



H

State of Wisconsin

September 30, 1996

The Honorable Brian S. Burke  
Senate Chair Joint Committee on Finance  
Suite 302  
100 N. Hamilton

**SUBJECT:** Clean Water Fund Biennial Finance Plan for 1997-1999


Dear Senator Burke:

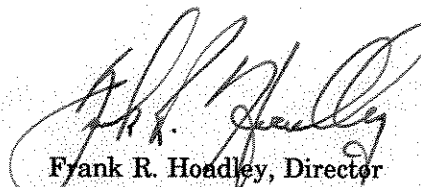
Attached to this letter is the Clean Water Fund Biennial Finance Plan for the 1997-1999 biennium.

Clean Water Fund legislation requires the Department of Natural Resources and the Department of Administration to submit a Biennial Finance Plan to the Legislature and to the State Building Commission by October 1 of each even-numbered year (Section 144.2415(3)(bm), Wisconsin Statutes). The purpose of the plan is to provide information on the present value subsidy and the operations and activities of the Clean Water Fund program for the 1997-1999 biennium.

If you have any questions regarding the Biennial Finance Plan, please contact Kathryn A. Curtner at 266-0860 or Frank Hoadley at 266-2305.

Sincerely,

  
Kathryn A. Curtner, Director  
Bureau of Community Financial Assistance  
Department of Natural Resources

  
Frank R. Hoadley, Director  
Capital Finance  
Department of Administration

KAC:FRH:PBS

Attach.

cc: George E. Meyer - AD/5  
James R. Klauser - DOA

**BIENNIAL FINANCE PLAN  
CLEAN WATER FUND  
OCTOBER 1996**

Prepared by:

Department of Natural Resources  
Bureau of Community Financial Assistance

Department of Administration  
Capital Finance Office

**CLEAN WATER FUND  
BIENNIAL FINANCE PLAN  
OCTOBER 1996**

**EXECUTIVE SUMMARY**

**FUNDING LEVELS AND PROPOSED CHANGES TO THE CLEAN WATER FUND:**

**A. BONDING AUTHORITY AND P-V SUBSIDY LIMIT (\$ in millions)**

	INCREASE	TOTAL
GENERAL OBLIGATION BONDING	\$0.0	\$553.2
REVENUE BONDING	0.0	1297.8
PRESENT VALUE SUBSIDY	83.5	83.5

Bonding and present value subsidy levels are expected to be sufficient to meet all of the estimated non-hardship requests.

**B. REQUEST SEGREGATION OF CLEAN WATER FUND FEDERAL INTEREST PAYMENTS**

The DNR requests statutory authority to segregate a portion of the interest payments on federal loans for program operations. Implementation of the interest segregation is not requested at this time.

**C. REQUEST SUBSIDY RATE INCREASE FOR NONPOINT SOURCE AND STORMWATER POLLUTION PROJECTS**

The DNR is requesting statutory language changes to ss. 144.241 Stats. to increase the subsidy levels for nonpoint source and storm water pollution projects. These projects are currently fundable at the Tier 2 (70% of market) rate. The proposed changes would fund all stormwater and nonpoint at the Tier 1 (55% of market) rate. Stormwater/nonpoint projects would also be assigned a higher priority for funding.

**BIENNIAL FINANCE PLAN  
CLEAN WATER FUND  
OCTOBER 1996**

**INTRODUCTION:** Section 144.2415 (3), Wis. Stats., requires the submission of a Biennial Finance Plan to the Building Commission, the Joint Finance Committee and to the Chief Clerk of each House of the Legislature. The law requires that the Department of Natural Resources and the Department of Administration provide information on the following eight topics:

1. An estimate of the needs for wastewater treatment facilities for Wisconsin municipalities.
2. The amount of financial assistance the State of Wisconsin plans to provide for the next two biennia for municipalities constructing wastewater treatment facilities.
3. The extent to which the fund will be maintained in perpetuity.
4. Financial statements and other financial information regarding the Clean Water Fund.
5. The estimated spending level and interest rates for projects specified under s. 144.241 (7) (b) 1 to 3, Wis. Stats., (i.e. compliance maintenance, new/changed effluent limits and planning and design projects).
6. The estimated present value of subsidies for all Clean Water Fund loans and grants for projects listed in the biennial needs list with a discussion of the assumptions made in these subsidy calculations.
7. The amount of service fee proposed.
8. The impact of the biennial finance plan on the guideline stated in s. 144.2415 (3) (b), Wis. Stats.

