

## SFY 2022 CFWP Intended Use Plan Response to Comments

The 21-day public comment period for the SFY 2022 Clean Water Fund Program (CWFP) Intended Use Plan (IUP) opened on July 21, 2021 and closed on August 11, 2021. During that time, four sets of comments were received. The table below lists the comments received and the DNR response, including any changes that were subsequently made in the final version of the IUP.

<b>IUP Section</b>	<b>Comment</b>	<b>Submitted By</b>	<b>DNR Response</b>
XI. D.	Consider allowing Regionalization PF for projects that make improvements to existing regional facilities. Currently, Regionalization PF is only available for projects that create new regional facilities, but we feel that awarding PF for upgrades to existing regional facilities would provide on-going support and encouragement for regionalization.	Amy Bares, Town & Country Engineering; West Central Wisconsin Biosolids Facility	Thank you for your comments. The DNR is committed to promoting regionalization of WWTPs. General principal forgiveness is available to accommodate upgrades at existing regional facilities if the community meets the financial need (affordability) criteria. Regionalization priority principal forgiveness is an additional incentive intended for new regional projects in order to help offset the high initial costs of regionalization.
XI. D.	Consider allowing Regionalization PF for projects that relate to sludge/biosolids treatment and the elimination of sludge outfalls. By only allowing regionalization PF for the elimination of effluent outfalls, this limits the benefit to traditional regionalization scenarios and does not encourage regionalization and cooperation for other projects such as consolidation of sludge treatment. A regional facility for sludge handling and disposal in can offer several financial, managerial, and environmental benefits that should be encouraged. Regionalization can provide higher quality biosolids products at a lower cost and allow for disposal options other than traditional land spreading, particularly for small communities. The elimination of sludge outfalls has environmental benefits that should be rewarded similar to the elimination of effluent outfalls.	Amy Bares, Town & Country Engineering; West Central Wisconsin Biosolids Facility	The DNR has decided not to provide the regionalization priority principal forgiveness incentive for the elimination of a sludge outfall. A treatment facility has multiple routes to address the complexities of biosolids handling and treatment, including flexibilities in disposal (Class A sludge with its varied disposal routes, Class B sludge, disposal at another plant, contract hauling, etc.), while the liquid stream discharge is significantly more constrained. In addition, the lack of permanence of subscribing customers is a drawback for incentivizing regional biosolids facilities. Finally, some degree of regionalization of biosolids treatment occurs across the state with varied degrees of permanence, which would be difficult to provide appropriate regionalization principal forgiveness for.
X. B.	It is appreciated that the FSP requirements have been eased. While the goal of encouraging every utility to 'have a plan and then work that plan' has merit, attaching that to every project, large or small as a condition of funding was	Mary Wagner, MSA Professional Services	Thank you for your comments. Though we recognize the value of Fiscal Sustainability Plans and other Asset Management Plans, we also recognize that there are numerous federal requirements attached to our

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	<p>difficult and somewhat redundant. That was especially true for the collection system projects that were already covered by the ongoing CMOM requirements. Thank you for maintaining the funding eligibility of the components of the FSP while removing the absolute requirement.</p>		<p>funding that can discourage municipalities from applying. We are trying to reduce burdens where we can.</p>
XI.	<p>It is noted that the Principal Forgiveness amounts this year are somewhat less than last year. However the needs, as highlighted by the significantly increased ITA/PERF submissions (in both number and value), combined with the financial stresses of this past year, would support a greater subsidy. While the levels are based on the calculations shown in section XI, if there is availability from other sources to supplement the PF totals, it would significantly benefit many of the small communities in the state.</p>	<p>Mary Wagner, MSA Professional Services</p>	<p>The amount of available principal forgiveness increased between the draft and final versions of the IUP due to additional projects on the SFY 21 Funding List having closed on their loans and the addition of principal forgiveness that had been released through project closeouts. As we are allocating the maximum amount of principal forgiveness that is allowed under federal regulations, and no other sources of principal forgiveness are available, we are unable to increase the amount any further.</p>
XI.	<p>Also, because the department saw a &gt;21% increase in the number of ITAs and PERFs submitted this FY, please consider allowing a single PERF submission for a project that could be scored and then left as-is for say up to 4 years with even just a check-box renewal with a request for a rescore if there was additional information available, project changes, regulatory changes, or appeal requests. The ITA submittal each year would cover personnel changes, financial and project schedule updates, and minor changes to the scope description. That could relieve the annual crush of reviews for the DNR while providing additional stability to the process for the communities. That would also permit the Project Priority List to be released much sooner.</p>	<p>Mary Wagner, MSA Professional Services</p>	<p>Thank you for your comments. We will be undertaking a comprehensive evaluation of program timelines and processes over the next year and will consider your suggestion as part of that process.</p>

