

E-Bulletin Newsletter

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Financing Options for Lead Pipe Replacements

Events in Flint, MI have focused attention on the problems associated with lead leaching into the drinking water from older lead pipes and other lead sources from within the home (such as lead-containing solder on copper pipes and older household fixtures).

Because lead may leach into drinking water and be released in scale during system repairs, many communities are considering the best options to ensure the safety of drinking water. Replacing all pipes, joints and fixtures that contain lead is certainly the best option for ensuring a lead-free water supply. Additionally, this solution can be costly for communities and homeowners.

In Wisconsin, the Safe Drinking Water Loan Program (SDWLP) can finance water infrastructure projects that remove lead pipe materials. **Figure 1** (on page 2) shows the traditional funding options based on whether the infrastructure to be replaced is owned by the community or is privately-owned, such as service lines on private property.

The department encourages communities to replace entire lead service lines. We are working to identify other funding options to further assist communities in replacing lead service lines, including the use of Principal Forgiveness. More information on funding options will be discussed in future E-Bulletins.

Contact your assigned Drinking Water and Groundwater representative to assess options for minimizing lead in drinking water. More information can be found at: <http://dnr.wi.gov/topic/drinkingwater/lead.html>.

To find the best funding options available for your project, contact the Environmental Loans program.

Contact Information for Environmental Loans



Phone 608-266-7555 | **Fax** 608-267-0496 | **Web** dnr.wi.gov/Aid/EIF.html
Staff Directory dnr.wi.gov/Aid/documents/EIF/Guide/managers.html

