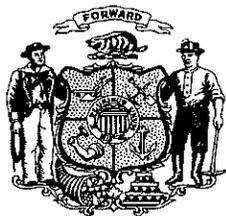


STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

308 East, State Capitol
P.O. Box 8953
Madison, WI 53708-8953
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: November 6, 2019

Re: DNR/DOA Report to JFC

Attached is a report relating to the implementation of the Clean Water Fund and Safe Drinking Water Loan program from the Department of Natural Resources and 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



WISCONSIN DEPARTMENT OF
ADMINISTRATION



Joel Brennan, Secretary

Preston D. Cole, Secretary-designee

November 5, 2019

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

NOV 05 2019
St. Finance

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 Jim Ritchie at 215-6235 or David Erdman at 267-0374.

Sincerely,

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

David Erdman
Capital Finance Director
Department of Administration

cc: Preston Cole – AD/8
Joel Brennan – DOA

**2017-2019 BIENNIAL OPERATIONS REPORT
STATE OF WISCONSIN
ENVIRONMENTAL IMPROVEMENT FUND**

NOVEMBER 2019

Prepared by:

Department of Natural Resources
Bureau of Community Financial Assistance

Department of Administration
Capital Finance Office

2017-2019 BIENNIAL OPERATIONS REPORT
ENVIRONMENTAL IMPROVEMENT FUND

I. INTRODUCTION

Section 281.59(3)(j), Wis. Stats., requires the Department of Natural Resources (WI DNR) and the Department of Administration (WI DOA) 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 2017-2019 BIENNIUM

1. Sixty-seven CWFP financial assistance agreements and amendments were awarded during the 2017-2019 biennium, totaling \$268.3 million. Of this total, \$25.5 million was awarded as principal forgiveness and \$242.8 million was awarded in subsidized loans. A list of recipients is attached (Appendix A).
2. The 2017-2019 Biennial Budget decreased the base interest rate charged on CWFP loans from 70% of market interest rate to 55% of market interest rate. Disadvantaged municipalities that have a population of less than 10,000 and a median household income (MHI) that is 80% or less of the Wisconsin MHI are eligible to receive loans that are 33% of the market interest rate.
3. The 2017-2019 Biennial Budget also eliminated hardship grant funding and replaced the hardship grants with a 0% interest rate tier. Extremely disadvantaged municipalities that have a population less than 1,000 and an MHI that is 65% or less of the Wisconsin MHI are eligible to receive 0% interest rate loans. The total award amounts above include \$5.8 million that were awarded as hardship grants to the last two allowable hardship municipalities.
4. WI DOA conducts a market rate assessment every three months. These assessments resulted in a market rate range from 3.20% to 3.60% during the biennium and a CWFP base subsidized interest rate range (not including subsidies for disadvantaged municipalities) from 1.76% to 2.38% during the biennium.
5. 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.
6. 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. Five commitments to small loan program applicants were completed during the biennium with project amounts totaling \$2.0 million. A list of recipients is attached within Appendix A.
7. Since program inception in 1991 through June 30, 2019, the CWFP has completed 1,119 financial assistance awards (including small loans) totaling nearly \$4.8 billion.

III. SDWLP ACTIVITIES/OPERATIONS DURING THE 2017-2019 BIENNIUM

1. Fifty-six SDWLP financial assistance agreements and amendments were awarded to local governmental units during the 2017-2019 biennium, totaling \$102.5 million in financial

assistance. Of this total, \$9.0 million was awarded as principal forgiveness and \$93.5 million was awarded in subsidized loans. A list of recipients is attached (Appendix B).

2. The 2019-21 Biennial Budget expanded use of revenue bonds under the EIF to the SDWLP. The 2019-2021 Biennial Budget was enacted on July 3, 2019.
3. WI DOA conducts a market rate assessment every three months. These assessments resulted in a market rate range from 3.20% to 3.60% during the biennium and a SDWLP base subsidized interest rate range (not including subsidies for disadvantaged municipalities) from 1.76% to 1.98% during the biennium.
4. Through the Private Lead Service Line (LSL) Replacement Funding Program, an additional twenty-nine awards totaling \$13.1 million in financial assistance were made to local governmental units during state fiscal year 2018 (the second and last 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.
5. Since program inception in 1998 through June 30, 2019, the SDWLP has completed 447 financial assistance awards for more than \$763.3 million.

