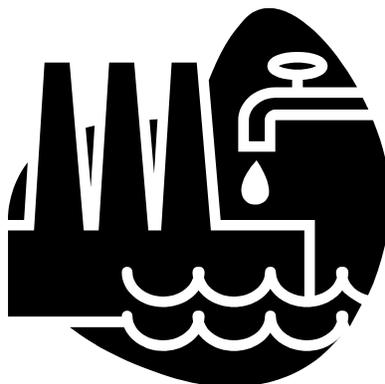


STATE OF WISCONSIN  
CLEAN WATER FUND PROGRAM  
STATE REVOLVING FUND

INTENDED USE PLAN  
for  
EPA FFY 2015 CAPITALIZATION GRANT  
for funding during  
STATE FISCAL YEAR 2016



August 2015

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

**WISCONSIN DEPARTMENT OF NATURAL RESOURCES CLEAN WATER FUND PROGRAM INTENDED USE PLAN**  
**Covering Funding During State Fiscal Year 2016**  
**For Receipt of the EPA Federal Fiscal Year 2015 Capitalization Grant**

**I. INTRODUCTION**

Section 606(c) of the Federal Water Pollution Control Act (FWPCA), as amended, requires that the State develop an annual Intended Use Plan (IUP) identifying the uses of funds available for its Clean Water state revolving loan program after providing for public comment and review. Assurances and specific proposals for meeting federal requirements identified under Section 606(c)(4) are provided in Attachment 2 (environmental review procedures) and Attachment 8 of the Operating Agreement between the State and EPA.

This document and attachments, which comprise Wisconsin's state fiscal year (SFY) 2016 Clean Water Fund Program (CWFP) IUP, indicate the intended use of the federal fiscal year (FFY) 2015 Clean Water State Revolving Fund (CW SRF) capitalization grant and required state matching funds, and other monies available in the revolving loan fund. The IUP is a part of Wisconsin's capitalization grant agreement package for FFY 2015 and covers anticipated activity during SFY 2016.

**II. DESCRIPTION OF THE CLEAN WATER FUND PROGRAM AND FEDERAL SRF**

The State of Wisconsin Clean Water Fund Program operates a financial assistance program consisting of Federal and State Accounts. The Department of Natural Resources (DNR) and the Department of Administration (DOA) jointly administer the program under the Environmental Improvement Fund (EIF).

The Federal Account constitutes the SRF. Since its inception it has been structured as a direct loan program but modifications are underway to change over to a cash flow leveraging structure. For the FFY 2015 capitalization grant, approximately \$500,000 of state match will come from existing general obligation bond funds and the remainder will come from the new revenue bonds issued under the new leveraged structure.

**III. GOALS OF THE FEDERAL PROGRAM**

The Federal government started providing capitalization grants to states beginning in FFY 1989, as provided in Title VI of the FWPCA, as amended. These grants, along with the required state match, have been used to fund the Federal Account of the CWFP which is designed to operate in perpetuity to provide low interest loans for water pollution control projects.

Certain goals have been established for the SRF. These goals are listed below.

**A. Short-Term Goals:**

- Provide public outreach and education regarding program policies, procedures, and participation;
- Develop strategies, programs, and mechanisms to ensure that municipalities are able to address the highest priority water quality problems;
- Direct funds to the state's most urgent water quality and public health needs;
- Allocate a minimum of 10% of capitalization grant funds to projects which incorporate water or energy efficiency, green infrastructure, or are environmentally innovative;
- Provide additional economic assistance in the form of principal forgiveness with the highest amounts allocated to those applicants with the greatest financial need;
- Develop an effective partnership with Focus On Energy in order to facilitate the funding of energy efficient processes and upgrades at Wisconsin's WWTPs;
- Work with internal and external parties to identify options for funding nonpoint-source pilot projects, including projects for

meeting the new phosphorus requirements through adaptive management; and

- Encourage wastewater treatment facilities to plan for the impacts of climate change, and provide funding through the CWFPP for projects which implement climate change resiliency.

#### **B. Long-Term Goals:**

- Assist municipalities in achieving and maintaining compliance with all applicable state and federal water quality requirements and standards;
- Maintain effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- 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;
- Provide economic assistance to municipalities, including those who may not have substantial credit histories, for the purposes of constructing and maintaining water quality related infrastructure;
- Prevent environmental contamination of groundwater and surface water;
- Identify and implement program changes necessary to fill funding gaps in the state for construction of nonpoint-source projects, including adaptive management and water quality trading; and
- Implement policy changes to encourage sustainability.

