

SFY 2025 Safe Drinking Water Loan Program Responses to Public Comments

A 30-day public comment period for the SFY 2025 Safe Drinking Water Loan Program (SDWLP) Intended Use Plan (IUP) opened on May 15, 2024, and closed on June 12, 2024. The comments and the corresponding responses are listed below. In many cases, the comments have been shorted to highlight their recommendations. We appreciate the engagement we received, and the patience commenters have shown while awaiting responses.

Comment letter 1

Submitted by Phyllis Petri, Steve Books, Roselyn Heil, Katherine Odell, Jeremiah Graff, Joan McCormick, Michael Seidman, Leslie Stewart, Jeff Lamont, Angela Burgette, Patty Penner, Anna Bunting, Barbara Vedder, Alison Stankrauff, Linda Leckliter, Frederick Ellsworth, Joy Rosenberry Chase, Daniel Manobianco, David Novak, Stacey Bostaph, Denise Mulligan, Donald McCann, Matt Brzezinski, Carl Magle, Martin McGladdery, Sharon McGladdery, Steve Brooks, Janelle Patterson, Patricia Safavi, Rita Meuer, Mark Giese, Christine Johnson, Jonathan Beers, Britney Bergum, Theresa Severson, Mary Emerich, Walter Emerich, Carolyn Markson, Connie Murphy, John Henderson, Mary Schneider, and Anna Bunting

- 1. Comment:** Recognize and address environmental justice through the SDWLP program. Incorporate pollution and health criteria into the definition of "disadvantaged community" to ensure the most impacted communities can afford and access clean water. An environmental justice mapping tool can better identify disadvantaged communities such as EPA's EJSCEEN until the Wisconsin Environmental Equity Tool is fully functional.

Response: For the PF scoring methodology, a mapping tool does not provide additional utility aside from using the underlying data for other criteria. We evaluated the EPA EJ Screen when developing the current PF scoring methodology. We believe that the criteria currently in use provide a well-rounded representation of a community's disadvantaged status as it relates to water infrastructure projects. The project priority scoring system gives priority to projects that address acute public health risks. If the commenter has specific criteria from those tools that they suggest would be a good addition to the PF scoring methodology, please let us know.

- 2. Comment:** Remove the bias towards projects serving small populations when defining disadvantaged communities. While small populations are less likely to receive state revolving funds, this restriction is not inclusive of all disadvantaged communities. Small communities should be prioritized through targeted outreach and additional funds for technical assistance.

Response: Larger utilities can achieve economies of scale not feasible for smaller utilities. Given that financial benefit, smaller municipalities receive higher points under the population criterion. For SFY 2025, the DNR plans for three full-time staff to provide technical assistance to

small water systems for reviewing engineering plans, specifications, and reports for proposed water system improvement projects.

3. **Comment:** Provide pre-application technical assistance and grants for disadvantaged water systems of all sizes to ensure they can apply for these funds. Ensure that environmental justice and disadvantaged communities are prioritized and receive active outreach for the "Local Assistance to Water Systems" program.

Response: Thank you for your suggestion. The Environmental Protection Agency has existing federally funded programs that provide application technical assistance to communities. Communities can use the [Water Technical Assistance Request Form](#). The DNR will consider a pre-application technical assistance project in a future SDWLP Intended Use Plan.

4. **Comment:** Publish the total percent of projected funding going towards disadvantaged communities for the fiscal year. Additionally, label the applicants on the project priority list when they are considered disadvantaged. This transparency will inform Justice40 benchmarks set by the federal government.

Response: Municipalities that qualify for PF meet the state's Disadvantaged Communities definition. The SDWLP SFY 2023 Annual Report list the loans for the year that included principal forgiveness, the amount of principal forgiveness, and in the case of Table 2, whether the loan received PF and/or the disadvantaged interest rate. We will plan to include the percentage of overall funding awarded to communities that qualify for principal forgiveness in the next annual report.

5. **Comment:** Median Household Income (MHI) is a poor statistic to identify low-income populations that state revolving funds should target because MHI is easily influenced by some residents with higher incomes. Instead, SDWLP criteria should consider the percentage of a community's population that falls below 200 percent of the federal poverty level. This measure represents the actual number of low-income households in a community.

