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Inside this Issue

Rules Effective 07/01/2015	Pg. 1
Final Policies	Pg. 1
Principal Forgiveness in SFY 2016	Pg. 2
<i>Continued:</i> Principal Forgiveness	Pg. 3
Capacity Development Program & SDWLP	Pg. 4
Staff Change - Judy Hayducsko	Pg. 4
Webinar Follow-Up: Program Changes	Pg. 5
<i>Continued:</i> Webinar Follow-Up	Pg. 6
Staff Contact Info	Pg. 6



Upcoming Deadlines

June 24

- Deadline for SFY 15 SDWLP loan closing.

June 30

- Deadline for SFY 16 SDWLP applications & plans and specifications.
- Deadline for SFY 16 CWFP hardship applications & plans and specifications.

September 30

- Deadline for SFY 16 CWFP principal forgiveness applications & plans and specifications.

October 31

- **NEW** Deadline for SFY 17 CWFP & SDWLP ITAs and PERFs. Must be submitted online.

Rules Effective July 1, 2015

Final rule revisions for chs. NR 162 (Clean Water Fund Program) and NR 166 (Safe Drinking Water Loan Program) will be published on July 1, 2015. The most significant changes relate to the new on-line ITA/PERF submittal process, and the new PERF scoring system. The new submittal deadline for all ITAs/PERFs is October 31. We continue to make progress on those programming efforts and anticipate the schedule for going “live” with those systems in July.

Final Policies on Funding Water Meters, SCADA, and Affordability Criteria

The public comment period for the policies on funding water meters, SCADA and affordability criteria is complete with limited comments received. We appreciate your time in reviewing these policies and are comfortable that the policies will result in positive improvements for the program. Final policies have been posted, visit http://dnr.wi.gov/Aid/documents/EIF/Guide/SCADA_WaterMeter.pdf.

Water Tower Construction, Bowl Lift, in Black River Falls, WI on 05/06/15.

- Jerry Ewert, General Manager of the Black River Falls Municipal Utilities
- Casey Engebretson, Asst. General Manager/Water Operator
- Gene Larson, Operator in Charge
- Brad Chown, City Administrator



Photos by Judy Hayducsko

Principal Forgiveness in SFY 2016

How much principal forgiveness (PF) will be available?

The Clean Water Fund Program (CWFP) anticipates having \$11,388,000 in PF for SFY 2016. Of this amount, \$2,000,000 will be set aside to help fund the development of fiscal sustainability plans for municipalities who qualify, leaving \$9,388,000 to be allocated on the funding list. (The new CWFP requirement for fiscal sustainability plans will be discussed in a future article.) The Safe Drinking Water Loan Program (SDWLP) anticipates having \$4,627,500 in PF for SFY 2016, all of which will be allocated on the funding list.

What methodology will be used for allocating PF funds?

The methodology for allocating principal forgiveness was modified to add additional criteria required by the recently passed Water Resources Reform and Development Act (WRRDA). This modified methodology was published for public comment on April 10 and finalized on May 12, 2015.

The proposed 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. Applications submitted by the established deadline will be ranked in priority score order and then the department will use the following PF methodology to allocate PF funds:

- Population points ranging from 0 to 50 are awarded with the highest points assigned to the smallest populations. See Table 1.
- MHI points ranging from 0 to 100 are awarded based on the municipality’s MHI’s percentage of the state’s MHI, with the highest points assigned to the lowest MHI percentages. See Table 2.
- Additional points for population trends and unemployment are awarded as described in Table 3. Note the following data sources:
 - Unemployment data comes from the Wisconsin Department of Workforce Development (DWD) and is updated monthly. Data used will be the most recent month available as of the application deadline date. <http://worknet.wisconsin.gov/worknet/dalaus.aspx?menuselection=da>
 - Population projections are developed by the Wisconsin Department of Administration (DOA) – Demographic Services Center (DSC). Data used will be the most recent projections as of the application deadline date. <http://www.doa.state.wi.us/Divisions/Intergovernmental-Relations/Demographic-Services-Center/Wisconsin-Population-Projections/>

PF in SFY 2016 continued on page 3

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

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%



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

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



PF in SFY 2016 continued from page 2

- Scores from Tables 1 through 3 are totaled and then used to determine the eligible PF percentage indicated in Table 4.
- Projects in municipalities that are Green Tier Legacy Communities or SDWLP projects that are providing disinfection where it was not provided previously are eligible for an additional 10% PF on top of the percentage determined by Table 4, with the caveat that no municipality may receive PF for more than 70% of total project costs.