#### **IV. SOURCES AND USES OF FUNDS**

The State of Wisconsin is applying for the FFY 2015 capitalization grant in the amount of \$37,711,000. State match in the amount of \$7,542,200 is authorized under state law. Approximately \$500,000 in state match will come from general obligation bond proceeds which are on hand with the remainder coming from revenue bonds issued under the new leveraged structure. All state matching funds for the FFY 2015 capitalization grant will be disbursed to loan recipients before the state makes the first draw of federal funds from the grant. Thereafter, all draws against the FFY 2015 grant will be made at a cash draw ratio of 100% federal funds.

A minimum of \$3,771,100 of the FFY 2015 capitalization grant must be used for projects or portions of projects qualifying under the green project reserve (GPR). A total of \$11,313,300 will be available as principal forgiveness funds and \$2,047,301 is being used for program administration. Further discussion of these uses can be found below.

In addition to the capitalization grant and state match funds, projects will be funded from principal and interest repayments, and interest earnings. No new loans are anticipated to be issued from the state's revenue bond funded program in the immediate future. Some projects may receive funding from both the federal SRF and the state program.

Wisconsin currently has \$256 million in CWFPP principal and interest repayments and interest earnings invested in several accounts and fixed-income instruments. These monies will be used to fund over \$101 million in undisbursed loans as well as approximately \$42 million in applications which have not yet closed on loans. Some of these obligations may be covered by revenue bonds issued under the proposed new leveraged direct portfolio but there will be at least \$113 million available from repayments and interest earnings in addition to the capitalization grant and state match to fund new loans during the current state fiscal year.

Since the beginning of the CWFPP, no application has been denied due to a lack of loan funds and that trend is expected to continue for the current funding cycle.

#### **V. PROGRAM ADMINISTRATION COSTS**

The Water Resources Reform and Development Act (discussed in section VIII. A. below) which amended the FWPCA,

changed the way the allowable amount of administrative funds is determined. The FWPCA now states that "...such amounts shall not exceed 4 percent of all grant awards to such fund under this title, \$400,000 per year, or 1/5 percent per year of the current valuation of the fund, whichever amount is greatest..." The 1/5 percent calculation is based on "Total Net Position" from audited CWSRF financial statements.

Based on Wisconsin's June 30, 2014 financial statements for the EIF, the total net position of the CWFP is equal to \$1,292,010,310 yielding allowable administrative funds of \$2,584,020. This amount is significantly higher than 4% of the capitalization grant which comes to \$1,508,440.

The DNR does not plan to utilize the full amount which can be requested but instead is requesting \$2,047,301 for administration.

## **VI. TRANSFER OF FUNDS BETWEEN THE CWSRF AND DWSRF**

No funds are being transferred between the CW SRF and the Drinking Water SRF.

## **VII. CLASSIFICATION OF AND INTEREST RATES FOR PROJECT TYPES UNDER THE CWFP**

Wisconsin's CWFP is an environmentally prioritized loan financing program for municipal water pollution control projects. The CWFP contains seven types of categories under which projects are classified. Projects receiving Federal SRF funding will be classified as one or more of the following and may receive a blended loan interest rate:

- Compliance Maintenance and New/Changed Limits Projects: These projects are necessary to maintain compliance with permit requirements or implement new or changed limits required by the DNR. The 2015-2017 State budget changed the amount of subsidy the State provides. This change decreased the interest rate for projects in this category from 75% of market rate to 70%.
- Septage Receiving Facilities: Wisconsin state assembly bill 449 was passed in April 2006. This bill pertained to septage receiving facilities and provides a 0% interest rate on projects or portions of projects funded by the CWFP that are for the receiving, treatment, and disposition of septage.
- Urban Stormwater and Urban Nonpoint Source Projects: The 2015-2017 State budget changed the amount of subsidy the State provides. This change decreased the interest rate for projects in this category from 75% of market rate, to 70%. Portions of a project solely for flood control or future growth will be funded at market rate.
- Unsewered Projects: The 2015-2017 State budget changed the amount of subsidy the State provides. This change decreased the interest rate for projects in this category from 75% of market rate, to 70%.
- Violator Projects and those portions of projects that provide industrial and reserve capacity: Eligible projects or portions of projects in these categories receive market rate funds.
- Hardship Projects: Certain projects may be eligible for loans at interest rates less than those described above, in circumstances where the municipality qualifies under criteria contained in s. 281.58(13), Wis. Stats. In these situations, loans with interest rates of as low as 0% may be awarded. (The hardship program can also provide grants; however, grants cannot normally be funded by the Federal SRF and must be provided by the State proprietary program.)
- Pilot Projects: Non-traditional CWFP projects as part of the CWFP Pilot Project program may be eligible for loans at a 0% interest rate.