This first version of the Biennial Finance Plan reflects changes made to the Plan by the 1995-1997 biennial budget (1995 Act 27). Changes in the format of tables and statements have been made to improve the clarity and relevancy of the financial information. A summary of program authority levels and financial assumptions is presented as Attachment A.

**INFORMATION REQUESTED:**

1. **WASTEWATER TREATMENT NEEDS:**

Table 1 shows the maximum amount of all new wastewater facility projects needed over the next 4 years. These needs represent DNR's best estimates as of July 1, 1996. The estimates take into account best available cost information and anticipated project construction status. The amount of assistance that DNR estimates will actually be provided will differ from these estimates based on the number of projects that actually proceed to construction during the biennium. See Table 2. They also will differ based upon the eligible as-bid costs for actual projects.

Table 1  
Wastewater Treatment Needs  
(in millions of 1996 \$)

	FY 98	FY 99	FY 00	FY 01
Total	173.0	191.4	200.5	200.5

2. **FINANCIAL ASSISTANCE PLANNED TO BE PROVIDED:**

The needs identified in Table 1 are often greater than the financial assistance amounts actually provided. Over the history of the program, fewer projects than identified in the needs estimates actually proceed to construction during the biennium. This is due to project timing changes and municipal financial decisions which delay construction. Table 2 is DNR's best estimate of the cost of needed projects that will actually proceed to construction during 97-99. Most of the projects included in the needs estimate in Table 1 which don't proceed to construction during 97-99 will proceed at a later date.

Table 2  
Amounts of Assistance to be Provided  
(in millions of 1996 \$)

<u>Amount</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Projects	146.1	187.9	190.5	190.5
10% Contingency	14.6	18.8	19.0	19.0
Totals	160.7	206.7	209.5	209.5

3. **FUND MAINTAINED IN PERPETUITY:**

The Clean Water Fund consists of three loan portfolios: the leveraged portfolio which uses the proceeds from state revenue bonds to make loans, the direct portfolio which uses capitalization grants from the US Environmental Protection Agency (EPA) and state matching funds, and a "proprietary" portfolio for loans that do not fit under the leveraged or direct programs. Some loans can only be funded in the proprietary portfolio because of questionable credit quality, non-conformity with EPA regulations, or federal tax requirements. The number and amount of loans maintained in the proprietary program is kept to a minimum. The revenue bond based loan portfolio is designed so that loan repayments plus state subsidies are used to retire revenue bonds issued. The EPA funded program, on the other hand, is a self-perpetuating portfolio which will continue to grow as principal and interest payments are recycled into new loans. The composite interest rate for the EPA funds loan portfolio is approximately 3.30%. EPA regulations require that the EPA funded program be maintained in a way that guarantees that it will continue in perpetuity. The only way that the EPA funded program could diminish in size would be for a substantial number of loan defaults to occur.

4. **CLEAN WATER FUND FINANCIAL REPORTS:**

Section 144.2415 (3) (a) 5, Wis. Stats., requires the presentation of audited financial statements for the Clean Water Fund program. Financial statements of the Clean Water Fund, including the balance sheet and statement of revenues and expenses, are part of the overall program financial statements audited by Arthur Andersen & Co. These statements must be considered in their entirety and may not be presented without accompanying statements and notes. Copies of the audited financial statements, together with the report of the accountants, are available from the Department of Administration Capital Finance Office (608-267-6925) or the Department of Natural Resources Bureau of Community Financial Assistance (608-266-3915). Attachment B is a table showing the estimated fund capital available for commitments in each of the next 4 fiscal years based on projected repayment of financial assistance. Attachment C contains 20 year projections of loans and bond levels.

5. **ESTIMATED SPENDING LEVELS FOR COMPLIANCE MAINTENANCE, NEW/CHANGED LIMITS PROJECTS:**

Table 3

Estimated Tier 1 Funding Amounts  
(in millions of 1996 \$)

	FY 98	FY 99	FY 00	FY 01
Compliance Maintenance	90.7	150.5	120.0	120.0
New/Changed Limits	15.7	7.5	25.0	25.0

Break out data on other project types is included in Attachment A.