Response: Section XI of the IUP describes the SDWLP disadvantaged criteria. Table 3 is for the percentage of families with incomes below 200% of the federal poverty level and table 6 is lowest quintile household income.

MHI is not influenced by outliers because the median is the value in the middle of the list of values. MHI is widely used, and the margins of error tend to be smaller than other metrics. It provides another valuable angle of how to assess financial need in a community. For example, two communities with the same family poverty percentages but with different MHIs are prioritized differently under the current system. The proposal would do away with that differentiation.

Comment letter 2

Submitted by:

- Janet Pritchard, Environmental Policy Innovation Center

- Shyquetta McElroy, Coalition on Lead Emergency
- Richard Diaz, BlueGreen Alliance
- Lindsay Blumer, Wisconsin Regional Training Partnership - BIGSTEP
- Corey Gall, Wisconsin Pipe Trades Association

1. Comment: Incentivizing desired workforce, cost-efficiency, and pace-accelerating measures with LSLR project ranking points

WDNR could offer incentives for SDWLP applicants to voluntarily undertake the same kinds of measures that might otherwise be required. This is particularly plausible in relation to so-called 'soft' workforce-related measures. Soft requirements, such as asking applicants to develop and publish a workforce development plan for SDWLP projects, developed in consultation with key stakeholders and made publicly available, can prompt the implementation of desired workforce measures without requiring strict compliance with specific additional workforce standards. Incentive points could be provided for applicants that take specified measures that directly support, or create more optimal conditions for, equitable workforce goals. Likewise, bonus points could be provided for measures that make LSLR projects more cost effective and/or accelerate the pace of lead service line replacement.

Response: Similar to the response from last year's IUP, before providing an incentive for workforce development plans, we need a better understanding of the plans themselves and how such an incentive could be provided equitably. There would need to be required elements of the plans so that any points provided would be a meaningful effort. Given the time and knowledge it would take to put a workforce development plan together, such an incentive may only be achievable for larger utilities with the resources to dedicate to developing a plan.

In addition, not all projects funded by the SDWLP are bid at the time PF is allocated. This would make the administration of additional PF or PF points for workforce equity measures inconsistent. The PF could only benefit projects that have already been bid.

2. Comment: Expanding the Strategic Use of LSLR Set-Asides to Provide Guidance and Capacity Building for Workforce Development, Cost Efficiencies, and LSLR Acceleration

If a state were to utilize the full 31 percent available to be channeled through set asides, then instead of a requirement to issue \$51 out of every \$100 in loans in order to issue the remaining \$49 as principal forgiveness, the funds would be issued as follows:

- \$31 of every \$100 would be channeled through set asides to lay the foundation for community-supported, cost-effective, quality-job producing LSLR projects.
- \$49 of every \$100 would be awarded as principal forgiveness or grants.
- \$20 of every \$100 in LSLR funds would be awarded as loans that need to be repaid.

WDNR should explore additional uses of set aside funds, however, for activities that would help to reduce LSLR project costs, support workforce goals, and enable communities to replace more toxic lead pipes faster. If WDNR can set aside closer to the allowable 31 percent of its BIL LSLR grants, the loan-to-principal forgiveness ratio of LSLR project awards will be improved proportionately.

Response: As the comment notes, the set-asides requested from the LSL capitalization grant reduce the loan commitment of the program. For this reason, we share a desire to maximize the request for the LSL set-asides. With additional set-asides come additional administration, however, and the DNR's capacity remains a limiting factor. All unrequested set-aside authority will be reserved for future years.

At the same time, every dollar put designated for set-asides reduces the amount of funds available for LSL replacements. There is a great need for LSLR financial assistance, and we believe the need is well above the funding available from the current LSL capitalization grants.

3. Comment: Modifying project reimbursement policies and processes to facilitate pay-for-performance contracts and other contracting and procurement innovations to drive cost efficiencies and faster LSL replacement.

SDWLP project reimbursement policies and processes have generally been designed for conventional set-cost projects, wherein a set cost was established in relation to a set construction project. As noted above, however, finding ways to make LSLR more cost-efficient and to accelerate the pace of LSLR is essential to make available LSLR funds go further and reduce repayment burdens for LSLR projects on local communities. Innovative project procurement and contracting methods, such as CBP3 contracts reimbursed on a pay-for-performance basis, can play a crucial role in driving down project costs while still maintaining high-road labor standards and fulfilling equitable workforce goals. To unlock the cost-saving and LSLR acceleration potential of these innovative contracting methods, WDNR must revise its project reimbursement policies and processes to facilitate these innovative procurement methods.