The current market rate in effect at the beginning of the fiscal year is 3.25%. This rate is subject to change on a quarterly basis. The market rate is defined as the State's estimated cost of borrowing, as based upon market comparables and market indices. Currently the market rate is based off the 20-year AAA rate from the Municipal Market Advisors (MMA) Municipal High Grade G.O. Index along with a spread based on current market conditions.

The priority ordering of projects is based on the factors contained in ch. NR 162, Wis. Adm. Code. Scoring criteria for pilot projects has not yet been established. The priority score assigned to a project under ch. NR 162, Wis. Adm. Code, for SFY 2016 takes into account the following:

- project category type;
- septage and leachate treatment;
- local priorities;
- human health impacts;
- fish and aquatic life impacts;
- impaired waters;
- wild and domestic animal impacts;
- outstanding and exceptional resource waters; and
- population.

Chapter NR 162, Wis. Adm. Code was revised during SFY 2015. The revised code went into effect on July 1, 2015. The priority scoring system was redone as part of the code revision and the revised scoring will go into effect for projects in SFY 2017. NR 162.50(2)(c)1 states that: The department shall establish criteria and associated points for various water quality parameters in the CWFPP intended use plan. Please see section XIII below for the applicable Water Quality Scoring Criteria for WWTPs for SFY 2017 projects.

CWFPP 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 1<sup>st</sup> and November 1<sup>st</sup> while principal payments are required annually on May 1<sup>st</sup>. Currently, no fees are assessed under the CWFPP for any of these project types.

## **VIII. COMPLIANCE WITH NEW REQUIREMENTS FROM WRRDA**

### **A. Introduction**

On June 10, 2014, Congress passed the Water Resources Reform and Development Act (WRRDA) which amended the FWPCA. WRRDA made permanent a number of requirements that had been implemented through annual appropriations acts. This included the requirement for the Use of American Iron and Steel, Davis-Bacon Related Act compliance, and made permanent the ability to provide additional subsidization in years in which the national appropriation for the CW SRF exceeds \$1 billion.

WRRDA also imposed a number of new requirements including: the development of fiscal sustainability plans; certification of project cost and effectiveness and energy and water efficiency; development of affordability criteria; qualifications-based procurement of A/E services for federal equivalency projects; and a restriction on providing loans for which repayment exceeds the useful life of the project.

### **B. Additional Subsidy (Principal Forgiveness) and Affordability Criteria**

WRRDA requires states to develop affordability criteria for use in allocating additional subsidy in the CWSRFs. The affordability criteria must be based on income, unemployment data, and population trends. The existing methodology, which was used over the previous three state fiscal years to allocate PF, took income and population into account but did not include unemployment criteria or population trends. Those criteria have been added to the new methodology.

WRRDA also changed the way the available amount of additional subsidy is determined. Additional subsidy is optional and only available in years when the national appropriation for CW SRFs exceeds \$1 billion. The amount of additional subsidy which is available is calculated using the percentage by which the national appropriation exceeds \$1 billion, up to a maximum of 30%. The FFY 2015 national appropriation was \$1,448,887,000 which yields a maximum of 30% for additional subsidy. Thirty percent of Wisconsin's grant of \$37,711,000 comes to \$11,313,300 which can be provided as additional subsidy in the form of grants, principal forgiveness, or negative interest rates. Wisconsin's CWFP will continue to distribute the additional subsidy as principal forgiveness (PF).

