - Max 180
 - System Capacity Affected
 - Max 40



Application Process– Emerging Contaminants

State of Wisconsin
Department of Natural Resources
Bureau of Community Financial Assistance, CF/2
101 S. Webster St., PO Box 7921
Madison, WI 53707-7921
dnr.wi.gov

**Safe Drinking Water Loan Program (SDWLP)
Priority Evaluation and Ranking Form (PERF) for
Emerging Contaminants Project Funding**
Form 8700-399 (R 05/23)

SFY25

Please submit completed PERF and supporting documents online with the Application.

Notice: This form is authorized by the Infrastructure Investment & Jobs Act, Public Law 117-58, and s. 281.61(2r)(e), Wis. Stats., which allows SDWLP assistance to be used to finance emerging contaminants projects in a manner that is consistent with the federal program for state drinking water revolving loan funds under 42 USC 300j to 12 or any other federal law relating to that program. Submitting a completed PERF to the Department is mandatory for all applicants seeking Emerging Contaminants funding from the SDWLP. Failure to submit a complete PERF and supporting documentation to the Department may be grounds for denial of the application by the SDWLP. Personal information collected will be used for administrative purposes and may be provided to requesters to the extent required by Wisconsin's Public Records law [ss. 19.31-19.39, Wis. Stats.].

Section I – Contact Information

Municipality Name:

SDWLP Project #:

Person Completing Form

Name	Affiliation		
Address	City	State	ZIP Code
Phone Number (include area code)	Email		

Section II – Project Description

Is this an interim or final project? ☐ Interim ☐ Final

Section III - Water System Information

Is this project to address contamination in: ☐ an existing municipal water system or ☐ individual private wells?

This form should be submitted online with the Application, along with any supporting documents.

- ITA/PERF deadline was:
 - October 31, 2023
- Applications due:
 - July 1, 2024
 - SDWLP EC PERF:
 - Form 8700-399

Federal Requirements

- All EC projects are designated as Federal Equivalency
- American Iron & Steel / Build America, Buy America (BABA)
- BIL Signage
- Davis-Bacon & Related Acts
- Disadvantaged Business Enterprises solicitation
- Environmental Reviews
- Other federal cross cutting requirements based on project specifics



Questions?



BIL LSL Funding Overview

- FFY 2024 cap grant \$83,278,000
- Reallotted FFY 2022 funds \$4,148,000
- 49% of LSL cap grants must be awarded as principal forgiveness (PF) to disadvantaged municipalities or projects in disadv. census tracts
- Remainder of LSL cap grant must be used for set-asides and loans
- PF cannot be awarded if the loan/set-aside funds are not utilized

Uses of FFY 2024 LSL Capitalization Grant & FFY 2022 Reallotted Funds

Principal Forgiveness	Loans @ 0% Interest	Program Administration	State Program Management	Community Outreach Grants	Inventory Technical Assistance
\$42,838,740	\$29,219,083	\$433,127	\$1,821,150	\$4,371,300	\$8,742,600

LSL Program Basics

- Applications for SFY 2025 funding due July 1, 2024
- For SFY 2026 funding - Intent to Apply due October 31, 2024
- Applications for LSL replacement and/or inventory work submitted separately from watermain projects, even if related
- Any municipality can apply, but PF can only be awarded to disadvantaged municipalities or projects in disadvantaged census tracts
- Galvanized lines that are, or have been, downstream of lead, brass service lines, & lead goosenecks all considered LSLs
- All property types eligible - possible tax implications for non-residential properties



Federal Requirements

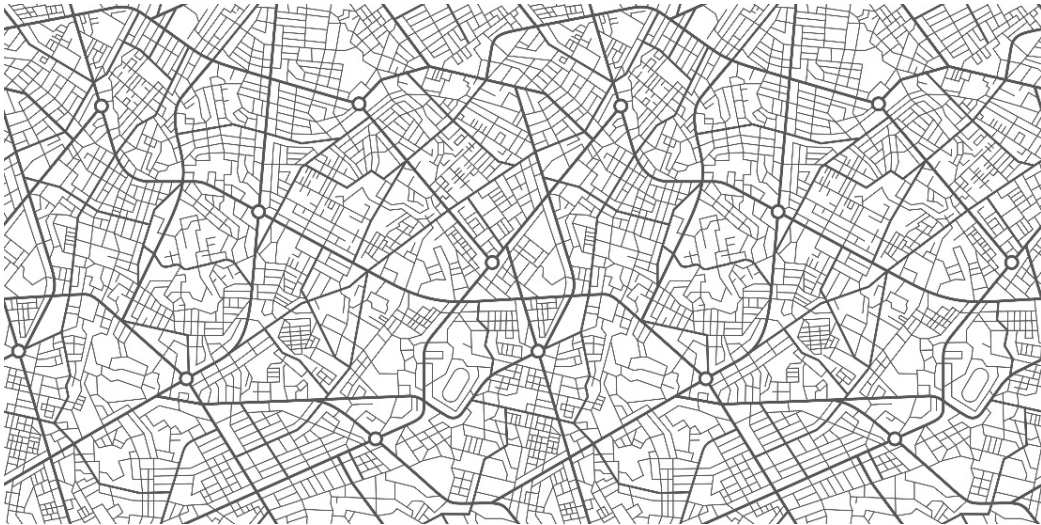


All projects must:

- Pass **environmental review** screening for all locations
- Solicit for **disadvantaged businesses** at all levels of contracting or when advertising RFQs
- Erect **BIL Signage**
- Comply with **Davis-Bacon & Related Acts**
 - Required for all municipal contracts – Heavy Wage Determination applies
 - If using a prequalified list, only required for business-owned properties
- Comply with Build America, Buy America (**BABA**) procurement requirements – **BABA Guidance in the draft IUP is incorrect.**
 - Projects funded by Financial Assistance Agreements under \$250,000 are exempt under Small Projects Waiver
- Comply with any applicable **Federal Equivalency** requirements
 - Complete list of equivalency requirements available on our website

LSL Project Scoring

- Projects scored under two systems:
 - Disadvantaged criteria scoring to determine eligible PF %
 - LSL specific scoring – ranks projects for allocating PF & loan funds from LSL cap grant
 - This is a change from SFY 24 when LSL projects could compete for general PF.
- LSL-Specific PERF must be submitted with application (form 8700-383)



- Weighting of data for projects in disadvantaged census tracts may be done by census tract population or by number of LSLs to be replaced (if by number of LSLs, locations & number of LSLs must be known at time of application)
- Census tract is smallest unit that can be scored

LSL-Specific Scoring

Scores based on:

- Project Type (replacement or inventory)
- Family Poverty Percentage
- Lowest Quintile Income
- Percent of Population Under Age 5
- Mandatory Replacement Ordinance
- Lead Sampling Results or Large System Optimization
- Whether all remaining LSL will be removed by project
- Matching Grants for Residential Replacements
- Municipal Population (tie-breaker only)

LSL PERF – form 8700-383 – submit with application



Disadvantaged Score & Eligible PF Percentage

- Private side PF percent determined using tables 2, 3, 5, & 6 of disadvantaged criteria (No population or population trends)

Points from Tables 2, 3, 5, 6	Qualified PF %
0-39	No PF
40-64	25%
65-104	50%
105-134	75%
135-245	100%

- PF for remaining costs uses municipality's disadvantaged score from tables 1-6
- Due to BIL requiring exactly 49% of LSL cap grants to be awarded as PF, an exact % cannot be determined until all applications are received.

Points from Tables 1-6	Qualified PF %
0-59	No PF
60-69	10%
70-79	15%
80-94	20%
95-109	25%
110-124	30%
125-139	35%
140-154	40%
155-169	45%
170-184	50%
185-199	55%
200-249	60%
250-360	65%

Allocation of Funds

- LSL PF for private side replacements allocated first, in order of LSL-specific priority score (construction & filter costs only)
- If any LSL PF remains after previous step, allocation will move to remaining costs, in order of LSL-specific priority score
- After all PF allocated, LSL loan funds will be allocated in LSL priority score order
 - Loan funds from the LSL cap grant - 0.25% interest rate
 - Any loan funding beyond the LSL cap grant at regular SDWLP rates



Available Pledge Options for LSL Loans

	Water Revenue Pledge	General Obligation Note Pledge	Alternative Revenue Pledge
	Public & Private Replacements	Public & Private Replacements	Private Replacements Only
PSC Approval	Required for private side	Not Required	Not Required
Municipal Bond	Taxable	Taxable	Taxable
Reimbursement Resolution	Not Required	Not Required	Not Required
Disbursement at Loan Closing	Not Required	Not Required	Not Required
18-month Rule for Reimbursements	Does Not Apply	Does Not Apply	Does Not Apply
Loan Term	20 years	10 years but can go up to 20 if requested	12 years
Mandatory Replacement Ordinance	Required	Not Required	Required*

* Alternative Revenue Pledge also requires an ordinance creating the loan program

LSL Set-Asides

- **Inventory Technical Assistance** – DNR has a contract with Jacobs Engineering to provide inventory technical assistance to water systems.

- Utilizing \$12,952,200 starting in SFY24 & an additional \$8,742,600 added in SFY25
- Prioritizing small water systems but will be expanding to larger systems
- Information can be found on this website:

<https://dnr.wisconsin.gov/topic/DrinkingWater/LSLTechAssistance.html>



- **Community Outreach Grants** – DNR will be offering grants to municipal water systems with planned or on-going LSL replacements to partner with local community-based organizations to conduct outreach in support of LSL replacements.

- Utilizing \$4,060,150 from SFY 2024 & \$4,371,300 from SFY 2025
- Applications for the first cycle will be taken in summer of 2024, date to be announced

LSL-Specific Webinar

- We will be holding an additional webinar tomorrow - Thursday, June 6th which will be specific to the LSL Replacement Program.
- This webinar will focus on more detailed aspects of the LSL program such as:
 - completing the environmental review;
 - how to determine data for a project targeted to a specific census tract;
 - pledge options for LSL loans;
 - completing the LSL PERF;
 - filling out a request for disbursement;
 - choosing between a municipal contract or a prequalified list for private side replacements;
 - set-aside usage;
 - etc.



Questions?



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