

# E-Bulletin Newsletter



To provide affordable financial assistance to communities within Wisconsin for water infrastructure projects that protect and improve public health and water quality for current and future generations.



## Inside this Issue

|                                       |     |
|---------------------------------------|-----|
| SFY 2023 PPLs Available Online        | 1   |
| Ch. Adm 35 Public Comment Period      | 1   |
| Upcoming Deadlines                    | 1   |
| SFY 2023 SDWLP IUP Update             | 2   |
| Federal Equivalency                   | 2,3 |
| BABA is New Federal Requirement       | 3   |
| Online ITA System Available in August | 4   |
| New Project Manager: Ben Aerts        | 4   |
| Dave Erdman Retiring                  | 4   |

## SFY 2023 PPLs Available Online

On May 20<sup>th</sup>, we posted the Safe Drinking Water Loan Program and Clean Water Fund Program Project Priority Lists (PPLs) for State Fiscal Year (SFY) 2023 to our [Project Lists and Intended Use Plans webpage](#). The PPLs identify, in priority score order, all projects with a valid Intent to Apply that are eligible to submit an application for SFY 2023 funding. Please log in to the online system to see if there are important comments or notes about your project and to see its project priority score.

See "[State Fiscal Year 2023 Projects](#)" on page two of E-Bulletin Volume 11, Issue 04 for information about application submittals, priority score objections, and PERF score reevaluation requests. The online application system has help text built-in to clarify what information and supporting documentation is needed for that question or section. To help applicants through the application process, information, instructions, and guidance documents are on our [Online System webpage](#).

## Contact information

- Direct comments and questions about the online system to: [Suzy Hasheider](#), Database Manager
- Direct CWFP questions to: [Lisa Bushby](#), CWFP Coordinator
- Direct SDWLP questions to: [Noah Balgooyen](#), SDWLP Coordinator

## Ch. Adm 35 Public Comment Period

The rules in the Wisconsin Administrative Code Chapter Adm 35 govern the Department of Administration's (DOA) financial management of the Environmental Improvement Fund. DOA is revising ch. Adm 35, Wis. Adm. Code, and we need your input on economic impacts.

Will the proposed rule impose implementation or compliance costs on you? What is the approximate dollar value of these costs? Would the proposed rule harm the state's economy, productivity, jobs, or economic competitiveness? What alternatives should we consider to the language in the proposed rule?

Please review the [draft rulemaking proposal](#) and the [comparison of the current and proposed rules](#).

Send your input to [doaeif@wisconsin.gov](mailto:doaeif@wisconsin.gov) by **July 18, 2022**

## Upcoming Deadlines

### May 31

Executed construction contracts due for SFY 2022 SDWLP projects.

### June 19

SFY 2023 CWFP priority score objection deadline.

### June 30

- SFY 2023 SDWLP application deadline (reminder: submit plans & specs to DNR Drinking Water & Groundwater as well as with the application).
- ALL required bid documentation (including executed construction contracts) due for SFY 2022 CWFP PF projects.
- SFY 2022 CWFP application deadline for non-PF projects. (reminder: submit plans & specs to DNR Water Quality as well as with the application).

Note: September 30, 2022 is now the SFY 2022 SDWLP loan closing deadline.

DNR, Environmental Loans Section—CF/2, 101 S. Webster Street, PO Box 7921, Madison, WI 53707-7921  
[dnr.wi.gov/aid/eif.html](http://dnr.wi.gov/aid/eif.html) | CWFP phone: 608-358-3330 | SDWLP phone: 608-692-4227 | [staff directory webpage](#)



Program implementation details are outlined in chs. [NR 162](#) and [NR 166](#), Wis. Adm. Code. [Legal notice](#): This document is intended solely as guidance and does not contain any mandatory requirements except where requirements found in federal regulations or state statutes or administrative rules are referenced. Any regulatory decisions made by the Department of Natural Resources in any matter addressed by this guidance will be made by applying the governing federal regulations and state statutes and administrative rules to the relevant facts. The Wisconsin Department of Natural Resources provides equal opportunity in its employment, programs, services, and functions under an Affirmative Action Plan. If you have any questions, please write to Equal Opportunity Office, Department of Interior, Washington, D.C. 20240. This publication is available in alternative format upon request, call 608-267-9481 for more information.

## SFY 2023 SDWLP Intended Use Plan Update

The federal Bipartisan Infrastructure Law (BIL) is a once-in-a-lifetime opportunity for investing in the nation's drinking water and wastewater infrastructure. In Wisconsin, BIL will provide over \$700 million in additional funding during the next five years (2022-2026) through the Safe Drinking Water Loan Program (SDWLP) and the Clean Water Fund Program (CWFP). We have been working to make the first year of supplemental SDWLP and CWFP funding available to State Fiscal Year (SFY) 2023 applicants. The SDWLP and CWFP Intended Use Plans (IUPs) will provide detailed descriptions of the changes made relating to the implementation of BIL.

### Draft IUP

With the SDWLP application deadline approaching quickly (June 30<sup>th</sup>), we wanted to provide a preview of some of the more noteworthy changes that will be included in the SFY 2023 SDWLP IUP.