The CWFP will be providing \$9,313,300 plus any PF leftover from previous years as regular PF and reserving \$2,000,000 of the PF amount available to help fund the cost of fiscal sustainability plan development in municipalities which meet the affordability criteria. Fiscal sustainability plans are discussed in detail in section VIII C below.

### **1) Application Deadline for Applying for Principal Forgiveness Funds**

The CWFP operates on a continuous funding cycle. Applicants who met the December 31, 2014 Intent to Apply deadline may submit an application at any time during the state fiscal year. A funding list is necessary in order to allocate PF funds of which a total of \$9,313,300 is available. Applications submitted by September 30, 2015 will be ranked in priority score order for the purposes of allocating PF. Applications received after this date will not be eligible for regular PF but will still be considered under the fiscal sustainability plan methodology.

### **2) Affordability Criteria and Methodology for Distribution of Principal Forgiveness Funds**

The new PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need, as determined by median household income (MHI), population, population projections over 20 years, and county unemployment rate. The new methodology was published for public comment on April 10, 2015; only one comment was received.

Applications submitted by September 30, 2015 will be ranked in priority score order and then the following PF methodology will apply:

- Population points ranging from 0 to 50 are awarded under table 1 with the highest points going to the smallest populations.
- MHI points ranging from 0 to 100 are awarded under table 2 based on the municipality's MHI's percentage of the state's MHI with the highest points going to the lowest MHI percentages.
- Additional points for population trends and unemployment are awarded under table 3. Unemployment data will be the average unemployment percentage from the most recent 12 months of data available at the time of the application deadline.
- Scores from tables 1 through 3 are added together and then used to determine the eligible PF percentage in table 4. (See tables below).
- Projects in municipalities which are Green Tier Legacy Communities are eligible for an additional 10% PF on top of the percentage determined by table 4, with the caveat that no municipality can receive PF for more than 70% of total project costs.

### 3) Cap on Principal Forgiveness Funds

As there are more PF funds available for this SFY than there has been in recent years, the CWFP will be increasing the municipal cap on PF funds. The base cap will be \$650,000 per municipality but the cap will be lifted in high unemployment counties. In counties where the unemployment rate is greater than the state's unemployment rate by less than one percentage point, the cap will be lifted to \$700,000. In counties where the unemployment rate is greater than the state's by one percentage point or more, the cap will be lifted to \$750,000. Additionally, a single project cannot receive more than one full PF allocation (based on the eligible PF percentage and/or the cap) even if that project is funded from two or more SFYs.

| Table 1 |               |
|---------|---------------|
| 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         |

| Table 2 |             |
|---------|-------------|
| 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%        |

| Table 3 |   |
|---------|---|
| Points  | Additional Criteria   |
| 5       | Projected to lose 10% or more of population over 20 years                                 |
| 5       | County unemployment rate is > state's unemployment rate by less than one percentage point |
| 10      | County unemployment rate is > state's unemployment rate by one percentage point or more   |

| Table 4     |            |
|-------------|------------|
| Total Score | PF Percent |
| 0-29        | No PF      |
| 30-54       | 15%        |
| 55-79       | 30%        |
| 80-99       | 45%        |
| 100-165     | 60%        |

### 4) Other Policies Regarding Principal Forgiveness

- **No PF roll-down** - Principal forgiveness amounts may shift within the fundable range on the final funding list. If any principal forgiveness remains after all projects in the fundable range have closed on loans, this principal forgiveness will be moved forward to the next year's funding list. No principal forgiveness will roll down past the last project identified in the fundable range for principal forgiveness on the Final SFY 2016 PF Funding List.
- **No PF-only awards** - In previous years, the CWFP has allowed applicants to be awarded only the PF portion of their financial assistance without taking the remaining costs as a loan. Starting with SFY 2016 this will no longer be allowed. In order to be awarded PF, all applicants will also be required to accept a loan from the CWFP for additional project costs. The only exception to this policy will be in instances where the PF is being incorporated into a larger funding package with other governmental agencies such as USDA-Rural Development.
- **Readiness-to-proceed deadline** – in an effort to award PF to projects which are ready to proceed to construction, the CWFP is imposing a readiness-to-proceed deadline for projects which are allocated PF on the funding list. All required bid documentation (including a bound, executed construction contract) will be required to be submitted to the assigned project manager **no later than June 30, 2016** – the end of the state fiscal year. If all the required bid documentation is not received by this date, the PF will be released and rolled forward to the SFY 2017 funding list.