IV. LRLP ACTIVITIES/OPERATIONS DURING THE 2017-2019 BIENNIUM

1. No LRLP loans were awarded to local governmental units during the 2017-2019 biennium. No local government loans have been issued since state fiscal year 2008. The remaining unallocated LRLP balance totals \$299,657. While Wis. Stats. continue to authorize use of these funds for financial assistance under the program, no future funding for this program is anticipated and no financial assistance has been calculated.
2. Since program inception in 2000 through June 30, 2019, the LRLP has completed 10 financial assistance awards for \$15.2 million.

V. CWFP PROGRAM RESTRUCTURING

During the biennium, the State of Wisconsin completed additional steps relating to restructuring the CWFP into a leveraged direct (federal) loan portfolio. The restructuring reduces future state costs, increases the bond rating on revenue bonds issued for the program, and maintains an adequate funding source to address needs in the EIF.

Appendices

- A- CWFP Financial Assistance Agreements 2017-2019 Biennium
- B- SDWLP Financial Assistance Agreements 2017-2019 Biennium

Appendix A: CWFP Financial Assistance Agreements 2017-2019 Biennium

Execution Date	Municipality	Project #	Principal Forgiveness or Hardship Grant	Loan Amount	Total Financial Assistance Agreement Amount
11/08/2017	City of Owen	5139-04	\$ 655,500	\$ 545,851	\$ 1,201,351
11/08/2017	City of Blair	5357-02	30,000	850,970	880,970
11/22/2017	City of Viroqua	4052-07	680,000	2,373,393	3,053,393
12/13/2017	Village of Rothschild	5531-02	-	427,513	427,513
12/13/2017	Village of Denmark	4074-08	114,937	268,185	383,122
12/13/2017	City of Manitowoc	4679-10	730,000	9,764,459	10,494,459
12/13/2017	Madison Metropolitan Sewerage District	3229-01	-	3,852,100	3,852,100
12/13/2017	Madison Metropolitan Sewerage District	3234-01	-	5,686,226	5,686,226
12/13/2017	Village of Mount Horeb	4375-10	-	16,750,660	16,750,660
12/27/2017	City of Saint Croix Falls	4444-04	607,417	705,728	1,313,145
12/27/2017	City of Park Falls	4329-10	507,573	620,367	1,127,940
12/27/2017	City of New Lisbon	4036-04	728,204	7,127,758	7,855,962
12/27/2017	Madison Metropolitan Sewerage District	4010-44	-	1,439,043	1,439,043
12/27/2017	City of Chetek	4581-07	260,894	279,976	540,870
12/27/2017	Village of Curtiss	4099-06	679,500	728,435	1,407,935
01/10/2018	Madison Metropolitan Sewerage District	3230-01	-	3,077,435	3,077,435
01/10/2018	Madison Metropolitan Sewerage District	3242-01	-	2,800,165	2,800,165
01/24/2018	City of Bloomer	4317-02	427,656	927,864	1,355,520
02/14/2018	City of Mellen	4301-03	750,000	1,591,978	2,341,978
02/28/2018	City of Two Rivers	4107-18	398,666	930,219	1,328,885
03/28/2018	Village of New Auburn	5218-03	73,188	170,769	243,957
03/28/2018	Rib Mountain Metro Sewerage District	4021-09	-	3,828,356	3,828,356
03/28/2018	Village of Spencer	4224-02	451,453	2,525,797	2,977,250
03/28/2018	City of Milwaukee	4428-24	750,000	22,169,705	22,919,705
04/11/2018	City of Baraboo	4153-04	450,927	2,555,252	3,006,179
04/11/2018	Village of Eastman	4030-03	493,472	584,799	1,078,271