6. **PRESENT VALUE OF SUBSIDIES:**

Table 4 provides estimates of the present value of long term subsidy amounts that will be provided assuming the levels of assistance proposed in previous sections of this report. Present value subsidy is the control mechanism that is employed under the Clean Water Fund program to measure its fiscal impact on the state. The stream of payments over the life (20 years) of all loans to municipalities that the state would have to make to finance the difference between the actual subsidized loan and a market rate loan is the total subsidy. The total subsidy over time is discounted to produce a present value equivalent figure. Projects are identified in priority order for a year's funding list and if there is insufficient present value subsidy to provide subsidized loans to all municipalities on the list, only those projects with the highest priority would be funded with subsidized loans.

Table 4  
Present Value Subsidy Levels  
(in millions of 1996 \$)

Transition	\$ .5
Tier 1	65.7
Tier 2	4.8
Tier 3	0.0
Hardship	<u>12.5</u>
<b>TOTAL</b>	<b>83.5</b>

7. **SERVICE FEE:**

No service fee will be charged at this time.

8. **IMPACT ON S. 144.2415 (3) (b) GUIDELINES:**

The Clean Water Fund authorizing legislation requires that, in preparation of the Biennial Finance Plan, DNR and DOA shall consider as a guideline that all state water pollution general obligation debt service should not exceed 50% of all general obligation debt service costs of the state. The debt service cost for all State water pollution abatement programs is projected to be approximately 33.3% of all State debt service in fiscal 1996 and 31.8% of all state debt service in fiscal 1997. As a percentage of total GPR debt service, these figures would be 43.2% and 40.9% respectively. Accordingly, the pollution abatement debt service costs are well within the 50% guideline. The composition of the debt service costs will change over time as the debt service expense of the Clean Water Fund loan program replaces debt service for the expenses incurred under the Wisconsin Fund grant

program. Although there will be additional general obligations bonds issued in order to fund program lending levels for the 1997-99 biennium, there are sufficient levels of previously authorized but not yet issued bonds to meet these requirements. It is important to note that, although the program will continue to require additional general obligation bond authorizations in the future, the level of these authorizations will steadily decrease as the program matures. The state cost of assisting municipalities in the construction of pollution control facilities will continue to be significantly less than that which was previously incurred to offer state grants for similar facilities.

### **PROPOSED CHANGES to the CWF:**

The Department of Natural Resources proposes the following changes to the Clean Water Fund Program.

#### **Segregation of Clean Water Fund Federal Interest Payments**

**Background:** The federal capitalization grants which have been the main source of funding for operations may end soon. Capitalization grants were designed to continue only until the state SRFs were fully capitalized. The level of support available from the capitalization grant has declined from 1991 and further decreases are expected in the future. An alternate source of operations funding needs to be implemented now in order to avoid future demands on SEG funding.

The DNR is requesting statutory changes authorizing the Clean Water Fund (CWF) to segregate a portion of federal interest payments. DNR is not requesting that the interest segregation be implemented at this time. At some time in the future, some portion of federal interest payments would be segregated and used to fund program operations. Loan recipients' principal payments and interest rate would not change. The interest segregation proposal would apply to all past and future CWF loans from the federal loan program. The proposal would be applied to outstanding principal balances on existing as well as future loans. The segregated interest would be deposited into the CWF under s. 25.43 (2) (a), Wis Stats. and used as needed to fund program operations.

If this proposal is approved, a viable long-term source of funding will be established for CWF operations. We will utilize capitalization grant funding as long as it is available. Loan recipients will be unaffected. If the proposal is not approved, the CWF will almost certainly face near-term and long-term reduction in its ability to issue loans to municipalities. The options will be to either increase the amount of SEG funding or to reduce the number of loans issued.

**Request:** The DNR is requesting statutory authority to segregate a portion of the interest payments on federal loans for program operations. Implementation of the interest segregation is not requested at this time.

**Statutory Language Change:** Statutory authority is needed to implement the proposal to segregate interest repayments. Although the current statute authorizes collection of a service fee, it appears to authorize only a fee which is charged in addition to the loan interest rate. Since DNR prefers not to increase costs to municipalities, new statutory language is needed so that the costs to loan recipients does not change.

#### **Clean Water Fund Loans for Nonpoint Source and Storm Water Pollution Projects**

**Background:** Today the major sources of ground and surface water pollution are from nonpoint source and storm water pollution, such as construction sites, parking lots, streets, animal feedlots, and eroding croplands. Nonpoint pollution threatens 40% of the state streams, 90% of the lakes, much of the Great Lakes coastal waters and significant areas of groundwater. CWF loans for projects to control pollution from the above sources will have a high potential for significantly decreasing pollutant loadings and improving water quality in state waters. The 1989 Wisconsin Act 366 created ss. 144.241 and 144.2415, Stats., which allows the CWF to provide financial assistance for nonpoint source or storm water projects.

