

STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
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ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: December 7, 2017

Re: DOA Report to JFC

Attached is a report relating to the implementation of the Clean Water Fund and Safe Drinking Water Loan Programs from the Department of Administration, pursuant to s. 281.59(3)(j), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



Scott Neitzel, Secretary



Daniel L. Meyer, Secretary

November 21, 2017

The Honorable John Nygren
Co-Chair Joint Committee on Finance
Room 309 East
State Capitol

SUBJECT: Biennial Report on Operation of Clean Water Fund and Safe Drinking Water Loan Programs

Dear Representative Nygren:

Attached is a report relating to the implementation of the Clean Water Fund and Safe Drinking Water Loan Programs, as required under s. 281.59(3)(j), Wis. Stats. This statute requires the Department of Natural Resources and the Department of Administration to submit to the State Building Commission and the Joint Committees on Finance a report on the implementation of the Clean Water Fund Program and the Safe Drinking Water Loan Program at the end of each biennium.

If you have any questions regarding the Biennial Finance Plan, please contact Mary Rose Teves at 267-7683 or David Erdman at 267-0374.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Rose Teves".

Mary Rose Teves, Director
Bureau of Community Financial Assistance
Department of Natural Resources

A handwritten signature in cursive script, appearing to read "David Erdman".

David Erdman
Capital Finance Director
Department of Administration

cc: Daniel Meyer – AD/8
Scott Neitzel – DOA



Scott Neitzel, Secretary



Daniel L. Meyer, Secretary

November 21, 2017

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Co-Chair Joint Committee on Finance
Room 317 East
State Capitol

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Sincerely,

Mary Rose Teves, Director
Bureau of Community Financial Assistance
Department of Natural Resources

David Erdman
Capital Finance Director
Department of Administration

cc: Daniel Meyer – AD/8
Scott Neitzel – DOA

**2015-2017 BIENNIAL OPERATIONS REPORT
STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND
NOVEMBER 2017**

Prepared by:

Department of Natural Resources
Bureau of Community Financial Assistance

Department of Administration
Capital Finance Office

2015-2017 BIENNIAL REPORT
ENVIRONMENTAL IMPROVEMENT FUND
NOVEMBER 2017

I. INTRODUCTION

Section 281.59(3)(j), Wis. Stats., requires the Department of Natural Resources (WI DNR) and the Department of Administration to submit an Environmental Improvement Fund (EIF) Biennial Report to the Legislature and to the State Building Commission. The report is to provide information on the operations and activities of the EIF for the previous biennium.

The EIF consists of three loan programs: the Clean Water Fund Program (CWFP), the Safe Drinking Water Loan Program (SDWLP) and the Land Recycling Loan Program (LRLP).

II. CWFP ACTIVITIES/OPERATIONS DURING THE 2015-2017 BIENNIUM

1. Fifty CWFP loans were awarded during the 2015-2017 biennium, totaling \$295.3 million in financial assistance. Of those loans, \$25.9 million was awarded as principal forgiveness and \$269.4 million was awarded in subsidized loans. The totals include \$16.5 million that was awarded to four hardship municipalities. A list of recipients is attached.
2. The Department of Administration conducts a market rate assessment every three months. These assessments resulted in a market rate range from 2.80% to 3.40% and a CWFP subsidized interest rate range from 1.96% to 2.38% during the biennium.
3. The CWFP interest rate subsidy has been an effective incentive to municipalities to initiate compliance maintenance programs and to protect and preserve the quality of Wisconsin's water resources. The CWFP has met its major goal to minimize discharge permit violations and water quality degradation by Wisconsin municipalities.
4. The Clean Water Fund Small Loan Program, which includes a partnership with the Board of Commissioners of Public Lands, streamlines the loan process for projects with a cost of \$2 million or less. Three commitments to small loan program applicants were completed during the biennium with project amounts totaling \$686,000. A list of recipients is attached.
5. Since program inception in 1991 through June 30, 2017, the CWFP has completed 1,032 financial assistance awards (including small loans) totaling \$4.5 billion.