## C. Fiscal Sustainability Plans

Section 603(d)(1)(E) of the FWPCA, as amended by WRRDA, imposed a new requirement for the development of fiscal sustainability plans (FSPs). This requirement applies to all financial assistance applications submitted starting October 1, 2014. The recipient of a loan for projects involving the repair, replacement, or expansion of a publically owned treatment works is required to develop and implement a fiscal sustainability plan or certify that such a plan has already been developed and implemented.

Recipients who have already developed an FSP will be required to certify that the plan meets the minimum requirements prior to closing on their financial assistance agreement. Recipients who do not yet have a plan meeting the requirements will be required as a condition of receiving financial assistance to develop the plan and certify as to its content and completion prior to the final loan disbursement.

Following are the minimum required contents of an FSP:

- an inventory of critical assets that are part of the treatment works;
- an evaluation of the condition and performance of the inventoried assets or asset groupings;
- a certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

More information on Fiscal Sustainability Plan requirements will be published on the program website in future E-Bulletin newsletters with a notification distributed to internal and external customers. (<http://dnr.wi.gov/Aid/LoanNews.html>)

Many of the federal requirements in the CWSRFs may inadvertently increase the cost of projects. Small and/or lower income municipalities may already be having trouble constructing the infrastructure improvements which they need and adding additional federal requirements may serve to discourage them from completing important projects. Considering this, a decision was made to turn the FSP requirement into an incentive to come through the CWFP for funding rather than a disincentive.

The CWFP will provide PF for costs of FSP development to municipalities which qualify under the PF allocation methodology/affordability criteria. The intention is for this funding to be available for a minimum of two state fiscal years and any applicant which qualifies for PF will be eligible, regardless of whether they are in the fundable range for PF on the funding list or not. Funds used for this purpose will come from the PF available under the FFY 2015 capitalization grant (\$2,000,000 of the \$11,313,300 available). Using the PF allocation methodology above as the basis, the following methodology will be used to award PF for the costs of developing FSPs. This PF will be in addition to any other PF the municipality may be allocated, and is subject to a separate cap as detailed below.

- For municipalities with populations under 5,000:
  - If the PF % that the municipality is eligible for is 30% or greater, then the CWFP would cover 100% of the FSP development costs up to a cap of \$30,000.
  - If the PF % that the municipality is eligible for is 15% to 25%, then the CWFP would cover 50% of FSP development costs up to a cap of \$15,000.
  - Any costs for FSP development in excess of \$30,000 would be covered at the eligible PF % up to an additional \$10,000 (so the maximum a municipality under 5,000 population could receive is \$40,000 or \$25,000 depending on the PF % they are eligible for).
  - Any FSP development costs in excess of the caps are loan eligible.
- For municipalities with populations of 5,000 or greater:
  - If the PF % that the municipality is eligible for is 30% or greater, then the CWFP would cover 50% of FSP development costs up to a cap of \$30,000.

- If the PF % that a municipality is eligible for is 15% to 25%, then the CWFP would cover 25% of FSP development costs up to a cap of \$15,000.
- Any FSP development costs in excess of the caps are loan eligible.

The PF for FSP development will be a reimbursement disbursed as part of the CWFP loan. The eligible FSP development costs will be forgiven at the time of loan disbursement. Costs for FSP development incurred prior to the passage of WRRDA (June 10, 2014) will not be considered for PF reimbursement.

A certification form for applicants along with an application for applying for PF for the costs of FSP development is in the process of being developed. Information on how to apply for funds for FSP development will be published in the E-Bulletin on the program website in August. (<http://dnr.wi.gov/Aid/LoanNews.html>)

#### **D. Use of American Iron and Steel**

WRRDA made permanent the Use of American Iron and Steel requirement which was first imposed by the FFY 2014 Appropriations Act. This required SRF assistance recipients to use iron and steel products which are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project was funded through an assistance agreement executed beginning January 17, 2014 and the project's plans and specifications were approved after that date. Certain exceptions to this requirement applied and two national waivers were issued. When WRRDA was passed it effectively reset the plans and specifications approval date which triggered compliance to June 10, 2014 for projects funded by the CWSRF. For SFY 2016 and future years, all recipients where the project's plans and specifications were approved on or after June 10, 2014 will be required to meet the use of American iron and steel requirements.