Response: Reducing the per pipe cost is a shared goal between the commenter and the DNR because it allows the limited LSL replacement resources to replace more lines. Often by the time a community is bidding a project they have identified a specific set of lines it is targeting for replacement. Communities are compelled to elect the lowest bidder with a few exceptions, which provides an incentive for contractors to submit a bid as low as possible to win the job. This should be an effective way of driving down per price cost of LSL replacements. The DNR can only reimburse costs that are eligible for reimbursement.

4. Comment: Encourage Community-Based Public-Private Partnerships (CBP3s) or other innovative contracting and procurement methods that include equitable workforce, cost reduction, and/or LSLR acceleration goals and incentives with set-aside funding and LSL project ranking bonus points.

The Community-Based Public-Private Partnership (CBP3) approach, originally developed by the U.S. EPA over ten years ago, involves a partnership between the public and private sectors to deliver infrastructure while prioritizing community-based benefits. This approach aims to generate superior results in terms of speed, efficiency, cost-effectiveness, and equity. Currently, CBP3s are more common in the context of green infrastructure projects.

The Environmental Policy Innovation Center (EPIC) has urged that the CBP3 approach is well suited for LSLR projects. And, in October 2023 the City of Wausau announced a pioneering initiative to bring the CBP3 approach to lead service line replacement. In addition to replacing lead service lines, the City of Wausau is implementing key elements into its program such as community outreach, workforce development, local business development, and public health.

Response: Municipalities determine how an LSL replacement project is bid and designed. The DNR funds projects that are requesting eligible LSL replacement work, that follow municipal bidding laws, and other federal and state regulations. Innovative approaches that have not been funded by the DNR previously should expect that the DNR will need more time to evaluate the legality and eligibility of the proposed costs.

5. **Comment:** Support multi-year funding applications with LSL project ranking bonus points.

The SDWLP allows for multi-year awards for LSLR projects. This enables longer planning and project implementation windows for LSLR projects, which supports the cost effectiveness goal because it allows for greater funding certainty from year to year, and thus a longer planning window for procuring supplies and contractors, which can result in cost savings. It also enables water systems to set up multi-year contracts for LSLR projects, which could include incentives to replace LSLs faster or more cost efficiently. Greater funding certainty over a series of years also creates better conditions for workforce development goals, because large-scale, longer term projects create better conditions for investments in apprenticeship and pre-apprenticeship programs. Moreover, multi-year funding applications also reduce the administrative burden on SDWLP staff and applicants alike, because the parties only need to assemble and process the paperwork for an SRF application and finalization of an SRF award agreement one time, rather than repeating the effort for each year.

WDNR could go beyond allowing multi-year funding applications to incentivize applicants—through the provision of bonus LSL project ranking points—to apply for multi-year funding awards.

Response: Although there may be efficiencies achieved with a multi-year project, how a project is set up is a municipal decision, and each circumstance is different in each municipality. To prevent funds being hung up and to verify compliance with federal requirements, the DNR will not enter into a financial assistance agreement for an LSL project until the contract is bid, or a prequalified list of plumbers has been developed. Municipalities are welcome to request funding for LSL work that will span multiple years and the DNR will execute one financial assistance agreement to cover that work.

6. **Comment:** Support regional partnerships for workforce development and cost-saving joint procurement efforts with set-aside funding and LSL project ranking bonus points.

In the LSLR context, regional efforts to understand local workforce capacities and constraints and to combine LSLR needs across several small- and medium-sized drinking water systems in a county or region could achieve significant cost savings. Regional efforts could include joint procurement of LSLR supplies and/or contractors as well as information and lesson sharing.

WDNR should dedicate set aside funds to facilitate the development of regional solutions that improve LSLR cost savings and workforce development outcomes, and also reward applicants who self-aggregate into regional partnerships to create regional economies of scale for LSLR projects with bonus LSL project ranking points.