III. SDWLP ACTIVITIES/OPERATIONS DURING THE 2015-2017 BIENNIUM

1. Seventy-nine SDWLP loans were awarded to local governmental units during the 2015-2017 biennium, totaling \$95.9 million in financial assistance. A list of loan recipients is attached. Of those loans, \$21.2 million was awarded as principal forgiveness and \$74.7 million was awarded in subsidized loans.
2. Through the Private Lead Service Line (LSL) Replacement Funding Program, thirty-five awards totaling \$13.8 million in financial assistance were made to local governmental units during SFY 2017 (the first year of the program). The awards were apportioned for the replacement of the portion of the lead service line located on private property at residences, licensed/certified daycares and schools. Funding for the program was identified by WI DNR staff and originated from principal forgiveness reallocations of prior federal awards.
3. Since program inception in 1998 through June 30, 2017, the SDWLP has completed 355 financial assistance awards for more than \$647.7 million.

IV. LRLP ACTIVITIES/OPERATIONS DURING THE 2015-2017 BIENNIUM

1. No LRLP loans were awarded to local governmental units during the 2015-2017 biennium. No local government loans have been issued since 2008 and no funds remain for this program.
2. Since program inception in 2000 through June 30, 2017, the LRLP has completed 10 financial assistance awards for \$15.2 million.

V. CWFP PROGRAM RESTRUCTURING

During the biennium, the State of Wisconsin restructured the CWFP which resulted in the state moving away from a state-funded leveraged loan portfolio into a leveraged direct (federal) loan portfolio. The restructuring reduces future state costs, increases the bond rating on revenue bonds issued for the new program, and maintains an adequate funding source to address needs in the CWFP.

Clean Water Fund Program Projects Funded in 2015-2017 Biennium

Execution Date	Municipality	Project #	Principal		Total FAA Amount
			Forgiveness Amount	Loan Amount	
07/08/2015	City of Waukesha	4062-99	0	15,583,127	15,583,127
07/08/2015	Town of Beloit	4228-07	0	4,672,261	4,672,261
07/22/2015	City of Cumberland	4442-03	500,000	0	500,000
07/22/2015	Village of Hilbert	4201-06	500,000	4,045,666	4,545,666
09/23/2015	Village of Cross Plains	4417-04	0	1,651,582	1,651,582
10/14/2015	Green Bay Metropolitan Sewerage District	4198-99	0	138,880,269	138,880,269
10/14/2015	Village of Salem Lakes	4049-20	0	2,229,330	2,229,330
10/14/2015	Village of Warrens	5140-03	356,191	0	356,191
12/09/2015	Milwaukee Metropolitan Sewer District	3227-01	0	1,998,110	1,998,110
12/09/2015	Milwaukee Metropolitan Sewer District	3228-01	0	4,406,416	4,406,416
12/23/2015	City of Chippewa Falls	4536-04	700,000	2,278,850	2,978,850
12/23/2015	Green Bay Metropolitan Sewerage District	4198-52	0	1,816,710	1,816,710
02/24/2016	City of Wisconsin Dells	4151-07	410,929	2,243,595	2,654,524
02/24/2016	Forest Junction Sanitary District	4969-02	258,450	1,269,000	1,527,450
04/13/2016	City of Hillsboro	4549-03	30,000	544,149	574,149
04/13/2016	City of Whitewater	4558-02	707,500	21,605,138	22,312,638
04/27/2016	Village of Twin Lakes	4675-04	0	650,322	650,322
05/25/2016	City of Park Falls	4329-11	624,717	734,562	1,359,279
05/25/2016	City of Rhinelander	4132-10	767,500	1,270,592	2,038,092
05/25/2016	Sand Creek Sanitary District #1	5108-02	232,716	135,144	367,860
06/08/2016	Village of Randolph	5219-02	682,826	2,518,569	3,201,395
06/22/2016	City of Mayville	4012-08	0	348,608	348,608
06/22/2016	City of Princeton	4149-04	34,800	254,759	289,559
08/10/2016	Country Estates Sanitary District	5334-01*	1,364,970	0	1,364,970
08/24/2016	Village of Black Earth	4358-04	10,000	973,493	983,493
08/24/2016	Village of Butternut	5482-02	246,712	147,807	394,519
08/24/2016	Village of Cassville	4095-05*	2,866,621	1,158,353	4,024,974
08/24/2016	Village of Kekoskee	5234-02	661,089	0	661,089
11/09/2016	Madison Metropolitan Sewerage District	4010-46	0	7,196,557	7,196,557
11/09/2016	Village of Luck	5519-01	730,000	0	730,000
12/14/2016	City of Ashland	4525-08	772,500	274,826	1,047,326
12/14/2016	City of Greenwood	4432-05	328,938	389,812	718,750
12/14/2016	Milwaukee Metropolitan Sewer District	3225-01	0	4,389,671	4,389,671
12/14/2016	Milwaukee Metropolitan Sewer District	3238-01	0	2,896,528	2,896,528
12/28/2016	City of Brodhead	4141-07	215,977	433,945	649,922
12/28/2016	City of Dodgeville	4464-03	618,313	3,457,107	4,075,420
12/28/2016	City of Mellen	4301-05	145,217	76,811	222,028
12/28/2016	City of Shell Lake	4712-07	288,269	315,663	603,932
01/25/2017	City of Milwaukee	4428-23	750,000	20,958,925	21,708,925
01/25/2017	Village of Cameron	4216-05	95,028	175,109	270,137
02/08/2017	Leroy Sanitary District #1	5257-02	196,574	0	196,574
02/22/2017	City of Superior	4186-21	700,000	1,640,000	2,340,000

