Funding Municipal Water Infrastructure Investments

WI DNR

CDBG

USDA-Rural Development
Funding Agencies

- WI DNR
  - Clean Water Fund Program
  - Safe Drinking Water Loan Program
- USDA-Rural Development
  - Water and Waste Disposal Program
- CDBG (WI Department of Administration)
  - Public Facilities Program
DNR Clean Water Fund Program

**Types of projects:**
- Wastewater/Stormwater/Collection systems
- Small Loan Program

**Type of funding:**
- Subsidized loans — Current Subsidy:
  - 70% of market rate;
  - 0% interest - Non-traditional projects (Adaptive management/nutrient trading)
- Proposed in 2017 – 2019 Biennial Budget:
  - 55% of market rate
  - 33% of market rate (disadvantaged municipalities)
    - Municipal population <10,000
    - Median Household Income (MHI) <80% of WI MHI
  - 0% interest (“extremely” disadvantaged municipalities)
    - Municipal population < 1000
    - MHI < 65% of WI MHI
- Principal Forgiveness
  - Qualifying projects/disadvantaged municipalities until funds run out (funding levels determined on an annual basis by Congress)
DNR Clean Water Fund Program (cont’d)

- **Timing:**
  - Intent to Apply deadline: October 31
  - Application deadline: September 30 (for municipalities seeking principal forgiveness)
  - Loans closed within 8 months of project “acceptance”
  - Projects accepted by June 30 of SFY of application
  - Continuous funding cycle for projects not qualifying or seeking PF funding

- **Miscellaneous:**
  - Small Loan Program
  - < $2,000,000 project cost
  - Interest Rate Subsidy for loan through the State Trust Fund

- **Website** for more information:
  
  [http://dnr.wi.gov/Aid/ELF.html](http://dnr.wi.gov/Aid/ELF.html)
DNR Safe Drinking Water Loan Program

- **Types of projects:**
  - Municipal drinking water systems
    - Wells, mains, treatment, etc.

- **Types of Funding**
  - Subsidized loans
    - 55% of market rate
    - 33% of market rate
      - Municipal population <10,000
      - Median Household Income (MHI) <80% of WI MHI
  - Principal Forgiveness
    - Qualifying projects/disadvantaged municipalities until funds run out (funding levels determined on an annual basis by Congress)
DNR Safe Drinking Water Loan Program (cont’d)

- **Timing:**
  - Intent to Apply deadline: October 31st
    - Must be received in order to apply for funding
  - Application deadline: June 30th
  - Loans closing deadline: June 30th of following year

- **Website for more information:**
  
  [http://dnr.wi.gov/Aid/ELF.html](http://dnr.wi.gov/Aid/ELF.html)
CDBG Public Facilities

Types of projects:

- Infrastructure reconstruction
  - Wastewater
  - Drinking water
  - Must meet one of the national objectives:
    - Blight elimination
    - Low-to-moderate income
    - Urgent Local Need
  - Municipality MHI < 80% of county MHI OR community-wide and neighborhood income survey can be completed to determine LMI% for project beneficiaries.

**Type of funding:**

- Grant ($500,000 or 50% of eligible costs)
- 50% matching funds required
CDBG Public Facilities (cont’d)

- **Timing:**
  - Application deadline – May
  - Grant Awards – last week of July
  - Project must be completed within 2 years of receiving funding

- **Website** for more information:
  http://www.doa.state.wi.us/Divisions/Housing/Bureau-of-Community-Development
USDA-Rural Development

- **Types of Projects:**
  - Drinking water system improvements
  - Wastewater system improvements
  - Storm sewer systems

- **Type of Funding**
  - Subsidized 40 year term loans
  - Grants (0% - 75% based on MHI and Health Standards)
    - Typical grants = 15% - 30% of project cost
    - MHI must be less than $56,439 in order to qualify for grant
    - MHI less than $45,151 and Health issue to qualify for 45% - 75% grant
USDA-Rural Development (cont’d)

- **Interest rate tied to 11 Bond Index**
  - Currently Poverty at 2.0% (MHI less than $45,151 and health issue)
    - Intermediate 2.75% (MHI between $45,151 and $56,439)
    - Market 3.25 (MHI greater than $56,439)

- **Timing**
  - Loan and grant awarded at the preliminary design phase
  - Project must be completely constructed within 5 years of approval
  - Open application cycle, applications accepted anytime
    - Funding is authorized based on a 10/1- 9/30 fiscal year
    - Funds are typically pooled in May and August
USDA-Rural Development (cont’d)

• Miscellaneous
  • Loan Approval authority at $5 million in WI
  • National Approval authority needed over $5 million
  • Largest loan in state is at $20 million
  • 180 Rural utilities financed by Rural Development in WI
  • Grant allocation typically around $8 million
  • $450 million in outstanding loan portfolio
  • RD can finance connection fees to regional treatment facilities