The implementation of CWF Program funding for nonpoint source and storm water pollution projects would enhance the control of nonpoint source and storm water pollution currently underway via the Nonpoint

Source Pollution Abatement Program (NPS) and Stormwater Discharge Permits. DNR funding for nonpoint source or storm water projects will continue to be available through the NPS program for projects in priority watersheds. There is not, however, enough funding available for all the watersheds with significant nonpoint source or storm water pollution problems.

For the 1997-99 Biennium, nonpoint source and storm water pollution needs are estimated to total \$20.4 million. Changing the Tier rate from Tier 2 to Tier 1 would, at current rates, result in an interest rate reduction from 3.920% to 3.080%. This 0.84% reduction in interest rate on \$20.4 million of loans would require about \$1.3 million in GO bonding and \$1.8 million in present value subsidy.

**Request:** The DNR is requesting statutory language changes to ss. 144.241 Stats. to increase the subsidy levels for nonpoint source and storm water pollution projects. These projects are currently fundable at the Tier 2 (70% of market) rate. The proposed changes would fund all stormwater and nonpoint at the Tier 1 (55% of market) rate. Stormwater/nonpoint projects would also be assigned a higher priority for funding.

**Statutory Language Change:** Listed below is a summary of the statutory changes which are requested.

Funding Level Section 144.241 currently allows the CWF to provide nonpoint source or storm water projects with "tier 2" assistance which is a loan with an interest rate of 70 percent of the CWF market rate. We propose to change this interest rate on nonpoint source and storm water pollution projects to "Tier 1" assistance, or a loan with an interest rate of 55 percent of the CWF market rate. The current Tier 1 rate is 3.08 percent.

Priority Level In addition to receiving an increased subsidy, nonpoint source and storm water pollution projects would be elevated above unsewered projects in priority, but would remain below compliance maintenance and new/changed limits projects. This change would allow more points to be awarded to nonpoint and stormwater projects under the priority scoring system in Ch. NR 161.

Water quantity control projects Nonpoint/stormwater projects which are designed primarily for water quantity control also have some water quality benefits. This statutory change would make water quantity control projects eligible for Tier 3 (market rate) funding.

### **Proportionality of Clean Water Fund User Charges**

**Background:** State statute requires that the user charge systems for wastewater treatment projects funded with Clean Water Fund(CWF) funds equitably distribute the costs of the treatment works construction and operation among all classes of users. The current statute does not require that the debt service component of the user charge system be proportionally distributed. As a result, user charges are in fact not proportional. In addition, municipalities have objected to the complexity of the requirement and believe the manner in which costs are distributed should be a local decision. Based on these factors, we propose deleting the proportionality requirement. How these costs of operation, maintenance and debt service are distributed would become a local government decision.

**Request:** The DNR is requesting statutory changes to eliminate the requirement for proportional user charge systems for CWF loan recipients.

**Statutory Language Change:** Delete parts of s. 144.241 (14) (b) 7. which require that all CWF recipients develop and adopt a user charge system that proportionally distributes operation and maintenance costs.



**STATE OF WISCONSIN  
CLEAN WATER FUND  
SUMMARY OF PROGRAM AUTHORITY AND FINANCIAL ASSUMPTIONS  
ATTACHMENT A**

Program Authority

**GENERAL OBLIGATION BONDS**

Subsidy Reserve Requirements	\$ 54,800,000
Capitalization Grant Match	14,000,000
Credit Reserve	27,600,000
Direct Loans (2% of non-SRF)	5,100,000
Hardship Grants	12,500,000
Subtotal:	\$ 121,300,000
Less: Carryover General Obligation Bond Authority (from '89 to '96)	(126,100,000)
Needed '95-'97	-
Existing General Obligation Bond Authority	553,194,000
Cumulative General Obligation Bond Authority	\$ 553,194,000

**REVENUE BONDS**

Projects to be Funded	\$ 247,900,000
10% Additional for Project Cost Increases	24,790,000
Total:	272,690,000
Less: Carryover Projected from 1989-1997	(499,000,000)
New Revenue Bonding Needed	-0-
Existing Revenue Bond Authority *	\$ 1,297,755,000

**PRESENT VALUE SUBSIDY**

Recommended Present Value Subsidy Biennial Limit	\$ 83,500,000
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Financial Assumptions