- SDWLP principal forgiveness (PF) will consist of the first year of supplemental BIL funding plus the base (regular) funding allocation from the annual EPA capitalization grant. In total, there will be approximately \$20.8 million in PF available, up from about \$7 million last year.
- The municipal cap on PF will be increased from \$500,000 to \$1.5 million per year.
- Four additional disadvantaged criteria will be incorporated into the PF allocation methodology: family poverty percentage, population trend, county unemployment rate, and lowest quintile income. The number of population points are also being increased to keep the weighting consistent with previous years.
- The number of PF percentage tiers is increasing from three (30%, 45% and 60%) to twelve (10% to 65% in 5% increments).
- Financial need points in the Priority Evaluation and Ranking Formula (PERF) will be awarded as a percentage of the total disadvantaged criteria points described above instead of being based only on population and median household income. **Any** municipality that receives points under the disadvantaged criteria will receive financial need points, not just municipalities with a population under 10,000 and MHI 80% or less of the state's MHI.
- PERF points for PFAS projects will be added for SFY 2024 based on the Department of Health Services Hazard Index (HI). The HI will be multiplied by 50 for chronic contamination and by 100 for acute contamination.
- Details regarding BIL funding for Emerging Contaminants and Lead Service Line (LSL) Replacements will be addressed in future amendments to the SDWLP IUP (anticipated later this year).

### Public comment period

The full SFY 2023 SDWLP IUP should be available for public comment in a couple of weeks. We also plan to host a webinar during the public comment period to discuss proposed changes and respond to questions from attendees. Details for the webinar will be available when the IUP is released. **Thank you for your patience as we work to incorporate the additional BIL funding into our programs.**

## Federal Equivalency Updates

The federal government needs to track and report on funding that comes from federal grants. That's why DNR designates projects in an amount equivalent to the annual EPA capitalization grants as federal equivalency projects. More projects will need to be designated because the Bipartisan Infrastructure Law (BIL) is expected to bring over \$700 million in **additional** federal funds to Wisconsin's Clean Water Fund and Safe Drinking Water Loan Programs. The federal equivalency designation criteria have changed to continue meeting this need.

### New criteria

Starting in State Fiscal Year (SFY) 2023, a municipality's eligible project(s) will be designated as federal equivalency if the following criteria are met:

- For SDWLP, if municipality's population is  $\geq 10,000$ .
- For CWFP, if municipality's population is  $\geq 20,000$ .

The DNR will indicate on the corresponding Project Priority List (PPL) which projects meet the criteria to be automatically designated as federal equivalency.

If DNR designates your projects, your municipality must meet some additional federal requirements for those projects, see our [Federal Equivalency webpage](#) for the list.

Note that this is a change in criteria for the SDWLP. For the past three state fiscal years, equivalency designations were based on individual projects that were \$1,000,000 or greater in municipalities with a population of 10,000 or more. On the CWFP side, we are revising the criteria from what was originally used when designating equivalency projects on the SFY 2023 PPL.

[Federal Equivalency continued on page 3](#)

Federal Equivalency continued from page 2

## LSLs and emerging contaminants

Prior to BIL funding, private lead service line (LSL) replacement projects were exempt from federal equivalency. The money Wisconsin will be receiving for LSL replacements from the BIL will be utilized starting in Calendar Year 2023 and it is expected that federal equivalency will apply. In addition, all projects that receive Emerging Contaminants principal forgiveness from the BIL funding will be designated as federal equivalency.

The SDWLP and CWFP Intended Use Plans (IUPs) will provide detailed descriptions of the changes made relating to the implementation of BIL. Later in the year, we anticipate amendments to the SDWLP IUP that restructure the LSL Program and create the Emerging Contaminants Program.

## New A/E procurement requirement for CWFP projects

Municipalities constructing CWFP projects designated as federal equivalency must now comply with the Architectural and Engineering (A/E) Procurement requirements in 40 U.S.C. 1101 *et seq.*

We recognize that some SFY 2023 CWFP projects designated as equivalency may be unable to meet this requirement as A/E contracts have already been established. In these instances, we will work on a case-by-case basis to find the best solution.

The requirements of 40 U.S.C. 1101 *et seq.* are listed on our [Federal Equivalency webpage](#).

---

## Build America, Buy America is New Federal Requirement

Congress passed the Build America, Buy America (BABA) Act concurrently with the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), in November 2021. BABA makes sourcing of a wide range of domestically manufactured products permanent. BABA went into effect on May 14, 2022.

The Wisconsin DNR anticipates EPA will propose an **"adjustment period" public interest waiver**, which could be similar to the "Plans and Specs" waiver for American Iron and Steel (AIS) provisions. Note that EPA sought comments through May 20<sup>th</sup> for its proposed waiver on whether or not BABA applies to WIFIA-funded projects if the applicants had initiated project design planning before May 14, 2022.

### What is BABA?

The BABA Act requires all recipients of federal infrastructure funding to use **iron, steel, manufactured products, and construction materials** that are produced in the United States. This requirement applies to any activity related to the construction, alteration, maintenance, or repair of infrastructure in the U.S., including public water system or treatment works projects.