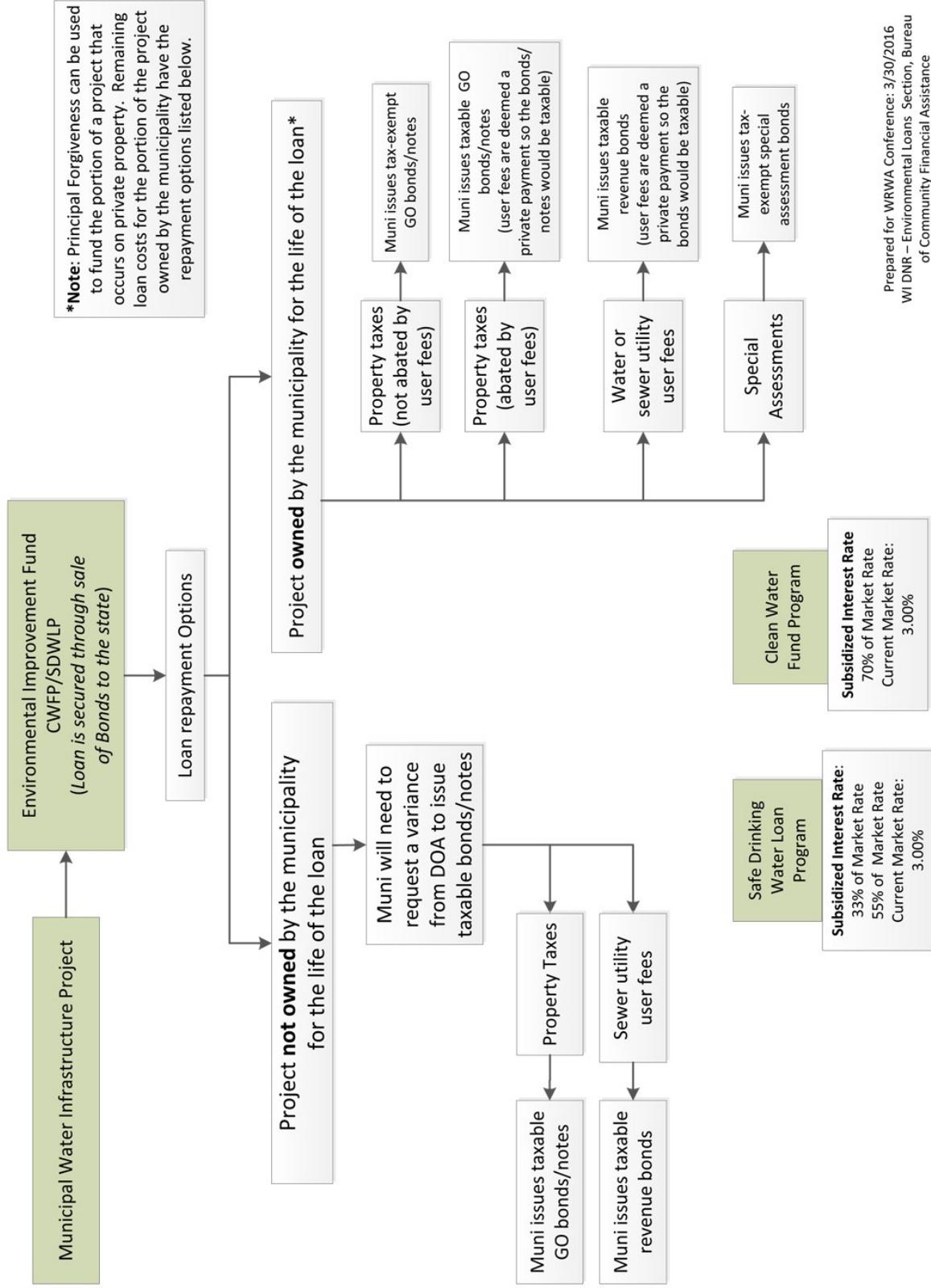
Mailing Address

ENVIRONMENTAL LOANS - CF/2
 DEPT OF NATURAL RESOURCES
 PO BOX 7921
 MADISON WI 53707-7921

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Figure 1:

Overview of EIF Funding options for Privately-owned Infrastructure:
Clean Water Fund Program (CWFP) or Safe Drinking Water Loan Program (SDWLP)



Prepared for WRWA Conference: 3/30/2016
WI DNR – Environmental Loans Section, Bureau of Community Financial Assistance

Upcoming Disbursement Dates

Requests for Disbursement are next due on **Friday, April 15, 2016**.

The associated payments will be made on Wednesday, April 27, 2016.



Last Closing Date for SFY 2016 SDWLP Loans

Wednesday, June 22, 2016 is the final loan closing date for State Fiscal Year 2016 Safe Drinking Water Loan Program (SDWLP) projects.

Upcoming Deadlines

June 30

Executed contracts & bid documents are due to project managers for SFY 16 CWFPP Principal Forgiveness projects.

June 30

Deadline for submitting SFY 17 CWFPP Hardship and SDWLP applications as well as plans and specifications.

September 30

Deadline for submitting SFY 17 CWFPP Principal Forgiveness applications as well as plans and specifications.

October 31

Deadline for submitting online SFY 18 CWFPP and SDWLP ITAs/PERFs.

Reimbursement Resolution (declaration of intent)

What is a Reimbursement Resolution?

A Reimbursement Resolution is a municipal resolution, required by the Internal Revenue Service (IRS), declaring the municipality's official intent to reimburse a municipal account with proceeds from a tax-exempt bond or promissory note.

(The IRS regulation is [26 CFR 1.150-2](#) Proceeds of Bonds Used for Reimbursement.)

We encourage every municipality's governing body to pass the Reimbursement Resolution as soon as the municipality starts incurring costs for their project. Failure to pass a Reimbursement Resolution can result in project costs that cannot be reimbursed with funding from the Clean Water Fund or Safe Drinking Water Loan programs.

Recent code revisions clarified that, if available, the municipality must include a copy of the Reimbursement Resolution with the financial assistance application, if the resolution was passed prior to the application deadline.

Otherwise, your Reimbursement Resolution must be submitted to your project manager by the deadline established in order to ensure your project loan closing stays on schedule.

For more information, visit our Reimbursement Resolution (Declaration of Official Intent to Reimburse) webpage at <http://dnr.wi.gov/Aid/documents/EIF/Guide/reimbursement.html>

Land Ownership & Easement Language for Use in Legal Opinion

Prior to closing a loan for a Safe Drinking Water Loan Program (SDWLP) or a Clean Water Fund Program (CWFP) project, the municipality must provide documentation regarding ownership and availability of the land on which the project is taking place.