Are there caps on how much PF any one municipality can receive?

For SFY 2016, the PF caps will be different amounts in the CWFP and the SDWLP. For the SDWLP the cap remains at \$500,000 per municipality. Since there is much more PF available in the CWFP for SFY 2016 than in previous years, a decision was made to increase the cap and in addition to establish three levels.

The base cap is being increased to \$650,000 per municipality. In counties where the unemployment rate is greater than the state's unemployment rate by less than one percentage point, the cap will be \$700,000. In counties where the unemployment rate is greater than the state's unemployment rate by one percentage point or more, the cap will be \$750,000. Please note that different caps may be used in future years depending on the level of PF available. The caps will always be described in the annual Intended Use Plans (IUPs).

Are there any other changes from previous years to the way PF will be awarded?

Three additional policies will apply to PF awards. The first is that released PF will not roll down the funding lists past the last projects designated to receive PF on the final funding lists. Any PF still remaining after all projects that have been allocated

PF have closed will be rolled forward to the next year's funding list.

The second change is that the CWFP and SDWLP will no longer allow PF-only funding agreements unless it is part of a complete joint funding package with other government agencies such as Rural Development.

The third is that there will be a "readiness to proceed" deadline applied to CWFP projects which are allocated PF. This will be a date by which any projects receiving PF will be required to submit bid documentation (similar to what was done under ARRA). The intent is for PF to be awarded to projects which are actually ready to move forward and not allow these applications to linger in-house for many months. These policies will be fully detailed in the Intended Use Plans (IUPs) which will be published for public comment.

Who should I contact with questions related to Principal Forgiveness (PF)?

If you have any questions related to the principal forgiveness methodology or allocations, please contact Becky Scott at 608-267-7584 or rebecca.scott@wisconsin.gov.



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Capacity Development Program & Project Eligibility for the Safe Drinking Water Loan Program (SDWLP)

One part of determining project eligibility for Safe Drinking Water Loan Program (SDWLP) funding is a review of the system's technical, managerial and financial *capacity*. A system's capacity is determined through the DNR's capacity development program. This program aims to help public water systems strengthen their ability to consistently supply safe drinking water to their customers.

The program focuses on assisting the owners and operators of public water systems, particularly small systems, improve their technical abilities, managerial skills, and financial viability to meet the Safe Drinking Water Act (SDWA) requirements now and in the future. Wisconsin's capacity development strategy takes a multi-faceted approach intended to help non-complying systems and also to prevent compliance problems from developing in the first place.

The DNR evaluates each water system's technical, managerial and financial capacity regularly, during the sanitary survey at the system. This capacity assessment is a valuable tool for identifying areas where water systems may need assistance, problems that need to be corrected, and any need for infrastructure improvements.

When you submit a SDWLP ITA and a PERF for a project, the DNR may determine that the *project* is eligible but the *water system* lacks technical, managerial and financial capacity. Projects that will address system capacity limitations would be eligible for funding. Other projects that do not adequately address capacity limitations for these systems would not be eligible for SDWLP funding.

Specifically, ch NR 166.06(2) (e) identifies projects for systems that lack adequate technical, managerial or financial capacity as being ineligible for funding **unless the assistance will ensure compliance.**

What does this mean for your project? A municipality must have the ability to successfully operate its public water system with adequate technical and management oversight as well as financial capability. If the DNR has identified deficiencies at your system, your facility's Drinking Water Engineer can help identify ways for improving compliance.

For more information on the DNR's Capacity Development Program, visit the website at: <http://dnr.wi.gov/topic/DrinkingWater/CapacityDevelopment.html>

Staff Change - Judy Hayducsko

Judy Hayducsko, our Western Region Construction Management Engineer (CME), is leaving DNR in mid-May for other professional opportunities in warmer climates. Judy has been a strong advocate for the Environmental Loans program in the western part of the state and provided excellent customer service to the municipalities throughout the area. We will miss her and wish her well in all her new endeavors!

We hope to refill this position in the upcoming year. Meanwhile, her existing active projects have been reassigned to other CMEs who will be in contact to their newly assigned communities. We hope to fill Judy's vacancy by the end of the year. Funding questions about the projects can be directed to the project manager, if applicable, in Madison.