WDNR should use set-aside funds to support regional roundtables convening relevant drinking water system staff together with local water infrastructure contractors and local community leaders. These roundtable discussions could explore the readiness and capacity needs of area

contractors. With this information, water systems could coordinate their procurement contracts for LSLR projects, perhaps combining their projects into larger, multi-year projects that could be bid to regional contractors. This could encourage local contractors to build their workforce and other capacities in anticipation of more substantial work opportunities over a series of years. Water systems could see cost-efficiencies, too, through bidding out larger LSLR projects through joint procurement. At the same time, the contract could be arranged so that each system would pay for LSL replacements in its system.

Response: The SDWLP makes awards to municipalities. Jointly bidding and administering a project between municipalities that have no formal arrangement between themselves could be challenging. The appropriate share of costs would need to be determined, along with the management structure, and timelines the work would be completed at each municipality.

Given that BIL LSL funding is not permanent, we should be careful to not invest in activities that may take years to show results. Laying the groundwork to set up regional roundtables would be more worthwhile if the BIL LSL funding was planned for the foreseeable future.

7. Comment: Support engineering and other LSLR project planning costs for systems serving fewer than 10,000 people with set-aside funding.

In addition to the benefits small systems could obtain through regional collaboration, many small systems need help formulating LSLR project proposals and putting together SDWLP applications including all the necessary supporting documents such as engineering reports and financial statements.

We note that WDNR routinely utilizes the small-system set aside allowance from its base and general supplemental grants to help small systems identify and plan water infrastructure projects eligible for SDWLP funding through and providing technical assistance including a wide range of technical, financial, and managerial capacities. WDNR should take full advantage of the small-system set aside allowance from its BIL LSLR grants to extend its existing technical assistance program for small systems to ensure small lead-burdened communities can access the BIL LSLR funds.

Response: Thank you for your suggestion. The Environmental Protection Agency has existing federally funded programs that provide application technical assistance to communities. Communities can use the [Water Technical Assistance Request Form](#). The DNR will consider a pre-application technical assistance project in a future SDWLP Intended Use Plan.

8. Comment: Support workforce development plans drafted in consultation with key stakeholders with set-aside funding and LSL project ranking bonus points.

Just as existing SDWLP policies incentivize applicants that adopt the best practice of preparing and periodically updating an asset management plan, the program could provide bonus points as an incentive to encourage applicants to develop a workforce development plan for the proposed project. Such plans should be developed in consultation with key stakeholders and draft as well as final plans should be made publicly available by the local water system.

WDNR should also provide guidance on what a quality workforce development plan should include and this guidance should be developed in collaboration with key stakeholders. Set aside

funds could be used to support the development of guidance materials through a collaborative process.

Response: The SDWLP does not have the expertise to provide guidance on workforce development plans. Before providing an incentive for workforce development plans, we need a better understanding of the plans themselves and how such an incentive could be provided equitably. There would need to be required elements of the plans so that any points provided would be a meaningful effort. Given the time and knowledge it would take to put a plan together, such an incentive may only be achievable for larger utilities with the resources to dedicate to developing a plan.

In addition, not all projects funded by the SDWLP are bid at the time the DNR ranks the project. Providing bonus points for workforce development plans could only benefit projects that have already been bid.

9. **Comment:** Support technical assistance on steps local communities can take to expedite more cost-efficient block-by-block LSLR projects with set-aside funding.

Many cities in Wisconsin have policies in place to charge all or part of the cost of replacing the private-side LSL to the property owner. This cost share can cause property owners to resist authorizing the replacement of the private-side LSL, particularly for rental properties where it is the tenant, rather than the property owner, who bears the risk of exposure to lead from the LSL. Because lower-income communities are more likely to have a higher portion of rental properties, private cost share requirements make LSLR projects present obstacles in the very same neighborhoods that need to be prioritized because residents in these neighborhoods are more likely to experience severe impacts from lead poisoning due to compounding social vulnerability factors.

Cities that have had the greatest success in systematically removing LSLs from their systems, such as Newark, report that eliminating private-side cost shares coupled with the adoption of local ordinances allowing tenants, rather than landlords, to provide permission and meter access for LSLR has been instrumental in reducing per-pipe costs for LSLR replacement, with cost savings approaching 20 percent. The savings can be attributed not only to the reduced administrative costs expended to secure authorizations from resistant property owners (or to go through the legal processes to override the lack of authorization in communities with mandatory LSLR ordinances) but also to the avoidance of project delays that can result from failure to obtain authorizations on a timely basis so that planned block-by-block LSLR projects can proceed smoothly.