Our Land and Easement webpage specifies the requirements for what must be included in the attorney's legal opinion, in addition to confirming that the municipality owns the land or has

obtained the necessary easements for access to the land for the life of the loan. It also highlights eligible and ineligible land costs. Be sure to check out this information well before your last date for submitting documents to your project manager to ensure your project loan closing stays on schedule.

For more information, visit our Land & Easements webpage at <http://dnr.wi.gov/Aid/documents/EIF/Guide/Land.html>.

Reminder About Modifications to Approved Plans & Specifications

Contact your DG Plan Review engineer for any changes to an approved plan that may affect water quality or quantity *before they are implemented!* This will help you avoid being issued a Notice of Noncompliance (NON) and also ensure that the costs for constructing these changes will be eligible for SDWLP funding.

Engineering Report Clarifications

In effect July 1, 2015, engineering report requirements for the SDWLP are now the same as those included in chs. NR 108 and NR 811, Wis. Adm. Code. A municipality may submit an application prior to receiving department approval of an engineering report for the project, **IF**:

- neither ch. NR 108 nor ch. NR 811, Wis. Adm. Code, requires an engineering report for a specific project,

OR

- either ch. NR 108 or ch. NR 811, Wis. Adm. Code, allows submittal & review of the engineering report & the plans and specifications simultaneously;
- **and** the department receives the engineering report & the plans and specifications with or prior to submittal of the financial assistance application by the June 30 deadline.

Well Project Plans & Specs

Municipalities seeking financial assistance from the Safe Drinking Water Loan Program (SDWLP) for a well project must submit approvable, bid-dable plans and specifications for the *final well construction* to the Department for approval with or prior to their application for funding.

SDWLP financial assistance applications must be submitted by June 30, 2016 for the State Fiscal Year (SFY) 2017 funding cycle.

After submitting the *final well construction* plans and specifications, the municipality must submit the rest of the well project plans and specifications to the Department with sufficient time for review and approval (see "Plans & Specifications: Reviews, Timing, & Modification Requirements" on page 2 of E-Bulletin Volume 5, Issue 2 <http://dnr.wi.gov/Aid/documents/EIF/news/vol.05.issue.02.pdf>).

The final loan closing date for SFY 17 SDWLP projects is June 28, 2017.

Safeguard Your Project - Submit ITA/PERF for SFY 2018

It is in your municipality's best interest to annually update and submit Intent to Apply (ITA) & Priority Evaluation and Ranking Formula (PERF) online until you close on a loan for your project. ITAs/PERFs are only valid for one state fiscal year (SFY).

Municipalities may experience a variety of project setbacks, from extreme weather delays or damage, an insufficient revenue stream, new and/or revised laws, difficulties obtaining easements or necessary approvals, or other unanticipated issues.

Submitting an updated ITA/PERF assures your municipality is eligible to submit a new application should the loan closing on the current fiscal year application be delayed for any reason.

Remember, the ITA/PERF deadline is October 31st for the next state fiscal year funding cycle.



Getting Your SDWLP Project Funded

You submitted your ITA and PERF ✓
Your project is listed on the Project Priority List ✓



Next, you need to submit your application by June 30th!

The Next Steps document will help you understand the application process and contents for getting your project funded, http://dnr.wi.gov/Aid/documents/EIF/SDWLP_Next_Steps.pdf.

Included is information on:

- The application process
- Application form availability
- Priority Evaluation & Ranking Formula (PERF) rescore options when you submit application
- Federal requirements
- Public Service Commission (PSC) of Wisconsin water rate increase

In addition, these links provide you with more detailed information on the following:

SDWLP Application Contents and Process
http://dnr.wi.gov/Aid/documents/EIF/Guide/ApplicationContents_SDWLP.pdf.

"The Funding Process, Part 2: The Financial Assistance Application" on page 2 of E-Bulletin Volume 4, Issue 11; <http://dnr.wi.gov/Aid/documents/EIF/news/vol.04.issue.11.pdf>.

Deadlines & Due Dates

<http://dnr.wi.gov/Aid/documents/EIF/guide/ELprogramsDeadlinesAndDueDates.pdf>.

- **June 30, 2016 - postmark deadline for SFY 17 SDWLP Applications.**
- August 24, 2016 - anticipated date for SFY 17 SDWLP Funding List.

