

# Wisconsin DNR's 2014 Integrated Report

---

## Environmental Improvement Fund

Wisconsin's Environmental Improvement Fund (EIF) consists of two separate financial assistance programs: the Clean Water Fund Program for wastewater treatment and urban runoff projects, and the Safe Drinking Water Loan Program for drinking water projects. The EIF directs limited financial resources to projects with the highest environmental priority score in the Clean Water Fund Program and the highest public health priority score in the Safe Drinking Water Loan Program. The programs are administered jointly by WDNR and the Department of Administration.

The EIF is an excellent tool for Wisconsin in meeting its responsibilities under both the Clean Water Act and the Safe Drinking Water Act. EIF programs provide financial assistance to local units of government in the form of subsidized loans and, in some cases, grants, principal forgiveness or interest subsidy payments.

## Clean Water Fund Program

The Clean Water Fund Program (CWFP) is the larger of Wisconsin's two revolving loan programs. The CWFP uses funding from the capitalization grant authorized by the Clean Water Act, repayments from previous loans, and supplemental funding from state borrowing to help achieve state water quality goals and the objectives under the Clean Water Act.

Repayments of principal and interest from CWFP loans make up the primary source of funding for future CWFP projects. The CWFP provides financial assistance to municipalities for planning, design, and construction of surface water and groundwater pollution abatement facilities to process municipalities' wastewater and urban runoff. Over the years an increased emphasis has been placed on preventive maintenance for existing wastewater treatment facilities, and constructing new facilities to manage urban runoff. Financial assistance is administered by the CWFP through: 1) a federal revolving loan program, 2) a state leveraged loan program, 3) a state direct loan and hardship program, and 4) an interest rate subsidy program for small projects. The State programs are a commitment made by the Wisconsin Legislature to exceed the federal funding for surface water pollution abatement.

From 1991 through February 10, 2014, the CWFP entered into 870 financial assistance agreements with Wisconsin municipalities totaling \$3.995 billion--\$3.76 billion in loans and \$234.8 million in grants and principal forgiveness. In addition, the CWFP has executed 83 agreements with 72 municipalities to subsidize interest payments on wastewater treatment project loans made to the municipalities by a state program other than the CWFP. The amount of financial assistance provided for individual CWFP projects ranges from \$18,851 to over \$134 million.

The CWFP provides financial assistance for the following types of projects:

- Compliance maintenance projects – These wastewater projects are necessary to prevent municipalities from exceeding effluent limitations contained in their Wisconsin Pollution Discharge Elimination System (WPDES) permits.
- New or changed limits projects – This type of wastewater project is necessary for a municipality to meet effluent limitations contained in its WPDES permit which were newly established or modified after May 17, 1988.
- Unsewered projects – These wastewater projects provide treatment facilities and sewers for unsewered or partially unsewered municipalities.
- Urban runoff projects – These stormwater/nonpoint source projects are necessary to meet WPDES permit requirements, meet non-agricultural performance standards, or control urban stormwater problems under WDNR-approved plans.

# Wisconsin DNR's 2014 Integrated Report

---

The CWFPP may provide financial assistance to municipalities in the following ways: provide loans at or below market interest rates, provide grants under a state hardship assistance program, purchase or refinance the debt obligations of municipalities incurred for CWFPP-eligible water pollution control projects, and make subsidy payments to municipalities to reduce interest on loans made by the Board of Commissioners of Public Lands for CWFPP-eligible projects. In recent years, the CWFPP has also provided principal forgiveness to some municipalities to meet federal appropriation requirements.

Each CWFPP project is prioritized using a system established by Wisconsin Administrative Code. The environmental criteria used to select projects include: impacts to human health, maintenance of fish and aquatic life, maintenance of wildlife, impacts to outstanding and exceptional resource waters, the ability to treat septage and leachate, and the population served by the project.

The priority system assigns a score to every project based on the criteria. Projects are ranked numerically, so in the event funding is not available for all requested projects in a given year, awards will be made by the order in which they are ranked. Funding each biennium has been sufficient to fund all eligible CWFPP projects, except for those projects requested under the financial hardship assistance program.

## Safe Drinking Water Loan Program

The Safe Drinking Water Loan Program (SDWLP) was enacted in 1997 to provide financial assistance to municipalities for the planning, design, construction or modification of public water systems. The SDWLP uses funding from the capitalization grant authorized by the Safe Drinking Water Act and repayments from previous loans.

From the beginning of the program in 1998 through February 10, 2014, the SDWLP entered into 227 financial assistance agreements with Wisconsin municipalities totaling \$467.3 million--\$413.0 million in loans and \$54.3 million in principal forgiveness. To be eligible for SDWLP funding, a project must have one of the following purposes:

- Address Safe Drinking Water Act health standards that have been exceeded, or prevent future violations of health standards and regulations. This includes projects to maintain compliance with existing regulations for contaminants with chronic health effects.
- Replace infrastructure if necessary to maintain compliance with or further the public health protection goals of the Safe Drinking Water Act. This includes projects to rehabilitate or develop sources, install or upgrade treatment facilities, install or upgrade storage facilities, or install or replace transmission and distribution pipes.
- Consolidate existing community water systems that have technical, financial or managerial difficulties. These projects are limited in scope to the service area of the systems being consolidated.
- Purchase a portion of another public water system's capacity if it is the most cost-effective solution.
- Restructure a public water system that is in noncompliance with the Safe Drinking Water Act requirements or lacks the technical, managerial, and financial capability to maintain the system if the assistance will bring the system back into compliance.
- Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks, caused by unsafe drinking water provided by individual wells or surface water sources. These projects are limited in scope to the specific geographic area affected by contamination.

The SDWLP may provide financial assistance to municipalities as subsidized loans, or may purchase or refinance the debt obligations of municipalities incurred for SDWLP-eligible projects. In recent years, the SDWLP has also provided principal forgiveness to some municipalities to meet federal appropriation requirements.

# Wisconsin DNR's 2014 Integrated Report

---

Each SDWLP project is prioritized using a system established by Wisconsin Administrative Code. The criteria used to select projects include: risk to human health of acute and chronic contaminants, financial need based on population and median household income of the municipality served by the project, secondary contaminant violations or system compliance with regulations, and system capacity.

The priority system assigns a score to every project based on the criteria. Projects are ranked numerically, so in the event funding is not available for all project applicants in a given year, awards will be made by the order in which the projects are ranked.