Response: The costs passed on to property owners is a municipal decision and impacted by factors like how much principal forgiveness the municipality receives, and whether the municipality has received approval from the PSC to use rate payer funds. The DNR cannot provide LSL principal forgiveness without also requiring a certain loan commitment from municipalities. Priority points are provided for projects where grant funds will be provided by the municipality to cover a portion of the private LSL replacement cost.

The DNR supports mandatory replacement ordinances with bonus priority points because they are an effective tool to require private-side LSL replacements. Sample replacement ordinances

are available on [the DNR website](#) that communities can use a reference point when drafting their own.

10. Comment: Support cross-community lesson-sharing on strategies for improving the cost-effectiveness, pace, and workforce outcomes of lead service line replacement projects with set-aside funding.

WDNR could dedicate set aside funds to build the capacity of water systems to replace lead pipes more cost effectively, faster, and with better workforce outcomes by facilitating lesson sharing across Wisconsin communities—and lifting up lessons from innovative communities in other states, too—through inter-community roundtables or guidance materials highlighting best practices.

Response: Every dollar designated for set-asides reduces the amount of funds available for LSL replacements. There is a great need for LSLR financial assistance, and we believe that the need eclipses the funding available from the current LSL capitalization grants. Despite the value that lesson sharing offers, we feel a judicious use of set-aside funding is warranted to maintain funding available for LSLR. The DNR is aware of some communication amongst municipalities to share resources and ideas.

11. Comment: Support pre-apprenticeship programs to cultivate a more equitable, local water infrastructure workforce. Support wage subsidies for participants in pre-apprenticeship programs with set-asides.

Workforce development programs tailored to the needs of workers from underserved communities can help meet these needs. These often take the form of pre-apprenticeship programs—programs that help workers from underserved communities meet the requirements to enter lucrative apprenticeships and become unionized laborers, plumbers and pipefitters and other kinds of skilled craft laborers needed to construct water infrastructure projects. WDNR could allocate LSLR set aside funds to make similar investments in pre-apprenticeship programs to fulfill the stated SDWLP goal of support[ing] pre-apprenticeship, registered apprenticeship, and youth training programs that open pathways to employment.

The Indiana DWSRF program’s support for the Alliance of Indiana Rural Water’s apprenticeship programs includes wage subsidies during the training period. It is important to note that set asides cannot be used to provide wage subsidies for apprentices working on SRF-funded projects, given that these costs are eligible to be covered by SRF construction awards. However, the Indiana example demonstrates that set asides can be used to provide wage subsidies for workers participating in workforce development programs as well as the costs of developing and implementing such programs. WDNR should consider supporting pre-apprenticeship programs, and their enrollees, through wage subsidies provided from set aside funds.

Response: Supporting water operators has long been a focus of the Department’s Capacity Development Program. Moraine Park Technical College’s Water Quality Training Program helps train students for a career in the water industry, including as a municipal water operator. The Water Quality Training Program continues to provide a pipeline for new drinking water operators in Wisconsin. The program is also tapped into by existing operators seeking to add additional subclasses to their certifications.

The DNR is open to allocating some LSLR set aside funds to help support its training program for operators, pending funding availability.

12. Comment: Support coordinated replacement of drinking water LSLs and leaky sewer laterals with LSL project ranking bonus points.

Another kind of cross-system collaboration WDNR could promote and facilitate to achieve substantial cost savings for LSLR projects is collaboration across drinking water and sewerage systems serving the same service area. The homes in older neighborhoods served by LSLs are likely to also have sewer laterals that are over 50 or even over 100 years old. These old pipes are likely to be leaky and subject to infiltration and inflow (I/I) problems that overwhelm combined sewer systems and contribute to the pollution of local waterways. To address this problem, some sewerage systems have Private Property Infiltration and Inflow Reduction Programs focused on coordinating with local property owners to replace leaky sewer laterals. Because the replacement of LSLs and sewer laterals involve the same kind of work and the same kinds of contractors working on the same kinds of properties, coordination across I/I replacement programs and LSLR programs should be encouraged to achieve substantial cost savings across both programs. Contractors engaged to replace both LSLRs and leaky sewer laterals in the same targeted neighborhoods will also be better positioned to utilize apprentices on these larger, denser combined contracts.