Funding List

The SDWLP Funding List includes projects for which a complete financial assistance application was submitted by the June 30 deadline; these projects must have appeared on the SDWLP PPL for the corresponding state fiscal year.

The Funding List identifies each project's total requested costs. The projects are listed in priority score order. This ordering is used for the allocation of Principal Forgiveness (PF) funds. PF funds, as applicable, are also detailed on this list.

Coordinating SDWLP Requirements with PSC Processes

Submitted by Wisconsin Public Service Commission

Most projects that receive SDWLP funding result in a need for a water rate increase that is processed by the Public Service Commission (PSC). Some projects that receive SDWLP funds also require PSC construction authorization.

Construction Authorization Process

Construction authorization is required from the PSC before "...constructing, purchasing, installing, modifying, replacing, or placing in operation any plant" if the cost of the construction will be more than \$299,000 or 25 percent of the utility's annual revenues, whichever is lower. There are several exemptions to this requirement, including certain types of routine maintenance and repair, and utility main installations.

Utilities are encouraged to consult with PSC staff **prior to** submitting a construction authorization application, preferably early in the project planning process. Pre-application consultations are particularly important for projects that include new water supply facilities (e.g. wells, storage facilities, intakes) and water main projects that are eight inches or greater in nominal diameter and three or more miles long. The pre-application consultation includes identification of regulated activities, discussion of application requirements and the review process, and identification of potential issues and risks. This early discussion can help identify the most cost effective solution, reduce re-work, speed up the review process, and address water rate impacts.

Rate Case Process

One of the requirements for closing a SDWLP loan is that a utility has water rates in place that are adequate to repay the loan. For large construction projects, this requirement usually means that the utility needs to increase water rates.

Utilities should be aware that it typically takes **five to six months** for the PSC to process a rate increase application. On the PSC website, a utility may request an application, visit <http://psc.wi.gov/apps35/ratecase/water.aspx>.

The rate case process begins by submitting a simple form, which triggers the PSC to send its full water rate increase application to the email address listed on the form. The application is a multi-tabbed, Excel spreadsheet file. The file you receive includes three years of historical data for your utility, as well as data on investments in utility plant categorized according to the Uniform System of Accounts. These fields are all pre-populated from PSC Annual Reports.

To add new construction to rate base, a utility will need to forecast additions to Plant in Service on the rate increase application. The amounts added to Plant in Service on the application should align with the same plant accounts and include the same level of detail as that obtained during the construction bid process and should also reconcile with those submitted to the SDWLP for inclusion in their Financial Assistance Agreement (FAA).

The last tab in the rate increase application shows the percent increase in water rates that will result from the construction project, as well as any other additional operating and capital costs the utility included in its revenue requirement.

More information is available at PSC's website, <http://psc.wi.gov/water/index.htm>.

For questions regarding the PSC's construction authorization process, contact Steve Kemna at 608-266-3768 or Stephen.Kemna@wisconsin.gov.

For questions about the PSC's rate case process, contact Kathy Butzlaff at 608-267-9817 or Kathy.Butzlaff@wisconsin.gov.

Use Newly Revised SDWLP Application Form for SFY 17

The Safe Drinking Water Loan Program (SDWLP) Financial Assistance Application form (Form 8700-262) is under revision and should be available in April. When the update is complete, it will be available on our forms webpage, <http://dnr.wi.gov/Aid/documents/EIF/forms/forms.html>.

Please use this revised form for your upcoming State Fiscal Year 2017 SDWLP applications.

The revised form has content changes from the previous version. The revised application has extended rights which allow it to be filled out electronically, saved, and printed using Adobe Reader version 8 or higher (free download at <http://get.adobe.com/reader/otherversions/>).

You may download the most recent form online or request a hard copy be mailed to you by contacting Cindy Wheeler at 608-266-9955 or cynthia.wheeler@wisconsin.gov.

How Do I Know If I'm Using the Newest Version of the Form?

Compare the revised date on the EL forms webpage to the revised date on the PDF form (see image). If the PDF date does NOT match the webpage date, you need to download the current version from the EL forms webpage, <http://dnr.wi.gov/Aid/documents/EIF/Forms/Forms.html>.