04/11/2018	City of Reedsburg	4139-10	650,000	1,519,666	2,169,666
04/25/2018	City of Fond du Lac	4028-18	556,092	3,131,186	3,687,278
05/09/2018	Village of Reeseville	4249-03	257,768	171,845	429,613
05/09/2018	City of Horicon	4628-11	-	637,813	637,813
05/09/2018	Village of Johnson Creek	4705-02	665,000	2,156,245	2,821,245
05/23/2018	Village of Cross Plains	4417-05	-	1,134,191	1,134,191
05/23/2018	Village of Dorchester	4020-04	154,119	289,610	443,729
05/23/2018	City of Racine	4285-22	227,688	531,270	758,958
05/23/2018	City of Wisconsin Rapids	4076-05	700,000	7,027,469	7,727,469
06/13/2018	City of Mayville	4012-09	82,526	467,646	550,172
06/27/2018	City of Racine	4285-19	700,000	13,088,291	13,788,291
06/27/2018	City of Greenwood	4432-06	412,687	504,395	917,082
06/27/2018	City of Evansville	4739-06	-	3,994,925	3,994,925
07/11/2018	Madison Metropolitan Sewerage District	3240-01	-	3,526,950	3,526,950
07/11/2018	Madison Metropolitan Sewerage District	3243-01	-	4,381,764	4,381,764
07/11/2018	Madison Metropolitan Sewerage District	3244-01	-	3,350,079	3,350,079
07/11/2018	City of Superior	4186-24	616,839	1,439,290	2,056,129
07/11/2018	Madison Metropolitan Sewerage District	3237-01	-	2,518,356	2,518,356
07/25/2018	Village of De Soto	4434-03	150,891	148,160	299,051
08/22/2018	Hingham Sanitary District	4271-01	175,312	979,265	1,154,577
08/22/2018	Three Lakes Sanitary District #1	4596-04*	2,791,873	1,678,400	4,470,273
08/22/2018	Village of Adell	4008-02	174,712	975,865	1,150,577
09/12/2018	City of Stevens Point	4001-14	650,000	19,177,115	19,827,115
10/24/2018	City of Two Rivers	4107-40	700,000	4,677,695	5,377,695
10/24/2018	City of Waukesha	4062-06	-	20,205,408	20,205,408
11/28/2018	Village of Orfordville	5291-01	730,000	540,350	1,270,350
12/26/2018	City of Sparta	4005-05	131,591	745,680	877,271
12/26/2018	Bluffview Sanitary District	5348-01*	3,007,164	788,785	3,795,949
12/26/2018	Village of De Soto (Amendment)	4434-03	24,741	30,238	54,979
12/26/2018	City of Markesan	5100-04	1,027,708	1,444,191	2,471,899
12/26/2018	Village of Necedah	4212-04	116,040	141,825	257,865
01/09/2019	Milwaukee Metro Sewer District	3254-01	-	6,062,715	6,062,715
02/27/2019	City of Milwaukee	4428-25	700,000	17,390,040	18,090,040

Appendix A: CWFP Financial Assistance Agreements 2017-2019 Biennium

Execution Date	Municipality	Project #	Principal Forgiveness or Hardship Grant	Loan Amount	Total Financial Assistance Agreement Amount
03/27/2019	Village of Holmen	4308-07	-	13,081,981	13,081,981
04/10/2019	Village of Dousman	4277-04	476,876	2,702,294	3,179,170
05/22/2019	Village of Montfort	4422-05	357,198	833,461	1,190,659
05/22/2019	Village of Rock Springs	4651-04	116,067	270,822	386,889
06/12/2019	Madison Metropolitan Sewerage District	3252-01	-	3,449,260	3,449,260
06/26/2019	City of Ladysmith	4574-09	357,202	436,580	793,782
06/26/2019	City of Mayville (Amendment)	4012-09	7,907	44,801	52,708
06/26/2019	Freedom Sanitary District #1	4487-05	-	4,572,325	4,572,325
TOTALS			\$ 25,507,388	\$ 242,831,250	\$ 268,338,638