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<p>XI. G.</p>	<p>No PF on costs that are not included in the total CWFP award amount - The proposed policy change that would remove local contributions from the overall principal forgiveness calculation for the project seems contrary to the stated goal of creating more fiscally sustainable utilities. While I understand there is a programmatic need to have the revenues from the loans coming in, and that requiring a community to take at least a 30% loan helps with that, this policy change removing local contributions from the eligibility calculation for PF is a disincentive to planning ahead and saving toward a project. Please restore the PF calculation to include local contributions.</p>	<p>Mary Wagner, MSA Professional Services</p>	<p>Including other funding sources in the principal forgiveness calculation adds confusion and complexity to the process of tracking and disbursing principal forgiveness. In addition, the concept of principal forgiveness is to forgive part of the principal on a loan. Local funds contributed to a project are not part of the loan so cannot be forgiven. Communities can still plan ahead and save towards a project without a PF incentive. There are many other benefits to saving towards a project such as reducing the amount of loan that needs to be repaid.</p>
<p>XIV.</p>	<p>Thank you for the expansion of the scoring related to water quality criteria and the timing of WPDES permit issuance. (i.e. "If a new permit is issued between submittal of the ITA/PERF and the application, a re-evaluation can be requested.") However, I don't think that statement goes far enough to address the issues created when there are long term limits imposed that span more than one WPDES permit period. Most limits imposed by a WPDES permit are effective some time during that permit term which is 5-years. Phosphorus is an exception to that rule, but possibly not the last one we will see in that situation. Additional lead times may also be necessary for future pollutants that are difficult and burdensome to treat, and/or may require significant treatment changes. Using Phosphorus as the example, the WPDES permit is issued with a required numerical permit limit and a compliance timeline that extends past the end of the first permit period, with final compliance actions occurring no later than the next permit period. The permit limit/requirement is defined but does not have to be met in the first cycle, even though there is no question that it will be required by the end of the compliance schedule. However, the points for that requirement/ compliance are not being awarded if the facility is still in the first cycle. While many communities can work with this situation, there are some who</p>	<p>Mary Wagner, MSA Professional Services</p>	<p>We understand your concerns in this area. It is not our intent to penalize a municipality that is being proactive and initiating a project to address new limits ahead of the permit term where those limits go into effect. We have made a change to the applicable section of the IUP that allows a score re-evaluation to be requested at the time of application submittal for projects being constructed for the purpose of meeting new limits contained in a compliance schedule.</p>

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	<p>must make major upgrades or have other circumstances that are pushing the project into the first cycle, and cannot wait to make the necessary improvements. In keeping with FWPCA and WRRDA Cost and Effectiveness measures, please consider expanding the language to allow for scoring to be awarded to a project that will provide the required compliance regardless of whether the timing is occurring in the first or second (or later) permit cycle. It would also seem to be in the state's best interest to encourage proactive compliance with the water quality limits.</p> <p>Possible additional language: "If a water quality limit is imposed that will become effective sometime after the date of the current permit, the permit-holder may request that those water quality points and any related funding eligibility be assigned immediately to a project designed to address and comply with those limits."</p>		
<p>XI. E.</p>	<p>Strand is wrapping up design for a new filtration system to meet the final phosphorus limits for a client. It appears the Village qualifies for regular principal forgiveness. It appears that they meet the requirements for phosphorus reduction priority principal forgiveness except that their final limit is 0.12 mg/L as a 6-month average. The DNR's website states the following requirement:</p> <ul style="list-style-type: none"> <li>• Have a final water quality-based effluent limit for phosphorus less than or equal to 0.3 mg/L as a monthly average limit (or 0.1 mg/L as a 6-month average limit) or be located in an implemented TMDL area for phosphorus.</li> </ul> <p>For all practical purposes, a 0.12 limit is the same as a 0.1 limit. The technology selected and the cost of the equipment are identical for the two limits. The Village will be spending well over \$4 million on the project and rates will be increasing significantly solely due to the phosphorus project. I am wondering if there is any way to consider the Village eligible for the phosphorus priority PF.</p>	<p>Travis Anderson, Strand Assoc.</p>	<p>We agree that 0.1 mg/L and 0.12 mg/L are essentially the same. Modifications were made to the IUP language to reflect this.</p>