The screenshot shows a web browser window displaying the DNR forms page. The table below lists the forms, with the 'Revised' column circled in red. A red arrow points from this circle to the Adobe Reader window below, where the '(R 8/10)' text is also circled in red.

Form	Revised	Title
8700-201	8/10	Environmental Improvement Fund (EIF) Federal Equivalency Projects Assurances and Certification
8700-2		Environmental Improvement Fund Federal Equivalency Projects Assurances and Certification

The Adobe Reader window shows the PDF form titled "Environmental Improvement Fund Federal Equivalency Projects Assurances And Certification" with the text "(R 8/10)" circled in red.

Solutions to Portable Document Format (PDF) File Problems

Some web browsers use a PDF viewer that does not support dynamic PDF forms. In particular, Chrome and Safari are generally defaulted to their own PDF viewers rather than Adobe Reader (free download at <http://get.adobe.com/reader/otherversions/>). **Using Internet Explorer** will usually resolve the issue; otherwise two solution options are:

1. **Reconfigure your browser** to work with the Adobe Reader or Acrobat plug-in. (see <https://helpx.adobe.com/acrobat/kb/pdf-browser-plugin-configuration.html>)
2. **Save a copy** of the form to your computer and then open it using Adobe Reader. (see <http://dnr.wi.gov/site/pdf.html>)

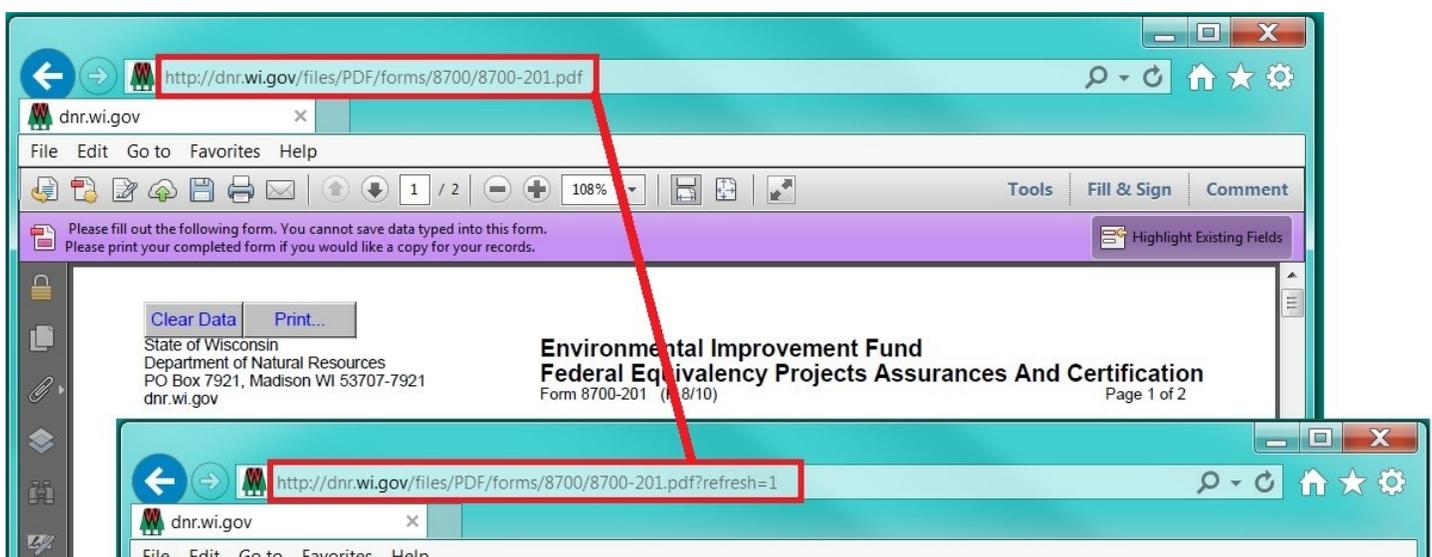
Browser caching may cause problems - When you visit any webpage or document through a web browser, the browser will first check to see if you have been there before. A web browser saves a copy of everything you view to its local cache. It is faster for a web browser to display a saved copy of a file rather than to download the file from the Internet again. This can become a problem when you need to use the newest form and not an old one.