* Hardship Project

Small Loan Program Activity 2017-19 Biennium

Execution Date	Municipality	Project #	Project Amount Eligible for Subsidy
10/27/2017	Blackhawk Sanitary District	5547-01	\$ 250,000
11/29/2017	Village of Howards Grove	4326-06	1,100,000
12/13/2017	Christmas Mountain Sanitary District	4956-08	637,000
10/09/2018	Village of Kennan	4294-03	25,000
10/10/2018	Village of Catawba	4293-02	25,000
TOTALS			\$ 2,037,000

Appendix B: SDWLP Financial Assistance Agreements 2017-2019 Biennium

Execution Date	Municipality	Project #	Principal Forgiveness or Hardship Grant	Loan Amount	Total Financial Assistance Agreement Amount
12/13/2017	Village of Little Chute	5361-03	\$ -	\$ 1,306,472	\$ 1,306,472
12/13/2017	Village of Stratford	5290-04	-	880,711	880,711
12/13/2017	City of Hudson	5563-01	-	1,866,120	1,866,120
12/27/2017	City of Ladysmith	5369-04	-	507,691	507,691
12/27/2017	City of Green Bay	5331-28*	300,000	-	300,000
02/14/2018	City of Waupaca	4929-04*	200,000	-	200,000
02/28/2018	City of Ashland	4759-12*	300,000	-	300,000
02/28/2018	City of Menasha	4845-11*	200,000	-	200,000
02/28/2018	City of Antigo	4754-05*	300,000	-	300,000
03/28/2018	City of Mosinee	5536-03*	150,000	-	150,000
04/25/2018	City of Manitowoc	5191-09*	300,000	-	300,000
04/25/2018	Village of North Fond du Lac	4863-08*	100,000	-	100,000
05/09/2018	City of Horicon	5318-06	-	743,420	743,420
05/09/2018	Village of Reeseville	4891-02	279,780	211,525	491,305
05/09/2018	City of Marshfield	5364-03*	200,000	-	200,000
05/09/2018	City of Saint Francis	5556-02*	150,000	-	150,000
05/09/2018	City of Clintonville	5282-05*	200,000	-	200,000
05/09/2018	City of Schofield	5565-01*	150,000	-	150,000
05/09/2018	City of Fond du Lac	5142-11*	200,000	-	200,000
05/23/2018	City of Milwaukee	4851-32	-	12,706,234	12,706,234
05/23/2018	City of Arcadia	4756-06	500,000	3,274,122	3,774,122
05/23/2018	Village of Dorchester	5066-06	-	221,475	221,475
05/23/2018	City of New Berlin	4859-07	-	871,920	871,920
05/23/2018	Village of Cross Plains	5537-02	-	1,788,706	1,788,706
05/23/2018	City of Jefferson	5463-03*	150,000	-	150,000
06/13/2018	Village of Chaseburg	5306-03	306,689	715,607	1,022,296
06/13/2018	Village of Ellsworth	5283-06	122,656	286,196	408,852
06/13/2018	Village of Hancock	5190-04	282,413	188,274	470,687
06/13/2018	Village of Lone Rock	5465-03	340,065	415,635	755,700
06/13/2018	City of Mayville	5443-05	-	877,098	877,098
06/13/2018	City of Two Rivers	4920-21	-	896,664	896,664
06/13/2018	City of Sheboygan	4901-07*	300,000	-	300,000
06/13/2018	City of Viroqua	5168-09*	200,000	-	200,000
06/13/2018	City of Oshkosh	4874-11*	300,000	-	300,000
06/13/2018	City of Eau Claire	5449-04*	300,000	-	300,000
06/13/2018	City of Eagle River	5383-06*	200,000	-	200,000
06/13/2018	City of Baraboo	4762-02*	250,000	-	250,000
06/13/2018	Village of West Milwaukee	5558-02*	500,000	-	500,000
06/27/2018	Village of Fall Creek	5063-05	322,282	751,989	1,074,271
06/27/2018	City of Waukesha	7000-02	-	684,275	684,275
06/27/2018	City of Tomah	4921-02	-	888,178	888,178
06/27/2018	Village of Spring Valley	5555-02	324,805	757,877	1,082,682
06/27/2018	City of South Milwaukee	4907-03	-	7,030,090	7,030,090
06/27/2018	Village of Redgranite	4890-02	469,359	424,562	893,921
06/27/2018	Village of Ontario	5453-01	373,383	148,922	522,305
06/27/2018	Village of Lake Delton	5389-02	500,000	1,463,499	1,963,499
06/27/2018	City of Greenwood	5246-03	-	1,271,256	1,271,256
06/27/2018	Village of Belleville	5405-03	-	1,490,842	1,490,842
06/27/2018	Village of Junction City	4989-05	407,517	352,118	759,635
06/27/2018	City of West Allis	5404-06*	1,358,421	-	1,358,421
06/27/2018	City of Markesan	5122-03*	185,000	-	185,000
06/27/2018	City of Milwaukee	4851-31*	4,001,226	-	4,001,226
06/27/2018	City of Platteville	4881-07*	200,000	-	200,000
06/27/2018	City of Racine	4887-09*	1,381,863	-	1,381,863
06/27/2018	City of Thorp	4922-10*	200,000	-	200,000
06/27/2018	City of Two Rivers	4920-32*	500,000	-	500,000
06/27/2018	City of Wausau	4930-07*	300,000	-	300,000
07/02/2018	Village of Bear Creek	5356-01	367,198	448,796	815,994
12/12/2018	Three Lakes Sanitary District #1	5441-03	-	411,530	411,530
12/26/2018	Village of Grantsburg	5377-05	217,385	144,922	362,307
12/26/2018	Village of Necedah	5201-05	-	309,029	309,029
12/26/2018	Village of Dane	5332-02	-	740,353	740,353
03/27/2019	City of Waukesha	7000-03	-	9,201,816	9,201,816