**PROJECTS TO BE FUNDED (from 4/30 needs summary as adjusted)**

Transition Projects	\$ 1,600,000
Tier 1 Projects - Compliance Maintenance	241,200,000
Tier 1 Projects - New and Changed Limits	23,200,000
Tier 1 Projects - Urban Stormwater Pollution Abatement	5,400,000
Tier 1 Projects - Nonpoint Source Pollution Abatement	15,000,000
Tier 2 Projects - Unsewered	30,400,000
Tier 3 Projects	17,200,000
Total Project Costs	\$ 334,000,000

<b>CAPITALIZATION GRANT FROM THE US EPA</b>	<b>\$ 70,000,000</b>
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**INTEREST RATES (at 7.0% estimated market rate)**

Transition projects	2.500%
Tier 1 projects (55% of market)	3.850%
Tier 2 projects (70% of market)	4.900%
Tier 3 projects (100% of market)	7.000%

\*Includes \$120,000,000 in revenue bond authority designated for capital cost loans for Brookfield, Mequon, Muskego, New Berlin, Elm Grove, Germantown, Menomonee Falls and Thiensville.

STATE OF WISCONSIN CLEAN WATER FUND  
 FUND CAPITAL REPORT FOR FISCAL YEARS 1998-2001  
 ATTACHMENT B

	<u>FUNDS RECEIVED</u>			
	FY '98	FY '99	FY '00	FY '01
BEGINNING BALANCE (NET)	\$50,000,000	\$42,800,000	\$35,440,000	\$27,912,000
CWF Revenue Bonds (see notes)	\$78,537,348	\$118,171,482	\$160,610,737	\$160,851,633
Net Operating Investment Income	\$25,562,652	\$27,728,518	\$29,889,263	\$29,648,367
Fed Cap Grant Proceeds	\$35,000,000	\$35,000,000	\$0	\$0
G.O. Bond Proceeds	\$30,773,026	\$42,770,163	\$48,616,401	\$48,689,320
TOTALS	\$219,873,026	\$266,470,163	\$274,556,401	\$267,101,320

FUNDS APPLIED

Administrative Expenses	\$3,200,000	\$3,360,000	\$3,528,000	\$3,704,400
Loan Credit Reserve Fund	\$8,065,556	\$12,135,866	\$16,494,254	\$16,518,993
CWF Loans and Grants	\$146,100,000	\$187,900,000	\$190,500,000	\$190,500,000
CWF Subsidy Reserve Fund	\$15,707,470	\$23,634,296	\$32,122,147	\$32,170,327
GO Bonds Debt Service	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
TOTAL FUNDS APPLIED	\$177,073,026	\$231,030,163	\$246,644,401	\$246,893,720
EST. END OF YEAR BALANCE	\$42,800,000	\$35,440,000	\$27,912,000	\$20,207,600

Notes:

Beginning balances will vary significantly depending on timing of general obligation and revenue bond issuance. Report shows estimated sources and uses of capital for loans and operations; not assets and equity. Revenue bond cash flows are not included and assumed to be self supporting, i.e., income offsets debt service. Operating Investment Income represents estimated loan repayments and interest earned. Administrative expenses assume a 5% annual inflation factor. For additional information refer to audited financial statements.

STATE OF WISCONSIN  
 CLEAN WATER FUND  
 CLEAN WATER FUND 20 YEAR PROJECTIONS  
 ATTACHMENT C

Period	'89-'97	'97-'99	'99-'01	'01-'03	'03-'05	'05-'07	'07-'09	'09-'11	'11-'13	'13-'15	'15-'17
Financial Assistance Provided	\$1,001	\$334	\$381	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280
Cumulative Financial Assistance	1001	1335	1716	1996	2276	2556	2836	3116	3396	3676	3956
Cap Grants Received	313	70	0	0	0	0	0	0	0	0	0
Cap Grant March (20%)	63	14	0	0	0	0	0	0	0	0	0
Net Rev Bonds Issued	625	205	336	223	223	223	223	223	223	223	223
Cum. Rev Bonds Issued	625	831	1167	1390	1613	1837	2060	2283	2507	2730	2953
Rev Bonds Retired or Deferred	114	43	65	85	108	134	155	180	240	285	222
Net Rev Bonds Out	511	674	1059	1198	1314	1403	1462	1486	1469	1406	1407
Rev Bond Debt Service	145	97	127	200	226	248	265	276	280	277	266
Loan Pmts Rec'd (net of SRF)	96	85	119	171	209	247	285	323	361	399	437
Rev Bond Subsidy or Excess	50	12	8	29	17	1	20	47	80	122	171
Loan Pmts Received (SRF)	88	45	57	57	57	57	57	57	57	57	57
GO Bonds (subsidy + reserve)	325	125	98	48	48	50	0	0	0	0	0
Cum GO Bonds Issued	325	450	548	597	645	694	694	694	694	694	694
GO Bond Debt Service Total	94	58	80	98	106	115	124	124	124	124	124
GO Bond Debt Service Seg Supported	12	8	8	8	8	8	8	8	8	8	8
GO Bond Debt Service GPR Supported	82	50	72	88	96	103	111	111	111	111	111
Annual D/S Percent Increase	n/a	n/a	19%	11%	4%	4%	4%	0%	0%	0%	0%