Response: Sewer lateral replacement is not directly related to LSLR, and LSL priority scoring focuses on elements that are directly related to LSLR. In addition, the circumstances are different in every municipality and some municipalities would be better situated to receive the proposed bonus points than other.

Municipalities are welcome to do sewer replacements at the same time as LSLR and given that the costs for the sewer lateral replacement may be passed on to the property owner, such a decision is best left up to the municipality.

Comment letter 3

Submitted by Melanie Krause, Menasha Utilities

- 1. Comment:** The City of Menasha is in Winnebago and Calumet counties. Menasha Utilities, the municipal water utility does not serve any customers in Calumet County, and we do not serve the northern portion of Winnebago county (population based on census block data is 1,923). The area of growth and development is in Calumet County. Menasha Utilities serves 4,745 customers with a population of 13,272 and this as well as median household income and poverty level is much different than that of the municipality.

Across the state there may be other municipalities that the population of those that the water utility serves may differ from the population of the municipality and it could impact certain requirements of the program such as federal equivalency, project priority scoring, subsidized interest rate, LSL scoring, and emerging contaminate program eligibility. For these reasons, we are requesting that if census data is available to support the population for which the water utility serves that this be used for the criteria for the Safe Drinking Water Loan Program.

Response: The DNR uses census data because it is important to have reliable statewide data that is updated yearly. The Census data boundaries will often not align uniformly with a water utility's service area. Even going to the census block level would rarely solve this discrepancy. NR 166.135(4) Wis. Adm. Code establishes custom tabulation as an alternative method to determine median household income when the water system boundaries differ from the municipal boundaries, and that approach may be able to be used for more metrics. We are not sure that the custom tabulation will result in data for every metric. If the commenter does decide to pursue the custom tabulation, please be in touch so that we can work through that process together.

Comment letter 4

Submitted by Brenda Coley and Joe Fitzgerald, Milwaukee Water Commons

1. Comment: Consider opportunities to reformat the IUP process to build local capacity for project planning and encourage participation from communities who are unfamiliar with the program.

The WDNR has modeled a significant investment in staff capacity to connect with water systems around the state to navigate the SDWLP and other opportunities to prepare fundable projects, however we believe that there could be an opportunity to further build on that programmatic investment by continuing to review innovative approaches to reforming the IUP process. Revisions to the Intended Use Plan process and timing could encourage broader statewide participation, foster a more accessible policy review for communities who have not engaged with the WDNR's SRF programs, and if done in alignment with the construction seasons could help utilities and contractors coordinate on preparing project applications with more confidence.

As the WDNR considers these opportunities to create a more accessible Intended Use Plan process, we would continue to encourage that there is a priority placed on engaging disadvantaged communities in the review of the policies guiding the SDWLP. Making this program more accessible will encourage local advocates, beyond engineering firms, municipalities and other conventional partners to become more involved in shaping the applications for drinking water infrastructure projects in their communities. This effort could also help water systems communicate more transparently with their local partners and rate payers about project planning and priorities for leveraging state/federal funding. This is an opportunity to eliminate barriers that prevent more representative community engagement, and ensure that policies and procedures result in fair treatment and equitable access.

Response: We have continued to evaluate tweaks we could make to the IUP process that would be broadly seen by our stakeholders as improvements. In the IUP this year, one addition that will help readers is the Summary of Changes section. We look forward to sharing updates and soliciting feedback on proposed changes when a proposal is ready to share.

2. Comment: Consider opportunities to develop a set aside that would support and incentivize the development of workforce development programs targeting disadvantaged communities.

In this year's Intended Use Plan the WDNR continues to express a short-term goal to explore avenues to support pre-apprenticeship, registered apprenticeship, and youth training programs that open pathways to employment. Recognizing the growing demand placed on the water workforce and the potential for funding through the Bipartisan Infrastructure Law to open a door to living wage employment for unemployed and underemployed individuals around the state of Wisconsin, we are encouraging the WDNR to commit funding to support and incentivize the development of local workforce development programs that target recruitment from state designated disadvantaged communities. This infusion of state funding to support local workforce development programs would add much needed capacity and flexible funding for both small and large water systems to collaborate on developing pathways into the water sector and address growing gaps in both the public sector and private sector water workforce.