Information on this requirement has been detailed in the program newsletter and on the program website. Language has been added to the Financial Assistance Agreements and all municipalities with projects subject to the use of American iron and steel provisions are being required to certify that they have met the requirements before closing on their loan and also at project closeout.

#### **E. Davis-Bacon Related Act**

Section 602(b)(6) of the FWPCA, as amended by WRRDA, made permanent the requirement for compliance with the prevailing wage rate requirements of section 513 of the FWPCA. Information has been posted on the program website stating that Davis-Bacon related act requirements apply. Required contract language is also posted on the website. All projects receiving funding are required to certify their weekly payrolls on their disbursement request forms. Compliance is further verified during field inspections of projects.

#### **F. Cost and Effectiveness Certification**

For financial assistance applications submitted starting October 1, 2015, section 602(b)(13) of the FWPCA, as amended, requires assistance recipients to certify that they a) have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project, and b) have selected, to the maximum extent practicable, a project that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account the cost of constructing, operating and maintaining, and replacing the project.

This new certification requirement will not apply to projects where the application is submitted by the September 30, 2015 deadline to apply for principal forgiveness but would apply to any CWFP applications submitted after that date. More information on how this certification requirement will be implemented will be published in a future E-Bulletin newsletter on the program website.

## G. Qualifications-Based Procurement of A/E Services

Section 602(b)(14) of the FWPCA, as amended, states that for projects designated as federal equivalency, all architectural and engineering (A/E) contracts must comply with the qualifications-based procurement processes for A/E services as identified in 40 U.S.C. 1101 *et seq.*, or an equivalent state requirement. This applies to new solicitations, significant contractual amendments, and contract renewals initiated on or after October 1, 2014.

At this time, the CWFP does not intend to require recipients to use this process for awarding A/E contracts. The State plans to disburse state funds to cover any noncompliant A/E costs in projects designated as federal equivalency.

## IX. GREEN PROJECT RESERVE

The FFY 2015 Consolidated and Further Continuing Appropriations Act (P.L. 113-235) continued the Green Project Reserve (GPR) requirements from recent years which states that to the extent there are sufficient eligible project applications, that not less than 10% of the grant (\$3,771,100) be used to fund projects or portions of projects meeting GPR requirements.

It is anticipated that Wisconsin's GPR requirement for the FFY 2015 grant will be met through funding the next phase of Green Bay MSD's \$147 million Resource Recovery and Electrical Energy (R2E2) generation project as well as Milwaukee MSD's phase 2 South Shore digester mixing improvements project estimated at \$3.3 million. The CWFP Project Priority List includes numerous additional projects with components that meet GPR requirements, most of them related to energy efficiency such as blower and pump upgrades and improvements to aeration systems.

In addition, the EIF has partnered with Focus on Energy in order to facilitate the funding of energy efficient processes and upgrades at Wisconsin's WWTPs and municipal drinking water systems. Section 196.374 Wis. Stats. requires energy utilities to collectively establish and fund statewide energy efficiency and renewable resource programs. Using funds collected for this purpose, Focus on Energy provides grants of up to \$200,000 per project and \$400,000 per municipality per calendar year under the Business Incentives Program and the Large Energy Users Program to fund energy efficiency projects. The EIF started working with Focus on Energy during SFY 2013 to implement a process for facilitating the incorporation of energy efficiency into projects which are being funded through the CWFP and SDWLP. Though portions of projects which are funded by Focus on Energy grants cannot be counted towards Wisconsin's GPR requirements, this should still help to increase GPR funding by the CWFP.

All projects or portions of projects which meet green project reserve requirements will be identified in the SFY 2016 Annual Report.

## X. DISADVANTAGED BUSINESS ENTERPRISE COMPLIANCE

All projects funded through the CWFP are required to make a *Good Faith Effort* to solicit minority- and women-owned businesses.

## XI. SFY 2016 PROJECT PRIORITY LIST and DRAFT FUNDING LIST

The CWFP received 203 regular Intent to Apply forms totaling \$798,975,582 in anticipated project costs and four Intent to Apply forms for pilot projects totaling \$19,775,000 in project costs by the December 31, 2014 deadline. These projects were scored and ranked on the project priority list which was published on the EIF website as a draft on March 26, 2015 and as final on May 1, 2015 (available at the following link: <http://dnr.wi.gov/Aid/LoanNews.html>). Projects on this list are eligible to apply for funding during SFY 2016.