Execution Date	Municipality	Project #	Principal Forgiveness Amount	Loan Amount	Total FAA Amount
02/22/2017	Village of Lake Delton	5036-18	680,000	6,069,388	6,749,388
03/22/2017	City of Algoma	4032-05	176,655	342,195	518,850
03/22/2017	Village of Stratford	4622-03	74,572	337,569	412,141
04/26/2017	City of Weyauwega	4014-02	0	6,185,918	6,185,918
04/26/2017	Village of Sharon	4472-04	0	395,203	395,203
06/14/2017	City of Markesan	5100-03	0	563,196	563,196
06/14/2017	Village of Kendall	4173-03*	4,913,437	0	4,913,437
06/14/2017	Village of Rib Lake	4438-05*	4,276,932	1,904,900	6,181,832
Totals			25,917,433	269,419,735	295,337,168

* Hardship Project

Clean Water Fund Program Small Loan Projects Funded in 2015-2017 Biennium

Execution Date	Municipality	Project #	Total Project Amount Eligible For Subsidy
10/02/2015	Christmas Mountain Sanitary District	4956-07	200,000
04/25/2016	Village of Webster	4004-03	436,970
10/18/2016	Village of Elk Mound	4041-04	49,000
Totals			685,970

Safe Drinking Water Loan Program Projects Funded in 2015-2017 Biennium

Execution Date	Municipality	Project #	Principal		Total FAA Amount
			Forgiveness Amount	Loan Amount	
09/23/2015	Village of Cross Plains	5537-01	0	1,491,359	1,491,359
12/23/2015	City of Mayville	5443-03	0	589,317	589,317
12/23/2015	City of Mineral Point	5446-03	104,876	594,297	699,173
12/23/2015	Village of Cottage Grove	5515-04	0	730,296	730,296
04/13/2016	City of Onalaska	5540-01	0	3,080,371	3,080,371
04/13/2016	Village of Curtiss	4792-04	500,000	589,453	1,089,453
05/11/2016	City of Rice Lake	5513-04	406,890	526,442	933,332
05/25/2016	City of New Richmond	4861-05	59,919	339,538	399,457
05/25/2016	City of Park Falls	5249-05	500,000	953,244	1,453,244
05/25/2016	City of Rhinelander	5288-08	500,000	2,138,893	2,638,893
06/08/2016	City of Elkhorn	5525-02	500,000	8,099,853	8,599,853
06/22/2016	City of Mayville	5443-04	0	387,828	387,828
06/22/2016	City of Princeton	5427-02	338,175	225,449	563,624
06/22/2016	City of Tomah	4921-09	325,169	758,726	1,083,895
06/22/2016	Village of Black Earth	5484-01	187,260	1,061,137	1,248,397
06/22/2016	Village of Granton	5051-05	271,967	184,064	456,031
12/14/2016	City of Green Bay	5331-27*	500,000	0	500,000
12/14/2016	City of Manitowoc	5191-07	121,049	282,447	403,496
12/28/2016	Village of Cottage Grove	5515-03	0	1,122,400	1,122,400
01/25/2017	City of Milwaukee	4851-26	0	18,167,178	18,167,178
01/25/2017	Village of Cameron	5054-05	0	288,958	288,958
03/08/2017	City of Clintonville	5282-04*	310,000	0	310,000
03/08/2017	City of Racine	4887-08*	500,000	0	500,000
03/08/2017	Town of Florence	5456-07*	325,000	0	325,000
03/22/2017	City of Mosinee	5536-02*	300,000	0	300,000
03/22/2017	Village of Random Lake	4889-06	0	809,299	809,299
04/12/2017	City of Ashland	4759-11*	300,000	0	300,000
04/12/2017	City of Menasha	4845-10*	300,000	0	300,000
04/12/2017	Village of Stratford	5290-05*	140,750	0	140,750
04/26/2017	City of Cudahy	4790-03*	300,000	0	300,000
04/26/2017	City of Eau Claire	5449-03*	500,000	0	500,000
04/26/2017	Village of Randolph	4888-04*	300,000	0	300,000
05/10/2017	City of Antigo	4754-04*	300,000	0	300,000
05/10/2017	City of Princeton	5427-03*	305,000	0	305,000
05/10/2017	City of Watertown	5439-02	0	10,757,910	10,757,910
05/24/2017	City of Columbus	5188-02*	300,000	0	300,000
05/24/2017	Village of Bowler	5112-02	235,274	156,849	392,123
06/14/2017	City of Elkhorn	5525-03	0	849,261	849,261
06/14/2017	City of Fond du Lac	5142-10*	300,000	0	300,000
06/14/2017	City of Janesville	5119-05*	500,000	0	500,000
06/14/2017	City of Jefferson	5463-02*	300,000	0	300,000
06/14/2017	City of Manitowoc	5191-08*	350,000	0	350,000