Response: Supporting the pipeline of water operators has long been a focus of the Department's Capacity Development Program. Moraine Park Technical College's Water Quality Training Program helps train students for a career in the water industry, including as a municipal water operator. The Water Quality Training Program continues to provide a pipeline for new drinking water operators in Wisconsin. The program is also tapped into by existing operators seeking to add additional subclasses to their certifications.

Comment letter 5

Submitted by Jill Ryan, Freshwater Future

1. **Comment:** Scoring criteria should be updated annually. The U.S. EPA intends for these criteria to be dynamic in order to continually improve their reach and sensitivity. The modifications this year mean that the municipalities financial need priority score will be associated with the principal forgiveness (PF) allocation methodology specified in Section XI.A of the IUP.

Response: There are no changes included in the IUP regarding financial needs metrics in relation to priority or principal forgiveness score. We have heard from customers that changes to the scoring system can make it challenging for them to adapt and plan. Projects can take years from planning to completion and annual changes to the system would make it challenging for anyone looking to make estimates on how the project would score.

2. **Comment:** The Wisconsin DNR must remove the small population bias from this definition. Disadvantaged Community (DAC) points for smaller communities are not necessary, as they are already prioritized through targeted outreach and additional funds for technical assistance.

The DAC definition must include data about the presence or history of environmental harms in a community to truly acknowledge environmental justice. Information on water affordability, debt, and shutoffs, health disparities, and pollution should all be considered. This could be done by utilizing an environmental justice tool such as the Wisconsin Environmental Equity Tool once completed. Until then, the EJ indexes from EPA's EJSCREEN 2.0 should be utilized.

The DAC definition can also be strengthened by replacing weak criteria to identify Disadvantaged Communities related to financial status. Median Household Income (MHI) is a

poor statistic to identify low-income populations that state revolving funds should target because MHI is easily influenced by some residents with higher incomes. Instead, DWSRF criteria should consider the percentage of a community's population that falls below 200% of the federal poverty level. This is currently addressed by Table 3, Family Poverty Percentage. Thus, MHI points can simply be removed.

Response: Larger utilities can achieve economies of scale not feasible for smaller utilities. Given that financial benefit, smaller municipalities receive higher points under the population criterion. Similarly, the amounts of PF currently available through the program is less likely to influence water rates in larger utilities because it is spread across a larger rate base.

MHI is not influenced by outliers because the median is the value in the middle of the list of values. Any DAC definition needs to be applied to the entire state. MHI's margin of error tends to be smaller in less populous areas of the state, and therefore provides another valuable angle of how to assess financial need in a community.

The CJEST and EPA EJ Screen were both studied when developing the current PF scoring methodology. Water affordability can be difficult to compare across utilities. We believe that the criteria currently in use provide a well-rounded representation of a community's disadvantaged status as it relates to water infrastructure projects.

3. **Comment:** Please ensure that notifications of public comment and the IUPs are widely disseminated through robust email communications. Please add an additional level of transparency to explicitly disclose what percentage of TOTAL funds are going to disadvantaged communities in the form of principal forgiveness or grants. This will include the links to project applications for clearer understandings of where these projects will occur. We support and request additional information on project applications to understand which communities or parts of communities are benefiting from these highly-sought funds. This can take the form of hyperlinks on the annual Project Priority List. This list should also include columns indicating whether or not the community is considered disadvantaged and what percent of the funding will be principal forgiveness.

Response: We do strive to spread new of the posting of the IUP broadly. An email notification is sent to every individual that is signed up for updates from the SDWLP and every water system in the state.

The SDWLP SFY 2023 Annual Report list the loans for the year that included principal forgiveness, the amount of principal forgiveness, and in the case of Table 2, whether the loan received PF and/or the disadvantaged interest rate. We will plan to include the percentage of overall funding awarded to communities that qualify for principal forgiveness in the next annual report.

Listing whether a community is considered disadvantaged and the percent of PF they will be awarded on the Project Priority List, that is not currently possible for a couple of reasons. Not all the data used to evaluate disadvantaged communities is available at the time of posting of the Project Priority List. Next, Principal Forgiveness is not allocated until an application for funding is received. At that time, the DNR can evaluate the disadvantaged status and determine whether the project ranks highly enough to be allocated principal forgiveness.