Applicants wishing to apply for principal forgiveness funds must submit a complete application by September 30, 2015. Any applications received by this date will be ranked on the draft funding list in priority score order for the purpose of allocating PF. Applications received after this date will not be considered for PF other than for FSP development. We anticipate that the draft funding list will be posted on the program website by early November. All projects which receive funding during SFY 2016 will be detailed in the SFY 2016 Annual Report.

## **XII. PRINCIPAL FORGIVENESS FROM PREVIOUS YEARS**

All principal forgiveness from the FFY 2010 through 2013 grants has been awarded. All the principal forgiveness from the FFY 2014 grant has been allocated to projects on the SFY 2015 funding list but to date only \$211,964 has been awarded; the remainder will be awarded by the end of February 2016 or will be rolled forward to the 2016 or 2017 funding lists.

## **XIII. WATER QUALITY SCORING CRITERIA FOR WWTPs FOR SFY 2017**

Chapter NR 162, Wis. Adm. Code was revised during SFY 2015 and went into effect on July 1, 2015. The priority scoring system was restructured as part of the code revision and the revised scoring will go into effect for projects submitted for SFY 2017 funding. The scoring criteria are separate for collection systems, wastewater treatment systems, and stormwater projects. For wastewater treatment systems, one of the criteria is based on water quality parameters and scores will be assigned based on Wisconsin Pollutant Discharge Elimination System (WPDES) permit limits. Because this portion of the criteria is more fluid (new parameters, etc.), the values for scoring may be subject to more frequent change than what the rule revision process allows. Therefore, the rule states that this portion of the scoring system will be published annually in the Intended Use Plan.

Specifically, chapter NR 162.50(2)(c)1 states that: "The department shall establish criteria and associated points for various water quality parameters in the CWWP intended use plan."

NR 162.50(2)(c)2 states that: "The department shall use the current facility permit limit for calculating the points assigned to the water quality criteria category."

The applicable water quality parameters will be scored as follows:

- 6.a. BOD limit (mg/l) monthly limits or most stringent if seasonal
  - >29.99 = 2
  - 20-29.99 = 5
  - 15-19.99 = 8
  - 10-14.99 = 12
  - <10 = 16
- 6.b. CBOD limit (mg/l) monthly limits or most stringent if seasonal
  - > 24.99 = 2
  - 20-24.99 = 5
  - 15-19.99 = 8
  - 10-14.99 = 12
  - < 10 = 16
- 7. TSS limit (mg/l) monthly limits or most stringent if seasonal
  - > 29.99 = 2
  - 20-29.99 = 5
  - 15-19.99 = 8
  - 10-14.99 = 12
  - < 10 = 16
- 8. DO limit (mg/l)
  - 4-6.99 = 1

- > 6.99 = 3
- 9. Ammonia limit (mg/l) monthly limits or most stringent if seasonal
  - > 15 = 2
  - 10-14.99 = 6
  - 5-9.99 = 10
  - < 5 = 15
- 10. Phosphorus limit (mg/l) this is the most restrictive limit associated with the end of the WPDES term
  - 0.9-2.49 = 2
  - 0.6-0.89 = 5
  - 0.4-0.59 = 10
  - 0.2-0.39 = 15
  - <0.2 = 20
- 11. Chlorine limit = 1
- 12. Copper limit = 1
- 13. Nickel limit = 1
- 14. Zinc limit = 1
- 15. Mercury limit = 1
- 16. Cadmium limit = 1
- 17. Arsenic limit = 1

#### **XIV. ASSURANCES**

State assurances concerning the requirements of Sec. 602(b) of the FWPCA are contained in the Operating Agreement.

#### **XV. PUBLIC REVIEW AND COMMENT**

This Intended Use Plan was published on the Bureau of Community Financial Assistance web pages on the Wisconsin DNR's website on Monday, July 13, 2015 with a two week window for submitting comments. An e-mail notification was sent to a distribution list of approximately 950 recipients. No comments were received by the deadline of Monday, July 27, 2015. This IUP is now considered final.