Execution Date	Municipality	Project #	Principal Forgiveness		Total FAA Amount
			Amount	Loan Amount	
06/14/2017	City of Markesan	5122-02	0	1,276,868	1,276,868
06/14/2017	City of Monroe	4852-08*	300,000	0	300,000
06/14/2017	City of Phillips	4878-02	500,000	979,891	1,479,891
06/14/2017	City of Platteville	4881-06*	310,000	0	310,000
06/14/2017	City of Saint Croix Falls	5430-03	0	1,176,708	1,176,708
06/14/2017	City of Sheboygan	4901-06*	335,000	0	335,000
06/14/2017	City of Shullsburg	5493-04	0	871,155	871,155
06/14/2017	City of Wausau	4930-06*	375,600	0	375,600
06/14/2017	City of West Allis	5404-05*	500,000	0	500,000
06/14/2017	City of Westby	5440-03	0	469,197	469,197
06/14/2017	City of Wisconsin Rapids	5510-03*	300,000	0	300,000
06/14/2017	Village of Elkhart Lake	4801-02*	190,000	0	190,000
06/14/2017	Village of Rothschild	4896-10	0	395,434	395,434
06/14/2017	Village of West Milwaukee	5558-01*	140,025	0	140,025
06/14/2017	Village of Whiting	5388-03	44,631	104,139	148,770
06/28/2017	City of Bayfield	5385-05	206,180	0	206,180
06/28/2017	City of Burlington	5475-03	158,202	896,473	1,054,675
06/28/2017	City of Eagle River	5383-05*	300,000	0	300,000
06/28/2017	City of Glenwood City	5551-01	383,895	469,203	853,098
06/28/2017	City of Lake Mills	4828-04*	300,000	0	300,000
06/28/2017	City of Marshfield	5364-02*	300,000	0	300,000
06/28/2017	City of Milwaukee	4851-27	0	6,936,616	6,936,616
06/28/2017	City of Milwaukee	4851-30*	2,600,000	0	2,600,000
06/28/2017	City of New Berlin	4859-05	0	1,710,472	1,710,472
06/28/2017	City of New Lisbon	5450-03	451,230	1,052,870	1,504,100
06/28/2017	City of Oshkosh	4874-10*	500,000	0	500,000
06/28/2017	City of Park Falls	5249-04	500,000	711,251	1,211,251
06/28/2017	City of Saint Francis	5556-01*	300,000	0	300,000
06/28/2017	City of Sturgeon Bay	5557-01*	300,000	0	300,000
06/28/2017	City of Two Rivers	4920-13	0	918,669	918,669
06/28/2017	City of Two Rivers	4920-27*	300,000	0	300,000
06/28/2017	City of Waterloo	4962-02*	300,000	0	300,000
06/28/2017	Village of Browntown	5056-01	0	432,523	432,523
06/28/2017	Village of Cashton	5156-05	0	506,780	506,780
06/28/2017	Village of Curtiss	4792-05	278,118	884,975	1,163,093
06/28/2017	Village of Radisson	5535-01	358,625	239,083	597,708
06/28/2017	Village of South Wayne	5435-05	500,000	513,192	1,013,192
Totals			21,212,835	74,730,068	95,942,903

* Lead Service Line Replacement Project