Clear the web browser's cache - The Department publishes revised forms to its web server, in which case the saved copy in your browser's cache can become out-of-date. While a saved copy of the form exists in the local cache, your web browser will NOT contact the DNR server to retrieve the form again. To help ensure you view the newest form, clear your web browser's cache before you visit the [EL forms webpage](#), the form's URL address, or both.

Trick the browser into contacting the server - This is more of a one-time trick than a permanent solution. You can trick (force) your web browser into 'refreshing' the new form from the DNR server by using a query string at the end of the form's URL address. The web browser will be unable to match it with anything cached. However, the web browser will now cache this URL address + query string.

EXAMPLE (see image):

- 1) After the form's PDF file extension, type the query string "?refresh=1" and then click search.
- 2) To 'refresh' this form again, use the next sequential number and so on and so forth.
 - <http://dnr.wi.gov/files/PDF/forms/8700/8700-201.pdf>
 - <http://dnr.wi.gov/files/PDF/forms/8700/8700-201.pdf?refresh=1>
 - <http://dnr.wi.gov/files/PDF/forms/8700/8700-201.pdf?refresh=2>



Cheaper By the Dozen Help Your Municipality Secure Full Funding for Their Project

- 1.** Keep the actual project work within the scope of the project as defined in the ITA.
- 2.** Make sure you get plan approvals (including approvals for plan modifications) before constructing or those costs will be deemed ineligible.
- 3.** Communicate frequently with your DNR construction management engineer (CME) and project manager. Invite them to the preconstruction meeting to provide an understanding of the project plan and timing. The CME can provide insights and answer questions throughout the project.
- 4.** Provide the CME with copies of the DNR approved project plans and specifications. Remember the approved plans and specifications are the ones you must use for bidding purposes. Addenda to the plans and specifications should also be submitted to the department for review prior to bidding if any changes impact the design that was approved.
- 5.** Be inclusive. Make sure all activities necessary for the project are included in your ITA and application (i.e. land purchases, demolition, road construction, new or extensions of existing utilities, mobile equipment purchases, SCADA, telemetry, building improvements, etc.).
- 6.** If you design the work "in-house" with your engineering department, track the hours each employee works on the project; you can request reimbursement of those costs on the "Force Account" budget line item in the application. Also track hours equipment owned by the municipality is used during project construction. Set up time codes and determine appropriate charges for in-house work and equipment use in advance for specific projects that are on the horizon.
- 7.** Make sure the plans and specifications you submit for approval include all the materials and equipment options you may be considering, and design your bidding documents to allow for those approved options. This maximizes your flexibility to review prices/materials and award the bid without needing further DNR approvals. Include all piping options you are considering, in case installation methods change and you need to change your drilling methods and associated pipe materials.
- 8.** When financing a project through multiple funding sources, be sure to maximize each funding source – for example, some costs are eligible for CDBG funding but are not eligible for CWF and SDWLP funding, so work to have the applicable costs covered by the appropriate agency. Keep all agencies involved informed of the status of the other funding. Holding a meeting with all agencies together very early in the planning process can help get an affordable package together for disadvantaged communities.
- 9.** Check with your DNR project manager before advertising for bids to confirm what specific language should be included in the bidding documents in order to meet DBE, Davis-Bacon, Use of American Iron & Steel, and other requirements. Also, read the information provided about these requirements in our Reference Guide.
- 10.** If you have a contract with a particular user of your system, contact the Department of Administration prior to applying for funding to determine whether private activity regulations could be a problem in obtaining funding for the project.
- 11.** Make sure the municipality's authorized representative signs the application form and all applicable attachments are included before submitting the complete application to DNR!!
- 12.** Submit any PSC-required documents for your project to PSC early. Rate reviews can take several months, and the SDWLP cannot close on a loan until PSC issues the final rate order and the rates are effective.

Provide a Detailed Budget Sheet When Using Multiple Funding Sources

Providing a detailed budget sheet with your application that clearly identifies specific items or portions of your project covered by other funding sources will help smooth the financing process.



Identify whether the other funds are actual funds already secured or if they are expected funds from other sources for which you submitted applications but do not yet have a funding award.

This helps project managers prepare an accurate budget sheet for the Financial Assistance Agreement with fewer questions, and makes it easier for the multiple funding sources work together to cover all of your project costs.