### BABA covered items

BABA expands the existing AIS domestic preference requirements of the SRF programs. For typical Clean Water Fund Program (CWFP) and Safe Drinking Water Loan Program (SDWLP) projects, the vast majority of purchased items will now be covered, including many products that have not been in the past; so almost everything but cement, concrete, dirt, gravel, sand, and stone.

For information about what items BABA applies to, see slides 14-18 of the EPA BABA Act Implementation Webinar at [www.epa.gov/system/files/documents/2022-05/OW\\_BABAImplementationWebinarPresentation-Apr2022.pdf](http://www.epa.gov/system/files/documents/2022-05/OW_BABAImplementationWebinarPresentation-Apr2022.pdf).

### EPA next steps

The U.S. EPA is aware of the immediate need for additional information. On April 18, 2022, the Office of Management and Budget (OMB) released a memorandum for the heads of executive departments and agencies about the "Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure." The EPA is also soliciting public input from all stakeholders to develop meaningful BABA implementation procedures for its programs, but in a timely manner. Email questions and comments to [BABA-OW@epa.gov](mailto:BABA-OW@epa.gov).

The EPA is working with the OMB to determine whether BABA requirements will apply to all SRF-funded projects or only those that are designated as federal equivalency.

As EPA moves forward, we will share updates with you as information becomes available.

## Resources and related information

- [EPA Build America, Buy America \(BABA\)](#)
- [EPA BABA Waivers Open for Public Comment](#)
- [DNR American Iron & Steel \(AIS\)](#)
- [DNR Federal Equivalency](#)

## Online ITA System Will Be Available in August 2022

In **August 2022**, the online system for submitting a notice of Intent to Apply (ITA) with Priority Evaluation and Ranking Formula (PERF) information will become available. At that time, municipalities and their authorized consultants may begin entering information and submitting ITAs/PERFs for State Fiscal Year (SFY) 2024.

Monday, October 31, 2022, is the SFY 2024 ITA/PERF submittal deadline for both the Clean Water Fund Program and the Safe Drinking Water Loan Program.

To help potential borrowers through the [ITA process](#), information, instructions, and guidance documents are on our [Online System webpage](#). Also, the online system has help text built-in to clarify what information and supporting documentation is needed for that section.

### PFAS and emerging contaminants

Municipalities that are planning to seek funding through the upcoming Bipartisan Infrastructure Law (BIL) Emerging Contaminants Program for projects to address per- and polyfluoroalkyl substances (PFAS) contamination should **submit a regular SDWLP SFY 2024 ITA/PERF**. More details about funding and eligibility for the SDWLP Emerging Contaminants Program will be available prior to the ITA submittal deadline.

Reminder: DNR's **cost free** [PFAS Statewide Voluntary Municipal Sampling Project](#)

## New Loan Project Manager: Ben Aerts

Ben Aerts is the Environmental Loans (EL) Section's newest project manager. He starts on June 6, 2022 and will be working out of the Community Financial Assistance Bureau space in the DNR's Central Office. Once available, Ben's new phone number and email address will be posted to the [EL Staff Directory webpage](#).

### Please give Ben a warm welcome!

Ben comes to us from outside of state service; he previously worked at Community Action Coalition for South Central Wisconsin. Ben shares with us, "Hi all, I am excited to join the DNR and Environmental Loans team! My career thus far has been focused in the non-profit sector

working in the areas of housing and food security, vocational rehabilitation, and environmental education. Most recently I oversaw compliance and accounting for a large pandemic relief assistance program.

I hold a bachelor's degree in Environmental Science from UW-Madison and grew up not too far away in the Baraboo bluffs. I am looking forward to expanding on my prior knowledge and experience to protect our state's natural resources. In my free time, I enjoy playing guitar and drums, attending live concerts, watching Wisconsin sports, and traveling. I look forward to meeting and working with all of you soon!"

## Dave Erdman Retiring this Summer

Dave Erdman, Wisconsin's Capital Finance Office Director since 2015 and key member of the Capital Finance Office since 1994, will be retiring after more than 32 years of exemplary state service. He started his career in the Environmental Loans program at DNR. Dave's last day with the Department of Administration will be on July 1, 2022.

Brian Pahnke, Administrator of the Division of Executive Budget and Finance, shares with us:

The State of Wisconsin has long been fortunate to have Dave as its Capital Finance Director as he knows his many unique job duties extraordinarily well, in addition to having a remarkable ability to convey complex information in a straightforward and understandable manner.

His stellar work is highly respected by the Governor, Secretary of Administration, Building Commission mem-

bers, and many others across state government over multiple years and administrations. Further, his expertise and familiarity with public finance, debt management and the capital, tax-exempt, and taxable bond markets is unmatched and reflected in his stellar reputation among peers in other states and many professionals in the public finance sector. Finally, Dave's thoughtful and forward-looking approach to best position our state in the eyes of rating agencies and bond investors has been a vital asset for all Wisconsinites for many years.

**Please join us in congratulating Dave on his impending retirement from state service and thanking him for all of his excellent work.**