ASSUMPTIONS:

\$4 million GO debt service paid from SRF loan payments after FY '95  
 All numbers except percentages in millions of dollars  
 Cap grants continue through 1999 at \$35 million per year  
 Revenue bonds bear average interest rate of 7%  
 GO bonds bear average rate of 6.25%  
 Figures do not include allowances for \$120 million FLOW loans



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

BORKE

October 10, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: 1997-99 Clean Water Fund Biennial Finance Plan

In compliance with Wisconsin Statute s. 144.2415(3)(bm), on September 30, 1996, the Departments of Administration (DOA) and Natural Resources (DNR) submitted copies of the initial version of the 1997-99 Clean Water Fund Biennial Finance Plan to the Co-Chairs of the Joint Committee on Finance, the Chief Clerks of the Senate and Assembly and the Building Commission. A copy of the plan is attached.

The September 30, 1996, version of the Clean Water Fund Biennial Finance Plan is preliminary and may be modified several times prior to its final approval as the governing document for the clean water fund program during the upcoming biennium. This preliminary version of the plan provides statutorily required information on the planned scope, implementation and funding levels for the program during the 1997-99 biennium, as proposed by its two administering agencies, DOA and DNR.

A summary of this plan was a part of DNR's budget submission to the Natural Resources Board. The Board reviewed the summary at its September 24, 1996, meeting. The plan will, with possible modifications, become part of the Governor's biennial budget recommendations. As such, it will be subject to legislative review and modification prior to approval as part of the enrolled budget bill. After the budget bill is enacted, the plan will be revised for a final time to reflect any changes to the program included in the budget act, and the final funding levels authorized for the program. The plan will then be submitted to the Building Commission for final approval, and to the Joint Committee on Finance and Legislature for their review and comment.

We have reviewed the September 30, 1996, version of the plan submitted by DNR and DOA to verify that it complies with the requirements of the current law. In general, it appears

that the required elements have been included. While the plan does not include complete information about debt service, this information should be included when the Governor's 1997-99 budget is submitted in January, 1997.

We will review the plan further when it is submitted as part of the 1997-99 biennial budget in order to provide information to the Legislature on the scope of the program and on any modifications proposed by the Governor.

No action by the Committee is required on the September 30, 1996, plan. If you have any questions regarding the biennial finance plan, or other aspects of the clean water fund program, please contact our office.

BL/lah  
Attachment



September 30, 1996

The Honorable Brian S. Burke  
Senate Chair Joint Committee on Finance  
Suite 302  
100 N. Hamilton

**SUBJECT: Clean Water Fund Biennial Finance Plan for 1997-1999**

Dear Senator Burke:

Attached to this letter is the Clean Water Fund Biennial Finance Plan for the 1997-1999 biennium.

Clean Water Fund legislation requires the Department of Natural Resources and the Department of Administration to submit a Biennial Finance Plan to the Legislature and to the State Building Commission by October 1 of each even-numbered year (Section 144.2415(3)(bm), Wisconsin Statutes). The purpose of the plan is to provide information on the present value subsidy and the operations and activities of the Clean Water Fund program for the 1997-1999 biennium.

If you have any questions regarding the Biennial Finance Plan, please contact Kathryn A. Curtner at 266-0860 or Frank Hoadley at 266-2305.

Sincerely,

Kathryn A. Curtner, Director  
Bureau of Community Financial Assistance  
Department of Natural Resources

Frank R. Hoadley, Director  
Capital Finance  
Department of Administration

KAC:FRH:PBS

Attach.

cc: George E. Meyer - AD/5  
James R. Klauser - DOA