Changes to Construction Procurement Requirements

The Wisconsin legislature recently changed state prevailing wage rate requirements for public construction projects and expanded the exemption from sales tax for public construction purchases to include purchases made directly by the contractor.

Recipients of CWF and SDWLP loans must comply with applicable state and federal procurement, bidding, and contracting requirements, including the Davis Bacon Act.

When signing a Financial Assistance Agreement for funding from these programs, the municipality certifies that they are complying and will comply with all local, state, and federal laws applicable to their construction project.

CWF and SDWLP staff are not qualified or authorized to provide legal advice to local units of government concerning laws regarding wage rates, sales tax, or procurement.

These laws are complex, with different procurement requirements and thresholds for cities, towns, villages, and counties. Because of this complexity, we urge local units of government to work with their attorneys to ensure compliance with all state and federal procurement laws.

Working with an attorney will help ensure work compliance with applicable state and federal laws when soliciting bids for contracts and procuring equipment, materials, and supplies for construction projects.

Procurement Guide for Local Governments

The Department prepared a plain-English guide for local governments receiving DNR grant funds; see "Procurement Guide for Local Governments", <http://dnr.wi.gov/Aid/documents/ProcurementGuide.pdf>.

Although this document focuses on grants, much of the information provided also applies to CWF and SDWLP loan recipients.

The most recent version of this document, dated February 2016, includes a short description of the changes to prevailing wage rate determinations and a section regarding Davis-Bacon and Related Acts.

Disclaimer: This document sets out bidding requirements that local units of government must meet to ensure that the DNR can process grant reimbursement requests. This guide is not a comprehensive review of all bidding law requirements. Consult your attorney with detailed questions about compliance with bidding laws.

Environmental Review Requirements for the SDWLP

Because the Safe Drinking Water Loan Program (SDWLP) is a federally funded program, federal requirements apply. All SDWLP projects, along with staging areas, causing any ground disturbance (including vibrations) must submit, at a minimum, the following:

- 1) NHI Public Portal Preliminary Assessment(s): <http://dnr.wi.gov/topic/erreview/publicPortal.html>.
- 2) USGS topo map(s) clearly showing the disturbance footprint(s)
- 3) Any permits (such as an NOI or Chapter 30)

Endangered Species reviews (including NHI Preliminary reviews) and permits are time sensitive. Some projects may be required to resubmit updated documentation prior to closing.

Projects with multiple disturbance footprints will either need multiple ER Preliminary Assessment reviews or a topographic map indicating all the disturbance footprints submitted with the Endangered Resource Review Request form.

If you do not feel comfortable or are unable to use the NHI Public Portal, the following will satisfy the requirement of the public portal assessment for any SDWLP project:

- A copy of the Endangered Resource Review Request form (<http://dnr.wi.gov/files/PDF/forms/1700/1700-047.pdf>) and attachments.
- A copy of the *corresponding response* from the DNR ER Review Program.

If you have questions about the Environmental Review requirements for your SDWLP project, please contact Samantha Jordt at 608-267-2450 or samantha.jordt@wisconsin.gov.

Use the Natural Heritage Inventory (NHI) Public Portal to Conduct an Endangered Resources Preliminary Assessment

For a preliminary review using the portal, you will need to answer a few questions about your project, **click YES for federal funding**, and create a polygon for the project area.

The portal will then pull data for your project and buffer area to determine if state and/or federally listed endangered species/habitats are present.

- If the results **do not require** further actions, simply save and print the results of the portal's findings and submit them with your SDWLP application.
- If the results **do require** further actions, submit the public portal assessment result with your SDWLP application and submit the results of the full review to your SDWLP project manager (must be submitted before your loan can close). Learn more at <http://dnr.wi.gov/topic/ERReview/Review.html>.

Further actions will be required if the NHI Public Portal returns this message:

Results

Endangered resources are present and the species present are legally protected. **Further actions are required to ensure compliance** with Wisconsin's Endangered Species Law (s. 29.604 Wis. Stats.) and the Federal Endangered Species Act (16 USC ss 1531-43). Therefore you should request an [Endangered Resources Review](#).