Appendix B: SDWLP Financial Assistance Agreements 2017-2019 Biennium

Execution Date	Municipality	Project #	Principal Forgiveness or Hardship Grant	Loan Amount	Total Financial Assistance Agreement Amount
05/08/2019	Village of Bloomington	5065-02	442,288	540,573	982,861
05/08/2019	City of Tomahawk	5342-03	451,956	877,790	1,329,746
05/22/2019	Village of Rock Springs	5428-02	-	329,322	329,322
05/22/2019	Village of Cobb	5264-02	-	543,815	543,815
05/22/2019	City of Colby	4786-09	175,225	214,162	389,387
06/12/2019	Village of Somerset	5498-03	-	1,141,266	1,141,266
06/12/2019	Village of Highland	4818-03	23,374	416,638	440,012
06/12/2019	Village of Lyndon Station	5359-03	500,000	355,710	855,710
06/26/2019	Village of Lomira	5312-06	500,000	1,696,150	2,196,150
06/26/2019	City of Two Rivers	4920-33	236,727	552,363	789,090
06/26/2019	City of Thorp	4922-12	248,838	304,135	552,973
06/26/2019	City of Richland Center	4893-05	-	2,536,797	2,536,797
06/26/2019	City of Rhinelander	5288-12	-	5,677,375	5,677,375
06/26/2019	Village of Plover	4882-04	-	3,130,291	3,130,291
06/26/2019	City of Omro	5091-03	433,739	1,012,057	1,445,796
06/26/2019	City of Mayville (Amendment)	5443-05	-	92,206	92,206
06/26/2019	City of Milwaukee	4851-35	-	16,210,551	16,210,551
06/26/2019	City of Ladysmith	5369-06	-	1,313,529	1,313,529
06/26/2019	City of Chetek	4781-05	262,478	320,806	583,284
06/26/2019	Village of Bruce	5545-01	389,693	259,794	649,487
06/26/2019	Village of Alma Center	5330-01	500,000	518,808	1,018,808
06/26/2019	City of New Berlin	4859-08	-	1,206,314	1,206,314
TOTALS			\$ 19,224,580	\$ 88,012,437	\$ 107,237,017

* Lead Service Line Replacement Project