Engineering-related questions for Western Region projects not assigned to another CME may be directed to Bernie Robertson, South Central Region CME, who will help respond to these questions until the vacancy is filled. Contact Bernie by email bernie.robertson@wisconsin.gov, cell phone 608-516-3623, or desk phone 608-275-3312.

General program questions regarding Clean Water Fund Program (CWFP) can be directed to Candice Sovinski at 608-264-8986 or can-dice.sovinski@wisconsin.gov.

General program questions regarding Safe Drinking Water Loan Program (SDWLP) can be directed to Mary Wagner at 608-267-7475 or marye.wagner@wisconsin.gov.

Webinar Follow-Up: Program Changes

Thanks to all who participated on our recent webinar on Program Changes! We had over 100 views (most of which were during the broadcast), which we hope means that this tool is a successful interactive way to get information out to our customers. After we fixed the glitch allowing the questions being asked by participants to appear on our monitor, we were able to provide some additional information to you all. Because we are not given time to more thoroughly address the questions, we wanted to repeat two questions for this newsletter and make sure our responses are as complete as possible.

1) Question

If the NR 162 and 166 rules become effective say June 25 or July 1 or Aug 1, what impact does that have on the incoming SDWLP applications due June 30 or the CWF apps? Can the rules be made retroactive to the June 30th deadline so there is some predictability in the requirements?

1) Answer

We have received confirmation that the rules will be effective when published on July 1, 2015. The new rules (ch. NR 166, Wis. Adm. Code) will apply to **SDWLP** projects as follows:

- Projects for which applications are submitted by June 30, 2015, must meet the criteria of existing project eligibility rules.
- The SFY 16 SDWLP Funding List will be based on the project ranking as identified on the SFY 2016 SDWLP project priority list.
- Applications must include all of the contents currently required for a complete application by the existing ch. NR 166, Wis. Adm. Code. This includes the required engineering report and plans and specifications submittals., and a proposed construction management agreement.

- DNR will review the more specific individual cost eligibilities under the new code.
- New ch. NR 166, Wis. Adm. Code, requirements will apply to SFY 2016 projects for post-application document submittals, loan closings, and project closeouts.

The new rules (ch. NR 162, Wis. Adm. Code) will apply to **CWFP** projects as follows:

- Projects for which applications are submitted by June 30, 2015, must meet the criteria of existing project eligibility rules.
- The SFY 16 CWFP Funding List will be based on the project ranking as identified on the SFY 2016 CWFP project priority list.
- Applications submitted after June 30, 2015, including those seeking principal forgiveness that are submitted by September 30, 2015, will be evaluated for completeness using the new ch. NR 162 application content requirements.
- DNR will review the more specific individual cost eligibilities under the new code.
- New ch. NR 162, Wis. Adm. Code, requirements will apply to SFY 2016 projects for post-application document submittals, loan closings, and project closeouts.

2) Question

Please clarify the change order 'windows' of 90 days and 30 days. For instance, when does the 90-days 'start'? Also what happens with some of the quantity overruns that don't fully become evident until the project is completed? How do those get drawn especially if the quantities are

Webinar Follow-Up continued on page 6

Webinar Follow-Up continued from page 5

something that is very construction specific - like rock excavation - that might be significant at the beginning of the project but not fully quantifiable until mid or end of the project?

2) Answer

- Within 90 days of fully executing a contract change order for a CWF or SDWLP project, a municipality must submit the executed change order and associated backup documentation to the DNR construction management engineer (CME) for funding approval. This deadline also applies to final as-built quantity change orders.
- For change orders that are fully executed prior to submitting a CWF or SDWLP application, the DNR must receive the executed change orders and backup documentation within 30 days after receiving the application.



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Remember to contact your Regional CME prior to your pre-construction meeting.

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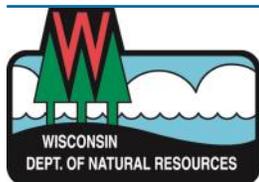
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The *Environmental Loans E-Bulletin* is written by staff in DNR's Environmental Loans Section to provide up-to-date information on both the Clean Water Fund Program and the Safe Drinking Water Loan Program. It is sent out periodically to alert subscribers of the latest news, updates, and upcoming deadlines; to highlight program changes; and to provide assistance on topics that need clarification.