Print/Save Results

Start over

The Ins & Outs of Non-Core SDWLP Project Costs

NON-CORE PROJECT COSTS

The following information is from the *Environmental Loans Program Guidance: Inclusion of De Minimis Non-core Project Costs for Safe Drinking Water Loan Program (SDWLP) Applications and Restricted Use of Contingency Funds*, available at <http://dnr.wi.gov/Aid/documents/EIF/Guide/SystemWideCosts.pdf>.

Communities may request a limited amount of funding in their project budgets for items and activities that will contribute to the overall functionality or integrity of a drinking water system but fall outside of the core scope of the project being funded.

The SDWLP Financial Assistance Application includes a section for applicants to identify "Non-Core Project Costs" for which they'd like to receive funding. Applicants are limited to the following amounts when requesting funds for non-core project activities or items:

- Up to 5% of the core project costs subject to the limits below:
 - If 5% of core project costs equal \$50,000 or less, then a municipality may request up to \$50,000 for non-core project activities/items.
 - If 5% of the core project costs are greater than \$100,000, the municipality may request no more than \$100,000 for these non-core project activities/items.
- In no situation can the amount requested for non-core project activities exceed the cost of the core project.

Remember that non-core costs are only awarded after the determination is made that there are sufficient funds for all core project costs requested for that fiscal year. Also note that non-core costs are not included in the calculations for principal forgiveness awards.

The following are examples of non-core project activities and items:

- Purchasing and installing security equipment at, for example, well #1, if the core project is constructing a new well #4 to replace contaminated well #2.
- Purchasing and installing a backup generator for a well if the core project is constructing an elevated storage tank with a SCADA system.
- Mapping the entire distribution system for integration into a GIS program, if the core project is replacing some mains and eliminating dead ends for a small portion of the water supply system or is a well, storage tank, or treatment project.
- Purchase costs for items that help with maintaining the water system, such as a: pipe locator, curb stop locator, tractor, jackhammer, valve operation kit, public works computer/printer/software, GIS mapping software, hydrant meter, backflow preventer, hydrant pump, or a pickup truck (to be used for water utility purposes).
- Replacing a few hydrants when the core project is upgrades at a well.
- Upgrading SCADA, telemetry, electrical panels, or other instrumentation when the core project is replacing mains.

Non-Core and Contingency continued on page 13

Non-Core and Contingency continued from page 12

- Purchasing and installing a chemical feed pump when the core project is constructing an elevated tank.

NOTE: If contingency funds are insufficient for core project change orders, funding identified in the application for non-core project activities may be redirected to necessary core project cost overruns.

The following examples highlight costs that would not be allowable as non-core:

- Conducting recurring maintenance activities such as well cleaning.
- Performing well site investigations for a future well project . (These costs should be included as preliminary/planning costs when/if the municipality requests SDWLP funding for a new well at a later date.)
- Painting an elevated tank or upgrading system SCADA when the project cost is approximately \$100,000 or more. (These can be stand-alone projects.)

Allowable non-core funding amounts:

- A municipality with a \$250,000 core project budget may request up to an additional \$50,000 for non-core project improvements, even though 5% of their core budget costs equals only \$12,500;
- A municipality with a \$1,500,000 core project budget may request up to \$75,000 (5% of their core project costs);
- A municipality with a \$5,000,000 core project budget may request no more than \$100,000 for non-core project activities, even though \$100,000 is only 2% of the core project costs.

USE OF CONTINGENCY FUNDS

In the FAA of any SDWLP project for which construction is not yet complete at the time of loan closing, DNR includes contingency funds in the budget to cover unanticipated costs associated with the core project construction activities.

These contingency funds are in the FAA to protect against the possibility of the loan funds being expended before all of the core project work is completed.

Since the SDWLP allows non-core project activities and items to be identified at the time of application submittal, DNR restricts the use of contingency funds to cover only those unanticipated costs associated with the construction of the core project.

For examples of non-core costs, see the *Environmental Loans Program Guidance: Inclusion of De Minimis Non-core Project Costs for Safe Drinking Water Loan Program (SDWLP) Applications and Restricted Use of Contingency Funds*, at <http://dnr.wi.gov/Aid/documents/EIF/Guide/SystemWideCosts.pdf>.

